

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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U.S. COMMODITY FUTURES
TRADING COMMISSION, :

Plaintiff, : 11 Civ. 3543 (WHP)

-against- : ECF case

PARNON ENERGY INC., ARCADIA :
PETROLEUM LTD., ARCADIA :
ENERGY (SUISSE) SA, NICHOLAS J. :
WILDGOOSE AND JAMES T. DYER, :

Defendants. :

-----X

**FINAL CONSENT ORDER OF PERMANENT INJUNCTION,
CIVIL MONETARY PENALTY, AND OTHER RELIEF**

On May 24, 2011, Plaintiff United States Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint against Defendants Parnon Energy Inc., Arcadia Petroleum Ltd., Arcadia Energy (Suisse) SA, Nicholas J. Wildgoose, and James T. Dyer (“Defendants”). The Complaint seeks statutory and equitable relief, including permanent injunctions and a civil monetary penalty, for alleged violations of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 9, 13b, 13(a)(2) (2006 & Supp. IV 2011).

The parties have informed the Court that they are prepared to settle this action, pursuant to the terms set forth below.

I. CONSENTS AND AGREEMENTS

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

a. Consents to the entry of this Final Consent Order of Permanent Injunction, Civil Monetary Penalty, and Other Relief (“Order”);

b. Affirms that the Defendant has read and agreed to this Order voluntarily, and that no threat or promise, other than as set forth specifically herein, 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;

c. Acknowledges service upon the Defendant of the Summons and Complaint in this action;

d. Consents to the jurisdiction of the Court in this action;

e. Admits to the jurisdiction of the Commission over the conduct at issue in this action pursuant to the Act, 7 U.S.C. §§ 1 *et seq.* (2006 & Supp. IV 2011);

f. Admits that venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2012);

g. Waives:

i. Any and all claims that the Defendant may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or Part 148 of the Commission’s Regulations (“CFTC Regulations”), 17 C.F.R. §§ 148.1 *et seq.* (2013), relating to, or arising from, this action;

ii. Any and all claims that the Defendant may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. 104-121, §§ 201-253, 110 Stat. 847, 857-68 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this action;

iii. 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 Order; and

iv. Any and all rights of appeal in this action;

h. Agrees that the Defendant will not oppose enforcement of this Order by alleging that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and waives any objections based thereon;

i. Consents to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Order, to assure compliance with this Order, and for any other purposes relevant to this action, even if the Defendant now or in the future resides outside the jurisdiction of this Court; and

j. Agrees that neither the Defendant, nor any of its or his agents or employees under its or his authority or control, shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint, or creating, or tending to create, the impression that the Complaint is without a factual basis; provided, however, that nothing in this provision shall affect any Defendant's: (i) testimonial obligations or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Each Defendant shall take all steps necessary to ensure agents and employees under that Defendant's authority or control understand and comply with this provision.

2. By consenting to the entry of this Order, Defendants neither admit nor deny the allegations contained in the Complaint, except as to jurisdiction and venue, which Defendants admit for purposes of settlement of this action. Defendants do not consent to the use of the

allegations of the Complaint as the sole basis for any other proceeding brought by the Commission, other than any current or subsequent bankruptcy proceeding filed by, on behalf of, or against Defendants. In such a bankruptcy proceeding, Defendants agree and intend that the allegations contained in the Complaint shall be taken as true and correct and given preclusive effect, without further proof with respect to any claim or defense of the Commission.

Defendants further agree that, in any proceeding to enforce the terms of this Order, Defendants shall not: (a) challenge the validity of this Order, including the permanent injunction contained herein, or Court's authority to enter the Order; (b) deny that each Defendant consented to entry of this Order; and/or (c) deny the Commission's authority to initiate proceedings to enforce the terms of this Order.

3. Defendants agree to provide immediate notice to this Court and the Commission of any bankruptcy proceeding filed by, on behalf of, or against Defendants, whether inside or outside the United States.

4. Defendants agree that no provision of this 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.

II. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

1. Defendants are permanently restrained, enjoined, and prohibited from engaging, directly or indirectly, in any conduct that violates Sections 6(c), 6(d), and/or 9(a)(2) of the Commodity Exchange Act ("Act"), 7 U.S.C. §§ 6(c), 6(d), 13(a)(2) (2006 & Supp. IV 2011).

III. CIVIL MONETARY PENALTY AND OTHER RELIEF

IT IS HEREBY ORDERED THAT:

1. Within ten (10) days of the date of entry of this Order, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), Defendants shall, jointly and severally, pay a civil monetary penalty (“CMP Obligation”) in the amount of thirteen million dollars (\$13,000,000).

2. If the CMP Obligation is not paid in full within ten (10) days of the date of entry of this Order, post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined using the Treasury Bill rate prevailing on the date of entry of this Order, pursuant to 28 U.S.C. § 1961 (2012).

