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AT ABINGDON, VA  
FILED

FEB 23 2010

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BY: *[Signature]*  
DEPUTY CLERK

UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF VIRGINIA  
ABINGDON DIVISION

U.S. COMMODITY FUTURES	)	
TRADING COMMISSION,	)	
	)	
Plaintiff,	)	
	)	CASE NO. 1:10CV00009
v.	)	
	)	
RONALD W. SMITH, JR. D/B/A	)	
SAFEGUARD 3030 INVESTMENT	)	
CLUB, an individual,	)	
	)	
Defendant, and	)	
	)	
ANGELA A. DUTY SMITH, an	)	
individual;	)	
TIGRE SYSTEMS, INC., a Wyoming	)	
corporation,	)	
	)	
Relief Defendants.	)	

**ORDER GRANTING PLAINTIFF'S MOTION FOR *EX PARTE* STATUTORY  
RESTRAINING ORDER, AN ACCOUNTING, EXPEDITED DISCOVERY AND TO  
SHOW CAUSE REGARDING PRELIMINARY INJUNCTION,  
AND OTHER EQUITABLE RELIEF**

This matter came before the Court on plaintiff Commodity Futures Trading Commission's ("Commission") Motion for an *Ex Parte* Statutory Restraining Order, An Accounting, Expedited Discovery, and an Order to Show Cause Regarding Preliminary Injunction and Other Equitable Relief (the "Motion"). The Court, having considered the Motion, the memorandum in support thereof, and all other evidence presented by plaintiff, and having heard the arguments of counsel, finds that:

1. This Court has jurisdiction over the parties and over the subject matter of this action pursuant to Section 6c of the Commodity Exchange Act (Act), 7 U.S.C. § 13a-1 (2006), and Section 2(c)(2) of the Act, as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act (CRA), §§ 13101-13204, 122 Stat. 1651 (enacted June 18, 2008), to be codified at 7 U.S.C. § 2(c)(2).

2. Venue lies properly within this District pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e)(2006).

3. There is good cause to believe that Defendant Ronald W. Smith, Jr. doing business as Safeguard 3030 Investment Club ("R. Smith" or "Defendant") has engaged, is engaging, and is about to engage in acts and practices constituting violations of the Act, as amended, to be codified at 7 U.S.C. §§ 1, *et seq.*

4. There is good cause to believe that Relief Defendants Angela A. Duty Smith ("A. Smith") and Tigre Systems, Inc. ("Tigre") (collectively "Relief Defendants") have received, are receiving, and are about to receive funds, assets or property as a result of Defendant's violative acts. The Relief Defendants received ill-gotten gains from the Defendant that do not reflect payment for purported legitimate services or to which they have any legitimate entitlement.

5. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for customers in the form of monetary redress will occur from the sale, transfer, assignment, or other disposition by Defendant and/or Relief Defendants of assets or records unless Defendant and/or Relief Defendants are immediately restrained and enjoined by Order of the Court.

6. Good cause exists for the freezing of assets owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendant and Relief Defendants and for entry of an order

prohibiting Defendant and Relief Defendants, their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with Defendant and Relief Defendants, including any successor thereof, from destroying records and/or denying Commission representatives access to inspect and copy records to ensure that Commission representatives have immediate and complete access to those books and records.

7. Good cause exists to require an accounting to determine the location and disposition of Safeguard customer funds.
8. Good cause exists to order repatriation of assets controlled by Defendant to assure payment of restitution and disgorgement as authorized and for the benefit of customers.
9. Good cause exists for the plaintiff to conduct expedited discovery in order to determine the full extent of Defendant's alleged wrongdoing, locate Defendant's and Relief Defendants' Assets and other customers, identify customers' funds and clarify the source of various funds.
10. Weighing the equities and considering the Commission's likelihood of success in its claims for relief, the issuance of a statutory restraining order is in the public interest.

