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9 JOHN LASSEN (*Pro Se*)  
10 Defendant  
11 c/o First L.A. Group  
12 850 Hampshire Road  
13 Westlake Village, California 91361  
14 (805) 484-3973

15 PARIS DELESSEPPES (*Pro Se*)  
16 Defendant  
17 317 North Palm Drive, #2E  
18 Beverly Hills, California 90209  
19 (310) 273-7879

20 UNITED STATES DISTRICT COURT  
21 CENTRAL DISTRICT OF CALIFORNIA

22 U.S. COMMODITY FUTURES  
23 TRADING COMMISSION,  
24 Plaintiff,

25 vs.

EUROBANCORP,  
GLOBAL INTERBANK, INC.,  
PARIS DELESSEPPES, and  
JOHN LASSEN,  
Defendants.

Case No.: 03-767 SJO (JWJx)

Order of Permanent Injunction  
and Other Equitable Relief  
Against Defendant Lassen

FILED  
CLERK, U.S. DISTRICT COURT  
MAY 20 2004

ENTERED  
CLERK, U.S. DISTRICT COURT  
MAY 28 2004

CENTRAL DISTRICT OF CALIFORNIA  
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CENTRAL DISTRICT OF CALIFORNIA  
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I.

INTRODUCTION

On February 3, 2003, Plaintiff, the United States Commodity Futures Trading Commission ("CFTC" or the "Commission"), filed a complaint against Defendant John Lassen ("Lassen") and others alleging violations of the Commodity Exchange Act (the "Act"), 7 U.S.C. § 1 *et seq.* and the regulations promulgated thereunder ("Regulations"), 17 C.F.R. § 1.1 *et seq.* On February 26, 2003, this Court entered an *Order of Preliminary Injunction Enjoining Defendant From Violating the Commodity Exchange Act.*

II.

CONSENTS AND AGREEMENTS

In accordance with his written consent, made a part of this Order, and to effect settlement of this action without a trial on the merits or further judicial proceedings, Lassen consents to this *Order Of Permanent Injunction And Other Equitable Relief Against Defendant Lassen* ("Order"). Lassen also:

- (1) acknowledges service upon him of the summons and complaint in this action;
- (2) admits that this Court possesses personal and subject matter jurisdiction over him and this action;
- (3) admits that venue properly lies with this Court; and
- (4) waives the entry of findings of fact and conclusions of law in this action pursuant to Fed. R. Civ. P. 52, except the findings of fact contained in this Order, which shall be taken as true and correct and shall be given preclusive effect without further proof for use in any bankruptcy proceeding filed by, on behalf of, or against Lassen, as further described below.

By consenting to the entry of this Order, Lassen neither admits nor denies the allegations of the CFTC's complaint or the findings of fact and conclusions of

1 law made by this Court and contained in this Order, except as to jurisdiction and  
2 venue. However, Lassen agrees, and the parties to this Order intend, that the  
3 allegations of the CFTC's complaint and all of the findings of fact made by this  
4 Court and contained in this Order shall be taken as true and correct and shall be  
5 given preclusive effect without further proof in any bankruptcy proceeding filed  
6 by, on behalf of, or against Lassen for the purpose of determining whether his  
7 restitution obligation and/or other payments ordered herein are excepted from  
8 discharge. Lassen also shall provide immediate notice of any bankruptcy  
9 proceeding filed by, on behalf of, or against him in the manner required by this  
10 Order.

11 Lassen agrees that: (a) he will not take any action or make or permit to be  
12 made any public statement denying, directly or indirectly, any allegation in the  
13 Complaint or finding or conclusion contained in this Order, or creating, or tending  
14 to create, the impression that this Order is without factual basis; (b) no agent or  
15 employee of Lassen acting under his authority or control shall take any action or  
16 make or permit to be made any public statement denying, directly or indirectly, any  
17 of the findings or conclusions in this Order or creating, or tending to create, the  
18 impression that any allegation in the Complaint or this Order is without factual  
19 basis; and (c) he shall undertake all steps necessary to ensure that all of his agents  
20 and employees understand and comply with this Order. This provision shall not  
21 affect Lassen's testimonial obligations or right to take legal positions in other  
22 proceedings to which the CFTC is not a party.

23 Lassen consents and agrees to waive: (a) all claims that he may possess  
24 pursuant to the Equal Access to Justice Act ("EAJA"), 5 U.S.C. § 504 and 28  
25 U.S.C. § 2412, as amended by Pub. L. No. 104-121, §§ 231-32, 110 Stat. 862-63,

1 and Part 148 of the CFTC's Regulations, 17 C.F.R. §§ 148.1 *et seq.*, relating to or  
2 arising from this action and any right pursuant to EAJA to seek costs, fees, and  
3 other expenses relating to or arising from this proceeding; (b) any claim of Double  
4 Jeopardy based upon the institution of this proceeding or the entry in this  
5 proceeding of any order imposing a civil monetary penalty or any other relief; and  
6 (c) all rights of appeal from this Order.

