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18 **UNITED STATES DISTRICT COURT**
19 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
20 **WESTERN DIVISION**

21 **U.S.**
22 **Commodity Futures Trading**
23 **Commission,**
24 **Plaintiff,**

25 vs.

26 **People's Alternative, Inc., Jaime**
Gallardo, Karl Ochoa, and Maria
Delores Iracheta,
Defendants.

Civil Action No. **CV 10 7013**
Judge **GAF (EX)**

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

I. SUMMARY

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2 1. Defendants People’s Alternative, Inc. (“PAI”), Jaime Gallardo
3 (“Gallardo”), Karl Ochoa (“Ochoa”) and Maria Dolores Iracheta (“Iracheta”)
4 (collectively, “Defendants”), have engaged, are engaging, or are about to engage
5 in acts and practices that have defrauded and deceived or will defraud or deceive
6 participants in their commodity pool enterprise. Since at least November 2008,
7 Defendants have fraudulently solicited, accepted and pooled at least \$1.2 million
8 dollars from approximately 98 participants and have used pooled participant funds
9 to trade commodity futures, foreign currency (“forex”) and securities. The
10 Defendants have failed to disclose to pool participants and prospective pool
11 participants that their funds would be or are being used to trade commodity futures
12 and forex and have further failed to disclose the significant risks of loss associated
13 with such trading.

14 2. Additionally, PAI has intentionally or recklessly misrepresented that
15 participants would not lose their principal and has failed to disclose the pool’s
16 trading losses to participants and prospective participants. Defendants Gallardo,
17 Ochoa and Iracheta have also misappropriated participant funds, using them for
18 personal expenses such as automobile expenses, mortgage payments,
19 entertainment expenses, debit card purchases, ATM or cash withdrawals, and
20 retail and food purchases.
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1 3. Finally, since February 3, 2010, and continuing through the present,
2 PAI has failed to provide for inspection or produce required books and records.

3 4. By virtue of this conduct and the conduct further described herein,
4 Defendants have engaged in conduct in violation of Sections 4b(a)(1)(A) and (C)
5 and 4b(a)(2)(A) and (C) of the Commodity Exchange Act (“Act”), as amended by
6 the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII
7 (subtitled “CFTC Reauthorization Act of 2008” (“CRA”)), §§ 13101-13204, 122
8 Stat. 1651 (enacted June 18, 2008), to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and
9 (C) and 6b(a)(2)(A) and (C), and Section 4o(1)(A) and (B) of that Act, 7 U.S.C.
10 §§ 6o(1)(A) and (B) (2006). Defendants, respectively, also have also acted in a
11 capacity requiring registration with the Commodity Futures Trading Commission
12 (“CFTC” or the “Commission”) without the benefit of registration in violation of
13 Sections 4k(2) and 4m(1) of the Act, 7 U.S.C. §§ 6k(2) and 6m(1) (2006). PAI
14 and Gallardo also have not produced to the Commission required books and
15 records in violation of Commission Regulations (“Regulations”) 1.31 and 4.23, 17
16 C.F.R. §§ 1.31 and 4.23 (2010).
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22 5. Accordingly, the CFTC brings this action pursuant to Section 6c of
23 the Act, 7 U.S.C. § 13a-1 (2006), to enjoin Defendants’ unlawful acts and
24 practices and to compel their compliance with the Act and Regulations. In
25 addition, the CFTC seeks restitution, disgorgement, civil monetary penalties,
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1 permanent trading and registration bans, and such other statutory or equitable
2 relief as this Court may deem necessary or appropriate.

3 6. Unless restrained and enjoined by this Court, Defendants are likely to
4 engage in the acts and practices alleged in this complaint, or in similar acts and
5 practices as described more fully below.
6

7 **II. JURISDICTION AND VENUE**

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9 7. This Court has jurisdiction over this action pursuant to Section 6c(a)
10 of the Act, 7 U.S.C. § 13a-1(a) (2006), and Section 2(c)(2)(C)(i)-(iii) of the Act, as
11 amended by the CRA, to be codified at 7 U.S.C. § 2(c)(2)(C)(i)-(iii). Section
12 6c(a) of the Act authorizes the CFTC to seek injunctive relief against any person
13 whenever it shall appear to the CFTC that such person has engaged, is engaging,
14 or is about to engage in any act or practice constituting a violation of any
15 provision of the Act or any rule, regulation or order promulgated thereunder.
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18 8. Venue properly lies with this Court pursuant to Section 6c(e) of the
19 Act, 7 U.S.C. § 13a-1(e) (2006), because Defendants reside in this jurisdiction and
20 the acts and practices in violation of the Act have occurred, are occurring or are
21 about to occur within this District.
22

23 **III. THE PARTIES**

24 9. Plaintiff Commodity Futures Trading Commission is an independent
25 federal regulatory agency that is charged by Congress with administering and
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1 enforcing the Act, 7 U.S.C. §§ 1 et seq., and the regulations promulgated
2 thereunder, 17 C.F.R. §§ 1.1 et seq. (2010).

