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UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

U.S. COMMODITY FUTURES)
TRADING COMMISSION,)
)
Plaintiff,)
)
v.)
)
ARISTA LLC, ABDUL SULTAN)
WALJI a/k/a ABDUL SULTAN)
VALJI, and RENIERO FRANCISCO,)
)
Defendants.)
)

Civil Action No. 12 CV 9043 (PAE)

ECF Case

**CONSENT ORDER FOR PERMANENT INJUNCTION, CIVIL MONETARY PENALTY
AND OTHER EQUITABLE RELIEF AGAINST ARISTA LLC, ABDUL SULTAN
WALJI a/k/a ABDUL SULTAN VALJI and RENIERO FRANCISCO**

I. INTRODUCTION

On December 12, 2012, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint against Defendants Arista LLC (“Arista” or the “Company”) and its principals, Abdul Sultan Walji a/k/a Abdul Sultan Valji (“Walji”) and Reniero Francisco (“Francisco”) (together with Arista, “Defendants”) seeking injunctive and other equitable relief, as well as the imposition of civil penalties, for violations of the Commodity Exchange Act, 7 U.S.C. §§ 1 *et seq.*, (the “Act”) and the regulations promulgated thereunder, 17 C.F.R. §§ 1 *et seq.* (“Commission Regulations”). An Amended Complaint was filed against Defendants on May 28, 2013, adding an additional count to the Complaint but otherwise seeking the same relief.

The Court granted the Commission's *Ex Parte Application for Statutory Restraining Order, Expedited Discovery, Order to Show Cause Regarding Preliminary Injunction, and Other Equitable Relief* on December 12, 2012 against Defendants (the "Statutory Restraining Order").

II. CONSENTS AND AGREEMENTS

To effect settlement of all charges alleged in the Complaint against Defendants Arista, Walji and Francisco without a trial on the merits or any further judicial proceedings, Defendants Arista, Walji and Francisco:

1. Consent to the entry of this Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief Against Defendants Arista LLC, Abdul Sultan Walji a/k/a Abdul Sultan Valji And Reniero Francisco ("Consent Order");
2. Affirm that they have read and agreed to this Consent Order voluntarily, and that no promise, other than as specifically contained herein, 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;
3. Acknowledge service of the summons, Complaint and Amended Complaint;
4. Admit the jurisdiction of this Court over them and the subject matter of this action pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1;
5. Admit the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to the Act, 7 U.S.C. §§ 1, *et seq.*;
6. Admit that venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e);

7. Waive:

(a) any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. §§ 148.1 *et seq.* (2011), relating to, or arising from, this action;

(b) any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this action;

(c) any claim of Double Jeopardy based upon the institution of this action or the entry in this action of any order imposing a civil monetary penalty or any other relief, including this Consent Order; and

(d) any and all rights of appeal from this action;

8. Consent to the continued jurisdiction of this Court over them for the purpose of implementing and enforcing the terms and conditions of this Consent Order and for any other purpose relevant to this action, even if Defendants now or in the future reside outside the jurisdiction of this Court;

9. Agree that they will not oppose enforcement of this Consent Order by alleging that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and waives any objection based thereon;

10. Agree that neither they nor any of their agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or the Findings of Fact or Conclusions of Law in this Consent Order,

or creating or tending to create the impression that the Complaint and/or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect their: (a) testimonial obligations, or (b) right to take legal positions in other proceedings to which the Commission is not a party. Defendants shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement; and

11. Admit to all of the findings made in this Consent Order and all of the allegations in the Complaint. Further, Defendants agree and intend that the allegations contained in the Complaint and all of the Findings of Fact and Conclusions of Law contained in this Consent Order shall be taken as true and correct and be given preclusive effect, without further proof, in the course of: (a) any current or subsequent bankruptcy proceeding filed by, on behalf of, or against Defendants; (b) any proceeding pursuant to Section 8a of the Act, as amended, 7 U.S.C. § 12a, and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 *et seq.* (2011); and/or (c) any proceeding to enforce the terms of this Consent Order.

12. Agree to provide immediate notice to this Court and the Commission by certified mail, in the manner required by paragraph 128 of Part VI. of this Consent Order, of any bankruptcy proceeding filed by, on behalf of, or against them, whether inside or outside the United States, and

13. Agree that no provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against them in any other proceeding.

III. FINDINGS AND CONCLUSIONS

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court therefore directs the entry of the following Findings of Fact, Conclusions of Law, permanent injunction and equitable relief pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1, as set forth herein.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. FINDINGS OF FACT

1. The Parties To This Consent Order

14. Plaintiff Commodity Futures Trading Commission is an independent federal regulatory agency that is charged by Congress with administering and enforcing the Act, as amended, 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2011).

15. Defendant Arista is a California limited liability company with its principal place of business in Newport Coast, California. Since April 20, 2011, Arista has been an NFA Member and Commission-registered commodity pool operator (“CPO”). Arista has maintained trading accounts with two registered FCMs.

16. Defendant Walji is a resident of San Juan Capistrano, California. Walji is the manager, Chief Executive Officer, Secretary, and Treasurer of Arista. Since April 20, 2011, Walji has been an NFA Associate Member and a Commission-registered associated person (“AP”) and listed with NFA as principal of Arista.

17. Defendant Francisco is a resident of Coastal Oak, California. Previously a consultant and adviser to Arista, Francisco became Arista’s President in or about September 2010. Since April 13, 2011, Francisco has been listed with NFA as a principal of Arista. Francisco is not an NFA member and has never been registered with the Commission.

2. Defendants' Fraudulent Scheme

18. From at least February 2010 through January 2012, Arista and its principals, Walji and Francisco, carried out a fraudulent scheme to misappropriate millions of dollars from investors in commodity futures and options. Defendants collected more than \$9.5 million from 39 investors, of which over \$4.8 million was lost in trading, primarily in E-mini S&P 500 futures contracts on the Chicago Mercantile Exchange ("CME") and U.S. Treasury Bond options contracts on the Chicago Board of Trade ("CBOT"), and \$4.125 million has been paid to Defendants Walji and Francisco as purported fees, leaving less than \$1 million remaining of the investors' funds.

19. In or around February 2010, Defendants Walji and Francisco formed Arista and began soliciting investors to invest in various instruments, including on-exchange commodity futures and options contracts.

