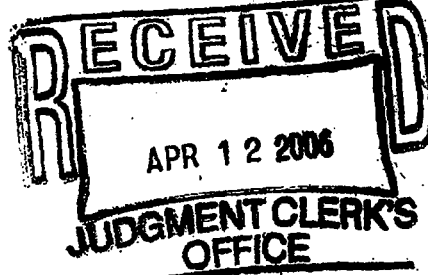


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



U.S. Commodity Futures Trading Commission,

Plaintiff,

v.

Walter, Scott, Lev & Associates, LLC,

Michael Ross,

Maxim Yampolsky,

Edward Sapienza, Jr.,

Frank Schiavone,

Michael Korobov, and

Boris Shuster, a/k/a/ Robert Shuster,

Defendants, and

Michael Edwards Trading Group, Ltd.,

JSG Freight Systems, Inc.,

Shuster, Shuster & Shuster, Ltd.,

BLJ Consulting, Inc.,

Winn Industries Division of Ontario, Limited

(1430214 Ontario, Limited), and

The Fuzzy Group, Inc.,

Relief Defendants.

03 CV 9126 (GBD)

CONSENT ORDER OF EQUITABLE
RELIEF AGAINST THE FUZZY
GROUP, INC.

CONSENT ORDER OF EQUITABLE RELIEF AGAINST THE FUZZY GROUP, INC.

I. SUMMARY

Plaintiff U.S. Commodity Futures Trading Commission ("Commission") filed a Complaint against defendants Walter, Scott, Lev & Associates, LLC ("WSL"), Michael Ross, Maxim Yampolsky, Edward Sapienza, Jr., Frank Schiavone, Michael Korobov, and Boris Shuster, a/k/a/ Robert Shuster (collectively, "Defendants") and relief defendants Michael Edwards Trading Group, Ltd., JSG Freight Systems, Inc., Shuster, Shuster & Shuster, Ltd., BLJ Consulting, Inc., Winn Industries Division of Ontario, Limited (1430214 Ontario, Limited), and

The Fuzzy Group, Inc. ("The Fuzzy Group") seeking injunctive and other equitable relief for violations of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. §§ 1 et seq. (2001), and Regulations promulgated thereunder, 17 C.F.R. §§ 1 et seq. (2002). The Complaint alleged that Defendants solicited and accepted funds from investors to trade commodity futures contracts. The Complaint further alleged that Defendants made misrepresentations of material facts when soliciting investors, misappropriated investor funds, and issued false account statements that misrepresented investors' profits, account balances and trades. In addition, the Complaint alleged that The Fuzzy Group received at least \$81,000 of the fraudulently obtained funds from WSL.

II. CONSENT AND AGREEMENT

To effect settlement of the matters alleged in the Complaint against The Fuzzy Group without a trial on the merits or any further judicial proceedings, The Fuzzy Group:

1. Consents to the entry of this Consent Order of Equitable Relief against The Fuzzy Group ("Order").
2. Affirms that The Fuzzy Group has agreed to this Order voluntarily, and that no promise or threat has been made by the Commission or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Order, other than as set forth specifically herein.
3. Acknowledges service of the Summons and Complaint.
4. Admits jurisdiction of this Court over The Fuzzy Group, admits that the Court has subject matter jurisdiction over this action, and admits that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1.
5. Waives:

- (a) all claims that The Fuzzy Group may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2000) and 28 U.S.C. § 2412 (2000) and Part 148 of the Regulations, 17 C.F.R. § 148.1, et seq. (2004), relating to, or arising from, this action;
- (b) any claim of double jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief; and
- (c) all rights of appeal from this Order.

6. Does not consent to the use of this Order as the sole basis for any other proceeding brought by, or involving, the CFTC, other than a proceeding in bankruptcy relating to The Fuzzy Group or to enforce the terms of this Order. Solely with respect to any bankruptcy proceeding relating to The Fuzzy Group or any proceeding to enforce this Order, The Fuzzy Group agrees that the allegations of the Complaint and the findings in this Order shall be taken as true and correct and be given preclusive effect, without further proof. Furthermore, The Fuzzy Group agrees to provide immediate notice to this Court and the CFTC by certified mail of any bankruptcy proceeding filed by, on behalf of, or against ~~him~~^{it}. The Fuzzy Group further agrees that no provision of this Order shall in any way limit or impair the ability of any person, including third-party beneficiaries, to seek any legal or equitable remedy against The Fuzzy Group or any other person in any other proceeding, including any current or subsequent bankruptcy proceeding.

7. Agrees that neither The Fuzzy Group nor any of its agents or employees acting under its authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation of the Complaint or findings of fact or conclusions of law in this Order, or creating, or tending to create, the impression that the Complaint or this Order is without a factual basis; provided, however, that nothing in this provision shall affect The Fuzzy Group's (i) testimonial obligations; or (ii) rights to take legal, factual or equitable positions in

other proceedings to which the Commission is not a party. The Fuzzy Group shall take all necessary steps to ensure that all of its agents and employees understand and comply with this agreement.

8. Consents to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Order and for any other purposes relevant to this case.

III. FINDINGS OF FACT and CONCLUSIONS OF LAW

The Court, being fully advised of the facts, finds that there is good cause for the entry of this Order and that there is no just reason for delay. The Court therefore directs the entry of findings of fact, conclusions of law, and ancillary equitable relief pursuant to § 6c of the Act, 7 U.S.C. § 13 a-1 (2002), as set forth herein.