3 10. Defendant People's Alternative, Inc. is a California corporation
4 established in November 2008 with a business address at 4125 Verdugo Road, Los
5 Angeles, California. PAI has acted as a commodity pool operator ("CPO") by
6 using pooled participant funds to trade commodity futures among its various
7 investment activities. PAI has never been registered with the Commission in any
8 capacity.
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11 11. Defendant Jaime Gallardo is the president of PAI and is responsible
12 for many of the key facets of PAI's operations, including the opening and
13 maintenance of most of PAI's bank and trading accounts. Gallardo resides in
14 Pasadena, California. Gallardo also has held himself out to be both the chief
15 executive officer and chief financial officer of PAI. Gallardo has never been
16 registered with the Commission in any capacity.
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19 12. Defendant Karl Ochoa has held himself out as the corporate secretary
20 of PAI. Ochoa resides in Los Angeles, California. Ochoa has never been
21 registered with the Commission in any capacity.
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23 13. Defendant Maria Dolores Iracheta has held herself out as both the
24 chief executive officer and the chief financial officer of PAI. Iracheta resides in
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1 Los Angeles, California. Iracheta has never been registered with the Commission
2 in any capacity.

3 4 **IV. STATUTORY BACKGROUND**

5 14. A “commodity pool” is defined in Regulation 4.10(d)(1), 17 C.F.R.
6 § 4.10(d)(1) (2010), as any investment trust, syndicate or similar form of
7 enterprise operated for the purpose of trading commodity interests.

8
9 15. A CPO is defined in Section 1a(5) of the Act, 7 U.S.C. § 1(a)(5)
10 (2006), as any person engaged in a business that is of the nature of an investment
11 trust, syndicate, or similar form of enterprise, and who, in connection therewith,
12 solicits, accepts or receives from others, funds, securities, or property, either
13 directly or through capital contributions, the sale of stock or other forms of
14 securities, or otherwise, for the purpose of trading in any commodity for future
15 delivery on or subject to the rules of any contract market or derivatives transaction
16 execution facility.
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19 16. An associated person (“AP”) of a CPO is defined in Regulation
20 1.3(aa)(3), 17 C.F.R. § 1.3(aa)(3) (2010), as a natural person associated with a
21 CPO “as a partner, officer, employee, consultant, or agent (or any natural person
22 occupying a similar status or performing similar functions), in any capacity which
23 involves (i) the solicitation of funds, securities, or property for a participation in a
24 commodity pool or (ii) the supervision of any person or persons so engaged.”
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1 17. A “participant” is defined in Regulation 4.10(c), 17 C.F.R. § 4.10(c)
2 (2010), as any person who has any direct financial interest in a commodity pool.

3
4 **V. DEFENDANTS’ FRAUDULENT SCHEME**

5 **A. The Pool Enterprise and the Solicitation of Participants**

6 18. From approximately November 2008 to the present, PAI, by and
7 through its agents, including but not limited to, Gallardo, Ochoa and Iracheta,
8 have been soliciting members of the general public to invest with PAI. PAI has
9 grown to include at least 98 participants. The participants’ funds have been
10 pooled and used to trade various financial instruments including, but not limited
11 to, commodity futures, forex, and securities.
12

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14 19. Gallardo, Ochoa and Iracheta have solicited individual prospective
15 participants and conducted group solicitation meetings. Gallardo, Ochoa and
16 Iracheta have told pool participants that PAI was investing in securities and
17 occasionally that PAI was also investing in gold. However, Gallardo, Ochoa and
18 Iracheta, either intentionally or recklessly, have failed to disclose to participants
19 and prospective participants that their funds would be or are being used to trade
20 commodity futures and forex, and have further failed to disclose the significant
21 risks of loss associated with such trading.
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24 20. PAI offers two different investment plans to pool participants, the
25 first for general investors (“General Pool”) and a second for prospective first-time
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1 low income homebuyers (“Homebuyer Pool”). Participants can invest any amount
2 in the General Pool, but are generally restricted to investments of \$1,000 in the
3 Homebuyer Pool. Gallardo and Ochoa have encouraged some investors to open
4 up lines of credit at banks or credit unions as a method to fund General Pool
5 investments. Additionally, Gallardo has represented that the investment returns on
6 General Pool investments would allow participants to pay off their outstanding
7 balances on any lines of credit within one (1) year.
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10 21. PAI customarily structures the transactions with participants using an
11 investment agreement. The General Pool Investment Agreement (“GPIA”)
12 provides for an investment term of six (6) months and the Homebuyer Pool
13 Investment Agreement (“HBIA”) provides for an investment term of over five (5)
14 years.
15

16 22. Both the GPIA and the HBIA acknowledge that PAI will sell shares
17 to the participant at a price of twenty dollars (\$20.00) per share, and PAI will
18 subsequently repurchase the shares from each participant at the termination of the
19 contract at a price of twenty dollars (\$20.00) per share. The GPIA and the HBIA
20 also provide on a “Best Effort basis” that PAI would earn between five percent
21 (5%) and ten percent (10%) per month for the General Pool investors and ten
22 percent (10%) per month for the Homebuyer Pool investors compounded monthly.
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26 The GPIA stated that dividends would be “payable in arrears through leveraged

