

U.S. COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

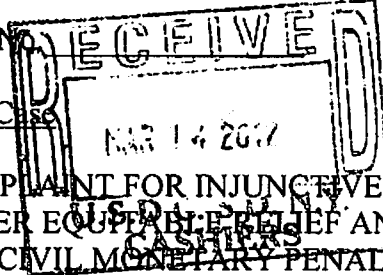
JOSEPH F. WELSH III,

Defendant.

Case No.

ECF Case

COMPLAINT FOR INJUNCTIVE AND  
OTHER EQUITABLE RELIEF AND  
FOR CIVIL MONETARY PENALTIES  
PURSUANT TO THE COMMODITY  
EXCHANGE ACT



Plaintiff, United States Commodity Futures Trading Commission (“Commission”), by its attorneys, alleges as follows:

**I. SUMMARY**

1. From at least June 2006 through May 2008 (the “Relevant Period”), while a registered associated person (“AP”) of MF Global, Inc. (“MF Global”), a registered futures commission merchant (“FCM”), Defendant Joseph F. Welsh III (“Defendant” or “Welsh”) attempted to manipulate the prices of palladium and platinum futures contracts traded on the New York Mercantile Exchange (“NYMEX”), a division of the CME Group, and a designated contract market.

2. During the Relevant Period, Welsh routinely received market-on-close orders to buy palladium and platinum futures contracts from a client, Christopher Louis Pia (“Pia”), then a portfolio manager for Moore Capital Management LLC (“Moore Capital”), or from Moore Capital execution clerks acting at Pia’s direction. Pia wanted to buy palladium and platinum

futures contracts at high prices during the two minute closing periods of the markets (“Closing Period” or “Close”) in order to manipulate the prices of the futures contracts during the Closing Periods and the settlement prices of the contracts. Welsh understood and believed that Pia wanted to buy at high prices to effectuate his manipulative strategy during the Closing Periods.

3. To effectuate Pia’s manipulative strategy, Welsh intentionally devised and implemented a trading strategy which would maximize the price impact from his trading on behalf of Pia during the Closing Periods of the palladium and platinum futures markets. In order to push prices higher, Welsh routinely withheld entering Pia’s market-on-close orders until only a few seconds remained in the Closing Periods and thereby caused Pia’s buy orders to be executed on the trading floor within seconds before the end of the Closing Periods. Pia’s buy orders were relatively large orders in the relatively illiquid palladium and platinum futures markets. This type of manipulative scheme is commonly known as “banging the close,” or “marking the close.” Welsh implemented this trading strategy with the intent to manipulate prices of the palladium and platinum futures contracts during the Closing Periods, and the settlement prices of the contracts.

4. By such conduct, as more fully described below, on at least 12 separate occasions, Welsh attempted to manipulate the prices of palladium and platinum futures contracts, including the settlement prices, and aided and abetted Pia’s attempted manipulations thereof, in violation of Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006).

5. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. §13a-1 (2006), the Commission brings this action against Defendant Welsh to enjoin such unlawful acts and practices, and to compel compliance with the Act. In addition, the Commission seeks civil monetary penalties and such other equitable and ancillary relief, including, but not limited to,

trading and registration bans, pre-and post-judgment interest, and such other relief as the Court may deem necessary or appropriate.

6. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendant Welsh will continue to engage in the acts and practices alleged in this Complaint or in similar acts and practices, as more fully described below.

## II. JURISDICTION AND VENUE

7. This Court has jurisdiction over this action pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1 (2006), which authorizes the Commission to seek injunctive relief against any person, or, to enforce compliance with the Act whenever it shall appear to the Commission that such 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 thereunder. In addition, this section authorizes the Commission to bring a civil action in district court to enforce compliance with the Act or any rule, regulation or order thereunder.

8. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2006), in that Defendant transacted business in this District, and/or the transactions, acts, practices, and courses of business in violation of the Act occurred within this District.

