

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS
URBANA DIVISION**

**COMMODITY FUTURES TRADING
COMMISSION,**

Plaintiff,

vs.

CAMERON CHARLES,

Defendant.

CASE NO. 2:05-CV-02144

**Judge Harold A. Baker
Magistrate Judge David G. Bernthal**

**CONSENT ORDER OF PERMANENT INJUNCTION AND OTHER EQUITABLE
RELIEF AGAINST DEFENDANT CAMERON CHARLES**

I. INTRODUCTION

On June 23, 2005, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed the Complaint in this action against Cameron Charles (“Charles” or “Defendant”) seeking injunctive and other equitable relief for violations of the Commodity Exchange Act, as amended (“Act”), 7 U.S.C. §§ 1 *et seq.* (2002). The Court entered a stay of this action on February 27, 2006 pending the resolution of a related criminal matter, *People of the State of Illinois vs. Cameron Charles*, No. 05CF90 (21st J.D. Ill. 2005). On August 3, 2007, the Court lifted that stay.

II. CONSENTS AND AGREEMENTS

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

1. Consents to the entry of this Consent Order of Permanent Injunction and Other Equitable Relief Against Defendant Cameron Charles (“Consent Order”);

2. Affirms that he has agreed to this Consent Order voluntarily, and that no threat or promise, other than as specifically contained herein, has been made by the Commission or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Consent Order;

3. Acknowledges service of the summons and Complaint;

4. Admits the jurisdiction of this Court over him and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;

5. Admits 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 and any right under EAJA to seek costs, fees and other expenses relating to, or arising from, this action;

b. all claims that he may possess under the Small Business Regulatory Enforcement Act, Pub. L. 104-121, Subtitle B, Section 223, 110 Stat 862-63 (March 29, 1996), relating to, or arising from, this action;

c. 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

d. all rights of appeal in this action;

7. Neither admits nor denies the allegations of the Complaint and the Findings of Fact and Conclusions of Law contained in this Consent Order, except as to jurisdiction and venue, which he admits. Defendant does not consent to the use of this Consent Order, or the Findings of Fact or Conclusions of Law contained in this Consent Order, as the sole basis for any other proceeding brought by the CFTC, other than a proceeding in bankruptcy relating to the Defendant, a Commission registration proceeding relating to the Defendant, or to enforce the

terms of this Consent Order. Solely with respect to any bankruptcy proceeding relating to the Defendant, a Commission registration proceeding related to the Defendant and any proceeding to enforce this Consent Order, Defendant agrees that the allegations of the Complaint and all of the Findings of Fact and Conclusions of Law contained in this Consent Order shall be taken as true and correct and be given preclusive effect, without further proof.

8. Agrees to provide immediate notice to this Court and the CFTC by certified mail, in the manner required by Part VI of this Consent Order, of any bankruptcy proceeding filed by, on behalf of, or against him.

9. No provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against the Defendant in any other proceeding;

10. Agrees that neither the Defendant nor his agents, employees, representatives and attorneys acting under his control shall take any action or make any public statement denying, directly or indirectly, any allegations in the Complaint, or findings in this Consent Order, or creating or tending to create the impression that the Complaint or the findings and conclusions of this Consent Order are without 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 undertake all steps necessary to assure that his agents, employees, representatives and attorneys understand and comply with this agreement; and

11. Consents to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Consent Order and for any other purposes relevant to this case, even if the Defendant now or in the future resides outside the jurisdiction.

III. FINDINGS OF FACT

A. Jurisdiction and Venue

12. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which authorizes the CFTC to seek injunctive relief against any person who has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation or order promulgated thereunder.

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

B. Parties to this Consent Order

14. Plaintiff, Commodity Futures Trading Commission, is an independent federal regulatory agency that is charged with responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1 et seq. (2002), and the Commission's regulations ("Regulations") promulgated thereunder, 17 C.F.R. §§ 1.1 et seq. The CFTC is authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, to bring a civil action to enjoin any act or practice constituting a violation of the Act, to enforce compliance with the Act, and to seek civil penalties.

