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UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

Proceedings
Proceedings Clerk

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In the Matter of)

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)
Craig Alan Riley and Pressio)
Capital Management, LP,)

)
)
Respondents.)
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_____)

CFTC Docket No. 10- 06

**ORDER INSTITUTING PROCEEDINGS PURSUANT TO
SECTIONS 6(c) and 6(d) OF THE COMMODITY EXCHANGE ACT, AS
AMENDED, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS**

I.

The Commodity Futures Trading Commission (“Commission”) has reason to believe that Craig Alan Riley and Pressio Capital Management, LP (“Respondents”) have violated Sections 4b(a)(2)(i)-(iii), 4o(1) 4m(1), and 4k(2) of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 6b(a)(2)(i)-(iii), 6o(1), 6m(1) and 6k(2) (2006), and Commission Regulations 4.20(a) and (c) and 4.21(a), 17 C.F.R. §§ 4.20(a) and (c) and 4.21(a) (2008). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein, and to determine whether any order should be issued imposing remedial sanctions.

II.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Without admitting or denying the findings of fact herein, Respondents acknowledge service of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, as Amended, Making Findings and Imposing Remedial Sanctions (“Order”).¹

¹ Respondents consent to the entry of this Order, and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondents do not consent to the use of the Offer, or the findings consented to in this Order, as the sole basis for any other proceeding brought by the Commission, other than a proceeding in bankruptcy or to enforce the terms of this Order. Nor do Respondents consent to the use of the Offer or

III.

The Commission finds the following:

A. Summary

Beginning in the fall of 2006 and continuing through February 2008 (the “relevant period”), Pressio Capital Management, LP (“PCM”), acting as an unregistered Commodity Pool Operator (“CPO”), and Craig Alan Riley (“Riley”), acting as an unregistered Associated Person (“AP”) of PCM, fraudulently operated a commodity pool, known as Pressio LP, the purpose which was to trade a variety of instruments, including commodity futures contracts. Respondents fraudulently solicited approximately \$3 million from approximately nineteen individuals to participate in the pool, by falsely representing that the pool would be a conservative, diversified balanced asset fund. Contrary to his claims, however, Riley traded almost exclusively in commodity futures contracts.

Riley lost approximately \$2.5 million of the pool participants’ funds trading futures contracts. Riley misappropriated the remainder, approximately \$529,000, which he primarily used to pay for personal and business expenses, and also to pay back some pool participants. Respondents concealed the trading losses and misappropriation through the issuance of false statements to the pool participants.

In addition, PCM failed to register with the Commission as a CPO, and Riley failed to register as an AP of PCM, as required under the Act. PCM also failed to operate the pool as a separate legal entity, commingled pool participant funds with Riley’s personal funds, and failed to provide required Disclosure Documents.

B. Respondents

Craig Alan Riley resides in Ladera Ranch, California. Riley has never been registered with the Commission in any capacity. In a related criminal action, on January 12, 2009, Riley entered a plea agreement in the United States District Court for the Central District of California in which he admitted he was guilty of fraud in connection with a scheme to defraud or obtain money or property by means of materially false pretenses, representations or promises. Criminal restitution was set at \$3,044,384.59. *United States v. Riley*, Case No. SA CR 09-0001 (C.D. Cal. filed Jan. 12, 2009).

Pressio Capital Management, LP is a Texas Limited Partnership formed in 2006 and owned and controlled by Riley.

this Order, or the findings consented to in the Offer or this Order, by any other party in any other proceeding.

C. Facts

In the summer of 2006, Respondents formed the commodity pool, Pressio LP. PCM was the General Partner of Pressio LP, with full and exclusive control of the management and conduct of the pool. Riley owned and controlled PCM and was responsible for the pool's investment activities. According to the Offering Memorandum for Pressio LP, PCM would receive an incentive allocation of 25% of net profit allocated to each pool participant. Respondents did not provide prospective pool participants with a Disclosure Document. Respondents initially operated out of Austin, Texas and then Newport Beach, California.

