

ELLISON

JUN 19 2012

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS

Daniel J. Bradley, Clerk of Court

U.S. COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

CHRISTOPHER D. DALEY and TC CREDIT  
SERVICE, LLC d/b/a DEL-MAIR GROUP,  
LLC,

Defendants.

Civil Action No.

12 CV 1834

COMPLAINT FOR INJUNCTIVE AND  
OTHER EQUITABLE RELIEF AND FOR  
CIVIL PENALTIES UNDER THE  
COMMODITY EXCHANGE ACT, AS  
AMENDED, 7 U.S.C. §§ 1, *et seq.*

FILED UNDER SEAL

Plaintiff, United States Commodity Futures Trading Commission ("Commission" or  
"CFTC"), by its attorneys, alleges as follows:

I. SUMMARY

1. From at least January 2010 and continuing through November 2011 (the  
"Relevant Period"), Christopher D. Daley ("Daley") and TC Credit Service, LLC doing business  
as ("d/b/a") Del-Mair Group, LLC ("DMG")(collectively, "Defendants"), of which Daley was  
owner and sole employee, fraudulently solicited and accepted at least \$1,427,688 from at least  
fifty-five (55) members of the public to participate in a commodity pool (the "Pool") to trade  
crude oil futures contracts. At no time during the Relevant Period was Daley registered with the  
Commission as a commodity pool operator ("CPO") or exempt from the requirement to register  
as a CPO.

2. In soliciting pool participants, Daley knowingly, willfully, or with reckless  
disregard for the truth thereof made the following fraudulent misrepresentations and omissions of  
material fact: (1) the misrepresentation that Daley's trading in crude oil futures contracts did

generate and would generate twenty percent (20%) returns on deposits each month; (2) the misrepresentation that the Pool never had a losing month; (3) the misrepresentation that the Pool had increased in value by sixty percent (60%) for the year as of March 2011; (4) the omission that Daley misappropriated pool participants' funds; (5) the omission that the Pool never maintained any commodity interest account in its own name; (6) the omission that Daley's personal futures trading accounts sustained consistent monthly losses; and (7) the omission that Daley was not properly registered as a CPO.

3. By virtue of this conduct and the further conduct described herein, Daley has engaged, is engaging, or are about to engage in acts and practices in violation of Sections 4b(a)(1)(A)-(C) of the Commodity Exchange Act (the "Act"), 7 U.S.C. §§ 6b(a)(1)(A)-(C) (Supp. III 2009), as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act (the "CRA")) §§ 13101-13204, 122 Stat. 1651 (to be codified at 7 U.S.C. §§ 1, et seq.) (enacted June 18, 2008)), and Section 4o(1) of the Act, 7 U.S.C. § 6o (1) (2006) and Commission Regulation ("Regulation") 4.20(c), 17 C.F.R. §4.20(c)(2011). Additionally, Daley, while acting as a CPO, made use of the mails or other means or instrumentalities of interstate commerce in connection with his CPO businesses without being registered, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006). Daley committed the acts, omissions and failures alleged herein within the course and scope of his employment, office or agency with DMG. DMG is therefore liable pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B)(2006) and Regulation 1.2, 17 C.F.R. §1.2 (2011), as principal for Daley's violations of the Act.

4. Unless restrained and enjoined by this Court, Defendants are likely to continue to engage in the acts and practices alleged in this Complaint and similar acts and practices, as more

fully described below.

5. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), the Commission brings this action to enjoin Defendants' unlawful acts and practices, to compel their compliance with the Act and to enjoin Defendants from engaging in certain commodity related activities. In addition, the Commission seeks civil monetary penalties and remedial ancillary relief, including, but not limited to, restitution, disgorgement, rescission, pre- and post-judgment interest, trading and registration bans, an accounting, and such other relief as the Court may deem necessary or appropriate.

## II. JURISDICTION AND VENUE

6. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006). Section 6c(a) of the Act authorizes the Commission to seek injunctive relief against any person whenever it shall appear to the Commission that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of the Act or any rule, regulation, or order thereunder.

7. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2006), because Defendants are found in, inhabit, and/or transacted business in this District, and certain of the transactions, acts, courses of business and practices in violation of the Act alleged herein have occurred, are occurring, and/or are about to occur within this District.

## III. THE PARTIES

### A. **Plaintiff**

8. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with the administration and enforcement of the Act, 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1

*et seq.* (2011). The Commission maintains its principal office at Three Lafayette Centre, 1155 21<sup>st</sup> Street NW, Washington, D.C. 20581.

