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**IN THE UNITED STATES DISTRICT COURT  
FOR THE  
DISTRICT OF NEVADA**

**COMMODITY FUTURES TRADING  
COMMISSION,**

**Plaintiff,**

**v.**

**RICHARD McCALL, Individually and  
d/b/a MASTERY GROUP  
INTERNATIONAL,**

**Defendant.**

**CIVIL ACTION NO. No. 2:06-cv-00132**

**COMPLAINT FOR INJUNCTIVE, OTHER EQUITABLE RELIEF AND FOR CIVIL  
PENALTIES UNDER THE COMMODITY EXCHANGE ACT, AS AMENDED, 7 U.S.C.  
§§ 1 et seq.**

**I. JURISDICTION AND VENUE**

1. Plaintiff Commodity Futures Trading Commission (“CFTC” or “Commission”) brings this action against Defendant Richard McCall (“Defendant” or “McCall”) for engaging

in acts and practices that violate provisions of the Commodity Exchange Act (“the Act”), 7 U.S.C. §§ 1 *et seq.* (2002), and Commission Regulations promulgated thereunder (“Regulations”), 17 C.F.R. §§ 1.1 *et seq.* (2005).

2. This court has jurisdiction over this action pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1 (2002), which authorizes the CFTC to seek injunctive relief against any person whenever it shall appear to the CFTC that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of the Act or any rule, regulation, or order thereunder.

3. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2002), since Defendant is found in, inhabits, or transacts business in this District.

## II. SUMMARY

4. Beginning in at least January 2003, Richard McCall has held workshops for clients at which he rendered commodity futures trading advice. From about March 2004 to the present, McCall has operated an Internet website at [www.masterynexus.com](http://www.masterynexus.com) (“the website”), promoting books, courses and workshops about trading and the psychology of trading commodity futures and, more recently, foreign exchange. At least from March through June 2004, the website fraudulently promoted McCall’s “Sabaki Futures Trading” method and accompanying workshop, promising that McCall would personally advise clients on how to place trades on futures contracts and how to enter and exit futures positions purportedly at a profit. Through the website and by other means, McCall falsely described himself as “Dr. Richard McCall, Ph.D.” and as a former clinical psychologist, when, in fact, McCall holds no educational degrees. McCall also made false and misleading claims and failed to disclose material facts

about his futures trading experience and the profitability of his futures trading advice.

5. Consequently, McCall has engaged, is engaging, or is about to engage in acts or practices that violate the anti-fraud and other provisions of the Act and Regulations, Accordingly, the CFTC brings this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, to enjoin Defendant's unlawful acts and practices and to compel his compliance with the Act. In addition, the CFTC seeks civil monetary penalties and such other relief as this Court may deem necessary or appropriate.

6. Unless restrained and enjoined by this Court, Defendant is likely to continue to engage in the acts and practices alleged in this Complaint and similar acts and practices, as more fully described below.

### **III. PARTIES**

7. Plaintiff CFTC is an independent federal regulatory agency of the United States charged with the responsibility for administering and enforcing provisions of the Act, 7 U.S.C. §§ 1 *et seq.* (2002), and the regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2005).

8. Richard McCall resides in Henderson, Nevada. McCall operates the website and does business as an individual under the name Mastery Group International. McCall has never been registered in any capacity with the Commission.

### **IV. STATUTORY BACKGROUND**

9. Section 1a(6) of the Act, 7 U.S.C. § 1a(6) (2002), provides that a commodity trading advisor ("CTA") is any person who, for compensation or profit, engages in the business of advising others, either directly or through publications, writings, or electronic media, as to the

value of or advisability of trading in any contract of sale of a commodity for future delivery made or to be made on or subject to the rules of any contract market or derivatives transaction execution facility, any commodity option or any leverage transaction; or, for compensation or profit, and as part of a regular business, issues or promulgates analyses or reports concerning any of the activities referred to above.

10. Section 4o(1) of the Act, 7 U.S.C. § 6o(1), provides that, (1) It shall be unlawful for a CTA by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, (A) to employ any device, scheme, or artifice to defraud any client or participant or prospective client or participant; or (B) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant.

