

USDC SDNY  
DOCUMENT  
ELECTRONICALLY FILED  
9/9/13

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

U.S. COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

PARAMOUNT MANAGMENT, LLC and  
ALEX VLADIMIR EKDESHMAN,

Defendants.

CIVIL ACTION NO.: 13 CIV 4436-  
CM

~~PROPOSED~~ CONSENT ORDER OF  
PERMANENT INJUNCTION AND  
OTHER STATUTORY AND  
EQUITABLE RELIEF AGAINST  
PARAMOUNT MANAGEMENT,  
LLC AND ALEX EKDESHMAN

I. INTRODUCTION

On June 24, 2013, Plaintiff U.S. Commodity Futures Trading Commission (the "Commission" or "CFTC") filed a Complaint against Defendants, Alex Ekdesman ("Ekdesman" or "Defendant"), and Paramount, LLC ("Paramount"), (collectively, "Defendants") seeking injunctive and other equitable relief for violations of the Commodity Exchange Act (the "Act"), 7 U.S.C. §§ 1 et seq. (2006 & Supp. V 2011). Following the filing of the Complaint, the parties have submitted this Consent Order of Permanent Injunction and Other Statutory and Equitable Relief Against Defendants Paramount Management, LLC and Alex Ekdesman

II. CONSENTS AND AGREEMENTS

To effect settlement of all charges alleged in the Complaint against Defendants J. Paramount Management, LLC and Alex Ekdesman without a trial on the merits or any further judicial proceedings, Defendants:

1. Consent to the entry of this Consent Order of Permanent Injunction and Other Statutory and Equitable Relief Against Defendants Paramount Management, LLC and Alex Ekdeshman ("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 and 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 (2006 & Supp. V 2011);
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.* (2006 & Supp. V 2011);
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) (2006 & Supp. V 2011);
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.* (2012), 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 agree to a freezing of assets owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendants and for entry of an order prohibiting Defendants, their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with

Defendants, including any successor thereof, from destroying records and/or refusing to permit Commission representatives access to inspect and copy records;

11. By consenting to the entry of this Consent Order, Defendants neither admit nor deny the allegations of the Complaint or the Findings of Fact and Conclusions of Law in this Consent Order, except as to jurisdiction and venue, which they admit. 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 (2006 & Supp. V 2011), and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 *et seq.* (2012); 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 71 of Part VII 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 Defendants 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 other

statutory and equitable relief pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1 (2006 & Supp. V 2011), 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 a federal independent regulatory agency that is charged by Congress with the administration and enforcement of the Act, 7 U.S.C. §§ 1 *et seq.* (2006 & Supp. V 2011) and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2012). The Commission maintains its principal office at Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

15. Defendant **Paramount Management, LLC** is an Oregon limited liability company with a business address of 30 Broad Street, 14<sup>th</sup> Floor, New York, N.Y. 10004. Ekdesman is the managing member of Paramount. Paramount has never been registered with the Commission in any capacity.

16. Defendant **Alex Ekdesman** is an individual who resides in Holmdel, New Jersey. Ekdesman is listed in Oregon state records as a manager of Paramount and has identified himself as the "CEO" of Paramount. At all times, and with respect to all conduct described in this Complaint, he was the managing member and exercised control over Paramount. Ekdesman has never been registered with the Commission in any capacity.

**2. Other Relevant Entity**

17. The National Futures Association ("NFA") is a not-for-profit membership corporation and self-regulatory organization that is registered with the Commission as a futures association under Section 17 of the Act. NFA's membership is comprised of futures commission

merchants, commodity trading advisors, commodity pool operators and other futures professionals registered with the Commission. NFA conducts audits and investigations of NFA member firms, including registered CPOs, to monitor them for compliance with NFA rules, some of which incorporate by reference Commission Regulations.

### 3. Solicitation Fraud

18. From at least July 16, 2011 through the present, Ekdeshman, individually and as the agent of Paramount, fraudulently solicited at least \$1,337,172, from approximately one hundred and ten customers in connection with agreements, contracts or transactions in foreign currency (“forex”). The forex transactions were purportedly offered to or entered into on a leveraged or margined basis with unregistered off-shore counterparties. Ekdeshman and other agents of Paramount solicited customers via the website *www.paramountmanagement.org* (the “website”), and the use of telephone solicitations (“telemarketing”) by agents of the Defendants.