1 trading programs” and the HBIA stated that dividends would be “compounded
2 monthly, through leveraged trading programs.” The HBIA also states that
3 Homebuyer Pool investors will forfeit their accrued dividends if the contract is
4 terminated prior to contract expiration, but will still receive their entire initial
5 \$1,000 investment back.
6

7 23. Because the GPIA and the HBIA both customarily state that upon
8 expiration or termination of the agreement, “the funds in account shall be
9 returned” to the General Pool or Homebuyer Pool investor and the “shares shall be
10 deemed resold to P.A.I,” PAI effectively guarantees no risk of loss of principal to
11 participants.
12

13
14 24. Both the GPIA and the HBIA fail to disclose that PAI was engaging
15 in commodity futures and forex trading and the significant risks of loss associated
16 with such trading.
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18 25. Neither the GPIA nor the HBIA authorize the use of any participant
19 funds for any form of compensation to Defendants.
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21 26. From at least November 2008 to date, approximately 98 participants
22 have invested at least \$1.2 million with Defendants.
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1 **B. PAI's Commodity Futures, Forex and Securities Trading**
2 **Accounts and Trading Losses**

3 27. Since November 2008, one or more of the Defendants have opened
4 and deposited participant funds in at least four (4) bank accounts in the name of
5 PAI at Bank of America, N.A. ("BOA").

6 28. Since April 2009, Gallardo and Ochoa opened four (4) commodity
7 futures trading accounts in the name of PAI at Rosenthal Collins Group LLC
8 ("RCG"), a registered futures commission merchant ("FCM"). Thus far over the
9 lifetime of these four accounts, the Defendants have deposited approximately
10 \$220,095 of participant funds in these accounts and withdrawn approximately
11 \$156,842. The accounts have lost approximately \$63,253 through trading, which
12 includes commissions and fees.

13 29. In April 2009, a fifth commodity futures trading account at RCG was
14 opened in the individual name of a PAI employee, Marie C. Gutierrez, who, upon
15 information and belief, is the sister of defendant Ochoa. Thus far, over the
16 lifetime of this account, the Defendants have deposited approximately \$96,326 in
17 the Gutierrez account, some of which is participant funds, and withdrawn
18 approximately \$37,507. The account has lost approximately \$58,819 through
19 trading, which includes commissions and fees.

20 30. In February and March 2009, Gallardo opened combined securities
21 and commodity futures trading accounts in the name of PAI at Interactive Brokers,
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1 LLC (“Interactive”), another registered FCM. Thus far over the lifetime of these
2 two Interactive accounts, the Defendants have deposited approximately \$135,000
3 in participant funds into these accounts and withdrawn approximately \$97,540.
4
5 The accounts have lost approximately \$32,784 through trading, which includes
6 commissions and fees.

7 31. In February 2009, Ochoa opened a forex trading account in the name
8 of PAI at Oanda Corporation (“Oanda”), a registered FCM located in Canada, and
9 in March 2009, Iracheta opened a second personal forex trading account at Oanda
10 in her own name. Both accounts at Oanda are funded with participant funds.

11
12 Thus far over the lifetime of these two accounts, the Defendants have deposited
13 approximately \$118,809 in participant funds and withdrawn approximately
14 \$17,190. The accounts have lost approximately \$101,588 through trading, which
15 includes commissions and fees.
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18 32. In April 2009, Gallardo and Ochoa opened a separate securities
19 trading account in the name of PAI at Morgan Stanley & Co. Incorporated. Thus
20 far, over the lifetime of this securities account, the Defendants have deposited
21 approximately \$372,638 in participant funds and withdrawn approximately
22 \$290,866. The account has gained approximately \$221,693 through trading,
23 which includes commissions and fees.
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1 33. Overall, during the lifetime of all trading accounts described in
2 paragraphs 27 through 32 above, in the aggregate, Defendants have lost
3 approximately \$120,160 trading commodity futures, \$101,588 trading forex, but
4 gained approximately \$186,998 trading securities.
5

6 34. The Defendants have failed to disclose, either intentionally or
7 recklessly, the full extent of their trading losses described in paragraphs 28
8 through 32 to PAI's participants and prospective participants.
9

10 35. From at least November 2009 to the present, the Defendants have
11 ceased to pay monthly dividend payments to most, if not all, participants in both
12 the General Pool and the Homebuyer Pool.
13

14 **C. The Nature of the Forex Transactions**

15 36. Neither Defendants nor the purported counterparties to the forex
16 transactions were financial institutions, registered broker dealers, insurance
17 companies, financial holding companies, or investment bank holding companies
18 or the associated persons of financial institutions, registered broker dealers,
19 insurance companies, financial holding companies, or investment bank holding
20 companies.
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23 37. Most of Defendants' customers were not "eligible contract
24 participants" as that term is defined in Section 1a(12)(A)(xi) of the Act, 7 U.S.C.
25 § 1a(12) (2006) (an "eligible contract participant," as relevant here, is an
26

1 individual with total assets in excess of (i) \$10 million, or (ii) \$5 million and who
2 enters the transaction “to manage the risk associated with an asset owned or
3 liability incurred, or reasonably likely to be owned or incurred, by the
4 individual”).
5