During the relevant period, Respondents successfully solicited approximately \$3 million from approximately nineteen individuals to participate in the Pressio LP commodity pool. In his solicitations, Riley emphasized that he would operate Pressio LP as a conservative, diversified, balanced asset fund. However, contrary to his representations to prospective pool participants and without the pool participants' knowledge or consent, Riley traded the pool funds almost exclusively in commodity futures contracts.

Instead of directing pool participants' funds into accounts in the name of the pool, as required, Riley directed these funds into his personal bank account, as well as into bank accounts of PCM and another entity he controlled. He then transferred the majority of the funds into commodity futures trading accounts at two Futures Commission Merchants ("FCMs") registered with the Commission, and traded primarily S&P 500 futures contracts in those accounts. At a precipitous rate, Riley lost approximately \$2,515,000 trading. Although he generated no profits, Riley withdrew pool participants' funds, approximately \$529,000, for his personal use and to repay other participants in the manner of a Ponzi scheme.

To conceal the risky nature of the pool's investment, his trading losses and misappropriation, Riley created and mailed fictitious quarterly "Individual Account Statements" to pool participants purporting to reflect the pool participants' positive rate of return. Moreover, in an attempt to further the fraud, and knowing he already lost funds trading or misappropriated them, Riley persuaded participants to make additional contributions after they received their quarterly statements reflecting their purported profits.

IV. LEGAL DISCUSSION

A. **Sections 4b(a)(2)(i)-(iii) of the Act:** **Fraud by Misrepresentations, Omissions, Misappropriation and False Statements**

Prior to being revised in June 2008,² Sections 4b(a)(2)(i)-(iii) of the Act provided that it was unlawful:

for any person in or in connection with any order to make, or the making of any contract or sale of any commodity for future delivery, made or to be made, for or on behalf of any other person if such contract for future delivery is or may be used for [one of the enumerated purposes herein] (i) to cheat or defraud or attempt to cheat or defraud such other person; (ii) willfully to make or cause to be made to such other person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record thereof; [or] (iii) to willfully deceive or attempt to deceive such other person by any means whatsoever in regard to such order or contract or the disposition or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract for such person.

7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006).

Respondents, through misrepresentations, omissions, misappropriation, and the issuance of false account statements, violated Sections 4b(a)(2)(i)-(iii) of the Act.

1. **Fraud by Misrepresentations and Omissions**

To prove that a respondent has violated Sections 4b(a)(2)(i) and (iii) of the Act by misrepresentations or omissions, the Commission need only show that: 1) the respondent misrepresented or deceptively omitted certain information regarding

² The June 2008 legislation reauthorizing the CFTC revised Section 4b of the Act, among other things. See Section 1302 of the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 (“CRA”). The objective of the revision was to “clarify that the CEA gives the Commission the authority to bring fraud actions in off-exchange ‘principal-to-principal’ futures transactions.” H.R. REP. NO. 110-627, at 981 (2008) (Conf. Rep.). While the CRA did not change the Act’s prohibition on misconduct such as that at issue here, it reorganized Section 4b so that similar misconduct occurring on or after June 18, 2008 would be in 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).

commodity futures trading; 2) that the misrepresentation or omission was “material;” and 3) the respondent knew the information was false and calculated to cause harm or recklessly disregarded the truth or falsity of the information (in other words, that he acted with “scienter”). *Hammond v. Smith Barney Harris Upham & Co.*, [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 24,617 at 36,659 (CFTC Mar. 1, 1990); *In re JCC*, [1992-1994 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 26,080 at 41,568 (CFTC May 12, 1994), *aff’d sub nom. JCC, Inc. v. CFTC*, 63 F.3d 1557 (11th Cir. 1995); *CFTC v. R.J. Fitzgerald & Co., Inc.*, 310 F.3d 1321, 1328 (11th Cir. 2002), *cert. denied*, 543 U.S. 1034 (2004).

