

IN THE UNITED STATES DISTRICT COURT
FOR THE
NORTHERN DISTRICT OF ILLINOIS

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NOV 28 2006

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

U.S. Commodity Futures Trading Commission,

Plaintiff,

v.

Peter D. Hoffman,

Defendant.

No. 06-**06C-6473**
COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE
RELIEF AND FOR PENALTIES
UNDER THE COMMODITY
EXCHANGE ACT, AS
AMENDED, 7 U.S.C. §§ 1-25

I. SUMMARY

JUDGE JOAN H. LEFKOW
MAGISTRATE JUDGE COLE

1. Defendant Peter D. Hoffman ("Hoffman") has violated, and continues to violate, an administrative order entered by the Plaintiff Commodity Futures Trading Commission ("Commission" or "CFTC") and has engaged in acts in violation of the antifraud and registration provisions of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. §§ 1 *et seq.* (2002) and the CFTC Regulations promulgated thereunder, 17 C.F.R. §§ 1 *et seq.* (2006).

2. In March 1999, the CFTC issued an order ("Order") instituting administrative proceedings pursuant to Sections 6(c) and 6(d) of the Act, 7 U.S.C. §§ 9 and 13b (1994), against Hoffman, and simultaneously accepted respondent Hoffman's Offer of Settlement by issuing an order. As recited in the Order, the findings were that during 1995 and 1996, Hoffman fraudulently promoted his services as a commodity trading advisor ("CTA"), failed to register with the CFTC as a CTA, and violated certain CFTC Regulations concerning the advertising of CTA services and disclosure of CTA hypothetical trading results. Among the sanctions imposed in the Order, Hoffman was required to cease and desist from future violations of the identified provisions, prohibited from trading commodity futures and options for a period of five years, and ordered never to act in any capacity requiring registration with the CFTC or act as an agent or officer of any person registered or required to be registered with the CFTC.

3. Notwithstanding the Order, since at least February 2000 and continuing to the present ("the relevant time"), Hoffman has engaged in, is engaging in and, unless restrained and enjoined, will continue to engage in, acts and practices which constitute violations of the Order

and Sections 4b(a)(2)(i) and (iii), 4c(b), 4o(1), 4m(1) and 6c of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), 6c(b), 6o(1), 6m(1) and 13a-1 (2002) and Commission Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2006). Specifically, Hoffman traded for his personal account and for others, acted in a capacity requiring registration or as an agent of another person registered or required to be registered with the CFTC, and engaged in fraud in the solicitation of potential clients and discretionary accounts as a CTA.

4. Accordingly, the CFTC brings this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), to enjoin Hoffman's unlawful acts and practices and to compel his compliance with the Act and the Order. In addition, the CFTC seeks a civil monetary penalty and such equitable relief as this Court may deem necessary or appropriate.

II. JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), which provides that whenever it shall appear to the CFTC 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 CFTC may bring an action in the proper District Court of the United States against such person to enjoin such practice, or to enforce compliance with the Act, or any rule, regulation or order thereunder.

6. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2002), because the Defendant resides in this jurisdiction and the acts and practices in violation of the Order have occurred within this District, among other places.

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

III. THE PARTIES

8. Plaintiff CFTC is an independent federal regulatory agency that is charged with administering and enforcing the Act, 7 U.S.C. §§ 1 et seq. (2002), and the regulations promulgated thereunder, 17 C.F.R. §§ 1 et seq. (2006).

9. Defendant Peter D. Hoffman, age 46, resides in Chicago, Illinois. Hoffman has never been registered with the CFTC in any capacity.

IV. FACTUAL BACKGROUND

A. Statutory Background

10. Section 1a(6) of the Act, 7 U.S.C. § 1a(6) (2002), defines a CTA as 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.

11. Pursuant to Section 4m(1) of the Act, 7 U.S.C. § 6m(1), and subject to certain exceptions not applicable here, a person who comes within the statutory definition of a CTA must be registered with the CFTC.

