

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

Commodity Futures Trading Commission,  
Plaintiff,

vs.

Lake Shore Asset Management Limited;  
Phillip J. Baker;  
Lake Shore Group of Companies Inc., Limited;  
Lake Shore Alternative Financial Asset Account Limited a/k/a Lake  
Shore Alternative Financial Asset Ltd.;  
Lake Shore Alternative Financial Asset Account I Limited;  
Lake Shore Alternative Financial Asset Account II Limited;  
Lake Shore Alternative Financial Asset Account III Limited;  
Lake Shore Alternative Financial Asset Fund Limited;  
Lake Shore Alternative Financial Asset Fund II Limited;  
Lake Shore Alternative Financial Asset Fund III Limited;  
Lake Shore Alternative Financial Asset Fund IV Limited, currently  
known as Geneva Corporation Funds World Limited;  
Lake Shore Alternative Financial Asset Fund IV US, LLC;  
Lake Shore Alternative Financial Asset Yen Fund I;  
Lake Shore Alternative Financial Asset Yen Fund Limited Class II;  
Lake Shore Alternative Financial Asset Yen Fund Limited Class  
III; and  
Hanford Investments Ltd.,  
Defendants;

Anglo International Associates Ltd.,  
Relief Defendant,

and, alternatively,

Lake Shore Alternative Financial Asset Account Limited a/k/a Lake  
Shore Alternative Financial Asset Ltd.;  
Lake Shore Alternative Financial Asset Account I Limited;  
Lake Shore Alternative Financial Asset Account II Limited;  
Lake Shore Alternative Financial Asset Account III Limited;  
Lake Shore Alternative Financial Asset Fund Limited;  
Lake Shore Alternative Financial Asset Fund II Limited;  
Lake Shore Alternative Financial Asset Fund III Limited;  
Lake Shore Alternative Financial Asset Fund IV Limited, currently  
known as Geneva Corporation Funds World Limited, and  
Lake Shore Alternative Financial Asset Fund IV US, LLC;  
Lake Shore Alternative Financial Asset Yen Fund I;  
Lake Shore Alternative Financial Asset Yen Fund Limited Class II;  
Lake Shore Alternative Financial Asset Yen Fund Limited Class

Civil Action No: 07 C 3598

Honorable Judge Manning  
Magistrate Judge Mason

III; and  
Hanford Investments Ltd.,  
Relief Defendants.

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

**I. SUMMARY**

1. This matter involves a fraudulent scheme by Phillip J. Baker (“Baker”), individually and as a controlling person of Lake Shore Asset Management Limited (“LSAM”), Lake Shore Group of Companies, Inc., Ltd. (“Lake Shore Group”) and numerous other inextricably intertwined companies, operating as a common enterprise to defraud hundreds of commodity participants who invested at least \$300 million to trade commodity futures contracts on U.S. futures markets.

2. Baker and the other defendants conducted their fraudulent scheme through a maze of offshore corporate entities, shell companies and spin-offs, including;

- a. Lake Shore Alternative Financial Asset Account Ltd. (“LS-Acct”) a/k/a Lake Shore Alternative Financial Asset Ltd. (“LS-Asset”); Lake Shore Alternative Financial Asset Account I Ltd.; (“LS-Acct-1”); Lake Shore Alternative Financial Asset Account II Ltd.; (“LS-Acct-2”); Lake Shore Alternative Financial Asset Account III Ltd. (“LS Acct-3”); Lake Shore Alternative Financial Asset Fund Ltd. (“LS Fund 1”); Lake Shore Alternative Financial Asset Fund II Ltd. (“LS Fund 2”); Lake Shore Alternative Financial Asset Fund III Ltd. (“LS Fund 3”); Lake Shore Alternative Financial Asset Fund IV Ltd., currently known as Geneva Corporation Funds World Ltd. (“LS Fund 4”); Lake Shore Alternative Financial Asset Fund IV US, LLC (“LS Fund 4 - US”); Lake Shore Alternative Financial Asset Yen Fund I (“Yen Fund 1”); Lake Shore Alternative Financial Asset Yen Fund Limited Class II (“Yen Fund 2”); Lake Shore Alternative Financial Asset Yen Fund Limited Class III (“Yen Fund 3”); and Hanford Investments Ltd. (“Hanford”) (collectively the “Hanford/LS Alternative Financial Entities”); and

b. Lake Shore Alternative Financial Asset Corporation (“LS CORP”);  
Lake Shore Alternative Financial Asset Corporation 2006 (“LS CORP  
2006”).

3. All of the corporations and entities identified in paragraph 2, above, operated in concert with Baker, LSAM and Lake Shore Group as a common enterprise and are hereinafter referred to as the “LS Common Enterprise.”

4. Since at least January 2002 to the present (“relevant period”), Baker LSAM, Lake Shore Group and the Hanford/LS Alternative Financial Entities, (collectively the “Defendants”) through their employees, agents and officers, including Baker, fraudulently solicited and accepted or caused to be accepted at least \$300 million from at least 700 individuals and entities worldwide for the purpose of, among other things, trading commodity futures contracts in several commodity pools.

5. The LS Common Enterprise operated at least twelve commodity pools; eight of these commodity pools acted as feeder pools that fed into the remaining four commodity pools. The eight feeder pools were Yen Fund 1, Yen Fund 2 and Yen Fund 3 (collectively the “Yen Funds”), LS Fund 1, LS Fund 2, LS Fund 3, Lake Shore Alternative Financial Asset Fund IV Limited –Class E (“LS Fund 4-E”) and LS Fund 4-US. These eight pools fed into the following four pools: LS-Acct, LS Acct-1, LS Acct-2, LS Acct-3 and LS Fund 4. These twelve pools will be referred to collectively as the “Pools.”

6. During the relevant period, the Defendants have made material misrepresentations and failed to disclose material facts regarding the Pools. Specifically, Defendants have misrepresented the profits and losses incurred by the Pools and provided prospective and actual pool participants with false performance tables that misrepresent

the Pools' respective and collective track records. Defendants distributed or caused to be distributed false account statements to participants showing that they were earning substantial profits when, in fact, the trading accounts in the names of the Pools collectively lost approximately \$37.5 million from February 2002 through June 2007. Additionally, Defendants have misrepresented the total amount of funds managed. The Defendants have made material misrepresentations and failed to disclose material facts in promotional materials and offering memoranda that they provided to prospective and actual pool participants. Finally, the Defendants failed to disclose to the pool participants that all income generated by the pool accounts at Sentinel Management Group, Inc. ("Sentinel") was paid to accounts under the control of Baker.