#### DEFINITIONS

For purposes of this Order, the following definitions apply:

11. The term "document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure (FRCP) 34(a), and includes, but is not limited to, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

12. "Assets" mean any legal or equitable interest in, right to, or claim to, any real or personal property, whether individually or jointly, direct or indirect control, and wherever located, including, but not limited to: chattels, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts (including, but not limited to, bank accounts and accounts at financial institutions), credits, receivables, lines of credit, contracts including spot and futures or options contracts, insurance policies, and all cash, wherever located.

13. "Defendant" shall mean and refer to R. Smith and also to any d/b/a, successor, affiliate, subsidiary or other entity owned, controlled, managed or held by, on behalf of, or for the benefit of R. Smith.

14. "Relief Defendants" shall mean and refer to A. Smith and Tigre and also to any d/b/a, successor, affiliate, subsidiary or other entity owned, controlled, managed or held by, on behalf of, or for the benefit of A. Smith or Tigre.

## **RELIEF GRANTED**

### **I.**

#### **Order Against Transfer, Dissipation, and Disposal of Assets**

**IT IS HEREBY ORDERED** that:

15. Defendant, Relief Defendants, and their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with them, including any successor thereof, and persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, are immediately restrained and enjoined from directly or indirectly transferring, selling, alienating, liquidating, encumbering, pledging, leasing, loaning, assigning, concealing, dissipating, converting, withdrawing, or otherwise disposing of

any of Defendant's Assets or Relief Defendants' Assets, wherever located and whether within the custody, control or actual or constructive possession of Defendant and Relief Defendants, including Defendant's Assets and Relief Defendants' Assets held outside the United States, except as provided in Section III of this Order, or as otherwise ordered by the Court. The Assets affected by this paragraph shall include both existing Assets and Assets acquired after the effective date of this Order.

16. Defendant and Relief Defendants are restrained and enjoined from directly or indirectly opening or causing to be opened any safe deposit boxes titled in the name of or subject to access by Defendant or Relief Defendants.

**II.**

**Accounting and Transfer of Funds and Documents**

**IT IS FURTHER ORDERED** that within five (5) business days following the service of this Order, Defendant and Relief Defendants shall:

17. Provide the Commission with a full accounting of all Defendant's Assets Relief Defendants' Assets, inside and outside of the United States, from January 1, 2009 to the date of this Order;

18. Transfer to the territory of the United States, all of Defendant's Assets and Relief Defendants' Assets (other than real property) located outside the United States; and

19. Provide the Commission access to all records of Defendant and/or Relief Defendants held by financial institutions located within or outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order.

III.

Directives to Financial Institutions and Others

IT IS FURTHER ORDERED, pending further Order of this Court, that any financial or brokerage institution, business entity, or person that holds or has held, controls or has controlled, or maintains or has maintained custody of any of Defendant's Assets or Relief Defendants' Assets at any time since January 1, 2009, shall:

20. Prohibit Defendant, Relief Defendants, and all other persons from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling, or otherwise disposing of Defendant's Assets or Relief Defendants' Assets, except as directed by further Order of the Court;

21. Deny Defendant, Relief Defendants, and all other persons access to any safe deposit box that is: (a) owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendant or Relief Defendants, either individually or jointly; or (b) otherwise subject to access by Defendant or Relief Defendants;

22. Provide counsel for the Commission, within five (5) business days of receiving a copy of this Order, a statement setting forth: (a) the identification number of each and every account or other asset owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendant or Relief Defendants, either individually or jointly; (b) the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and (c) the identification of any safe deposit box that is owned controlled, managed, or held by, on behalf of,

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or for the benefit of Defendant or Relief Defendants, either individually or jointly, or is otherwise subject to access by Defendant or Relief Defendants; and

23. Upon request by the Commission, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, Internal Revenue Service Form 1099s, and safe deposit box logs.

#### IV.

##### **Maintenance of Business Records**

**IT IS FURTHER ORDERED** that:

24. Defendant, Relief Defendants, and their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with Defendant or Relief Defendants, including any successor thereof, and all other persons or entities who receive notice of this Order by personal service or otherwise, are immediately restrained and enjoined from directly or indirectly destroying, mutilating, erasing, altering, concealing or disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business or personal finances of Defendant or Relief Defendants and their subsidiaries or affiliates.

