

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

U.S. COMMODITY FUTURES)
TRADING COMMISSION)
)
Plaintiff,)
)
vs.)
)
JAY C. NOLAN, and)
LODGE CAPITAL GROUP, LLC,)
)
Defendants.)

Civil No. _____

Complaint for Injunctive And Other
Equitable Relief And Civil Monetary
Penalties Under The Commodity
Exchange Act

**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF AND CIVIL
MONETARY PENALTIES UNDER THE COMMODITY EXCHANGE ACT**

The United States Commodity Futures Trading Commission (“CFTC” or “Commission”),
by and through its attorneys, hereby alleges as follows:

I. SUMMARY

1. From at least December 2004 to the present (the “relevant period”), Jay C. Nolan (“Nolan”) solicited and accepted at least \$3.9 million from at least five customers for purposes of operating a commodity pool to trade commodity futures contracts on their behalf. Nolan formed a limited liability company called Lodge Capital Group, LLC (“Lodge Capital”), which operated the commodity pool and received the pool participants’ funds. Nolan and Lodge Capital (collectively, “Defendants”) traded a portion of the funds they accepted through commodity futures trading accounts carried in the name of Lodge Diversified Fund, LP (“LDF” or the “pool”). Defendants caused false statements to be issued to pool participants that misrepresented LDF’s actual trading performance, failed to disclose trading losses, and misrepresented the value

of pool participants' interests in the pool and the total pool assets and liabilities. On information and belief, Nolan misappropriated some of the pool participant's monies.

2. By the aforementioned conduct, Defendants have engaged, are engaging, or are about to engage in acts or practices that violate the Commodity Exchange Act ("Act"), 7 U.S.C. §§ 1 *et seq.* (2006), as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 ("CRA")), §§ 13101-13204, 122 Stat. 1651 (enacted June 18, 2008). The Defendants have violated the anti-fraud provisions, Sections 4b(a)(2)(i)-(iii), 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006), Sections 4b(a)(1) (A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), and Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006).

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

4. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), the Commission brings this action to enjoin such acts and practices, prevent the dissipation of assets, and compel compliance with the provisions of the Act. In addition, the Commission seeks civil penalties, an accounting, restitution, disgorgement and such other statutory and equitable relief as the Court may deem necessary or appropriate under the circumstances.

II. JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), which 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 any provision of the Act or any rule, regulation or order thereunder.

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

III. THE PARTIES

PLAINTIFF

7. Plaintiff **Commission** is an independent federal regulatory agency that is charged by Congress with responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1 *et seq.* (2006), as amended by the CRA, and the regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2009).

DEFENDANTS

8. Defendant **Jay C. Nolan** is 56 years old and resides in Wilmette, Illinois. He has been registered with the Commission as a floor broker since July 1985. He is an officer and managing member of Lodge Capital Group, LLC. On November 24, 2009, Nolan was arrested by federal authorities in connection with a related criminal complaint. That case is pending. *See, U.S.A. v. Nolan*, Case No. 09-CR-974, United States District Court for the Northern District of Illinois, Eastern Division.

9. Defendant **Lodge Capital Group, LLC** is an Illinois limited liability company created on June 21, 2002, with its principal place of business at 400 Central Avenue, Suite 202, Northfield, Illinois 60093-3039. Lodge Capital filed a registration exemption with the Commission and its current status is as an exempt commodity pool operator ("CPO").

IV. FACTS

A. Statutory Background

10. A “commodity pool” is defined in Commission Regulation 4.10(d)(1), 17 C.F.R. § 4.10(d)(1) (2009), as any investment trust, syndicate or similar form of enterprise engaged in the business of investing its pooled funds in trading commodity futures and/or commodity options.

11. A “commodity pool operator” is defined in Section 1a(5) of the Act, 7 U.S.C. § 1(a)(5) (2006), as any person engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts or receives from others, funds, securities, or property, either directly or 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.

12. An “associated person of a commodity pool operator” is defined in Commission Regulation 1.3(aa)(3), 17 C.F.R. § 1.3(aa)(3) (2009), in relevant part, as any natural person who is associated with a CPO as: a partner, officer, employee, consultant or agent to a CPO (or any natural person occupying a similar status or performing similar functions), in any capacity that involves the solicitation of funds, securities or property for a participation in a commodity pool.