B. The CFTC Order

12. On March 30, 1999, the CFTC issued an Order instituting administrative proceedings against Hoffman pursuant to Sections 6(c) and 6(d) of the Act, 7 U.S.C. §§ 9 and 13b (1994), and simultaneously accepting Hoffman's Offer of Settlement. *In re Peter D. Hoffman*, CFTC Docket No. 99-9, [1998-1999 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 27,593 (CFTC March 30, 1999). As recited in the Order, the CFTC found that Hoffman had acted as a CTA without being registered, and defrauded clients and prospective clients through material misrepresentations in newspaper advertisements and written promotional materials regarding a commodity futures trading system which included fabricated "spectacular" trading results without disclosing risks, and which presented hypothetical trading results as having been based on real past performance. This conduct violated the anti-fraud and registration provisions of the Act and certain CFTC regulations.

13. In its Order, the CFTC required Hoffman to cease and desist from violating Sections 4b(a), 4m, 4o(1)(A) and 4o(1)(B) of the Act, 7 U.S.C. §§ 6b(a), 6m(1), 6o(1)(A) and 6o(1)(B) (1994), and CFTC Regulations 4.41(a) and 4.41(b), 17 C.F.R. §§ 4.41(a) and 4.41(b)

(1997). In addition, the Order prohibited Hoffman from trading on or subject to the rules of any contract market for a period of five years; and required Hoffman to comply with an undertaking never to apply for registration with the CFTC in any capacity and never to engage in any activity requiring such registration or act as an agent or officer of any person registered or required to be registered with the CFTC.

C. Hoffman Violated the CFTC Order

14. Commencing in at least February 2000 and continuing through April 2004, Hoffman circumvented the trading prohibition imposed in the Order by funding and directing trading in a commodity futures account opened in the name of a third-party nominee, Carolyn Ensley ("Ensley"). Hoffman assisted Ensley in opening up a series of commodity futures trading accounts at Man Financial, Inc. ("Man"), a registered futures commission merchant ("FCM"). In order to fund the trading accounts, Hoffman gave Ensley checks that she deposited into a checking account she controlled. Ensley, in turn, transferred funds to Man by various means using the mails and wire transfers for credit to the account in her name. Through April 2004, Hoffman caused about \$303,900 from bank accounts in which he was the signatory to be transferred to Ensley, and Ensley transferred at least \$214,500 of these funds to Man.

15. Hoffman made all the trading decisions in the trading accounts titled to Ensley. In some instances, Hoffman communicated order instructions to Ensley that Ensley, in turn, communicated to Man for entry. In those instances, Hoffman told Ensley whether to buy or sell, identified which commodity futures contracts or options on futures contracts ("options") to buy or sell, provided the quantity and price instruction, and instructed her as to when to place the order. In other instances, Hoffman directly communicated to Man his orders to buy and sell commodity futures and options for Ensley's accounts.

16. During the relevant period, Hoffman received funds back from Ensley's trading accounts at Man. Hoffman instructed Ensley how much to withdraw. Ensley received the funds from Man, deposited them into her bank account, and transferred funds to Hoffman.

17. Using the services of Asset Protection Group, Inc., Hoffman caused Western Industries Consulting ("WIC") to be organized as a corporation in the State of Nevada on or about April 15, 2002. Hoffman arranged for William S. Reed ("Reed"), to be listed as President, Secretary, Treasurer and Director of WIC. Reed signed a book of checks which was sent to

Hoffman. Thereafter, Hoffman controlled all aspects of WIC, including disbursements of funds using the pre-signed checks.

18. Hoffman and Ensley subsequently completed a customer account application for WIC to open a commodity futures and options account at Man on or about November 2002. Thereafter, Hoffman made all the trading decisions for the WIC account and personally placed most of the orders for the WIC account with Man. Between November 2002 and August 2005, Hoffman caused \$122,000 to be deposited into the WIC account at Man, and during that period the WIC account lost \$105,049. Hoffman used WIC to hide his identity when he opened a trading account in the name of WIC. He issued checks from a WIC account and other bank accounts he controlled to fund trading account.

19. In or about September 2003, Hoffman began directing the trading of an account in the name of Kerry Lucas ("Lucas"). Lucas allowed Hoffman to direct the trading without an executed Power of Attorney. Hoffman provided trading instructions directly to Man. Hoffman and Lucas had an agreed fee arrangement whereby Hoffman would receive \$15,000 after he doubled the account balance. However, Lucas closed his account on December 31, 2005 with a net loss of \$55,000.

