



UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:

CYPRESS WEALTH
MANAGEMENT GROUP, INC.,
TED L. ROMEO, and RICHARD
D. SCHRUTT,

Respondent(s).

CFTC Docket No. 16 – 18

ORDER INSTITUTING PROCEEDINGS PURSUANT TO
SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT, MAKING
FINDINGS AND IMPOSING REMEDIAL SANCTIONS

I.

The Commodity Futures Trading Commission (“Commission”) has reason to believe that from in or about January 2012 to at least March 2013 (the “Relevant Period”), Cypress Wealth Management Group, Inc. (“Cypress”) and Ted L. Romeo (“Romeo”), and Richard D. Schрут (“Schрут”) (collectively “Respondents”) violated Sections 4(a) and 4d(a)(1) of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 6(a) and 6d(a)(1) (2012). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

II.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondents consent to the entry of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings and Imposing Remedial Sanctions (“Order”) and acknowledge service of this Order.¹

¹ Respondents consent to the entry of this Order and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondents do not consent to the use of the Offer, or the findings or conclusions in this Order consented to in the Offer, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce

III.

The Commission finds the following:

A. SUMMARY

During the Relevant Period, Respondents violated Sections 4(a) and 4d(a)(1) of the Act by offering to enter into, entering into, confirming the execution of, and conducting an office and business in the United States for the purpose of soliciting, accepting orders for, and otherwise dealing in illegal off-exchange retail commodity transactions while failing to be properly registered. Specifically, the transactions were financed precious metals transactions with individual investors. Romeo and Schrutt are liable as the controlling persons of Cypress. For these transactions, Respondents received net income, including commissions and fees, totaling \$330,764.29.

B. RESPONDENTS

Cypress Wealth Management Group, Inc. was a Florida limited liability company formed in November 2011 and dissolved in March 2013. Its principal place of business was Pompano Beach, Florida. Cypress was a telemarketing firm that solicited retail investors to engage in off-exchange retail commodity transactions. Cypress was never registered with the Commission in any capacity.

Ted L. Romeo is a resident of Pompano Beach, Florida. Romeo was an owner, operator, and controlling person of Cypress. Romeo was intermittently registered with the Commission as an Associated Person, Branch Manager, and Principal of various other commodity-related firms from 1995 to 2003. He was a defendant in a previous enforcement action filed in federal district court by the Commission charging him with fraud in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b) (2006). The charges against Romeo were resolved by the entry of a consent order imposing a civil monetary penalty of \$120,000 and banning him from any business activities relating to commodity interest trading, among other things. *See CFTC v. Liberty Fin. Trading Corp.*, No. 04-61235-CIV (S.D. Fla. Apr. 24, 2007), ECF No. 186.

Richard D. Schrutt is a resident of Tampa, Florida. Schrutt was an owner, operator, and controlling person of Cypress. Schrutt has never been registered with the Commission in any capacity.

C. OTHER RELEVANT ENTITY

AmeriFirst Management LLC (“AmeriFirst”) is a Florida limited liability company formed in October 2011. It has never been registered with the Commission in any capacity. On its website, it claimed to provide dealers with “tangible assets in a growing physical market” and “guarantee[s] that every ounce of metal in [the dealer’s] customers [sic] account exists and is

the terms of this Order. Nor do Respondents consent to the use of the Offer or this Order, or the findings or conclusions in this Order consented to in the Offer, by any other party in any other proceeding.

ready for delivery at any point and time.” During the Relevant Period, AmeriFirst executed and confirmed the execution of retail commodity transactions involving gold, silver, and platinum throughout the United States using a network of telemarketing solicitors, such as Cypress, that it referred to as “dealers.”

D. FACTS

During the Relevant Period, Cypress was a telemarketing firm that solicited retail customers to engage in financed precious metals transactions. Although Cypress offered precious metals on a fully paid basis, the vast majority of its business was in financed precious metals transactions. This Order relates to the financed precious metals transactions executed through AmeriFirst.

