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11 UNITED STATES DISTRICT COURT
12 DISTRICT OF NEVADA

13 COMMODITY FUTURES TRADING) Case No.: CV-N-06-512
14 COMMISSION,)
15 Plaintiff,) COMPLAINT FOR PERMANENT
16 vs.) INJUNCTION, CIVIL MONETARY
17 ALLIANCE DEVELOPMENT COMPANY,) PENALTIES, AND OTHER EQUITABLE
WILLIAM SNYDER, and CHRISTI WILSON,) RELIEF
18 Defendants.)
19

20 I. SUMMARY

21 1. Since at least October 2004, defendants Alliance Development Company (Alliance),
22 an unregistered Commodity Pool Operator (CPO), William Snyder (W. Snyder), and Christi
23 Wilson (Wilson) (collectively, Defendants) have engaged in a number of fraudulent schemes
24 using various fictitious entities and aliases to solicit members of the general public to invest in
25 commodity pools (pools) that purportedly trade, *inter alia*, commodity futures contracts
26 (futures).

1 2. Defendants created sham companies Millennium InterSphere (Millennium), HRC
2 World Fund (HRC), and Titan World 4 Capital (Titan) through which W. Snyder, acting as an
3 unregistered Associated Person (AP) of Alliance, apparently uses the aliases Bob Siden (Siden),
4 John Wellmond (Wellmond), and Ozzie Butler (Butler) to solicit prospective pool participants
5 and pool participants on behalf of Alliance.

6 3. W. Snyder, also acting as an unregistered CPO, created the fake company Verada
7 Wealth Unification (Verada) through which he apparently uses the alias David K. Anthony
8 (Anthony) to solicit pool participants on behalf of his own pools.

9 4. In soliciting prospective pool participants and pool participants on behalf of
10 Alliance and W. Snyder, Defendants guarantee to pool participants monthly profits of between
11 20 percent and 45 percent; misrepresent to pool participants that their funds will be pooled to
12 trade "world markets," including futures; fail to apprise pool participants of the significant risks
13 involved in trading futures; and provide pool participants with doctored futures account
14 statements reflecting exorbitant trading returns.

15 5. In reality, Defendants do not invest the pool participants' funds in futures or
16 anything else; rather, they divert pool participants' funds for their personal use.

17 6. Defendants have engaged in, are engaged in, or are about to engage in acts and
18 practices that violate anti-fraud and other provisions of the Commodity Exchange Act (Act),
19 7 U.S.C. § 1 *et seq.* (2002), and the Commodity Futures Trading Commission (Commission)
20 Regulations promulgated thereunder (Regulations), 17 C.F.R. § 1.1 *et seq.* (2006).
21

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

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

6 **II. JURISDICTION AND VENUE**

7 9. The Court has jurisdiction over this action pursuant to Section 6c of the Act,
8 7 U.S.C. § 13a-1, which provides that whenever it shall appear to the Commission that any
9 person has engaged, is engaging, or is about to engage in any act or practice constituting a
10 violation of any provision of the Act or any rule, regulation, or order promulgated thereunder, the
11 Commission may bring an action against such person to enjoin such practice or to enforce
12 compliance with the Act.

13 10. Venue properly lies with this Court pursuant to Section 6c(e) of the Act,
14 7 U.S.C. § 13a-1(e), in that Defendants are found in, inhabit, or transact business in the District
15 of Nevada, and the acts and practices in violation of the Act and Regulations have occurred, are
16 occurring, or are about to occur within this district, among other places.

17 **III. PARTIES**

18 11. The **Commodity Futures Trading Commission** is an independent federal
19 regulatory agency of the United States empowered to enforce the provisions of the Act,
20 7 U.S.C. §§ 1 *et seq.*, and the Regulations, 17 C.F.R. §§ 1.1. *et seq.* The Commission maintains
21 its principal office at Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

22 12. **Alliance Development Company** is a Nevada corporation with its principal place
23 of business at 59 Damonte Parkway, Suite 308, Reno, NV 89521. Alliance uses fictitious
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1 entities Millennium, HRC, and Titan when conducting business with pool participants and
2 prospective pool participants. Millennium, HRC, and Titan are not incorporated or otherwise
3 organized as legally cognizable entities. Alliance, Millennium, HRC, and Titan have never been
4 registered with the Commission in any capacity.

5 13. **William Snyder** is an individual with recent addresses believed to be in California,
6 Michigan, and Nevada. W. Snyder, defendant Wilson's father, is the CPO for Verada World V
7 Venture and Verada-Galaxy Venture Fund pools. In his CPO capacity, W. Snyder uses fictitious
8 entities Ocean, Inc. (Oceans) and Verada and the aliases Steven Snyder and Anthony. In
9 addition, W. Snyder is an AP of Alliance and has served as Alliance's president, secretary,
10 treasurer, and director since approximately January 2006. W. Snyder, while acting as an
11 Alliance AP, uses the aliases Siden, Wellmond, and Butler to solicit prospective pool participants
12 and pool participants. W. Snyder has never been registered with the Commission in any
13 capacity.
14

15 14. **Christi Wilson** is an individual with a last known address of 9550 Apache Rose
16 Drive, Reno, NV 89521. Wilson, defendant W. Snyder's daughter, owns Alliance and was its
17 president, secretary, and treasurer from 2004 to approximately January 2006. Wilson has never
18 been registered with the Commission in any capacity.
19