20. Pursuant to the terms of a March 2010 "Confidential Private Placement Memorandum" (the "Arista PPM"), Defendants offered to sell membership interests in Arista at \$25,000 per unit. The Arista PPM specified that investors' funds would remain with Arista for at least three years.

21. Francisco sought investments from customers he had advised as a financial advisor at previous financial firms. Many of these investors are retirees, including retired firefighters and school administrators. Francisco made verbal guarantees to at least two investors that they would receive ten percent annual returns, and he told certain investors that their funds would be invested in diversified low-risk investments. He also told investors that Walji would manage all of the investments and was an experienced and successful trader.

22. Through their solicitation efforts, Defendants obtained more than \$9.5 million from 39 investors. These investors' funds were deposited initially into Arista's bank account.

3. Defendants' Trading Losses

23. Of the more than \$9.5 million obtained from investors, Defendants transferred approximately \$7.5 million into futures and options accounts in Arista's name at two FCMs.

24. This sum includes a total of more than \$5.3 million of investor funds that Defendants wired to the first FCM's account at a bank in New York, New York, beginning in or around April 2010.

25. The sum also includes a total of almost \$2.2 million of investor funds that Defendants wired to the second FCM's account at another bank in New York, New York, beginning in or around November 2010.

26. The \$7.5 million deposited into Arista's FCM accounts was used to finance Walji's trading strategy, which primarily involved selling thousands of Treasury bond options and also trading E-mini S&P 500 futures.

27. By January 2012, Defendants had lost approximately \$5 million of their investors' money.

4. Defendants' Misappropriation of Millions of Dollars of Investor Funds

28. Between August 2010 and May 2011, Defendants caused Arista to pay Walji and Francisco, directly and indirectly through entities controlled by each, a total of \$4.125 million in purported fees, including \$2.15 million to Walji and \$1.975 million to Francisco.

29. Pursuant to a Consulting Agreement between Arista and Walji dated March 1, 2010 (the "Consulting Agreement"), which the Arista PPM incorporated by reference, Arista was to pay Walji a fee for his services calculated as "the product of 75.0% times a number equal to: (i) 90.0% of the realized cash gain from investments (net of commissions, fees and expenses paid to third parties); less (ii) operating expenses of the Company incurred during the same period of

time for which the Consulting Fee is being paid. The Consulting fee shall be paid every six months in the form of a company check.”

30. In turn, pursuant to a separate Services Agreement between Walji and Francisco dated April 27, 2010 (the “Services Agreement”), Walji was to pay Francisco “one-half of the net cash proceeds [Walji] receives from [Arista] pursuant to the Consulting Agreement.”

31. Walji and Francisco were not entitled to the fees they received from Arista.

32. If Defendants had followed the Consulting Agreement and paid Walji by company check after six months – *i.e.*, September 1, 2010, March 1, 2011, and September 1, 2011 – Walji would have been entitled to negligible or no fees, because Arista’s trading activities had losses of more than \$2 million as of the end of August 2010, gains of just \$539,000 as of the end of February 2011, and losses of approximately \$4.8 million as of the end of August 2011.

33. Instead, Defendants caused Arista to make numerous wire transfers to Walji and Francisco, beginning less than six months after the date of the Consulting Agreement and continuing at irregular intervals over the next year, notwithstanding Arista’s losses during this period.

34. On August 25, 2010, Defendants caused Arista to transfer \$275,000 to Francisco, even though Arista suffered substantial net losses that month.

35. On October 13-14, 2010, Defendants caused Arista to transfer \$1 million to Walji and \$550,000 to Francisco, even though Arista had losses of more than \$1 million from inception of trading in April 2010 through the end of September 2010. One day earlier, on October 12, 2010, Defendants obtained funds to make these transfers to Walji and Francisco by causing a wire transfer of \$1.3 million to be made to Arista from one of Arista’s FCM accounts at a bank in New York, New York.

36. On November 26, 2010, Defendants caused Arista to transfer \$500,000 to Walji and \$500,000 to Francisco, even though Arista had losses of \$185,000 as of the end of October 2010.

37. Finally, on May 17-19, 2011, Defendants caused Arista to transfer an additional \$650,000 to Walji and an additional \$650,000 to Francisco. Although Arista's trading produced temporary gains in April and May 2011, those gains had been wiped out and Arista had sustained cumulative losses of almost \$4.8 million by September 1, 2011, the next date on which the Consulting Agreement would have entitled Walji to a fee. Here again, immediately prior to the transfers, on May 17 and May 18, 2011, Defendants obtained funds to make these transfers to Walji and Francisco by causing wire transfers of \$1.4 million to be made to Arista from one of Arista's FCM accounts at a bank in New York, New York.

38. In all, Defendants caused Arista to pay \$2.15 million to Walji and \$1.975 million to Francisco.

39. Between December 2010 and September 2011, Francisco caused three wire transfers totaling \$731,614 to be made from his own accounts back into Arista's account at one of the FCMs.

40. On top of the purported fees, Walji and Francisco also withdrew more than \$11,500 of investors' funds from Arista's bank account for their own dining, entertainment, and merchandise expenses.

41. Defendants also caused Arista to pay \$72,342 to purchase four life insurance policies providing \$30 million in coverage for Walji. Defendants used funds of Arista's investors to pay for the policies, while naming Walji and Francisco themselves as the beneficiaries of the policies.

5. Defendants' False Statements to Arista Investors

42. Arista, by and through its employees including Francisco, mailed to individuals who invested with Arista quarterly "Investment Account" statements, commencing with the quarter ending on June 30, 2010 and continuing through the quarter ending on September 30, 2011. These statements, which varied in format and content over time, systematically misrepresented the performance of Defendants' trading activities, concealed the exorbitant fees paid to Walji and Francisco, and misled the investors about the value of their accounts.

43. First, the quarterly statements issued to investors as of June 30, 2010 and September 30, 2010 noted the amount deposited by each investor with Arista and reported an amount for undefined "Gains Accrued." "Gains Accrued" did not correspond to any actual investment performance or returns achieved by Arista. Instead, "Gains Accrued" was an arbitrarily determined number reflecting Defendants' projection for the ten percent annual return that they had told investors to expect.

44. Second, the same quarterly statements issued by Defendants as of June 30, 2010 and September 30, 2010 had a line item for "Advisory Fees/Fees in lieu of Commission." The statements reported that there had been no advisory fees paid through September 30, 2010, even though Defendants had already caused Arista to transfer \$275,000 of advisory fees to Francisco in August 2010.