7. During the relevant period, the Defendants misappropriated participant funds by improperly charging incentive fees to the pool participants, by transferring over \$10 million in profits from the accounts at Sentinel to an account owned by Hanford, an entity controlled by Baker, and by transferring over \$1 million from pool accounts at Sentinel to Anglo International Associates Ltd. ("Anglo International") for operating and administrative expenses.

8. LSAM is registered with the plaintiff Commodity Futures Trading Commission ("Commission" or "CFTC") as a commodity pool operator ("CPO") and as a commodity trading advisor ("CTA").

9. When the CFTC attempted to inspect LSAM's records to verify the performance results and to verify the safety of pool participant funds, LSAM refused to make its books and records available for inspection and has been unable or unwilling to provide information about its pool participants and trading performance.

10. The Defendants, directly or indirectly, have engaged, are engaging, or are about to engage in acts or practices that violate the anti-fraud and record keeping and inspection sections of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. §§ 1 *et seq.* (2002), and Commission Regulations thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2007).

11. Baker, as the controlling person of LSAM, Lake Shore Group and the LS Common Enterprise knowingly induced or failed to act in good faith regarding LSAM's, Lake Shore Group's and the LS Common Enterprise's violations and, therefore, is liable for their violations pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2002).

12. Accordingly, pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1 (2002), the Commission brings this action to enjoin Defendants' unlawful acts and practices and to compel their compliance with the Act and Commission Regulations. In addition, the Commission seeks civil penalties, restitution to defrauded participants, disgorgement of Defendants' ill-gotten gains, a permanent trading ban, and such other relief as the Court may deem necessary or appropriate.

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

14. Plaintiff alleges in the alternative that either a) the Pools and Hanford are part of the LS Common Enterprise and have engaged in and are engaging in fraudulent conduct in violation of the Act and Commission Regulations, or b) if they themselves are not liable for actual violations of the Act or for perpetrating a fraud directly on the LS Common Enterprise participants, they are relief defendants whose liability is limited to the disgorgement of funds and assets received as a result of the LS Common Enterprise's

fraud and violations of the Act and Commission Regulations. As relief defendants, the Pools and Hanford as well as Anglo International hold the LS Common Enterprise's participants' funds and assets in constructive trust for the participants. Accordingly, Plaintiff seeks an order of disgorgement against the relief defendants of all assets and funds that are traceable to the illegal activities of the Defendants.

## **II. JURISDICTION AND VENUE**

15. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), which provides that whenever it shall appear to the CFTC that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order promulgated thereunder, the CFTC may bring an action in the proper District Court of the United States against such person to enjoin such practice, or to enforce compliance with the Act, or any rule, regulation or order thereunder.

16. The Defendants, directly and indirectly, singly and in concert, have made use of the instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged in the Complaint.

17. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2002), because Defendants are found in, inhabit, or transact business in this district and the acts and practices in violation of the Act and Commission Regulations have occurred, are occurring, or are about to occur within this district, among other places.

### III. THE PARTIES AND OTHER RELEVANT ENTITIES

#### A. Plaintiff

18. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged with administering and enforcing the Act, 7 U.S.C. §§ 1 et seq. (2002), and the Commission Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 et seq. (2007).

#### B. Individual Defendant

19. **Philip J. Baker** is a Canadian citizen. Baker resided in London, United Kingdom during part of the relevant period. Currently, Baker purports to be residing in Hamburg, Germany. Baker is the Managing Director, Principal and President of LSAM. He is the co-founder and managing partner of the Lake Shore Group. Baker is the President and Secretary of LS-Acct. Baker is a controlling person of the LS Common Enterprise. Baker directly and indirectly solicited participants for the LS Common Enterprise. Baker controls or directs the transfer of participant funds solicited and obtained by the LS Common Enterprise and others through and among various U.S. and offshore trading and bank accounts. At all times material to this Complaint, acting alone, or in concert with other Defendants, Baker has directed, controlled, formulated, or participated in the illegal acts or practices described in this Complaint.

#### C. The Corporate Defendants

20. **Lake Shore Asset Management Limited** has an office at 875 N. Michigan Ave., Suite 1562, Chicago, Illinois 60611-7449. LSAM was incorporated in Bermuda in September 2006. Baker is the president and managing director. During the relevant period, Nicholas Eveleigh was Vice President of Operations

and Laurence Rosenberg (“Rosenberg”) was a director and Vice President. In various documents and on its website, LSAM purports to be domiciled in the British Virgin Islands (“BVI”). LSAM has been registered with the Commission as both a CPO and CTA since January 2007 pursuant to Section 4m of the Act, 7 U.S.C. §6m (2002) and held itself out as a Commission registrant. LSAM is also a member of the National Futures Association (“NFA”). NFA records list Baker and Rosenberg as principals with greater than 10% ownership of LSAM. LSAM is the asset and investment manager of the commodity pools offered by the Lake Shore Group. LSAM is the reorganization and continuation of LSAM Inc.

21. **Lake Shore Group of Companies Inc., Ltd.** is registered in the Isle of Man while its main office is in London, England. It is an “umbrella” organization that, among other things, offers several investment products including several commodity pools. Baker is Lake Shore Group’s managing partner. LSAM is Lake Shore Group’s investment manager and investment advisor. The Lake Shore Group solicited \$1 million from at least one U.S. pool participant whose funds were transferred to an account at Sentinel. Participants in the Pools obtained their account statements by accessing the Lake Shore Group’s website. In addition the Lake Shore Group trades commodity futures on U.S. exchanges through at least three futures commission merchants (“FCMs”).

**D. The Hanford/LS Alternative Financial Entities Defendants (Alternative Relief Defendants) and Their Operation**

22. **Lake Shore Alternative Financial Asset Ltd** was incorporated in the Turks and Caicos Islands, British West Indies (“BWI”) in July 2001 with a registered office at Tropicana Plaza, P.O. Box 656, Providenciales, Turk and Caicos. Corporate



Directors Ltd. is a nominee Director. On information and belief LS Asset was referred to or did business as Lake Shore Alternative Financial Asset Account Ltd. ("LS-Acct"), which held itself out as having been incorporated prior to June 28, 2001. Baker is the President and Secretary of LS Acct. LS Asset and LS-Acct are part of the LS Common Enterprise.