11. Commission Regulation 4.41(a) makes it unlawful for a CTA, or any principal thereof, to advertise in a manner which: (1) employs any device, scheme or artifice to defraud any client or prospective client; or (2) involves any transaction, practice or course of business which operates as a fraud or deceit upon any client or any prospective client.

## V. FACTS

### A. McCall Misrepresented His Education and Professional Experience

12. McCall has developed the website as the official website for The Mastery Group International, a name under which McCall does business and which describes McCall as the founder and Executive Director. During the relevant time, the website identified McCall as “Dr. Richard McCall, PhD” and represented that he is a former clinical psychologist.

13. In fact, McCall graduated high school in 1972 and thereafter received no

undergraduate or graduate degree from any educational institution. McCall claims that his Ph.D is not an academic degree but instead a doctor of humanity or divinity from an undisclosed (and likely unaccredited) institution. The website did not disclose any such limitations to McCall's supposed qualifications.

14. McCall knowingly misrepresented his educational background and professional experiences. Moreover he knowingly or recklessly failed to disclose material facts about his educational and professional experience.

**B. McCall Misrepresented His Personal Futures Trading Experience**

15. Between March and June 2004, McCall claimed on his website that he was an experienced futures trader.

16. Between March and June 2004, McCall claimed on his website that his trading results consistently ranked him among "the top 5% of traders worldwide."

17. In fact, McCall actually traded futures for the first time for about one year beginning in 2003, his account was consistently unprofitable, and he knew he had no reasonable basis to claim his trading results were ranked among the top 5% of traders worldwide. McCall, either knowingly or with reckless disregard for the truth represented that he ranked among the top 5% of traders worldwide.

**C. McCall's Misrepresentations about Profitability**

18. McCall's website would have led a reasonable person to believe that the Sabaki Futures Trading method would allow clients to make easy profits in just a few minutes each morning. For example, the website claimed:

- that the Micro-Trader could finish trading before most people leave to go to their offices, while “possibly making more money in those few minutes than most people can make working all day long”;
- the Sabaki Futures Trading method showed exactly which side of the futures market to be on when placing a trade, with a better than 90% accuracy rate and “a better than 90% chance of being profitable”;
- that a Micro-Trader could simply buy into a position, hold that position for 3-6 minutes until the price began to reverse, and make a profit;
- “easy profits” occur in just a few short minutes “nearly every morning without fail”;
- “Micro-Trading nets some serious profits every day!”;
- clients could recover their costs (between \$1,995 and \$4,995) of attending his “‘Sabaki Micro-Trading’ for Futures” workshop in as little as “the first couple of months of live trading at home!”; and
- that experienced Micro-Traders could make even more – giving an example of how a trader could have netted \$4,000 in a single trading session.

19. In reality, the “Sabaki Futures Trading method” McCall utilized did not perform with a 90% accuracy rate nor produce “a better than 90% chance of being profitable.” McCall made these claims either knowing they were not true or with reckless disregard of whether or not they were truthful.

**D. McCall Misrepresented the Effectiveness of the Sabaki Futures Trading Method**

20. McCall’s website claimed that McCall developed the Sabaki Futures Trading method, a “highly specialized tactic” designed to take advantage of repetitive and highly dependable price movements that allegedly occur during the first hour of every trading day, to trade S&P 500, NASDAQ or DOW futures. The website also claimed that the Micro-Trader works with and profits from “extremely predictable and dependable” very short-term cycles that

occur every 3-6 minutes in the markets. McCall made these claims knowing they were not true or with reckless disregard of whether or not they were truthful.

**E. McCall Misrepresented Risks of Trading Futures and Failed to Disclose the Risks Associated with Futures Trading**

21. McCall's website misrepresented the risk of trading futures contracts by claiming that "trading the financial markets is no more complicated or dangerous than operating a lemonade stand!" The website further claimed that previous trading experience was not required and that "often inexperienced students will do much better, much quicker." McCall admits he has no records showing that inexperienced students would trade better than traders with experience or that anyone trading the Sabaki Futures Trading method made a profit.

