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CENTRAL DISTRICT COURT
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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

19 _____)
20 U.S. COMMODITY FUTURES)
21 TRADING COMMISSION)

22 Plaintiff,)

23 SAFEVEST LLC,)
24 JON G. ERVIN, and)
25 JOHN V. SLYE,)

26 Defendants)

SACV08-474 AHS (AMK)
CIVIL ACTION NO. _____

Complaint

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I/s
5-20

1
2 **COMPLAINT FOR INJUNCTIVE RELIEF, OTHER EQUITABLE**
3 **RELIEF, AND CIVIL MONETARY PENALTIES**

4 **I.**

5 **JURISDICTION AND VENUE**

6 1. The Commodity Exchange Act, as amended, 7 U.S.C § 1 *et seq.*
7 (2002) (“Act”), establishes a comprehensive system for regulating trading in
8 commodity futures contracts and options on commodity futures contracts and those
9 who are or should be registrants pursuant to the Act. This Court has jurisdiction
10 over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), which
11 authorizes the U.S. Commodity Futures Trading Commission (“CFTC”) to seek
12 injunctive relief against any person or entity whenever it shall appear to the CFTC
13 that such person or entity has engaged, is engaging, or is about to engage in any act
14 or practice constituting a violation of any provision of the Act or any CFTC rule,
15 regulation or order.
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18 2. Venue properly lies with the Court pursuant to Section 6c of the Act,
19 7 U.S.C. § 13a-1 (2002), in that defendants are found in, inhabit, or transact
20 business in this district, and the acts and practices in violation of the Act occurred,
21 are occurring, or are about to occur within this district.
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1 **II.**

2 **SUMMARY**

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4 3. From at least May 2007 and continuing to the present (“relevant
5 time”), Safevest LLC, acting through its agents (“Safevest”), including Jon G.
6 Ervin (“Ervin”), has fraudulently solicited over 500 members of the public to
7 transfer funds in excess of \$25.7 million to participate in a commodity futures
8 trading pool (“Safevest Pool”). Contrary to their representations, defendants have
9 not deposited customer funds into an account for trading commodity futures and
10 have misappropriated virtually all customer funds. At all relevant times, Safevest
11 acted as an unregistered commodity pool operator.
12

13
14 4. Safevest and Ervin have falsely represented to prospective pool
15 participants that commodity futures trading in the Safevest Pool has consistently
16 produced daily profits of at least 1% and provided pool participants with fictitious
17 account statements showing large profits in the commodity pool. Safevest and
18 Ervin have also falsely represented that Safevest utilized a profitable trading
19 program that electronically cleared trades at the Chicago Mercantile Exchange and
20 at the Chicago Board of Trade.
21

22
23 5. Safevest and Ervin have deposited or caused to be deposited client
24 funds into bank accounts controlled by Safevest and have misappropriated those
25 funds. In addition to using client funds to pay their personal expenses, Safevest
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1 and Ervin have misappropriated funds by using funds from certain pool
2 participants to pay off other pool participants in a manner characteristic of a
3 “Ponzi” scheme. After obtaining funds from new customers, Safevest and Ervin
4 have used some of those funds to make payments to earlier customers and have
5 falsely represented that these payments were trading profits.
6

7 6. In order to conceal their fraudulent activities, Safevest and Ervin have
8 misrepresented to customers that they were receiving large profits as a result of
9 profitable trading in the Safevest Pool. Contrary to claims by Safevest and Ervin
10 that the funds of pool participants were liquid and could be returned on 72 hours
11 notice, Safevest and Ervin have refused to comply with at least some client
12 withdrawal requests.
13
14

15 7. Defendants have engaged in, are engaged in, or are about to engage in
16 acts and practices that violate anti-fraud and registration provisions of the Act,
17 7 U.S.C. § 1 *et seq.* (2002), and the CFTC Regulations promulgated thereunder
18 (Regulations), 17 C.F.R. § 1.1 *et seq.* (2007).
19

20 8. Accordingly, the CFTC brings this action to enjoin defendants'
21 unlawful acts and practices and to compel their compliance with the Act and the
22 CFTC Regulations. In addition, the CFTC seeks civil monetary penalties,
23 restitution to pool participants, disgorgement of defendants' ill-gotten gains, a
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1 permanent trading ban, and such other relief as the Court may deem necessary or
2 appropriate.

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4 9. Unless restrained and enjoined by the Court, defendants will likely
5 continue to engage in the acts and practices alleged in this Complaint and similar
6 acts and practices, as more fully described below.

7
8 **III.**

9 **PARTIES**

10 10. The **Commodity Futures Trading Commission** is an independent
11 federal regulatory agency of the United States empowered to enforce the
12 provisions of the Act, 7 U.S.C. §§ 1 *et seq.* (2002), and the CFTC Regulations,
13 17 C.F.R. §§ 1.1. *et seq.*(2007). The CFTC maintains its principal office at Three
14 Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

15
16 11. **Safevest LLC** is a limited liability corporation registered with the
17 Nevada Secretary of State on May 15, 2007. Defendants Jon G. Ervin and John V.
18 Slye are listed as the sole corporate officers on Safevest's corporate documents.
19 Safevest maintains an office in Mission Viejo, California. Safevest has never been
20 registered with the CFTC in any capacity.
21

22
23 12. **Jon G. Ervin** is a founding officer of Safevest who is listed on firm
24 records as a Director. He works in Safevest's California office and is listed as a
25 principal contact person on Safevest account opening documents. Ervin resides in
26

1 Laguna Hills, California. He has never been registered with the CFTC in any
2 capacity.

3
4 13. **John V. Slye** (“Slye”) is the purported founder of Safevest and
5 represents that he is its President and Chief Executive Officer. Slye also represents
6 that he is an ordained minister and the pastor of a church in Washington, D.C. In
7 addition, he represents that he is a founder and has been on the board of directors
8 of the National Foundation for Cancer Research. Slye resides in Herndon,
9 Virginia. He has never been registered with the CFTC in any capacity.
10