## III. THE PARTIES

9. **Plaintiff U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with the administration and enforcement of the Act, 7 U.S.C. §§ 1 *et seq.*, and the Commission Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* One of its core responsibilities is to protect the public interest by deterring and preventing price manipulations of the commodity markets or futures markets, or other disruptions to market integrity. Section 3(b) of the Act, 7 U.S.C. § 5(b) (2000). The

Commission maintains its principal office at Three Lafayette Centre, 1155 21<sup>st</sup> Street, N.W., Washington, D.C. 20581.

10. **Defendant Joseph F. Welsh III** is an individual residing in Northport, New York. During the Relevant Period, Welsh was an AP of MF Global, a registered FCM with its principal place of business in New York, New York. At all times during the Relevant Period, as an AP of MF Global, Welsh had responsibility for, among other things, entering orders for palladium and platinum futures contracts on behalf of Pia. Welsh is presently registered as an AP of a registered introducing broker.

#### **IV. OTHER RELEVANT INDIVIDUAL**

11. **Christopher Louis Pia** is an individual residing in North Castle, New York. During the Relevant Period, Pia served as a portfolio manager of Moore Capital, which was a registered commodity trading advisor (“CTA”). Pia was formerly registered as an AP of Moore Capital.

#### **V. FACTS**

##### **The Trading and Settlement of Palladium and Platinum Futures Contracts on NYMEX**

12. During the Relevant Period, including but not limited to the specific dates alleged below in Paragraphs 45 and 46, Welsh, on behalf of Pia, entered and caused to be executed orders to buy commodity futures contracts in palladium and platinum on the NYMEX, a contract market designated by the Commission for trading commodity futures contracts.

13. A futures contract is an agreement to purchase or sell a commodity for delivery in the future at a price that is determined at initiation of the contract. A futures contract obligates each party to the contract to fulfill the contract at the specified price. Futures contracts are used to assume or shift price risk, and may be satisfied by delivery or offset.

14. The NYMEX palladium futures contract trades in units of 100 troy ounces, and the price of the contract is quoted in U.S. dollars and cents per ounce. The minimum price fluctuation (also known as one “tick”) in the NYMEX palladium futures contract is \$0.05 (5 cents) per troy ounce (i.e., \$5.00 per contract).

15. The NYMEX platinum futures contract trades in units of 50 troy ounces, and the price of the contract is quoted in U.S. dollars and cents per ounce. The minimum price fluctuation (also known as one “tick”) in the NYMEX platinum futures contract is \$0.10 (10 cents) per troy ounce (i.e., \$5.00 per contract).

16. Both the NYMEX palladium and platinum futures contracts may be traded on the NYMEX trading floor by open outcry trading, with palladium trading from 8:30 a.m. to 1:00 p.m. Eastern Standard Time (“EST”) and platinum trading from 8:20 a.m. to 1:05 p.m. EST. Both NYMEX palladium and platinum futures contracts also may be traded electronically on Globex, the CME’s electronic trading platform, Sunday through Friday from 6:00 p.m. to 5:15 p.m. EST with a 45 minute break between 5:15 p.m. and 6:00 p.m. EST.

17. During the Relevant Period, the settlement price of commodity futures contracts was the price established by the NYMEX settlement committee at the close of each trading session. The settlement price is the official price to be used by the clearinghouse in determining net gains or losses, margin requirements, and the next day’s price limits.

18. In accordance with the NYMEX rules and procedures, at all relevant times, the settlement prices for palladium and platinum futures contracts for the most active month were derived by the same method: by calculating the volume weighted average of the prices (referred to as the VWAP) at which trades were conducted during the Closing Period. The VWAP for both palladium and platinum futures contracts included trades executed on the floor of the

NYMEX and on Globex. The Closing Period is a two minute period at the end of the trading period. For palladium futures contracts, the Closing Period was from 12:58 p.m. to 1:00 p.m. EST. For platinum futures contracts, the Closing Period was from 1:03 p.m. to 1:05 p.m. EST.

