

1 Plaintiff  
2 COMMODITY FUTURES TRADING COMMISSION  
3 Timothy J. Mulreany  
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10 1155 21<sup>st</sup> Street, NW  
11 Washington, D. C. 20581  
12 (202) 418-5000

8 **IN THE UNITED STATES DISTRICT COURT IN AND FOR THE**  
9 **DISTRICT OF ARIZONA**

10 **COMMODITY FUTURES**  
11 **TRADING**  
12 **COMMISSION,**

12 **Plaintiff,**

13 **v.**

14 **INTERNATIONAL FUNDING**  
15 **ASSOCIATION, et al.**

16 **Defendants.**

**CASE NO.: CIV 03-1826 PHX**  
**PGR**

**CONSENT ORDER OF**  
**PERMANENT INJUNCTION,**  
**MONETARY JUDGMENT AND**  
**OTHER EQUITABLE RELIEF**  
**AGAINST DEFENDANTS**  
**RONALD STEPHEN HOLT, ET**  
**AL.**

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20 Defendants Ronald Steven Holt (“Holt”), International Funding Association  
21 (“IFA”), Cambridge Global Group (“Cambridge”), and Global Management Group  
22 (“Global”) (collectively the “Defendants”), having signed their Consent to this

1 Order of Permanent Injunction and Ancillary Relief (“Order”), which Consent has  
2 been filed with the Court and in incorporated herein by reference, it appears to the  
3 Court that:

4 **I.**

5 **INTRODUCTION**

6 On September 18, 2003, the Commodity Futures Trading Commission  
7 (“Commission”) filed a Complaint in this civil action against Ronald Steven Holt  
8 (“Holt”), International Funding Association (“IFA”), Cambridge Global Group  
9 (“Cambridge”), and Global Management Group (“Global”). The Complaint seeks  
10 injunctive and other equitable relief for violations of the antifraud provisions of the  
11 Commodity Exchange Act (the “Act”), 7 U.S.C. § 1 *et seq.* (2002), and the  
12 Regulations promulgated thereunder, 17 C.F.R. § 1.1 *et seq.* (2004). In a related  
13 action, the Securities and Exchange Commission (“SEC”) filed *Securities and*  
14 *Exchange Commission v. Ronald Stephen Holt, et al.*, Case No.: 03 CV 1825,  
15 alleging violations of the federal securities laws by Defendant Holt and others. On  
16 October 1, 2003, the Court entered Statutory Restraining Orders as to Defendants  
17 Holt, Cambridge, Global and IFA.  
18

19 **II.**

20 **CONSENTS AND AGREEMENTS**

21 To effect settlement of the matters alleged in the Complaint without a trial  
22 on the merits, Holt individually, and Cambridge, Global and IFA (collectively

1 referred to herein as the “Defendants”) hereby:

2 1. Consent to the entry of this *Consent Order of Permanent Injunction*  
3 *and Other Relief Against Defendants Ronald Stephen Holt, et al.* (“Order”);

4 2. Affirm that the Defendants have agreed to this Order voluntarily, and  
5 that no promise or threat has been made by the Commission or any member,  
6 officer, agent or representative thereof, or by any person, to induce consent to this  
7 Order, other than as set forth specifically herein;

8 3. Admit that this Court has jurisdiction over them and the subject matter  
9 of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002);

10 4. Admit that venue properly lies with this Court pursuant to Section 6c  
11 of the Act, 7 U.S.C. §13a-1 (2002);

12 5. Waive:

13 (a) all claims that they may possess under the Equal Access to Justice Act, 5  
14 U.S.C. § 504 (2000) and 28 U.S.C. § 2412 (2000);

15 (b) any claim of Double Jeopardy based upon the institution of this  
16 proceeding or the entry in this proceeding of any order imposing a civil monetary  
17 penalty or any other relief; and

18 (c) all rights of appeal from this Order;