20 **IV. FACTS**

21 **A. General Background for Operations of CPO Alliance and CPO W. Snyder**

22 15. Since at least October 2004, Defendants, through CPO Alliance and CPO
23 W. Snyder, have been engaging and continue to engage in schemes to defraud and
24 misappropriate funds by soliciting members of the general public to invest in at least nine pools.
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1 16. W. Snyder, on behalf of both CPO Alliance and CPO W. Snyder, faxes solicitation
2 materials to prospective pool participants and pool participants that describe purportedly
3 extraordinary money-making opportunities. W. Snyder represents to prospective Millennium,
4 HRC, Titan, and Verada pool participants that their money will be pooled with other pool
5 participants' funds to trade, among other things, futures.

6 17. Once pool participants invest in one of the pools operated by W. Snyder or Alliance,
7 however, their funds are not deposited into a pool account used to trade futures. Instead, pool
8 participant funds are diverted to Defendants' personal use.

9 18. The pools operated by Alliance and W. Snyder are part of a single scheme to
10 defraud pool participants. The solicitation materials that W. Snyder uses to solicit pool
11 participants for the Alliance pools and his own pools are identical in many respects. In addition,
12 Alliance and W. Snyder have a substantial number of the same pool participants.

13 19. W. Snyder is involved in both schemes and Wilson, his daughter, owns Alliance.
14 Defendants regularly transfer pool participant funds between the Oceans and Alliance accounts.
15 In addition, Defendants regularly disburse pool participant funds to themselves.
16

17 **B. CPO Alliance, Through Various Fictitious Entities and Aliases,**
18 **Solicits Pool Participants to Invest in Its Pools**

19 **1. Overview of Alliance's Operations**

20 20. To solicit pool participants on behalf of Alliance, Defendants created the fictitious
21 companies Millennium, HRC, and Titan.
22

23 21. W. Snyder (using the aliases Siden, Wellmond, and Butler) solicits Millennium,
24 HRC, and Titan pool participants on behalf of Alliance.

25 22. As Alliance's sole AP, W. Snyder has primary responsibility for the solicitations of
26 pool participants on behalf of Alliance.

1 23. In 2004 and 2005, Wilson opened bank accounts in Alliance's name at Wells Fargo
2 Bank, N.A., U.S. Bank, and Nevada State Bank. Millennium, HRC, and Titan pool participant
3 funds were deposited in one of the Alliance bank accounts where they subsequently have been
4 diverted for Defendants' personal use.

5 24. From approximately 2004 to the present, Wilson and Snyder controlled the
6 operations of Alliance. Further, Wilson and Snyder did not act in good faith or knowingly
7 induced, directly or indirectly, the acts constituting Alliance's violations of the Act and
8 Regulations.
9

10 **2. The Millennium Pools: Millennium Stellar Plan, Millennium Hierarchy**
11 **Plan, Millennium InterVenture, and Millennium Private Joint Venture**

12 25. Beginning around October 2004, W. Snyder (posing as Siden) began soliciting
13 prospective Millennium pool participants on Alliance's behalf. Siden sent prospective pool
14 participants an initial fax announcing an opportunity to invest in Millennium. The fax touts
15 Millennium as "[a] Wealth Creating Partnership for EVERYONE" and contains testimonials
16 from individuals who claim to be making a lot of money as affiliates (or pool participants) of
17 Millennium.

18 26. Prospective pool participants who submit their contact information to Millennium
19 receive via fax a welcome letter signed by Siden on Millennium letterhead and an additional
20 informational packet from Millennium which includes, among other things, promotional
21 materials, a questionnaire for affiliates, confirmation for participation in Millennium, and a "New
22 Affiliate Registration" form (collectively, the Millennium materials).
23

24 27. The Millennium materials offer two plans: the Millennium Stellar Plan and the
25 Millennium Hierarchy Plan.
26

1 28. To participate in the Millennium Stellar Plan, pool participants pay a minimum
2 "Unit of Participation" amount of \$300. The Millennium materials state that affiliates of the
3 Millennium Stellar Plan will receive regular bi-monthly payments and that, over the course of
4 just one year, a \$300 minimum unit of participation will generate a total of \$1,875 and a \$2,100
5 maximum unit of participation will generate \$13,125.

6 29. To participate in the Millennium Hierarchy Plan, pool participants pay a minimum
7 unit of participation amount of \$2,500. The Millennium materials state that affiliates of the
8 Millennium Hierarchy Plan will receive regular monthly payments and that, over the course of
9 just one year, a \$2,500 minimum unit of participation will generate a total of \$13,250 and a
10 \$25,000 maximum unit of participation will generate \$108,500. In addition, Millennium
11 Hierarchy Plan affiliates receive an annual 10 percent profit bonus.
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13 30. Siden also offers some Millennium pool participants an invitation to participate in
14 the exclusive Millennium InterVenture and Millennium Private Joint Venture pools.