11 **IV.**

12
13 **STATUTORY AND REGULATORY REQUIREMENTS**

14 14. CFTC Regulation 4.10(d)(1), 17 C.F.R. § 4.10(1) (2007), provides
15 that a “commodity pool” is any investment trust, syndicate or similar form of
16 enterprise operated for the purpose of trading commodity futures and/or options.
17

18 15. Section 1a(5) of the Act, 7 U.S.C. § 1a(5) (2002), provides that a
19 commodity pool operator is any firm or individual engaged in a business which is
20 in the nature of an investment trust, syndicate, or similar form of enterprise, and
21 that solicits, accepts, or receives funds or securities from others for the purpose of
22 trading in any commodity futures or options contract subject to the rules of any
23 commodity exchange.
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1 16. CFTC Regulation 4.10(c), 17 C.F.R. § 4.10(c) (2007), defines a
2 commodity pool “participant” as any person who has any direct financial interest
3 in a commodity pool.
4

5 17. Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2002), provides that an
6 associated person (“AP”) of a CPO is one who is:

7 associated with a commodity pool operator as a partner, officer,
8 employee, consultant, or agent . . . in any capacity that involves (i) the
9 solicitation of funds, securities, or property for a participation in a
10 commodity pool or (ii) the supervision of any person or persons so
engaged, unless such person is registered.).

11
12 18. With certain exceptions not applicable here, any CPO that solicits
13 participant funds for the purpose of trading commodity futures or options contracts
14 subject to the rules of a designated contract market must place those trades with a
15 futures commission merchant (“FCM”) registered with the CFTC. *See* Section 4d
16 of the Act, 7 U.S.C. § 6d (2002). Section 1a(20) of the Act, 7 U.S.C. § 1a(20),
17 (2002), defines a FCM as an individual or organization which solicits or accepts
18 orders to buy and sell futures contracts or commodity options and accepts funds
19 from customers to support such orders.
20
21

22 19. Pursuant to Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2002), it is
23 unlawful for any person, while acting as a CPO, to use the mails or any means or
24 instrumentality of interstate commerce to directly or indirectly employ a device,
25 scheme, or artifice to defraud pool participants or prospective pool participants, or
26

1 engage in transactions, practices or courses of business which operate as a fraud or
2 deceit upon pool participants or prospective pool participants.

3
4 20. With certain specified exclusions and exemptions not applicable here,
5 CPOs are required to be registered with the CFTC pursuant to Section 4m(1) of the
6 Act, 7 U.S.C. § 6m(1) (2002).

7
8 21. Pursuant to Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2002), any
9 person associated with a CPO as a partner, officer, employee, consultant or agent
10 in any capacity that involves the solicitation of funds or the supervision of any
11 person so engaged must be registered with the CFTC as an associated person.

12
13 **IV.**

14 **FACTS**

15 **DEFENDANTS COMMITTED FRAUD**

16 **A. Operation of the Safevest Pool**

17
18 22. In May 2007, Ervin and Slye formed Safevest as a Nevada limited
19 liability corporation and opened a Safevest office in Mission Viejo, California.

20 Ervin and Slye represented to others that they were the officers of Safevest.

21 During the relevant time, Safevest operated through agents or other persons acting
22 within the scope of their employment or office with Safevest, including Ervin.

23
24 23. Since May 2007, Safevest fraudulently solicited over 500 persons to
25 send Safevest over \$25.7 million to purchase interests in the Safevest Pool for the
26

1 purpose of trading commodity futures contracts on or subject to the rules of a
2 contract market. Safevest did not use these funds to trade commodity futures
3 contracts and misappropriated these funds. Safevest falsely represented to
4 prospective pool participants that the Safevest Pool was a commodities fund and
5 that funds in the pool were used to trade commodity futures contracts on
6 commodity exchanges located in Chicago, Illinois. To induce persons to send
7 them funds, Safevest misrepresented to prospective pool participants that Safevest
8 used computerized trading software that consistently produced daily profits
9 between 1.6% and 1.9% since June 2007.
10
11

12 24. Safevest and Ervin provided or caused to be provided, to prospective
13 pool participants "Safevest Client Participation Forms." These documents include
14 the following:
15

16 Form A: Non-Solicitation Letter;

17 Form B: Non-Disclosure/Non-Circumvention Agreement;

18 Form C: Private Placement Joint Venture Finder's Fee Agreement;

19 Form D: Joint Venture Private Placement Agreement;

20 Form E: Overall Summary;

21 Form F: Reserve Authorization and Election of Participation Contract
22 Addendum ("Participation Agreement");
23

24 Form G: Client Transmittal;
25
26

1 Form H: Transmittal Deposit/Withdrawal Information

2 25. The Safevest Client Participation Forms that Safevest and Ervin
3 distributed or caused to be distributed to prospective pool participants contained
4 numerous material misrepresentations and omissions regarding the existence and
5 profitability of the Safevest Pool as more fully alleged *infra* at paragraphs 34-56.
6

7 26. Safevest and Ervin also provided or caused to be provided to
8 prospective pool participants two documents entitled "Executive Summary" and
9 "May Trading Track Record." The Executive Summary and the May Trading
10 Track Record falsely represented that Safevest Pool participants have and will
11 achieve almost certain profits through commodity futures trading.
12

13 27. Safevest solicited participants primarily through a multi-level
14 marketing scheme whereby prospective participants were solicited by other
15 individuals or entities, some of whom were existing Safevest participants. Safevest
16 referred to these solicitors as "Consultants." These Consultants at all times acted
17 as agents or other persons acting for Safevest within the scope of their employment
18 or office.
19