1           6.     Consent to the continued jurisdiction of this Court for the purpose of  
2 enforcing the terms and conditions of this Order and for any other purposes  
3 relevant to this case;

4           7.     Agree that neither the Defendants nor their agents, employees or  
5 representatives acting under their control shall take any action or make any public  
6 statement denying, directly or indirectly, any allegations in the Complaint or  
7 creating or tending to create the impression that the Complaint is without factual  
8 basis; provided, however, that nothing in this provision shall affect the  
9 Defendants': i) testimonial obligations, or ii) right to take legal positions in other  
10 proceedings to which the Commission is not a party. The Defendants will  
11 undertake all steps to assure that all of their agents, employees and representatives  
12 understand and comply with this agreement.

14           8.     By consenting to the entry of this Order, the Defendants neither admit  
15 nor deny the allegations of the Complaint or the Findings of Fact contained in this  
16 Order, except as to jurisdiction and venue. However, the Defendants agree and  
17 intend that the allegations of the Complaint and all of the Findings of Fact made by  
18 this Court and contained in Part III of this Order shall be taken as true and correct  
19 and be given preclusive effect, without further proof, in the course of any  
20 subsequent bankruptcy proceeding filed by, on behalf of, or against any Defendant,  
21 or any proceeding to enforce this Order, or any other proceeding relating to the  
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1           12.    Venue properly lies with this Court pursuant to Section 6c of the Act,  
2 7 U.S.C. § 13a-1(e) (2002), because Defendants resided in and transacted business  
3 in the District of Arizona.

4           13.    The **Commodity Futures Trading Commission** is an independent  
5 federal regulatory agency that is charged with responsibility for administering and  
6 enforcing the provisions of the Act, as amended, 7 U.S.C. §§ 1 *et seq.* (2002), and  
7 the Regulations promulgated thereunder.

8           14.    **International Funding Association, Inc.** (“IFA”) is an Arizona  
9 corporation which designates its principal place of business as 9201 N. 29<sup>th</sup>  
10 Avenue, Suite 63-336, Phoenix, AZ. IFA has never been registered with the  
11 Commission in any capacity.

12           15.    **Cambridge Global Group, Inc.** (“Cambridge”) is held out by the  
13 defendants as a common law trust formed under the laws of the Commonwealth of  
14 the Bahamas. Cambridge has never been registered with the Commission in any  
15 capacity.

16           16.    **Global Management Group** (“Global”) is held out by the defendants  
17 to be an Arizona corporation. Global designates its principal place of business as  
18 4212 W. Cactus Road, Suite 1110, Phoenix, AZ. Global has never been registered  
19 with the Commission in any capacity  
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1           17.   **Ronald Stephen Holt** (“Holt”), of Mesa, Arizona, has held himself  
2 out as the manager of IFA, Global and Cambridge since at least 1997. He is also  
3 associated with the various trusts as either their beneficiary, trustee or control  
4 person. Holt is not registered with the Commission in any capacity.

5           18.   Defendant Holt founded defendants IFA, Cambridge and Global to  
6 solicit investments in futures contracts on commodities, precious metals and other  
7 instruments.

8           19.   Since at least 1997, Defendant Holt acted as an officer, director,  
9 manager and/or principal broker of IFA, Cambridge, and Global, and had personal  
10 knowledge of all of the business activities of IFA, Cambridge and Global.  
11

12           20.   At all relevant times, Defendant Holt was a controlling person of IFA,  
13 Cambridge, and Global.

14           21.   Between 1997 and 2004, Defendants fraudulently solicited  
15 approximately 2,500 persons to send funds totaling approximately \$25 million to  
16 bank accounts controlled by Defendants for the purpose of engaging in investments  
17 in futures contracts on commodities, precious metals and other instruments.