45. Third, the subsequent quarterly statements did not contain a line item for advisory fees or any other entry to inform investors of the exorbitant sums paid to Walji and Francisco. Thus, the quarterly statements issued by Defendants as of December 31, 2010 did not inform investors that a total of \$2.55 million had been paid to Walji and Francisco in October and November 2010. Similarly, the quarterly statements issued by Defendants as of June 30, 2011

and September 30, 2011 did not inform investors that an additional \$1.3 million had been paid to Walji and Francisco in May 2011.

46. Finally, the September 30, 2011 quarterly statements that Arista sent to each of its investors contained, among other entries, a list of deposits made by each investor and a line item entitled “Accrued Distribution for 2011.” These statements included no offsetting liabilities or losses to give investors a true indication of the value of their investments. As a result, the sum of the values of their respective investments reported to investors as of September 30, 2011 was over \$10 million – the total amounts deposited by investors plus the total of their “Accrued Distributions for 2011.” In reality, the true value of all Arista’s accounts at the two FCMs, and Arista’s bank account as of September 30, 2011 was only \$523,000.

47. Defendants also misled Arista investors in connection with distributions. In January 2011, Arista, by and through its employees including Francisco, sent distribution checks totaling \$294,823 to the twenty-five investors who invested with Arista in 2010. The amount of the checks to each investor corresponded to entries on the December 31, 2010 quarterly statements that listed “Accrued Gains for 2010.” In fact, Arista’s trading accounts had losses of more than \$1.38 million by the end of December 2010.

48. It was not until NFA issued an order in February 2012 suspending Arista’s activities that Arista’s investors discovered that nearly all of their money had been lost due to Defendants’ concealed unsuccessful trading activities and Defendants’ fraudulent fees.

49. At this time, it also came to light that Defendants’ misrepresentations to Arista investors included false and misleading tax documentation. In March 2011, Arista, by and through its employees including Francisco, sent one investor an IRS Schedule K-1 for tax year 2010 showing a capital increase of \$15,094 and an ending account value of \$309,341. In March

2012, after NFA had taken action against Arista, Defendants sent this investor an “amended” K-1 for tax year 2010, which showed that the investor had actually suffered a capital loss of \$181,332 in 2010 and had an ending account value that year of just \$112,915.

6. Defendants’ False Statements to the Commission

50. In March 2011, the Eastern Regional Office of the Commission’s Division of Enforcement (as defined above, the “Division”), located in New York, New York, requested the production of documents by Defendants.

51. After Defendants produced certain documents, the Division requested additional information, including that Defendants set forth the basis for purported fees paid by Arista to Walji and Francisco.

52. As described further below, Defendants responded to this request on September 21, 2011, by providing information to the Division through a letter sent by Defendants’ then attorney (the “Defendants’ Letter”), in which Defendants misrepresented certain Arista account balances, asset values, and fee calculations as of the end of July 2010 and July 2011, thereby concealing their misappropriation of investor funds. Defendants further misrepresented their purported basis for transmitting statements to investors and falsely asserted that they had no intention to provide inaccurate or misleading information to the Arista investors.

53. Defendants’ attorney acted as Defendants’ agent in submitting the Defendants’ Letter to the Division. Because the attorney was retained by Defendants, the attorney was acting on behalf of the defendants in making statements in the Defendants’ Letter. In addition, Defendants’ Letter stated that the attorney was responding to questions recently asked by the Division and that the attorney had “met with Mr. Walji and Mr. Reniero C. Francisco regarding [the] questions.” The attorney copied Walji and Francisco on the letter. Further, Walji and Francisco, on behalf of themselves and Arista, provided the information in the Defendants’

Letter to the attorney and reviewed the contents of the Defendants' Letter prior to it being sent to the Division.

54. False Statements Regarding Balances and Values as of End of July 2010. The Defendants made a false and misleading statement in the Defendants' Letter concerning one of the "[a]ccount balances of assets of ARISTA as of the end of July 2010."

55. Defendants stated that the balance of a futures and options account held at the first FCM (described in paragraph 24 above) totaled \$6,513,309.43 when, in fact, the balance as of that date totaled only \$2,413,353 million.

56. Defendants did not include \$600,000 in losses that Arista incurred in the last week of the month or the substantial negative value of Arista's open positions in U.S. Treasury bond options.

57. When the losses and negative open positions were taken into account, the net liquidating value of the account totaled \$2,413,535.95—not the \$6,513,309.43 account balance asserted by Defendants.

58. Defendants knew or reasonably should have known, at the time of their statements to the Division in September 2011, that the \$6.5 million balance was false or misleading because similar negative values appeared in each of the daily account statements, which were available to Defendants during the last week of July 2010, and were also reflected in the monthly account statements for that month and subsequent months.

59. By misrepresenting the value as of the end of July 2010 for the account held at the first FCM, Defendants also misrepresented the "[t]otal assets of ARISTA as of the end of July 2010" as equaling \$8,906,625.54 when, in fact, the assets totaled only approximately \$4.8 million.

60. False Statements Regarding Balances and Values as of End of July 2011.

Defendants also made false and misleading statements in the Defendants' Letter concerning the value of three separate assets listed among the "[a]ccount balances of assets of ARISTA as of the end of July 2011."

61. First, Defendants stated that the account balance as of the end of July 2011 for the futures and options account held at the first FCM totaled \$3,283,692 when, in fact, the balance was negative \$172,196.30. As with the July 2010 account balance asserted by Defendants, this number omitted the offsetting negative value of open positions, which Defendants knew or reasonably should have known were part of the account.

62. Second, Defendants stated that the account balance as of the end of July 2011 for a futures and options account held at the second FCM (described in paragraph 25 above) was \$4,704,996.29 when, in fact, the total value of the account was only approximately \$1,020,824. Again, Defendants omitted the offsetting negative value of open positions that Defendants knew or reasonably should have known were part of the account and, as such, misrepresented the account balance.

