

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

COMMODITY FUTURES TRADING COMMISSION,)	
)	
Plaintiff,)	Case No. CIV-05-516-F
v.)	
)	CONSENT ORDER OF
RANDY STEVE LANIER,)	PERMANENT INJUNCTION
)	AND EQUITABLE RELIEF
Defendant.)	AGAINST DEFENDANT
)	

INTRODUCTION

On May 10, 2005, Plaintiff Commodity Futures Trading Commission (“Commission,” “CFTC” or “Plaintiff”) filed its Complaint in the above-captioned action against Randy Steve Lanier (“Lanier” or “Defendant”) seeking injunctive and other equitable relief for violations of the Commodity Exchange Act (the “Act”), 7 U.S.C. §§ 1 *et seq.* (2002), and the Commission Regulations promulgated thereunder (“Regulations”), 17 C.F.R. §§ 1.1 *et seq.* (2004).

I. CONSENTS AND AGREEMENTS

To effect settlement of the matters alleged in the Complaint in this action without a trial on the merits or further judicial proceedings, Defendant:

1. Consents to entry of this Consent Order of Permanent Injunction and Equitable Relief Against Defendant (“Consent Order”);
2. Affirms that he has read and agreed to this Consent Order voluntarily, and that no promise or threat has been made by the Commission or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Consent Order, other than as set forth specifically herein;

3. Acknowledges service of the summons and Complaint;
4. Admits the jurisdiction of this Court over him and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;
5. Admits that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;
6. Waives:
 - a. all claims which he may possess under the Equal Access to Justice Act (EAJA), 5 U.S.C. § 504 (2000) and 28 U.S.C. § 2412 (2000), relating to, or arising from, this action and any right under EAJA to seek costs, fees and other expenses relating to, or arising from, this action;
 - b. any claim of Double Jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief; and
 - c. all rights of appeal from this Consent Order;
7. Consents to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Consent Order and for any other purposes relevant to this case, including if Defendant moves outside the jurisdiction;
8. Neither admits nor denies the allegations of the Complaint and the Findings of Fact and Conclusions of Law contained in this Consent Order, except as to jurisdiction and venue;

9. Agrees, and the parties to this order intend, that the allegations of the Commission's Complaint and all of the findings of fact made by this Court and contained in this order shall be taken as true and correct and shall be given preclusive effect without further proof in any bankruptcy proceeding filed by, on behalf of, or against him, or in any proceeding to enforce this order. Lanier also shall provide immediate notice of any bankruptcy proceeding filed by, on behalf of, or against him in the manner required by this order; and

10. Agrees that neither the Defendant nor his agents, employees or representatives acting under his control shall take any action or make any public statement denying, directly or indirectly, any allegations in the Complaint or findings in this Consent Order, or creating or tending to create the impression that the Complaint and this Consent Order are without factual basis; provided, however, that nothing in this provision shall affect the Defendant's: i) testimonial obligations, or ii) right to take legal positions in other proceedings to which the Commission is not a party. The Defendant will undertake all steps necessary to assure that his agents, employees and representatives understand and comply with this agreement.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Being fully advised in the premises and finding that there is just cause for entry of this order that fully disposes of all issues in this matter, THE COURT FINDS THAT:

11. The **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged with responsibility for administering and enforcing the provisions of the Act, as amended, 7 U.S.C. §§ 1 *et seq.*, and the Regulations.

12. Defendant **Randy Steve Lanier** resides in Hinton, Oklahoma 73047. From September 2001 through October 2003 (“relevant time period”), Lanier resided at Route 1, Box 157, Lookeba, Oklahoma 73053. Lanier owned, was sole operator, and was registered with the CFTC as an Associated Person (“AP”) of Southwest Futures (“Southwest”) from September 24, 1998, until March 27, 2002. Lanier was registered as an AP of Prairie State Commodities, Inc. (“Prairie States”) from October 31, 1991, to November 1, 1994; from August 8, 1996 to September 21, 1998; and from June 13, 2002 to October 1, 2003. Since October 1, 2003, Lanier has not been registered in any capacity.

13. Prior to September 2001, Lanier solicited customers and traded futures and options on their behalf while an AP at Southwest. Most, if not all, of Lanier’s customers either knew Lanier or were from the same area in Oklahoma as Lanier.

14. Beginning no later than September 2001 through October 2003, Lanier 1) misappropriated more than \$159,075 of customer funds; 2) misrepresented the profitability of fictitious trading accounts and 3) distributed to customers falsified trading account statements and Internal Revenue Service Forms 1099 (“IRS 1099s”). These acts constitute violations of Sections 4b(a)(2)(i)-(iii) and 4c(b) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) and 6c(b), and Regulations 33.10(a)-(c), 17 C.F.R. § 33.10(a)-(c).