15. Defendant Cameron Charles resides in Watseka, Illinois. Charles was the manager of Watseka Farmers Grain Cooperative, Co. ("Watsseka") from 1995 to May 2004. Charles was also registered as an associated person of FCC Futures, Inc., a registered introducing broker guaranteed by registered futures commission merchant FC Stone, LLC, from February 12, 2004 to June 2, 2004. Since that time, he has not been registered with the Commission in any capacity.

C. Background

16. Watseka was a small grain elevator in Watseka, Illinois that was formed by local farmers to market their corn and soybean crops. Watseka employed Charles as its manager.

17. Charles was responsible for, among other things, hedging the elevator's grain positions on the futures market and reporting such positions to the Illinois Department of Agriculture ("IDA").

18. Charles completed Watseka's daily position records and long/short position records that describe, among other things, the elevator's hedge positions on the futures market and its actual grain positions. These records are required to be made daily, retained for a period of not less than two years and made available to the IDA upon request.

19. Based on its adjusted net worth, Illinois law allowed Watseka to speculate only up to 25,000 bushels of soybeans in excess of its hedged position. Illinois Grain Code, 240 ILCS 40/10-10. Charles was informed of this on December 2, 2003 by a letter from the IDA, which Charles acknowledged.

20. Watseka's Board of Directors never authorized Charles to speculate above the limitation of 25,000 bushels of soybeans.

D. Unauthorized Trading

21. In or around January 2004, Charles began and executed a scheme in which he converted Watseka's soybean hedge positions into unauthorized and illegal speculative positions far in excess of the 25,000 bushel position allowed by Illinois law. By May 2004, Charles had accumulated a net long soybean futures position of approximately one million bushels on behalf of Watseka, thereby putting Watseka at substantial financial risk in the futures market.

22. Further, from at least January 2004 through May 2004, Charles falsified Watseka's daily position records and long/short position records to conceal his activities from

Watseka's Board of Directors and the IDA. Charles thereby deceived Watseka's Board of Directors and the IDA into believing that Watseka was not at risk in the futures market.

23. In mid-May 2004, the soybean futures market declined sharply, to the detriment of the speculative long futures positions Charles had created for Watseka. Watseka received margin calls that it could not meet and was forced into liquidation. The company closed on May 24, 2004, and surrendered its grain dealer and warehouse licenses to the IDA.

24. At a Watseka Board of Directors' meeting only days prior to Watseka's collapse, Charles failed to inform Watseka's Board of Directors of Watseka's speculative position in the futures market.

25. After the financial collapse of Watseka, Charles destroyed Watseka's daily position records and long/short records as well as other documents in an attempt to conceal his wrongdoing.

E. Acting As An Unregistered Associated Person of a Futures Commission Merchant

26. In addition to hedging the elevator's grain positions on the futures market, Charles also solicited and accepted orders for futures transactions from local farmers.

27. Charles executed these futures transactions through Watseka's futures account.

28. Charles made margin calls, accepted funds and paid futures trading profits to such farmers through Watseka's bank account. In so doing, Charles acted as an associated person of a futures commission merchant without the benefit of required registration with the Commission.

IV. CONCLUSIONS OF LAW

29. From at least January 2004 through May 2004 (the "relevant time"), Charles violated Sections 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), in that he cheated or defrauded or attempted to cheat or defraud Watseka and its shareholders, and willfully

deceived or attempted to deceive Watseka and its shareholders by, among other things, engaging in unauthorized, illegal speculative trading, failing to disclose material facts about his actions to Watseka's Board of Directors, and concealing his malfeasance by intentionally misrepresenting and falsifying Watseka's daily position records, long/short records, and other documents.

30. Charles engaged in this conduct in or in connection with orders 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 other persons where such contracts for future delivery were or may have been used for (a) hedging any transaction in interstate commerce in such commodity, or the products or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof.

31. During the relevant time, Charles also violated Section 4k(1) of the Act, 7 U.S.C. § 6k(1), in that he engaged as an associated person of a futures commission merchant in soliciting orders and accepting funds and orders for the purchase or sale of contracts of sale of commodity for future delivery, or involving contracts of sale of any commodity for future delivery, on or subject to the rules of a contract market or derivatives transaction execution facility without having registered, under the Act, with the Commission as an associated person of a futures commission merchant.