19. During the Relevant Period, the palladium and platinum futures contract markets were relatively illiquid. For example, on March 5, 2008, total volume in the June 2008 Palladium futures contract for the trading day was 4,704 contracts, with 140 contracts traded during the Closing Period. On March 31, 2008, total volume in the July 2008 Platinum futures contract for the trading day was 1,443 contracts, with 158 contracts traded during the Closing Period.

#### **Welsh's Attempts to Manipulate the Prices of Palladium and Platinum Futures Contracts**

20. During the Relevant Period, Welsh had Moore Capital as a client through Pia, a former Moore Capital portfolio manager.

21. Pia became a portfolio manager for Moore Capital in or around June 2006 and traded a variety of commodity futures contracts and other instruments on behalf of funds managed and operated by Moore Capital or entities related to Moore Capital.

22. Throughout the Relevant Period, Pia routinely traded palladium and platinum futures contracts on NYMEX through Welsh.

23. During the Relevant Period, Pia intended to manipulate upward the prices of palladium and platinum futures contracts through trading during the Closing Periods of these contracts in order to manipulate the settlement prices of the futures contracts.

24. A trader or investor typically wants to buy futures contracts at the lowest prices available. Pia communicated to Welsh, and Welsh understood, that Pia wanted to buy platinum and palladium futures at high prices.

25. To effectuate his manipulative intent, Pia, directly or through one of the Moore Capital execution desk clerks, placed with Welsh large buy orders for palladium and platinum futures contracts to be executed during the Closing Period. Orders to be executed during the Closing Period are commonly known as market-on-close orders.

26. A market-on-close order (also referred to as an “MOC order”) is an order to buy or sell at the end of the trading session during the two minute closing period at a price within the closing range of prices.

27. Pia’s trading of palladium and platinum futures contracts during the Closing Periods accounted for a significant portion of the volume of the palladium and platinum futures contracts traded during the Closing Periods. For example, on March 5, 2008, total volume during the palladium closing period was 140 June 2008 Palladium contracts and Moore Capital accounted for 100 (or 71.428%) of those contracts. On March 31, 2008, total volume during the platinum closing period was 158 July Platinum contracts and Moore Capital accounted for 100 (or 63.3%) of those contracts.

28. To further effectuate his manipulative intent, Pia often accompanied his large MOC buy orders with directions to Welsh to exert upward pressure on the prices of the contracts and push up the settlement prices.

29. Throughout the Relevant Period, Pia, directly or through Moore Capital execution clerks, conveyed to Welsh that Pia wanted to push the prices up of palladium and platinum futures contracts up, even though Pia was buyer of futures contracts and a buyer of futures contracts should want to buy at the lowest price possible. Pia conveyed his desire to push up the prices of palladium and platinum futures contracts through numerous instant messages (“IMs”) or by other means.

30. Pia or his execution clerks used the phrases “moc hard,” “bid it up,” “jack it up” and other similar phrases to tell Welsh to enter the orders in a manner to exert upward pressure on the prices. For example, Pia sent the following IMs to Welsh:

- (a) “buy 100 on the[e] close .. please jack it up a little u have donr [sic] a poor job oin [sic] the closes for me... “[IM dated June 7, 2006];
- (b) “u are going to pay up to 305 on 50 palladium on close...u dion’t [sic] have to buy em. [I]f it gets close just bid 305..u make sre [sic] it settles at 305.” [IM dated June 20, 2006];
- (c) “and joe plat is 3x more liquid than pall[adium]. I only like to jack things on close. U should have had 3/4 of plat[inum] doen [sic] before you even started pall...”[IM dated June 20, 2006];
- (d) “on the close. Try and do a good job...get it thru trendline [IM dated August 1, 2006];
- (e) “buy 50 pah7[Feb. 2007 palladium] on the close[sic]...and there are some shorts u can squeeze make it ugly[ellipsis in original]” [IM dated February 13, 2007];
- (f) “bid it up” [IM dated July 25, 2007];
- (g) “buy 25 here [before the close] and 25 moc hard” [IM dated November 7, 2007];
- (h) “Buy 50 hard moc... make it 100...make sure it closese [sic] up” [IM dated January 18, 2008]; and
- (i) “buy pall[adium] moc hard... and make it happe[n] bro...”[IM dated January 24, 2008).