3. Defendants shall pay 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 U.S. Commodity Futures Trading Commission and sent to the address below:

U.S. Commodity Futures Trading Commission
Division of Enforcement
ATTN: Accounts Receivable - AMZ 340
E-mail Box: 9-AMC-AMZ-AR-CFTC
DOT/FAA/MMAC
6500 South MacArthur Boulevard
Oklahoma City, OK 73169
Telephone: (405) 954-7262

If payment by electronic funds transfer is chosen, Defendants shall contact Nikki Gibson or her successor, at the address or telephone number above to receive payment instructions and shall comply fully 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, U.S. Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581.

4. Partial Satisfaction: Any acceptance by the Commission of partial payment of the CMP Obligation shall not be deemed a waiver of Defendants' obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

IV. LIMITATION ON TRADING

IT IS HEREBY ORDERED that Defendants shall comply fully with the following agreed-upon limitation on their trading:

1. For three (3) years, beginning no later than sixty (60) days from the date of entry of this Order, Defendants shall not hold cash forward contract crude oil positions amounting to more than three (3) million barrels for prompt-month delivery at Cushing, Oklahoma, past the expiration of the prompt NYMEX Light Sweet Crude Oil ("CL") futures contract.

V. UNDERTAKINGS

IT IS HEREBY ORDERED that Defendants shall comply fully with the following agreed-upon undertakings:

1. For three (3) years, beginning no later than sixty (60) days from the date of entry of this Order, Defendants shall provide to the CFTC's Division of Enforcement ("Division"), on a weekly basis, a full and transparent listing (or record) of their positions related to crude oil at Cushing, Oklahoma, including, but not limited to, cash, futures, options, exchange-for-physical transactions, and swaps. Defendants and the Commission shall cooperate regarding the content of this report, including, but not limited to, its format, delivery method, and level of detail provided.

2. For three (3) years, beginning no later than sixty (60) days from the date of entry of this Order, Defendants shall record and maintain all written documents and communications, whether created or stored electronically, on paper, or in any other manner, related to Defendants' trading related to crude oil at Cushing, Oklahoma, including, but not limited to, cash, futures, options, exchange-for-physical transactions, and swaps. The term "documents and communications" shall be construed broadly, in accordance with Federal Rule of Civil Procedure 34. Upon request, Defendants shall provide these documents and communications, or a portion thereof, to the Division.

3. For three (3) years, beginning no later than sixty (60) days from the date of entry of this Order, Defendants shall record all voice communications of any trader or trading personnel employed or otherwise engaged by Defendants in connection with Defendants' trading related to crude oil at Cushing, Oklahoma, including, but not limited to, cash, futures, options, exchange-for-physical transactions, and swaps. During this three-year period, Defendants shall maintain recorded voice communications covering no less than the previous six (6) months on a rolling basis, updated daily. Upon request, Defendants shall provide these recordings, or a portion thereof, to the Division.

4. Within thirty (30) days of the date of entry of this Order, Defendants shall engage the services of an independent consultant to review and evaluate Defendants' compliance, internal control, and risk management policies, procedures, and practices designed to detect, deter, discipline, and/or correct potential violations of the Act or CFTC Regulations. Defendants shall implement the recommendations of the independent consultant.

5. Reasonably prior to engagement of the independent consultant, Defendants shall inform the Division of the independent consultant's identity, and the Division shall have five (5) days to object to Defendants' choice.

VI. MISCELLANEOUS PROVISIONS

1. Notice: Any notice required by any provision in this Order shall be sent via certified mail, return receipt requested, as set forth below. Any notice to the Commission shall reference the name and docket number of this action.

a. Notice to the Commission:

Director of Enforcement
U.S. Commodity Futures Trading Commission
1155 21st Street NW
Washington, DC 20581

b. Notice to Defendants:

Timothy J. Carey
Winston & Strawn LLP
35 West Wacker Drive
Chicago, IL 60601

2. Change of Address/Phone: Until Defendants satisfy in full provisions of this Order, including the CMP Obligation and the Undertakings, Defendants shall provide written notice to the Commission, by certified mail, of any change to their telephone number(s) or mailing address(es), within ten (10) days of the change.

3. Successors and Assigns: This Order shall inure to the benefit of, and is binding on, Defendants' successors, assigns, heirs, beneficiaries, and administrators. Nothing in this Order shall be construed to confer any rights on any non-party to this Order or to inure to the benefit of any non-party to this Order.

4. Entire Agreement and Amendments: This Order incorporates all of the terms and conditions of the settlement among the parties to this action. Nothing shall serve to amend or

modify this Order, in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

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

6. Waiver: The failure of any party to this Order at any time to require performance of any provision of this Order shall in no manner affect the right of the party at a later time to enforce the same or any other provision of this Order. No waiver in one or more instances of the breach of any provision contained in this 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 Order.

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


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

9. Authority: Paul Adams hereby warrants that he is Chief Executive Officer of Defendant Parnon Holdings Inc., that this Order has been duly authorized by Defendants Parnon Energy Inc., Arcadia Petroleum Ltd., Arcadia Energy (Suisse) SA (“Corporate Defendants”), and that he has been duly empowered to sign and submit this Order on behalf of all Corporate Defendants.