13. A “participant” is defined in Commission Regulation 4.10(c), 17 C.F.R. § 4.10(c) (2009), as any person who has any direct financial interest in a commodity pool.

B. Background of the Pool

14. From the time Defendants began operating LDF, they attracted at least five pool participants who collectively invested approximately \$3.9 million with Lodge Capital to be pooled with the funds of others and used to trade commodity futures contracts. Nolan solicited

pool participants from his circle of friends, who resided in the northern suburbs near Chicago, Illinois.

15. Defendants told pool participants that LDF would trade financial, metals and currency futures contracts. Defendants also represented that pool participants' funds would be invested in Treasury bills, which would be held in an account at Harris Bank ("Harris") in Winnetka, Illinois, and that the Treasury bills would serve as collateral for LDF's commodity trading account.

16. After individuals expressed an interest in investing in the pool, Defendants sent them a Confidential Offering Memorandum ("Memorandum") that set forth the terms of the investment. The Memorandum stated that the portion of pool assets that are managed directly by Lodge Capital in a commodity trading advisor ("CTA") format "will be charged an industry-norm of 2% administration fee and 25% monthly performance fee."

C. The Pool's Actual Commodity Trading Performance Record

17. During the relevant period, Nolan opened a total of ten commodity trading accounts in LDF's name at ADM Investor Services, Inc. ("ADM"), a registered futures commission merchant ("FCM"). During that time, Defendants deposited a total of approximately \$3.9 million into the ten accounts and withdrew a total of approximately \$1.5 million from the accounts. Over the life of these accounts, Defendants lost approximately \$2.3 million trading commodity futures. The current net liquidating value of the pool's accounts at ADM is approximately \$177,000. Defendants' commodity pool, therefore, had a negative return of approximately 95% during the relevant period.

18. On information and belief, Defendants have misappropriated some participant funds for their own benefit, in that, at a minimum, Defendants paid themselves incentive fees

based upon reported trading profits when, in fact, LDF sustained \$2.3 million in trading losses since 2005 and, together with the \$1.5 million that the Defendants withdrew, had a negative return of approximately 95%.

D. Defendants' Misrepresentations, Omissions and False Statements Regarding the Pool's Performance

19. During the relevant period, Defendants made misrepresentations and failed to disclose material facts to pool participants regarding the profitability of LDF. Specifically, Defendants represented to pool participants that the pool was making a profit of 1% to 2% per month. These misrepresentations caused pool participants to invest additional funds in LDF. Defendants failed to tell pool participants that LDF incurred significant losses.

20. Defendants mailed account statements to pool participants that purportedly detailed LDF's trading performance through and including the statement period October 1-31, 2009. These account statements were accompanied by a cover letter, signed by Nolan, which highlighted LDF's purported performance for the past month. These cover letters falsely represented that LDF was outperforming the Standard and Poor's ("S&P") 500 and the HedgeFund.net HFN CTA/Managed Futures Index of performance of participating hedge funds, funds of funds and CTAs. In fact, LDF sustained significant losses during the relevant period and had a negative rate of return.

21. The account statements Defendants sent to pool participants falsely reported monthly profits of approximately 1% to 2%, resulting in annualized gains of approximately 12% to 20% during the relevant period. In fact, FCM-issued account statements for LDF's futures accounts show that the pool incurred significant losses during the relevant period, and had an overall negative return of approximately 95%.

22. During the relevant period, the Defendants sent account statements in two different formats to pool participants. For the reporting periods from 2006 through November 2008, Defendants sent pool participants account statements entitled "Fund Report" on Lodge Capital letterhead. These statements included a representation that the calculations on the statement were performed by a certified public accountant based on broker statements and information provided by Lodge Capital. They also were signed by Nolan as Principal of Lodge Capital, beneath an affirmation to the best of his knowledge and belief that the information contained in the account statement was accurate and complete. By these affirmations, Nolan misrepresented material facts to pool participants and omitted material facts concerning LDF's actual trading performance.

23. On information and belief, the Fund Reports that the Defendants issued on Lodge Capital letterhead did not report calculations performed by a certified public accountant and were not based upon the actual broker statements for LDF's accounts.