20 28. Safevest distributed or caused to be distributed to Safevest
21 Consultants forms to be executed as contracts between the respective Consultant
22 and the Safevest client who was successfully solicited by the Consultant. The
23 forms that Safevest provided to Consultants included one or more standardized
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25
26

1 contract forms that provided, in relevant part, for Safevest to pay commissions or
2 fees to the referring consultant from a stated percentage of the “net proceeds” from
3 the client’s account with Safevest. Consultants who successfully solicited new
4 participants to the Safevest Pool typically received a 10% “referral fee” from the
5 purported profits made by new participants they solicited.
6

7 29. Safevest also disseminated or caused to be disseminated to Safevest’s
8 Consultants false written promotional materials that were then distributed to pool
9 participants including, but not limited to, the May Trading Track Record, the
10 “Overall Summary” and the Executive Summary.
11

12 **Receipt of Participant Funds**

13
14 30. Safevest and Ervin distributed or caused to be distributed to pool
15 participants and prospective pool participants Safevest Client Participation Forms
16 that directed pool participants to send funds to bank accounts under Safevest’s
17 control. Safevest and Ervin included this directive as part of the “Safevest Client
18 Participation Forms” designated as “Form G: Client Transmittal” and “Form H:
19 Transmittal Deposit/Withdrawal Information.”
20

21 31. Between May and December 2007, Safevest and Ervin distributed or
22 caused to be distributed, to pool participants and prospective pool participants
23 directions to send funds to an account in Safevest’s name at Wells Fargo Bank for
24 the purpose of participating in the Safevest Fund.
25
26

1 32. Between May 2007 and November 2007, Safevest also had a bank
2 account at UBS Financial Services, Inc. (“UBS”) that served as a means for
3 Safevest pool participants to deposit funds with Safevest for the purpose of
4 participating in the Safevest Fund.
5

6 33. Between approximately January 2008 and the present, Safevest and
7 Ervin distributed or caused to be distributed to pool participants an account
8 opening form that directed pool participants to send funds to an account in
9 Safevest’s name at Wachovia Bank for the purpose of participating in the Safevest
10 Pool.
11

12 **B. Fraudulent Conduct by Safevest and Ervin**

13
14 34. Safevest and Ervin defrauded prospective and actual pool participants
15 by (a) distributing or causing to be distributed to pool participants Client
16 Participation Forms that falsely represented the existence of commodity futures
17 trading by the Safevest Pool; (b) distributing or causing to be distributed to pool
18 participants Client Participation Forms that misrepresented the profits and risk of
19 loss inherent in commodity futures trading and the Safevest Pool; (c) issuing or
20 causing to be issued false trading records; (d) distributing or causing to be
21 distributed to pool participants false account statements; and (e) misappropriating
22 pool participant funds.
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1 35. Safevest and Ervin used mail and wire instrumentalities of interstate
2 commerce to defraud pool participants and to engage in practices that have
3 operated as a fraud on clients. Safevest and Ervin accepted bank wire transfers
4 from pool participants and made bank wire transfers to pool participants to
5 misappropriate funds, and used U.S. mail and interstate telephone services to send
6 false trading statements to pool participants, to send fraudulent account opening
7 documents to pool participants, and to make numerous misrepresentations to pool
8 participants.
9 participants.

11 **a. Safevest and Ervin Misrepresented the**
12 **Existence of the Safevest Pool Trading Account**

13 36. Defendants did not establish any commodity pool trading account for
14 the Safevest Pool. Contrary to the fact that no commodity pool trading account
15 was established by defendants, Safevest and Ervin made numerous
16 misrepresentations to pool participants by falsely stating that a Safevest Pool
17 trading account existed.
18 trading account existed.

19 37. As part of the Safevest Client Participation Forms, Safevest and Ervin
20 distributed or caused to be distributed to pool participants the “Overall Summary,
21 Form E.” The “Overall Summary” falsely states that Safevest’s trades “are
22 electronically cleared trades at the Chicago Mercantile Exchange for E-mini S&P
23 and, potentially, at the Chicago Board of Trade for electronic 30-year bond and 10
24 year note futures.” The “Overall Summary” contains additional misrepresentations
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26

1 that the Safevest Pool has a record of successful commodity futures trading. Such
2 misrepresentations include, but are not limited to, the following:

- 3
- 4 a. “virtually 90%-95% of all transactions are performed by
5 computerization ... Strict rules are in place that assume “no
6 gambling” with transaction amounts...”;
- 7 b. trading that is performed has a “loss” tolerance of two and one –half
8 percent of principal per trading day”;
- 9 c. “Safevest minimal transaction is \$500k. If a lower amount is taken,
10 that amount will be combined with funds from another source (IF
11 AVAILABLE) in order to minimize risk and accentuate
12 profitability”;
- 13 d. “[A]mounts in \$1 [million dollar] increments are excellent in that it
14 allows a greater number of transactions to occur to minimize any risk
15 and/or to accentuate profitability... please note that any transactions
16 involving amounts of \$10 [million dollars] or more will, most likely
17 *(based on experience)* average over 10,000 contract trades per year”
18 *(emphasis in original)* and
19
- 20 e. “[S]imulated trading, as well as real-time testing of past actual trades,
21 confirmed the benefit of” described futures trading strategies.
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1 38. Safevest and Ervin also made oral misrepresentations to pool
2 participants about the existence of a Safevest Pool trading account. Safevest and
3 Ervin falsely represented to some pool participants that Safevest had opened
4 commodity futures accounts at one or more brokerage firms.
5

