

**In The United States District Court
For The Northern District Of Illinois
Eastern Division**

**Commodity Futures Trading
Commission,**

Plaintiff,

v.

Peter D. Hoffman,

Defendant.

Civil Action No. 06C 6473

Judge Joan H. Lefkow

Magistrate Judge Cole

**PROPOSED CONSENT ORDER OF PERMANENT INJUNCTION
AND OTHER ANCILLARY RELIEF AGAINST DEFENDANT PETER HOFFMAN**

1. On November 28, 2006, the Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint against Peter D. Hoffman (“Defendant” or “Hoffman”), seeking injunctive and other equitable relief for violations of the Commodity Exchange Act, as amended (“Act”), 7 U.S.C. §§ 1 *et seq.* (2002), and the Commission Regulations (“Regulations”) promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2006). The Court entered a Statutory Restraining Order on November 28, 2006 and a Consent Order of Preliminary Injunction and Other Ancillary Relief against Hoffman on December 13, 2006.

I. CONSENTS AND AGREEMENTS

To effect settlement of the matters alleged in the Complaint against Defendant without a trial on the merits or any further judicial proceedings, Defendant:

2. Consents to the entry of this Consent Order of Permanent Injunction and Other Equitable Relief Against Defendant Peter Hoffman (“Order”).

3. Affirms that he has agreed to this Order voluntarily, and that no promise or threat has been made by the Commission or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Order, other than as set forth specifically herein.
4. Acknowledges service of the Summons and Complaint.
5. Admits that this Court has jurisdiction over him and the subject matter of this, and that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1.
6. Waives:
 - (a) all claims that he may possess under the Equal Access to Justice Act (EAJA), 5 U.S.C. § 504 (2000) and 28 U.S.C. § 2412 (2000), relating to, or arising from, this action;
 - (b) any claim of double jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief; and
 - (c) all rights of appeal in this action.
7. Neither admits nor denies the findings of facts and conclusions of law stated herein, except as to jurisdiction and venue, which he admits. However, Defendant agrees and intends that the allegations of the Complaint and all of the findings of fact and conclusions of law contained in this Order shall be taken as true and correct and be given preclusive effect, without further proof, in the course of any subsequent action to enforce the terms of this Order and any bankruptcy proceeding filed by, on behalf of, or against Defendant. Defendant shall provide immediate notice to this Court and the CFTC by certified mail of any bankruptcy proceeding filed by, on behalf of, or against the Defendant in the manner required by Part VII of this Order.

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

9. Agrees that neither he nor any of his agents, servants, employees, contactors or attorneys shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or findings or conclusions in this Order, or creating, or tending to create, the impression that the Complaint or this Order is without a factual basis; provided, however, that nothing in this provision shall affect Defendant's: i) testimonial obligations; or ii) right to take legal positions in other proceedings to which the Commission is not a party. Defendant shall take all necessary steps to ensure that all of his agents, servants, employees, contractors or attorneys under his actual or constructive authority or control understand and comply with this agreement.

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

II. FINDINGS OF FACTS

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Order and that there is no just reason for delay. The Court therefore direct the entry of findings of fact, conclusions of law, and a permanent injunction and ancillary equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), as set forth herein.

A. The Parties

11. Plaintiff Commodity Futures Trading Commission is an independent federal regulatory agency that is charged with the responsibility for administering and enforcing the

provisions of the Act, as amended, 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.*

12. Defendant **Peter D. Hoffman**, age 48, previously resided in Chicago, Illinois and currently resides in Humble, Texas. Hoffman has never been registered with the CFTC in any capacity.

B. A March 30, 1999 CFTC Order Sanctioned Hoffman

13. 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*, [1998-1999 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 27,593 (CFTC March 30, 1999) ("March 1999 CFTC Order").

14. As recited in the March 1999 CFTC Order, the CFTC found that Hoffman had acted as a Commodity Trading Advisor ("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. The March 1999 CFTC Order found that Hoffman had fabricated "spectacular" trading results without disclosing risks, and 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 Regulations.