24. Beginning with the reporting period for December 2008 and continuing for the reporting period for October 2009, Defendants sent pool participants account statements on stationary purporting to be from ADM that reported the participants' purported monthly gains and/or losses and annual gains and/or losses. These account statements also reported the value of U.S. T-bills purportedly margining the trades ADM held on behalf of LDF, LDF's purported brokerage account and bank balances, as well as total pool assets, total pool liabilities and net pool assets.

25. For example, the account statements that Defendants distributed in November 2009 detailing the pool's performance and value in October 2009 falsely represented that LDF's net total pool assets were approximately \$6.3 million.

26. In fact, ADM never issued the foregoing account statements for the months of December 2008 through October 2009, and the valuations contained in these account statements were prepared by Defendants and falsely represented the value of pool assets and liabilities.

E. Nolan's Admission that Defendants Defrauded Pool Participants

27. On or about November 19, 2009, one of LDF's pool participants contacted ADM to verify the consistent monthly profits reported on the account statements he received from Defendants. ADM personnel requested that the pool participant send ADM his October 2009 LDF account statement by facsimile. The pool participant sent ADM personnel his October 2009 LDF account statement by facsimile that same day.

28. On November 20, 2009, ADM personnel contacted the pool participant and told him that the October 2009 account statement he received from Defendants was not issued by ADM. ADM personnel referred the matter to its compliance department. ADM's compliance department subsequently notified the pool participant and told him that the October 2009 account statement he received was not issued by ADM and appeared to be a false statement.

29. After the pool participant received this information from ADM, he contacted Nolan. Nolan agreed to meet with the pool participant and another pool participant, who had also invested funds in LDF.

30. The two pool participants met with Nolan on November 20, 2009. At this meeting, the pool participants confronted Nolan with the information they received from ADM. Nolan admitted that the pool statement was fictitious. In addition, Nolan stated that he lost the pool's money in 2006, as a result of some bad commodity trades, and that all the account statements he sent pool participants after that time were false. Nolan said he was a "crook" and that he knew he would be going to jail. After Nolan admitted that all LDF's funds were gone,

one of the pool participants requested that Nolan show them LDF's bank statements and commodity trading statements. Nolan agreed to show them LDF's records.

31. Nolan subsequently showed one of the pool participants some bank statements for LDF's account at Harris. When reviewing the bank statements for LDF's account at Harris, the pool participant observed that the bank statements contained copies of checks issued by Nolan to pay for Nolan's country club dues.

V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

COUNT I

Violations of Section 4b(a)(2) of the Act and Section 4b(a)(1) the Act as Amended by the CRA: Futures Fraud

32. The allegations set forth in paragraphs 1 through 31 are re-alleged and incorporated herein.

33. Prior to being amended by the CRA, Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006), made it unlawful for any person to cheat or defraud or attempt to cheat or defraud; or willfully make or cause to be made to other persons false reports or statements, or willfully enter or cause to be entered for other persons false records; or willfully deceive or attempt to deceive by any means whatsoever other persons in or in connection with orders to make, or the making of, contracts of sale of commodities, for future delivery, made, or to be made, for or on behalf of such 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, in connection with acts committed before June 18, 2008.

34. Similarly, Sections 4b(a)(1)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b (a)(1)(A)-(C), make it unlawful for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person – (A) to cheat or defraud or attempt to cheat or defraud the other 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 the other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for the other person, in connection with acts committed on or after June 18, 2008.

35. During the relevant period, Nolan and Lodge Capital violated Sections 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006), with respect to acts occurring before June 18, 2008, and violated Sections 4b(a)(1)(A) and (C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), with respect to acts occurring on or after June 18, 2008, in that they cheated or defrauded or attempted to cheat or defraud and willfully deceived or attempted to deceive pool participants by: misrepresenting the pool's profitability and omitting material facts concerning the pool's performance, causing false statements to be issued to pool participants that misrepresented the balance of their respective interests in the pool and the value of the pool, and misappropriating participant funds for their personal benefit.

36. Nolan and Lodge Capital also violated Section 4b(a)(2)(ii) of the Act, 7 U.S.C. §§ 6b(a)(2)(ii) (2006), with respect to acts occurring before June 18, 2008, and violated Sections 4b(a)(1)(B) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(B), with

respect to acts occurring on or after June 18, 2008, in that they willfully made or caused to be made false reports to the pool participants who invested money with Defendants to trade commodity futures contracts.