6 39. Safevest and Ervin represented to prospective pool participants that
7 participant funds were pooled into an account at Wells Fargo Bank in the name of
8 Safevest. Safevest and Ervin distributed or caused to be distributed to pool
9 participants the Overall Summary which falsely represented that funds in the
10 Safevest Wells Fargo Bank account were transferred to a Safevest commodity
11 futures trading account. The Overall Summary further falsely represented to pool
12 participants that 90-95% of Safevest commodity futures trades are conducted using
13 computerized trading software. In fact, Safevest had no commodity futures trading
14 account at UBS Bank or elsewhere.
15
16

17 **b. Safevest and Ervin Misrepresented**
18 **Profits and Minimized Risk of Loss**

19 40. Safevest and Ervin falsely represented to pool participants that profits
20 are virtually guaranteed and that risk of loss is minimal in connection with the
21 Safevest Pool trading account. Not only were these representations fraudulent
22 because no Safevest Pool trading account existed, they were also fraudulent
23 because profits cannot be guaranteed and risk of loss cannot be minimized in
24 commodity futures trading.
25
26

1 41. Safevest and Ervin fraudulently guaranteed profits by distributing or
2 causing to be distributed to pool participants the "Participation Agreement," Form
3 F, as part of the Safevest Client Participation Forms. The "Participation
4 Agreement" falsely states that Safevest offers a "\$50 Million Blocked Account
5 Trading Program" at UBS Bank that "guaranteed 200% annual yield to
6 participant," a "100K+ Blocked Account Trading Platform" that "guaranteed 51%
7 annual yield to participant," and a "Daily Commodities Trading Platform" that was
8 described as "historically most aggressive of all platforms."
9
10

11 42. Safevest and Ervin disseminated, or caused to be disseminated to pool
12 participants, the Executive Summary which falsely represents that Safevest
13 engages in three trading programs that guarantee profits for pool participants. The
14 Executive Summary states that the first program is called the "\$50 Million Blocked
15 Account Trading Program" and "offers a guaranteed 200% return per year." The
16 second program is designated the "\$100K Blocked Trading Account Program."
17 The Executive Summary states that this program offers "a guaranteed 51% return
18 per year." The third program is called the "Commodities Daily Trading Program."
19 The Executive Summary represents that this program requires a minimum of
20 \$5,000 for participation and promises a daily yield on the investment of between
21 .8% and 1%.
22
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1 43. In addition to profit misrepresentations, Safevest and Ervin
2 fraudulently represented to Safevest Pool participants that there was minimal risk
3 of loss associated with trading commodity futures contracts. Notwithstanding the
4 fact that the Safevest Pool conducted no futures trading, Safevest and Ervin orally
5 represented to pool participants that such trading was low risk because only 8-13%
6 of pool participant funds were used for trading and that trading would stop if losses
7 on any particular day reached 2.5% of funds being traded.
8
9

10 44. Safevest and Ervin further misrepresented risk of loss in writing by
11 providing or causing to be provided to pool participants the Overall Summary.
12 The Overall Summary represents that the Safevest Pool utilizes a computerized
13 trading program that has a loss tolerance of 2.5% of principal per trading day and
14 that no more than 8% to 13% of principal is exposed at any given time.
15

16 **c. Safevest and Ervin Provided a False**
17 **Trading Record to Pool Participants**

18 45. Safevest and Ervin distributed or caused to be distributed to pool
19 participants a document captioned "May Trading Track Record." This document
20 falsely represents that "these are the actual percentages for the month of May 2007
21 of best efforts, past financial performance is not an indication of future results
22 (sic)." The daily percentages listed in this document include positive "gross"
23 percentage figures for each and every "trading day" in May 2007, varying from
24 8/10ths of 1 percent (.008) to 2.8% (.028) returns, and that the average gross daily
25
26

1 return for the Safevest Pool during the month of May 2007 was 1.62%. The
2 document further falsely claimed that “client has grossed for the month \$191,100
3 (est.) in dividends.”
4

5 46. Safevest and Ervin provided or caused to be provided to pool
6 participants false trading statements, and represented that the statements were
7 summaries of the trading activity in the accounts of individual Safevest pool
8 participants. The statements show deposits in the accounts and daily trading
9 profits of between 1.25% and 3.27% during the period June 4, 2007 to July 7,
10 2007.
11

12 47. In fact, the representations in paragraphs 45-46 regarding profitable
13 trading in May, June and July 2007 were false and materially misleading because
14 defendants had no track record of any commodity futures trading in May 2007 or
15 in any month thereafter.
16

17
18 **d. Safevest and Ervin Provided False
19 Account Statements to Pool Participants**

20 48. Safevest and Ervin provided or caused to be provided to pool
21 participants account statements that purported to show the current value of that
22 individual participant’s account with the Safevest Pool.

23 49. The periodic account statements that Safevest and Ervin provided or
24 caused to be provided to pool participants routinely included a daily positive value
25 percentage figure that purported to represent the actual “daily return,” “market
26

1 gain,” “client (\$)” and “[b]alance” for each trading day. The “daily return”
2 percentage figures set forth in these account statements were always positive
3 percentage numbers, typically with a value between 1% and 2% daily.
4

5 50. The periodic statements that Safevest and Ervin provided or caused to
6 be provided to pool participants were false and materially misleading because
7 defendants did not trade participants’ funds in a commodity futures pool as
8 promised and all claims of profitable futures trading, or futures trading of any sort,
9 were fictitious.
10

11 **e. Safevest and Ervin Misappropriated**
12 **Pool Participant Funds**

13 51. Contrary to their representations that the funds of Safevest pool
14 participants were being used to trade commodity futures contracts, Safevest and
15 Ervin misappropriated virtually all of those funds. Safevest and Ervin have not
16 deposited any pool participant funds in a commodity pool futures trading account
17 pursuant to the requirements of the Act. Safevest and Ervin also have not
18 established a commodity futures trading account for the benefit of participants in
19 the Safevest Pool with a FCM registered with the CFTC.
20
21