D. Hoffman Acted in a Capacity Requiring Registration and Engaged in Solicitation Fraud

20. Hoffman has held himself out as a CTA. During the relevant time, Hoffman has distributed or caused to be distributed business cards identifying himself as Peter D. Hoffman "Professional Trader/Futures and Options," solicited individuals to open commodity futures and options trading accounts in which he would direct the trading, and has publicly associated himself with WIC.

21. Beginning in August 2004, Hoffman solicited at least two individuals to trade commodity futures contracts or options pursuant to Hoffman's recommendations. Hoffman participated in a three-way telephone call with Steven M. Camp ("Camp"), then an associated person ("AP") with Man and the account manager for the client accounts, and the clients. During those conversations, Hoffman stated that he was a successful commodities trader and had been for years, and had successfully traded commodity futures and options accounts for others for several years. However, Hoffman failed to disclose anything negative about his background,

including the prior CFTC Order, and failed to alert the clients that he had incurred trading losses in some accounts.

22. During the relevant time, Hoffman directed the trading of commodity futures and options for accounts of individual clients. Most clients state that Hoffman made the actual trade recommendations and provided them directly to Camp for execution. Hoffman maintained a log to track the trades he had recommended for various client accounts.

23. During February 2005, Hoffman and Camp organized and presented a financial planning seminar at a hotel in Sterling, Colorado, that was attended by more than fifteen potential clients. Hoffman paid at least a portion of the seminar and materials expenses.

24. Camp and Hoffman solicited seminar attendees to open accounts at Man that would be traded using a commodity futures trading system created by Hoffman called "Western Industry's Consulting Trading Program" that purportedly generated profitable signals for trading S&P 500 futures contracts and options. However, there was no "system," and Peter Hoffman made the trading decisions that were individually tailored to each client's specific account rather than the same generic signals being sent to each client.

25. At the seminar, Hoffman made misrepresentations of material fact concerning his experience, personal success, and performance results that a reasonable investor would consider important in making an investment decision. While in Hoffman's presence, Camp made similar misrepresentations of material fact. The misrepresentations included, but were not limited to the following:

- a. The statement in the written invitation sent to attendees (which Hoffman helped create) that Hoffman was a self-made millionaire, when, on information and belief, he is not.
- b. Hoffman was a profitable commodity futures and options trader, when, in fact, Hoffman had lost money directing the trading in at least 4 other client accounts and the WIC account carried at Man.

26. At the seminar, Hoffman also failed to disclose material information when he failed to mention the trading losses experienced in the accounts that he directed and failed to disclose that he had been subject to a CFTC disciplinary action that had resulted in the issuance of the Order.

27. Hoffman and Camp created an 18-page promotional brochure entitled “FREQUENTLY ASKED QUESTIONS ABOUT ‘WESTERN INDUSTRY’S TRADING PROGRAMS’” that Camp and Hoffman provided to seminar attendees, with parts projected onto a large screen.

28. The brochure explains:

W.I.C. is a Futures & Options Advisory Service that provides traders with the opportunity to follow S&P 500 & Options trading signals from Professional Trader Peter D. Hoffman. This program provides exact entry & exit signals as Mr. Hoffman places them for his own trading account. [emphasis added]

29. According to the brochure, Hoffman’s WIC trading program was successful, stating: “Mr. Hoffman has been trading this program in his own account for several months with tremendous success.”

30. The brochure also states that the “... size and quantity of Options trades will vary based upon the size of the account,” for the trading recommendations for the Long Option Program. [emphasis added]

31. Hoffman failed to provide his clients with material information concerning the risks of trading commodity futures contracts and options, risk disclosure statement, business background for Hoffman, fees and commissions, or conflicts of interest.

32. By the time Camp and Hoffman hosted their seminar in Sterling, Colorado in February 2005, Hoffman knew or should have known that at least one client account whose trading was directed by Hoffman had lost approximately 20 percent in value during the preceding four months. In addition, the WIC account and at least six other client accounts directed by Hoffman and traded at Man had experienced trading losses by the end of January 2005.