18 Defendants made misrepresentations to customers about earning tremendous  
19 profits, with little to no risk with guaranteed profits, knowing said  
20 misrepresentations were false or made with reckless disregard for the truth of the  
21 matter. Defendants intended that each of the 2,500 persons rely on these  
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1 fraudulent solicitations regarding misrepresentations of profit and risk of loss as  
2 detailed below. Most, if not all, of these 2,500 persons relied on Defendants  
3 fraudulent misrepresentations to send funds to bank accounts controlled by Holt  
4 and the other Defendants for the purpose of engaging in investments in futures  
5 contract on commodities, precious metals and other instruments.

6         22. In addition, Defendants made misrepresentations to customers about  
7 past investment performance and issued false account statements to customers.

8         23. Defendants knew that these misrepresentations were false and that  
9 customers relied upon these misrepresentations when investing.

10         24. None of the participating customers had any expectation of actually  
11 taking delivery of any commodity.

12         25. None of the participating customers had any commercial need for the  
13 subject commodities, nor did they have the ability to handle or store any of the  
14 subject commodities.

15         26. Defendants intended that customers rely upon the false and fraudulent  
16 representations Defendants made to customers.

17         27. Defendants diverted customer funds to a series of trusts, then either  
18 transferred those funds to various domestic and offshore accounts controlled by  
19 Defendant Holt, or the funds were converted to cash and misappropriated by  
20 Defendant Holt for his personal expenses.  
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1           28. Defendants did not forward funds to any clearing firm and/or  
2 investment firm for trading on behalf of customers and have failed to provide any  
3 evidence that any foreign currency futures contracts were purchased on behalf of  
4 customers.

5           29. Defendants knew that the contracts they purported to offer were  
6 illegal futures contracts.

7           30. Funds solicited by Defendants were used to fund the purchase of  
8 residential real estate, vehicles and trailers, art works, gold coins and various other  
9 personal items, for the personal use and enjoyment of Defendant Holt, his family  
10 and friends.

11           31. Defendants also used funds solicited from customers to purchase  
12 foreign currency futures contracts solely for the benefit of Defendant Holt, his  
13 family and friends.

14           32. Defendants solicited at least \$25 million from customers, between  
15 1997 and 2003.

16           33. At least \$3 million in customer funds were personally transferred to  
17 offshore bank accounts by Defendant Holt, and the remaining \$22 million was  
18 solicited at the direction of Defendant Holt, as the controlling person of IFA,  
19 Cambridge and Global. Of the \$25 million solicited by the Defendants from  
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1 customers, at least \$14,406,252.00 has not been returned to customers by the  
2 defendants, and remains in the possession and/or control of the Defendants.

3 **B. CONCLUSIONS OF LAW**

4 34. Since at least 1997, Defendant Holt made material misrepresentations,  
5 and failed to disclose material facts, while soliciting and accepting funds from  
6 retail investors to engage in speculative trading of foreign currency futures  
7 contracts. By virtue of this fraudulent conduct, Defendant Holt has violated  
8 Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §6b(a)(2)(i) and (iii) (2002).

9 35. Because Holt directly controlled all the significant business,  
10 marketing and financial aspects of IFA, Global and Cambridge and knowingly  
11 induced the acts constituting these violations of Section 4(b)(a)(2)(i) and (iii) of the  
12 Act, 7 U.S.C. §6b(a)(2)(i) and (iii) (2002), Defendant Holt is the controlling person  
13 of IFA, Global and Cambridge for purposes of Section 13(b) of the Act, 7 U.S.C.  
14 § 13c(b) (2002).

15 36. Defendant Holt, as the controlling person of IFA, Global and  
16 Cambridge, is liable for IFA, Global and Cambridge's violations of Section  
17 4b(a)(2)(i) and (iii) of the Act, pursuant to Section 13(b) of the Act, 7 U.S.C.  
18 § 13c(b) (2002).