Lanier Misappropriated Customer's Funds

15. From approximately September 2001 through December 2001, Lanier removed funds from customer accounts held at RB & H, a Futures Commission Merchant ("FCM"), and deposited them in a bank account controlled by Lanier.

16. In or about February 2002, RB & H learned that Lanier misappropriated customer funds. In response, RB & H severed its guarantee agreement with Southwest and ended all business connections with Lanier.

17. Starting in February 2002, Lanier told one or more of his existing customers that their commodity trading accounts would be transferred from RB & H to Rennco Futures Group ("Rennco") because Rennco offered "a better deal." Lanier led customers to believe that Rennco, a fictitious entity created by Lanier to misappropriate customer funds for his own benefit, was a real company and a registered FCM. Lanier never informed any of his customers that he removed customer funds while at RB & H or that RB & H severed its guarantee agreement with Southwest.

18. Lanier also solicited his existing customers to give him additional funds for the purported purpose of trading on their behalf, and led his new customers to believe that their funds would be used to open trading accounts to trade futures and options at a registered FCM.

19. To perpetuate his fraud, Lanier instructed customers to write checks to one or more of 1) RB & H; 2) RB & H/Steve Lanier; 3) Rennco-RBH Series; 4) Refco; or 5) Prairie States for deposit into trading accounts. Unknown to any of his customers, however, Lanier

never deposited these checks into trading accounts at FCMs. Instead, Lanier endorsed these checks and deposited them into bank accounts controlled by him at Southwest National Bank and Legacy Bank, both in Oklahoma. For example, checks written to RB & H, RB & H/Steve Lanier or Rennco-RBH Series were endorsed as “RB & H Steve Lanier” and deposited into accounts controlled by Lanier at Legacy Bank, or into a “Steve Lanier DBA RB & H Ent.” account at Southwest National Bank. “RB & H Ent.” was an entity created by Lanier to sound similar to the real RB & H. However, RB & H Ent. existed only as a name on a bank account used to misappropriate customer funds.

20. In the above described manner, Lanier misappropriated \$159,075 of customer money for his personal benefit.

Lanier’s Misrepresented the Profitability of Fictitious Trading Accounts

21. During the relevant time period, Lanier made written and oral misrepresentations to his customers that their money had been used to open trading accounts to purchase futures and options, and that those futures and option positions were profitable.

22. To conceal his misappropriation of customer funds, Lanier sent his customers fraudulent and fictitious account statements and IRS 1099s. Based upon these fraudulent documents, many of Lanier’s customers believed that their trading accounts were very profitable.

23. Some of these account statements bore the logo of “Rennco Futures Group” or, alternatively, “Rennco Futures Group, Introduced by Southwest Futures” with an address of 316 N. Wacker Drive, Suite 3122, Chicago, Illinois 60606, and a telephone number of 877-230-7745.

Both Rennco's purported address and telephone number do not exist. Rennco monthly account statements sent to customers purportedly showed their account was making large trading profits. For example, one customer received a Rennco account statement showing that from February 9, 2003 through July 31, 2003, the value of his trading account had increased from approximately \$171,000 to over \$210,000.

24. Lanier provided one customer with an account statement that bore the heading "RB & H Financial Services Introduced by Southwest Futures," purportedly showing S& P 500 put options in the customer's account. However, the date on the account statement was more than three months after Lanier was no longer trading customer accounts through RB & H.

25. Lanier also sent at least three customers false IRS 1099s tax forms for tax year 2002, supposedly issued by Rennco. The fictitious nature of these IRS 1099s is further shown by the fact that the "Payer number" listed on the IRS 1099s is actually RB & H's "Payer's Federal identification number."

26. Lanier repeatedly made oral misrepresentations to his customers that their funds were making profitable returns in their options and futures trading accounts. For example, Lanier told one customer that he had approximately \$300,000 in his trading account, when in fact no account existed.

27. Lanier led another customer to believe that the \$12,000 the customer gave to Lanier to purchase S & P 500 options was being held by Lanier until "things got right in the market" for the purchase. However, neither the \$12,000, nor the customer's original deposit of \$4,075 given to Lanier to open the customer's trading account, were ever deposited at an FCM.

Lanier also told this customer that he would make 20 to 30 percent fairly regularly in a Lanier managed account trading S & P 500 put options.

Lanier's Fake Wire Transfers

28. To perpetuate his fraud, Lanier, devised a system to accommodate customers who wished to withdraw funds from their supposed trading accounts by telling them their funds would be provided via a wire transfer. However, Lanier faked the wire transfers to make it appear that customer funds had been withdrawn from their fictitious profitable accounts.