10. Execution by Counterparts: This 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, electronic 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 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 Order.

Consented to and approved for entry by:

Date: 7/10/14



Timothy J. Carey
Elizabeth M. Bradshaw
WINSTON & STRAWN LLP
35 West Wacker Drive
Chicago, IL 60601

Fred F. Fielding
Mark R. Haskell
MORGAN, LEWIS & BOCKIUS LLP
1111 Pennsylvania Avenue NW
Washington, DC 20004

*Counsel for Defendants Parnon Energy
Inc., Arcadia Petroleum Ltd., Arcadia
Energy (Suisse) SA, Nicholas J. Wildgoose,
and James T. Dyer*

Date: _____

for Parnon Energy Inc.

Date: _____

for Arcadia Petroleum Ltd.

Date: _____

for Arcadia Energy (Suisse) SA

Date: _____

Nicholas J. Wildgoose

Date: _____

James T. Dyer

Consented to and approved for entry by:

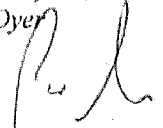
Date: _____

Timothy J. Carey
Elizabeth M. Bradshaw
WINSTON & STRAWN LLP
35 West Wacker Drive
Chicago, IL 60601

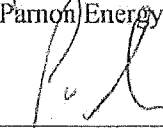
Fred F. Fielding
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MORGAN, LEWIS & BOCKIUS LLP
1111 Pennsylvania Avenue NW
Washington, DC 20004

*Counsel for Defendants Parnon Energy Inc.,
Arcadia Petroleum Ltd., Arcadia Energy
(Suisse) SA, Nicholas J. Wildgoose, and James
T. Dyer*

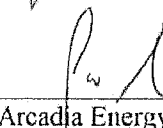
Date: July 16, 2014

 Paul Adams
for Parnon Energy Inc.

Date: July 16, 2014

 Paul Adams
for Arcadia Petroleum Ltd.

Date: July 16, 2014

 Paul Adams
for Arcadia Energy (Suisse) SA

Date: _____

Nicholas J. Wildgoose

Date: _____

James T. Dyer

Date: _____

Christine M. Ryall
Paul G. Hayeck
Elizabeth L. Davis

Consented to and approved for entry by:

Date: _____

Timothy J. Carey
Elizabeth M. Bradshaw
WINSTON & STRAWN LLP
35 West Wacker Drive
Chicago, IL 60601

Fred F. Fielding
Mark R. Haskell
MORGAN, LEWIS & BOCKIUS LLP
1111 Pennsylvania Avenue NW
Washington, DC 20004

*Counsel for Defendants Parnon Energy
Inc., Arcadia Petroleum Ltd., Arcadia
Energy (Suisse) SA, Nicholas J. Wildgoose,
and James T. Dyer*

Date: _____

for Parnon Energy Inc.

Date: _____

for Arcadia Petroleum Ltd.

Date: _____

for Arcadia Energy (Suisse) SA

Date: 7/16/14



Nicholas J. Wildgoose

Date: _____

James T. Dyer

Consented to and approved for entry by:

Date: _____

Timothy J. Carey
Elizabeth M. Bradshaw
WINSTON & STRAWN LLP
35 West Wacker Drive
Chicago, IL 60601

Fred F. Fielding
Mark R. Haskell
MORGAN, LEWIS & BOCKIUS LLP
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Washington, DC 20004

*Counsel for Defendants Parnon Energy
Inc., Arcadia Petroleum Ltd., Arcadia
Energy (Suisse) SA, Nicholas J. Wildgoose,
and James T. Dyer*

Date: _____

for Parnon Energy Inc.

Date: _____

for Arcadia Petroleum Ltd.

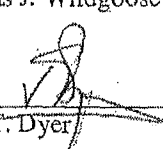
Date: _____

for Arcadia Energy (Suisse) SA

Date: _____

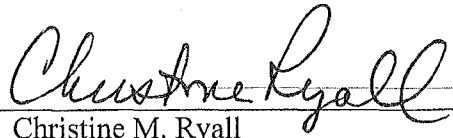
Nicholas J. Wildgoose

Date: 8/7/14



James T. Dyer

Date: 7/31/14



Christine M. Ryall
Paul G. Hayeck
Elizabeth L. Davis
Jonathan P. Robell
John Einstman
U.S. COMMODITY FUTURES TRADING
COMMISSION
1155 21st Street NW
Washington, DC 20581

*Counsel for Plaintiff U.S. Commodity
Futures Trading Commission*

This Order fully and finally resolves all claims and allegations brought by the Commission against Defendants in this action. There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Final Consent Order of Permanent Injunction, Civil Monetary Penalty and Other Relief.

SO ORDERED at New York, New York this 4th day of August, 2014.



William H. Pauley III
United States District Judge