15. As sanctions, the March 1999 CFTC Order 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 Regulations 4.41(a) and 4.41(b), 17 C.F.R. §§ 4.41(a) and 4.41(b) (1997). In addition, the March 1999 CFTC 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 5-Year Trading Prohibition Imposed in the March 1999 CFTC Order

16. Commencing in at least February 2000 and continuing through April 2004, when the five-year trading prohibition expired, Hoffman violated the trading prohibition imposed in the March 1999 CFTC Order by funding and directing trading in commodity futures trading accounts at two futures commission merchants, Man Financial Inc. (“Man”) and Refco, Inc.

17. In February 2000, Hoffman caused an account to be opened at Man in the name of Carolyn Ensley (“Ensley”). Hoffman funded the account by giving Ensley checks that she deposited into her checking account. Ensley, in turn, transferred funds to the Man account in her name. Through April 2004, Hoffman gave funds totaling \$303,900 to Ensley. Ensley transferred at least \$214,500 of those funds to Man, and also transferred funds back from the trading accounts at Man to Hoffman. In each instance, Hoffman instructed Ensley how much to withdraw. Ensley received the funds from Man, deposited them into her bank account, and transferred funds to Hoffman.

18. Hoffman made all the trading decisions in Ensley’s account at Man. In some instances, Hoffman communicated order instructions to Ensley that Ensley, in turn, communicated to Man for entry. In other instances, Hoffman directly communicated to Man his orders to buy and sell commodity futures and options for Ensley’s account.

19. On or about April 15, 2002, Hoffman caused Western Industries Corp. (“WIC”) to be organized as a Nevada corporation, with William S. Reed (“Reed”) listed as its President,

Secretary, Treasurer and Director. Hoffman controlled all aspects of WIC, including disbursements of funds using checks pre-signed by Reed.

20. On or about November 2002, Hoffman and Ensley completed a customer account application for WIC to open a commodity futures and options account at Man. Thereafter, Hoffman made all the trading decisions for the WIC account and personally placed most of the orders for the WIC account. Between November 2002 and August 2005, Hoffman caused \$122,000 to be deposited into the WIC account, and the account lost \$105,049.

21. In about September 2003, Hoffman began directing the trading of a \$100,000 client account in the name of Kerry Lucas ("Lucas") at Man. Hoffman and Lucas had an agreed fee arrangement whereby Hoffman would receive \$15,000 after he had doubled the account balance. However, Lucas closed his account on December 31, 2005 with a net loss of \$55,000 and Hoffman did not receive compensation.

D. Hoffman Acted as an Unregistered Commodity Trading Advisor and Fraudulently Solicited Clients

22. Since at least September 2003, Hoffman has held himself out as a CTA by, among other things, soliciting members of the public to open commodity futures and options trading accounts in which he would direct the trading, and by publicly associating himself with WIC as the developer of the "WIC Trading Program."

1. Hoffman Fraudulently Solicited Individuals for Accounts in which He Directed the Trading

23. In soliciting clients, Hoffman stated that he had been a successful commodity futures and options trader for himself and for others for several years. Meanwhile, Hoffman failed to disclose anything negative about his background, including the March 1999 CFTC Order, and failed to disclose trading losses in accounts that he directed.

24. Hoffman directed the trading of at least 14 separate individual commodity futures and options accounts from March 2004 to at least March 2006.

25. Hoffman received or expected to receive compensation for directing the trading of the client accounts.

2. Hoffman Fraudulently Solicited Individuals When He Conducted a Financial Seminar in February 2005

26. Hoffman and Steven M. Camp ("Camp"), an associated person ("AP") at Man, organized and presented a financial planning seminar at a hotel in Sterling, Colorado in February 2005. Hoffman paid at least a portion of the seminar and materials expenses. The invitation, which Hoffman assisted in creating, claimed that Hoffman was an "accomplished trader and self-made millionaire."

27. More than fifteen prospective clients attended the seminar.

28. During the seminar, Hoffman and Camp solicited prospective clients 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." Hoffman and Camp represented that the trading system generated profitable signals for trading S&P 500 futures contracts and options. They also presented and distributed a brochure that represented that "Mr. Hoffman has been trading this program in his own account for several months with tremendous success."