7 Lassen consents to the continued jurisdiction of this Court for the purpose of  
8 enforcing the terms and conditions of this Order.

9 Lassen affirms that he has read this Order and agrees to this Order  
10 voluntarily, and that no promise or threat of any kind has been made by the CFTC  
11 or any member, officer, agent, or representative thereof, or by any other person, to  
12 induce his consent to this Order.

13 III.

14 FINDINGS OF FACT

15 This Court, being fully advised in the premises, finds that there is good  
16 cause for the entry of this Order and that there is no just reason for delay. This  
17 Court therefore directs the entry of findings of fact, a permanent injunction, and  
18 other equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, as set  
19 forth herein.

20 A. Jurisdiction and Venue

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

1           2. Venue properly lies with this Court pursuant to Section 6c of the Act, 7  
2 U.S.C. § 13a-1(e), in that Lassen is found in, inhabits, or transacts business in this  
3 district, and the acts and practices in violation of the Act occurred within this  
4 district.

5           B.           Parties to This Order

6           3. Plaintiff, the CFTC, is the independent federal regulatory agency charged  
7 with the administration and enforcement of the Act, 7 U.S.C. § 1 *et seq.*, and the  
8 Regulations promulgated thereunder, 17 C.F.R. § 1.1 *et seq.*

9           4. Defendant Lassen works at First L.A. Group, 850 Hampshire Road, Suite  
10 H, Westlake Village, California 91361. He has never been registered with the  
11 CFTC in any capacity.

12           C.           Background

13           5. From January 2001 through March 2001, Defendant Global Interbank,  
14 Inc. ("Global") and from March 2001 through January 2002, Defendant  
15 EuroBancorp, violated the Act by offering and selling illegal foreign currency  
16 futures contracts to members of the retail public.

17           6. From approximately March 2001 through December 2001, Paris  
18 DeLesseppes ("DeLesseppes"), acting on behalf of EuroBancorp, managed foreign  
19 currency trading accounts and issued false statements to the holders of foreign  
20 currency trading accounts that falsely represented the trading in those accounts was  
21 profitable, when in fact the accounts were losing money. Specifically,  
22 DeLesseppes and Lassen made false statements to EuroBancorp customers  
23 regarding profits and investment risk and misappropriated customer funds.

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D. Reliant Global Markets

7. Reliant Global Markets, LLC ("RGM") is a foreign currency trading firm located in California. From April 2000 until the end of December 2000, DeLesseppes traded foreign currency for RGM's customers through RGM's omnibus account maintained at FXCM, a then unregistered futures commission merchant ("FCM").

8. During this time period, DeLesseppes provided false account statements and made false oral representations to customers indicating that their accounts had been profitable.

9. Despite these representations, when DeLesseppes' customers attempted to close or transfer their RGM accounts RGM informed them in writing that their accounts could not be liquidated because the customers had margin deficits ranging from approximately \$4000 to approximately \$67,000.

E. Global Interbank's Operation

10. In January 2001, DeLesseppes moved from RGM and became a principal of Global.

11. Global, incorporated in November 2000, is a consulting firm claiming to specialize in the trading of foreign currencies. Global's brochure and website describe Global's participation in the interbank market as "dedicated to providing unquestionable financial security and stability . . . by depositing client funds in FDIC insured-segregated 'escrow' accounts . . . ."

12. In February 2001, Global account executives solicited relatives and/or friends, as well as other members of the retail public, to open trading accounts at Global.

1 13. Global customers sent their funds directly to Global, made payable to  
2 Global, and Global deposited those funds into accounts in Global's name.

3 14. Global traded customer accounts through an omnibus account in Global's  
4 name at Gain Capital, Inc. ("Gain"), a registered FCM. No individual accounts  
5 were established at Gain in the names of any of Global's customers.

6 15. In March 2001, Global and DeLesseppes told their employees that  
7 EuroBancorp was taking over Global's business.

8 16. DeLesseppes told Global's account executives that they would continue  
9 to trade the Global customer accounts under the name of EuroBancorp, a division  
10 of the EuroBanc Group of Companies.

11 17. In or about March 2001, a former RGM employee and his father, a  
12 prospective customer, met at Global's office with Lassen, who claimed to be the  
13 chairman of EuroBancorp, and DeLesseppes, the president of EuroBancorp.  
14 DeLesseppes and Lassen told the prospective customer that they would use  
15 "conservative" trading strategies at EuroBancorp, risking only a maximum of 20  
16 percent of the customer's money at one time.