29. Lanier either wrote personal checks or purchased cashiers' checks or a money order for the customers who requested the withdrawals. Lanier then forged the customer's signature on the back of the check in the "endorsement" section and deposited the check into the customer's bank account without their knowledge. For example, one customer asked to withdraw \$2,000 from his trading account, so Lanier purchased a \$2,000 cashier's check from Southwest National Bank made payable to that customer. Then the back of the check was endorsed with the name of the customer and deposited in the customer's account. However, the customer never actually endorsed the check.

30. Using fake wire transfers such as these, Lanier made multiple deposits totaling more than \$48,000 into various customers' accounts. In so doing, the customers' continued to believe Lanier was making their commodity trading accounts very profitable and Lanier could extend his fraudulent activities longer, allowing him to solicit the customers for more funds he could misappropriate for his personal use.

31. During the relevant time period, Lanier misappropriated \$159,075. Under the guise of the fake wire transfers, Lanier repaid \$48,215 to his customers to cover his fraudulent actions, using the remaining \$110,860 of his customers' money for his personal benefit.

32. Unless restrained and enjoined by this Court, Lanier could continue to engage in the acts and practices alleged in this Complaint and similar acts and practices, as more fully described below.

33. From at least September 2001 until October 2003, Defendant Lanier: (i) cheated or defrauded or attempted to cheat or defraud other persons; (ii) willfully made or caused to be made to other persons false reports or statements, or willfully entered or caused to be entered for other persons false records; and (iii) willfully deceived or attempted to deceive other persons, in or in connection with orders to make, or the making of, contracts of sale of commodities for future delivery, made, or to be made, for or on behalf of any other persons, where such contracts for future delivery were or could be used for the purposes set forth in Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii), all in violation of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii).

34. From at least September 2001 until October 2003, Lanier (i) cheated or defrauded or attempted to cheat or defraud other persons; (ii) willfully made or caused to be made to other persons false reports or statements, or willfully entered or caused to be entered for other persons false records; and (iii) willfully deceived or attempted to deceive other persons, in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the

maintenance of, commodity option transactions, all in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10.

III. ORDER FOR PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

35. Defendant is permanently restrained, enjoined, and prohibited from, directly or indirectly, cheating or defrauding or attempting to cheat or defraud other persons and willfully deceiving or attempting to deceive other persons by making false, deceptive or misleading representations of material facts, by failing to disclose material facts, in or in connection with orders to make, or the making of, contracts of sale of commodities for future delivery, made, or to be made, for or on behalf of any other persons, where such contracts for future delivery were or could be used for the purposes set forth in Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii), all in violation of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii), including, but not limited to, engaging in any commodity-related activity that:

- A) solicits customers for funds;
- B) misappropriates customer funds;
- C) misrepresents the existence of a commodities trading account;
- D) misrepresents the profit potential in commodities trading;
- E) omits material facts necessary to make other facts disclosed not misleading to customers; and
- F) omits or downplays the risks involved in commodity trading.

36. Defendant is permanently restrained, enjoined, and prohibited from, directly or indirectly, cheating or defrauding or attempting to cheat or defraud other persons and willfully deceiving or attempting to deceive other persons by making false, deceptive or misleading representations of material facts, by failing to disclose material facts, in or in connection with an offer to enter into, the entry into, or the confirmation of the execution of, or the maintenance of, any commodity option transactions, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10, including, but not limited to, engaging in any commodity-related activity that:

- A) solicits customers for funds;
- B) misappropriates customer funds;
- C) misrepresents the existence of a commodities trading account;
- D) misrepresents the profit potential in commodities trading;
- E) omits material facts necessary to make other facts disclosed not misleading to customers; and
- F) omits or downplays the risks involved in commodity trading.

37. Defendant Lanier is permanently restrained, enjoined, and prohibited from directly or indirectly engaging in any commodity futures or options trading or related activity, including but not limited to:

- A) any commodities related activity that is subject to the rules of a contract market or, pursuant to Section 5a of the Act, 7 U.S.C. § 7a(a), a Derivatives Transaction Execution Facility, in any account that is:

- 1) held in the name of Defendant; or
- 2) in which Defendant has a direct or indirect financial interest; or
- 3) held in the name of any other person.

B) applying for registration or seeking exemption from registration with the Commission in any capacity or engaging in any activity requiring registration or exemption from registration, except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.41(a)(9), and acting, directly or indirectly, as a principal, officer, director, supervisor, agent or employee of any person registered, required to be registered or exempted from registration, unless such exemption is pursuant to Commission Regulation 4.14(a)(9). This includes, but is not limited to, soliciting, accepting or receiving any funds, revenue or other property from any person, giving commodity trading advice for compensation or soliciting prospective customers related to the purchase or sale of any commodity futures, security futures, options, options on futures, or foreign currency futures, except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.41(a)(9).