15 31. In e-mail and fax correspondence, Siden informs pool participants that Millennium
16 InterVenture trades S & P e-mini futures contracts with pool participant funds. To participate in
17 the Millennium InterVenture pool, pool participants pay a minimum amount of \$5,000.
18 Millennium's private invitation to pool participants promoting the Millennium InterVenture pool
19 promises that the "absolute minimum return on invested dollars is 40% per month, however
20 returns should be far beyond that percentage." In correspondence to pool participants, Siden
21 guarantees that pool participants' returns on their Millennium InterVenture investments will be
22 "absolutely NO LESS that 40% monthly (and, OBVIOUSLY MUCH MUCH MORE . . .)"
23 (emphasis in original).
24
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1 32. With respect to the Millennium Private Joint Venture, Siden and a pool participant
2 agree to enter into a partnership agreement naming Siden as principal trader and the pool
3 participant as Siden's exclusive silent partner. Participation requires an initial \$5,000 deposit.
4 Siden and the pool participant pool their funds together and Siden represents that he will trade
5 S & P e-mini futures contracts with the pool funds. Siden promotes the Millennium Private Joint
6 Venture pool as an "unprecedented opportunity" to make "a lot" of money.

7 33. The Millennium materials contain no discussion of the risks associated with trading
8 futures.

9 34. Alliance never provides the required pool disclosure documents to Millennium's
10 prospective pool participants and pool participants.

11 35. To invest in the Millennium Stellar Plan, Millennium Hierarchy Plan, Millennium
12 InterVenture or Millennium Private Joint Venture pools, Siden instructs prospective pool
13 participants to fax a personal check to Millennium.

14 36. Since October 2004, at least 25 Millennium pool participants collectively have
15 invested a minimum of \$54,400 in the Millennium pools.

16 37. Upon information and belief, no Millennium pool participants ever received back
17 their initial investments or any returns on their investments.

18 **3. The HRC Pool: HRC Aggressive World Fund**

19 38. Beginning by at least November 2004, W. Snyder (posing as Wellmond) began
20 soliciting prospective HRC pool participants on Alliance's behalf by sending prospective HRC
21 pool participants an initial fax promoting the "most extraordinary MONEY MAKING
22 opportunity ever" (emphasis in original).
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1 39. Prospective pool participants who submit their contact information to HRC receive
2 via fax a packet containing a letter signed by Wellmond on HRC letterhead, a registration form
3 for the HRC Aggressive World Fund, and two fact sheets about HRC (collectively, the HRC
4 materials).

5 40. The HRC materials identify Wellmond as HRC's President, Lead Trader, and
6 Trainer. HRC is described as a "pure passive money making syndication" that pools participants'
7 funds to trade "world markets including . . . Futures and on a limited basis, certain prime
8 commodities."

9 41. According to the HRC materials, only fifty prospective pool participants may invest
10 in HRC Aggressive World Fund and each pool participant is required to make a \$500 minimum
11 investment.
12

13 42. HRC guarantees that it pays pool participants "no less than thirty percent (30%)
14 monthly." HRC represents that pool participants who choose to compound monthly profits will
15 make huge profits:
16

17 A minimal \$500. investment in [HRC], if allowed to compound for only twelve
18 months, grows to a minimum of \$13,541.40. IMAGINE WHAT \$1000. returns,
19 or \$2,500., or \$5,000. THERE IS NOTHING LIKE THIS ANYWHERE!
20 (emphasis in original).

21 43. To invest in the HRC Aggressive World Fund pool, Wellmond instructs prospective
22 pool participants to fax a personal check to HRC.

23 44. The HRC materials contain no discussion of the risks involved in trading futures.

24 45. Alliance never provides the required pool disclosure documents to HRC's
25 prospective pool participants and pool participants.

26 46. Since November 2004, at least three pool participants collectively have invested a
minimum of \$1,500 in HRC Aggressive World Fund.

1 47. Upon information and belief, no HRC pool participants ever received back their
2 initial investments or any return on their investments.

3 **4. The Titan Pools: Titan World-4 Capital Fund and Titan Chase-Titan-2**
4 **Global Fund**

5 48. In at least May 2005, W. Snyder (posing as Butler) began soliciting prospective
6 Titan pool participants on Alliance's behalf. Like Alliance's previous schemes, Titan sent
7 prospective pool participants an initial fax promoting a lucrative investment opportunity.

8 49. Prospective pool participants who submit their contact information to Titan receive
9 via fax a packet containing a letter from Butler, an application, a promotional flier, and fact
10 sheets about Titan and Titan World-4 Capital Fund (collectively, the Titan materials).

11 50. The Titan materials identify Butler as "Senior Master Trader" of the Titan World-4
12 Capital Fund and perhaps "the best futures trader in the world." Titan is described as a "seven
13 year old international trading and hedge fund conglomerate" that trades, among other things, "the
14 NASDAQ, S&P, Russell, DOW E-Mini Futures Markets."

15 51. According to the Titan materials, only twenty-five pool participants may invest in
16 the Titan World-4 Capital Fund and each pool participant is required to make a \$500 minimum
17 investment.
18

19 52. The Titan materials guarantee pool participants monthly returns ranging from 15
20 percent to 25 percent. Titan represents that pool participants who choose to compound their
21 monthly profits will make huge profits:
22

23 If you multiplied and compounded just \$1000. paying our rate of 20% monthly
24 (compounded monthly), that \$1000. would grow to \$9,812.03 in just 12 months.
25 A \$5,000. participation paying our rate of 25% monthly (compounded monthly)
26 grows to \$72,461.54. Is it any wonder, people are creating FINANCIAL
FREEDOM AND INDEPENDENCE with our Venture(s)? (emphasis in original).