17 18. As a result of DeLesseppes and Lassen's oral representations and the  
18 information contained in the EuroBancorp brochure, the customer invested  
19 \$50,000 with Global. Global subsequently transferred the funds to EuroBancorp,  
20 and opened an account to be traded by DeLesseppes.

21 19. DeLesseppes told at least one customer that EuroBancorp was "properly  
22 licensed."

23 F. EuroBancorp's Operation

24 20. EuroBancorp is a subsidiary of EuroBanc. Eurobanc claims to be "a  
25 leading global financial firm that serves business, government and individual

1 clients through a range of sophisticated advisory, financing, trading and investment  
2 capabilities . . . throughout the world through its subsidiaries and affiliates.”

3 21. Lassen is the Chairman of Eurobancorp and DeLesseppes is the CEO.  
4 Lassen and DeLesseppes met weekly to discuss the status of EuroBancorp’s  
5 business.

6 22. EuroBancorp solicited funds from members of the retail public for the  
7 purpose of engaging in speculative trading of futures on foreign currency contracts.  
8 Customers sent funds directly to EuroBancorp, made payable to EuroBancorp, and  
9 EuroBancorp deposited those customer funds in accounts in the name of  
10 EuroBancorp.

11 23. EuroBancorp traded customers’ accounts through an omnibus account in  
12 EuroBancorp’s name at Gain. Individual accounts were never established at Gain  
13 in the names of any of EuroBancorp’s customers.

14 24. As of August 19, 2002, one of EuroBancorp’s websites,  
15 www.Eurobancfx.com, stated that although “performance is not guaranteed,”  
16 based upon “one year profit projections, EuroBancorp is confident in delivering a  
17 consistent five percent return per month.” Also included are testimonials from two  
18 “investors” who are identified only by name: one claims a 34% return in 3 months  
19 on his investment; the other claims a 45% return over an unspecified period of  
20 time. As in the EuroBanc brochure, EuroBancorp is represented as participating in  
21 the interbank market.

22 25. The “investors” identified in the EuroBancorp website never invested in  
23 foreign currency futures trading through EuroBancorp.

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1 26. During solicitations of business for EuroBancorp, Lassen and  
2 DeLesseppes made false representations to customers about the likelihood of  
3 profits and minimized the risk of foreign currency futures trading.

4 27. In some cases, new customers opened accounts or existing customers  
5 invested additional money as a result of the misrepresentations which led them to  
6 believe that trading was profitable.

7 28. Some customers who discovered they had lost funds at RGM trading  
8 with DeLesseppes met with Lassen and DeLesseppes in early May 2001, at which  
9 time DeLesseppes told one of the customers that if she opened an account at  
10 EuroBancorp, DeLesseppes could recover her money by re-opening the positions  
11 she had held at RGM. Lassen told the same customer that they could recover her  
12 investment if she opened an account at EuroBancorp.

13 29. After one Global customer transferred his account from Global to  
14 EuroBancorp, he received account statements from EuroBancorp between March  
15 and June 2001 indicating that his account was averaging a 60% return on his  
16 investment. Based upon those account statements, the account holder's son, an  
17 employee of EuroBancorp, prompted his father to invest an additional \$25,000 at  
18 EuroBancorp in June 2001.

19 30. Over the next few months, from approximately April 2001 to September  
20 2001, Lassen and DeLesseppes told the account holder's son that his father's  
21 \$75,000 investment had increased to over \$115,000. The father later received two  
22 inconsistent statements showing balances of \$90,000 and \$86,000; neither  
23 statement reflected his second deposit of \$25,000.  
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1           31. In November 2001, the father requested that his account be liquidated for  
2 the lower amount of approximately \$86,000. He never received any money from  
3 EuroBancorp.

4           32. In or about June 2001, a EuroBancorp account executive recommended  
5 that a friend meet with Lassen to obtain tax advice regarding the inheritance the  
6 friend had just received from his father because Lassen claimed he was associated  
7 with the "tax division" of EuroBancorp.

8           33. During this meeting Lassen "switched" the conversation from tax issues  
9 to suggest that the friend invest his inheritance in forex contracts through  
10 EuroBancorp. Lassen told him that his risk was limited "because only 10 to 20%  
11 of the investor's money was actually used in the trading." Lassen introduced the  
12 prospective customer to DeLesseppes, whom he identified as an "experienced"  
13 foreign currency trader who would manage the customer's account. Lassen  
14 showed the account statements of another customer to this prospective customer to  
15 persuade him that he could also earn a "substantial return" on his investment.  
16 Based upon these representations, the prospective customer opened an account  
17 with a \$30,000 deposit at EuroBancorp in June 2001.

18           34. After five months without account statements, despite his numerous  
19 inquiries, the customer received a statement showing that he had a balance of  
20 \$33,000. DeLesseppes later informed him that EuroBancorp had suspended its  
21 trading prior to the issuance of the statements. In January 2002 the customer  
22 requested that his account be liquidated. He never received any money from  
23 EuroBancorp.