33. Hoffman was to be compensated for directing the trading of the client accounts.

V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

COUNT ONE

**A. Violations of Sections 4b(a)(2)(i) and (iii) of the Act:
Fraud by Misrepresentation and Material Omissions**

34. The allegations set forth in paragraphs 1 through 33 are re-alleged and incorporated by reference.

35. Sections 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), make it unlawful for any person to cheat or defraud or attempt to cheat or defraud; or willfully deceive or attempt to deceive by any means whatsoever other persons in or in connection with orders to make, or the making of, contracts of sale of commodities, for future delivery, made, or to be made, for or on behalf of such other persons where such contracts for future delivery were or may have been used for (a) hedging any transaction in interstate commerce in such commodity, or the products or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped or received in interstate commerce for the fulfillment thereof.

36. Beginning in at least August 2004 and continuing through the present, Hoffman violated Sections 4b(a)(2)(i) and (iii), 7 U.S.C. §§ 6b(a)(2)(i) and (iii), in that he knowingly or recklessly misrepresented or failed to disclose material facts to clients or potential clients, in connection with the solicitation of a client's or prospective client's discretionary account, including, but not limited to; representations that Hoffman was a self-made millionaire, when, on information and belief, he is not; representations that Hoffman had traded the WIC program with tremendous success and did not lose money trading, when, in fact, Hoffman had lost money directing the trading in the WIC account and other accounts carried at Man; failing to disclose to his clients the risks relating to trading commodity futures and options, a fee schedule, and his business background; and failing to disclose that Hoffman had been subject to a CFTC disciplinary action that had resulted in the issuance of the Order. Further, Hoffman knew or should have known that his sales solicitations failed to disclose to customers material facts necessary to make other statements not misleading.

37. Each material misrepresentation or omission from at least August 2004 to the present, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(i) and (iii) of the Act.

COUNT TWO

B. Violations of Section 4c(b) of the Act and Section 33.10(a) and (c) of the Regulations: Options Fraud

38. The allegations set forth in paragraphs 1 through 32 are re-alleged and incorporated by reference.

39. Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10, make it unlawful for any person directly or indirectly to cheat or defraud or attempt to cheat or defraud any other person; to make or cause to be made to any other person any false report or statement thereof or cause to be entered for any person any false record thereof; to deceive or attempt to deceive any other person by any means whatsoever in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction.

40. Hoffman knew or recklessly disregarded the fact that the representations identified in paragraphs 1 through 33 above were false and misleading in that he knowingly or recklessly misrepresented or failed to disclose material facts to clients or potential clients, in connection with the solicitation of a client's or prospective client's discretionary account, including, but not limited to: representing that Hoffman was a self-made millionaire, when, on information and belief, he is not; representing that Hoffman had traded the WIC program with tremendous success and did not lose money trading, when, in fact, Hoffman had lost money directing the trading in the WIC account and other accounts carried at Man; failing to disclose to his clients the risks relating to trading commodity options, a fee schedule, and his business background; and failing to disclose that Hoffman had been subject to a CFTC disciplinary action that had resulted in the issuance of the Order. Further, he knew or should have known that his sales solicitations failed to disclose to customers material facts necessary to make other statements not misleading.

41. Each material misrepresentation or omission, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2005).

COUNT THREE

C. Violations of Section 4o(1) of the Act: Commodity Trading Advisor Fraud

42. The allegations set forth in paragraphs 1 through 33 are re-alleged and incorporated by reference.

43. Section 4o(1) of the Act, 7 U.S.C. § 6o(1)(A) and (B), prohibits any CTA and any AP of a CTA from directly or indirectly employing any device, scheme or artifice to defraud clients or prospective clients, or engaging in transactions, practices or a course of business which operate as a fraud or deceit upon clients or prospective clients by using the mails or other means or instrumentalities of interstate commerce.

44. Beginning in at least August 2004 and continuing through the present, Hoffman has acted as a CTA and, while acting as a CTA, has violated Section 4o(1)(A) and (B) of the Act, 7 U.S.C. § 6o(1)(A) and (B), in that he has directly or indirectly employed a device, scheme or artifice to defraud clients or prospective clients, or engaged in transactions, practices or a course of business which operate as a fraud or deceit upon clients or prospective clients as described in paragraphs 1 through 33.

