

**In The United States District Court
For The District Of New Jersey**

U.S. Commodity Futures Trading Commission,

Plaintiff,

vs.

FX Trading, LLC,

Defendant.

Civil Action No: 05-5722 (JLL)

**CONSENT ORDER OF
PERMANENT INJUNCTION,
CIVIL MONETARY PENALTY,
AND OTHER EQUITABLE
RELIEF**

I. BACKGROUND

On December 8, 2005, Plaintiff, the U.S. Commodity Futures Trading Commission (“Commission”), filed a Complaint seeking a permanent injunction, a civil monetary penalty, and other equitable relief against Defendant FX Trading, LLC (“FX Trading” or “Defendant”) for violation of Section 4f(b) of the Commodity Exchange Act, as amended (“Act”), 7 U.S.C. § 6f(b) (2002), and Commission Regulation (“Regulation”) 1.17(a)(1), 17 C.F.R. § 1.17(a)(1) (2005).

The Court entered an *ex parte* statutory restraining order on December 9, 2005 that, among other things, froze all assets belonging to or related to FX Trading. On February 24, 2006, after conducting a hearing, the Court entered a preliminary injunction against FX Trading. Thereafter, on February 27, 2006, the Court ordered the appointment of a Receiver.

II. CONSENTS AND AGREEMENTS

To settle this action without a trial on the merits or any further judicial proceedings,

Defendant:

1. Consents to the entry of this Consent Order of Permanent Injunction, Civil

Monetary Penalty and Other Equitable Relief (“Order”).

2. Affirms that it has agreed to this Order voluntarily, and that no threat, or promise, other than as specifically contained herein has been made by the Commission or any member, officer, agent, or representative thereof, or by any other person to induce Defendant’s consent to this Order.

3. Acknowledges service of the Summons and Complaint.

4. Admits that this Court has subject matter jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, and admits that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1.

5. Waives:

(a) any and all claims that it may possess under the Equal Access to Justice Act (EAJA), 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and Part 148 of the Regulations, 17 C.F.R. §§ 148.1, et seq. (2009), relating to, or arising from, this action;

(b) any and all claims that it may possess under the Small Business Regulatory Enforcement Fairness Act, Pub. L. No. 104-121, §§ 231-232, 110 Stat. 862-63 (1996), as amended by Pub. L. No. 110-28, 121 Stat. 112 (2007), relating to, or arising from, this action;

(c) any claim of double jeopardy based upon the institution of this proceeding or the entry in this action of any order imposing a civil monetary penalty or any other relief; and

(d) all rights of appeal in this action.

6. Neither admits nor denies the allegations of the Complaint or the Findings of Fact and Conclusions of Law contained in this Order, except as to jurisdiction and venue, which it

admits. Defendant does not consent to the use of this Order, or the Findings of Fact or Conclusions of Law in this Order, as the sole basis for any other proceeding brought by the Commission, other than a proceeding in (i) bankruptcy relating to Defendant, or (ii) a Commission registration proceeding relating to Defendant, or (iii) to enforce the terms of this Order. Solely with respect to any bankruptcy proceeding relating to Defendant, a Commission registration proceeding related to Defendant and any proceeding to enforce this Order, Defendant agrees that the allegations of the Complaint and all of the Findings of Fact and Conclusions of Law in this Order shall be taken as true and correct and be given preclusive effect, without further proof. Furthermore, Defendant agrees to provide immediate notice to this Court and the Commission by certified mail, of any bankruptcy proceeding filed by, on behalf of, or against it, and of any change of address.

7. Agrees that no provision of this Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against Defendant in any other proceeding.

8. Agrees that neither it nor any of its agents or employees acting under its authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation of the Complaint or Findings of Fact or Conclusions of Law in this Order, or creating, or tending to create, the impression that the Complaint or this Order is without a factual basis; provided, however, that nothing in this provision shall affect Defendant's (i) testimonial obligations; or (ii) rights to take legal positions in other proceedings to which the Commission is not a party. Defendant shall take all necessary steps to ensure that all of its agents and employees understand and comply with this agreement.

9. Consents to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Order and for any other purposes relevant to this action, even if

Defendant now or in the future resides outside the jurisdiction.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Court, being fully advised of the facts, finds that there is good cause for the entry of this Order and that there is no just reason for delay. The Court therefore directs the entry of findings of fact, conclusions of law, a permanent injunction, and a civil monetary penalty.

A. Findings of Fact

1. The Commission is an independent federal regulatory agency charged by Congress with responsibility of administering and enforcing the provisions of the Act and the Regulations promulgated thereunder.

2. Defendant FX Trading is a Delaware limited liability company that maintained its principal place of business in Iselin, New Jersey. Defendant has been registered with the Commission as a Futures Commission Merchant ("FCM") since October 14, 2004.

3. Pursuant to Section 4f(b) of the Act and Regulation 1.17(a)(1), FX Trading, as a registered FCM, was required at all times to maintain adjusted net capital equal to or in excess of \$250,000 during the relevant period, October through December 2005.

4. During the relevant period, FX Trading was undercapitalized by \$239,000, and failed to infuse sufficient capital to bring its adjusted net capital up to the minimum requirements as required by Section 4f(b) of the Act and Regulation 1.17(a)(1).

B. Conclusions of Law

1. This Court has subject matter jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which provides that whenever it shall appear to the Commission that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order promulgated thereunder,

the Commission may bring an action against such person to enjoin such practice or to enforce compliance with the Act.

2. Venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, because Defendant transacted business in this district and the acts and practices in violation of the Act occurred, among other places, within this district.