29. In the course of the seminar, Hoffman and Camp made misrepresentations of material fact concerning Hoffman's experience, personal success, and performance results. Among other things, Hoffman and Camp stated that Hoffman was a "successful" commodity futures and options trader, and specifically touted Hoffman's trading of the Lucas account as a great success.

30. In reality, there was no program that generated trading signals; Hoffman divined them. Moreover, Hoffman's trading was not profitable.

31. Hoffman and Camp failed to disclose several material facts that a reasonable investor would have considered important. For example, Hoffman and Camp failed to disclose that: Hoffman's own WIC trading account had sustained a net loss by the end of January 2005; at least six other client accounts Hoffman directed had experienced overall trading losses; and the Lucas account had experienced a significant drawdown for the two months preceding the seminar and closed in December 2005, having lost \$55,000 of the \$100,000 Lucas had invested. Hoffman also failed to disclose the prescribed risks of commodity futures and options trading, and failed to disclose that he had been subject to a CFTC disciplinary action that had resulted in the issuance of the March 1999 CFTC Order.

III. CONCLUSIONS OF LAW

32. Beginning in at least August 2004 and continuing through at least November 2006, 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 client or prospective client discretionary accounts, including, but not limited to: representations that Hoffman was a self-made millionaire, when 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 over which he exercised trading discretion; failing to disclose the risks relating to trading commodity futures and options 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 March 1999 CFTC Order. Further, Hoffman knew or should have known

that his sales solicitations failed to disclose to clients material facts necessary to make other statements not misleading.

33. Hoffman violated 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) (2006), when he knowingly or recklessly misrepresented or failed to disclose material facts to clients or potential clients, in connection with the solicitation of client or prospective client discretionary accounts for trading options on commodity futures, including, but not limited to: representing that Hoffman was a self-made millionaire, when 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 over which he exercised trading discretion; failing to disclose the risks relating to trading commodity options 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 March 1999 CFTC Order. Further, he knew or should have known that his sales solicitations failed to disclose to clients material facts necessary to make other statements not misleading.

34. 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. Hoffman engaged 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).

35. Beginning in at least August 2004 and continuing through the present, Hoffman has acted as a CTA and, while acting as a CTA and using the mails and other means or

instrumentalities of interstate commerce, 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 above.

36. Hoffman has violated Section 6c of the Act, 7 U.S.C. § 13a-1, by violating provisions contained in Section VI of the March 1999 CFTC Order that required Hoffman to cease and desist from violating the antifraud and registration provisions of the Act, prohibited Hoffman from trading on or subject to the rules of any contract market for a period of five years, and required Hoffman never to engage in any activity requiring registration with the CFTC.

More specifically,

- A. Section VI, paragraph 1 of the March 1999 CFTC 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). However, during all or parts of the period from at least February 2000 to the present, Hoffman violated Section VI, paragraph 1 of the March 1999 CFTC 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 described above.
- B. Section VI, paragraph 3 of the March 1999 CFTC 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. However, during all or parts of the five-year period between April 19, 1999 and April 18, 2004, Hoffman violated Section VI, paragraph 3 of the March 1999 CFTC Order, in that Hoffman funded and directed the trading of commodity futures and options contracts through trading accounts titled in the names of WIC, Ensley and other persons.
- C. Section VI, paragraph 4(a) of the March 1999 CFTC 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. However, 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 March 1999 CFTC 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.

IV. NEED FOR A PERMANENT INJUNCTION AND OTHER ANCILLARY EQUITABLE RELIEF

37. Hoffman has engaged in acts and practices that violate Sections 4b(a)(2)(i) and (iii), 4c(b), 4m(1), 4o(1)(A) and (B) and 6c of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), 6c(b), 6m(1), 6o(1)(A) and (B) and 13a-1 (2002), and Regulations 33.10(a) and (c), 17 C.F.R. §§ 33.10(a) and (c) (2006).

38. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Hoffman will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act and Regulations. Other ancillary equitable relief is imposed to carry out the goals of the Act.

V. ORDER FOR PERMANENT INJUNCTION

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

39. The Defendant, and any person insofar as he or she is acting in the capacity of an officer, agent, servant, employee or attorney of the Defendant and any person who receives actual notice of this Order by personal service or otherwise insofar as he or she is acting in concert or participation with the Defendant, is restrained, enjoined and prohibited, until further order of the Court, from directly or indirectly:

- A. Cheating, defrauding or deceiving or attempting to cheat, defraud or deceive other persons in or in connection with any order to make, or the making of any contract of sale of any commodity for future delivery, made, or to be made, for or on behalf of any other person, in violation of Section 4b(a)(2)(i) and (iii) of the Act; 7 U.S.C. § 6b(a)(2)(i) and (iii);
- B. Cheating, defrauding or deceiving or attempting to cheat, defraud or deceive other persons 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 transactions, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b) and Commission Regulation 33.10, 17 C.F.R. § 33.10;

- C. While acting as a CTA, employing any device, scheme, or artifice to defraud any client or prospective client; or engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client, 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
- D. Engaging in conduct in violation of the March 1999 CFTC Order.

40. Hoffman is further permanently restrained, enjoined and prohibited from directly or indirectly engaging in any activity related to trading in any commodity, as that term is defined in Section 1a(4) of the Act, 7 U.S.C. § 1a(4) (“commodity interest”), including but not limited to, the following:

- A. trading on or subject to the rules of any registered entity, at that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29);
- B. Engaging in, controlling, or directing the trading of any commodity interest accounts, on his own behalf or for or on behalf of any other person or entity, whether by power of attorney or otherwise;
- C. Soliciting, accepting or placing orders, giving advice or price quotations or other information in connection with the purchase or sale of commodity interests, for himself and others
- D. 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 Commission Regulation 4.14(a)(9), 17 C.F.R. 4.14(a)(9) (2006), or acting as a principal, agent or officer or employee of any person registered, required to be registered or exempted from registration with the Commission unless such exemption is pursuant to Commission Regulation 4.14(a)(9), 17 C.F.R. 4.14(a)(9) (2006); and
- E. Otherwise engaging in any business activities related to commodity interest trading.

**VI. ORDER FOR RESTITUTION, CIVIL MONETARY PENALTY AND
ANCILLARY RELIEF**

IT IS FURTHER ORDERED THAT:

A. Restitution

41. Hoffman shall pay restitution in the amount of \$252,850.93, plus post-judgment interest.

42. Post-judgment interest shall accrue commencing on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

43. The amount of restitution represents the amount of funds lost in trading accounts in which Hoffman directed the trading or in accounts which Hoffman solicited by the course of conduct alleged in the Complaint, less any funds previously returned to clients.

44. Listed in Attachment A to this Order are the names of the clients to whom restitution shall be made pursuant to this paragraph, together with the amount of restitution payable by Hoffman to each of them (not including required interest). Omission of any client from Attachment A shall in no way limit the ability of such client from seeking recovery from Hoffman or any other person or entity. Further, the amounts payable to each client identified in Attachment A shall not limit the ability of any client from proving that a greater amount is owed from Hoffman or any other person or entity, and nothing herein shall be construed in any way to limit or abridge the rights of any investor/client that exist under state or common law.

45. Appointment of Monitor: To effect payment by Hoffman and the distribution of restitution, the Court appoints the National Futures Association (“NFA”) as Monitor (“Monitor”). The Monitor shall collect restitution payments from Hoffman, and make distribution to Hoffman’s clients identified in Attachment A as set forth below. Because the

Monitor is not being specially compensated for these services, and these services are outside the normal duties of the Monitor, he shall not be liable for any action or inaction arising from his appointment as Monitor, other than actions involving fraud.