22. The website further claimed that McCall would refund twice the tuition paid by a student if the trade entry signals were not at least 90% accurate. The twice-the-money-back guarantee is misleading because it implicitly guarantees that clients will attain trading success and that there is minimal trading risk using the Sabaki Futures Trading method.

23. Moreover, McCall's website failed to disclose the risks of trading futures

24. McCall misrepresented the risks associated with trading futures and failed to adequately disclose risks either knowingly or with reckless disregard for the truth.

**VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND  
COMMISSION REGULATIONS**

**COUNT I**

**VIOLATION OF SECTION 4o(1) OF THE ACT, 7 U.S.C. § 6o(1) AND COMMISSION  
REGULATION 4.41(a), 17 C.F.R. § 4.41(a):  
FRAUD BY A COMMODITY TRADING ADVISOR**

25. Paragraphs 1 through 24 are realleged and incorporated herein by reference.

26. Between January 2003 and June 2004, through the conduct described in Paragraphs 1 through 24 above, Defendant, while acting as a CTA, by using the Internet and other instrumentalities of interstate commerce, (i) employed devices, schemes or artifices to defraud clients or prospective clients, and (ii) engaged in transactions, practices or courses of business which operated as a fraud or deceit upon clients or prospective clients, in violation of Section 4o(1) of the Act. Among other things, McCall misrepresented his educational qualifications and professional experience, misrepresented that he was a successful futures trader and that he ranked among the top 5% of traders worldwide, misrepresented that by following the trading advice he offered, people would have a better than 90% chance of being profitable trading futures, failed to disclose the risks of trading futures and that he had actually traded futures for only one year and that trading in his personal trading account generated losses and not profits.

27. Between January 2003 and June 2004, through the conduct described in paragraphs 1 through 24 above, Defendant, while acting as a CTA, made fraudulent representations and omissions of material fact on his website in violation of Commission Regulation 4.41(a). Among other things, the website misrepresented McCall's educational qualifications and professional experience, misrepresented that McCall was a successful futures trader and that he ranked among the top 5% of traders worldwide, misrepresented that by following the trading advice McCall offered, people would have a better than 90% chance of being profitable trading futures, failed to disclose the risks of trading futures and that McCall had actually traded futures for only one year and that trading in his personal trading account generated losses and not profits.



28. Each fraudulent misrepresentation or omission made by Defendant on his website including those specifically alleged herein, constitutes a separate and distinct violation of Section 4o of the Act and Commission Regulation 4.41(a).

## VII. RELIEF REQUESTED

**WHEREFORE**, the Commission respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to its own equitable powers:

A. Find defendant liable for violating Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2002) and Commission Regulation 4.41(a), 17 C.F.R. § 4.41(a);

B. Enter orders of preliminary and permanent injunction restraining and enjoining defendant and all persons insofar as they are acting in the capacity of his agents, servants, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with defendant who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. While acting as a CTA, employing any device, scheme, or artifice to defraud any investor or prospective investor, or engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any investor or prospective investor by use of the mails or any means or instrumentality of interstate commerce, in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) and Commission Regulation 4.41(a), 17 C.F.R. § 4.41(a);

C. Enter an order requiring Defendant to disgorge to any officer appointed or directed by the Court or directly to customers all benefits received from any customer including,

but not limited to, salaries, commissions, loans, fees, revenues derived, directly or indirectly, from acts or practices which constitute violations of the Act as described herein, including pre-judgment interest;

D. Enter an order requiring Defendant to make restitution by making whole each and every customer whose funds were received from or utilized by Defendant in violation of the provisions of the Act as described herein, including pre-judgment interest;

E. Enter an order requiring defendant to pay civil penalties under the Act in amounts of not more than the higher of \$120,000 for each violation of the Act and Regulations prior to October 24, 2004 and \$130,000 per violation for violations thereafter, or triple the monetary gain to defendant, for each violation of the Act and Regulations described herein;

F. Order such other and further remedial ancillary relief as this Court may deem necessary and appropriate under the circumstances.

Dated: February 3, 2006

Respectfully submitted,

s/Louis V. Traeger  
Louis V. Traeger  
Senior Trial Attorney  
Attorneys for Plaintiff  
Commodity Futures  
Trading Commission