#### V.

##### **Inspection and Copying of Books and Records**

**IT IS FURTHER ORDERED** that:

25. Representatives of the Commission shall immediately be allowed to inspect the books, records, and other documents of Defendant, Relief Defendants, and their agents,

including, but not limited to, electronically stored information, tape recordings, and computer discs, wherever they may be situated and whether they are in the person of Defendant, Relief Defendants, or others, and to copy said documents, information and records, either on or off Defendant's or Relief Defendant's premises; and

26. Defendant, Relief Defendants, and their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with Defendant or Relief Defendants, including any successor thereof, who receive actual notice of this Order by personal service or otherwise, including facsimile or other electronic transmission, shall cooperate fully with the Commission to locate and provide to representatives of the Commission all books and records of Defendant and Relief Defendants, wherever such books and records may be situated, and to locate and provide to representatives of the Commission information regarding the whereabouts of Defendant and Relief Defendants.

VI.

**Order Granting Expedited Discovery**

**IT IS FURTHER ORDERED** that:

34. The Commission may conduct expedited discovery, removing the prohibition upon discovery before the early meeting of counsel pursuant to FRCP 26(f), in accordance with FRCP 26(d), and that the Commission may take depositions of Defendant, Relief Defendants, and non-parties subject to two calendar days notice pursuant to FRCP 30(a) and 45, that notice may be given personally, by facsimile or by electronic mail. Further, more than ten depositions may be taken and, if necessary, any deposition may last more than seven hours.

35. The Commission may conduct expedited discovery to enable the Commission to fulfill its statutory duties and protect investors from further loss or damage. This expedited



discovery will allow the Commission to determine the full extent of Defendant's alleged wrongdoing (including, but not limited to, the possible involvement of others), locate Defendants' other customers, identify customers' funds, and other of Defendant's Assets and Relief Defendants' Assets and the location of any documents reflecting those assets, and clarify the sources of various funds.

**VII.**

**Bond Not Required of Plaintiff**

**IT IS FURTHER ORDERED that:**

36. The Commission is an agency of the United States of America and, accordingly, need not post a bond.

**VIII.**

**Order to Show Cause**

**IT IS FURTHER ORDERED that:**

37. Defendant shall appear before this Court on the 5th day of March, 2010, at 10:00 a.m., before the Honorable James P. Jones at the United States Courthouse for the Western District of Virginia, 180 West Main Street, Abingdon, Virginia, to show cause, if there be any, why an Order for Preliminary Injunction should not be granted to prohibit further violations of the Act and why the other relief requested should not be granted pending trial on the merits of this action.

38. Should any party wish to file a memorandum of law or other papers in opposition to Plaintiff's Motion for a Preliminary Injunction, all papers shall be filed on or before March 4, 2010. Service of all papers shall be by electronic mail, overnight mail, facsimile, or personal service.

**IX.**

**Service**

**IT IS FURTHER ORDERED** that:

39. Copies of this Order shall be served by any means, including facsimile transmission, upon any entity or person that may have possession, custody, or control of any documents or assets of Defendant or Relief Defendants, or that may be subject to any provision of the statutory restraining order; and


40. The Summons, Complaint, or other process may be effected by any CFTC representative, any U.S. Marshal or Deputy U.S. Marshal, or in accordance with Fed R. Civ. P. 4.


**X.**

**Force and Effect**

**IT IS FURTHER ORDERED** that this Order shall remain in full force and effect until further order of this Court and that this Court retains jurisdiction of this matter for all purposes.

**IT IS SO ORDERED**, at Abingdon, Virginia, on the 23<sup>d</sup> day of February, 2010, at 11:00 a.m.

  
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CHIEF UNITED STATES DISTRICT JUDGE

A TRUE COPY. TESTE:  
JOHN F. CORCORAN, CLERK  
BY:   
DEPUTY CLERK