6 38. The forex transactions engaged in by Iracheta and Ochoa on behalf of
7 PAI’s participants were entered into on a leveraged or margined basis. Iracheta
8 and Ochoa were required to provide only a percentage of the value of the forex
9 contracts that they purchased.
10

11 39. The forex transactions engaged in by Iracheta and Ochoa on behalf of
12 PAI’s participants neither resulted in delivery within two days nor created an
13 enforceable obligation to deliver between a seller and a buyer that had the ability
14 to deliver and accept delivery, respectively, in connection with their lines of
15 business. Rather, these forex contracts remained open from day to day and
16 ultimately were offset without anyone making or taking delivery of actual
17 currency (or facing an obligation to do so).
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20 **D. Misappropriation of Participant Funds**
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22 40. Between at least November 2008 and the present, Gallardo, Ochoa
23 and Iracheta together have misappropriated at least \$533,000 of participant funds
24 and used those funds for personal purposes such as automobile expenses,
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1 mortgage payments, entertainment expenses, debit card purchases, ATM or cash
2 withdrawals, travel expenses and retail and food purchases.

3 **E. Failure to Provide Required Books and Records**

4 41. Despite the Commission's multiple requests to PAI and Gallardo that
5 PAI produce required books and records, both PAI and Gallardo have failed to
6 produce them in violation of the Act and Regulations. In so doing, Gallardo has
7 knowingly induced, directly or indirectly, PAI's violation of the Act and
8 Regulations or has failed to act in good faith.
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11 **VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND**
12 **COMMISSION REGULATIONS**

13 **Count One**

14 **Violations of Sections 4b(a)(1)(A) and (C) of the Act, as amended by the**
15 **CRA:**

16 **Fraud by Misrepresentation and Misappropriation**

17 42. Paragraphs 1 through 41 are realleged and incorporated herein by
18 reference.

19 43. Regarding the pool's trading in commodity futures, Sections
20 4b(a)(1)(A) and (C) of the Act, as amended by the CRA, make it unlawful for any
21 person: (A) to cheat or defraud or attempt to cheat or defraud the other person; or
22 (C) willfully to deceive or attempt to deceive the other person by any means
23 whatsoever in regard to any order or contract or the disposition or execution of
24 any order or contract, or in regard to any act of agency performed, with respect to
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1 any order or contract for the other person, in or in connection with any order to
2 make, or the making of, any contract of sale of any commodity in interstate
3 commerce or for future delivery that is made, or to be made, on or subject to the
4 rules of a designated contract market, for or on behalf of any person.
5

6 44. Defendants have cheated, defrauded or deceived or attempted to
7 cheat, defraud or deceive pool participants by, among other things: (a) failing to
8 disclose to participants and prospective participants that their funds would be or
9 were being used to trade commodity futures and forex; (b) misrepresenting that
10 participants would not lose their principal and otherwise failing to disclose to
11 participants and prospective participants the significant risks of loss associated
12 with trading commodity futures and forex; (c) failing to disclose trading losses to
13 participants and prospective participants; and (d) misappropriating participant
14 funds for their personal uses.
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18 45. Defendants intentionally or recklessly engaged in the acts and
19 practices described in this Count One.
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21 46. Defendants therefore have violated Sections 4b(a)(1)(A) and (C) of
22 the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1) (A).
23

24 47. The foregoing acts, misrepresentations, omissions, and failures of
25 Gallardo, Ochoa and Iracheta, as described in this Count One, occurred within the
26 scope of their employment with PAI; therefore, PAI is liable for these acts in

1 violation of the Act as alleged in this count pursuant to Section 2(a)(1)(B) of the
2 Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

3 48. During all relevant times, Gallardo directly or indirectly controlled
4 PAI and did not act in good faith or knowingly induced, directly or indirectly, the
5 acts constituting PAI's violations alleged in this Count One. Gallardo is therefore
6 liable for PAI's violations described in this Count to the same extent as PAI,
7 pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b)(2006).
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10 49. Each act of omission of a material fact, misrepresentation and
11 misappropriation of funds, including, but not limited to, those specifically alleged
12 herein, is alleged as a separate and distinct violation of Sections 4b(a)(1)(A) and
13 (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1) (A).
14

15 **Count Two**

16 **Violations of Sections 4b(a)(2)(A) and (C) of the Act, as amended by the**
17 **CRA:**

18 **Fraud by Misrepresentation and Misappropriation**

19 50. Paragraphs 1 through 41 are realleged and incorporated herein by
20 reference.
21

