

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

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12:47 pm, Aug 03, 2016

In the Matter of)
)
)

QuantX Capital LLC and)
Jonathan A. Parker,)

Respondents.)
_____)

CFTC Docket No. 16-24

**ORDER INSTITUTING PROCEEDINGS PURSUANT TO
SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT,
MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS**

I.

The Commodity Futures Trading Commission (“Commission”) has reason to believe that QuantX Capital, LLC (“QuantX”) and its sole owner, Chief Executive Officer (“CEO”), and President, Jonathan A. Parker (“Parker”) (collectively, “Respondents”) violated Sections 4b(a)(2)(A)-(C), 4k(2), 4m(1), and 4o(1)(A) and (B) of the Commodity Exchange Act (the “Act”), 7 U.S.C. §§ 6b(a)(2)(A)-(C), 6k(2), 6m(1), and 6o(1), and Commission Regulations 3.12(a), 5.2(b)(1)-(3), 5.3(a)(2)(i) and (ii), 17 C.F.R. §§ 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

II.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondents consent to the entry of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings and Imposing Remedial Sanctions (“Order”) and acknowledge service of this Order.¹

¹ Respondents consent to the entry of this Order and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondents do not consent to the use of the Offer, or the findings or conclusions in this Order consented to in the Offer, as the

III.

The Commission finds the following:

A. SUMMARY

From at least November 2010 through October 2015 (the “Relevant Period”), Parker and a company he solely owned and controlled, QuantX, fraudulently solicited and accepted at least \$341,500 from at least eight individuals to make pooled investments in retail off-exchange foreign currency transactions (“retail forex transactions”), but none of the funds were ever deposited into a pooled account or used for retail forex transactions. Instead, Respondents fraudulently misappropriated at least \$341,500 of these funds for business and personal expenses. Respondents also created and distributed account statements to investors that falsely claimed that Respondents had engaged on behalf of investors in retail forex transactions that were profitable, and made other material misrepresentations to investors. During part of the Relevant Period, Respondents also failed to register QuantX as a commodity pool operator (“CPO”) and Parker as an associated person (“AP”) of that CPO, as they were required to do.

B. RESPONDENTS

QuantX is a Georgia limited liability company formed by Parker in October 2011. The company operated from an office in Marietta, Georgia. The company has never been registered with the Commission in any capacity.

Parker is an individual residing in Marietta, Georgia. He is the CEO, President, and sole owner of QuantX and is responsible for all of the company’s activities. From August 2014 until October 2015, Parker was registered with the Commission as a sole proprietorship Commodity Trading Advisor (“CTA”) and Forex Firm and as an Associated Person of that sole proprietorship.

C. FACTS

During the Relevant Period, Parker and QuantX, a company he solely owned and controlled, solicited at least eight investors to engage in retail forex transactions through a commodity pool operated by the Respondents. In fact, none of the funds were ever deposited into a commodity pool account or used for trading. Instead, Respondents misappropriated the funds to pay Respondents’ business and personal expenses.

Most of the investors were friends and acquaintances of Parker, had limited prior knowledge of foreign currency markets, and based their investment decisions on information provided by Respondents. None of these investors were eligible contract participants (“ECPs”) as defined in Section 1a(18)(A)(xi) of the Act, 7 U.S.C. § 1a(18)(A)(xi) (2012). The commodity

sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor do Respondents consent to the use of the Offer or this Order, or the findings or conclusions in this Order consented to in the Offer, by any other party in any other proceeding.

pool purportedly operated by the Respondents also was not an ECP as defined by Section 1a(18)(A)(iv) of the Act.