A. Findings of Fact

1. The Commission is an independent federal regulatory agency charged with the responsibility of administering and enforcing the provisions of the Act and Regulations promulgated thereunder.

2. The Fuzzy Group is a New York corporation incorporated in October 1999 with an office located at 110-40 72nd Avenue, # 6H, Forest Hills, New York 11375. Vadim Vitebsky is the Chairman or Chief Executive Officer of The Fuzzy Group, and Michael Vitebsky is an authorized signer on the The Fuzzy Group bank account held at J.P. Morgan Chase & Co. Bank. The Fuzzy Group has never been registered with the Commission.

3. From at least January 1999 to at least April 2002 ("relevant time period"), WSL fraudulently solicited and obtained approximately \$21.9 million from more than 850 customers for the purpose of trading foreign currency contracts which were, in fact, illegal off-exchange foreign currency futures contracts. Instead of actually trading clients' funds, WSL

misappropriated a substantial portion of the \$21.9 million obtained from customers. At the same time, WSL misled investors with false monthly account statements showing considerable profits. WSL then abruptly notified customers that alleged catastrophic trading losses had wiped out their funds.

4. During the relevant time period, The Fuzzy Group received at least \$81,000 of funds that are directly traceable to the funds obtained from WSL customers through fraud. The Fuzzy Group provided no goods or services in return for those funds, and therefore has no legitimate claim to these funds.

5. During the relevant time period, The Fuzzy Group did not pay any funds to WSL, and no money flowed back from The Fuzzy Group to WSL customers or WSL's accounts.

B. Conclusions of Law

1. This Court has subject matter jurisdiction over this action and the allegations in the Complaint pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1.

2. This Court has personal jurisdiction over The Fuzzy Group pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002).

3. Venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002).

4. The Fuzzy Group will be unjustly enriched if it is not required to disgorge the funds or the value of the benefit it received as a result of WSL's fraud.

5. The Fuzzy Group received \$81,000 of funds and assets as a result of WSL's fraud, and holds those funds in a constructive trust for the benefit of WSL's customers.

6. There is good cause for entry of an order requiring The Fuzzy Group to disgorge the funds or the value of the benefit it received as a result of the funds it received from WSL. The Fuzzy Group has no legitimate claim to the illegally obtained funds it received from WSL.

IV. EQUITABLE RELIEF

IT IS THEREFORE ORDERED THAT:

1. Disgorgement: Within 90 days of the date of this Order, The Fuzzy Group shall disgorge \$81,000, representing profits or proceeds The Fuzzy Group received from WSL, to Brian Rosner, Esq., the Court-appointed Receiver, 26 Broadway, 22nd floor, New York, NY 10004-24424 by cashier's check, certified check or postal money order, under cover of a letter that identifies the name and number of this action and the name of this Court, with a copy to Sheila L. Marhamati, Esq., counsel of record for the Plaintiff U.S. Commodity Futures Trading Commission.
2. Freeze Orders Dissolved: All prior freeze orders are dissolved.
3. Notices: All notices required to be given by any provision in this Consent Order shall be sent certified mail, return receipt requested, as follows:

Notice to Commission:
Regional Counsel
Division of Enforcement – Eastern Regional Office
U.S. Commodity Futures Trading Commission
140 Broadway, 19th Floor
New York, NY 10005

Notice to Relief Defendant:
Barry Fallick, Esq.,
Rochman, Platzer & Fallick
Counsel to The Fuzzy Group, Inc.
666 3rd Avenue
New York, NY 10017

Notice to Receiver:
Brian Rosner, Esq.
Rosner, Moscow & Napierala, LLP
26 Broadway, 22nd floor
New York, NY 10004-24424

In the event that The Fuzzy Group changes telephone numbers and/or addresses at any time prior to the payment of the disgorgement amount, The Fuzzy Group shall provide written notice of its new numbers and/or addresses to the Commission within twenty (20) calendar days thereof.

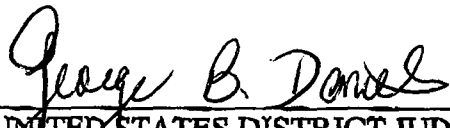
6. Entire Agreement and Amendments: This Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless (1) reduced to writing; (2) signed by all parties hereto; and (3) approved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

7. Enforcement of this Order: This Order shall remain in effect until further order of the Court and the Court shall retain jurisdiction over this action to ensure compliance with this Order and for all other purposes related to this action.

IT IS SO ORDERED.

Dated:

NOV 06 2006


UNITED STATES DISTRICT JUDGE
HON. GEORGE B. DANIELS

CONSENTED TO AND APPROVED BY:

U.S. COMMODITY FUTURES TRADING COMMISSION
Attorney for U.S. Commodity Futures Trading Commission

By: S. Marhamati 4/10/06

Sheila L. Marhamati (SM-8016)
U.S. Commodity Futures Trading Commission
Eastern Regional Office
Division of Enforcement
140 Broadway, 19th Floor
New York, New York 10005

THE FUZZY GROUP, INC.
Relief Defendant

By: [Signature]

BARRY M. FALICK, ESQ.
Attorney for The Fuzzy Group, Inc.

By: [Signature]

Barry M. Fallick, Esq. (BM-)
Rochman, Platzer, Fallick & Sternheim
666 Third Avenue
New York, NY 10017

Brian Rosner, Esq.
Receiver

By: [Signature]

Heather J. Haase, Esq. (HH-0222)
Counsel for Brian Rosner, Receiver
Rosner, Moscow & Napierala, LLP
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New York, NY 10004-24424