46. Hoffman shall make restitution payments under this Order shall in the name "Hoffman Settlement Fund" and shall send such restitution payments by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier's, or bank money order, to Office of Administration, National Futures Association, 200 W. Madison Street #1600, Chicago, Illinois 60606-3447 under a cover letter that identifies the Hoffman and the name and docket number of the proceeding. Hoffman shall simultaneously transmit copies of the cover letter and the form of payment to (a) the Director, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1152 21st Street, N.W., Washington, D.C. 20581, and (b) the Chief, Office of Cooperative Enforcement, at the same address.

47. The Monitor shall oversee Hoffman's restitution obligation, and shall have discretion to determine the manner for distribution of funds in an equitable fashion to Hoffman's clients identified in Attachment A, as appropriate, or may defer distribution until such time as it deems appropriate. In the event that the amount of restitution payments to the Monitor are of a de minimis nature such that the Monitor determines that the administrative costs of the making a restitution distribution is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary penalty payments, which the Monitor shall forward to the Commission following the instructions for civil monetary penalty payments set forth in Part VI. B, below.

48. Hoffman shall execute any documents necessary to release funds that he has in any repository, bank, investment or other financial institution wherever located, in order to make partial or total payment toward his restitution obligation.

49. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each of the clients identified in Attachment A are explicitly made an intended third-party beneficiary of this Order and may seek to enforce obedience of this Order to obtain satisfaction of any portion of the restitution amount which has not been paid by Hoffman, to ensure continued compliance with any provision of this Order and to hold Hoffman for any violations of any provisions of this Order.

B. Civil Monetary Penalty

50. Civil Monetary Penalty: Defendant Hoffman shall pay to the CFTC a civil monetary penalty in the amount of \$240,000, plus post-judgment interest.

51. Post-judgment interest shall accrue beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

52. Hoffman shall pay this civil monetary penalty by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
Attn: Marie Bateman – AMZ-300
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, Oklahoma 73169
Telephone: 405-954-6569

If payment is to be made by electronic funds transfer, Hoffman shall contact Marie Bateman or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Hoffman shall accompany payment of the penalty with a cover letter that identifies Hoffman and the name and docket number of the proceedings. Hoffman shall simultaneously transmit copies of the cover letter and the form of payment to the Director, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and the Chief, Office of Cooperative Enforcement, at the same address.

C. Priority of Monetary Sanctions and Partial Payments

53. All payments by Hoffman pursuant to this Order shall first be applied to satisfy his restitution obligation, consistent with the authority granted the Monitor in Part VI.A, above. After satisfaction of his restitution obligation, payments by Hoffman pursuant to this Order shall be applied to satisfy his civil monetary penalty obligation.

54. Any acceptance by the Commission or the Monitor of partial payment of any Hoffman's restitution and/or civil monetary obligations shall not be deemed a waiver of Hoffman's requirement to make further payments pursuant to this Order, or a waiver of the Commission's and/or Monitor's right to seek to compel payment of any remaining balance.

D. Collateral Agreements

55. Hoffman shall immediately notify the Commission and Monitor if he makes any agreement with any client obligating him to make payments outside of this Order. Hoffman shall provide immediate evidence to the Court, the Commission and Monitor of any payments made pursuant to such agreement. Upon being notified of any payments made by Hoffman to clients outside of this Order, and receiving evidence of such payments, the Monitor will have the right

to reduce and offset Hoffman's obligation to specified clients and to make any changes in the restitution distribution schedule that the Monitor deems appropriate.

E. Cooperation

56. Hoffman shall cooperate fully with the Commission, the Monitor, and any government agency seeking to enforce the restitution and civil monetary provisions of this Consent Order by providing any requested information relating to his financial status, including, but not limited to, income and earnings, assets, financial statements, asset transfers, and tax returns.

F. Equitable Relief Provisions

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

VII. MISCELLANEOUS PROVISIONS

IT IS FURTHER ORDERED THAT:

58. Partial Lifting of Freeze: Any order entered in this proceeding freezing Hoffman's assets or prohibiting Hoffman's transfer of funds or other property shall remain in full force and effect, except that Hoffman and non-parties to this Order are required and shall be permitted to transfer such funds and other property to the Monitor consistent with paragraph 59 below.