19 37. Since at least 1997, Defendants IFA, Global and Cambridge, through  
20 Defendant Holt, have offered to enter into, executed, confirmed the execution of,  
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1 or conducted an office or business in the United States for the purpose of soliciting,  
2 accepting any order for, or otherwise dealing in transactions in, or in connection  
3 with, a contract for the purchase or sale of a commodity for future delivery when:  
4 (a) such transactions have not been conducted on or subject to the rules of a board  
5 of trade which has been designated or registered by the Commission as a contract  
6 market or derivatives transaction execution facility for such commodity; and (b)  
7 such contracts have not been executed or consummated by or through such  
8 contract market, in violation of Section 4(a) of the Act, 7 U.S.C. § 6(a) (2002).

9  
10 38. Because Holt directly controlled all the significant business,  
11 marketing and financial aspects of IFA, Global and Cambridge and knowingly  
12 induced the acts constituting these violations of Section 4(a) of the Act, 7 U.S.C.  
13 § 6(a) (2002), Defendant Holt is the controlling person of IFA, Global and  
14 Cambridge for purposes of Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2002).

15 39. Defendant Holt, as the controlling person of IFA, Global and  
16 Cambridge, is liable for IFA's, Global's and Cambridge's violations of Section  
17 4(a) of the Act, 7 U.S.C. § 6(a) (2002), pursuant to Section 13(b) of the Act, 7  
18 U.S.C. § 13c(b) (2002).

#### 20 IV.

#### 21 ORDER FOR PERMANENT INJUNCTION

22 **IT IS HEREBY ORDERED** that:

1           40. Defendants Holt, IFA, Global and Cambridge are permanently  
2 restrained, enjoined, and prohibited from, directly or indirectly, cheating or  
3 defrauding or attempting to cheat or defraud other persons and willfully deceiving  
4 or attempting to deceive other persons by making false, deceptive or misleading  
5 representations or material facts, by failing to disclose material facts, and by  
6 misappropriating customer funds in or in connection with orders to make, or the  
7 making of, contracts of sale of commodities for future delivery, made or to be  
8 made for or on behalf of any other person in violation of Sections 4b(a)(2)(i) and  
9 (iii) and 4(a) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) and 6(c) (2002).  
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11           41. Defendants Holt, IFA, Global and Cambridge are permanently  
12 restrained, enjoined, and prohibited from, directly or indirectly, offering to enter  
13 into, executing, confirming the execution of, or conducting an office or business in  
14 the United States for the purpose of soliciting, accepting any order for, or  
15 otherwise dealing in transactions in, or in connection with, a contract for the  
16 purchase or sale of a commodity for future delivery when: (a) such transactions  
17 have not been conducted on or subject to the rules of a board of trade which has  
18 been designated or registered by the Commission as a contract market or  
19 derivatives transaction execution facility for such commodity; and (b) such  
20 contracts have not been executed or consummated by or through such contract  
21 market, in violation of Section 4(a) of the Act, 7 U.S.C. § 6(a) (2002).  
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1  
2 **IT IS HEREBY FURTHER ORDERED** that:

3 42. Defendants Holt, IFA, Global and Cambridge are permanently  
4 restrained, enjoined, and prohibited, directly or indirectly, from engaging in the  
5 following trading activities:

- 6 A. Trading on or subject to the rules of any registered entity, as that term  
7 is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29);
- 8 B. Engaging in, controlling, or directing the trading of any futures or  
9 options accounts for or on behalf of any other person or entity,  
10 whether by power of attorney or otherwise;
- 11 C. Soliciting or accepting any funds from any person in connection with  
12 the purchase or sale of any commodity interest contract;
- 13 D. Placing orders or giving advice or price quotations, or other  
14 information in connection with the purchase or sale of commodity  
15 interest contracts for themselves and others;
- 16 E. Introducing clients to any other person engaged in the business of  
17 commodity interest trading;
- 18 F. Issuing statements or reports to others concerning commodity interest  
19 trading; and
- 20 G. Applying for registration or claiming exemption from registration  
21 with the Commission in any capacity, and engaging in any activity  
22 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), or acting as a principal, agent, officer or  
employee of any person registered, required to be registered, or  
exempted from registration, except as provided for in Regulation  
4.14(a)(9), 17 C.F.R. § 4.14(a)(9).