23. **Lake Shore Alternative Financial Asset Account I Ltd.** with a registered office at Tropicana Plaza, P.O. 656, Leeward Highway, Providenciales, Turks and Caicos Islands, BWI, was incorporated in the Turks and Caicos Islands in September 2005. Corporate Directors is a nominee director of LS Acct 1.

24. **Lake Shore Alternative Financial Asset Account II Ltd.**, with a registered office at Tropicana Plaza, P.O. 656, Leeward Highway, Providenciales, Turks and Caicos Islands, B.W.I., was incorporated in the Turks and Caicos Islands in September 2005. Corporate Directors is the nominee Director of LS Acct 2.

25. **Lake Shore Alternative Financial Asset Fund IV Limited**, with a registered office at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands ("BVI") was incorporated in the BVI in January 2007. Baker is a Director. Rosenberg was a Director. LSAM is the Investment Manager and Investment Advisor for LS Fund 4. The defendants subsequently changed the name of LS Fund 4 to Geneva Corporation Funds World Limited.

26. **Lake Shore Alternative Financial Asset Fund Limited** was incorporated in the British Virgin Islands (BVI) in March 2005. Rosenberg was a Director.

27. **Lake Shore Alternative Financial Asset Fund II Ltd.** was incorporated in BVI in December 2005. Rosenberg was a Director.

28. **Lake Shore Alternative Financial Asset Fund III Ltd.** was incorporated in the BVI. Rosenberg was a Director.

29. **Lake Shore Alternative Financial Asset Fund IV US, LLC**, was formed on April 17, 2007, as an Illinois limited liability company. LSAM is its managing member. LS Fund 4-US was an entity that was to collect funds from U.S. participants for investment in LS Fund 4.

30. **Yen Funds 1, 2 and 3** were incorporated in the BVI in December 2006. Rosenberg was a director of Yen Fund 1.

31. Participant funds invested in Yen Fund 1, Yen Fund 2 and Yen Fund 3 were transferred to LS Fund 1, LS Fund 2 and LS Fund 3, respectively. Funds invested in LS Fund 1, LS Fund 2 and LS Fund 3 were transferred to LS-Acct, LS Acct-1 and LS Acct-2, respectively. Funds invested in LS Fund 4-E and LS Fund 4-US were transferred to LS Fund 4.

32. **Hanford Investments Ltd.** was incorporated in the Turks and Caicos Islands in December 2000. Hanford's registered office is at P.O. Box 656, Leeward Highway, Providenciales, Turk and Caicos. Hanford acted as introducing broker for the Lake Shore Group and received funds for its services. Baker is Hanford's Managing Partner.

**E. Other Baker Controlled Entities**

33. **Lake Shore Asset Management Inc.** is a defunct Illinois corporation that maintained an office located at 875 N. Michigan Ave., Suite 1562, Chicago, Illinois. LSAM Inc. was registered with the Commission as a CPO and as a CTA from January 4, 1997 and March 30, 1999, respectively, until February 2007 pursuant to Section 4m of the Act, 7 U.S.C. 6m (2002). LSAM Inc. was also a member of the NFA. LSAM Inc. is LSAM's predecessor. LSAM Inc. operated as an investment manager and investment advisor that advised pool participants regarding trading in the LS Common Enterprise. LSAM Inc. is part of the LS Common Enterprise.

34. **Lake Shore Alternative Financial Asset Account III Ltd.** ("LS Acct 3"), on information and belief was incorporated in the Turks and Caicos Islands. LS Acct-3 does not appear to have any customer funds. LS Acct-3 may be a d/b/a for LS Fund 3.

**F. Other Common Enterprise Entities**

35. **Lake Shore Alternative Financial Corporation Ltd.** was incorporated in the BVI in November 2005. Similarly, **Lake Shore Alternative Financial Asset Corporation 2006 Ltd.** was incorporated in the BVI in December 2006. Baker is the president of both companies. Rosenberg was a director of both companies. LSAM Inc. was the investment manager for both companies. During the relevant period, both companies were part of the Lake Shore Common Enterprise. On September 13, 2007, the Ontario Superior Court of Justice (No. 07 CL-7168), appointed a Receiver for both companies.

36. Baker controlled each and every entity that makes up the LS Common Enterprise. In particular, Baker holds the primary responsibility for managing the LS Common Enterprise's overall international business development, operations, sales and marketing.

37. Offering memoranda of the Pools show LSAM Inc. and LSAM at various times as their investment manager; Roth Mosey & Partners as their administrator; and KPMG as their auditor. Moreover, all of the Pools use the same NFA identification number. All of the Funds report their purported performance on the same website. All of the pools use Fact Sheets on Lake Shore Group letterhead to promote the pools. The Fact Sheets for each of the Pools state that the pools are managed by LSAM, which is a CTA and CPO registered with the CFTC. All of the commodity pools were marketed by the same sales representatives. Finally, pool participant funds invested in the Funds were commingled.

38. LS Common Enterprise promotional materials refer to "Lake Shore", the Lake Shore Group, LSAM Inc., and LSAM interchangeably.

**G. Other Relevant Individuals and Corporations**

39. **Laurence Mehl Rosenberg** resides in Chicago, Illinois. He has been registered with the Commission in various capacities since at least 1982. Rosenberg has been registered with the Commission as the sole associated person ("AP") of LSAM since January 2007. He is a director and principal with greater than 10% ownership of LSAM. Rosenberg is also an NFA member. He was a director of LS Funds I, II, III and IV until August 2007.

40. **Nicholas Eveleigh** was the Vice President of Operations and the Compliance contact for the LS Common Enterprise until the summer of 2007. Eveleigh signed an Introducing Broker Agreement on behalf of Hanford with one of the FCMs through which the Pools traded.

41. **Sentinel Management Group, Inc.**, is an Illinois corporation with its principal place of business located in Northbrook, Illinois. Sentinel has been registered with the Commission as an FCM since June 1980 and is a member of the NFA. Sentinel is currently the subject of a bankruptcy proceeding in the bankruptcy court for this district. (*In re: Sentinel Management Group, Inc.* No. 07 14987, Bankr. N.D. Ill.) At the time Sentinel filed for bankruptcy, it was the custodian for LS Common Enterprise participant funds.

#### **H. Relief Defendant**

42. **Anglo International Associates, Ltd.** has a registered office at c/o OCRA; 3 Tenterden Street, London. On information and belief, Anglo International was incorporated in 2005 in the United Kingdom. Anglo International performed administrative functions for other Lake Shore entities including payment of its salaries, commissions, attorneys' fees and other expenses. Unauthorized transfers of more than \$ 1 million of pool participant funds were made to Anglo International. In addition, Anglo International received payments for the benefit of Hanford from one or more of the FCMs carrying the Pools' accounts.