Cypress conducted nearly all of its solicitations by telephone. When soliciting customers for financed precious metals transactions executed through AmeriFirst, the Cypress telemarketers represented that to purchase a certain quantity of metal, the customer needed to deposit only a percentage of the total metal value. Cypress represented that the customer would receive a loan for the remaining value and that the customer would have to pay a finance charge on the loan. In addition, in order to purchase the metal, Cypress represented that the customer needed to pay an account-opening fee, a commission on the total metal value, a mark-up on the spot price of metal, and a monthly storage fee.

If the customer agreed to the transaction, Cypress confirmed the transaction and directed the customer to send Cypress a lump sum, which represented the total of the equity deposit, commission amount, and mark-up amount. Upon receipt of those funds, Cypress sent the funds in their entirety to AmeriFirst. AmeriFirst then sent Cypress or Romeo any commission and fees due. During the course of business, Cypress accepted at least \$723,000 from customers. During the Relevant Period, Cypress and Romeo received \$330,764.29, including commissions and fees and minus monies returned to customers, for retail financed precious metals transactions.

Romeo was an owner and operator of Cypress and had ultimate decision-making authority. Cypress was financed initially with Romeo’s own funds, and Romeo continued from time to time thereafter to fund Cypress’s operations with his own money. Romeo made nearly all hiring and firing decisions, set compensation for telemarketers, and supervised and trained the telemarketers. For June 2012 to January 2013, Romeo was Cypress’s President, Vice President, and Registered Agent and owned all of its shares.

Schrutt was an owner and operator of Cypress, responsible for Cypress’ employee payroll, sending customer account information to Amerifirst, and answered the office phones during the Relevant Period, except from June 2012 to January 2013. . He opened and had signatory authority on all of Cypress’s bank accounts. From November 2011 to June 2012 and again from January 2013 to March 2013, Schrutt was Cypress’s President, Vice President, and Registered Agent and owned all of its shares. Schrutt was also directly involved in the confirmation process regarding certain transactions made by customers in connection with the purchase of financed precious metals, including revising and expanding Cypress’s compliance script.

IV.

LEGAL DISCUSSION

A. Relevant Statutory Background

Section 2(c)(2)(D) of the Act broadly applies to any agreement, contract, or transaction in any commodity that is entered into with, or offered to (even if not entered into with) a non-eligible contract participant (“non-ECP”)² or non-eligible commercial entity on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis. 7 U.S.C. § 2(c)(2)(D)(i) (2012). Section 2(c)(2)(D) further provides that such an agreement, contract, or transaction shall be subject to Sections 4(a), 4(b), and 4b of the Act “as if the agreement, contract, or transaction was a contract of sale of a commodity for future delivery.” *Id.* § 2(c)(2)(D)(iii).

Section 2(c)(2)(D)(ii) of the Act excepts certain transactions from Section 2(c)(2)(D). Section 2(c)(2)(D)(ii)(III)(aa) excepts a contract of sale that “results in actual delivery within 28 days or such other longer period as the Commission may determine by rule or regulation based upon the typical commercial practice in cash or spot markets for the community involved.”³ Section 2(c)(2)(D)(ii)(III)(bb) excepts a contract of sale that creates an enforceable obligation to deliver between a seller and a buyer that have the ability to deliver and accept delivery, respectively, in connection with the line of business of the seller and buyer.

The Commission has stated that it is the view of the Commission that the determination of whether “actual delivery” has occurred within the meaning of Section 2(c)(2)(D)(ii)(III)(aa) requires a consideration of evidence beyond the four corners of the contract documents. This interpretation of the statutory language is based on Congress’s use of the word “actual” to modify “delivery” and on the legislative history of Section 2(c)(2)(D)(ii)(III)(aa). Consistent with this interpretation, in determining whether actual delivery has occurred within 28 days, the Commission will employ a functional approach and examine how the agreement, contract, or transaction is marketed, managed, and performed, instead of relying solely on language used by the parties in the agreement, contract, or transaction.⁴ Unless the Commission provides

² As is relevant to this matter, Section 1a(18)(xi) of the Act, 7 U.S.C. § 1a(18)(xi) (2012), defines an eligible contract participant as an individual who has amounts invested on a discretionary basis, the aggregate of which is in excess of \$10,000,000, or which is in excess of \$5,000,000 and who enters into the agreement, contract, or transaction in order to manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred, by the individual.