22 51. Regarding the Defendants' retail forex transactions, Sections
23 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, make it unlawful for any
24 person: (A) to cheat or defraud or attempt to cheat or defraud the other person; or
25 (C) willfully to deceive or attempt to deceive the other person by any means
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1 whatsoever in regard to any order or contract or the disposition or execution of
2 any order or contract, or in regard to any act of agency performed, with respect to
3 any order or contract for the other person, in or in connection with any order to
4 make, or the making of, any contract of sale of any commodity for future delivery,
5 or other agreement, contract, or transaction subject to paragraphs (1) and (2) of
6 section 5a(g), that is made, or to be made, for or on behalf of, or with, any other
7 person, other than on or subject to the rules of a designated contract .
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10 52. Defendants have cheated, defrauded or deceived or attempted to
11 cheat, defraud or deceive General Pool and Homebuyer Pool participants by,
12 among other things: (a) failing to disclose to participants and prospective
13 participants that their funds would be or were being used to trade commodity
14 futures and forex; (b) misrepresenting that participants would not lose their
15 principal and otherwise failing to disclose to participants and prospective
16 participants the significant risks of loss associated with trading commodity futures
17 and forex; (c) failing to disclose trading losses to participants and prospective
18 participants; and (d) misappropriating participant funds for their personal uses.
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22 53. Defendants intentionally or recklessly engaged in the acts and
23 practices described in this Count Two.
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1 54. Defendants therefore have violated Sections 4b(a)(2)(A) and (C) of
2 the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and
3 (C).

4
5 55. The foregoing acts, misrepresentations, omissions, and failures of
6 Gallardo, Ochoa and Iracheta, as described in this Count Two, occurred within the
7 scope of their employment with PAI; therefore, PAI is liable for these acts in
8 violation of the Act as alleged in this count pursuant to Section 2(a)(1)(B) of the
9 Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2.

10
11 56. During all relevant times, Gallardo directly or indirectly controlled
12 PAI and did not act in good faith or knowingly induced, directly or indirectly, the
13 acts constituting PAI's violations alleged in this Count Two. Gallardo is therefore
14 liable for PAI's violations described in this Count to the same extent as PAI,
15 pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

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18 57. Each act of omission of a material fact, misrepresentation and
19 misappropriation of funds, including, but not limited to, those specifically alleged
20 herein, is alleged as a separate and distinct violation of Sections 4b(a)(2)(A) and
21 (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)
22 and (C).

Count Three

**Violations of Section 4q(1)(A) and (B) of the Act:
Fraud by a CPO and APs of a CPO**

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4 58. Paragraphs 1 through 41 are realleged and incorporated herein by
5 reference.

6 59. During all relevant times, PAI acted as a CPO by engaging in a
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8 business that is of the nature of an investment trust, syndicate, or similar form of
9 enterprise and in connection therewith, solicited, accepted or received funds,
10 securities, or property from others for the purpose of trading in any commodity for
11 future delivery on or subject to the rules of any contract market or derivatives
12 transaction execution facility.

13
14 60. During all relevant times, Gallardo, Ochoa and Iracheta each acted as
15 APs of a CPO by associating with PAI as a partner, officer, employee, consultant,
16 or agent (or occupying a similar status or performing similar functions), in a
17 capacity which involved (i) the solicitation of funds, securities, or property for a
18 participation in a commodity pool or (ii) the supervision of any person or persons
19 so engaged.
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22 61. Section 4q(1) of the Act, in relevant part, prohibits a CPO or an AP
23 of a CPO, from directly or indirectly employing any device, scheme, or artifice to
24 defraud any participant or prospective participants, or engaging in any transaction,
25 practice or course of business that operates as a fraud or deceit upon any
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1 participant or prospective participants, by using the mails or other means or
2 instrumentality of interstate commerce.

3 62. As set forth above, PAI, acting as a CPO, and Gallardo, Ochoa and
4 Iracheta, each acting as an AP of a CPO, have defrauded and deceived General
5 Pool and Homebuyer Pool participants by, among other things: (a) failing to
6 disclose to participants and prospective participants that their funds would be or
7 were being used to trade commodity futures and forex; (b) misrepresenting that
8 participants would not lose their principal and otherwise failing to disclose to
9 participants and prospective participants the significant risks of loss associated
10 with trading commodity futures and forex (c) failing to disclose trading losses to
11 participants and prospective participants; and (d) misappropriating participant
12 funds for their personal use, all in violation of Sections 4o(1)(A) and (B) of the
13 Act, 7 U.S.C. §§ 6o(1)(A) and (B).

14 63. Defendants intentionally or recklessly engaged in the acts and
15 practices described in this Count Three.

16 64. The foregoing acts, misrepresentations, omissions, and failures of
17 Gallardo, Ochoa and Iracheta occurred within their scope of their employment
18 with PAI; therefore, PAI is liable for these acts in violation of the Act, as alleged
19 in this count, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. §2(a)(1)(B), and
20 Regulation 1.2, 17 C.F.R. § 1.2.
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1 and address of each participant and a ledger of all funds the pool received from or
2 distributed to participants, (d) a ledger of all asset, liability, capital, income and
3 expense accounts, and (e) all cancelled checks, bank statements, journals, ledgers
4 and all other records, data and memoranda prepared or received in connection
5 with the operation of the pool. Such books and records must be made and kept in
6 an accurate, current and orderly manner.
7