#### IV. FACTS RELEVANT TO ALL COUNTS

##### A. **Statutory and Regulatory Background**

43. A “commodity pool” is defined in Commission Regulation 4.10(d)(1), 17 C.F.R. § 4.10(d)(1), as any investment trust, syndicate or similar form of enterprise operated for the purpose of trading commodity futures and/or commodity options.

44. Section 1a(5) of the Act, 7 U.S.C. § 1a(5) (2002), 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, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility.

45. Section 1a(6) of the Act, 7 U.S.C. § 1a(6) (2002), defines a CTA as any person who for compensation or profit, engages in the business of advising others, either directly or through publications, writings, or electronic media, as to the value of or the advisability of trading in (I) any contract of sale of a commodity for future delivery made or to be made on or subject to the rules of a contract market or derivatives transaction execution facility; (II) any commodity option authorized under section 4c; or (III) any leverage transaction authorized under section 19; or for compensation or profit, and as part of a regular business, issues or promulgates analysis or reports concerning any of the activities referred to above.

46. An “introducing broker” is any person engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future deliver on or

subject to the rules of any contract market who does not accept any money, securities or property to margin, guarantee or secure any trades or contracts that result or may result therefrom. 7 U.S.C. § 1a(23) (2002).

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

48. Section 4(n) of the Act, 7 U.S.C. § 6n (2002), requires CTAs and CPOs to maintain certain books and records in such form and manner as may be prescribed by the Commission, and, upon request by the Commission, shall make available for inspection such books and records.

49. Regulation 1.31, 17 C.F.R. § 1.31(a)(1) (2007), provides, in relevant part, that all books and records required to be kept by the Act and Commission Regulations shall be readily accessible and open to inspection by any representative of the Commission or the United States Department of Justice.

50. Regulation 4.23, 17 C.F.R. § 4.23 (2007), provides, in relevant part, that all registered CPOs must make, keep and produce upon Commission request certain books and records including, but not limited to, literature distributed to existing or prospective participants and itemized records of commodity interest transactions.

51. Regulation 4.33, 17 C.F.R. § 4.33 (2007), provides, in relevant part, that all registered CTAs must make, keep and produce upon Commission request certain books and records including, but not limited to, the name and address of each client and subscriber, literature distributed to existing or prospective clients, and itemized records of each commodity interest transaction of the CTA.

52. The NFA is a not-for-profit membership corporation and is a self-regulatory organization that is registered with the Commission as a futures association under Section 17 of the Act. The NFA conducts audits and investigations of NFA member firms, including registered CTAs and CPOs, to monitor for compliance with NFA rules, some of which incorporate by reference Commission Regulations.

**B. The NFA Audit**

53. On June 11, 2007, the NFA conducted a review of LSAM's website at [www.lakeshorefunds.com](http://www.lakeshorefunds.com). The website, among other things: promotes its commodity pools called Lake Shore Funds I, II, III, and IV and others; touts a highly profitable 13-year performance record; represents that LSAM is regulated by the CFTC and NFA; and includes a link to NFA's website. For example, a press release included on the website touted a 13 year performance history of 28.27% compounded return for "Lake Shore's flagship program."

54. NFA also reviewed registration records for LSAM and noted that it listed its headquarters as being in Hamilton, Bermuda and listed Rosenberg as a Director and as the firm's sole principal with greater than 10% ownership in the firm.

55. NFA decided to conduct an audit of LSAM in order to examine its operations, test the various LSAM funds' performance claims, and discuss its website with Rosenberg.

56. On June 14, 2007, NFA spoke to Rosenberg, who informed the NFA that the Lake Shore Group was not registered in any capacity and is composed only of LSAM. He further indicated that LSAM currently operated five pools, all of which were organized offshore. He stated that LSAM had recently formed a U.S. Fund intended for



U.S. participants, but that none of the Funds presently had participants who are U.S. citizens. He later corrected that representation and informed the NFA that LS Fund 4-US had one U.S. participant from New York who invested \$1 million.

57. At the same meeting, Rosenberg stated that all LSAM accounts and funds are traded at Man Financial Limited, now known as MF Global, London, England (“Man”), Lehman Brothers International Europe in London, England (“Lehman”), and Fimat International Banque SA UK Branch, London, England, now known as Newedge Group-UK Group (“Fimat”). Rosenberg estimated that, in addition to the Pools, LSAM managed approximately 250 trading accounts. He estimated that the total assets of the Pools and managed accounts were \$1 billion.

58. At the June 14, 2007 meeting, NFA auditors provided Rosenberg with a letter requiring him and LSAM to produce specific information and documents to the NFA by noon on June 19, 2007 to facilitate NFA’s review.

59. Rosenberg indicated that he would forward the letter to LSAM’s outside counsel and would produce the requisite documents by June 19, 2007.

60. When the NFA asked Rosenberg why LSAM’s NFA registration records indicate that LSAM’s main office is in Bermuda, Rosenberg told them that no business is conducted in Bermuda; while there is an office in Bermuda with an attorney acting as an agent, all calls to Bermuda are forwarded to LSAM’s office in Toronto, Canada. Rosenberg also said that the Toronto office is where all trading is done and all books and records are maintained.

61. NFA audit staff learned in the June 14, 2007 meeting that LSAM’s website had a password protected area to which the NFA could not gain access.

Rosenberg related that the master password would provide access to information including participant lists, managed accounts, and individual account information. NFA requested, and Rosenberg provided NFA audit staff with access to the password protected area of the website.

62. On June 15, 2007, NFA audit staff received the username and master password from Rosenberg and reviewed the protected web pages. According to the information displayed on the protected area of the website, the value for all pools and managed accounts totaled approximately \$466 million. NFA noted that at least ten pool participants appeared to be U.S. residents, based on either account numbers or address information.

63. On June 19, 2007, NFA's access to LSAM's protected website was revoked. The NFA was told that upon the advice of Alexandre Schwab, LSAM's counsel, located in Geneva, Switzerland, LSAM would not provide any additional information because of concerns related to unspecified "bank secrecy" laws. NFA reminded Rosenberg that LSAM had agreed to make its books and records available to NFA within 72 hours and had certified in its registration application that it was not subject to any blocking, privacy or secrecy laws that created an obstacle to full record production. Later that same day, Rosenberg denied having any ownership interest in LSAM and claimed he could not authorize the release of any information.