1 Titan claims that, with its 91 percent overall success rate and magic of compounding,
2 pool participants will "DOUBLE [THEIR] MONEY REPEATEDLY" (emphasis in
3 original).

4 53. To invest in the Titan World-4 Capital Fund pool, Butler instructs prospective pool
5 participants to fax a personal check to Titan.

6 54. Once pool participants invest in Titan World-4 Capital Fund, Butler offers some
7 pool participants a private invitation to participate in the Chase-Titan-2 Global Fund pool. The
8 minimum investment for the Chase-Titan-2 Global Fund pool is \$1,000 for a period of six
9 months. Titan represents that it will accept only five individuals (including Butler) to pool their
10 money in the Chase-Titan-2 Global Fund pool, a private venture in which Butler purportedly will
11 trade S & P e-mini futures contracts.
12

13 55. Titan and Butler claim that the profitability of the Chase-Titan-2 Global Fund pool
14 is "BEYOND COMPREHENSION." A written invitation to a prospective Chase-Titan-2 Global
15 Fund pool participant promises that the "absolute minimum return on invested dollars is 42% per
16 month, however returns should be far beyond that percentage . . ." (emphasis in original).
17

18 56. Additionally, Butler sent a prospective Titan pool participant a phony Velocity
19 Futures (Velocity) trading account statement, dated July 13, 2005. In the account statement,
20 Butler represented that he had made approximately \$635,000 on a \$15,000 investment over a six-
21 month period trading futures.

22 57. Simultaneously, Millennium's Siden solicited at least one Millennium pool
23 participant to invest in the Titan pools by faxing the same Velocity account statement to the
24 Millennium pool participant.
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1 58. The Velocity account statement contains wholly made up futures trading. It does
2 not comport with any trades done in any Velocity account during 2005.

3 59. The Titan materials and Chase-Titan-2 Global Fund invitation contain no discussion
4 of the risks associated with trading futures.

5 60. Alliance never provides the required pool disclosure documents to Titan's
6 prospective pool participants and pool participants.

7 61. Since May 2005, at least 11 pool participants collectively have invested a minimum
8 of \$42,545.75 in the Titan pools.

9 62. Upon information and belief, no Titan pool participants ever received back their
10 initial investments or any return on their investments.

11
12 **C. CPO W. Snyder, Through Fictitious Entities and an Alias,**
13 **Solicits Pool Participants to Invest in His Pools**

14 63. By at least August 2005, W. Snyder began using the fictitious entities Oceans and
15 Verada to conduct business as a CPO for at least two pools.

16 64. On August 19, 2005, W. Snyder opened a financial account in Reno, Nevada at
17 Charles Schwab (Schwab) titled in the name of Oceans. To open the Schwab account,
18 W. Snyder used the stolen identity of a Titan pool participant named Steven Snyder.

19 65. On the Schwab account opening documents, W. Snyder provided Steven Snyder's
20 name, social security number, driver's license number, and date of birth. W. Snyder also
21 misrepresented that Oceans is a Nevada corporation located at 18603 Wedge Parkway, Suite
22 L- 1, Reno, Nevada and that Steven Snyder is the president of Oceans.

23
24 66. Also in August 2005, W. Snyder (posing as Anthony) began soliciting prospective
25 Verada pool participants. Anthony sent prospective pool participants an initial fax package on
26 Verada letterhead containing information about an "exclusive wealth building system operating

1 worldwide" and anonymous testimonials indicating that individuals had become rich by
2 participating in Verada.

3 67. The initial fax package includes several promotional pages regarding the Verada
4 investment opportunity, an application for Verada's World V Venture and a fax page for pool
5 participants to affix their checks to and fax back to Verada (collectively the Verada materials).

6 Most of the Verada materials are signed by Anthony.

7 68. The Verada materials state that Anthony is the "Founder, President and Trader
8 Extraordinaire" of Verada, a company that has successfully managed private ventures "using
9 'pooled' 'shared' resources for over 8 years." Verada World V Venture purports to be a "passive"
10 investment opportunity that pools resources in the form of private ventures that trade world
11 markets, including various futures markets.

12 69. A prospective pool participant may invest in Verada V World Venture for a
13 minimum venture price of \$500.

14 70. The Verada materials state that pool participants receive at least 15 percent to 20
15 percent payouts on their Verada World V Venture investment every 21 days. Verada's 21 day
16 compounding supposedly creates "massive" returns.

17 71. Verada claims that its 77 percent accuracy rate equates to "HUGE PROFITS"
18 (emphasis in original) for its Verada World V Venture investment.

19 72. To invest in Verada World V Venture, the Verada materials instruct prospective
20 pool participants to fax a personal check to Verada.

21 73. Once prospective pool participants invest in Verada World V Venture, Anthony
22 offers some pool participants a private invitation to participate in the exclusive Verada-Galaxy
23 Venture Fund. The minimum investment for the Verada-Galaxy Venture Fund is \$1,000 for a
24
25
26

1 period of six months. Verada represents that it will accept only five individuals (including
2 Anthony) to pool their money in the Verada-Galaxy Venture Fund, a pool in which Anthony was
3 to trade S & P e-mini futures contracts.