³ The Commission has not adopted any regulations permitting a longer actual delivery period for any commodity pursuant to Section 2(c)(2)(D)(ii)(III)(aa) of the Act. Accordingly, the 28-day actual delivery period set forth in this provision remains applicable to all commodities.

⁴ *See* Retail Commodity Transactions Under Commodity Exchange Act, 76 Fed. Reg. 77,670 (Dec. 14, 2011).

otherwise, the 28 days for actual delivery is 28 days from the date the agreement, contract, or transaction is confirmed to the buyer or seller, typically, a retail customer.

Other than these exceptions, Congress did not express any intent to limit the reach of Section 2(c)(2)(D). Rather, in enacting the statute Congress expressed its intent that Section 2(c)(2)(D) should be applicable to a broad range of agreements, contracts, and transactions.

Section 2(c)(2)(D) of the Act applies to all agreements, contracts, and transactions entered into with, or offered to, non-ECPs on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis, as those terms are commonly used in the industry.

B. The Commission's Jurisdiction

Respondents offered precious metals transactions to, and entered into such transactions with, persons who were not eligible contract participants or eligible commercial entities. Generally, Respondents' customers were unsophisticated, individual investors who did not meet the \$10 million discretionary investment threshold to be considered ECPs. Moreover, Respondents offered and entered into such transactions on a margined or leveraged basis, or financed by AmeriFirst, which acted in concert with Respondents. Respondents' retail financed precious metals transactions fall squarely within the Commission's jurisdiction under Section 2(c)(2)(D) of the Act.

The vast majority of Respondents' retail-financed precious metals transactions executed through AmeriFirst did not result in actual delivery to the customer. For those retail-financed precious metals transactions for which actual delivery to the customer occurred, such delivery took place more than 28 days from the date the agreement, contract, or transaction was confirmed. Therefore, Respondents' transactions are not excepted from the Commission's jurisdiction under Section 2(c)(2)(D)(ii)(III)(aa) of the Act.

C. Cypress and Schrutt Violated Section 4(a) of the Act: Illegal, Off-Exchange Transactions

As stated above, retail commodity transactions within the scope of Section 2(c)(2)(D) of the Act are subject to enforcement under Section 4(a) of the Act, among other provisions, as if such transactions are commodity futures contracts. Section 4(a) of the Act makes it unlawful for any person to offer to enter into, enter into, execute, confirm the execution of, or conduct an office or business in the United States for the purpose of soliciting, or accepting any order for, or otherwise dealing in any transaction in, or in connection with, a commodity futures contract, unless such transaction is made on or subject to the rules of a board of trade that has been designated or registered by the Commission as a contract market or derivatives transaction execution facility for the specific commodity.

Respondents Schrutt and Cypress offered to enter into, entered into, and/or confirmed the execution of retail financed precious metals transactions. Respondents Schrutt and Cypress also conducted an office and business in the United States for the purpose of soliciting, accepting orders for, and otherwise dealing in retail financed precious metals transactions. None of the retail financed precious metals transactions were conducted on or subject to the rules of a board

of trade that has been designated or registered by the Commission as a contract market or derivatives transaction execution facility for precious metals. Respondents Schrutt and Cypress therefore violated Section 4(a) of the Act.