64. In part because LSAM refused to provide the documents to NFA, on June 21, 2007, the Commission issued a document request to LSAM, to the attention of Baker, pursuant to Section 4n of the Act. The Commission requested, among other things, that LSAM produce books and records including records that would reflect the

actual performance of the Pools, and produce a list of pool participants, and samples or copies of all reports, memoranda, publications or other literature or advice distributed to pool participants.

65. On June 21, 2007, Rosenberg told Commission staff that there were no books and records in the Chicago office and that all books and records were located in Toronto, Canada and were not available for inspection.

66. The address for the Toronto office provided by LSAM in registration materials is a "mail drop." Nicholas Eveleigh, the individual whose name appeared on registration materials as LSAM's compliance officer, now claims to be an "IT" consultant under contract with LSAM.

67. Between June 26, 2007 and July 10, 2007, Commission staff communicated several times with Baker and/or his legal representatives. During those conversations, Baker represented to staff that as LSAM's Managing Partner and President, he is responsible for all of LSAM's operations. He also stated that he started developing the Lake Shore Group in 1994 originally for institutional accounts. Baker represented that Lake Shore Group had about \$1 billion in assets under management. He also stated that the \$466 million amount that the NFA observed on the password protected portion of the website included certain assets that were double counted since some Lake Shore Group funds also invested in other Lake Shore Group funds. Baker represented that about \$230 million was invested in the funds. That suggests that the Lake Shore Group's direct managed accounts had total assets of about \$770 million.

68. Baker represented that none of the Lake Shore Group's 250 direct managed accounts were at Man, Lehman or Fimat. Baker refuses to disclose what brokerage houses carry or carried the accounts.

69. To date, only one LSAM funded managed account has been identified. It was an account held at Lehman with a value of about \$2 million in the name of the Bank of Montreal – Ireland. Neither LSAM nor Baker has identified any other managed accounts.

70. The Pools have trading accounts at Man, Lehman and Fimat, all of which are exempt foreign firms. The Pools also have accounts with Sentinel, a registered FCM and NFA member. As of June 2007, the Pools' accounts at Man, Lehman, Fimat and Sentinel had account balances of approximately \$230 million.

**C. Lake Shore's Solicitations**

71. During the relevant period, Baker and the LS Common Enterprise fraudulently solicited and accepted funds to invest in the Pools for trading in, among other things, exchange traded futures contracts on equity indices, US Treasury Notes and currencies traded on U.S. exchanges.

72. The Defendants solicited prospective participants to invest in the Pools in various ways including, but not limited to, a web of sales representatives throughout the world, and at least one website, [www.lakeshorefunds.com](http://www.lakeshorefunds.com). Defendants provided to potential participants, among other things, a form entitled "Qualitative Firm Evaluation and Due Diligence", confidential explanatory memoranda ("explanatory memoranda") and a subscription agreement for the various pools. The explanatory memoranda for several pools were also available on the Defendants' website.

73. Each pool's explanatory memoranda represents that LSAM is the investment manager and investment advisor of the funds and touts LSAM's registration as a CTA and CPO, and as a member of the NFA. Earlier versions represent that LSAM Inc. is the investment manager and investment advisor of the funds and touts its registration as a CTA.

**D. Defendants Misrepresented The Performance of the Pools**

74. The Defendants misrepresented the profits and losses incurred by the Pools and provided pool participants and prospective pool participants with false performance tables that misrepresent the Pools' respective and collective track records.

75. Performance tables for LS Fund 1, which were provided to pool participants through the Defendants' website, represent the following as the total annual returns:

for 2003	22.48%
for 2004	29.81%
for 2005	18.95%
for 2006	5.73%
for 2007	2.82%. (January 2007 to March 2007)

These performance results are false. The only trading accounts open during 2003 and 2004 were at Man and were unprofitable in those calendar years. Instead of being profitable between January 2003 through May 2007, the LS Asset account at Man lost approximately \$22 million.

76. The performance table dated December 31, 2006 for LS Fund 4 shows returns as follows:

for 2002	55.50%
for 2003	37.02%
for 2004	33.80%
for 2005	40.30%

for 2006 21.40%.

This performance table consists of an average of the returns of Funds 1 through 4. In computing the average of returns, LS Common Enterprise used hypothetical results for LS Fund 1 showing a 55.50% profit for 2002, when the actual trading for 2002 resulted in a loss of \$1.4 million.

77. Although Lake Shore Group admits in its due diligence publications that its largest drawdown was in July 2002 when it experienced a “- 48.56% drawdown”, in preparing the performance table included in printed materials and on the Lake Shore website, as described above, the LS Common Enterprise used simulated performance results for 2002 to show profits instead of the actual unprofitable performance. In fact, in the performance table for the month of July 2002, the LS Common Enterprise represents the monthly return to be +7.62% and omits the material fact that it had actual losses of - 47% during one month.

78. During 2006 and 2007, the LS Common Enterprise reported to its pool participants that LS Fund 4 had profited by 21.40% and 8.58%, respectively. These purported performance results are false because the trading accounts at Lehman for accounts entitled LS Fund 4 from October 2006 through June 2007 had trading losses totaling about \$4.4 million. Also, the trading accounts at Fimat for accounts entitled LS Fund 4, were first funded in May 2007 and lost approximately \$260,000 during May 2007. There were no trading accounts for LS Fund 4 at Man.

79. The performance tables that Lake Shore Group published on its websites for its prospective and actual pool participants are false because they show profits when, in fact, the LS Common Enterprise commodity futures trading accounts at Man, Lehman

and Fimat indicate that the accounts had experienced significant losses trading commodity futures. From February 2002 through June 2007, the LS Common Enterprise accounts at Man, Lehman and Fimat, in the aggregate, lost more than \$35 million.

**E. Defendants Issued False Statements to the Pools' Participants**

80. Each week, on its password protected portion of its website, the LS Common Enterprise posted the account value for each of its pool participants. Participants in the Pools could access this information to determine how their investment was performing. The reported account values were consistent with the false statements made in the performance tables published on the Lake Shore website. Consequently, the LS Common Enterprise distributed or caused to be distributed false account statements to pool participants because the statements showed that they were earning substantial profits when the trading accounts in the names of the pools lost approximately \$35 million overall.

81. Prior to March 2007, LS Common Enterprise also issued false statements to some of its clients that were transmitted in hard copy.