19. During the Relevant Period, Ekdeshman, individually and as the agent of Paramount, as well as other agents of Paramount, solicited actual and prospective customers through the Defendants’ website and telemarketing techniques. In these solicitations, Defendants solicited the retail public to open leveraged forex trading accounts which the Defendants would then purportedly trade on behalf of customers.

20. Defendants hired telemarketing sales people (hereinafter “telemarketers”) as agents of Paramount through, among other methods, Internet advertising on Craigslist. Defendants supplied the telemarketers with sales scripts and other marketing tools used to solicit members of the public to invest in Paramount managed forex accounts.

21. Defendants’ telemarketers had legitimate sounding titles such as “Risk Manager,” “Senior Risk Manager,” and “Senior Risk Manager Strategist,” which the telemarketers used when soliciting actual customers and prospective customers to open managed accounts.

22. Through the telemarketing sales force and a one-page "Performance Report" linked to the Defendants' website, Defendants touted Paramount's successful trading record which they represented had yielded an average monthly return of 4.6 percent over a 20-month period, based on the purported performance of Paramount's proprietary trading software system.

23. Paramount customers sought to open accounts with Paramount using U.S. dollars in order to profit from forex speculative trading on a leveraged basis. However, Paramount customers neither made actual purchases of any foreign currency nor received delivery of foreign currency.

24. During the Relevant Period, Ekdesman and Paramount's other agents instructed customers to send their funds directly to U.S. bank accounts in Paramount's name, and controlled by Ekdesman, or Paramount's offices. These instructions are mirrored on Paramount's website. Customers were further instructed that Defendants, in turn, would open individual accounts in each customer's name after the Defendants purportedly transmitted the customers' funds to the counterparty to the forex transactions. Defendants would purportedly manage the forex trading in the individual customer accounts. Once customers opened an account with Paramount, the firm provided customers with account statements which listed various purported trades.

25. Account opening documents directed customers to send their funds to the Paramount office or to a Paramount bank account. Customers providing checks were instructed to make the checks payable to "Paramount Management, LLC" and to send the checks to Paramount's address at 30 Broad Street, 14th Floor, New York, N.Y. Customers wiring funds to Paramount were directed to account number xxxxxx2040 at a TD Bank branch, located at 2 Wall St., New York, N.Y., which Ekdesman opened in Paramount's name with Ekdesman as the sole

signatory on the account. Ekdeshman opened a second account in Paramount's name, number xxxxxx 9800, at the same TD Bank branch into which customer and other funds were deposited and/or transferred. Once again, Ekdeshman is the sole signatory on this second account. Accordingly, Ekdeshman controlled all deposits of customer funds into the two accounts, all withdrawals of customer funds from the accounts, and all transfers of customer funds between the accounts.

#### **4. Defendants Misappropriated Customer Funds**

26. Contrary to the claims made during the solicitations, Defendants did not manage or trade any customer account. Instead, Defendants misappropriated all customer funds. Only a fraction of the funds *appear* to have been transmitted to forex counterparties and, even then, the funds would have been traded as Defendants' proprietary accounts rather than individual customer accounts. Defendants failed to disclose to actual or prospective customers that they were misappropriating customer funds.

27. One hundred and ten (110) customers provided Paramount with wires and checks in various amounts each ranging between \$640 and \$70,000 to open or to further fund their managed accounts with Paramount. Defendants received and accepted \$1,337,172, in funds sent by customers and deposited into and/or transferred between the two Paramount TD Bank accounts.

28. Of the \$1,337,172 received from Paramount customers for forex trading purposes during the Relevant Period, Defendants misappropriated \$1,146,000. None of the \$1,337,172 was used to establish customer trading accounts, and approximately \$195,000 was returned to customers in the form of purported redemptions.

29. Ekdeshman knew that he was misappropriating participant funds because he used the funds for purposes other than trading. Further, while acting as a controlling person of



Paramount, Ekdeshman failed to act in good faith or knowingly induced, directly or indirectly, the acts constituting Paramount's violations. As a controlling person of Paramount, Ekdeshman is liable for Paramount's misappropriation committed by and through its agents, in addition to his own misappropriation.

30. Ekdeshman personally opened the two bank accounts at TD Bank in the name of Paramount and has sole signatory authority over the accounts. Consequently, Ekdeshman controlled all deposits of customer funds into the two accounts, all withdrawals of customer funds from the accounts, including the misappropriated funds.