In their dealings with investors, Respondents made multiple material misrepresentations and omissions of material facts, including that investors' funds would be used for off-exchange foreign currency transactions, where investor funds would be traded, Parker's trading experience and trading track record, and profits earned from retail forex transactions. Specifically, the Respondents' misrepresentations and omissions included the following:

- Respondents told prospective investors by telephone, in person, and by electronic mail, that QuantX would trade foreign currency on behalf of investors at a futures commission merchant ("FCM") and registered foreign exchange dealer, through an account held in the name of QuantX Fund LLP (the "QuantX Fund"), but no funds were ever actually deposited to that account or traded in retail forex transactions.
- Respondents provided by electronic mail to at least one investor a Private Offering Memorandum that misrepresented Parker's trading experience, returns, and qualifications, including falsely stating that Parker had received an MBA degree from Georgia State University. The Private Offering Memorandum also falsely stated that the QuantX Fund would employ independent auditors. In reality, QuantX never employed auditors.
- Parker promised one investor by electronic mail and in person that if the investor would deposit \$14,500 in the QuantX Fund, Parker would guarantee the investor a return of \$97,651 within six weeks. Parker understood that the return would not come from trading gains but from contributions from other participants. The investor deposited the \$14,500 into the QuantX account, but did not receive the promised return, as Respondents misappropriated the funds.
- Respondents provided, by use of the mails, investors with quarterly account statements which falsely represented their pro rata share of purported retail forex transaction profits, when in fact no retail forex transactions had taken place and no profits had been made.

During the Relevant Period, as a result of Respondents' solicitation efforts, at least eight investors deposited a total of at least \$341,500 into QuantX's bank account for the purpose of engaging in retail forex transactions. None of those funds were used for forex transactions. Respondents misappropriated at least \$341,500 of these funds for improper uses, including spending investor funds on business expenses, personal entertainment, dining, and other unauthorized and undisclosed purposes. Parker was the sole signatory on QuantX's bank account.

QuantX acted as a CPO by soliciting and accepting funds from investors for participation in a commodity pool to engage in retail forex transactions, but was never registered with the Commission as a CPO or in any other capacity. QuantX is not a United States financial institution, registered broker dealer, insurance company, financial holding company, or investment bank holding company, or an AP of such entities.

Parker acted as an AP of QuantX by soliciting and accepting funds from investors for participation in the commodity pool operated by QuantX, but he was never registered with the Commission in that capacity. Parker is not a United States financial institution, registered broker dealer, insurance company, financial holding company, investment bank holding company, or an AP of such entities.

IV.

LEGAL DISCUSSION

A. QuantX and Parker Defrauded Pool Participants

Respondents' fraudulent conduct during the course of the Relevant Period violated various provisions of the Act and Commission Regulations.

Pursuant to Section 2(c)(2)(C)(i) of the Act, 7 U.S.C. § 2(c)(2)(C)(i), the Commission has jurisdiction over Respondent's offering of leveraged, margined or financed foreign currency transactions to non-ECPs.

Pursuant to Section 2(c)(2)(C)(iv) of the Act, 7 U.S.C. § 2(c)(2)(C)(iv) (Supp. II 2009), Section 4b of the Act applies to retail forex transactions offered to, or entered into with, non-ECPs on a leveraged, margined, or financed basis, "as if" they were contracts of sale of a commodity for future delivery, bringing retail forex transactions within the scope of Sections 4b(a)(2)(A)-(C) of the Act.

Sections 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C) (Supp. II 2009 and Supp. IV 2011), provide, in relevant part, that it is unlawful for any person, in or in connection with any order to make or the making of a contract of sale of a commodity for future delivery, that is made, or to be made, for or no 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 another person, or (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 another person in regard to any order or contract.

During the Relevant Period, Respondents violated Sections 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C). Respondents, in or in connection with retail forex transactions to be made for or on behalf of their investors, cheated or defrauded, or attempted to cheat or defraud, their investors, and willfully deceived or attempted to deceive investors, by fraudulently soliciting investor funds for the purpose of engaging in retail forex transactions, and by misrepresenting that investors' funds would be used for retail forex transactions, where the investors funds would be traded, the trading experience and registration status of QuantX personnel, the risks involved, Respondents' trading track record, and profits earned from retail forex transactions. Respondents issued monthly statements to investors which falsely represented investors' pro-rata share of monthly profit from engaging in retail forex transactions, when no such results were achieved. Respondents also misappropriated investor funds for their own purposes and concealed this material information from investors.