24           35. At least three other Eurobancorp customers received account statements  
25 on an irregular basis showing that the trading in their respective accounts had been

1 profitable. These customers all requested between June and November 2001 that  
2 their accounts be closed and that their respective balances be returned.

3 EuroBancorp failed to refund any money to the customers.

4 36. Additional customers of EuroBancorp, some of whom had been RGM  
5 customers, received account statements from EuroBancorp that falsely represented  
6 that the trading in their accounts was profitable when, in fact, the omnibus account  
7 was losing money.

8 37. In or about December 2001, Lassen fired DeLesseppe and discontinued  
9 all trading in customer accounts. Thereafter, EuroBancorp issued "1099s" to all  
10 EuroBancorp customers reflecting complete losses of their investments.

11 38. In total, EuroBancorp solicited \$333,769.31 from retail customers.  
12 Beginning in or around November 2002, Lassen made partial restitution to certain  
13 customers.

14 G. Defendants' Contracts Constitute Futures Contracts

15 39. Sections 2(c)(2)(B)(i) and (ii) of the Act, 7 U.S.C. § 2, provide that the  
16 Commission shall have jurisdiction over an agreement, contract or transaction in  
17 foreign currency that is a sale of a commodity for future delivery, so long as the  
18 contract is "offered to, or entered into with, a person that is not an eligible contract  
19 participant" unless the counter-party, or the person offering to be the counter-party,  
20 is a regulated entity, as defined in the Commodity Futures Modernization Act.

21 40. Section 1a(12)(A)(xi) of the Act, 7 U.S.C. § 1, defines an eligible  
22 contract participant as an individual who has total assets in excess of: (a) \$10  
23 million, or (b) \$5 million and who enters the transaction to manage the risk  
24 associated with an asset owned or a liability incurred, or reasonably likely to be  
25 owned or incurred. At least some, if not all, of the foreign currency futures

1 transactions alleged herein were offered to or entered into with persons who were  
2 not eligible contract participants.

3 41. The Defendants are not proper counterparties for retail foreign currency  
4 transactions, and therefore the Commission has jurisdiction over the transactions in  
5 retail foreign currency alleged herein.

6 42. The foreign currency contracts that Defendants market concern the  
7 purchase or sale of commodities for future delivery at prices or using pricing  
8 formulas that are established at the time the contracts are initiated, and may be  
9 fulfilled through offset, cancellation, cash settlement or other means to avoid  
10 delivery.

11 43. The Defendants market these contracts to the general public. The  
12 customers who purchase these futures contracts have no commercial need for the  
13 foreign currency. Instead, customers enter into these transactions to speculate and  
14 profit from anticipated price fluctuations in the markets for these currencies.

15 44. Customers do not anticipate taking—and do not take—delivery of the  
16 foreign currencies they purchase as a consequence of these investments. If the  
17 market moves in a favorable direction, a customer expects to liquidate his or her  
18 investment by authorizing the sale of the contract and taking the profits.

19 45. Customers do not negotiate individual purchase agreements with  
20 Defendants. The rules for margin calls, and other terms and conditions of  
21 Defendant's contracts, as set by Defendants, are standardized. The contracts sold  
22 by each of Defendants require customers to pay a predetermined portion of the  
23 total contract price as a "margin" payment when the contract is purchased, and  
24 require customers to make an additional "margin" payment if adverse changes in  
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1 the market price of the commodities cause the equity in their respective accounts to  
2 fall below a specified percentage.

3 46. Defendants do not conduct their foreign currency futures transactions on  
4 or subject to the rules of a board of trade that has been designated by the  
5 Commission as a contract market, nor are any of these transactions executed or  
6 consummated by or through a member of such a contract market. Defendants do  
7 not conduct their transactions on a facility registered as a derivatives transaction  
8 execution facility.

9 H. Violation of § 4(a) of the Act: Offer and Sale of Off -Exchange Commodity  
10 Futures Contracts

11 47. Since at least December 21, 2000 through December 2001, Defendants  
12 offered to enter into, entered into, executed, confirmed the execution of, or  
13 conducted an office or business in the United States for the purpose of soliciting,  
14 accepting any order for, or otherwise dealing in transactions in, or in connection  
15 with, a contract for the purchase or sale of a commodity for future delivery when  
16 (a) such transactions have not been conducted on or subject to the rules of a board  
17 of trade which has been designated by the Commission as a contract market for  
18 such commodity, and (b) such contracts have not been executed or consummated  
19 by or through a member of such contract market, in violation of Section 4(a) of the  
20 Act, 7 U.S.C. § 6(a).