31. Ekdeshman, the only individual with access to Paramount bank accounts, misappropriated customer funds for personal expenses, including but not limited to, meals at restaurants, vacations and wine purchases. Defendants never disclosed to customers that their funds would be, or had been, used for Ekdeshman's personal benefit.

32. Defendants also misappropriated customer funds for business expenses, including but not limited to, office rent, parking, employee payments and office supplies. Defendants never disclosed to customers that their funds would be, or had been, used for such purposes.

33. During the Relevant Period, Defendants failed to identify the actual counterparty to any of the purported forex transaction, initially falsely identifying the forex clearing firm or counterparty receiving customer funds in account opening documents as a retail foreign exchange dealer located in the United Kingdom ("UK"), Alpari UK, ("Alpari"). Alpari is a London based forex trading firm that is not registered with the Commission in any capacity. Ekdeshman admitted under oath that instead of sending customer funds directly to Alpari UK, he sent such funds to a company named Executive Management, Inc., ("Executive"). Executive is a south Florida company organized pursuant to the laws of the state of Montana, with the full

name of Executive Management of Montana, Inc. Executive has never been registered with the Commission in any capacity. Bank records corroborate the fact that Defendants sent money to Executive. The Commission confirmed through Alpari UK that it has no Paramount customer accounts.

34. The second firm that the Defendants falsely claimed would act as the forex clearing firm or counterparty receiving customer funds was FXCM, Inc., ("FXCM"). FXCM is a New York company that is registered with the Commission as a retail foreign exchange dealer and a futures commission merchant. Contrary to the Defendants' claims, FXCM held no Paramount accounts and no Paramount customer money was sent to FXCM.

35. Finally, Defendants identified a forex clearing firm or counterparty receiving customer funds as ACM or ACM Gold. Upon information and belief, this ACM is in fact ACM Gold (Mauritius) ("ACM"), a retail foreign exchange dealer located in Mauritius that is not registered with the Commission in any capacity.

36. During the relevant period, approximately \$1.9 million was deposited into the two corporate bank accounts of Paramount at TD Bank. Approximately \$1.3 million came from non-ECP customers for trading forex, and approximately \$600,000 either came from ECPs over which the Commission does not have jurisdiction or came from other sources for purposes unrelated to forex transactions. Of the total funds received during the Relevant Period, Defendants transferred approximately \$180,340 to Executive to invest in Alpari, approximately \$114,900 to the counterparty ACM, and \$206,000 to a Belize bank account held in the name of Paramount Management LTD. No funds were sent from Paramount to FXCM.

#### **5. Defendants' False Statements to Customers**

37. During all phases of Defendants' fraudulent scheme, Defendants issued false account statements to their customers. These account statements represented purported profits

associated with individual customer accounts. These statements were false because: (a) no individual customer accounts were ever created; and (b) no profits were ever generated.

Defendants failed to disclose to their customers that these account statements were false.

38. Ekdeshman knew that Paramount's monthly account statements were untrue, or was reckless with regard to their truthfulness, because he analyzed Paramount's financial information, including banking accounts and trading accounts. Therefore, he knew or should have known that their trading was not successful because all the customer funds were misappropriated.

39. Neither Defendants nor the counterparty to the few forex transactions that were actually entered into and/or contemplated by Defendants and their customers were financial institutions, registered broker dealers (or their associated persons), insurance companies, bank holding companies or investment bank holding companies.

40. Most of the Defendants' customers were non-ECPs. These customers, at the time they were solicited by the Defendants to engage in managed forex transactions on a leveraged or margined basis, did not have total assets in an amount in excess of:

- a. \$10,000,000, or
- b. \$5,000,000 and who entered in the agreement, contract, or transaction with the Defendants in order to manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred by the customer.

## **B. Conclusions of Law**

### **1. Jurisdiction and Venue**

41. This Court has jurisdiction over this action pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1 (2006 & Supp. V 2011), 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.

42. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e) (2006 & Supp. V 2011), because the Defendants reside in this jurisdiction and the acts and practices in violation of the Act occurred within this District.