A statement is material if “it is substantially likely that a reasonable investor would consider the matter important in making an investment decision.” *Sudol v. Shearson Loeb Rhoades, Inc.*, [1984-1986 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 22,748 at 31,119 (CFTC Sept. 30, 1985) (*citing TSC Indus. Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976)); *R.J. Fitzgerald*, 310 F.3d at 1328 (same); *CFTC v. Rosenberg*, 85 F. Supp. 2d 424, 447 (D. N.J. 2000) (same); *see also Saxe v. E.F. Hutton & Co., Inc.*, 789 F.2d 105, 110 (2d Cir. 1986) (“material misrepresentations about the nature of the organization handling [an] account, the people [dealt] with, and the type of trading [the] funds were used for would be sufficient to state a cause of action pursuant to the CEA”) (*citing Psimenos v. E.F. Hutton & Co. Inc.*, 722 F.2d 1041 (2d Cir. 1986)); *Hirk v. Agri-Research Counsel Inc.*, 561 F.2d 96, 103-04 (7th Cir. 1977) (defendants violated Section 4b of the Act by making misrepresentations about the profitability of their commodity trading when soliciting customers); *CFTC v. Commonwealth Fin. Group, Inc.*, 874 F. Supp. 1345, 1353-54 (S.D. Fla. 1994) (misrepresentations regarding the trading record of a firm or broker are fraudulent because past success and experience are material factors to reasonable investors).

The scienter requirement is met when “highly unreasonable omissions or misrepresentations [are made]...that present a danger of misleading [customers] which is either known to the Defendant[s] or so obvious that Defendant[s] must have been aware of it.” *R.J. Fitzgerald*, 310 F.3d at 1328.

As found above, Respondents, through Riley, solicited prospective pool participants by misrepresenting the nature of the investment and claiming they would operate it as a conservative, diversified, and balanced asset fund when in fact, Riley failed to disclose that he was trading almost exclusively commodity futures contracts and misappropriating participant funds. Respondents, through Riley, also provided false account statements showing profitable returns from the purported conservative fund and used those statements to obtain additional funds for trading. Such misrepresentations and omissions are material in that a reasonable pool participant would want to know that Respondents were not trading the fund in a conservative, diversified, or balanced manner and that the account statements provided by Respondents misrepresented the value of pool participants’ investments and purported “returns” on those investments.

Riley committed these acts directly, and thus knew he was misrepresenting the trading, misappropriating funds, and providing false statements. Accordingly,

Respondents violated Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2006).

2. Fraud by Misappropriation

Respondents' misappropriation of pool participant funds violates Sections 4b(a)(2)(i) and (iii) of the Act. *CFTC v. Noble Wealth Data Info. Serv., Inc.*, 90 F. Supp. 2d 676, 687 (D. Md. 2000) (defendants defrauded investors by diverting investor funds for operating expenses and personal use), *aff'd in part, vacated in part, sub nom. CFTC v. Baragosh*, 278 F.3d 391 (4th Cir. 2002); *In re Slusser*, [1998-1999 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 27,701 at 48,315 (CFTC July 19, 1999), *aff'd in relevant part sub nom. Slusser v. CFTC*, 210 F.3d 783 (7th Cir. 2000) (respondents violated Section 4b by surreptitiously retaining money in their own bank accounts that should have been traded on behalf of participants); *CFTC ex rel. Kelley v. Skorupskas*, 605 F. Supp. 923, 932 (E.D. Mich. 1985) (defendant violated Section 4b(a) of the Act by misappropriating customer funds entrusted to her for trading commodity futures contracts).

Respondents, through Riley, used pool participant funds to pay personal and business expenses as well as to make distributions to other participants. Accordingly, Respondents misappropriated pool participant funds in violation of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2006).