21 I. Violations of § 4b(a)(i)-(iii) of the Act and § 1.1(b) of CFTC Regulations 17  
22 C.F.R. §1.1(b): Fraud and Deceit in the Sale of Off-Exchange Futures Contracts

23 48. From at least March 2001 to the present, EuroBancorp and Lassen, in or  
24 in connection with orders to make, or the making of, contracts of sale of  
25 commodities for future delivery, made or to be made, for or on behalf of any other

1 persons, where such contracts for future delivery were or could be used for the  
2 purposes set forth in § 4b(a) of the Act, 7 U.S.C. § 6b(a), have: (i) cheated or  
3 defrauded or attempted to defraud other persons; (ii) willfully made or caused to be  
4 made to other persons false reports or statements thereof, or willfully entered or  
5 caused to be entered for other persons false records thereof; and (iii) willfully  
6 deceived or attempted to deceive other persons, all in violation of §§ 4b(a)(i)-(iii)  
7 of the Act, 7 U.S.C. §§ 6b(a)(i)-(iii) and CFTC Regulation 1.1(b), 17 C.F.R.  
8 §1.1(b).

9 IV.

10 PERMANENT INJUNCTION

11 The injunctive provisions of this Order shall be binding upon Lassen, any  
12 person insofar as he or she is acting in the capacity of officer, agent, servant, or  
13 attorney of Lassen, and any person who receives actual notice of this Order by  
14 personal service or otherwise insofar as he or she is acting in active concert or  
15 participation with Lassen.

16 **IT IS HEREBY ORDERED THAT:**

17 1. Lassen is permanently restrained, enjoined, and prohibited from directly  
18 or indirectly:

- 19 a. cheating or defrauding or attempting to cheat or defraud other  
20 persons, willfully deceiving or attempting to deceive other persons  
21 by making false, deceptive or misleading representations or  
22 material facts, by failing to disclose material facts, and by  
23 misappropriating customer funds in or in connection with orders to  
24 make, or the making of, contracts of sale of commodities for future  
25 delivery, made or to be made for or on behalf of any other person

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in violation of Section 4b(a) of the Act, 7 U.S.C. § 6b(a), and CFTC Regulation 1.1(b), 17 C.F.R. § 1.1(b); and

b. offering to enter into, entering into, executing, confirming the execution of, or conducting business for the purpose of soliciting, accepting any order for, or otherwise dealing in any transaction in, or in connection with a contract for the purchase or sale of a commodity for future delivery when: (1) such transactions have not been conducted on or subject to the rules of a board of trade designated as a contract market or derivative transaction execution facility by the CFTC for such commodity, and (2) such contracts have not been executed or consummated by or through a member of such contract market or derivatives transaction facility in violation of Section 4(a) of the Act, 7 U.S.C. § 6(a).

**IT IS FURTHER ORDERED THAT:**

2. Lassen is permanently restrained, enjoined, and prohibited from:
- a. trading on or subject to the rules of any registered entity, as that term is defined in Section 1a(29) of the Act, as amended by the CFMA, 7 U.S.C. § 1a(29);
  - b. engaging in, controlling, or directing the trading of any futures or options accounts for or on behalf of any other person or entity, whether by power of attorney or otherwise; and
  - c. applying for registration, seeking exemption from registration, engaging in any activity requiring registration or exemption from registration, except as provided for in Section 4.14(a)(9) of the CFTC's Regulations, or acting in any capacity or affiliate in any

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1 way with any individual or entity that is registered, is required to  
2 be registered, or is exempt from registration with the CFTC, except  
3 as provided for in Section 4.14(a)(9) of the CFTC's Regulations, or  
4 is acting in any capacity requiring registration with the CFTC or  
5 exemption from registration, except as provided in Section  
6 4.14(a)(9) of the CFTC's Regulations.

7 V.

8 RESTITUTION AND ANCILLARY RELIEF

9 **IT IS HEREBY FURTHER ORDERED:**

10 A. Restitution

11 1. Lassen shall make full restitution of \$333,769.31, plus pre- and post-  
12 judgment interest, to all persons who gave funds, either directly or indirectly, to  
13 Defendants as a result of their course of illegal conduct alleged in the Complaint.  
14 Lassen's restitution obligation shall be reduced by any amount of restitution  
15 payments made by Defendant Lassen, whether made voluntarily or pursuant to  
16 order of this Court.

17 2. Pre-judgment interest shall be determined by using the underpayment  
18 rate established quarterly by the Internal Revenue Service ("IRS") pursuant to 26  
19 U.S.C. § 662(a)(2) from August 2001 to the date of this Order. Post-judgment  
20 interest shall be determined by using the Treasury Bill rate prevailing on the date  
21 of this Order pursuant to 28 U.S.C. § 1961(a).