**2. Defendants Committed Fraud by Misappropriation and Omissions of Material Facts in Violation of Sections 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C)**

43. Sections 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C) (2006 & Supp. V 2011), make it unlawful for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, or swap, that is made, or to be made, for or on behalf of, or with, any other person, other than on or subject to the rules of a designated contract market (A) to cheat or defraud or attempt to cheat or defraud the other person; (B) willfully to make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record; or (C) willfully to deceive or attempt to deceive the other person 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 such other person.

Pursuant to Section 2(c)(2)(C)(iv) of the Act, 7 U.S.C. §§ 2(c)(2)(C)(i) and (iii) (2006 & Supp. V 2011), Section 4b(a)(2) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C) (2006 & Supp. V 2011) applies

to Defendants' foreign currency transactions "as if" they were a contract of sale of a commodity for future delivery.

44. During the Relevant Period, Defendants violated Sections 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C) (2006 & Supp. V 2011), in that Defendants cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, customers by, among other things: (i) misappropriating customers' funds; and (ii) making fraudulent omissions to actual and prospective customers about using their funds to engage in forex trading, and (iii) issuing false account statements.

45. Ekdesman engaged in the acts and practices described above willfully, knowingly or with reckless disregard for the truth.

46. The foregoing acts, omissions, and failures of Ekdesman occurred within the scope of his employment, office, or agency with Paramount. Therefore, Paramount is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006 & Supp. V 2011), and Regulation 1.2, 17 C.F.R. § 1.2 (2012).

47. Ekdesman controlled Paramount, directly or indirectly, and knowingly induced, directly or indirectly, Paramount's violations of Sections 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C) (2006 & Supp. V 2011). Ekdesman is therefore liable for Paramount's violations as a controlling person

48. Unlike a cause of action for fraud under the common law, the case law is clear that reliance is not a requirement to establish liability for fraud in enforcement actions. *See e.g., CFTC v. Int'l Fin. Servs.*, 323 F. Supp. 2d 482, 502 (S.D.N.Y. 2004). For purposes of proving restitution in misrepresentation cases, the Plaintiff must prove the customer relied on the

misrepresentations. *CFTC v. Rosenberg*, 85 F. Supp. 2d 424, 447 (D.N.J. 2000). However, this Court finds that this case is primarily an omissions case. See Complaint at ¶ 38.

49. Because this is primarily an omissions case, this Court finds that it is not necessary that the Commission prove customers relied on the misrepresentations and omissions of Ekdesman and other agents of Paramount for purposes of calculating customer restitution because reliance is presumed. *Affiliated Ute Citizens v. United States*, 406 U.S. 128, 153-154 (U.S. 1972) (in cases “involving primarily a failure to disclose, positive proof of reliance is not a prerequisite to recovery.”). In a case involving primarily a failure to disclose, reliance is presumed. *Affiliated Ute Citizens v. United States*, 406 U.S. at 153. “All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in the making of th[e] decision [to buy or sell].” *Id.* at 153-154. See also *Schenek v. FSI Futures, Inc.*, 1998 U.S. Dist. LEXIS 11562, 14-15 (S.D.N.Y. July 28, 1998) (holding that the standard that reliance is presumed if the statement or omission is material applies to charges under the CEA’s anti-fraud provisions.)

50. Moreover, even if reliance were required to be proven, this Court finds that the customers here relied on Ekdesman’s misrepresentations given the pervasive nature of the Defendants’ fraudulent scheme.

#### IV. ORDER FOR PERMANENT INJUNCTION

##### IT IS HEREBY ORDERED THAT:

51. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1 (2006 & Supp. V 2011), Defendants are permanently restrained, enjoined and prohibited from directly or indirectly:

- a. Cheating or defrauding, or attempting to cheat or defraud, other persons in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, or swap, that is made, or to be made, for or on behalf of, or with, any other person, other than on or subject to the rules of a designated contract market of Section 4b(a)(2)(A)-(C) of the Act, as amended, 7 U.S.C. § 6b(a)(2)(A)-(C) (2006 & Supp. V 2011);

52. 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 (2006));
- 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) (2012)) (“commodity options”), security futures products, 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”), or any swap, (as that term is defined in Section 1a(47) of the Act, as amended and as will be further defined by Commission Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx)(6)(i)), for their own personal account or for any account in which they may have a direct or indirect interest;
- c. Having any commodity futures, options on commodity futures, commodity options, security futures products, forex contracts, and/or swaps 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, forex contracts, and/or swaps;
- 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, forex contracts, and/or swaps;
  - 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) (2012); and/or
  - g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2012)), 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) (2012).