37. Defendants engaged in this conduct in or in connection with orders to make, or the making of, contracts of sale of commodities, for future delivery, made, or to be made, for or on behalf of such 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.

38. Nolan controlled Lodge Capital, and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting Lodge Capital's violations alleged in this count. Nolan is thereby liable for Lodge Capital's violations of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006), with respect to acts occurring before June 18, 2008, and for Lodge Capital's violations of Sections 4b(a)(1)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), with respect to acts occurring on or after June 18, 2008, as a controlling person, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

39. Nolan was acting as an agent of Lodge Capital when he violated the Act and, therefore, Lodge Capital, as Nolan's principal, is liable for Nolan's acts constituting violations of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006), with respect to acts occurring before June 18, 2008, and for Nolan's violations of Sections 4b(a)(1)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), with respect to acts

occurring on or after June 18, 2008, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Commission Regulation 1.2, 17 C.F.R. § 1.2 (2009).

40. Each material misrepresentation or omission, each false report or statement, and each misappropriation made during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006), with respect to acts occurring before June 18, 2008, and a violation of Sections 4b(a)(1)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), with respect to acts occurring on or after June 18, 2008.

COUNT II

Violations of Section 4o(1) of the Act: Fraud by a CPO and by an Associated Person ("AP") of a CPO

41. The allegations set forth in paragraphs 1 through 31 are re-alleged and incorporated herein.

42. During the relevant time period, Lodge Capital acted as a CPO in that it engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise and in connection therewith, has solicited, accepted or received funds, securities or property from others for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility.

43. Nolan acted as an AP of a CPO in that he solicited funds for Lodge Capital and supervised other persons so engaged.

44. During the relevant period, Lodge Capital and Nolan violated Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), in that as a CPO and an AP of a CPO, they directly or indirectly employed or are employing a device, scheme, or artifice to defraud commodity pool participants,

or have engaged or are engaging in transactions, practices or a course of business which operated as a fraud or deceit upon commodity pool participants by: misrepresenting the pool's profitability and omitting material facts concerning the pool's performance, causing false statements to be issued to pool participants that misrepresented the balance of their respective interests in the pool and the value of the pool, and misappropriating participant funds for their personal benefit.

45. Defendants engaged in such acts, directly or indirectly, by use of the mails and other means or instrumentalities of interstate commerce.

46. Nolan controlled Lodge Capital and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting Lodge Capital's violations alleged in this count. Nolan is thereby liable for Lodge Capital's violations of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

47. Nolan was acting as an agent of Lodge Capital when he violated the Act and, therefore, Lodge Capital, as Nolan's principal, is liable for Nolan's acts constituting violations of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Commission Regulation 1.2, 17 C.F.R. § 1.2 (2009).

48. Each act of making false reports, false statements, and material omissions, and each misappropriation that occurred during the relevant time period, 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).

VI. RELIEF REQUESTED

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

A. An order finding Nolan and Lodge Capital liable for violating: Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006), with respect to acts occurring before June 18, 2008; Sections 4b(a)(1)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), with respect to acts occurring on or after June 18, 2008; and Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006);

B. A statutory restraining order pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1 (2006), restraining Defendants and all persons insofar as they are acting in the capacity of Defendants' agents, servants, successors, employees, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with them who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. Destroying, mutilating, concealing, altering or disposing of any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of Defendants, wherever located, including all such records concerning Defendants' business operations;

2. Refusing to permit authorized representatives of the Commission to inspect, when and as requested, any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of Defendants, wherever located, including all such records concerning Defendants' business operations; and

3. Withdrawing, transferring, removing, dissipating, concealing or disposing of, in any manner, any funds, assets, or other property, wherever situated, including but not limited to, all funds, personal property, money or securities held in safes, safety deposit boxes and all funds on deposit in any financial institution, bank or savings and loan account held by, under the control, or in the name of the Defendants;

C. Orders of preliminary and permanent injunction prohibiting Defendants, and any other person or entity associated with them, from, directly or indirectly, engaging in conduct in violation of Sections 4b(a)(1)(A)-(C) as amended by the CRA, to be codified at §§ 6b(a)(1)(A)-(C) (2006), and/or Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006);