**F. Defendants Misrepresented the Amount of Funds Under Management**

82. The LS Common Enterprise's claim that it manages over \$1 billion in assets is also false. Defendants represented on their website as recently as June 11, 2007, that the Pools contained \$293.5 million in participants' funds and that the Lake Shore Group had \$1.05 billion in assets under management. In fact, as of June 27, 2007, the total Pools' funds at Man, Lehman, Fimat and Sentinel were approximately \$230 million. The LS Common Enterprise has failed to explain this discrepancy.

83. The amount of funds under management was a material fact considered by several of the participants, who would not have invested in the Lake Shore Funds if they had known the true amount of funds being managed by the LS Common Enterprise at the time of their initial investment.

**G. Defendants Failed to Disclose Payments to Hanford**

84. The LS Common Enterprise did not disclose to pool participants that from March 2002 to June 2007, approximately \$10.2 million from income earned on the Pools' accounts at Sentinel were wired out of the LS Common Enterprise accounts to Hanford accounts for the benefit of Baker.

85. In addition, the LS Common Enterprise failed to disclose that it had a conflict of interest with its clients. Since all interest or income earned in the Sentinel accounts was being paid to Hanford, an entity that was part of the LS Common Enterprise, and not to the pool participants, it was in the best interest of the LS Common Enterprise to keep as much money as possible on deposit at Sentinel, while it was detrimental to the interests of the pool participants, who received no benefit from the Sentinel accounts.

**H. Defendants Misappropriated Pool Participant Funds.**

86. The offering memoranda for LS-Funds 1, 2, 3 and 4 provide that LSAM or its predecessor LSAM Inc., as the Manager for LS Funds 1, 2, 3 and 4, was entitled to a profit incentive fee equal to 25% of the "Net New Appreciation" in the value of each Fund. The offering memoranda provide that "No Performance Fee will be payable until prior losses are recouped."



87. At the same time, that the Pools' trading accounts were incurring trading losses, the LS Common Enterprise was paying itself incentive fees based on the purported profits of the Pools and thereby misappropriated pool participant funds.

88. The offering memoranda for the LS-Funds 1, 2, 3, and 4 state that the "promoters of the Fund will bear all expenses incurred in connection with its organization and its ongoing operation. Such expenses will not be passed (neither directly, nor indirectly) to the Fund or participants."

89. Between May 2007 and June 2007, Nicholas Eveleigh, the vice president of Operations and Administration of Lake Shore Group directed Sentinel to wire approximately \$1.1 million to Anglo International. Those funds were used for the payment of the LS Common Enterprise's administrative and operating expenses including legal expenses.

90. The LS Common Enterprises' use of the Pools' funds to pay administrative, operating and legal expenses constituted a misappropriation of LS Common Enterprise pool participant funds.

#### **I. Failure To Produce Books And Records**

91. Despite the Commission's repeated requests to Baker and LSAM that LSAM produce its books and records and allow Commission representatives to inspect and copy them, both Baker and LSAM have failed to produce the requested records and have refused to allow Commission representatives the right to inspect and copy them, in violation of the Act and Commission Regulations.

**V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND  
COMMISSION'S REGULATIONS**

**COUNT I**

**VIOLATIONS OF SECTION 4b OF THE ACT:  
FRAUD BY MISREPRESENTATION AND MISAPPROPRIATION BY ALL  
DEFENDANTS**

92. The allegations set forth in paragraphs 1 through 91 are re-alleged and incorporated herein.

93. Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii), make it unlawful for any person to cheat or defraud or attempt to cheat or defraud; or willfully make or cause to be made to other persons false reports or statements, or willfully enter or cause to be entered for other persons false records; or willfully deceive or attempt to deceive by any means whatsoever other persons in connection with orders to make, or the making of, contracts of sale of commodities for future delivery, made, or to be made for or on behalf of any other persons where such contracts for future delivery were or could be used for (a) hedging any transactions in interstate commerce in such commodity, or the product or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped or received in interstate commerce for the fulfillment thereof.

94. From at least 2002 to the present, LSAM, Lake Shore Group, and Baker by and through their employees and officers, cheated or defrauded or attempted to cheat or defraud and willfully deceived or attempted to deceive pool participants by misrepresenting the profits and losses of the Pools, failing to disclose trading losses and other material facts relating to the Pools, and misappropriating pool participant funds in violation of Sections 4b(a)(2)(i) and (iii) of the Act.

95. LSAM, LS Group and Baker, by and through their employees and officers, also cheated or defrauded or attempted to cheat or defraud pool participants by willfully making or causing to be made false reports to the pool participants who invested money with Defendants to trade commodity futures contracts in violation of Section 4b(a)(2)(ii) of the Act.

96. During the relevant period, each member of the LS Common Enterprise participated in the LS Common Enterprise and facilitated the fraudulent acts of LSAM and LS Group and, thus are jointly and severally liable for the violations of Section 4b(a)(2)(i-iii) of the Act committed by LSAM, LS Group and other members of the LS Common Enterprise.

97. Baker, directly or indirectly, controlled LSAM, LS Group and the LS Common Enterprise and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting the violations alleged in this count. Baker is thereby liable for the violations of Section 4b(a)(2)(i)-(iii) of the Act of LSAM, LS Group and the LS Common Enterprise, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

98. The actions and omissions of Baker, as described in this Count I, were done within the scope of his employment with the LSAM and Lake Shore Group and, therefore, LSAM and Lake Shore Group are liable for his violations of Sections 4b(a)(2)(i)-(iii) of the Act, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2.

99. Each material misrepresentation or omission, each false report or statement and each act of misappropriation made during the relevant period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(i)-(iii) of the Act.

**COUNT II**

**VIOLATIONS OF SECTION 4o(1) OF THE ACT:**  
**COMMODITY POOL FRAUD**

100. The allegations set forth in paragraphs 1 through 91 are re-alleged and incorporated herein.

101. Since at least 2002, LSAM and LS Group, by and through its employees and officers including Baker, acted as a CPO in that they engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise and in connection therewith, solicited, accepted or received funds, securities or property from others for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility.

102. During the relevant period, LSAM and LS Group, by and through their employees and officers including Baker, while acting as a CPO, violated Section 4o(1)(A) and (B) of the Act, 7 U.S.C § 6o(1)(A) and (B), in that they directly or indirectly employed or are employing a device, scheme, or artifice to defraud pool participants or prospective pool participants, or engaged or are engaging in transactions, practices or a course of business that operated as fraud or deceit upon pool participants or prospective pool participants by means of the acts and practices described in the above paragraphs.