22 52. Safevest and Ervin misappropriated the funds of Safevest Pool
23 participants by making payments to pool participants from the funds of other pool
24 participants, by using pool funds to pay personal and other expenses unrelated to
25 commodity futures trading, and by paying sales agents.
26

1 53. Safevest and Ervin falsely represented to pool participants that their
2 funds would be pooled and used to trade commodity futures contracts. Safevest
3 and Ervin further represented that monthly returns paid to pool participants were
4 the result of profits derived from commodity futures trading. Contrary to these
5 representations, the funds that were sent by Safevest to pool participants were not
6 derived from commodity futures trading profits, but instead were merely other pool
7 participants' funds. In fact, defendants have made payments of at least \$18.5
8 million to existing pool participants from funds collected from pool participants.
9
10

11 54. Contrary to the claim that the pool participants' funds were devoted to
12 the trading of commodity futures contracts, Safevest and Ervin used the pool
13 participants' funds to pay personal expenses and to transfer amounts to persons and
14 entities unrelated to commodity futures trading. Pool participants deposited in
15 Safevest bank accounts under the control of Ervin and Slye were used to pay
16 \$282,500 to Mission Loans, Inc., a corporate entity partially owned by Ervin and
17 of which he is president, \$120,452 to Ervin and his family members, \$259,500 to
18 Slye and his wife, and approximately \$170,000 for check card and ATM debits.
19
20

21 55. Safevest and Ervin represented that Safevest's Consultants received
22 commissions from trading profits. Contrary to these representations, commissions
23 of Consultants were, in fact, paid directly out of funds supplied by pool
24 participants. Commissions were not, as claimed, funded from the profits of
25
26

1 commodity futures trading, since defendants did not conduct any commodity
2 futures trading.

3
4 **f. Safevest and Ervin Failed to Disclose Material Information**

5 56. While Safevest and Ervin made the false and misleading claims
6 alleged *supra* in paragraphs 21-55, they also failed to disclose, or failed to cause to
7 be disclosed, material information to pool participants and to prospective pool
8 participants including but not limited to the following: (a) that Safevest in fact had
9 no commodity futures trading account; (b) that Safevest was an unregistered
10 commodity pool operator; (c) that Safevest had no profitable commodity futures
11 trading track record, and that the track records provided to pool participants were
12 fictitious, and d) that Safevest misappropriated clients' funds.
13
14

15 **DEFENDANTS ILLEGALLY OPERATED A COMMODITY POOL**

16 57. During the relevant time, Safevest was not registered with the CFTC
17 as a CPO as required under the Act. During this time, Safevest operated the
18 Safevest Pool as an "investment trust, syndicate or similar form of enterprise" *see*
19 7 U.S.C. § 1a(5) (2002), and, in connection therewith, has solicited, accepted, and
20 received funds from others for the purpose of trading commodity futures contracts
21 on designated contract markets. During the relevant time, Safevest permitted Ervin
22 to be associated with Safevest in the capacity of a person engaged in the
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1 solicitation of funds for participation in the commodity pool, or the supervision of
2 any person or persons so engaged.

3
4 58. Safevest and Ervin have used mail and wire instrumentalities of
5 interstate commerce in connection with their business as a CPO and an associated
6 person of a CPO. Safevest and Ervin have accepted bank wire transfers from pool
7 participants and have made bank wire transfers to pool participants to
8 misappropriate funds, used mail and telephone wires to send false trading
9 statements to pool participants, used mail and telephone wires to send fraudulent
10 account opening documents to pool participants, and used telephone wires to make
11 numerous misrepresentations to pool participants.
12

13
14 59. Safevest and Ervin represented that Safevest participant funds would
15 be pooled and transferred to a commodity pool trading account for the benefit of
16 Safevest Pool participants. Safevest and Ervin further represented that pool
17 participant funds would be used to trade commodity futures contracts on the
18 Chicago Mercantile Exchange and the Chicago Board of Trade.
19

20 **ERVIN AND SLYE CONTROL THE OPERATIONS OF SAFEVEST**

21 **A. Ervin Controls Safevest Operations**

22
23 60. Ervin is one of the two officers of Safevest and represents that he is
24 the Director of Safevest. Ervin controls the day-to-day operations of Safevest. He
25
26

1 has signatory authority over Safevest bank accounts and is listed as the principal
2 contact on Safevest account opening documents.

3
4 61. Ervin authorizes and controls the content and dissemination of
5 Safevest account opening documents and promotional materials. He controls
6 access to information on Safevest pool participants and the design and content of
7 account statements of pool participants.

8
9 62. Ervin actively managed and supervised Safevest's Consultant system
10 of soliciting prospective pool participants. He provided or caused to be provided
11 to Consultants written and oral descriptions of the Safevest Pool, as well as its
12 claimed track return of steady profits. Ervin also provided Consultants with the
13 Safevest Client Participation Forms designated Form C: Private Placement Joint
14 Venture Finder's Fee Agreement and Form D: Joint Venture Private Placement
15 Agreement, agreements providing that pool participants will pay Consultants 10%
16 of the gross trading profits earned by pool participants.