4 74. A written invitation to a prospective Verada-Galaxy Venture Fund pool participant
5 promises that the "absolute minimum return on invested dollars is 48% per month, however
6 returns should exceed that percentage . . ." (emphasis in original). To invest, the invitation
7 instructs prospective pool participants to fax a personal check to Verada's supposed parent
8 company, Oceans.

9
10 75. None of the Verada materials or private invitations contains a discussion of the risks
11 involved in trading futures.

12 76. W. Snyder never provides the required pool disclosure documents to Verada's
13 prospective pool participants and pool participants.

14 77. The Verada pool participant funds were deposited into either the Oceans or an
15 Alliance account where they subsequently have been diverted for Defendants' personal use.

16 78. Since August 2005, at least 41 pool participants collectively have invested a
17 minimum of \$257,015 in the Verada pools.

18
19 79. Upon information and belief, no Verada pool participants ever received back their
20 initial investments or any returns on their investments.

21 **D. Defendants Misappropriated and Commingled**
22 **W. Snyder and Alliance Pool Participants' Funds**

23 80. CPOs Alliance and W. Snyder have never established separate, cognizable legal
24 entities to serve as the pools in which the pool participants' funds would be invested.

1 81. Instead, funds that pool participants invested in the Alliance pools through
2 Millennium, HRC, and Titan were deposited in Alliance bank accounts at Wells Fargo Bank,
3 N.A., U.S. Bank, or Nevada State Bank.

4 82. Most of the funds that pool participants invested in W. Snyder's Verada pools were
5 deposited in the Oceans account at Schwab and the remainder was deposited in an Alliance
6 account.

7 83. Defendants commingled pool participant funds with other funds and transferred pool
8 participant funds between Oceans and Alliance accounts on a regular basis.
9

10 84. Wilson withdrew significant amounts of pool participant funds from the Alliance
11 accounts in the form of checks that she wrote to herself, W. Snyder, and her husband, Erik
12 Wilson.

13 85. Wilson also used pool participant funds to pay for personal items, such as Botox
14 cosmetic injections, jewelry, pet grooming, and trips to Hawaii.

15 86. Between June and August 2005, Wilson disbursed approximately \$8,300 from the
16 Alliance bank accounts to a futures trading account in her husband Erik Wilson's name at
17 Velocity Futures, LP (Velocity).
18

19 87. W. Snyder (posing as Steven Snyder) withdrew significant amounts of pool
20 participant funds from the Oceans accounts in the form of checks that he wrote to Alliance,
21 Wilson, and Wilson's husband, Erik Wilson.

22 88. W. Snyder also used Verada pool participants' funds to purchase expensive jewelry,
23 to pay his grandchild's (Wilson's son's) private school tuition, to make Mercedes Benz payments,
24 and to fund a family Thanksgiving in Hawaii that included, among others, W. Snyder, W.
25 Snyder's wife, Wilson, and Erik Wilson.
26

1 89. Between November 2005 and January 2006, W. Snyder also disbursed
2 approximately \$20,000 to two individual futures trading accounts at Velocity in the names of
3 Wilson and Erik Wilson.

4 90. W. Snyder also had significant involvement in Alliance's banking transactions and
5 directed payments from the Alliance accounts to himself and others.

6 **V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT**

7 **COUNT ONE**
8 **FRAUD IN THE SALE OF COMMODITY FUTURES CONTRACTS**

9 **Violations of Section 4b(a)(2)(i)-(iii) of the Act,**
10 **7 U.S.C. § 6b(a)(2)(i)-(iii)**

11 91. The allegations set forth in paragraphs 1 through 90 are realleged and
12 incorporated herein by reference.

13 92. Section 4b(a)(2) of the Act, 7 U.S.C. § 6b(a)(2), makes it unlawful

14 for any person, in or in connection with any order to make, or the
15 making of, any contract of sale of any commodity for future
16 delivery, made, or to be made, for or on behalf of any other person
17 if such contract for future delivery is or may be used for (A)
18 hedging any transaction in interstate commerce in such commodity
19 or the products or byproducts thereof, or (B) determining the price
20 basis of any transaction in interstate commerce in such
21 commodity, or (C) delivering any such commodity sold, shipped,
22 or received in interstate commerce for the fulfillment thereof—(i)
23 to cheat or defraud or attempt to cheat or defraud such other
24 person; (ii) willfully to make or cause to be made to such other
25 person any false report or statement thereof, or willfully enter or
26 cause to be entered for such person any false record thereof; (iii)
willfully to deceive or attempt to deceive such other person by any
means whatsoever in regard to any such order or contract or
disposition or execution of any such order or contract, or in regard
to any act of agency performed with respect to such order or
contract for such person.