D. Cypress Violated Section 4(d)(a)(1) of the Act: Failure to Register as an FCM

Section 4d(a)(1) of the Act makes it unlawful for any person to engage as a futures commission merchant (“FCM”), unless such person is registered with the Commission as an FCM and such registration has not expired or been suspended or revoked. The Act defines FCM to include, among other things, a corporation that is engaged in soliciting or accepting orders for any agreement, contract, or transaction described in Section 2(c)(2)(D)(i) (retail commodity transactions) and in or in connection with such acceptance of such orders accepts money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. 7 U.S.C. § 1(a)(28)(A)(i)(I)(aa)(DD) & (II) (2012). Cypress acted as an FCM by soliciting and accepting customers’ orders for financed precious metals transactions and, in connection with those transactions, accepting at least \$723,000 from those customers, including customers who were not ECPs. As such, Cypress acted as an unregistered FCM. This conduct violated Section 4d(a)(1).

E. Cypress Is Liable for the Violations of Its Agents

Cypress is liable for the violations of Schrutt and Cypress’s telemarketers, because they acted as agents of Cypress. Under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2012), as well as Regulation 1.2, 17 C.F.R. § 1.2 (2015), a principal is strictly liable for the violations of its agents made within the scope of the agents’ employment. *Rosenthal & Co. v. CFTC*, 802 F.2d 963, 966 (7th Cir. 1986). Schrutt and Cypress’s telemarketers were its agents, and in the scope of their employment they violated Section 4(a) of the Act. Cypress is therefore liable for these violations.

F. Romeo and Schrutt Are Liable as Controlling Persons Under Section 13(b) of the Act for Cypress’s Violations

Romeo and Schrutt directly controlled Cypress and directly and knowingly induced Cypress’s conduct constituting violations of the Act; therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2012), Romeo and Schrutt are liable for Cypress’s violations of Section 4(a) of the Act. Section 13(b) of the Act states that a controlling person of an entity is liable for the violations of that entity, provided that the controlling person knowingly induced, directly or indirectly, the violations, or provided that the controlling person did not act in good faith. “A fundamental purpose of Section 13b [sic] is to allow the Commission to reach behind the corporate entity to the controlling individuals of the corporation and to impose liability for violations of the Act directly on such individuals as well as the corporation itself.” *CFTC v. R.J. Fitzgerald & Co.*, 310 F.3d 1321, 1334 (11th Cir. 2002) (internal quotation marks and citation omitted), *cert. denied*, 543 U.S. 1034 (2004).

To establish controlling person liability under Section 13(b), the Division must show both (1) control; and (2) lack of good faith or knowing inducement of the acts constituting the violation. *In re First Nat’l Trading Corp.*, [1992-1994 Transfer Binder] Comm. Fut. L. Rep.

(CCH) ¶ 26,142 at 41,787 (CFTC Jul. 20, 1994), *aff'd without opinion sub nom. Pick v. CFTC*, 99 F.3d 1139 (6th Cir. 1996). To establish the first element, control, a defendant must possess general control over the operation of the entity principally liable. *See, e.g., R.J. Fitzgerald*, 310 F.3d at 1334 (recognizing an individual who “exercised the ultimate choice-making power within the firm regarding its business decisions” as a controlling person). Evidence that a defendant is an officer, founder, principal, or the authorized signatory on the company’s bank accounts indicates the power to control a company. *In re Spiegel*, [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 24,103 at 34,767 (CFTC Jan. 12, 1988). The Division must also show that a defendant possessed specific control, which is “the power or ability to control the specific transaction or activity upon which the primary violation was predicated.” *Monieson v. CFTC*, 996 F.2d 852, 860 (7th Cir. 1993) (internal quotation marks and citation omitted). The defendant does not need to participate in or benefit from the wrongdoing; the issue is whether the defendant has the power to address the illegal conduct. *Id.* (finding that, in a trade allocation case, the fact that the defendant could fire or discipline responsible employees, end the placement of orders without numbers as soon as the defendant knew of it, or order a full investigation was sufficient to show specific control).