17
18
19 63. As a principal of Safevest, Ervin has the power to make all major
20 decisions concerning how Safevest is operated, to monitor the written content of
21 the Safevest account opening documents and promotional materials, and to
22 prevent the fraudulent activities at Safevest.
23
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26

1 **B. Slye Controls Safevest Operations**

2 64. In addition to Ervin, Slye is the only other officer of Safevest. Slye
3 represents that he is the founder of Safevest. He also represents that he is
4 Safevest's President and Chief Executive Officer. Slye is identified in bank and
5 corporate records as an officer of Safevest.
6

7 65. As a principal of Safevest, Slye has the power to make all major
8 decisions concerning how Safevest is operated, to monitor the written content of
9 the Safevest account opening documents and promotional materials, to monitor
10 the banking activity of Safevest and to prevent the fraudulent activities at Safevest.
11

12 66. Slye also had the authority to transfer money from the Safevest
13 primary account at Wells Fargo Bank into which pool participant funds was
14 deposited. Slye misappropriated participant funds by converting a portion of those
15 funds to his own use, and by not transferring participant funds to a commodity
16 futures trading account. During the relevant time, Slye directly converted
17 approximately \$250,000 to his own use by removing those funds from Safevest
18 bank accounts, including Safevest's account at Wells Fargo Bank over which he
19 had signatory authority.
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V.

VIOLATIONS OF THE COMMODITY EXCHANGE ACT

COUNT ONE

**FRAUD BY COMMODITY POOL OPERATOR
Violations of Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1)(B)
(Against Safevest, Ervin and Slye)**

67. The allegations set forth in paragraphs 1 through 66 are realleged and incorporated herein by reference.

68. As defined in Section 1a(5) of the Act, 7 U.S.C. § 1a(5) (2002), a CPO is

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 . . . 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.

69. Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1)(B) (2002), prohibits CPOs from using the mails or any other means of interstate commerce to:

(B) engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant.

70. Since at least May 2007, Safevest, while acting as an unregistered CPO, solicited, accepted or received funds from others and engaged in a business

1 that is of the nature of an investment trust, syndicate, or similar form of enterprise,
2 for the purpose of trading in futures.

3
4 71. Safevest, through its agents, engaged in a transaction, practice or
5 course of business which operated as a fraud or deceit upon Safevest Pool
6 participants and prospective Safevest Pool participants by (1) making or causing to
7 be made fraudulent representations that Safevest operated a successful commodity
8 pool that profitably traded exchange-traded commodity futures, when in fact no
9 such commodity pool existed and no such trading occurred; (2) misrepresenting the
10 profits and risk of loss inherent in commodity futures trading; (3) issuing false
11 trading records to pool participants; (4) providing false account statements to pool
12 participants; and (5) misappropriating participant funds, all in violation of Section
13 40(1)(B) of the Act, 7 U.S.C. § 60(1)(B) (2002).

14
15
16 72. Slye controls Safevest, directly or indirectly, and did not act in good
17 faith or knowingly induced, directly or indirectly, Safevest's conduct alleged in
18 this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C.
19 § 13c(b) (2002), Slye is liable for Safevest's violations of Section 40(1)(B) of the
20 Act, 7 U.S.C. § 60(1)(B) (2002).

21
22
23 73. Ervin controls Safevest, directly or indirectly, and did not act in good
24 faith or knowingly induced, directly or indirectly, Safevest's conduct alleged in
25 this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C.

1 § 13c(b) (2002), Ervin is liable for Safevest's violations of Section 4o(1)(B) of the
2 Act, 7 U.S.C. § 6o(1)(B) (2002).

3
4 74. Each misrepresentation and omission of material fact, issuance of a
5 false report, and misappropriation of customer funds, including but not limited to
6 those specifically alleged herein, is alleged as a separate and distinct violation of
7 Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1) (B) (2002).

8
9 **COUNT TWO**

10 **FRAUD BY AN ASSOCIATED PERSON OF**
11 **A COMMODITY POOL OPERATOR**
12 **Violations of Section 4o(1)(A) of the Act, 7 U.S.C. § 6o(1)(A)**
13 **(Against Safevest and Ervin)**

14 75. The allegations set forth in paragraphs 1 through 74 are realleged and
15 incorporated herein by reference.

16 76. As defined by Section 4k(2) of the Act, an associated person of a
17 CPO is one who is:

18 associated with a commodity pool operator as a partner, officer,
19 employee, consultant, or agent . . . in any capacity that involves (i) the
20 solicitation of funds, securities, or property for a participation in a
21 commodity pool or (ii) the supervision of any person or persons so
engaged, unless such person is registered.

22 7 U.S.C. § 6k(2) (2002).

1
2 77. Ervin acted as an AP of a CPO, yet was not registered as such.

3 Accordingly, Ervin violated Section 4k(2) of the Act.
4

5 78. Section 4o(1)(A) of the Act, 7 U.S.C. § 6o(1)(A) (2002), prohibits
6 CPOs from using the mails or any other means of interstate commerce:

7 (A) to employ any device, scheme or artifice to defraud
8 any client or participant or prospective client or participant.

9 79. Since at least May 2007, Ervin, while acting as an unregistered AP of
10 a CPO, solicited, accepted or received funds from others and engaged in a business
11 that is of the nature of an investment trust, syndicate, or similar form of enterprise,
12 for the purpose of trading in futures.
13

14 80. Ervin employed a device, scheme or artifice to defraud participants
15 and prospective participants of Safevest: (1) making or causing to be made
16 fraudulent representations that Safevest operated a successful commodity pool that
17 profitably traded exchange-traded commodity futures, when in fact no such
18 commodity pool existed and no such trading occurred; (2) misrepresenting or
19 causing to be misrepresented to pool participants the profits and risk of loss
20 inherent in commodity futures trading; (3) issuing or causing to be issued to pool
21 participants false trading records; (4) providing or causing to be provided to pool
22 participants false account statements; and (5) misappropriating participant funds,
23 all in violation of Section 4o(1)(A) of the Act, 7 U.S.C. § 6o(1)(A) (2002).
24
25
26

1 81. The foregoing acts, misrepresentations, omissions, and failures of
2 Ervin occurred within the scope of his employment or office with Safevest;
3 therefore, Safevest is liable for these acts pursuant to Section 2(a)(1)(B) of the Act,
4 7 U.S.C. § 2 (a)(1)(B)(2002), and CFTC Regulation 1.2, 17 C.F.R. § 1.2 (2007).
5

6 82. Each misrepresentation and omission of material fact, issuance of a
7 false report, and misappropriation of customer funds, including but not limited to
8 those specifically alleged herein, is alleged as a separate and distinct violation of
9 Section 4o(1)(A) of the Act, 7 U.S.C. § 6o(1) (A) (2002).
10

11 **COUNT THREE**

12 **FAILURE TO REGISTER AS A COMMODITY POOL OPERATOR**
13 **Violations of Section 4m(1) of the Act, 7 U.S.C. § 6m(1)**
14 **(Against Safevest, Ervin and Slye)**

15 83. The allegations set forth in paragraphs 1 through 82 are realleged and
16 incorporated herein by reference.