63. Third, Defendants stated that Arista's assets as of the end of July 2011 included an "[a]djustment" to an Arista bank account for a "May 2011 advance" in the amount of \$1.3 million. Arista's bank statements, however, reflected no such adjustment. In reality, Walji and Francisco had misappropriated this amount as purported fees from Arista in May 2011 (see paragraph 37 above) and never paid it back. Defendants' description of the \$1.3 million as an "adjustment" was also contradicted by Defendants' earlier statement in an August 2011 supplemental offering memorandum that a portion of these funds were paid as part of a balance for fees owed from the prior year.

64. By misrepresenting the values of the accounts held at the first and second FCMs as of the end of July 2011 and falsely listing a May 2011 advance, Defendants also misrepresented the “[t]otal assets of Arista as of the end of July 2011” as \$10,556,680.62 when, in fact, the value totaled only approximately \$2.12 million.

65. False Statements Regarding Calculation of Fees. Defendants’ false and misleading statements regarding Arista’s assets as of the end of July 2010 and the end of July 2011 were made in order to conceal Walji and Francisco’s misappropriation of Arista investors’ funds through withdrawals that Defendants classified as fee payments.

66. Defendants’ Letter stated that Walji and Francisco were paid fees pursuant to the Consulting Agreement and Services Agreement totaling \$3,760,194.75 as of the end of June 2010 and \$411,938.58 as of the end of July 2011. In reality, the payments to Walji and Francisco were not made pursuant those agreements, the terms of which would have resulted in payment of negligible or no fees. As discussed above (see paragraph 32), Defendants were not entitled to fees as of these dates, nor were they entitled to calculate fees on the basis of falsely inflated assets. Defendants made these misrepresentations regarding the fee calculation to the Commission while knowing that Defendants had already lost most of the Arista investors’ money and that Walji and Francisco were not entitled to the Arista funds they had misappropriated.

67. False Statements Regarding Intent to Mislead Investors. Defendants’ Letter stated that the statements sent to Arista investors showed a ten percent rate of return “believed to be achievable as a periodic distribution to be made during the term of the existence of ARISTA;” however, Defendants knew at the time the Defendants’ Letter was sent to the Division, that funds

had been misappropriated by Walji and Francisco and that they had suffered trading losses such that a ten percent rate of return would not be achievable.

68. Defendants state in the Defendants' Letter that "[t]he quarterly statements do not provide values of the assets of ARISTA on a 'mark-to-market' basis" and that "[i]t has never been ARISTA's intention to provide inaccurate or misleading information to its members;" however, Defendants' representations to Arista investors, including through misleading tax documents (see paragraph 49), indicated that Defendants did, in fact, want the Arista investors to believe that the monthly statements reflected the market value of the investment.

69. Closure of the Division's Initial Investigation. On September 29, 2011, shortly after receiving Defendants' Letter and based upon the false and misleading statements contained therein, a memorandum prepared by the Division recommended closure of the investigation concerning Defendants given that it appeared at that time that Walji and Francisco had collected fees in accordance with the Consulting Agreement and Services Agreement, had not misappropriated Arista funds, had not made intentional misrepresentations to Arista investors, and had registered Arista as a CPO. As such, the Division closed its investigation.

70. As discussed in the paragraphs that follow, Defendants' fraud and misappropriation were subsequently discovered, and the true nature of Defendants' false and misleading statements to the Division became known.

7. Defendants' False Statements to the NFA

71. In April 2011, Arista applied and became registered with the Commission as a CPO and also became an NFA member.

72. As a registered CPO, Arista was required to provide to NFA on a quarterly basis certain financial information related to its activities as a CPO. Specifically, Arista was required to file pool quarterly reports ("PQRs") with NFA approximately 45 days after the end of each

quarterly reporting period. NFA received these reports in its capacity as a registered futures association, acting in furtherance of its official duties under the Act.

73. On November 21, 2011, Defendant Francisco filed Arista's PQR for the quarter ending September 30, 2011, using NFA's electronic EasyFile System.

74. Arista's September 2011 PQR reported rates of return of negative 70.62% for July, negative 99% for August, and positive 99% for September 2011. Despite the substantial negative rates of return for two of the three months and capital additions of only \$240,000, Arista reported an ending NAV of \$8,421,139 for its fund, which was approximately \$1.2 million more than the fund's NAV at the beginning of the quarter.

75. Because of the contradictory information contained in the September 2011 PQR, NFA commenced an investigation of Arista in January 2012.

76. In a telephone conversation on or about January 10, 2012, Francisco admitted to an NFA supervisor that Arista had suffered trading losses and that Arista's NAV was then around \$750,000, rather than the \$8.4 million it had reported in the September 2011 PQR.

77. In another telephone conversation on or about January 10, 2012, Walji admitted to a NFA supervisor that Arista had experienced trading losses, which he said had occurred mainly in July and August 2011 because of the European debt crisis and U.S. debt-ceiling talks.

78. NFA subsequently examined records obtained from Arista and the two FCMs through which it traded. As a result of its examination, NFA determined that Arista's September 2011 PQR had falsely reported a positive 99% rate of return in September 2011, when in reality Arista's rate of return for September 2011 was negative 46.98%. NFA also determined that Arista's PQR had falsely reported a NAV of \$8,421,139 as of September 30, 2011, when in reality Arista's NAV as of that date was approximately \$523,000.

79. On February 2, 2012, as a result of its findings, the NFA initiated a Member Responsibility Action against Arista and Associate Responsibility Action against Walji (the “NFA Action”), which prohibited Walji, Arista, and any person acting on Arista’s behalf from soliciting or accepting funds, disbursing or transferring funds, and placing trades other than liquidating or risk-reducing trades.

80. In August 2012, notwithstanding the NFA Action, Walji opened a futures trading account at a third FCM and transferred funds into that account from a securities account that he maintained at that firm. In the account opening documents, Walji falsely answered “no” to the FCM’s question as to whether he had “ever been registered with the CFTC or a member of NFA.”

B. CONCLUSIONS OF LAW

1. Jurisdiction and Venue

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

82. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e), because Defendants transacted business in this District and acts and practices in violation of the Act occurred within this District.

**2. Violations of Section 4b(a)(1) of the Act
(Fraud in Connection with Commodity Futures)**

83. By the conduct described in paragraphs 1 through 80 above, Defendants cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, Arista's investors by (i) misappropriating investors' funds, and (ii) providing investors with false and misleading quarterly account statements that misrepresented the value of the investors' accounts and Arista's performance and concealed Walji and Francisco's exorbitant and unjustified fees, in connection with the making of contracts of sale of any commodity for future delivery made on or subject to the rules of a designated contract market, for or on behalf of any other person, in violation of Sections 4b(a)(1)(A)-(C) of the Act as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C).