**B. Defendants**

9. Defendant **Christopher D. Daley** resides in Houston, Texas. Daley is the owner of DMG. Daley is the authorized trader for three futures trading accounts held in his name at TransAct Futures (“TF”) and Rosenthal Collins Group, LLC (“RCG”), both registered futures commission merchants (“FCMs”). During the Relevant Period, Daley traded various futures contracts in each account, including crude oil, natural gas, and index futures contracts. Daley has never been registered in any capacity with the Commission.

10. Defendant **TC Credit Service, LLC** is a North Carolina limited liability company doing business under the name of “**Del-Mair Group, LLC.**” “Del-Mair Group, LLC” is not listed as a legal entity in any state. Defendants’ website at [www.delmairgroup.com](http://www.delmairgroup.com) describes the company as a private independent financial brokerage, specializing in private funding, corporate funding and credit leveraging as well as international financial instruments, that offers financial consultation for corporate credit, small business owners and real estate tycoons. Neither TC Credit Service, LLC nor “Del-Mair Group, LLC” have ever been registered in any capacity with the Commission.

**IV. FACTS**

**A. Statutory Background**

11. Prior to July 16, 2011, Section 1a(5) of the Act, 7 U.S.C. § 1a(5) (2006), defined a CPO as any firm or individual engaged in a business which is of the nature of an investment trust, syndicate, or similar form of enterprise, and that, in connection therewith, solicits, accepts, or receives from others funds, securities, or property, either directly through capital

contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market. Upon the effective date of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, §§ 701-774, 124 Stat. 1376, 1641 *et seq.* (2010), on July 16, 2011, the definition of a CPO was expanded and re-designated in Section 1a(11) of the Act, to be codified at 7 U.S.C. § 1a(11).

**B. Defendants' Operation**

12. During the Relevant Period, Daley controlled the operations of DMG. Daley is the sole owner and sole employee of DMG. Daley is the only signatory on each of TC Credit Service, LLC's bank accounts.

13. During the Relevant Period, Daley, individually and d/b/a DMG, solicited and accepted funds for a pooled investment from members of the public for the purpose of trading, among other things, New York Mercantile Exchange ("NYMEX") light, sweet crude oil futures contracts through the Pool. Daley obtained pool participants through direct solicitations and through word of mouth. Daley solicited prospective participants during personal meetings and by telephone. Pool participants understood that their funds would be pooled with funds from other participants.

14. Daley pooled participants' funds by instructing prospective and actual pool participants to deposit funds into a bank account held in the name of TC Credit Service LLC. Daley, however, only used a portion pool participants' funds to trade futures contracts in his personal trading accounts while misappropriating the rest of the funds.

15. At no time during the Relevant Period was Daley or TC Credit Service LLC registered with the Commission as a CPO.

16. During the Relevant Period, Daley distributed to prospective pool participants account opening documents that made false and misleading representations, including a “managed account trading agreement” stating in part: “Del-Mair Group will pay the investor a minimum monthly target return of Twenty Percent (20%) on amount invested for that month. . . Del-Mair also agrees that every quarterly reporting month investor will receive a larger return on their invested amount. . . .”

17. DMG’s managed account trading agreement provided that a pool participant’s “account must be opened with a minimum deposit of \$5,000 USD.” The account opening documents instructed prospective pool participants to wire their funds to an account at Bank of America held in the name of TC Credit Service, LLC or make a check payable to TC Credit Service, LLC.

18. In the managed account trading agreement, pool participants agreed that DMG would be paid a monthly commission of thirteen percent (13%) of the gross profits, but only if the pool participant receives their twenty percent (20%) return for the month. In addition, the agreement provided that DMG would receive a five percent (5%) annual maintenance fee, deducted from “net profits,” payable yearly on January 31.

19. During the Relevant Period, Daley emailed pool participants monthly account statements which represented that the pool participants’ accounts had profitable net monthly returns, typically about 20% percent per month.

20. From at least January 2010 through approximately July 2011, Daley made monthly payments to pool participants of so-called returns purportedly generated from DMG’s futures trading.

21. In July 2011, Daley stopped making monthly payments and sent an email to pool

participants informing them that DMG took a 98% loss in the market in the past few months.

22. To date, Daley has failed to return principal deposits to pool participants despite repeated requests.

**C. Daley's Trading**

23. At no time during the Relevant Period did DMG or the Pool maintain any commodity interest trading accounts in its name with any registered FCM.

24. During the Relevant Period, Daley maintained three personal commodity interest trading accounts in his name at TF and RCG, registered FCMs. Upon information and belief, Daley has never controlled and/or maintained any other commodity interest accounts with any registered FCM.