22 3. In satisfaction of Lassen's obligation, he shall make payments pursuant  
23 to the payment plan as described within this order over a period of ten (10) years  
24 following the date of entry of this Order, or until full restitution is made or  
25 otherwise discharged, whichever occurs sooner ("Payment Period").



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1 B. Restitution Payments

2 1. The National Futures Association shall be designated as Monitor for the  
3 period beginning with the date of entry of this Order and continuing until  
4 distribution of the last payment called for by this Order, or until restitution is paid  
5 and distributed in full, whichever occurs first, and shall oversee Lassen's  
6 restitution obligation.

7 2. The Monitor shall make periodic distributions of funds obtained from  
8 Lassen as restitution payments to investors. Restitution payments shall be made in  
9 an equitable fashion as determined by the Monitor to all persons who gave funds,  
10 either directly or indirectly, to Defendants as a result of their course of illegal  
11 conduct alleged in the Complaint and any other investor upon sufficient proof of  
12 his or her investment with Lassen.

13 3. Based upon the amount of funds available, the Monitor may decide to  
14 defer distribution. Should the amount due pursuant to the payment plan for any  
15 Annual Payment be greater than the balance due on Lassen's restitution obligation,  
16 the amount due pursuant to the payment plan not paid as restitution will constitute  
17 Lassen's first annual civil monetary penalty payment ("Annual CMP Payment")  
18 and be paid as specified herein.

19 C. Civil Monetary Penalty

20 1. Lassen shall pay a contingent civil monetary penalty of \$240,000,  
21 pursuant to the payment plan outlined in this Order, commencing upon Lassen's  
22 fulfillment of his total restitution obligation as set forth in this Order. Lassen shall  
23 make an Annual CMP Payment following Lassen's satisfaction or other discharge  
24 of his restitution obligation, and continuing until December 31, 2013 (or until the  
25 civil monetary penalty is paid in full, if that happens first). Lassen shall make each

1 such Annual CMP Payment, as calculated by the Monitor according to this Order,  
2 by electronic funds transfer, or by U.S. postal money order, certified check, bank  
3 cashier's check, or bank money order, made payable to the U.S. Commodity  
4 Futures Trading Commission and sent to Dennese Posey, Division of Enforcement,  
5 Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21<sup>st</sup>  
6 Street, N.W., Washington, DC 20581, under cover of a letter that identifies Lassen  
7 and the name and docket number of this proceeding; Lassen shall simultaneously  
8 transmit a copy of the cover letter and the form of payment to the Monitor and to  
9 the Director, Division of Enforcement, U.S. Commodity Futures Trading  
10 Commission, 1155 21<sup>st</sup> Street, NW, Washington, DC 20581.

11 2. This Court is not ordering immediate payment of the entire civil  
12 monetary penalty pursuant to Section 6c(d) of the Act, 7 U.S.C. § 13a-1(d), or  
13 immediate payment of restitution based upon the accuracy and completeness of  
14 Lassen's sworn representations to the CFTC concerning his financial condition. If  
15 at any time following the entry of this Order, the CFTC obtains information  
16 indicating that any of Lassen's representations to the CFTC concerning his  
17 financial condition were fraudulent, misleading, inaccurate, or incomplete in any  
18 material respect as of the time such representations were made, the CFTC may, in  
19 its sole discretion and without prior notice to Lassen, petition this Court for an  
20 order requiring Lassen to pay full restitution and civil monetary penalties  
21 immediately. In connection with any such petition, the only issues shall be  
22 whether the financial information provided by Lassen was fraudulent, misleading,  
23 inaccurate, or incomplete in any material respect as of the time such  
24 representations were made, and the amount of civil monetary penalty imposed. In  
25 its petition, the CFTC may request that this Court consider all available remedies,

1 including, but not limited to, ordering Lassen to pay funds or transfer assets,  
2 directing the forfeiture of any assets, imposing sanctions for contempt of this  
3 Order, and/or the CFTC may also request additional discovery. Lassen shall not,  
4 by way of defense to such petition, challenge the validity of his consent to this  
5 Order, contest the allegations of the CFTC's complaint or the findings or  
6 conclusions contained in this Order, contest the amount of restitution, or assert that  
7 payment of restitution or a civil monetary penalty should not be ordered.

8 **D. Payment Plan**

9 1. For the Payment Period, Lassen shall make an annual payment ("Annual  
10 Payment") to an account designated by the Monitor of a percentage of:

- 11 a. his combined adjusted gross income (as defined by the Internal  
12 Revenue Code) earned or received by Lassen during the previous  
13 calendar year; plus
- 14 b. all other cash receipts, cash entitlements, or proceeds of non-cash  
15 assets received by Lassen during the previous calendar year.

16 2. The Annual Payment shall be made on or before June 30<sup>th</sup> of each  
17 calendar year, starting in calendar year 2004, and continuing for the Payment  
18 Period.