**V. NEED FOR A PERMANENT INJUNCTION
AND OTHER ANCILLARY RELIEF**

32. Defendant Charles engaged in acts and practices that violate Sections 4b(a)(2)(i) and (iii), and 4k(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), and 6k(1). Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendant will continue to engage in

the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act.

VI. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

A. Prohibitions Against Violations Of The Act

33. Charles is prohibited and permanently enjoined from directly or indirectly:
- a. cheating or defrauding or attempting to cheat or defraud other persons in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce, made, or to be made, on or subject to the rules of any registered entity, for or on behalf of any other person, in violation of Section 4b(a)(2)(i) of the Act, 7 U.S.C. § 6b(a)(2)(i);
 - b. willfully deceiving or attempting to deceive other persons by any means whatsoever in regard to any order or contract or the disposition or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract, in violation of Section 4b(a)(2)(iii) of the Act, 7 U.S.C. § 6b(a)(2)(iii); and
 - c. acting as an associated person of a futures commission merchant by soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of a contract market or derivatives transaction execution facility without having registered, under the Act, with the Commission as an associated person of a futures commission merchant, in violation of Section 4k(1) of the Act, 7 U.S.C. § 6k(1).
34. Defendant Charles is further permanently prohibited from directly or indirectly:
- a. trading on or subject to the rules of any registered entity, as that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29) (2002);
 - b. entering into any commodity futures transactions and/or options on commodity futures transactions for his own personal account, for any account in which he has a direct or indirect interest and/or having any commodity futures and/or options on commodity futures traded on his behalf;
 - c. engaging in, controlling or directing the trading for any commodity futures account and/or options on commodity futures account for or on behalf of any other person or entity, whether by power of attorney or otherwise;
 - d. soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity futures and/or options on commodity futures; and

f. applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R. § 4.14(a)(9).

35. The injunctive provisions of this Consent Order shall be binding upon the Defendant, upon any person who acts in the capacity of agent, employee, attorney, successor and/or assign of the Defendant and upon any person who receives actual notices of this Consent Order, by personal service or otherwise, insofar as he or she is acting in active concert or participation with the Defendant.

B. Civil Monetary Penalty

36. Defendant shall pay a civil monetary penalty in the amount of \$100,000, plus post-judgment interest (the “CMP Obligation”).

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

38. Defendant’s CMP Obligation is immediately due and owing, subject to paragraph 39 below.

39. Defendant shall pay this CMP Obligation 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/FZZ/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-6569

If payment by electronic transfer is chosen, the Defendant shall contact Marie Bateman or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendant shall accompany payment of the civil monetary penalty with a cover letter that identifies himself and the name and docket number of this proceeding. The Defendant 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, Division of Enforcement, at the same address.

C. Partial Payments

40. Any acceptance by the Commission of partial payment of Defendant's CMP Obligation shall not be deemed a waiver of the requirement to make further payments pursuant to this Consent Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

D. Miscellaneous Provisions

41. Cooperation: Defendant shall cooperate fully with the Commission and any government agency seeking to enforce the civil monetary provision 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.

42. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (1) reduced to writing; (2) signed by all parties hereto; and (3) approved by order of this Court.

43. Invalidation: If any provision of this Consent Order, or if the application of any provisions or circumstances is held invalid, the remainder of this Consent Order and the

application of the provisions to any other person or circumstance shall not be affected by the holding.

44. 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 Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Consent Order.

45. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action in order to implement and carry out the terms of this Consent Order and any suitable application or motion for additional relief within the jurisdiction of the Court.

46. Counterparts and Facsimile Execution. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by facsimile or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Agreement that is delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Agreement.

IT IS SO ORDERED on this 18th day of June, 2008.

s/Harold A. Baker

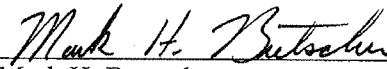
UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:



Cameron Charles, individually

Dated: 28 MAY 08



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Dated: June 13, 2008



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Dated: May 28, 2008