59. Transfer of Funds and Property to the Monitor: Hoffman, and any individual or entity holding funds or property by any order entered by this Court, shall transfer such funds and property to the Monitor, in the manner described above in paragraph 46, to satisfy Hoffman's

restitution obligation set forth above in Part VI.A. Hoffman shall, within ten (10) days of the date of entry of this Order, execute any documents necessary to release to the Monitor all such frozen funds and property that he has in any repository, bank, investment or other financial institution, and shall ensure the transfer of these funds and property to the Monitor within ten (10) business days of the date of entry of this Order.

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

Notice to Commission:

Associate Director
Division of Enforcement - Central Region
Commodity Futures Trading Commission
525 West Monroe Street, Suite 1100
Chicago, Illinois 60661

Notice to Defendant:

Peter D. Hoffman
5715 Will Clayton #4066
Humble, TX 77338
and
Peter D. Hoffman
P.O. Box 158
Monument, CO 80132
(970) 260-8110
e-mail: *PDHQuizman@aol.com*

In the event that Hoffman changes his residential or business telephone number(s) and/or address(es) at any time, he shall provide written notice of his new number(s) and/or address(es) to the Commission within twenty (20) calendar days thereof.

61. 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.

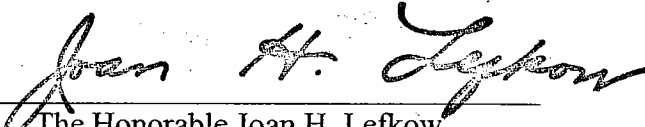
62. Invalidation: If any provision of this Order, or the application of any provisions or circumstances is held invalid, the remainder of the Order and the application of the provision to any other person or circumstance shall not be affected by the holding.

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

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

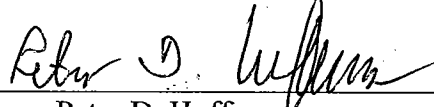
IT IS SO ORDERED.

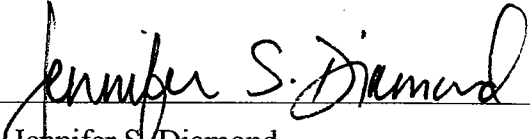
DATED: 3-4-08


The Honorable Joan H. Lefkow
UNITED STATES DISTRICT JUDGE
Northern District of Illinois

Dated: 11-26-07

CONSENTED TO AND APPROVED BY:


Peter D. Hoffman
5715 Will Clayton #4066
Humble, TX 77338


Jennifer S. Diamond
Trial Attorney
(312) 596-0549
jdiamond@cftc.gov
COMMODITY FUTURES TRADING
COMMISSION
525 West Monroe Street, Suite 1100
Chicago, Illinois 60661
(312) 596-0714 (facsimile)

Attachment A

<i>Client Name</i>	<i>Amount Outstanding and Owed</i>
<i>Robert Spiegel</i>	\$19,258.33
<i>Cynthia and Kerry Lucas</i>	\$55,066.07
<i>Dale Kehl</i>	\$25,048.96
<i>Gerald and Leona Haynes</i>	\$11,963.30
<i>Howard P. Black</i>	\$14,243.11
<i>Damiana Group L.P.</i>	\$3,612.85
<i>Millennium Trust FBO Thomas S. Franklin</i>	\$46,359.44
<i>Dennis Lauderbach</i>	\$49,536.90
<i>Peter and Kathy Palamino</i>	\$12,378.08
<i>David and Donna Veal</i>	\$15,383.89
<i>total restitution:</i>	\$252,850.93

CERTIFICATE OF SERVICE

The undersigned, an attorney, does hereby certify that she caused a true and correct copy of the foregoing [Proposed] Consent Order of Permanent Injunction to be served via Federal Express upon:

Defendant
Peter D. Hoffman
35715 Will Clayton #4066
Humble, TX 77338
and
Peter D. Hoffman
P.O. Box 158
Monument, CO 80132
(970) 260-8110
e-mail: *PDHQuizman@aol.com*

on March 4, 2008


Jennifer Smrstik Diamond