3. Fraud by Issuance of False Statements

Issuing or causing to be issued false statements to investors concerning the profitability of commodity futures trading conducted on their behalf violates Section 4b(a)(2)(ii) of the Act. *CFTC v. Weinberg*, 287 F. Supp. 2d 1100, 1107 (C.D. Cal. 2003) (false and misleading statements as to the amount and location of investors' money violated Section 4b(a) of the Act); *CFTC v. Rosenberg*, 85 F. Supp. 2d 424, 448 (D. N.J. 2000); *CFTC ex rel. Kelley Skorupskas*, 605 F. Supp. 923, 932-33 (E.D. Mich. 1985) (defendant violated Section 4b(a) of the Act by issuing false monthly statements to customers); *CFTC v. Sorkin*, [1982-1984 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 21,855, at 27,585 (S.D.N.Y. Aug. 25, 1983) (distribution of account statements that falsely report trading activity or equity is a violation of Section 4b of the Act).

The written account statements that Respondents intentionally sent to pool participants showed that they were earning profits when they were actually losing money trading or their funds were being misappropriated. By knowingly issuing such false statements, Respondents violated Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii) (2006).

**B. Section 4o(1) of the Act:
Fraud by Commodity Pool Operators and Their Associated Persons**

Section 4o(1) of the Act, in relevant part, makes it unlawful for a CPO or an AP of a CPO, by using the mails or any means or instrumentality of interstate commerce, directly or indirectly: (a) to employ a device, scheme or artifice to defraud pool participants, or (b) to engage in a transaction or course of business that operated as a fraud or deceit upon pool participants. 7 U.S.C. § 6o(1) (2006). This section of the Act applies to all CPOs and their APs whether registered, required to be registered, or exempt from registration. *Skorupskas*, 605 F. Supp. at 932. Although scienter must be proved to establish violations of Sections 4b and 4o(1)(A) of the Act, it is not necessary to prove scienter to establish a violation of Section 4o(1)(B) of the Act. *See Messer v. E.F. Hutton & Co.*, 847 F.2d 673, 678-79 (11th Cir. 1988); *accord In re Kolter*, [1994-1996 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 26,262 (CFTC Nov. 8, 1994) (Commission cited *Messer* for this proposition with approval).

By operating a business in the nature of an investment pool, syndicate or similar form of enterprise and by soliciting, accepting or receiving funds for the purpose of trading commodity futures or options, PCM was acting as a CPO and Riley was acting as an AP. Section 1a(5) of the Act, 7 U.S.C. § 1a(5) (2006) (defining CPO), and Commission Regulation 1.3(aa)(3), 17 C.F.R. 1.3(aa)(3) (2008) (defining AP of a CPO). *See, e.g., Slusser*, ¶ 27,701 at 48,310 (respondent acted as a CPO when it accepted investment funds from individual investors who deposited funds in respondent's bank account for the purpose of trading in a commodity pool); *SEC v. Princeton Econ. Int'l*, 73 F. Supp. 2d 420, 424 (S.D.N.Y. 1999) (defendant acted as a CPO by commingling proceeds derived from sale of notes to customers in a commodity pool).

The same fraudulent conduct that violates Section 4b(a) of the Act, the fraudulent solicitations, misappropriation and issuance of false statements set forth above, also violates Section 4o(1). *Skorupskas*, 605 F. Supp. at 932-33. Accordingly, Respondents violated Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006).

**C. Section 4m(1) of the Act:
Failure to Register as a Commodity Pool Operator**

Section 1a(5) of the Act defines a CPO 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 or the sale of stock, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market. Section 4m(1) of the Act provides that it is unlawful for any CPO, unless registered under the Act, to make use of the mails or any instrumentality of interstate commerce in connection with its CPO business. 7 U.S.C. § 6m(1) (2006).