17 84. Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2002), provides that it is
18 unlawful for any CPO, unless registered under the Act, to make use of the mails or
19 any means or instrumentality of interstate commerce in connection with his
20 business as a CPO.
21

22 85. Since at least May 2007, Safevest has used the mails, wires, or other
23 instrumentalities of interstate commerce in or in connection with its business as a
24
25
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1 CPO while failing to register as a CPO, in violation of Section 4m(1) of the Act,
2 7 U.S.C. § 6m(1) (2002).

3
4 86. Safevest does not qualify for a registration exemption under either the
5 Act or the CFTC Regulations.

6 87. Ervin controls Safevest, directly or indirectly, and did not act in good
7 faith or knowingly induced, directly or indirectly, Safevest's conduct alleged in
8 this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C.
9 § 13c(b) (2002), Ervin is liable for Safevest's violation of Section 4m(1) of the
10 Act, 7 U.S.C. § 6m(1) (2002).

11
12 88. Slye controls Safevest, directly or indirectly, and did not act in good
13 faith or knowingly induced, directly or indirectly, Safevest's conduct alleged in
14 this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C.
15 § 13c(b) (2002), Slye is liable for Safevest's violations of Section 4m(1) of the
16 Act, 7 U.S.C. § 6m(1) (2002).

17
18
19 **COUNT FOUR**

20 **FAILURE TO REGISTER AS AN ASSOCIATED PERSON**
21 **OF A COMMODITY POOL OPERATOR**

22 **Violations of Section 4k(2) of the Act, 7 U.S.C. § 6k(2)**
23 **(Against Safevest and Ervin)**

24 89. The allegations set forth in paragraphs 1 through 88 are realleged and
25 incorporated herein by reference.

1 90. Section 4k(2) of the Act, 7 U.S.C. § 6k(2)(2002), states that it is:

2 unlawful for any person to be associated with a [CPO] as a
3 partner, officer, employee, consultant or agent . . . in any
4 capacity that involves (i) the solicitation of funds,
5 securities or property for participation in a commodity pool
6 or (ii) the supervision of any person or persons so engaged,
7 unless such person is registered with the Commission . . .
8 as an associated person of such [CPO] It shall be
9 unlawful for a [CPO] to permit such a person to become or
10 remain associated with the [CPO] in any such capacity if
11 the [CPO] knew or should have known that such person
12 was not so registered . . .

13 91. Since at least May 2007, Ervin has been associated with a CPO,
14 Safevest, and has been involved in the solicitation of funds for participation in
15 pools or the supervision of any person so engaged, while failing to register as an
16 AP of the CPO, in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2002).

17 92. Safevest has permitted Ervin to become and remain associated with
18 Safevest and knew, or should have known, that Ervin was not registered as an AP
19 of Safevest, in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2002).

20 **VI.**

21 **RELIEF**

22 WHEREFORE, the CFTC respectfully requests that the Court, as authorized
23 by Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), and pursuant to its own
24 equitable powers, enter:
25
26

1 (a) an order finding that Safevest violated Sections 4o(1)(B), 4k(2) and
2 4m(1) of the Act, 7 U.S.C. §§ 6o(1)(B), 6k(2) and 6m(1) (2002); that Ervin violated
3 Sections 4o(1)(A) and 4k(2) of the Act; 7 U.S.C. §§ 6o(1)(A) & (B), 6k(2) and
4 6m(1) (2002); that Ervin and Slye are each liable for Safevest's violations of the
5 Act, as alleged herein, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b)
6 (2002); and that Safevest is liable for Ervin's violations of the Act, as alleged
7 herein, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2002), and
8 CFTC Regulation 1.2, 17 C.F.R. § 1.2 (2007);
9
10

11 (b) an order of permanent injunction prohibiting defendants, and any other
12 person or entity associated with them, including any successor thereof, from
13 engaging in conduct violative of the sections of the Act and Regulations that they
14 have been alleged to violate;
15

16 (c) an order of permanent injunction prohibiting defendants from
17 engaging, directly or indirectly, in any activity related to trading in any
18 commodity, as that term is defined in Section 1a(4) of the Act, 7 U.S.C. § 1a(4)
19 (2002) including but not limited to, the following:
20

21 1. trading on or subject to the rules of any registered entity, as
22 that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29) (2002);
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1 2. engaging in, controlling or directing the trading for any
2 commodity interest account for or on behalf of any other person or entity, whether
3 by power of attorney or otherwise;
4

5 3. soliciting or accepting any funds from any person in
6 connection with the purchase or sale of any commodity interest;
7

8 4. entering into any commodity interest transactions for his own
9 personal account, for any account in which he has a direct or indirect interest
10 and/or having any commodity interests traded on his behalf; and

11 5. engaging in any business activities related to commodity
12 interest trading.
13

14 (d) an order of permanent injunction from applying for registration or
15 claiming exemption from registration with the CFTC in any capacity, and engaging
16 in any activity requiring such registration or exemption from registration with the
17 CFTC, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R.