93. As described in paragraphs 15 through 90, Defendants, in or in connection with the
orders to make, or the making of, contracts of sale of commodities for future delivery, made or to

1 be made, for or on behalf of any other persons, where such contracts for futures delivery were or
2 could be used for the purposes set forth in Section 4b(a)(2) of the Act, 7 U.S.C. § 6b(a)(2), have
3 cheated or defrauded or attempted to cheat or defraud pool participants or prospective pool
4 participants, and willfully deceived or attempted to deceive pool participants or prospective pool
5 participants by, among other things, knowingly 1) misappropriating at least \$355,000 in pool
6 participant funds; 2) making fraudulent misrepresentations regarding the profitability of futures
7 trading; and 3) failing to advise pool participants of the risks in trading futures, all in violation of
8 Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii).
9

10 94. Further, Alliance and its AP W. Snyder violated Section 4b(a)(2)(ii) of the Act, 7
11 U.S.C. § 6b(a)(2)(ii), by issuing a false Velocity account statement to pool participants and a
12 phony account statement to at least one pool participant

13 95. The foregoing acts, misrepresentations, omissions, and failures of W. Snyder, in his
14 AP capacity, occurred within the scope of his employment with Alliance; therefore, Alliance is
15 liable for these acts pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2 (a)(1)(B), and
16 Regulation 1.2, 17 C.F.R. § 1.2.
17

18 96. W. Snyder and Wilson control Alliance, directly or indirectly, and did not act in
19 good faith or knowingly induced, directly or indirectly, Alliance's conduct alleged in this Count.
20 Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), W. Snyder and Wilson are
21 liable for Alliance's violations of Section 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii).
22

23 97. Each misappropriation, issuance of a false report, misrepresentation or omission of
24 material fact, including but not limited to those specifically alleged herein, is alleged as a
25 separate and distinct violation of Section 4b(a)(2) of the Act, 7 U.S.C. § 6b(a)(2).
26

COUNT TWO
FRAUD BY COMMODITY POOL OPERATORS

**Violations of Section 4o(1) of the Act, 7 U.S.C. § 6o(1),
and Regulation 4.41, 17 C.F.R. § 4.41**

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4 98. The allegations set forth in paragraphs 1 through 97 are realleged and incorporated
5 herein by reference.

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

7
8 any person engaged in a business that is of the nature of an
9 investment trust, syndicate, or similar form of enterprise, and who, in
10 connection therewith, solicits, accepts, or receives from others,
11 funds, securities, or property . . . for the purpose of trading in any
12 commodity for future delivery on or subject to the rules of any
13 contract market or derivatives transaction execution facility.

14 100. Section 4o(1) of the Act, 7 U.S.C. § 6o(1), prohibits CPOs and APs of CPOs from
15 using the mails or any other means of interstate commerce to:

16 (A) employ any device, scheme, or artifice to defraud any client or
17 participant or prospective client or participant; or

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

21 101. Regulation 4.41 provides that no CPO or principal of a CPO may advertise in a
22 manner that:

23 (1) Employs any device, scheme or artifice to defraud any participant or client or
24 prospective participant or client; or

25 (2) Involves any transaction, practice, or course of business which operates as a
26 fraud or deceit upon any participant or client or any prospective participant or
client.

102. Since at least October 2004, Alliance has acted as a CPO by soliciting, accepting or
receiving funds from others and engaging in a business that is of the nature of an investment
trust, syndicate, or similar form of enterprise, for the purpose of trading in futures.

1 103. W. Snyder has acted as an AP of a CPO by soliciting prospective pool participants
2 on behalf of Alliance.

3 104. Alliance, its principals Wilson and W. Snyder, and its AP W. Snyder have employed
4 a device, scheme or artifice to defraud pool participants and prospective pool participants or have
5 engaged in a transaction, practice or course of business which has operated as a fraud or deceit
6 upon Alliance pool participants and prospective Alliance pool participants in violation of Section
7 4o(1) of the Act, 7 U.S.C. § 6o(1), by knowingly: 1) misappropriating pool participants' funds;
8 2) making fraudulent misrepresentations regarding the profitability of futures trading; 3) failing
9 to advise pool participants of the risks in trading futures; and 4) providing false Velocity account
10 statements to pool participants. The material misrepresentations and omissions also constitute
11 violations of Regulation 4.41(a)(1), 17 C.F.R. § 4.41(a)(1) by Alliance and W. Snyder.
12

13 105. The foregoing acts, misrepresentations, omissions, and failures of W. Snyder, while
14 acting as an Alliance AP, occurred with the scope of his employment with Alliance; therefore,
15 Alliance is liable for these acts pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B),
16 and Regulation 1.2, 17 C.F.R. § 1.2.
17

18 106. W. Snyder and Wilson control Alliance, directly or indirectly, and did not act in
19 good faith or knowingly induced, directly or indirectly, Alliance's conduct alleged in this Count,
20 therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), W. Snyder and Wilson are
21 liable for Alliance's violations of Section 4o(1) of the Act, 7 U.S.C. § 6o(1), and Regulation
22 4.41(a), 17 C.F.R. § 4.41(a).

23 107. Since at least August 2005, W. Snyder has acted as a CPO by soliciting, accepting,
24 or receiving funds from others and engaging in a business that is of the nature of an investment
25 trust, syndicate, or similar form of enterprise, for the purpose of trading in futures.
26

1 108. W. Snyder, while acting as a CPO, has employed a device, scheme or artifice to
2 defraud his pool participants and prospective pool participants or engaged in a transaction,
3 practice or course of business which has operated as a fraud or deceit upon his pool participants
4 and prospective pool participants in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) by
5 knowingly: 1) misappropriating pool participants' funds; 2) making fraudulent
6 misrepresentations regarding the profitability of futures trading; and 3) failing to advise pool
7 participants of the risks in trading futures. The material misrepresentations and omissions also
8 violate Regulation 4.41(a)(1), 17 C.F.R. § 4.41(a)(1).
9

10 109. Each misappropriation, issuance of a false report, misrepresentation or omission of
11 material fact, including but not limited to those specifically alleged herein, is alleged as a
12 separate and distinct violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1), and Regulation
13 4.41(a), 17 C.F.R. § 4.41(a).
14

15 **COUNT THREE**
FAILURE TO REGISTER AS A COMMODITY POOL OPERATOR

16 **Violations of Section 4m(1) of the Act, 7 U.S.C. § 6m(1)**

17 110. The allegations set forth in paragraphs 1 through 109 are realleged and incorporated
18 herein by reference.