84. Walji and Francisco committed the acts of misappropriation and misrepresentation described above within the scope of their employment, office, or agency with Arista. Therefore, Arista is liable under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2, as principal for its agent's acts, omissions, or failures in violation of the Act and Commission Regulations.

85. Walji and Francisco controlled Arista directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Arista's acts constituting the violations alleged in this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Walji and Francisco are liable as controlling persons for Arista's violations of Sections 4b(a)(1)(A)-(C) of the Act.

86. Each of the foregoing acts of misappropriation, issuances of a false account statements, and material misrepresentations or omissions, constitutes a separate and distinct violation of Sections 4b(a)(1)(A)-(C) of the Act.

**3. Violations of Section 4c(b) of the Act and Regulation 33.10
(Options Fraud)**

87. By the conduct described in paragraphs 1 through 80 above, Defendants cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, Arista's investors by (i) misappropriating investors' funds, and (ii) providing investors with false and misleading quarterly account statements that misrepresented the value of the investors' accounts and Arista's performance and concealed Walji and Francisco's exorbitant and unjustified fees, in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction, in violation of Section 4c(b) of the Act and Regulation 33.10.

88. Walji and Francisco committed the acts of misappropriation and misrepresentation described above within the scope of their employment, office, or agency with Arista. Therefore, Arista is liable under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2, as principal for its agent's acts, omissions, or failures in violation of the Act and Commission Regulations.

89. Walji and Francisco controlled Arista directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Arista's acts constituting the violations alleged in this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Walji and Francisco are liable as controlling persons for Arista's violations of Section 4c(b) of the Act and Regulation 33.10.

90. Each of the foregoing acts of misappropriation, issuances of a false account statements, and material misrepresentations or omissions, constitutes a separate and distinct violation of Section 4c(b) of the Act and Regulation 33.10.

**4. Violations of Section 4o(1) of the Act
(Fraud by a Commodity Pool Operator)**

91. By the conduct described in paragraphs 1 through 80 above, Defendants operated as a CPO in that each of them engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise and, in connection therewith, solicited, accepted, or received funds, securities, or property from others for the purpose of trading in commodities for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility. While acting as CPOs and by use of the mails or other means or instrumentalities of interstate commerce, Defendants directly or indirectly employed a device, scheme, or artifice to defraud investors and engaged in transactions, practices, or a course of business which operated as a fraud or deceit upon investors by (i) misappropriating their participants' funds, and (ii) providing their participants with false and misleading quarterly account statements that misrepresented the value of the participants' accounts and Arista's performance and concealed Walji and Francisco's exorbitant and unjustified fees in violation of Sections 4o(1)(A) and (B) of the Act, 7 U.S.C. § 6o(1)(A) and (B).

92. Walji and Francisco committed the acts of misappropriation and misrepresentation described above within the scope of their employment, office, or agency with Arista. Therefore, Arista is liable under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2, as principal for its agent's acts, omissions, or failures in violation of the Act and Commission Regulations.

93. Walji and Francisco controlled Arista directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Arista's acts constituting the violations alleged in this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Walji and

Francisco are liable as controlling persons for Arista's violations of Sections 4o(1) (A) and (B) of the Act.

94. Each of the foregoing acts of misappropriation, issuances of a false account statements, and material misrepresentations or omissions, constitutes a separate and distinct violation of Sections 4o(1)(A) and (B) of the Act.

**5. Violations of Section 9(a)(4) of the Act
(False Statements to the National Futures Association)**

95. By the conduct described in paragraphs 1 through 80 above, Francisco knowingly made false statements to NFA in the PQRs that Arista filed with NFA on November 21, 2011 for the preceding quarters, willfully falsifying, concealing, or covering up by any trick, scheme or artifice, a material fact, made any false, fictitious, or fraudulent statements or representations, or made or used any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry to NFA, a futures association designated or registered under the Act which was acting in furtherance of its official duties under the Act, in violation of Section 9(a)(4), 7 U.S.C. § 13(a)(4). In the report, Arista concealed its investment losses and misrepresented its performance and asset values for one or more months during the quarter. Arista's September 2011 PQR falsely reported a positive 99% rate of return in September 2011, when in reality Arista's rate of return was negative 46.98% for that month. In the report, Arista also falsely reported an ending net asset value of \$8,421,139, when in reality Arista's net asset value as of September 30, 2011 was approximately \$523,000.

96. Walji and Francisco controlled Arista directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Arista's acts constituting the violations alleged in this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Walji

and Francisco are liable as controlling persons for Arista's violations of Section 9(a)(4) of the Act, 7 USC §13(a)(4).

97. Moreover, Francisco, as the person who electronically submitted the reports to the NFA on behalf of Arista, made the false statements described above within the scope of his employment, office, or agency with Arista. Therefore, Arista is liable under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2, as principal for its agent's acts, omissions, or failures in violation of the Act and Commission Regulations.

98. Each of the foregoing acts of misappropriation, issuances of a false account statements, and material misrepresentations or omissions, constitutes a separate and distinct violation of Section 9(a)(4) of the Act, 7 USC §13(a)(4).

**6. Violations of Section 4m(1) of the Act
(Failure to Register as a CPO)**

99. By the conduct described in paragraphs 1 through 80 above, from February 2010 through January 2012, Arista engaged in a business that was of the nature of an investment trust, syndicate, or similar form of enterprise, and, in connection therewith, solicited, accepted, or received from others, funds, securities, or property, either directly or indirectly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading a commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility, thus making it a commodity pool operator as defined by Section 1a(11) of the Act, 7 U.S.C. § 1a(11) and Section 1.3(cc) of Commission Regulations, 17 C.F.R. § 1.3(cc). From February 2010 through April 20, 2011, Arista was not exempt from registration as a CPO under the Act or Commission Regulations. From February 2010 through April 20, 2011, Arista made use of the mails or any means or instrumentality of interstate

commerce in connection with its business as a CPO, while failing to register with the Commission as a CPO, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).

100. At all relevant times, Walji and Francisco controlled Arista, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Arista's acts constituting the violations alleged in this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Walji and Francisco are liable for Arista's violations of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).