3. By the aforementioned practices, Defendant violated Section 4f(b) of the Act, 7 U.S.C. § 6f(b) (2002), and Regulation 1.17(a)(1), 17 C.F.R. § 1.17(a)(1) (2005).

4. There is good cause for entry of an order permanently enjoining the Defendant from engaging in future violations of the Act and/or Regulations, requiring the Defendant to pay a civil monetary penalty and for the other equitable relief stated in this Order.

IV. ORDER FOR PERMANENT INJUNCTION

IT IS THEREFORE ORDERED THAT:

1. Defendant is permanently restrained, enjoined and prohibited from directly or indirectly:
 - A. Failing to satisfy the minimum financial requirements for FCMs registered with the Commission in violation of Section 4f(b) of the Act, 7 U.S.C. § 6f(b) (2006);
 - B. Failing to meet minimum financial requirements for FCMs in violation of Regulation 1.17(a)(1), 17 C.F.R. § 1.17(a)(1) (2009).
2. The injunctive provisions of this Order shall be binding upon Defendant and upon any person who receives actual notice of this Order, by personal service, email or facsimile, insofar as he or she is acting in active concert or participation with the Defendant.

V. ORDER FOR CIVIL MONETARY PENALTY AND OTHER EQUITABLE RELIEF

IT IS FURTHER ORDERED THAT:

A. Civil Monetary Penalty

1. Defendant shall pay a civil monetary penalty in the amount of One Hundred Ten Thousand Dollars (\$110,000), plus post-judgment interest, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, within fifteen days from the date of this Order.

2. Should Defendant not satisfy its civil monetary penalty obligation within fifteen days of the date of this Order, post-judgment interest shall accrue on the civil monetary penalty 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.

3. Defendant shall pay this civil monetary penalty 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, 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: Marie Bateman-AMZ-300,
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: 405-954-6569

4. If the payment is to be made by electronic funds transfer, Defendant shall contact Marie Bateman or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Defendant shall accompany the payment of the penalty with a cover letter that identifies the Defendant and the name and docket number of this proceeding.

5. The Defendant shall simultaneously transmit copies of the cover letter and the

form of payment to: (a) the Director, Division of Enforcement, U.S. Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581, (b) the Chief, Office of Cooperative Enforcement, Division of Enforcement, U.S. Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581, and (c) Regional Counsel, U.S. Commodity Futures Trading Commission, Eastern Regional Office, 140 Broadway, 19th Floor, New York, NY 10005.

B. Miscellaneous Provisions

1. Authorization – Shaheryar Kahn hereby warrants that he is an officer of FX Trading, that this Order has been duly authorized by FX Trading, and that he has been duly empowered to sign and submit this Order on behalf of FX Trading.

2. Equitable Relief - The equitable relief provisions of this Order shall be binding upon the Defendant and any person who is acting in the capacity of officer, agent, employee, servant or attorney of the Defendant, and any person acting in active concert or participation with the Defendant who receives actual notice of this Order by personal service or otherwise.

3. Notices - All notices required to be given by any provision in this Order shall be sent by certified mail, return receipt requested, to:

Regional Counsel
U.S. Commodity Futures Trading Commission
Division of Enforcement - Eastern Regional Office
140 Broadway, 19th Floor
New York, New York 10005
Phone: (646) 746-9700
Fax: (646) 746-9740

All such notices to the Commission shall reference the name and docket number of this proceeding.

4. Entire Agreement and Amendments - This Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify

this Order in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

5. Invalidation - If any provision of this Order, or if the application of any provisions or circumstances is held invalid, the remainder of this Order and the application of the provisions to any other person or circumstance shall not be affected by the holding.

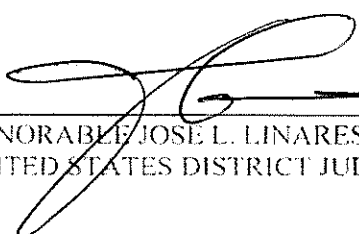
6. Waiver - The failure of any party hereto at any time or times to require performance of any provision hereof shall in no manner affect the right of such party at a later time to enforce the same or any other provision of this Order. No waiver in one or more instances of the breach of any provision contained in this Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Order.

7. Counterparts and Facsimile Execution - This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by facsimile or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Agreement that is delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Agreement.


8. Continuing Jurisdiction of this Court - This Court shall retain jurisdiction of this action to assure compliance with this Order and for all other purposes related to this action.

IT IS SO ORDERED.

Date: 5-9-11

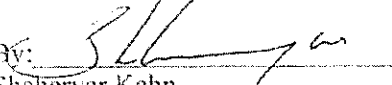

HONORABLE JOSE L. LINARES
UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:

By: 
David Acevedo
Chief Trial Attorney
U.S. Commodity Futures Trading Commission
140 Broadway, 19th Floor
New York, New York 10005
Attorney of Plaintiff

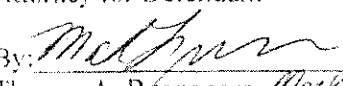
Date: 5/4/11

On Behalf Of Defendant

By: 
Shaheryar Kahn
Title ON BEHALF OF EX TRADING ACTING AS OFFICER
FX Trading, LLC

Date: 3/3/2011

~~Thomas A. Buonocone~~ Mark E. Thompson
Attorney for Defendant

By: 
~~Thomas A. Buonocone~~ Mark E. Thompson
Address 1719 Route 10, Suite 301
Paterson, N.J. 07654

Date: 3/8/11