103. In connection with such conduct, LSAM and LS Group used or are using the mails or other means or instrumentalities of interstate commerce, directly or indirectly, to engage in business as a CPO.

104. During the relevant period, each member of the LS Common Enterprise participated in the LS Common Enterprise and facilitated the fraudulent acts of LSAM

and LS Group and, thus are jointly and severally liable for the violations of Section 4o(1)(A) and (B) of the Act, 7 U.S.C § 6o(1)(A) and (B) of the Act committed by LSAM, LS Group and other members of the LS Common Enterprise.

105. Baker, directly or indirectly, controlled LSAM, LS Group and the LS Common Enterprise and did not act in good faith, or knowingly induced, directly or indirectly, the acts constituting the violations alleged in this count. Baker is thereby liable for the violations of Sections 4o(1)(A) and (B) of the Act, 7 U.S.C § 6o(1)(1)(A) and (B),of the Act of LSAM, LS Group and the LS Common Enterprise, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

106. Each material misrepresentation or omission, each false report or statement made during the relevant period and each act of misappropriation, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4o(1)(A) and (B) of the Act, 7 U.S.C § 6o(1)(A) and (B).

### COUNT III

#### **VIOLATIONS OF SECTION 4o(1) OF THE ACT: COMMODITY TRADING ADVISOR FRAUD**

107. The allegations set forth in paragraphs 1 through 91 are re-alleged and incorporated herein.

108. During the relevant period, and continuing to the present, LSAM, while acting as a CTA, has violated Section 4o(1)(A) and (B) of the Act, 7 U.S.C. § 6o(1)(A) and (B), by using the mails or other means or instrumentalities of interstate commerce directly or indirectly to employ any device, scheme or artifice to defraud clients or prospective clients or to engage in transactions, practices or a course of business that operated as a fraud or deceit upon clients or prospective clients

109. During the relevant period, each member of the LS Common Enterprise participated in the LS Common Enterprise and facilitated the fraudulent acts of LSAM, thus are jointly and severally liable for the violations of Section 4o(1)(A) and (B) of the Act, 7 U.S.C § 6o(1)(A) and (B) of the Act committed by LSAM and other members of the LS Common Enterprise.

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

111. Each material misrepresentation or omission, each false report or statement made during the relevant period and each act of misappropriation, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1).

#### COUNT IV

**VIOLATIONS OF SECTION 4n OF THE ACT AND  
REGULATIONS 1.31, 4.23 AND 4.33:  
FAILURE TO PRODUCE RECORDS FOR INSPECTION**

112. The allegations set forth in paragraphs 1 through 91 are re-alleged and incorporated by reference.

113. Section 4n of the Act and Regulation 1.31 require that every CPO and CTA maintain books and records in such form and manner as may be prescribed by the Commission. All such books and records shall be kept for a period of five years and shall be readily accessible during the first two years. All such books and records shall be open to inspection by any representative of the Commission or the Department of Justice.

114. Regulation 4.23 provides, in relevant part, that all registered CPOs must make, keep and produce upon Commission request certain books and records including, but not limited to, literature distributed to existing or prospective participants and itemized records of commodity interest transactions. Regulation 4.33 provides, in relevant part, that all registered CTAs must make, keep and produce upon Commission request certain books and records including, but not limited to, the name and address of each client and subscriber, literature distributed to existing or prospective clients, and itemized records of each commodity interest transaction of the CTA.

115. During the relevant period, LSAM violated Section 4n of the Act, 7 U.S.C. §§ 6n (2002), and Commission Regulations 1.31, 4.23, and 4.33, 17 C.F.R. §§ 1.31, 4.23, and 4.33 (2007) by: refusing to, upon request of the Commission, make available for inspection its books and records or the books and records of its predecessor corporation LSAM Inc., including records that would show the actual performance of the Pools, and by refusing to furnish the name and address of each client, subscriber, or participant, and submit samples or copies of all reports, letters, circulars, memorandums, publications, writings, or other literature or advice distributed to clients, subscribers, or participants, or prospective clients, subscribers or participants to the Commission upon its request.

116. During the relevant period, each member of the LS Common Enterprise participated in the LS Common Enterprise and facilitated the violative acts of LSAM, thus are jointly and severally liable for the violations of Section 4n of the Act, 7 U.S.C. § 6n (2002), and Commission Regulations 1.31, 4.23, and 4.33, 17 C.F.R. §§ 1.31, 4.23, and 4.33 (2007), committed by LSAM and other members of the LS Common Enterprise.

117. Baker directly or indirectly controlled LSAM and the LS Common Enterprise and did not act in good faith, or knowingly induced, directly or indirectly, their violations of Section 4n of the Act, 7 U.S.C. §§ 6n (2002), and Commission Regulations 1.31, 4.23 and 4.33, 17 C.F.R. §§ 1.31, 4.23 and 4.33 (2007). Baker, therefore, is liable as a controlling person for the violations of LSAM and the LS Common Enterprise pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2002).

118. Each day, LSAM, LS Common Enterprise and Baker failed to comply with the Commission's request to make the books and records of LSAM and its predecessor LSAM Inc. available for inspection is alleged as a separate and distinct violation of Section 4n of the Act, 7 U.S.C. § 6n (2002), and Commission Regulations 1.31, 4.23, and 4.33, 17 C.F.R. §§ 1.31, 4.23, and 4.33 (2007).

#### COUNT V

#### **DISGORGEMENT OF POOL PARTICIPANT FUNDS BY RELIEF DEFENDANT ANGLO INTERNATIONAL ASSOCIATES, LTD.**

119. The allegations set forth in paragraphs 1 through 91 are re-alleged and incorporated by reference.

120. The LS Common Enterprise has engaged in a fraudulent scheme that defrauded the Pools' participants.

121. Anglo International has received funds that were obtained as a result of the LS Common Enterprise's fraud.

122. Anglo International has no legitimate entitlement to, or interest in, the funds received from the LS Common Enterprise's conduct.



123. Anglo International should be required to disgorge the funds that it received from the LS Common Enterprise's fraudulent conduct, or the value of those funds that Anglo International may have subsequently transferred to third parties.

124. By reason of the foregoing, Anglo International holds funds in constructive trust for the benefit of the Pools' participants who were victimized by the LS Common Enterprise's fraud.