8
9 79. Beginning on February 3, 2010, and continuing through the present,
10 PAI violated Regulations 1.31 and 4.23, 17 C.F.R. §§ 1.31 and 4.23, by: refusing
11 to, upon request of the Commission, produce its books and records, including, but
12 not limited to, books and records that would show (a) itemized daily records of
13 commodity interest transactions, (b) all receipts and disbursements of money,
14 securities and other property, (c) the name and address of each participant and a
15 ledger of all funds the pool received from or distributed to participants, (d) a
16 ledger of all asset, liability, capital, income and expense accounts, and (e) all
17 cancelled checks, bank statements, journals, ledgers and all other records, data and
18 memoranda prepared or received in connection with the operation of the pool.
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22 80. During all relevant times, Gallardo directly or indirectly controlled
23 PAI and did not act in good faith or knowingly induced, directly or indirectly, the
24 acts constituting PAI's violations alleged in this Count Six. Gallardo is therefore
25
26

1 liable for PAI's violations described in this Count to the same extent as PAI,
2 pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b)(2006).

3 81. Each day PAI and Gallardo failed to comply with the Commission's
4 request to produce PAI's books and records is alleged as a separate and distinct
5 violation of Regulations 1.31 and 4.23, 17 C.F.R. §§ 1.31 and 4.23.
6

7 **VII. RELIEF REQUESTED**

8
9 WHEREFORE, the Commission respectfully requests that this Court, as
10 authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to its own
11 equitable powers:
12

13 A. Find Defendants liable for violating Sections 4b(a)(1)(A) and (C) and
14 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at
15 7 U.S.C. §§ 6b(a)(1)(A) and (C) and 6b(a)(2)(A) and (C), and Sections 4o(1)(A)
16 and (B), 4m(1) and 4k(2) of the Act, 7 U.S.C. §§ 6o(1)(A) and (B), 6m(1) and
17 6k(2) (2006);
18

19 B. Find PAI and Gallardo liable for violating Regulations 1.31 and 4.23,
20 17 C.F.R. §§ 1.31 and 4.23 (2010);
21

22 C. Enter an ex parte statutory restraining order and preliminary
23 injunction pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1 (2006),
24 restraining Defendants and all persons insofar as they are acting in the capacity of
25 Defendants' and agents, servants, successors, employees, assigns, and attorneys,
26

1 and all persons insofar as they are acting in active concert or participation with
2 them who receive actual notice of such order by personal service or otherwise,
3 from directly or indirectly:

4
5 1. destroying, mutilating, concealing, altering or disposing of any
6 books and records, documents, correspondence, brochures, manuals,
7 electronically stored data, tape records or other property of Defendants,
8 wherever located, including all such records concerning Defendants'
9 business operations;

10
11 2. refusing to permit authorized representatives of the
12 Commission to inspect, when and as requested, any books and records,
13 documents, correspondence, brochures, manuals, electronically stored data,
14 tape records or other property of Defendants, wherever located, including
15 all such records concerning Defendants' business operations; and
16
17

18 3. withdrawing, transferring, removing, dissipating, concealing or
19 disposing of, in any manner, any funds, assets, or other property belonging
20 to or within the custody, control or actual or constructive possession of the
21 Defendants, wherever situated, including but not limited to, all funds,
22 personal property, money or securities held in safes or safety deposit boxes
23 and all funds on deposit in any financial institution, bank or savings and
24 loan;
25
26

1 D. Enter an order directing that Defendants make an accounting to the
2 Court of all of Defendants' assets and liabilities, together with all funds
3 Defendants received from and paid to pool participants and other persons in
4 connection with forex, commodity futures and options transactions or purported
5 forex, commodity futures and options transactions, including the names, mailing
6 addresses, email addresses and telephone numbers of any such persons from
7 whom they received such funds from January 2008 to the date of such accounting,
8 and all disbursements for any purpose whatsoever of funds received from pool
9 participants, including salaries, commissions, fees, loans and other disbursements
10 of money and property of any kind, from January, 2008 to and including the date
11 of such accounting;
12
13
14

15 E. Enter an order requiring Defendants immediately to identify and
16 provide an accounting for all assets and property that they currently maintain
17 outside the United States, including, but not limited to, all funds on deposit in any
18 financial institution, futures commission merchant, bank, or savings and loan
19 accounts held by, under the actual or constructive control of, or in the name of any
20 or all the Defendants, whether jointly or otherwise, and requiring them to
21 repatriate all funds held in such accounts by paying them to the Registry of the
22 Court, or as otherwise ordered by the Court, for further disposition in this case.
23
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1 F. Enter orders of preliminary and permanent injunction enjoining
2 Defendants and all persons insofar as they are acting in the capacity of their
3 agents, servants, employees, successors, assigns, and attorneys, and all persons
4 insofar as they are acting in active concert or participation with Defendants who
5 receive actual notice of such order by personal service or otherwise, from directly
6 or indirectly:
7

8 1. engaging in conduct in violation of Sections 4b(a)(1)(A) and
9 (C) and 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be
10 codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C) and 6b(a)(2)(A) and (C),
11 Sections 4o(1)(A) and (B), 4m(1) and 4k(2) of the Act, 7 U.S.C.
12 §§ 6o(1)(A) and (B), 6m(1) and 6k(2) (2006), and Regulations 1.31 and
13 4.23, 17 C.F.R. §§ 1.31 and 4.23 (2010);
14