1 43. The injunctive provisions of this Order shall be binding upon  
2 Defendants Holt, IFA, Global and Cambridge, and any person insofar as he or she  
3 is acting in the capacity of officer, agent, servant, or attorney of Defendants Holt,  
4 IFA, Global and Cambridge, and any person who receives actual notice of this  
5 Order by personal service or otherwise insofar as he or she is acting in active  
6 concert or participation with Defendants Holt, IFA, Global and Cambridge.

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8 V.

9 **ORDER FOR OTHER EQUITABLE RELIEF**

10 **IT IS FURTHER ORDERED THAT:**

11 44. **PAYMENT OF RESTITUTION:** Defendants Holt, IFA, Global and  
12 Cambridge be and hereby are jointly and severally liable to make restitution in the  
13 amount of \$14,406,252.00, representing funds fraudulently obtained from  
14 customers as a result of the conduct alleged in the Complaint, together with  
15 prejudgment interest thereon in the amount of \$1,557,181.00, for a total of  
16 \$15,963,433.00, plus post-judgment interest at the interest rate set forth in 28  
17 U.S.C. § 1961 (“Restitution Amount”). The Commission may enforce the Court’s  
18 judgment for restitution and prejudgment interest by moving for civil contempt  
19 (and/or through other collection procedures authorized by law) at any time after ten  
20 days following entry of this Order.  
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1           45.    **PAYMENT OF CIVIL MONETARY PENALTY:** Defendants

2 Holt, IFA, Global and Cambridge be and hereby are jointly and severally liable to  
3 pay a civil monetary penalty of \$15,963,433.00. Defendants shall make such  
4 payment by electronic funds transfer, or by U.S. postal money order, certified  
5 check, bank cashier's check, or bank money order, made payable to the  
6 Commodity Futures Trading Commission, and sent to Dennese Posey, Division of  
7 Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre,  
8 1155 21<sup>st</sup> Street, N.W., Washington, D.C. 20581, under a cover letter that identifies  
9 Holt, IFA, Global and Cambridge and the name and docket number of the  
10 proceedings. The Commission may enforce the Court's judgment for civil  
11 monetary penalty by moving for civil contempt (and/or through other collection  
12 procedures authorized by law) at any time after ten days following entry of this  
13 Order.  
14

15           46.    **APPOINTMENT OF MONITOR:** The National Futures Association  
16 is hereby appointed as the Monitor for the receipt and distribution of the Judgment  
17 of Restitution. The National Futures Association shall be the Monitor for this  
18 action until the complete satisfaction of the Judgment of Restitution and the  
19 complete distribution of all funds paid or collected in satisfaction of this Judgment  
20 of Restitution.  
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1           47. **COLLECTION OF RESTITUTION**: Defendants shall make  
2 payments in satisfaction of the judgment of restitution by electronic funds transfer,  
3 or by U.S. postal money order, certified check, bank cashier's check, or bank  
4 money order, made payable to the National Futures Association, and sent to Daniel  
5 A. Driscoll, Esq., Executive Vice President, Chief Compliance Officer, or his  
6 successor, at the National Futures Association, 200 West Madison Street, Chicago,  
7 Illinois 60606. All such payments shall be sent under a cover letter that identifies  
8 Holt, IFA, Global and Cambridge and the name and docket number of the  
9 proceedings.  
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11           48. **DISTRIBUTION OF RESTITUTION**: As Monitor, the National  
12 Futures Association shall distribute restitution payments according to a list of  
13 known customers and calculation of each customer's known loss, provided to the  
14 Monitor by the Commission. In addition, the Commission shall provide the  
15 National Futures Association with the last known address for each customer.  
16

17           49. **MONITOR'S DISCRETION TO MAKE PRO RATA**  
18 **DISTRIBUTIONS**: In the event that the Judgment of Restitution is only partially  
19 satisfied, the Monitor is authorized, in its sole discretion, to make one or more  
20 partial distributions. Any partial distribution shall be made on a *pro rata* basis to  
21 those customers who can be located at the time of the distribution.  
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1 VI.