19 3. Lassen shall provide a sworn financial statement to the Monitor on June  
20 30<sup>th</sup> and December 31<sup>st</sup> of each calendar year, starting December 31, 2003 and  
21 continuing through and including June 30, 2013. The financial statement shall  
22 provide:

- 23 a. a true and complete itemization of all of his rights, title and interest  
24 in (or claimed in) any asset, wherever, however and by whomever held;

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1 b. an itemization, description and explanation of all transfers of assets  
2 with a value of \$1,000 or more made by or on behalf of him over the  
3 preceding six-month interval; and

4 c. a detailed description of the source and amount of all his income or  
5 earnings, however generated.

6 4. Lassen shall also provide the Monitor with complete copies of his signed  
7 federal income tax returns, including all schedules and attachments thereto (*e.g.*,  
8 IRS Forms W-2 and Forms 1099), as well as any filings he is required to submit to  
9 any state tax or revenue authority, on or before June 30<sup>th</sup> of each calendar year, or  
10 as soon thereafter, beginning in 2004 and ending in 2013.

11 5. If, during the Payment Period, Lassen elects to file a joint tax return, he  
12 shall provide all documents called for by this Order including the signed and filed  
13 joint tax return, plus a draft individual tax return prepared on IRS Form 1040  
14 containing a certification by a licensed certified public accountant that the  
15 "Income" section (currently lines 7-22 of IRS Form 1040) truly, accurately, and  
16 completely reflects all of his income, that the "Adjusted Gross Income" section  
17 (currently lines 23-33 of IRS Form 1040) truly, accurately, and completely  
18 identifies all deductions that he has a right to claim, and that the deductions  
19 contained in the "Adjusted Gross Income" section are equal to or less than 50% of  
20 the deductions that he is entitled to claim on the joint tax return; provided,  
21 however, that Lassen may claim 100% of the deductions contained in the  
22 "Adjusted Gross Income" section that are solely his. Such individual tax return  
23 shall include all schedules and attachments (*e.g.* IRS Forms W-2 and Forms 1099),  
24 as well as any filings required to be submitted to any state tax or revenue authority.

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1           6. On or before June 15<sup>th</sup> of each year of the Payment Period, starting in  
 2 calendar year 2004, the Monitor shall calculate Lassen's Annual Payment due,  
 3 based on the information contained in the tax returns submitted by Lassen and the  
 4 specific amounts payable to each investor. On or before June 30<sup>th</sup> of each year and  
 5 starting in calendar year 2004, the Monitor shall send written notice to Lassen of  
 6 the Annual Payment to be paid toward Lassen's restitution obligation, or if  
 7 Lassen's restitution obligation has been satisfied, the amount of civil monetary  
 8 penalty to be paid in accordance with the payment instructions in the Order.

9           The Annual Payment or Annual CMP shall be determined as follows:

<b>Total Adjusted Gross Income Plus Net Cash Receipts:</b>	<b>Annual Payment Due:</b>
\$0 up to and including \$25,000.00	0%
\$25,000.01 up to and including \$50,000.00	20% of the amount above \$25,000
\$50,000.01 up to and including \$100,000.00	\$5,000 plus 30% of the amount between \$50,000 and \$100,000
Above \$100,000.01	\$20,000 plus 40% of the amount above \$100,000.

19           7. On or before June 30<sup>th</sup> of each year of the Payment Period, Lassen shall  
 20 make payment of the Annual Payment due, as calculated by the Monitor, to an  
 21 account designated by the Monitor.

22           8. Any restitution payments made by Lassen shall be disbursed by the  
 23 Monitor to investors in accordance with the provisions in this Order.  
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1 E. Tax Claims

2 1. Lassen shall inform the Monitor if he makes any claim with the IRS or  
3 any state tax or revenue authority to recover taxes relating to previously filed  
4 income tax returns and shall provide the Monitor with all documentation relating to  
5 any such claim. In the event that Lassen obtains any funds from the IRS or any  
6 state tax or revenue authority based on a claim as described above, he shall  
7 immediately transfer all of those funds to the Monitor for distribution to customers  
8 in connection with his restitution obligation. Such funds shall not be included  
9 under the provisions of the Payment Plan and shall not be considered income for  
10 purposes of calculating the Annual Payment under this Order.

11 F. Transfer of Assets

12 1. Lassen shall not transfer, or cause others to transfer, funds or other  
13 property to the custody, possession, or control of any members of his family or any  
14 other person or entity for the purpose of concealing such funds from this Court, the  
15 CFTC, the Monitor, or any investor until his restitution and civil monetary penalty  
16 obligations have been paid in full.