19 111. Section 4m(1) of the Act provides that it is unlawful for any CPO, unless registered
20 under the Act, to make use of the mails or any means or instrumentality of interstate commerce
21 in connection with his business as a CPO.
22

23 112. Since at least October 2004, Alliance has used the mails or instrumentalities of
24 interstate commerce, including faxes, in or in connection with its business as a CPO while failing
25 to register as a CPO, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).
26

1 113. W. Snyder and Wilson control Alliance, directly or indirectly, and did not act in
2 good faith or knowingly induced, directly or indirectly, Alliance's conduct alleged in this Count.
3 Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), W. Snyder and Wilson are
4 liable for Alliance's violations of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).

5 114. Since at least August 2005, W. Snyder has used the mails or instrumentalities of
6 interstate commerce, including faxes, in or in connection with his business as a CPO while
7 failing to register as a CPO, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).
8

9 **COUNT FOUR**
10 **FAILURE TO REGISTER AS AN ASSOCIATED PERSON**
11 **OF A COMMODITY POOL OPERATOR**

12 **Violations of Section 4k(2) of the Act, 7 U.S.C. § 6k(2)**

13 115. The allegations set forth in paragraphs 1 through 114 are realleged and incorporated
14 herein by reference.

15 116. Section 4k(2) of the Act states that it is:

16 unlawful for any person to be associated with a [CPO] as a partner,
17 officer, employee, consultant or agent . . . in any capacity that
18 involves (i) the solicitation of funds, securities or property for
19 participation in a commodity pool or (ii) the supervision of any
20 person or persons so engaged, unless such person is registered with
21 the Commission . . . as an associated person of such [CPO] It
22 shall be unlawful for a [CPO] to permit such a person to become or
23 remain associated with the [CPO] in any such capacity if the [CPO]
24 knew or should have known that such person was not so registered
25 . . .

26 117. Since at least October 2004, W. Snyder has been associated with a CPO, Alliance,
and involved in the solicitation of funds for participation in pools while failing to register as an
AP of the CPO, in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2).

1 118. Alliance has permitted W. Snyder to become and remain associated with Alliance
2 and knew, or should have known, that W. Snyder was not registered as an AP of Alliance, in
3 violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2).

4 119. W. Snyder and Wilson control Alliance, directly or indirectly, and did not act in
5 good faith or knowingly induced, directly or indirectly, Alliance's conduct alleged in this Count.
6 Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), W. Snyder and Wilson are
7 liable for Alliance's violations of Section 4k(2) of the Act, 7 U.S.C. § 6k(2).
8

9 **COUNT FIVE**
10 **COMMINGLING OF POOL FUNDS WITH THOSE OF OTHER PERSONS AND**
11 **FAILING TO TREAT THE POOL AS A SEPARATE ENTITY**

12 **Violations of Regulation 4.20(a) and (c), 17 C.F.R. § 4.20(a) and (c)**

13 120. The allegations set forth in paragraphs 1 through 119 are realleged and incorporated
14 herein by reference.

15 121. Regulation 4.20(a) requires a CPO to operate its pool as an entity cognizable as a
16 legal entity separate from that of the CPO. Regulation 4.20(c) prohibits a CPO from
17 commingling the property of any pool that it operates, or that it intends to operate, with the
18 property of any other person.

19 122. Alliance never established separate pool entities or accounts in the names of
20 Millennium Stellar Plan, Millennium Hierarchy Plan, Millennium InterVenture, Millennium
21 Private Joint Venture, HRC Aggressive World Fund, Titan World-4 Capital Fund, or Chase-
22 Titan-2 Global Fund. Rather, it deposited pool participants' funds into an Alliance account and
23 thereby failed to operate the pools separate from Alliance and its other pools, in violation of
24 Regulation 4.20(a), 17 C.F.R. § 4.20(a).
25
26

1 123. Alliance, while operating as a CPO, commingled pool assets by depositing funds
2 into accounts that contained monies from other persons and entities who were not pool
3 participants, in violation of Regulation 4.20(c), 17 C.F.R. § 4.20(c).

4 124. W. Snyder and Wilson control Alliance, directly or indirectly, and did not act in
5 good faith or knowingly induced, directly or indirectly, Alliance's conduct alleged in this Court.
6 Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), W. Snyder and Wilson are
7 liable for Alliance's violations of Commission Regulation 4.20(a) and (c), 17 C.F.R. § 4.20(a)
8 and (c).
9

10 125. W. Snyder, while operating as a CPO, never established a separate pool entity or
11 account in the name of Verada World V Venture or Verada-Galaxy Venture Fund. Rather, he
12 deposited pool participants' funds into an Oceans account and thereby failed to operate the pools
13 separate from himself and each other, in violation of Regulation 4.20(a), 17 C.F.R. § 4.20(a).