## V. RECORDS OF ACCOUNTS

**IT IS FURTHER ORDERED** that pending further Order of this Court, that any financial or brokerage institution, business entity, or person that holds or has held, controls or has controlled, or maintains or has maintained control of any of Paramount's assets at any time since July 16, 2011, shall:

53. Prohibit Paramount and Ekdeshman and all other persons, from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling, or otherwise disposing of Paramount's assets, except as directed by further order of the



Court. This provision applies to, but is not limited to, the Paramount Bank Accounts, held at TD Bank, Account Nos. \*\*\*\*\*2040 and \*\*\*\*\*9080;

54. Deny Defendants and all other persons, access to any safe deposit box that is: (a) owned, controlled, managed, or held by, on behalf of, or for the benefit of Paramount, either individually or jointly; or (b) otherwise subject to access by Paramount;

55. Provide counsel for the Commission, within five (5) business days of receiving a copy of this Order, a statement setting forth: (a) the identification number of each and every account or other asset owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendant Paramount, either individually or jointly; (b) the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and (c) the identification of any safe deposit box that is owned, controlled, managed, or held by, on behalf of, or for the benefit of Paramount, either individually or jointly, or is otherwise subject to access by Paramount; and

56. Upon request by the Commission, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, Internal Revenue Service Form 1099s, and safe deposit box logs.

58. Within five (5) business days following the service of this Order, Defendants

Paramount and Ekdesman shall:

- a. Provide the Commission access to all records of accounts or assets of Paramount held by financial institutions located both within and outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order.

## VI. RESTITUTION AND CIVIL MONETARY PENALTY

### A. Restitution

57. Defendants shall pay restitution in the amount of one million, one hundred forty-six thousand dollars, \$1,146,000 ("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 (2006)."

58. To effect payment of the Restitution Obligation and the distribution of any restitution payments to Defendants' customers, the Court appoints the National Futures Association ("NFA") as Monitor ("Monitor"). The Monitor shall collect restitution payments from Defendants and make distributions as set forth below. Because the Monitor is acting as an officer of this Court in performing these services, the NFA shall not be liable for any action or inaction arising from NFA's appointment as Monitor, other than actions involving fraud.

59. Defendants shall make Restitution Obligation payments under this Consent Order to the Monitor in the name "Paramount and Ekdesman Restitution Fund" and shall send such Restitution Obligation payments by electronic funds transfer, or by U.S. postal money order,

certified check, bank cashier's, or bank money order, to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606 under cover letter that identifies the paying Defendants and the name and docket number of this proceeding. Defendants 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.

60. The Monitor shall oversee the Restitution Obligation and shall have the discretion to determine the manner of distribution of such funds in an equitable fashion to Defendants' customers identified by the Commission or may defer distribution until such time as the Monitor deems appropriate. In the event that the amount of Restitution Obligation payments to the Monitor are of a *de minimis* nature such that the Monitor determines that the administrative cost of making a distribution to eligible customers is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary penalty payments, which the Monitor shall forward to the Commission following the instructions for civil monetary penalty payments set forth in Part B below.

61. Defendants shall cooperate with the Monitor as appropriate to provide such information as the Monitor deems necessary and appropriate to identify Defendants' customers to whom the Monitor, in its sole discretion, may determine to include in any plan for distribution of any Restitution Obligation payments. Defendants shall execute any documents necessary to release funds that they have in any repository, bank, investment or other financial institution, wherever located, in order to make partial or total payment toward the Restitution Obligation.

62. The Monitor shall provide the Commission at the beginning of each calendar year with a report detailing the disbursement of funds to Defendants' customers during the previous

year. The Monitor shall transmit this report under a cover letter that identifies the name and docket number of this proceeding to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

63. The amounts payable to each Customer shall not limit the ability of any Customer 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 Customer that exist under state or common law.

64. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each Customer of 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.

65. 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 Monitor for disbursement in accordance with the procedures set forth above.

**B. Civil Monetary Penalty**

66. Defendants shall jointly and severally pay a civil monetary penalty in the amount of one million, three hundred and thirty seven thousand dollars, \$1,337,000 ("CMP Obligation"), plus post-judgment interest, within ten (10) days of the date of the entry of this Consent Order. If the 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 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).