45. In connection with such conduct, Hoffman used or is using the mails and other means or instrumentalities of interstate commerce, directly or indirectly, to engage in business as a CTA.

46. Each material misrepresentation or omission, from at least August 2004 to the present, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1)(A) and (B) of the Act, 7 U.S.C. § 6o(1)(A) and (B).

COUNT FOUR

D. Violation of Section 4m(1) of the Act: Failure to Register as a CTA

47. The allegations set forth in paragraphs 1 through 33 are re-alleged and incorporated by reference.

48. During all or parts of the period from at least August 2004 to the present, Hoffman has acted as a CTA in that, among other things, Hoffman has held himself out to the public as a CTA; solicited clients or prospective clients to advise their trading in commodity futures or options; and furnished commodity trading advice to other persons for compensation or profit.

49. Hoffman engaged and continues to engage in activities as a CTA without the benefit of registration, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).

50. Each use of the mails or any means or instrumentality of interstate commerce in connection with Hoffman's business as a CTA without proper registration during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4m(1) of the Act.

COUNT FIVE

Violation of the March 30, 1999 Order and Section 6c of the Act

51. The allegations contained in paragraphs 1 through 33 are re-alleged and incorporated by reference.

52. Section VI, paragraph 1 of the Order required Hoffman to cease and desist from violating Sections 4b(a), 4m(1), and 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6b(a), 6m(1), and 6o(1)(A) and (B) (1994) (the antifraud and registration provisions of the Act), and Section 4.41(a) and (b) of the Regulations, 17 C.F.R. § 4.41(a) and (b) (1997).

53. During all or parts of the period from at least February 2000 to the present, Hoffman has violated Section VI, paragraph 1 of the Order, in that Hoffman has violated Sections 4b(a), 4m(1), 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6b(a), 6m(1), and 6o(1)(A) and (B) (2002), as alleged in Counts One, Three and Four above.

54. Section VI, paragraph 3 of the Order prohibited Hoffman for a period of five years, beginning on April 19, 1999 (the third Monday after the date of the Order), from trading on or subject to the rules of a contract market.

55. During all or parts of the period between April 19, 1999 and April 18, 2004, Hoffman violated Section VI, paragraph 3 of the Order, in that Hoffman funded and directed the trading of commodity futures and options contracts through trading accounts titled in the names of nominees.

56. Section VI, paragraph 4(a) of the Order required Hoffman to comply with an undertaking never to apply for registration with the CFTC in any capacity and never to engage in any activity requiring such registration or act as an agent or officer of any person registered or required to be registered with the CFTC.

57. During all or parts of the period from at least April 19, 1999 to the present, Hoffman has violated Section VI, paragraph 4(a) of the Order, in that Hoffman engaged in activities requiring registration with the CFTC or acted as an agent or officer of a person registered or required to be registered with the CFTC

58. By reason of the conduct described above, Hoffman has violated Section VI of the Order.

59. In violating the Order, Hoffman has thereby violated Section 6c of the Act, 7 U.S.C. § 13a-1.

60. Each violation of the Order by Hoffman constitutes a separate and distinct violation of Section 6c of the Act, 7 U.S.C. § 13a-1.

VI. RELIEF REQUESTED

WHEREFORE, the CFTC respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), and pursuant to its own equitable powers, enter:

A. An order finding that Hoffman violated the CFTC's Order of March 30, 1999; and finding that he violated Sections 4b(a)(2)(i) and (iii), 4c(b), 4m(1), 4o(1) and 6c of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), 6c(b), 6m(1), 6o(1) and 13a-1 (2002), and Section 33.10(a) and (c) of the CFTC's Regulations, 17 C.F.R. § 33.10(a) and (c) (2006);

B. Enter a statutory restraining order and an order of preliminary injunction pursuant to Section 6c(a) of the Act restraining Hoffman and all persons or entities insofar as they are acting in the capacity of his agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Hoffman who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. Destroying, mutilating, concealing, altering or disposing of any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of Hoffman wherever located, including all accounts carried by any FCM directing the FCM to enter orders pursuant to letters of direction concerning Hoffman or WIC;
2. Refusing to permit authorized representatives of the Commission to inspect, when and as requested, any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of Hoffman, wherever located, including all such records concerning Hoffman's business operations.