**7. Violations of Section 6(c)(2) of the Act
(False Statements to the Commission)**

101. By the conduct described in paragraphs 1 through 80 above, Defendants made false or misleading statements of material facts to the Commission, and omitted to state in such statements material facts that were necessary to make statements of material facts made not misleading in any material respect, and Defendants knew, or reasonably should have known, the statements to be false or misleading, about Arista's account balances, asset values and fee calculations as of the end of July 2010 and July 2011, and intent to mislead investors in violation of Section 6(c)(2), 7 U.S.C. § 9(2). Defendants' September 21, 2011 letter, submitted through their attorney to the Eastern Regional Office of the Commission's Division of Enforcement in New York, New York, misrepresented the value of an Arista futures and options account as of the end of July 2010 by more than \$4 million. It also misrepresented the value of this futures and options account and another futures and options account as of the end of July 2011 by a total of more than \$7 million. Further, Defendants' Letter falsely stated that Arista's assets as of the end of July 2011 included a \$1.3 million adjustment to Arista's bank account for a purported advance to Walji and Francisco. These false and misleading statements, in turn, resulted in Defendants making false and misleading statements concerning Arista's total assets as of end of July 2010

and July 2011, and the calculation of fees due to Walji and Francisco. Each of these false and misleading statements concerned the assets of Arista, which was comprised of funds solicited from investors to invest in various instruments, including on-exchange commodity futures and options contracts. Finally, Defendants misrepresented the purported basis for transmitting statements to investors and falsely asserted that they had no intention to provide inaccurate or misleading information to the Arista investors. Defendants knew or reasonably should have known that each of these statements was false or misleading.

102. Walji and Francisco made the misrepresentations described above within the scope of their employment, office, or agency with Arista. Therefore, Arista is liable under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2, as principal for its agents' acts, omissions, or failures in violation of the Act and Commission Regulations.

103. Walji and Francisco controlled Arista, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Arista's acts constituting the violations alleged in this Count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Walji and Francisco are liable as controlling persons for Arista's violations of Section 6(c)(2) of the Act, 7 U.S.C. § 9(2).

104. Each of the foregoing false or misleading statement of a material fact constitutes a separate and distinct violation of Section 6(c)(2), 7 U.S.C. § 9(2).

8. Injunctive Relief

105. Unless restrained and enjoined by this Court, there is a reasonable likelihood that the Defendants will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act and Regulations.

IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

106. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1, Defendants are permanently restrained, enjoined and prohibited from directly or indirectly:

- a. cheating or defrauding, or attempting to cheat or defraud, other persons; or willfully making or causing to be made to other persons any false report or statement or willfully entering or causing to be entered for the person any false record; or willfully deceiving or attempting to deceive other persons by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for other persons, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person, in violation of Sections 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C);
- b. offering to enter into, entering into or confirming the execution of commodity option transactions contrary to any rule or regulation of the Commission prohibiting such transaction or allowing any such transaction under such terms and conditions as the Commission shall prescribe in violation of Section 4c(b) of the Act, as amended, 7 U.S. C. § 6c(b);
- c. cheating or defrauding or attempting to cheat or defraud; making or causing to be made to any other person any false report or statement

thereof or cause to be entered for any person any false record thereof; or deceiving or attempting to deceive any other person by any means whatsoever, in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction, directly or indirectly in violation of Regulation 33.10, 17 C.F.R. § 33.10;

- d. as a commodity trading advisor, associated person of a commodity trading advisor, commodity pool operator, or associated person of a commodity pool operator, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly employing any device, scheme, or artifice to defraud any client or participant or prospective client or participant; or engaging 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, in violation of Sections 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6o(1)(A) and (B);
- e. willfully falsifying, concealing, or covering up by any trick, scheme, or artifice a material fact, making any false, fictitious, or fraudulent statements or representations, or making or using any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry to a registered entity, board of trade, swap data repository, or futures association designated or registered under this Act acting in furtherance of its official duties under this Act in violation of Section 9(a)(4), 7 U.S.C. § 13(a)(4);

- f. making any false or misleading statement of a material fact to the Commission, including in any registration application or any report filed with the Commission under this Act, or any other information relating to a swap, or a contract of sale of a commodity, in interstate commerce, or for future delivery on or subject to the rules of any registered entity, or omitting to state in any such statement any material fact that is necessary to make any statement of a material fact made not misleading in any material respect, if the person knew, or reasonably should have known, the statement to be false or misleading in violation of Section 6(c)(2), 7 U.S.C. § 9(2); and
- g. as a commodity trading advisor or commodity pool operator, making use of the mails or any means or instrumentality of interstate commerce in connection with business as such commodity trading advisor or commodity pool operator without registering as a commodity trading advisor or commodity pool operator in violation of Section 4(m)(1), 7 U.S.C. § 6m.

107. Defendants are also permanently restrained, enjoined and prohibited from directly or indirectly:

- a. Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, as amended, 7 U.S.C. § 1a);
- b. Entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3 (hh), 17 C.F.R. § 1.3(hh) (2011)) (“commodity options”), security futures products, swaps (as that

term is defined in Section 1a(47) of the Act, as amended, and as further defined by Commission Regulation 1.3(xxx), 17 C.F.R. 1.3(xxx)) (“swaps”) and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for their own personal account or for any account in which they a direct or indirect interest;

- c. Having any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts traded on their behalf;
- d. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts;
- e. Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts;
- f. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011); and/or
- g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2011)), agent or any other officer or employee of any person (as that term is defined in Section 1a of the Act, as amended, 7 U.S.C. § 1a) registered,

exempted from registration or required to be registered with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011).

V. RESTITUTION AND CIVIL MONETARY PENALTY

A. Restitution

108. Defendants shall, jointly and severally, pay restitution in the amount of eight million, two hundred fifty-six thousand six hundred seventy two dollars (\$8,256,672) (“Restitution Obligation”), plus post-judgment interest, within ten (10) days of the date of the entry of this Consent Order. If the Restitution Obligation is not paid in full within ten (10) days of the date of entry of this Consent Order, then post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961. Post-judgment interest shall not accrue on any amount of the Restitution Obligation satisfied pursuant to paragraph 115 and 117.