31. Throughout the Relevant Period, based on the specific directions given, the pattern of Pia’s of market-on-close orders and otherwise, Welsh understood that Pia wanted to buy at prices at the high end of the closing range when he placed market-on-close buy orders for palladium and platinum futures contracts.

32. Throughout the Relevant Period, Welsh also understood that Pia was entering the market-on-close buy orders to push the prices up in order to affect the settlement prices of the



futures contracts. In one early IM exchange dated October 31, 2006, Welsh reminded Pia that any trading prior to the close would not count toward determining the settlement price.

Pia: U ARE BUYING 50 PWAZ6 HARD ON CLOSE

Welsh: ok

...

Pia: START 1 MINUTE BEFORE  
THEN FINISH UP IN CLOSING RANGE

Welsh: the close is 2 minutes long ...1 minute before will not count  
towards settlement  
it settles on a weighted average

Pia: YEAH I KNOW . BUY 20 BEFORE THE CLOSE. SO PEPOLPE  
[sic] KNOW U ARE IN PLAY THEN 30 IN CLSOING [sic]  
RANGE

33. In entering and causing Pia's orders to be executed, Welsh intended to manipulate the prices of palladium and platinum futures contracts, including the settlement prices of the contracts.

34. Welsh implemented a strategy to enter Pia's market-on-close buy orders for execution in a manner designed to exert maximum upward pressure on the prices during the Closing Periods and raise the settlement prices of the palladium and platinum future contracts.

35. During the Relevant Period, the majority of the trades in palladium and platinum futures contracts were executed on the electronic trading platform, Globex, rather than the floor of the NYMEX. In addition, prices in platinum and palladium futures tended to be higher on the floor of the NYMEX than on Globex.

36. In entering Pia's market-on-close buy orders, Welsh entered the orders for execution on the floor of the NYMEX and did not enter the orders for execution on Globex.

37. Welsh entered his client's market-on-close orders to the floor through a floor clerk who transmitted the orders to a floor broker. Welsh could have executed Pia's market-on-

close buy orders ratably on both Globex or on the trading floor during the two-minute Closing Periods for platinum and palladium in order to attempt to buy at the lowest prices possible.

38. Instead, Welsh withheld Pia's buy orders until only a few seconds were left in the Closing Periods. In numerous recorded audio conversations, the floor clerk counts down the seconds remaining in the Closing Periods to allow Welsh to time his entry of Pia's orders.

39. By entering the buy orders for execution on the trading floor in the last few seconds of the Closing Periods, Welsh intended to create upward pressure on the prices of the palladium and platinum futures contracts during the Closing Periods.

40. By entering the buy orders in the last seconds of the Closing Periods, Welsh also ensured that floor traders could not offset any trades they had executed opposite Pia's orders during the Closing Periods. If the floor traders could have executed offsetting trades during the Closing Periods, those prices could have lowered the settlement prices by lowering the volume weighted average price at the close of trading for the palladium and platinum futures contract markets.

41. In a recorded conversation between Welsh and a Moore Capital execution clerk on March 17, 2008, Welsh explained his manipulative trading strategy. According to Welsh, he executed the buy orders on the floor of the NYMEX, rather than on Globex, in order to take advantage of the wider bid-ask spreads. The bid-ask spread is the difference between the bids to buy and the offers to sell. Because the bid-ask spreads were wider on the floor of the NYMEX, Welsh knew he would be able to buy at higher prices on the NYMEX floor than if he bought on Globex. Welsh also explained that he did not want the NYMEX floor traders to be able to offset his orders on Globex during the Closing Periods, and thus lower the settlement price.

Welsh: And, and I buy it on the floor because...

Moore Clerk: Yeah...

Welsh: The spreads are so much wider.

Moore Clerk: Right.

Welsh: What happens is a lot of times the locals will take us and then go and buy it on the screens. So I do it at the very end....So all those screen prints don't count.

Moore Clerk: So all the screen prints don't count...