Commission Regulations 5.2(b)(1)-(3), 17 C.F.R. § 5.2(b)(1)-(3), also prohibit fraud in or in connection with retail forex transactions.² Specifically, Regulations 5.2(b)(1)-(3) make it unlawful for any person, by use of the mails or by any means or instrumentality of interstate commerce, directly or indirectly, in or in connection with any retail forex transaction, (1) to cheat or defraud or attempt to cheat or defraud any person, (2) 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 (3) willfully to deceive or attempt to deceive any person by any means whatsoever.

Respondents violated Regulations 5.2(b)(1)-(3), 17 C.F.R. §§ 5.2(b)(1)-(3). Through use of the mails or other means or instrumentalities of interstate commerce, in or in connection with retail forex transactions, Respondents' same conduct that violated Sections 4b(a)(2)(A)-(C) of the Act, as described above, also violated Regulations 5.2(b)(1)-(3).

Sections 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6o(1)(A) and (B) (2006), make it unlawful for a CPO or an AP of a CPO by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, to employ any device, scheme, or artifice to defraud any pool participant or prospective pool participant, or to engage in any transaction, practice, or course of business that operates as a fraud or deceit upon any pool participant or prospective pool participant. Unlike Section 4b(a)(2)(A)-(C) and 4o(1)(A) of the Act, the language of Section 4o(1)(B) does not require "knowing" or "willful" conduct as a prerequisite for liability. *Commodity Trend Service, Inc. v. CFTC*, 233 F.3d 981, 993 (7th Cir. 2000). Respondents' same conduct that violated Sections 4b(a)(2)(A)-(C) of the Act, as described above, also violated Sections 4o(1)(A) and (B) of the Act. *See, e.g., CFTC v. Skorupskas*, 605 F. Supp. 923, 932-33 (E.D. Mich. 1985).

As of July 16, 2011, the statutory definition of CPO included a business that is in the nature of a commodity pool, investment trust, syndicate, or similar form of enterprise that solicited, accepted, or received funds, securities, or other property from others for the purpose of trading in retail forex transactions. 7 U.S.C. § 1a(11)(A)(i)(II). Commission Regulation 5.1(d)(1), defines a CPO as "any person who operates or solicits funds, securities or property for a pooled investment vehicle that is not an eligible contract participant as defined in section 1a(18) of the Act and that engages in retail forex transactions." 17 C.F.R. § 5.1(d)(1). Regulation 5.1(d)(2) defines an AP of a CPO as "any natural person associated with a commodity pool operator as defined in paragraph (d)(1) of this section as a partner, officer, employee, consultant or agent (or any natural person occupying a similar status or performing similar functions), in any capacity with involves (i) the solicitation of funds, securities, or property for a participation in a pooled investment vehicle." 17 C.F.R. § 5.1(d)(2)(i)

² See Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries, 75 Fed. Reg. 55410 (Sept. 10, 2010) (issuing final rules regulating retail forex transactions, which became effective as of October 18, 2010). As defined in Regulation 5.1(m), 17 C.F.R. § 5.1(m), retail forex transactions include any account, agreement, contract, or transaction described in Section 2(c)(2)(C) of the Act.

As of July 16, 2011 and continuing through the end of the Relevant Period, QuantX operated as a CPO, with Parker acting as an AP of a CPO, in that it engaged in a business that is in the nature of an investment trust, syndicate, or similar form of enterprise and, in connection therewith, solicited, accepted, or received funds from others for the purpose of engaging in retail forex transactions.

As it involved using the mails or means or instrumentalities of interstate commerce, Respondents' same conduct that violated Sections 4b(a)(2)(A)-(C) of the Act, as described above, also violated Sections 4q(1)(A) and (B) of the Act. *See, e.g., CFTC v. Skorupskas*, 605 F. Supp. 923, 932-33 (E.D. Mich. 1985).