17 G. Cooperation

18 1. Lassen shall cooperate fully and expeditiously with the Monitor and the  
19 CFTC in carrying out all duties with respect to restitution and civil monetary  
20 penalty payments. He will cooperate fully with the Monitor and the CFTC in  
21 explaining his financial income and earnings, status of assets, financial statements,  
22 asset transfers and tax returns, and shall provide any information concerning  
23 herself as may be required by the CFTC and/or the Monitor. Furthermore, Lassen  
24 shall provide such additional information and documents with respect thereto as  
25 may be requested by the CFTC and/or the Monitor.

1 H. Third-Party Beneficiaries

2 1. Pursuant to Fed. R. Civ. P. 71, the investors explicitly are made intended  
3 third-party beneficiaries of this Order and, after the date the last payment called for  
4 by this Order is due, may enforce obedience of this Order to obtain satisfaction of  
5 any portion of the restitution obligation which has not been paid by Lassen, to  
6 ensure continued compliance with any provision of this Order, and to hold Lassen  
7 in default and/or contempt for any past violation of any provision of this Order.

8 I. Collateral Agreements

9 1. Lassen shall immediately notify the CFTC and the Monitor if he makes  
10 or has made any agreement with any investor obligating any payments to that  
11 investor outside of the plan set forth in this Order. Lassen also shall provide  
12 immediate evidence of any payments made pursuant to such agreement in the  
13 manner required by this Order.

14 J. Default

15 1. Any failure by Lassen to carry out any of the terms, conditions or  
16 obligations under any paragraph of this Order shall constitute an Event of Default.  
17 If any Event of Default occurs the CFTC (or its designee) shall be entitled to:  
18 a. an order requiring immediate payment of any unpaid Annual  
19 Restitution Payments and/or Annual CMP Payments, or, at the CFTC's  
20 option, the entire unpaid balance, or any unpaid portion, of the restitution  
21 amount and/or civil monetary penalty set forth above in this Order; and  
22 b. move the Court for imposition of all other available remedies,  
23 including, but not limited to, an order holding Lassen in contempt for  
24 violation of this Order.  
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1           2. Notices: All notices required by this Order shall be sent by certified  
2 mail, return receipt requested, as follows:

3           a. Notice to CFTC:  
4           Director, Division of Enforcement  
5           Commodity Futures Trading Commission  
6           1155 21<sup>st</sup> St. NW  
7           Washington, DC 20581

8           b. Notice to Monitor:  
9           Vice President, Compliance  
10           National Futures Association  
11           200 West Madison Street  
12           Chicago, IL 60606

13           c. Notice to Defendant Lassen:  
14           368 Pellburn Court  
15           Simi Valley, California 93161

16 Lassen shall provide the Court, the Monitor and the CFTC with written notice of  
17 all changes to his residential or business telephone number(s) and/or address(es)  
18 within ten (10) calendar days of the change(s).

19           3. Waiver: The failure of any party to this Order or of any investor at any  
20 time to require performance of any provision of this Order shall in no manner  
21 affect the right of the party or investor to enforce the same or any other provision  
22 of this Order at a later time. No waiver in one or more instances of the breach of  
23 any provision contained in this Order shall be deemed or construed as a further or  
24 continuing waiver of such breach or waiver of the breach of any other provision of  
25 this Order.

          4. Successors and Assigns: This Order shall inure to the benefit of and be  
binding upon the successors, assigns, heirs, beneficiaries, and administrators of all  
parties to this Order.

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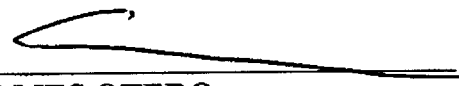
5. Acknowledgements: Upon being served with a copy of this Order after entry by this Court, Lassen shall sign an acknowledgment of service and serve the acknowledgment on this Court and the CFTC within seven (7) calendar days.

Upon being served with a copy of this Order after entry by the Court, the CFTC shall serve a copy of the Order upon the Monitor within seven (7) calendar days.

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

7. Integration: This Order incorporates all of the terms and conditions of the settlement of the parties to this Order. Nothing shall serve to amend or modify this Order in any respect, unless (1) reduced to writing, (2) signed by all parties hereto, and (3) approved by order of this Court.

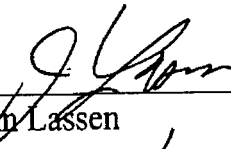
Done and Ordered this 21 day of May 2003, at  
Los Angeles, California.

  
**S. JAMES OTERO**  
**UNITED STATES DISTRICT JUDGE**


1 **Order Of Permanent Injunction And Other Equitable Relief Against**

2 **Defendant John Lassen consented to and approved for entry by:**

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John Lassen

Dated: 12/23, 2003

  
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Elizabeth Padgett (*pro hac vice*)

Attorney for Plaintiff  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581  
(202) 418-5401  
(202) 418-5531 (facsimile)

Dated: April 6, 2003

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