25. Daley opened one account in his name at TF in July 2010 and another in January 2011. Daley traded crude oil, natural gas, and index futures contracts in these accounts. Daley was the only authorized trader for both accounts.

26. During the Relevant Period, a total of \$173,000 from Daley's personal bank accounts was deposited into the two accounts at TF. Of these funds, \$1,720 was withdrawn and \$171,279.84 was lost in trading. Both accounts lost money every month they were traded and were closed on June 2, 2011.

27. In June 2010, Daley opened a trading account in his own name at RCG. Daley was the only authorized trader for this account.

28. During the Relevant Period, a total of \$22,700 from Daley's personal bank accounts was deposited into the RCG account. Of these funds, \$22,221.58 was lost in trading and \$448.42 was transferred back to Daley's personal bank account. Daley traded crude oil futures contracts in this account.

29. The RCG account lost money each month it was traded except for the month of June 2010 when the account made a profit of \$639.56. There has been no trading activity in this account since August 2011. This account was closed in November 2011.

**D. Daley's Misappropriation of Pool Participants' Funds**

30. Daley controlled two Bank of America accounts in the name of TC Credit Service, LLC. Daley was the only signatory for both accounts. During the Relevant Period, pool participants deposited approximately \$1,427,688 into the TC Credit Service, LLC bank accounts.

31. During the Relevant Period, Daley misappropriated pool participants' funds by using these funds to pay other pool participants so-called returns purportedly generated through Daley's futures trading, to pay for Daley's personal expenses, and to trade in Daley's personal commodity interest accounts.

32. During the Relevant Period, Daley paid approximately \$773,505 in purported returns to pool participants from TC Credit Service, LLC's bank accounts. Because there were no actual trading profits, the purported returns paid to pool participants, came from existing pool participants' original deposits or funds deposited by new pool participants rather than any returns generated by Daley's trading. Thus, all funds paid to pool participants as purported returns were misappropriated.

33. During the Relevant Period, Daley also withdrew from the pool participants' funds in the TC Credit Service, LLC's bank accounts approximately \$370,000 in cash. This included approximately \$11,700 in ATM withdrawals, \$1,300 in cash advances using the accounts' check cards, \$219,000 in counter debits and \$138,000 in bank teller assisted cash withdrawals.

34. During the Relevant Period, Daley used at least \$100,000 of pool participant



funds from the TC Credit Service, LLC bank account to pay for personal expenses such as rent and personal loan payments.

35. During the Relevant Period, Daley transferred approximately \$195,000 of pool participant funds from the TC Credit Service, LLC bank accounts to his own personal bank accounts at JP Morgan Chase Bank. These funds were subsequently transferred into Daley's three personal commodity interest accounts at TF and RCG and used by Daley to execute futures transactions. Daley was not authorized to use pool participants' funds for trading in Daley's personal trading accounts.

**E. Daley's Material Misrepresentations and Omissions**

36. During the Relevant Period, Daley, in the course of his solicitation of actual and prospective pool participants and throughout the period of time that such individuals remained pool participants, made false and misleading representations and omissions of material fact. Based on Daley's misrepresentations and omissions, actual and prospective pool participants entered into agreements and deposited funds with DMG.

37. For example, during the Relevant period, Daley distributed to prospective pool participants account opening documents that stated, among other things:

- **Managed Trading Agreement:** "Del-Mair Group will pay the investor a **minimum** monthly target return of **Twenty Percent (20%)** on amount invested for that month. Investor may withdraw their return each month or compound each monthly return for a higher monthly payout... Del-Mair also agrees that every quarterly reporting month investor will receive a larger return on their invested amount. The larger return may range from forty

percent (40%) to sixty percent (60%) of the account invested amount at that time. The larger return will be referred to as “Bonus Return Percentage.”

- **Cover Letter to Investors:** “At the start of my career back in 2002 I was lucky enough to have done well even till this day.”

38. Additionally, in or about September 2010, Daley met with a prospective pool participant to solicit funds for the purpose of trading crude oil futures contracts in the Pool. During the meeting, Daley falsely represented that:

- he had three to four years of trading experience;
- DMG never had a losing month; and
- DMG had \$300,000 under management.

39. In or about September 2010, Daley, while soliciting a prospective pool participant, falsely represented that DMG was making participants twenty percent (20%) monthly returns through its crude oil trading.

40. In or about December 2010, Daley, while soliciting another prospective pool participant, again falsely represented that DMG was making participants twenty percent (20%) monthly returns through its crude oil trading. Daley also falsely represented to the same prospective pool participant that DMG’s risk was limited because DMG had stop losses in place.