## COUNT VI

### **ALTERNATIVE RELIEF - DISGORGEMENT OF POOL PARTICIPANTS' FUNDS BY THE HANFORD/LS ALTERNATIVE FINANCIAL ENTITIES**

125. The allegations set forth in paragraphs 1 through 91 and 120 are re-alleged and incorporated by reference.

126. In the alternative, Plaintiff alleges that either the Hanford/LS Alternative Financial Entities are liable as party defendants because they are part of the LS Common Enterprise, or they are relief defendants and not, at all times relevant, part of the LS Common Enterprise.

127. As a result of Baker's, LSAM's and the LS Group's fraudulent conduct, the Hanford/LS Alternative Financial Entities have received funds or otherwise benefited from funds that are directly traceable to the funds obtained from the Pools' participants through fraud.

128. Because of the fraud, the Hanford/LS Alternative Financial Entities may not be *bona fide* owners with full legal and equitable title to the participants' funds or assets, and the Hanford/LS Alternative Financial Entities may be unjustly enriched if they are not required to disgorge the funds or the value of the benefit they received as a result of the fraudulent acts of LSAM, LS Group and Baker.

129. The Hanford/LS Alternative Financial Entities should be required to disgorge to the Pools' participants the funds and assets, or the value of the benefit they received from those funds and assets, which are traceable to the fraudulent acts alleged herein.

130. By reason of the foregoing alternative allegation, the Hanford/LS Alternative Financial Entities hold funds and assets in constructive trust for the benefit of the Pools' participants.

## **VI. RELIEF REQUESTED**

WHEREFORE, the CFTC respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2000), and pursuant to its own equitable powers, enter:

A. An order finding that Defendants violated Sections 4b(a)(2)(i), (ii), and (iii), 4n, and 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6b(a)(2)(i), (ii) and (iii), 6n, and 6o(1)(A) and (B) (2000), and Commission Regulations 1.31, 4.23, and 4.33, 17 C.F.R. §§ 1.31, 4.23, and 4.33 (2007).

B. An order of preliminary injunction pursuant to Section 6c(a) of the Act restraining Defendants and all persons or entities insofar as they are acting in the capacity of their agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Defendants who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. Destroying, mutilating, concealing, altering or disposing of any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of Defendants wherever located;
2. Refusing to permit authorized representatives of the Commission to inspect, when and as requested, any books and records, documents,

correspondence, brochures, manuals, electronically stored data, tape records or other property of the Defendants wherever located, including all such records concerning Defendant's business operations;

C. An order of preliminary injunction pursuant to Section 6c(a) of the Act restraining Defendants, and all persons insofar as they are acting in the capacity of their agents, servants, successors, employees, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Defendants, who receive actual notice of such order by personal service or otherwise, from directly or indirectly, withdrawing, transferring, removing, dissipating, concealing, or disposing of, in any manner, any funds, or other property, wherever situated, including, but not limited to, all funds, personal property, money or securities held in safes, safety deposit boxes, and all funds on deposit in any financial institution, bank, or savings and loan account held by, under the control of, or in the name of Defendants.

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

1. Engaging in conduct in violation of Sections 4b(a)(2)(i), (ii) and (iii), 4n, and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(i), (ii) and (iii), 6n, and 6o(1) (2000); and Commission Regulations 1.31, 4.23, and 4.33, 17 C.F.R. §§ 1.31, 4.23 and 4.33 (2007);
2. Engaging in, controlling, or directing the trading of any commodity interest accounts, on Defendants' own behalf or for or on behalf of any other person or entity, whether by power of attorney or otherwise.

E. An order directing that Defendants make an accounting to the Court of all of Defendants' assets and liabilities, together with all funds Defendants received from

and paid to Pool Participants and other persons in connection with commodity futures and options transactions or purported commodity futures and options transactions, including the names, mailing addresses, email addresses and telephone numbers of any such persons from whom they received such funds from June 2002 to the date of such accounting, and all disbursements for any purpose whatsoever of funds received from Pool Participants, including salaries, commissions, fees, loans and other disbursements of money and property of any kind, from June 2002 to and including the date of such accounting;

F. An order requiring Defendants immediately to identify and provide an accounting for all assets and property that they currently maintain outside the United States, including, but not limited to, all funds on deposit in any financial institution, futures commission merchant, bank, or savings and loan accounts held by, under the control of, or in the name of Philip J. Baker, Lake Shore Asset Management Limited, Lake Shore Group of Companies and/or all of the names of the entities that comprise the LS Common Enterprise whether jointly or otherwise, and requiring them to repatriate all funds held in such accounts by paying them to the Clerk of the Court, or as otherwise ordered by the Court, for further disposition in this case.

G. An order requiring Defendants to disgorge to any officer appointed or directed by the Court or directly to Pool Participants all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices that constitute violations of the Act and Commission Regulations as described herein, including pre-judgment interest;

H. An order requiring Anglo International and any successors thereof, to disgorge pursuant to such procedure as the Court may order, all funds or other benefits from funds received directly or indirectly, from acts or practices that constitute violations of the Act and Commission Regulations as described herein in Count V, including pre-judgment interest;

I. Alternatively, upon a finding by the Court that the Hanford/LS Alternative Financial Entities are relief defendants, that an order be entered requiring the Hanford/LS Alternative Financial Entities and any successors thereof, to disgorge pursuant to such procedure as the Court may order, all funds or other benefits from funds received directly or indirectly, from acts or practices that constitute violations of the Act and Commission Regulations as described herein in alternative Count VI, including pre-judgment interest;

J. An order requiring Defendants to make restitution by making whole each and every Pool Participant or other person whose funds were received or utilized by them in violation of the provisions of the Act and Commission Regulations as described herein, including pre-judgment interest;

K. An order requiring Defendants to pay civil monetary penalties under the Act, to be assessed by the Court, in amounts of not more than the higher of: (1) triple the monetary gain to Defendants for each violation of the Act, Commission Regulations, and Order, or (2) a penalty of \$120,000 for each violation committed prior to October 23, 2004 or \$130,000 for each violation committed on or after October 23, 2004;

L. An order requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (1994); and

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

Date: Respectfully submitted,

/s/ Diane M. Romaniuk

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**CERTIFICATE OF SERVICE**

The undersigned, an attorney with the Commodity Futures Trading Commission, certifies that on February 19, 2008, I caused the foregoing,

- *Notice of Filing*
- *Commodity Futures Trading Commission's 2<sup>nd</sup> Amended Complaint For Injunctive and Other Equitable Relief and For Civil Monetary Penalties Under The Commodity Exchange Act.*

to be electronically filed with the Clerk of the Court using CM/ECF and to be served on the following individuals by Electronic means and/or ECF notification.

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Respectfully submitted,

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