67. Defendants shall pay their 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, Defendants shall contact Linda Zurhorst or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendants shall accompany payment of the CMP Obligation with a cover letter that identifies Defendants and the name and docket number of this proceeding. Defendants 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**

68. Partial Satisfaction: Any acceptance by the Commission or the Monitor of partial payment of Defendants' Restitution Obligation or CMP Obligation shall not be deemed a waiver of 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**

69. Defendants shall cooperate fully and expeditiously with the Commission, including the CFTC'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.

**VII. MISCELLANEOUS PROVISIONS**

70. 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 Commission:

David Meister, Director of Enforcement  
Commodity Futures Trading Commission  
Division of Enforcement  
1155 21<sup>st</sup> Street N.W.  
Washington, DC 20581

Notice to Defendants Ekdesman and Paramount:

Ronald Fischetti & Phyllis Malgieri  
747 Third Avenue, 20th floor  
New York, New York 10017  
Counsel for Defendants

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

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

72. 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.

73. 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.

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

75. 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.

76. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon Ekdesman and Paramount, 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 Ekdesman and Paramount.

77. Authority: Ekdeshman hereby warrants that he is the member/principal of Paramount and that this Consent Order has been duly authorized by Paramount, and that he has been duly empowered to sign and submit this Consent Order on behalf of Paramount.

78. 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.

79. Ekdeshman and Paramount 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.

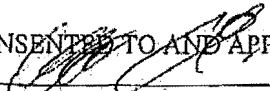
There being no just reason for delay, the Clerk of the Court is hereby directed to enter this *Consent Order Of Permanent Injunction And Other Statutory And Equitable Relief Against Alex Ekdeshman And Paramount Management, LLC.*

IT IS SO ORDERED on this 9 day of September, 2013.

  
UNITED STATES DISTRICT JUDGE



CONSENTED TO AND APPROVED BY:

  
Defendant Alex Ekdeshman

Date: \_\_\_\_\_

  
Defendant Paramount Management, LLC

Date: \_\_\_\_\_

Approved as to form:

  
Ronald Fischetti & Phyllis Malgieri

747 Third Avenue, 20th floor

New York, New York 10017

Phone: (212) 593-7100

phyllis.malgieri@gmail.com

*Attorneys for Defendants Alex Ekdeshman and  
Paramount Management, LLC.*

CONSENTED TO AND APPROVED BY:

CONSENTED TO AND APPROVED BY:

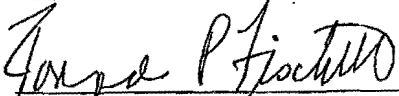
Defendant Alex Ekdeshman

Date: 7/8/2013

Defendant Paramount Management, LLC

Date: 7/8/2013

Approved as to form:



Ronald Fischetti & Phyllis Malgieri

747 Third Avenue, 20th floor

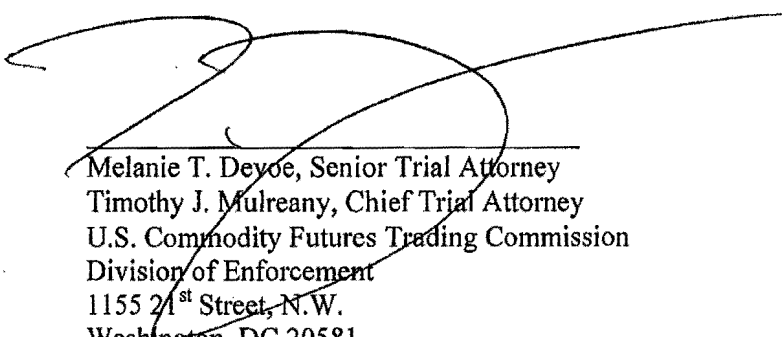
New York, New York 10017

Phone: (212) 593-7100

phyllis.malgieri@gmail.com

*Attorneys for Defendants Alex Ekdeshman and  
Paramount Management, LLC.*

CONSENTED TO AND APPROVED BY:



Melanie T. Devoe, Senior Trial Attorney  
Timothy J. Mulreany, Chief Trial Attorney  
U.S. Commodity Futures Trading Commission  
Division of Enforcement  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581  
(202) 418-5306 (Mulreany); (202) 418-5203 (Devoe)  
(202) 418-5124 (facsimile)  
tmulreany@cftc.gov  
mdevoe@cftc.gov  
*Attorneys for Plaintiff U.S. Commodity Futures Trading Commission*