PCM, acting as a CPO, accepted funds from individuals for purposes of participating in a pool. Those funds were transferred through interstate commerce by

wire from the bank accounts controlled by Respondents to commodity trading accounts maintained at two FCMs. See *CFTC v. Wall St. Underground, Inc.*, 281 F. Supp. 2d 1260, 1270 (D. Kan. 2003) (commodity trading advisors used mails and other instrumentalities of interstate commerce by making extensive use of telephones, facsimile transmissions and emails in the course of marketing their trading systems). Thus, PCM, violated Section 4m(1) of the Act by using an instrumentality of interstate commerce while failing to register with the Commission as a CPO.

**D. Section 4k(2) of the Act:
Failure to Register as an Associated Person**

Section 4k(2) of the Act prohibits any person from being associated with a CPO as a partner, officer, employee, consultant or agent in any capacity that involves the solicitation of funds for participation in a commodity pool, unless such person is registered with the Commission as an AP of the commodity pool. 7 U.S.C. § 6k(2) (2006). Section 4k(2) further provides that it shall be unlawful for a CPO to permit such person to become or remain associated with the CPO in any such capacity if the CPO knew or should have known that such person was not so registered.

Riley solicited all of the money invested in PCM's commodity pool, but failed to register as an AP. Therefore, he violated Section 4k(2) of the Act. PCM also violated Section 4k(2) by allowing Riley to act as an unregistered AP of PCM when it knew or should have known that he was not registered with the Commission.

**E. Commission Regulation 4.20(a):
Failure to Operate a Pool as a Separate Legal Entity**

Commission Regulation 4.20(a)(1) provides that a "commodity pool operator must operate its pool as an entity cognizable as a legal entity separate from that of the pool operator." 17 C.F.R. § 4.20(a)(1) (2008). PCM accepted and traded pool participant funds in its own name and the name of Riley and failed to operate the pool as a separate legal entity. PCM thus violated Commission Regulation 4.20(a)(1).

**F. Commission Regulation 4.20(c):
Commingling Pool Funds**

Commission Regulation 4.20(c) states that "No commodity pool operator may commingle the property of any pool that it operates or that it intends to operate with the property of any other person." 17 C.F.R. § 4.20(c) (2008). PCM, through Riley, deposited pool participants' funds into bank accounts in Riley's name and in PCM's name. PCM and thus violated Commission Regulation 4.20(c).

**G. Commission Regulation 4.21(a):
Failure to Provide Disclosure Documents**

Commission Regulation 4.21(a) provides that each CPO registered or required to be registered must deliver or cause to be delivered to a prospective participant of a pool that it operates or intends to operate a Disclosure Document for the pool by no later than

the time it delivers to the prospective participant a subscription agreement for the pool. 17 C.F.R. § 4.21(a) (2008). PCM failed to provide a Disclosure Document to prospective pool participants and thus violated Commission Regulation 4.21(a).

**H. Sections 2(a)(1)(B) and 13(b) of the Act:
Respondents' Derivative Liability for Each Other's Violations**

The acts, misrepresentations, misappropriations and failures of Riley in violation of the Act, as discussed above, occurred within the scope of his agency with PCM. Therefore, PCM is liable for these acts pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006).

Riley, as PCM's owner, controlled PCM and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting PCM's violations of the Act and Commission Regulations, as discussed above. Consequently, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006), Riley is liable for PCM's violations of the Act and Commission Regulations to the same extent as PCM.

V.

FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that Respondents violated Sections 4b(a)(2)(i)-(iii), 4o(1), 4m(1) and 4k(2) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii), 6o(1), 6m(1), 6k(2) (2006), and Commission Regulations 4.20(a) and (c) and 4.21(a), 17 C.F.R. §§4.20(a) and (c) and 4.21(a) (2008).

VI.