41. During a conference call on or about March 5, 2011, Daley told multiple pool participants that the Pool was “up 60% for the year.”

42. Daley knew that the above representations were false, misleading, and/or deceptive because, during the Relevant Period, neither DMG nor the Pool maintained any commodity interest trading account in its name and Daley used the majority of pool participants’ funds to pay so-called returns to other pool participants and to pay for personal expenses.

Moreover, during the Relevant Period, Daley's three personal trading accounts sustained total net losses of approximately \$193,000.

43. During the Relevant period, Daley failed to disclose to actual and/or prospective pool participants, that:

- Daley misappropriated pool participants' funds for his personal commodity interest accounts and sustained consistent losses;
- Only a small portion of pool participants' funds was deposited into futures trading accounts;
- Daley misappropriated pool participants' funds to pay other pool participants' purported profits and for Daley's personal use; and
- Daley was not properly register as a CPO.

44. Daley was required to disclose such material information because, in documents and emails and in personal conversations with actual and prospective pool participants, he falsely represented that DMG was generating twenty percent (20%) returns per month trading crude oil futures contracts. Daley was required to disclose the truth about his trading performance and the misappropriation of pool participant funds every day that pool participants maintained an open account with DMG.

45. During the Relevant Period, the Daley further concealed and perpetuated the fraud by distributing to pool participants false account statements via e-mail, U.S. mail, or online. These statements reported profits purportedly earned in the pool participant's account as a result of the Daley's profitable trading, when in fact Daley's actual trading resulted in losses virtually every month.

46. For example, in March 2011, Daley distributed to a participant via email an

account statement showing that the participant made a 22.88% return on the participant's \$116,449 deposit for the month of February 2011. In the same month, Daley distributed to another pool participant via email an account statement showing that the participant also made a 22.88% return on the participant's \$18,000 deposit. These statements were false given that DMG never maintained any trading accounts during this period and Daley's personal trading accounts had net losses of approximately \$28,500 for February 2011. Daley knew these statements were false because he had misappropriated most of the pool participants' funds, there were no profits from trading pool participants' funds, and Daley's own trading consistently lost money.

47. As a result of these false statements and false "profit" payments, pool participants maintained and/or deposited more funds with the Pool.

**V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND REGULATIONS**

**COUNT ONE**

**FRAUD IN CONNECTION WITH COMMODITY FUTURES CONTRACTS**

**Violations of Sections 4b(a)(1)(A)-(C) of the Act**

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

49. Sections 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C) (Supp. III 2009), provide, in relevant part, that it is unlawful for any person, in or in connection with any order to make or the making of a futures contract, for or on behalf of any other person, (A) to cheat or defraud or attempt to cheat or defraud another person, (B) willfully to make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record, or (C) willfully to deceive or attempt to deceive such other

person by any means whatsoever in regard to any such order or contract or the disposition or execution of any such order or contract.

50. As set forth above, from at least January 2010 through November 2011, Daley violated Sections 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C) (Supp. III 2009), by, among other things, (i) misappropriating pool participants' funds, (ii) fraudulently soliciting pool participants or prospective pool participants, and (iii) making, causing to be made, and distributing reports and statements to pool participants or prospective pool participants that contained false information.

51. The foregoing acts, omissions, and failures of Daley occurred within the scope of his employment, office, or agency with DMG. Therefore, DMG is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2011).

52. Each act of misappropriation, misrepresentation or omission of material fact, and issuance of a false report, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C) (Supp. III 2009).

## **COUNT TWO**

### **FRAUD BY A COMMODITY POOL OPERATOR**

#### **Violations of Section 4o(1)(A) and (B) of the Act**

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

54. Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), prohibits CPOs and APs of CPOs from using the mails or any other means or instrumentality of interstate commerce to (A)

employ any device, scheme or artifice to defraud any client or participant or prospective client or participant; or (B) engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or participant or prospective participant.

55. As set forth above, from at least January 2010 through November 2011, Daley acted as a CPO by soliciting, accepting, or receiving funds from others while engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise, for the purpose of, among other things, trading in futures.

56. Daley violated Section 4o(1)(A) and (B) of the Act, 7 U.S.C. § 6o(1)(A) and (B) (2006), in that he employed or is employing a device, scheme or artifice to defraud actual and prospective pool participants or engaged or is engaging in transactions, practices, or a course of business which operated or operates as a fraud or deceit upon the pool participants or prospective pool participants. The fraudulent acts include (i) misappropriating pool participant funds, (ii) fraudulently soliciting pool participants or prospective pool participants, and (iii) making, causing to be made, and distributing reports and statements to pool participants or prospective pool participants that contained false information, and (iv) failing to disclose material information.