15 2. trading on or subject to the rules of any registered entity (as
16 that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29) (2006);
17

18 3. entering into any transactions involving commodity futures,
19 options on commodity futures, commodity options (as that term is defined
20 in Regulation 32.1(b)(1), 17 C.F.R. § 32.1(b)(1)) (2010) (“commodity
21 options”), and/or foreign currency (as described in Sections 2(c)(2)(B) and
22 2(c)(2)(C)(i) of the Act, as amended by the CRA, to be codified at 7 U.S.C.
23 §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for any personal or
24
25
26

1 proprietary account or for any account in which they have a direct or
2 indirect interest;

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

5 5. controlling or directing the trading for or on behalf of any other
6 person or entity, whether by power of attorney or otherwise, in any account
7 involving commodity futures, options on commodity futures, commodity
8 options, and/or forex contracts;

9 6. soliciting, receiving, or accepting any funds from any person
10 for the purpose of purchasing or selling any commodity futures, options on
11 commodity futures, commodity options, and/or forex contracts;

12 7. applying for registration or claiming exemption from
13 registration with the Commission in any capacity, and engaging in any
14 activity requiring such registration or exemption from registration with the
15 Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R.
16 § 4.14(a)(9) (2010); and

17 8. acting as a principal (as that term is defined in Regulation
18 3.1(a), 17 C.F.R. § 3.1(a)(2010)), agent or any other officer or employee of
19 any person (as that term is defined in Section 1a(28) of the Act, 7 U.S.C.
20 § 1a(28) (2006)) registered, exempted from registration or required to be
21
22
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1 registered with the Commission, except as provided for in Regulation
2 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2010);

3 G. Enter an order requiring Defendants to disgorge to any officer
4 appointed or directed by the Court or directly to the pool participants all benefits
5 received including, but not limited to, salaries, commissions, loans, fees, revenues
6 and trading profits derived, directly or indirectly, from acts or practices which
7 constitute violations of the Act as described herein, including pre-judgment
8 interest;
9
10

11 H. Enter an order directing Defendants and any successors thereof to
12 rescind, pursuant to such procedures as the Court may order, all contracts and
13 agreements, whether implied or express, entered into between them and any of the
14 customers whose funds were received by them as a result of the acts and practices
15 which constituted violations of the Act as described herein;
16
17

18 I. Enter an order directing Defendants to make full restitution to every
19 person or entity whose funds Defendants received or caused another person or
20 entity to receive as a result of acts and practices that constituted violations of the
21 Act, as described herein, and pre- and post-judgment interest thereon from the date
22 of such violations;
23

24 J. Enter an order directing each Defendant to pay a civil monetary
25 penalty in amounts of not more than the greater of (1) triple the monetary gain to
26

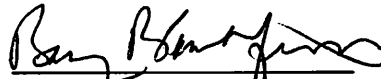
1 Defendants for each violation of the Act or (2) \$130,000 for each violation of the
2 Act from October 23, 2004 through October 22, 2008, and/or \$140,000 for each
3 violation of the Act on or after October 23, 2008 and pre- and post-judgment
4 interest thereon from the date of such violations;
5

6 K. Enter an order requiring Defendants to pay costs and fees as
7 permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2006); and
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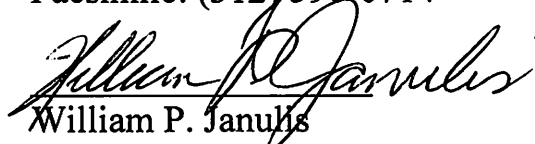
1 L. Enter an order providing such other and further relief as this Court
2 may deem necessary and appropriate under the circumstances.
3
4

5
6 Date: September 21, 2010

Respectfully submitted,



Barry Blankfield
bblankfield@cftc.gov
Senior Trial Attorney
Commodity Futures Trading
Commission
525 West Monroe Street, Suite 1100
Chicago, Illinois 60661
(312) 596-0525
Facsimile: (312) 596-0714



William P. Janulis
wjanulis@cftc.gov
Senior Trial Attorney
(312) 596-0545



Rosemary Hollinger
rhollinger@cftc.gov
Associate Director
(312) 596-0520

Name & Address:

Barry Blankfield, IL ARDC No. 6203785
William P. Janulis, IL ARDC No. 1326449
Rosemary Hollinger, IL ARDC No. 03123647
Commodity Futures Trading Commission
525 W. Monroe St., #1100
Chicago, IL 60061 phone (312) 596-0545 fax (312) 596-0714

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

U.S. Commodity Futures Trading Commission

CASE NUMBER

PLAINTIFF(S)

CV10 7013 -GAFLEX

v.