OFFER OF SETTLEMENT

Respondents have submitted the Offer in which, without admitting or denying the findings herein, they each:

- A. Acknowledge service of this Order;
- B. Admit jurisdiction of the Commission with respect to the matters set forth in this Order;
- C. Waive: service and filing of a complaint and notice of hearing; a hearing; all post-hearing procedures; judicial review by any court; any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer; any claim of Double Jeopardy based on the institution of this proceeding or the entry of any order imposing a civil monetary penalty or other relief; any and all claims that they may possess under the Equal Access to Justice Act (EAJA), 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or Part 148 of the

Commission's Regulations, 17 C.F.R. §§ 148.1 *et seq.* (2009), relating to, or arising from, this proceeding; and any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, 121 Stat. 112 (2007), relating to, or arising from, this proceeding;

D. Stipulate that the record basis on which this Order is entered consists solely of this Order, including the findings in this Order;

E. Consent, solely on the basis of the Offer, to entry of this Order that:

1. makes findings, including findings that Respondents violated Sections 4b(a)(2)(i)-(iii), 4o(1), 4m(1) and 4k(2) of the Act and Commission Regulations 4.20(a) and (c) and 4.21(a);
2. orders Respondents to cease and desist from violating Sections 4o(1), 4m(1) and 4k(2) of the Act, Section 4b(a)(1)(A)-(C) of the Act as amended by the CRA, and Commission Regulations 4.20(a) and (c) and 4.21(a);
3. orders Respondents to pay, jointly and severally, a civil monetary penalty in the amount of One Million Dollars (\$1,000,000), plus post-judgment interest;
4. permanently prohibits Respondents from 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), for their own account, for any account in which either of them has a direct interest or indirect interest, or for any other account for or on behalf of any other person or entity, whether by power of attorney or otherwise, and all registered entities shall refuse them all privileges; and
5. orders Respondents to comply with their undertakings consented to in the Offer and set forth below in Section VII of this Order.

Upon consideration, the Commission has determined to accept the Respondents' Offer.

VII.

Accordingly, IT IS HEREBY ORDERED THAT:

1. Respondents shall cease and desist from violating Sections 4o(1), 4m(1) and 4k(2) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii), 6o(1), 6m(1), and 6k(2) (2006), Section 4b(a)(1)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. § 6b(1)(A)-(C), and/or Commission Regulations 4.20(a) and (c) and 4.21(a), 17 C.F.R. §§ 4.20(a) and 4.20(c) and 4.21(a) (2009).

2. Respondents shall pay, jointly and severally, a civil monetary penalty of One Million Dollars (\$1,000,000), plus post-judgment interest, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006) (the “civil monetary penalty obligation”). Post-judgment interest shall accrue on the day after the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

3. Respondents shall pay this civil monetary penalty obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier’s check, or bank money order. If payment is to be made other than by electronic funds transfer, the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
Attn: Marie Bateman – AMZ-300
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, Oklahoma 73169
Telephone: 405-954-6569

If payment is to be made by electronic funds transfer, Respondents shall contact Marie Bateman or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the civil monetary penalty obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to: the Director, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581; and the Chief, Office of Cooperative Enforcement, Division of Enforcement, at the same address.

4. Respondents are permanently prohibited from 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), for their own account, for any account in which they have a direct interest or indirect interest, or for any other account, and all registered entities shall refuse them all privileges.

5. Respondents shall comply with the following conditions and undertakings as specified:

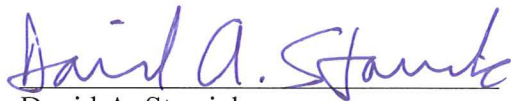
(a) Respondents shall never apply for registration or claim exemption from registration with the Commission in any capacity, and shall never engage in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2009).

(b) Respondents shall never act as a principal (as that term is defined in Commission Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2009)), agent, officer or employee of any person registered, required to be registered, or exempted 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).

(c) Respondents agree that neither of them, nor any of their agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order, or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents: (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents shall undertake all steps necessary to ensure that all of their agents and employees under their authority or control understand and comply with this agreement.

The provisions of this Order shall be effective as of this date.

By the Commission.



David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: February 18, 2010