57. The foregoing acts, omissions, and failures of Daley occurred within the scope of his employment, office, or agency with DMG. Therefore, DMG is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006) and Regulation 1.2, 17 C.F.R. §1.2 (2011).

58. Each act of misappropriation, misrepresentation or omission of material fact, and issuance of a false report, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006).

**COUNT THREE**

**FAILURE TO REGISTER AS A COMMODITY POOL OPERATOR**

**Violation of Section 4m(1) of the Act**

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

60. Section 4m(1) of the Act, 7 U.S.C § 6m(1) (2006), provides that it is unlawful for any CPO, unless registered, to make use of the mails or any means or instrumentality of interstate commerce in connection with its business as a CPO.

61. As set forth above, during the Relevant Period, Daley used the telephone, email, U.S. mail, and/or the Internet in or in connection with its business as a CPO while failing to register as a CPO, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006). Each use of the mails or any means or instrumentality of interstate commerce by Daley, while acting as a CPO including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006).

62. The foregoing acts, omissions, and failures of Daley occurred within the scope of his employment, office, or agency with DMG. Therefore, DMG is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006) and Regulation 1.2, 17 C.F.R. § 1.2 (2011).

**COUNT FOUR**

**COMMINGLING  
OF POOL PARTICIPANTS' FUNDS**

**Violations of Regulations 4.20(c)**

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

64. Regulation 4.20(c), 17 C.F.R. § 4.20(c)(2011), provides that commodity pool funds may not be commingled with the funds of the CPO or any other person.

65. Throughout the Relevant Period, Daley violated Regulation 4.20(c), 17 C.F.R. § 4.20(c)(2011), by depositing pool participants' funds into a bank account held in the name of TC Credit Service, LLC, or in the name of other persons or entities, rather than in an account in the name of the Pool.

66. The foregoing acts, omissions, and failures of Daley occurred within the scope of his employment, office, or agency with DMG. Therefore, DMG is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006) and Regulation 1.2, 17 C.F.R. § 1.2 (2011).

67. Each act of improper receipt and commingling of pool participants' funds, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Regulation 4.20(c), 17 C.F.R. § 4.20(c)(2011).

## **VI. RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and pursuant to its own equitable powers, enter:

a) An order finding that Defendants violated 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C) (Supp. III 2009), 4o(1) and 4m(1) of the Act, 7 U.S.C. §§ 6o, 6m(1) and Regulation 4.20(c), 17 C.F.R. § 4.20(c) (2011);

b) An order of permanent injunction prohibiting Defendants and any of their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with any Defendant, including any successor thereof, from, directly or indirectly:

(i) engaging in conduct in violation of Sections 4b(a)(1)(A)-(C), 4o and 4m(1) of



the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), 6o and 6m(1) and Regulation 4.20(c), 17 C.F.R. § 4.20(c)(2011);

(ii) trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, as amended, to be codified at 7 U.S.C. § 1a);

(iii) entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2011) (“commodity options”), security futures products, and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act as amended by the Dodd-Frank Act, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”), for their own personal accounts or for any account in which they have a direct or indirect interest;

(iv) having any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts traded on their behalf;

(v) controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts;

(vi) soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts;

(vii) 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) (2011);

(viii) acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2011)), agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011);

c) An order directing Defendants, as well as any successors to any Defendant, to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constitute violations of the Act and the Regulations, as described herein, and pre- and post-judgment interest thereon from the date of such violations;

d) An order directing Defendants to make full restitution to every person or entity whose funds Defendants received or caused another person or entity to receive as a result of acts and practices that constituted violations of the Act and the Regulations, as described herein, and pre- and post-judgment interest thereon from the date of such violations;

e) An order directing each Defendant to pay a civil monetary penalty for each violation of the Act and the Regulations described herein, plus post-judgment interest, in the amount of the higher of: 1) \$140,000 for each violation of the Act and Regulations committed on or after October 23, 2008; or 2) triple the monetary gain to the Defendants for each violation of the Act and the Regulations, plus post-judgment interest;

f) An order directing Defendants and any successors thereof to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between them and any of the pool participants and pool participants whose funds were received by them as a result of the acts and practices which constituted violations of the Act and the Regulations, as described herein;

g) An order requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2006); and

h) Such other and further relief as the Court deems proper.

Respectfully submitted,

PLAINTIFF UNITED STATES COMMODITY  
FUTURES TRADING COMMISSION

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Dated: June 18, 2012