Welsh: So all the lower prints don't count. You know what I mean?

Moore Clerk: OK.....

Moore Clerk: Well, well how do they do it, they do it by a volume-weighted average, or?

Welsh: It's a volume weighted average, yeah.....Unlike the grains where it's just, they take the price, the median, they just take the, the middle price.

42. Other recorded conversations also evidence Welsh's intent to cause Pia's buy orders to be executed at the higher prices of the closing range, even though a buyer should want to buy at low rather than high prices. For example, on January 24, 2008, Welsh had the following recorded conversation with the NYMEX floor clerk with respect to his palladium buy orders:

Welsh: Okay, buy a hundred at market....

Floor Clerk: Did you get (inaudible)? Seven or 8, I don't care.

Welsh: The higher the better.

Floor Clerk: I tried to get as high as I could. I'll call you right back.

In another conversation with the floor clerk after the close of trading in palladium that same day, Welsh again stated he wanted higher prices for his client's buy orders even if it meant that the

trading would violate NYMEX rules prohibiting buying at a price higher than the prevailing bid-ask spread:

Floor Clerk: High is 6 ½.

Welsh: 6-1/2?

Floor Clerk: That's the highest I could get it....

Welsh: That's bullshit.

Floor Clerk: I tried.

Welsh: Fuck those guys. Get in there and tell them fucking 7 1/2s or nothing. They don't want to sell it higher?

Floor Clerk: Violations on orders.

Welsh: Fuck those guys. Fuck compliance. That's what I do.

43. Welsh engaged in this pattern of trading market-on-close buy orders during the last few seconds of the Closing Periods of the palladium and platinum futures markets on behalf of Pia throughout the Relevant Period.

44. Throughout the Relevant Period, Pia acted with the intent to manipulate the prices of palladium and platinum futures contracts, including the prices of the contracts during the Closing Periods and the settlement prices of the contracts, and committed overt acts in furtherance of such manipulative intent including, without limitation, on the trading days alleged below.

45. Throughout the Relevant Period, Welsh implemented the scheme alleged above with the intent to manipulate the prices of NYMEX palladium futures contracts, including the prices of the contracts during the Closing Periods and the settlement prices of the contracts, and committed overt acts in furtherance of such manipulative intent, including, without limitation, on the following trading days: (1) October 18, 2007 for December 2007 Palladium; (2) November

13, 2007 for December 2007 Palladium; (3) November 20, 2007 for December 2007 Palladium; (4) November 30, 2007 for March 2008 Palladium; (5) January 18, 2008 for March 2008 Palladium; (6) January 22, 2008 for March 2008 Palladium; (7) January 24, 2008 for March 2008 Palladium; (8) February 15, 2008 for March 2008 Palladium; (9) February 29, 2008 for June 2008 Palladium; and (10) March 5, 2008 for June 2008 Palladium.

46. Throughout the Relevant Period, Welsh implemented the scheme alleged above with the intent to affect the prices of NYMEX platinum futures contracts and committed overt acts in furtherance of such manipulative intent, including, without limitation, on the following trading days: (1) December 3, 2007 for January 2008 Platinum; and (2) March 31, 2008 for July 2008 Platinum.

## **VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT**

### **Count I**

#### **Welsh Attempted to Manipulate the Prices of Palladium and Platinum Futures Contracts in Violation of Sections 6(c), 6(d) and 9(a)(2) of the Act**

47. The allegations contained in paragraphs 1 through 46 above are re-alleged and incorporated herein by reference.

48. Sections 6(c) and 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006), make it unlawful for any person to attempt to manipulate the market price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity, including any contract market.

49. Throughout the Relevant Period, including but not limited to the specific dates alleged above in Paragraphs 45 and 46, Welsh intended to affect the prices of the NYMEX palladium and platinum futures contracts and engaged in repeated overt acts in furtherance of

that intent. Accordingly, Welsh violated Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006).

50. Each and every overt act or transaction engaged in by Welsh in furtherance of the intent to affect the prices of the NYMEX palladium and platinum futures contracts including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 6(c) and 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006).