109. The Restitution Obligation shall be paid by wire transfer to the following account:

Federal Reserve Bank of New York
c/o: U.S. Marshals Service, SDNY
33 Liberty Street
New York, NY 10045
ABA routing: 021030004
Account number (ALC): 00008154
Reference: Case No. 13 Cr. 217 (S.D.N.Y.)

(the “U.S. Marshals Seized Asset Fund”).

110. The funds transmitted pursuant to this Consent Order to the U.S. Marshals Seized Asset Fund will be applied to Defendants’ money judgment set forth in the respective Consent Preliminary Orders of Forfeiture as to Specific Properties/Money Judgments issued as to Walji (the “Walji Money Judgment”) and Francisco (the “Francisco Money Judgment”) on July 2,

2013 in *U.S. v. Abdul Walji, a/k/a "Abdul Valji," and Reniero Francisco*, 13 CRIM 217 (S.D.N.Y.) (DLC) (the "Criminal Action").

111. Any funds transmitted to the U.S. Marshals Seized Asset Fund shall reference the Consolidated Asset Tracking System number ("CATS number") assigned to those funds, if such CATS number is communicated to the sender and it is practicable to add the CATS number to the Reference field of the wire transfer instructions in addition to the other required information.

112. Defendants shall transmit copies of any cover letters and the form of payment of any Restitution Obligation to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

113. To the extent Defendants make payments in satisfaction of the restitution requirements imposed in connection with the Criminal Action, such payments shall be offset against the Restitution Obligation. Defendants shall notify the Commission of such payments in accordance with paragraph 112.

114. Upon the entry of this Consent Order, the Commission shall promptly provide each of the financial institutions identified in paragraphs 115 and 117 with a copy of this Consent Order.

115. Within thirty (30) days of receiving a request for transfer of assets from the Commission or the United States Marshals, each of the banks, financial institutions, futures commission merchants and other persons/entities in identified in this paragraph as having possession of certain assets and/or funds belonging to Defendants are specifically directed to liquidate and release any and all funds held in any account identified below and to convey by wire transfer to the U.S. Marshals Seized Asset Fund any and all funds contained in those accounts, less any amounts required to cover the financial institutions' outstanding

administrative or wire transfer fees. The wire transfer will, if practicable, include the originating account number in the Reference field in addition to the case number. Such funds and assets shall be applied to the Restitution Obligation. At no time during the liquidation, release and/or wire transfer of these funds pursuant to this Consent Order shall Defendants be afforded any access to, or be provided with, any funds or assets from these accounts. Defendants, as well as all bank, financial institutions and other persons/entities listed in this paragraph of the Consent Order, shall cooperate fully and expeditiously with the Commission and the U.S. Department of Justice in the liquidation, release and wire. The accounts to be liquidated, released and transferred are:

		Acct. No.	Account Name
a.	American Funds	XXXX2900	Reniero C. Francisco
b.	California Bank and Trust	XXXX8711	Amigos Grove
c.	Certified Federal Credit Union	XXXX779	Bendisyon Inc.
d.	Certified Federal Credit Union	XXXX4142	Francisco Family Trust
e.	Certified Federal Credit Union	XXXX7746	Milagros Investments LLC
f.	Certified Federal Credit Union	XXXX4639	Reniero & Cynthia Family Insurance Trust
g.	Comerica	XXXX1429	Arista LLC
h.	Comerica	XXXX9886	Arista LLC
i.	Comerica	XXXX1080	Arista LLC
j.	Comerica	XXXX9936	Francisco, Reniero
k.	Darryl Sheetz, Esq.		Arista LLC attorney client trust account
l.	Farmers and Merchants Bank	XXXX4030	Abdul and Fatima Valji
m.	Farmers and Merchants Bank	XXXX4751	Calpension Inc.
n.	Farmers and Merchants Bank	XXXX5553	Stone Lamm Pension

		Acct. No.	Account Name
o.	Farmers and Merchants Bank	XXXX4331	Abdul Valji
p.	Franklin Money Market account	XXXX 2957	Reniero C. and Cynthia Francisco
q.	Interactive Brokers	XXXX5249	Allied Benefits Trust
r.	Interactive Brokers	XXXX5335	Arista LLC
s.	OptionsXpress	XXXX3253	Allied Benefits Inc. Retirement Trust
t.	OptionsXpress	XXXX8720	Reniero C. Francisco Defined Benefit Plan
u.	Polycomp Trust Company	XXXX0400	Reniero Francisco IRA
v.	Prudential Insurance Company of America	XXXXX264	Abdul Valji
w.	Prudential Insurance Company of America	XXXXX636	Abdul Valji
x.	Prudential Insurance Company of America	XXXXX086	Abdul Valji
y.	TD Ameritrade	XXXX5521	Calpension Inc.
z.	TD Ameritrade	XXXX9967	Stone-Lamm Trust
aa.	TD Ameritrade	XXXX5191	Walji, Abdul S.
bb.	TD Ameritrade	XXXXF687	Walji, Abdul S.
cc.	Wells Fargo	XXXX5971	Allied Benefits Inc. Retirement
dd.	Wells Fargo	XXXX2832	J.H. Coffman & Son, Inc. Pension Plan

Assets specified in this paragraph will not be transferred until such time as the judgments in the Criminal Action become final. Such transfer will be subject to any rulings made in the Criminal Action

116. Any bank, financial institution or other entity/person transmitting funds pursuant to paragraph 115 shall transmit copies of any cover letters and the form of payment of any Restitution Obligation to the Chief Financial Officer, Commodity Futures Trading Commission,

Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581 and to Assistant United States Attorney Paul M. Monteleoni, Southern District of New York, One St. Andrew's Plaza, New York, NY 10007.

117. Subsequent to the entry of this Consent Order, an agent of the Federal Bureau of Investigation or the United States Marshals Service shall be permitted by Farmers & Merchant Bank to access the safe deposit boxes held in the name of Walji and Fatima Walji at Farmers & Merchant Bank, seize the gold necklace with matching pearl and ruby earrings identified in photo #8 logged on June 17, 2013 by Special Agent Eddis Watkins and any cash, checks or anything else of monetary value other than jewelry and transfer those seized items to the United States Marshals Service to be applied to the Walji Money Judgment. Assets specified in this paragraph will not be seized until such time as the judgments in the Criminal Action become final. Such transfer will be subject to any rulings made in the Criminal Action.

118. Upon entry of this Consent Order, the Statutory Restraining Order shall be lifted with respect to any assets not identified in paragraphs 115 and 117.