People's Alternative, Inc., Jaime Gallardo, Karl Ochoa,
and Maria Dolores Iracheta

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): PEOPLE'S ALTERNATIVE, INC. c/o JAIME GALLARDO, PRESIDENT, 1523 PALOMA ST., PASADENA, CA 91104

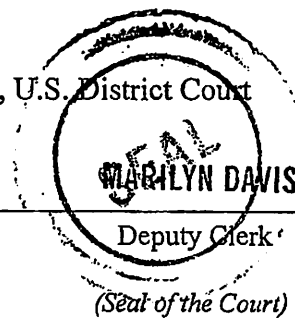
A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Barry R. Blankfield, whose address is 525 W. Monroe, Suite 1100, Chicago, IL 60661. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: 21 SEP 2010

By: _____



MARILYN DAVIS
Deputy Clerk
(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

Name & Address:

Barry Blankfield, IL ARDC No. 6203785
William P. Janulis, IL ARDC No. 1326449
Rosemary Hollinger, IL ARDC No. 03123647
Commodity Futures Trading Commission
525 W. Monroe St., #1100
Chicago, IL 60061 phone (312) 596-0545 fax (312) 596-0714

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

U.S. Commodity Futures Trading Commission

CASE NUMBER

PLAINTIFF(S)

CV 10 7013 -GAF (EX)

v.

People's Alternative, Inc., Jaime Gallardo, Karl Ochoa,
and Maria Dolores Iracheta

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): JAIME GALLARDO, 1523 PALOMA ST., PASADENA,
CA 91104

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Barry R. Blankfield, whose address is 525 W. Monroe, Suite 1100, Chicago, IL 60661. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: 21 SEP 2010

By: *Manish Kumar*
Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

Name & Address:

Barry Blankfield, IL ARDC No. 6203785
William P. Janulis, IL ARDC No. 1326449
Rosemary Hollinger, IL ARDC No. 03123647
Commodity Futures Trading Commission
525 W. Monroe St., #1100
Chicago, IL 60061 phone (312) 596-0545 fax (312) 596-0714

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

U.S. Commodity Futures Trading Commission

CASE NUMBER

PLAINTIFF(S)

CV 10 7013 - GAF (EX)

v.

People's Alternative, Inc., Jaime Gallardo, Karl Ochoa,
and Maria Dolores Iracheta

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): MARIA IRACHETA, 5178 ITHACA AVE.
LOS ANGELES, CA 90032

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Barry R. Blankfield, whose address is 525 W. Monroe, Suite 1100, Chicago, IL 60661. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: 21 SEP 2010

By: *Manly Ann*
Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

Name & Address:

Barry Blankfield, IL ARDC No. 6203785
William P. Janulis, IL ARDC No. 1326449
Rosemary Hollinger, IL ARDC No. 03123647
Commodity Futures Trading Commission
525 W. Monroe St., #1100
Chicago, IL 60061 phone (312) 596-0545 fax (312) 596-0714

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

U.S. Commodity Futures Trading Commission

CASE NUMBER

PLAINTIFF(S)

CV10 7013 - GAFLEX

v.

People's Alternative, Inc., Jaime Gallardo, Karl Ochoa,
and Maria Dolores Iracheta

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): KARL OCHOA, 1716 N. AVENUE 54,
LOS ANGELES, CA 90042

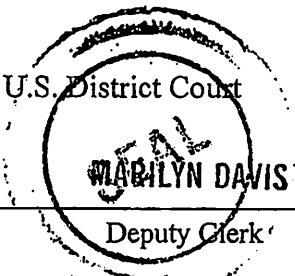
A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Barry R. Blankfield, whose address is 525 W. Monroe, Suite 1100, Chicago, IL 60661. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Dated: 21 SEP 2010

Clerk, U.S. District Court

By: _____



(Seat of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) U.S. Commodity Futures Trading Commission	DEFENDANTS People's Alternative, Inc., Jaime Gallardo, Karl Ochoa, and Maria Iracheta
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Barry R. Blankfield, William Janulis, and Rosemary Hollinger U.S. Commodity Futures Trading Commission, 525 W. Monroe, Suite 1100 Chicago, IL 60661 phone: (312) 596-7000	Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.) <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:40%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td align="center"><input type="checkbox"/> 1</td> <td align="center"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td align="center"><input type="checkbox"/> 4</td> <td align="center"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td align="center"><input type="checkbox"/> 2</td> <td align="center"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td align="center"><input type="checkbox"/> 5</td> <td align="center"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td align="center"><input type="checkbox"/> 3</td> <td align="center"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td align="center"><input type="checkbox"/> 6</td> <td align="center"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.)

1 Original Proceeding
 2 Removed from State Court
 3 Remanded from Appellate Court
 4 Reinstated or Reopened
 5 Transferred from another district (specify): _____
 6 Multi-District Litigation
 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No MONEY DEMANDED IN COMPLAINT: \$ _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 7 U.S.C., Section 13a-1; Injunctive action for violations of anti-fraud and other provisions of the Commodity Exchange Act

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	CONTRACT <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	TORTS PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	TORTS PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FORFEITURE/RENEWAL <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROBATION RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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CV 10 7013

FOR OFFICE USE ONLY: Case Number: _____
 AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? No Yes
If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.

Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.

Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
All defendants: Los Angeles County	

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.

Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): *Bryan R. Blankenship* Date 21 SEPTEMBER 2010

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Gary A. Feess and the assigned discovery Magistrate Judge is Charles Eick.

The case number on all documents filed with the Court should read as follows:

CV10- 7013 GAF (Ex)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

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NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.