14 126. W. Snyder, while operating as a CPO, commingled pool assets by depositing funds
15 into accounts that contained monies from other persons and entities who were not pool
16 participants, in violation of Regulation 4.20(c), 17 C.F.R. § 4.20(c).

17 127. Each failure to operate a pool as an entity separate from the CPO and other pools
18 and each instance of commingling of pool funds is alleged as a separate and distinct violation of
19 Regulation 4.20(a) and (c), 17 C.F.R. § 4.20(a) and (c).
20

21 **COUNT SIX**
22 **FAILURE TO COMPLY WITH DISCLOSURE AND REPORTING REQUIREMENTS**

23 **Violations of Regulation 4.21, 17 C.F.R. § 4.21**

24 128. The allegations set forth in paragraphs 1 through 127 are realleged and incorporated
25 herein by reference.
26

1 129. Regulation 4.21, 17 C.F.R. § 4.21, provides that "each commodity pool operator
2 registered or required to be registered under the Act must deliver or cause to be delivered to a
3 prospective participant in a pool that it operates or intends to operate a Disclosure Document for
4 the pool prepared in accordance with §§4.24 and 4.25 by no later than the time it delivers to the
5 prospective participant a subscription agreement for the pool."

6 130. Alliance has failed to provide a pool disclosure document in the form specified by
7 Regulation 4.21, 17 C.F.R. § 4.21, to prospective pool participants.
8

9 131. W. Snyder and Wilson control Alliance, directly or indirectly, and did not act in
10 good faith or knowingly induced, directly or indirectly, Alliance's conduct alleged in this Court.
11 Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), W. Snyder and Wilson are
12 liable for Alliance's violations of Regulation 4.21, 17 C.F.R. § 4.21.

13 132. W. Snyder, while acting as a CPO, has failed to provide a pool disclosure document
14 in the form specified by Regulation 4.21, 17 C.F.R. § 4.21, to prospective pool participants.
15

16 133. Each failure to furnish required disclosure documents to prospective pool
17 participants and pool participants, including but not limited to those specifically alleged herein,
18 is alleged as a separate and distinct violation of Regulations 4.21, 17 C.F.R. § 4.21.

19 **VI. RELIEF**

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

22 (a) an order finding that Defendants violated Section 4b(a)(2)(i), (iii) of the Act,
23 7 U.S.C. § 6b(a)(2)(i), (iii), and Regulation 4.41(a), 17 C.F.R. § 4.41(a); that Alliance and
24 W. Snyder violated Sections 4b(a)(2)(ii); 4q(1); 4m(1); and 4k(2) of the Act, 7 U.S.C.
25 §§ 6b(a)(2)(ii); 6q(1); 6m(1); 6k(2), and Regulations 4.20(a), (c) and 4.21, 17 C.F.R. §§ 4.20(a),
26

1 (c) and 4.21; that Alliance is liable for the violations of its agents pursuant to Section 2(a)(1)(B)
2 of the Act, 7 U.S.C. § 2(a)(1)(B) and Regulation 1.2, 17 C.F.R. § 1.2; and that W. Snyder and
3 Wilson bear controlling person liability for Alliance's violations of the Act and Regulations
4 pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b);

5 (b) an order of permanent injunction prohibiting Defendants and any other person or
6 entity associated with them, including any successor thereof, from engaging in conduct violative
7 of the sections of the Act and Regulations that they have violated;

8 (c) an order of permanent injunction prohibiting Defendants, as well as any other
9 person or entity associated with them, including any successor thereof, from directly or indirectly
10 engaging in, controlling, or directing the trading for any futures, security futures, or options on
11 futures, or foreign currency options account, in any markets or on any entity regulated by the
12 Commission, for themselves or on behalf of any other person or entity, whether by power of
13 attorney or otherwise;

14 (d) an order of permanent injunction prohibiting Defendants from applying for
15 registration, seeking exemption from registration, or engaging in any activity requiring
16 registration or exemption from registration, except as permitted under Regulation 4.14(a)(9);

17 (e) an order directing Defendants, as well as any other person or entity associated
18 with them, including any successor thereof, to disgorge, pursuant to such procedure as the Court
19 may order, all benefits received from the acts or practices which constitute violations of the Act
20 or Regulations, as described herein, and interest thereof from the date of such violations;

21 (f) an order directing Defendants, as well as any other person or entity associated
22 with them, including any successor thereof, to make full restitution, pursuant to such procedure as
23 the Court may order, to every customer or pool participant whose funds were received by them as
24
25
26

1 a result of acts and practices which constitute violations of the Act and Regulations, as described
2 herein, and interest thereon from the date of such violations;

3 (g) an order directing Defendants to pay a civil monetary penalty in the amount of not
4 more than the higher of \$120,000 for each violation before October 24, 2004 and \$130,000 for
5 each violation on or after October 24, 2004, or triple the monetary gain to each Defendant for
6 each violation of the Act and Regulations described herein; and

7 (h) an order for such other and further remedial ancillary relief as the Court may deem
8 appropriate.
9

10 Respectfully submitted,

11
12 /s/ Rachel A. Hayes

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