C. Enter a statutory restraining order and an order of preliminary injunction pursuant to Section 6c(a) of the Act restraining Hoffman, and all persons insofar as they are acting in the capacity of his agents, servants, successors, employees, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Hoffman, who receive actual notice of such order by personal service or otherwise, from directly or indirectly, withdrawing, transferring, removing, dissipating, concealing, or disposing of, in any manner, any funds, or other property, wherever situated, including, but not limited to, all funds, personal property, money or securities held in safes, safety deposit boxes, and all funds on deposit in any financial institution, bank, or savings and loan account held by, under the control of, or in the name of defendant Hoffman.

D. Enter orders of preliminary and permanent injunction enjoining Hoffman and all persons insofar as they are acting in the capacity of his agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation

with Hoffman who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. Engaging in conduct in violation of the CFTC's Order of March 30, 1999 and Sections 4b(a)(2)(i) and (iii), 4c(b), 4m(1), 4o(1) and 6c of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), 6c(b), 6m(1), 6o(1) and 13a-1 (2002), and Section 33.10(a) and (c) of the CFTC's Regulations, 17 C.F.R. § 33.10(a) and (c) (2006);
2. Directly or indirectly soliciting or accepting any funds from any person in connection with the purchase or sale of any commodity futures or options contract;
3. Engaging in, controlling, or directing the trading of any commodity futures or options accounts, on Hoffman's own behalf or for or on behalf of any other person or entity, whether by power of attorney or otherwise; and
4. Otherwise engaging in any business activities related to commodity futures or options trading.

E. Enter an order directing that Hoffman make an accounting to the Court of all of Hoffman's assets and liabilities, together with all funds Hoffman received from and paid to clients and other persons in connection with commodity futures and options transactions or purported commodity futures and options transactions, including the names, mailing addresses, email addresses and telephone numbers of any such persons from whom they received such funds from April 19, 1999 to the date of such accounting, and all disbursements for any purpose whatsoever of funds received from clients, including salaries, commissions, fees, loans and other disbursements of money and property of any kind, from April 19, 1999 to and including the date of such accounting;

F. Enter an order requiring Hoffman immediately to identify and provide an accounting for all assets and property that he currently maintains outside the United States,

including, but not limited to, all funds on deposit in any financial institution, futures commission merchant, bank, or savings and loan accounts held by, under the control of, or in the name of Hoffman, whether jointly or otherwise, and requiring him to repatriate all funds held in such accounts by paying them to the Clerk of the Court, or as otherwise ordered by the Court, for further disposition in this case.

G. Enter an order requiring Hoffman to disgorge to any officer appointed or directed by the Court or directly to clients all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices which constitute violations of the Act as described herein, including pre-judgment interest;

H. Enter an order requiring Hoffman to make restitution by making whole each and every client or other person whose funds were received or utilized by him in violation of the Order and the provisions of the Act as described herein, including pre-judgment interest;

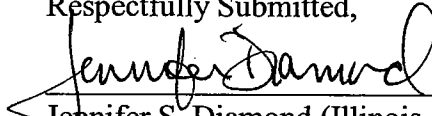
I. Enter an order requiring Hoffman to pay civil monetary penalties under the Act, to be assessed by the Court, in amounts of not more than the higher of: (1) triple the monetary gain to Hoffman for each violation of the Act, Regulations, and Order, or (2) a penalty of \$120,000 for each violation committed prior to October 23, 2004 or \$130,000 for each violation committed on or after October 23, 2004;

J. Enter an order requiring Hoffman to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (1994); and

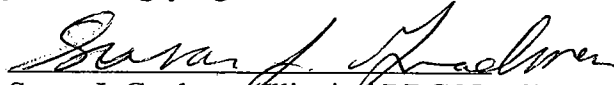
K. Enter an Order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

Dated: November 28, 2006

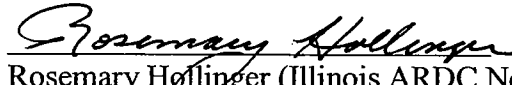
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