38. The injunctive provisions of this Consent Order shall be binding upon Defendant, and any person who is acting in the capacity of officer, agent, employee, servant, or attorney of Defendant, and any person acting in active concert or participation with Defendant, who receives actual notice of this Order by personal service or otherwise.

IV. ORDER FOR OTHER EQUITABLE RELIEF

IT IS HEREBY ORDERED THAT:

39. **PAYMENT OF RESTITUTION:** Defendant is liable to make restitution in the amount of \$110,860 (“restitution amount”), representing the full amount of restitution due and owing to defrauded investors identified in Attachment A hereto. It is further ordered and adjudged that the restitution amount shall be reduced, dollar for dollar, by any amounts paid in connection with Defendant’s guilty plea on October 12, 2005, and related plea agreement in *United States of America v. Randy Steve Lanier*, Case No: CR05-174 (HE), in the United States District Court for the Western District of Oklahoma.

40. Should Defendant fail to pay the total restitution amount in the criminal case, judgment in this matter will not be deemed satisfied and the full restitution amount, reduced by any payments made in the criminal case, will remain due and owing to the Commission in this matter.

41. The National Futures Association (“NFA”) is designated as the Monitor to oversee the distribution of any restitution payment made to the Commission by the Defendant, should he fail to make restitution in the criminal matter, as described above.

42. Any restitution made by the Defendant to the Commission shall be by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier’s check, or bank money order, made payable to the Commodity Futures Trading Commission, and sent to Dennese Posey, or her successor, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, under a

cover letter that identifies the Defendant and the name and docket number of the proceeding. Defendant shall simultaneously transmit a copy of the cover letter and the form of payment to the NFA (hereinafter "Monitor") and to Gregory Mocek, or his successor, Director, Division of Enforcement, Commodity Futures Trading Commission, at the following address: Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

43. The Monitor will distribute funds obtained from Defendant in an equitable fashion as determined appropriate by the Monitor to all persons who gave funds, either directly or indirectly, to Defendant as a result of his course of illegal conduct as alleged in the Complaint.

44. **PAYMENT OF CIVIL MONETARY PENALTY:** The Defendant is ordered to pay a civil monetary penalty of \$120,000. Payment of the civil monetary penalty is due upon completion of full payment of the restitution amount. Defendant shall make such civil monetary payment by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier's check, or bank money order, made payable to the Commodity Futures Trading Commission, and sent to Dennese Posey, or her successor, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, under a cover letter that identifies the Defendant and the name and docket number of the proceeding. The Defendant shall simultaneously transmit a copy of the cover letter and the form of payment to the Monitor and to Gregory Mocek, or his successor, Director, Division of Enforcement, Commodity Futures Trading Commission, at the following address: Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

V. MISCELLANEOUS PROVISIONS

45. Notices: All notices required to be given by any provision in this Consent Order shall be sent certified mail, return receipt requested, as follows: Notice to Commission: Attention - Director of Enforcement, Commodity Futures Trading Commission, Division of Enforcement, 1155 21st Street N.W., Washington, DC 20581.

46. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (1) reduced to writing; (2) signed by all parties hereto; and (3) approved by order of this Court.

47. Invalidation: If any provision of this Consent Order, or if the application of any provisions or circumstances is held invalid, the remainder of the Consent Order and the application of the provisions to any other person or circumstance shall not be affected by the holding.

48. Successors and Assigns: This Consent Order shall inure to the benefit of and be binding on the parties' successors, assigns, heirs, beneficiaries and administrators.

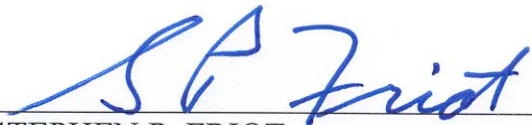
49. Waiver: The failure of any party hereto at any time or times to require performance of any provision hereof shall in no manner affect the right of such party at a later time to enforce the same or any other provision of this Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Consent Order.

50. Acknowledgements: Upon being served with copies of this Consent Order after entry by the Court, the Defendant shall sign acknowledgments of such service and serve such acknowledgments on the Court and the Commission within seven (7) calendar days.

51. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this cause to assure compliance with this Consent Order and for all other purposes related to this action.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order of Permanent Injunction and Equitable Relief.

IT IS SO ORDERED, at Oklahoma City, Oklahoma on this 30th day of March, 2006.



STEPHEN P. FRIOT
UNITED STATES DISTRICT JUDGE

s/ Randy Steve Lanier

Date: 12/6/05

Randy Steve Lanier

(Signed copy of document bearing signature of Defendant is being maintained in office of Filing Attorney)

Consented to and approved as to form:

s/ Tony Burns

Date: 12/6/05

(Signed copy of document bearing signature of Defendant's Attorney is being maintained in office of Filing Attorney)

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s/ Ken McCracken - Filing Attorney

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