119. The amounts payable to each investor shall not limit the ability of any investor from proving that a greater amount is owed from Defendants or any other person or entity, and nothing herein shall be construed in any way to limit or abridge the rights of any investor that exist under state or common law.

120. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each investor of the Defendants who suffered a loss is explicitly made an intended third-party beneficiary of this Consent Order and may seek to enforce obedience of this Consent Order to obtain satisfaction of any portion of the restitution that has not been paid by Defendants to ensure continued

compliance with any provision of this Consent Order and to hold Defendants in contempt for any violations of any provision of this Consent Order.

121. To the extent that any funds accrue to the U.S. Treasury for satisfaction of Defendants' Restitution Obligation, such funds shall be transferred to the U.S. Marshals Seized Asset Fund.

B. Civil Monetary Penalty

122. Defendant Arista LLC shall pay a civil monetary penalty in the amount of one million five hundred forty thousand dollars (\$1,540,000) ("Arista CMP Obligation"), plus post-judgment interest within ten (10) days of the date of entry of this Consent Order. If the Arista CMP Obligation is not paid in full within ten (10) days of the date of entry of this Consent Order, then Post-judgment interest shall accrue on the Arista CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2006).

123. Defendant Walji shall pay a civil monetary penalty in the amount of six million four hundred and fifty thousand dollars (\$6,450,000) ("Walji CMP Obligation"), plus post-judgment interest within ten (10) days of the date of entry of this Consent Order. If the Walji CMP Obligation is not paid in full within ten (10) days of the date of entry of this Consent Order, then Post-judgment interest shall accrue on the Walji CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2006).

124. Defendant Francisco shall pay a civil monetary penalty in the amount of five million nine hundred twenty five thousand (\$5,925,000) ("Francisco CMP Obligation"), plus post-judgment interest within ten (10) days of the date of entry of this Consent Order. If the Francisco CMP Obligation is not paid in full within ten (10) days of the date of entry of this

Consent Order, then Post-judgment interest shall accrue on the Francisco CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2006).

125. Defendants shall pay the Arista CMP Obligation, Walji CMP Obligation and Francisco CMP Obligation (collectively, the “CMP Obligation”) by electronic funds transfer, U.S. postal money order, certified check, bank cashier’s check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Accounts Receivables – AMZ 340
E-mail Box: 9-AMC-AMZ-AR-CFTC
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-5644

If payment by electronic funds transfer is chosen, Defendant(s) shall contact Linda Zurhorst or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendant(s) shall accompany payment of the CMP Obligation with a cover letter that identifies Defendant(s) and the name and docket number of this proceeding.

Defendant(s) shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

C. Provisions Related to Monetary Sanctions

126. Partial Satisfaction: Any acceptance by the Commission of partial payment of Defendants’ Restitution Obligation or CMP Obligation shall not be deemed a waiver of

his/her/their obligation to make further payments pursuant to this Consent Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

D. Cooperation

127. Defendants shall cooperate fully and expeditiously with the Commission, including the Commission's Division of Enforcement, and any other governmental agency in this action, and in any investigation, civil litigation, or administrative matter related to the subject matter of this action or any current or future Commission investigation related thereto.

VI. MISCELLANEOUS PROVISIONS

128. Notice: 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 the CFTC:

Director, Division of Enforcement
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20581

Stephen J. Obie
Associate Director/Regional Counsel
Division of Enforcement
Commodity Futures Trading Commission
140 Broadway, 19th Floor
New York, NY 10005
Telephone: (646) 746-9766
Fax: (646) 746-9940

Notice to Defendant Arista:

Arista LLC
c/o
Michael Koblenz
Jon Quint
Mound, Cotton, Wollan & Greengrass
One Battery Park Plaza
24 Whitehall Street
New York, NY 10004

Notice to Defendant Walji:

Abdul Walji
c/o
Michael Koblenz
Jon Quint
Mound, Cotton, Wollan & Greengrass
One Battery Park Plaza
24 Whitehall Street
New York, NY 10004

Notice to Defendant Francisco:

Reniero Francisco
c/o
Erich C. Ferrari
Ferrari & Associates, P.C.
1455 Pennsylvania Ave., NW
Suite 400
Washington, DC 20004

All such notices to the Commission shall reference the name and docket number of this action.

129. Change of Address/Phone: Until such time as Defendants satisfy in full their Restitution Obligation and CMP Obligation as set forth in this Consent Order, Defendants shall provide written notice to the Commission by certified mail of any change to his telephone number and mailing address within ten (10) calendar days of the change.

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

131. Invalidation: If any provision of this Consent Order or if the application of any provision or circumstance is held invalid, then the remainder of this Consent Order and the

application of the provision to any other person or circumstance shall not be affected by the holding.

132. Waiver: The failure of any party to this Consent Order or of any investor at any time to require performance of any provision of this Consent Order shall in no manner affect the right of the party or investor 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.

133. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action to ensure compliance with this Consent Order and for all other purposes related to this action, including any motion by Defendants to modify or for relief from the terms of this Consent Order.

134. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon Defendants, upon any person under their authority or control, and upon any person who receives actual notice of this Consent Order, by personal service, e-mail, facsimile or otherwise insofar as he or she is acting in active concert or participation with Defendants.

135. Authority: Defendant Walji hereby warrants that he is the manager, Chief Executive Officer, Secretary and Treasurer of Arista, and that this Consent Order has been duly authorized by Arista and he has been duly empowered to sign and submit this Consent Order on behalf of Arista.

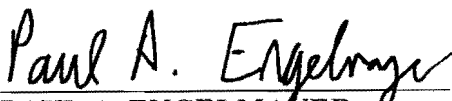
136. Counterparts and Facsimile Execution: This Consent Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall

become effective when one or more counterparts have been signed by each of the parties hereto and delivered (by facsimile, e-mail, or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Consent Order that is delivered by any means shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Consent Order.

137. Defendants understand that the terms of the Consent Order are enforceable through contempt proceedings, and that, in any such proceedings they may not challenge the validity of this Consent Order.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this *Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief Against Defendants Arista LLC, Abdul Sultan Walji a/k/a Abdul Sultan Valji And Reniero Francisco.*

IT IS SO ORDERED on this 2^d day of December, 2013.



PAUL A. ENGELMAYER
UNITED STATES DISTRICT JUDGE