D. Orders of preliminary and permanent injunction enjoining Defendants and all persons insofar as they are acting in the capacity of their agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Defendants who receive actual notice of such order by personal service or otherwise, from engaging, directly or indirectly, in:

1. 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) (2006));

2. Entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Commission Regulation 32.1(b)(1), 17 C.F.R. § 32.1(b)(1) (2009)) (“commodity options”), 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 CRA, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for their own personal account or for any account in which they have a direct or indirect interest;

3. Having any commodity futures, options on commodity futures, commodity options, and/or forex contracts traded on their behalf;

4. 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, and/or forex contracts;

5. 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, and/or forex contracts;

6. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2009);

7. Acting as a principal (as that term is defined in Commission Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2009)), 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 Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2009);

E. An order directing that Defendants make an accounting to the Court of all of Defendants' assets and liabilities, together with all funds they received from and paid to investors and other persons in connection with commodity futures transactions or purported commodity futures transactions, including the names, addresses and telephone numbers of any such persons from whom they received such funds to the date of such accounting, and all disbursements for any purpose whatsoever of funds received from commodity investors, including salaries, commissions, fees, loans and other disbursements of money and property of any kind, from December 1, 2004 to and including the date of such accounting. At a minimum, the accounting should include a chronological schedule of all cash receipts and cash disbursements. In addition, each transaction shall be classified as business or personal. All business transactions shall disclose the business purpose of the transaction. The accounting shall be provided in an electronic format such as Quicken, Excel, or other accounting or electronic format spreadsheet. In addition, the Defendants shall supply true and accurate copies of any balance sheets, income statements, statement of cash flow, or statement of ownership equity previously prepared for the Defendants' business(es);

F. An order requiring Defendants immediately to identify and provide an accounting in the same manner as described above, for all assets and property that they currently maintain outside the United States, including, but not limited to, all funds on deposit in any financial institution, futures commission merchant, bank, or savings and loan accounts held by, under the control of, or in the name of Jay C. Nolan and Lodge Capital Group, LLC, or their nominees, whether held jointly or otherwise, and requiring them to repatriate all funds held in such accounts by paying them to the Clerk of the Court, or as otherwise ordered by the Court, for further disposition in this case;

G. An order requiring the Defendants and any third party transferee and/or successors thereof, to disgorge to any officer appointed or directed by the Court all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices which constitute violations of the Act as described herein, including pre-judgment and post-judgment interest;

H. An order directing the 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 whose funds were received by them as a result of the acts and practices that constituted violations of the Act, as described herein;

I. An order requiring Defendants to make restitution by making whole each and every pool participant whose funds were received or utilized by them in violation of the provisions of the Act as described herein, including pre-judgment interest;

J. An order requiring Defendants to pay civil penalties under the Act, to be assessed by the Court, in amounts of not more than the higher of (1) triple the monetary gain to Defendant for each violation of the Act or (2) \$130,000 for each violation of the Act before October 22, 2008, and \$140,000 for each violation of the Act on or after October 23, 2008;

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

L. An Order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

Date: January 25, 2010

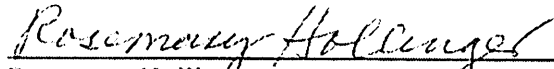
Respectfully submitted,



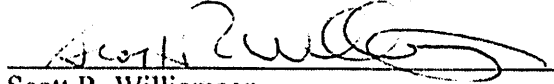
Diane M. Romaniuk
Senior Trial Attorney
Illinois A.R.D.C. No. 0341649



Ava M. Gould
Senior Trial Attorney
Illinois A.R.D.C. No. 06194202



Rosemary Hollinger
Regional Counsel
Illinois A.R.D.C. No. 3123647



Scott R. Williamson
Deputy Regional Counsel
Illinois A.R.D.C. No. 6191293

Commodity Futures Trading Commission
525 West Monroe Street, Suite 1100
Chicago, Illinois 60661
(312) 596-0541 (Romaniuk)
(312) 596-0535 (Gould)
(312) 596-0520 (Hollinger)
(312) 596-0700 (office number)
(312) 596-0714 (facsimile)