18 § 4.14(a)(9) (2007), or acting as a principal, agent or any other officer or employee
19 of any person registered, exempted from registration or required to be registered
20 with the Commission, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R.
21 § 4.14(a)(9) (2007);
22

23 (e) an order directing defendants, as well as any other person or entity
24 associated with them, including any successor thereof, to disgorge, pursuant to such
25
26

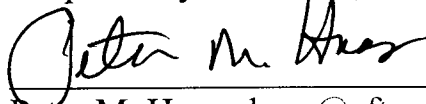
1 procedure as the Court may order, all benefits received from the acts or practices
2 which constitute violations of the Act or Regulations, as described herein, and
3 interest thereof from the date of such violations;
4

5 (f) an order directing defendants, as well as any other person or entity
6 associated with them, including any successor thereof, to make full restitution,
7 pursuant to such procedure as the Court may order, to every pool participant whose
8 funds were received by them as a result of acts and practices which constitute
9 violations of the Act and Regulations, as described herein, and interest thereon
10 from the date of such violations;
11

12 (g) an order directing each defendant to pay a civil monetary penalty in
13 the amount of not more \$130,000 for each violation of the Act and Regulations
14 described herein or triple the monetary gain; and
15

16 (h) an order for such other and further remedial ancillary relief as the
17 Court may deem appropriate.
18
19

20 Respectfully submitted,

21 

22 Peter M. Haas phaas@cftc.gov

23 Richard P. Foelber rfoelber@cftc.gov

24 Attorneys for Plaintiff

25 U.S. Commodity Futures Trading Commission

26 1155 21st Street N.W.

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17 Futures Trading Commission
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Dated: May 1, 2008

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

| | |
|---|--|
| I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/> U.S. Commodity Futures Trading Commission | DEFENDANTS Safevest LLC, Jon G. Ervin & John V. Slye |
| (b) County of Residence of First Listed Plaintiff (Except in U.S. Plaintiff Cases): | County of Residence of First Listed Defendant (In U.S. Plaintiff Cases Only): Orange County, CA |
| (c) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Peter M. Haas Richard P. Foelber U.S. Commodity Futures Trading Commission 1155 21st Street N.W., Washington, DC, 20581 | Attorneys (If Known) |

| | | | | | | | | | | | | | | | | | | | |
|--|---|----------------------------|---|----------------------------|---|----------------------------|----------------------------|--------------------------|----------------------------|----------------------------|---|----------------------------|----------------------------|---|----------------------------|----------------------------|----------------|----------------------------|----------------------------|
| II. BASIS OF JURISDICTION (Place an X in one box only.) <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III) | III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:30%;">Citizen of This State</td> <td style="width:10%;"><input type="checkbox"/> 1</td> <td style="width:10%;"><input type="checkbox"/> 1</td> <td style="width:30%;">Incorporated or Principal Place of Business in this State</td> <td style="width:10%;"><input type="checkbox"/> 4</td> <td style="width:10%;"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td><input type="checkbox"/> 5</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </table> | Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in this State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 | Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 | Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in this State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 | | | | | | | | | | | | | | |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 | | | | | | | | | | | | | | |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 | | | | | | | | | | | | | | |

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

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

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

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

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

7 U.S.C. Sections 6o, 6g(2) and 6m(1) (2002)- Fraud by Commodity Pool Operator and Associated Person of Commodity Pool Operator, Unregistered Commodity Pool Operator, & Unregistered Associated Person of a Commodity Pool Operator

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

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

VIII(a). IDENTICAL CASES: Has this action been previously filed and dismissed, remanded or closed? No Yes

If yes, list case number(s): _____

FOR OFFICE USE ONLY: Case Number: SACV08-00474 AHS (ANx)

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

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

VIII(b). RELATED CASES: Have any cases been previously filed that are related to the present case? No Yes

If yes, list case number(s): SACY08-00473 JVS (MLGx)

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

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

IX. VENUE: List the California County, or State if other than California, in which EACH named plaintiff resides (Use an additional sheet if necessary)
 Check here if the U.S. government, its agencies or employees is a named plaintiff.

List the California County, or State if other than California, in which EACH named defendant resides. (Use an additional sheet if necessary)
 Check here if the U.S. government, its agencies or employees is a named defendant.

Safevest LLC- Orange Co., CA
 Jon G. Ervin- Orange Co., CA
 John V. Slye- Fairfax Co., VA

List the California County, or State if other than California, in which EACH claim arose. (Use an additional sheet if necessary)
 Note: In land condemnation cases, use the location of the tract of land involved.
 Orange Co., CA

X. SIGNATURE OF ATTORNEY (OR PRO PER):

John M. Huer

Date

5-1-08

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

Key to Statistical codes relating to Social Security Cases:

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

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

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Alicemarie H. Stotler and the assigned discovery Magistrate Judge is Arthur Nakazato.

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

SACV08 - 474 AHS (ANx)

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

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

NOTICE TO COUNSEL

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

Subsequent documents must be filed at the following location:

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

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

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

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

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

U.S. Commodity Futures Trading Commission

CASE NUMBER

PLAINTIFF(S)

CV08-00474 AHS (ANx)

v.

Safevest LLC,
Jon G. Ervin, &
John V. Slye,

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): Safevest LLC, Jon G. Ervin, John V. Slye

A lawsuit has been filed against you.

Within 20 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Peter Haas or Richard Foelber, whose address is Commodity Futures Trading Commission, 1155 21st Street N.W., Washington, Dc 20581. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

MAY - 1 2008

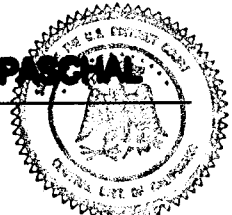
Dated: _____

By: _____

ROLLS ROYCE PASCHAL

Deputy Clerk

(Seal of the Court)



1144

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