With respect to control, Romeo was an owner and operator of Cypress. Romeo funded Cypress’s operations and supervised the solicitation of retail customers. For part of the time Cypress was operating, Romeo served as its President, Vice President, and Registered Agent and owned all shares. Romeo was the ultimate decision maker and controlled all aspects of Cypress’s business. Romeo had both general control over Cypress and specific control over the conduct underlying Cypress’s violations, *i.e.*, Cypress offering to enter into, entering into, and confirming the execution of retail financed precious metals transactions, and Cypress conducting an office and business in the United States for soliciting, accepting, and otherwise dealing in retail financed precious metals transactions.

Schrutt was an owner and operator of Cypress, responsible for Cypress’ employee payroll, sending customer account information to Amerifirst, and answered the office phones during the Relevant Period, except from June 2012 to January 2013. Schrutt served as its President, Vice President, and Registered Agent and owned all shares for part of the time Cypress was operating. Schrutt opened and had signatory authority on all of Cypress’s bank accounts. Schrutt had both general control over Cypress and specific control over the conduct underlying Cypress’s violations, *i.e.*, Cypress offering to enter into, entering into, and confirming the execution of retail financed precious metals transactions, and Cypress conducting an office and business in the United States for soliciting, accepting, and otherwise dealing in retail financed precious metals transactions.

In addition to control, the Division must show the controlling person knowingly induced, directly or indirectly, the acts constituting the violation or did not act in good faith. To show knowing inducement, the Division must show that a defendant had actual or constructive knowledge of the core activities that constituted the violation and allowed the activities to continue. *In re Spiegel*, [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) at 34,767. To show lack of good faith, the Division must show that a defendant did not have an adequate system of internal supervision, or that a defendant did not enforce such system with reasonable diligence. *Monieson*, 996 F.2d at 860.

Romeo and Schruett had actual knowledge that Cypress's business was in off-exchange, retail financed precious metals transactions, because it was the basic nature or essence of the business. Romeo and Schruett further failed to register Cypress with the Commission as an FCM. Thus, Romeo and Schruett knowingly induced the conduct in violation of Sections 4(a) and 4d(a)(1) of the Act.

V.

FINDINGS OF VIOLATION

Based on the foregoing, the Commission finds that, during the Relevant Period, Cypress, Romeo, and Schruett violated Sections 4(a) and 4d(a)(1) of the Act.

VI.

OFFER OF SETTLEMENT

Respondents have submitted the Offer in which they, without admitting or denying the findings and conclusions herein:

- A. Acknowledge receipt of service of this Order;
- B. Admit the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waive:
 - 1. The filing and service of a complaint and notice of hearing;
 - 2. A hearing;
 - 3. All post-hearing procedures;
 - 4. Judicial review by any court;
 - 5. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
 - 6. Any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. §§ 148.1-30 (2015), relating to, or arising from, this proceeding;
 - 7. Any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat.

847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this proceeding; and

8. Any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;
- D. Stipulate that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have consented in the Offer;
- E. Consent, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. Makes findings by the Commission that Respondents violated Sections 4(a) and 4d(a)(1) of the Act, 7 U.S.C. §§ 6(a) and 6d(a)(1);
 2. Orders Respondents to cease and desist from violating Sections 4(a) and 4d(a)(1) of the Act, 7 U.S.C. §§ 6(a) and 6d(a)(1);
 3. Orders Respondents, jointly and severally, to pay restitution of \$330,764.29, plus post-judgment interest;
 4. Orders Respondents, jointly and severally, to pay a civil monetary penalty of \$100,000, plus post-judgment interest;
 5. Orders Romeo to pay an additional civil monetary penalty of \$100,000, plus post-judgment interest;
 6. Orders that Respondents be permanently prohibited from engaging, directly or indirectly, in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, 7 U.S.C. § 1a (2015)), and all registered entities shall refuse them trading privileges;
 7. Orders Respondents and their successors and assigns to comply with the conditions and undertakings consented to in the Offer and set forth below in Part VII of this Order.

Upon consideration, the Commission has determined to accept the Offer.

VII.

ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondents shall cease and desist from violating Sections 4(a) and 4d(a)(1) of the Act, 7 U.S.C. §§ 6(a) and 6d(a)(1).
- B. Respondents, jointly and severally, shall pay restitution in the amount of \$330,764.29 within ten (10) days of the date of entry of this Order ("Restitution Obligation"). Post-

judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

To effect payment by Respondents and the distribution of restitution to Respondents' customers, the Commission appoints the NFA as "Monitor." The Monitor shall collect payments of the Restitution Obligation from Respondents and make distributions as set forth below. Because the Monitor is not being specially compensated for these services, and these services are outside the normal duties of the Monitor, it shall not be liable for any action or inaction arising from its appointment as Monitor other than actions involving fraud.

Respondents shall make payments of the Restitution Obligation under this Order in the name of the "Cypress Wealth Management Group, Inc.'s Settlement Fund" and shall send such payments by electronic funds transfer, or U.S. postal money order, certified check, bank cashier's check, or bank money orders to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, under a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

The Monitor shall oversee Respondents' Restitution Obligation and shall have the discretion to determine the manner of distribution of funds in an equitable fashion to the Respondents' customers or may defer distribution until such time as the Monitor may deem appropriate. In the event that the amount of payments of the Restitution Obligation to the Monitor are of a *de minimis* nature such that the Monitor determines that the administrative cost of making a restitution distribution is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary payments, which the Monitor shall forward to the Commission, as discussed below. To the extent any funds accrue to the U.S. Treasury for satisfaction of Respondents' Restitution Obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth in this Order.

- C. Respondents, jointly and severally, shall pay a civil monetary penalty in the amount of \$100,000, and Romeo shall pay an additional civil monetary penalty in the amount of \$100,000 (collectively, the "CMP Obligation"). Post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006). Respondents shall pay the CMP Obligation by electronic funds transfer, U.S. Postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Accounts Receivables
DOT/FAA/MMAC/AMZ-341
CFTC/CPSC/SEC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
(405) 954-7262 office
(405) 954-1620 fax
nikki.gibson@faa.gov


If payment is to be made by electronic funds transfer, Respondents shall contact Nikki Gibson or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

- D. Respondents are permanently prohibited from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40) (2012)), and all registered entities shall refuse them trading privileges.
- E. Respondents and their successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:
1. Public Statements: Respondents agree that neither they nor any of their successors and assigns, agents, or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents': (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents and their successors and assigns shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement.
 2. Respondents agree that they shall never, directly or indirectly:
 - a. enter into any transactions involving "commodity interests" (as that term is defined in Regulation 1.3(yy), 17 C.F.R. § 1.3(yy) (2015)) for Respondents' own personal accounts or for any accounts in which Respondents have a direct or indirect interest;
 - b. have any commodity interests traded on Respondents' behalf;

- c. control or direct the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity interests;
 - d. solicit, receive, or accept any funds from any person for the purpose of purchasing or selling any commodity interests;
 - e. apply for registration or claim exemption from registration with the Commission in any capacity, and engage in any activity requiring such registration or exemption from registration with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2015); and/or
 - f. act as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2015)), agent or any other officer or employee of any person (as that term is defined in Section 1a(38) of the Act, 7 U.S.C. § 1a(38)) registered, required to be registered, or exempted from registration with the Commission except as provided for in Regulation 4.14(a)(9).
3. Partial Satisfaction: Respondents understands and agrees that any acceptance by the Commission or the Monitor of any partial payment of Respondents' Restitution Obligation, Disgorgement Obligation, or CMP Obligation shall not be deemed a waiver of their obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.
4. Change of Address/Phone: Until such time as Respondents satisfy in full their Restitution Obligation and CMP Obligation as set forth in this Order, Respondents shall provide written notice to the Commission by certified mail of any change to their telephone number and mailing address within ten (10) calendar days of the change.

The provisions of this Order shall be effective as of this date.

By the Commission.



Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: May 26, 2016