2 **MISCELLANEOUS PROVISIONS**

3 50. Notices: All notices required to be given by any provision in this

4 Consent Order shall be sent certified mail, return receipt requested, as follows:

5 Notice to Commission:

6 Director of Enforcement  
7 Commodity Futures Trading  
8 Commission  
9 1155 21<sup>st</sup> Street N.W.  
10 Washington, DC 20581

11 Timothy J. Mulreany  
12 Division of Enforcement  
13 Commodity Futures Trading  
14 Commission  
15 1155 21<sup>st</sup> Street N.W.  
16 Washington, DC 20581

17 Notice to Defendants:

18 Michael S. Reeves, Esq.  
19 1212 East Osborne  
20 Phoenix, Arizona 85014  
21 Telephone: (602) 604-7577  
22 Facsimile: (602) 604-7555

Notice to Monitor

Daniel A. Driscoll, Esq., Executive Vice President  
Chief Compliance Officer  
National Futures Association  
200 West Madison Street  
Chicago, Illinois 60606

51. 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:

(1) reduced to writing; (2) signed by all parties hereto; and (3) approved by order

of this Court.

1           52. Invalidation: If any provision of this Order, or the application of any  
2 provisions or circumstances is held invalid, the remainder of the Order and the  
3 application of the provision to any other person or circumstance shall not be  
4 affected by the holding.

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

12           54. Acknowledgements: Upon being served with copies of this Order after  
13 entry by the Court, the Defendants shall sign acknowledgments of such service and  
14 serve such acknowledgments on the Court and the Commission within seven (7)  
15 calendar days

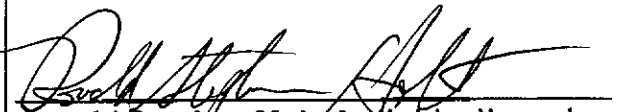
16           55. Continuing Jurisdiction of this Court: This Court shall retain  
17 jurisdiction of this cause to assure compliance with this Order and for all other  
18 purposes related to this action.

19           56. Authority: Holt hereby warrants that he is the Manager/Managing  
20 Director of IFA, Global and Cambridge, that this Order has been duly authorized  
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1 by IFA, Global and Cambridge and he has been duly empowered to sign and  
2 submit it on behalf of IFA, Global and Cambridge.

3 There being no just reason for delay, the Clerk of the Court is hereby  
4 directed to enter this Order of Permanent Injunction.

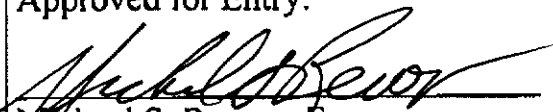
10 *CONSENTED TO AND APPROVED BY:*

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12 Ronald Stephen Holt, Individually and on  
13 behalf of International Funding Association,  
14 Cambridge Global Group, and Global  
Management Group.

15 Date: October 27, 2005

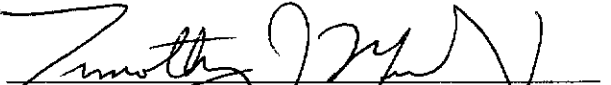
16 Approved for Entry:

17 

18 Michael S. Reeves, Esq.  
19 1212 East Osborne  
Phoenix, Arizona 85014  
Telephone: (602) 604-7577  
Facsimile: (602) 604-7555


20 Date: October 27, 2005

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Timothy J. Mulreany, Chief Trial Attorney  
Paul G. Hayeck, Associate Director  
Commodity Futures Trading Commission

Date: 02/13/06

**SO ORDERED**, at Phoenix, Arizona on this 22<sup>nd</sup> day of FEB 2006.

  
**THE HONORABLE PAUL G.  
ROSENBLATT  
UNITED STATES DISTRICT JUDGE**

cc: All Counsel of Record