### **Count II**

#### **Welsh Aided and Abetted Pia's Attempts to Manipulate the Prices of Palladium and Platinum Futures Contracts in Violation of Sections 6(c), 6(d) and 9(a)(2) of the Act**

51. The allegations contained in paragraphs 1 through 50 above are re-alleged and incorporated herein by reference.

52. Sections 6(c) and 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006), make it unlawful for any person to attempt to manipulate the market price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity, including any contract market.

53. As set forth above, during the Relevant Period, including but not limited to the specific dates alleged above in Paragraphs 45 and 46, Welsh knowingly associated himself with Pia's unlawful venture, namely the violations of Sections 6(c), 6(d), and 9(a)(2) of the Act, participated in those violations as something he wished to bring about, and sought by his actions to make the unlawful venture succeed. Therefore, pursuant to Section 13(a) of the Act, 7 U.S.C. §13c(a) (2006), Welsh willfully aided and abetted Pia's violations of the Act or acted in combination or concert with Pia in violation of the Act, and therefore is liable for Pia's violations of Sections 6(c), 6(d), and 9(a)(2) of the Act.

54. Each and every overt act or transaction engaged in by Welsh in furtherance of the intent to affect the prices of the NYMEX platinum and palladium futures contracts, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 6(c) and 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006).

## **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 (2006), and pursuant to its own equitable powers, enter:

A. An order finding that Defendant violated Section 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006);

B. An order of permanent injunction restraining and enjoining Defendant and all persons insofar as they are acting in the capacity of Defendant's affiliates, agents, servants, employees, successors, assigns, 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. Engaging in conduct in violation of Sections 6(c), 6(d), and 9(a)(2) of the Act, as amended by the Food, Conservation and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 ("CRA")), §§ 13101-13204, 122 Stat. 1561(Supp. III 2009) and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), Pub. L. No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010), §§ 701-774, 124 Stat. 1376 (enacted July 2010) (to be codified at 7 U.S.C. §§ 9, 13b, and 13(a)(2));

2. Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, as amended by the CRA and the Dodd-Frank Act (to be codified at 7 U.S.C. § 1(a)(40));
3. Entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3(hh), 17 C.F.R. §1.3(hh)(2011) (“commodity options”), security futures products, and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended by the CRA, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (Supp. III 2009) (“forex contracts”), for his own personal or proprietary account or for any account in which he has a direct or indirect interest;
4. Having any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts traded on his behalf;
5. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts;
6. Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts;



7. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging 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);
8. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a), agent or any other officer or employee of any person (as the term “person” is defined in Section 1a(38) of the Act, as amended by the CRA and the Dodd-Frank Act ( to be codified at 7 U.S.C. §1a(38)) registered, exempted from registration or required to be registered with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F. R. §4.14(a)(9);

C. An order directing Defendant to pay civil monetary penalties, to be assessed by the Court, in amounts not to exceed \$130,000 for each violation for each violation of the Act and Regulations occurring before October 22, 2008, or triple the monetary gain to him for each violation of the Act, as described herein, plus post-judgment interest;

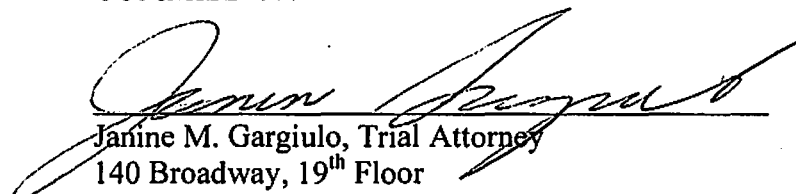
D. An order directing Defendant to pay costs and fees as permitted by 28 U.S.C. § 1920 (2006) and 28 U.S.C. § 2412(a)(2) (2006); and

E. Such other and further relief as the Court deems necessary and appropriate under the circumstances.

Dated: March 14, 2012

Respectfully submitted,

ATTORNEYS FOR PLAINTIFF U.S.  
COMMODITY FUTURES TRADING  
COMMISSION



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