B. QuantX Acted as an Unregistered CPO

Pursuant to Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (Supp. IV 2011), and Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) it is unlawful for any CPO, unless registered, to make use of the mails or any means or instrumentality of interstate commerce in connection with its business as a CPO. From July 16, 2011 through the end of the Relevant Period, QuantX acted as a CPO within this statutory definition by soliciting and accepting funds from investors to be pooled for the purpose of engaging in retail forex transactions, and it made use of the mails or other means or instrumentality of interstate commerce in connection with this business, without registering as a CPO, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (Supp. IV 2011), and Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i).

C. Parker Acted as an Unregistered AP

Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (Supp. IV 2011), and Regulation 5.3(a)(2)(ii), 17 C.F.R. § 5.3(a)(2)(ii), prohibit a person from being associated with a CPO as a partner, officer, employee, consultant, or agent (or any person occupying a similar status or performing similar functions) in any capacity that involves (i) the solicitation of funds, securities, or property for participation in a commodity pool, or (ii) the supervision of any person or persons so engaged, unless such person is registered with the Commission as an AP of such CPO. Section 4k(2) further prohibits a CPO from permitting such a person to become or remain associated with the CPO if the CPO knew or should have known that the person was not registered. Regulation 3.12(a), 17 C.F.R. § 3.12(a) (2012), prohibits a person from being associated with a CPO unless the person is registered as an AP of the CPO.

From July 16, 2011 through the end of the Relevant Period, Parker solicited funds for participation in the QuantX pool. Because Parker was not registered as an AP of QuantX, he violated Section 4k(2) of the Act and Regulation 3.12(a). In addition, QuantX permitted Parker to become or remain associated with it knowing that he was not registered as an AP, also in violation of Section 4k(2) of the Act and Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(ii).

D. QuantX and Parker Are Each Liable for the Other's Violations

Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2012), imposes liability on a person who, directly or indirectly, controls any person who has violated the Act or any rules, regulations, or

orders issued pursuant to the Act, if that controlling person did not act in good faith or knowingly induced, directly or indirectly, the act or acts constituting the violation. Parker was the sole owner of QuantX, was the sole signatory on QuantX's bank account, and was responsible for its operations. Therefore, Parker controlled QuantX. Since Parker committed and knowingly induced, directly or indirectly, the violations of the Act and Regulations by QuantX, and did not act in good faith, he is also liable, pursuant to Section 13(b) of the Act, for QuantX's violations of the Act and Regulations.

And because Parker's violations occurred within the course and scope of his employment or office at QuantX, QuantX is also liable, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2, for Parker's violations of the Act and Regulations.

V.

FINDINGS OF VIOLATIONS

Based upon the foregoing, the Commission finds that Respondents violated Sections 4b(a)(2)(A)-(C), 4k(2), 4m(1), and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C), 6k(2), 6m(1), and 6o(1), and Regulations 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii), 17 C.F.R. §§ 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii).

VI.

OFFER OF SETTLEMENT

Respondents have submitted the Offer in which they, without admitting or denying the findings and conclusions herein:

- A. Acknowledge receipt of service of this Order;
- B. Admit the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of the Order;
- C. Waive:
 1. The filing and service of a complaint and notice of hearing;
 2. A hearing;
 3. All post-hearing procedures;
 4. Judicial review by any court;
 5. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;

6. Any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. §§ 148.1-30, relating to, or arising from, this proceeding;
 7. 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 proceeding; and
 8. Any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;
- D. Stipulate that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have consented in the Offer;
- E. Consent, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. Makes findings by the Commission that Respondents violated Sections 4b(a)(2)(A)-(C), 4k(2), 4m(1), and 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C), 6k(2), 6m(1), and 6o(1)(A) and (B), and Regulations 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii), 17 C.F.R. §§ 3.12(a), 5.2(b)(1)-(3), 5.3(a)(2)(i) and (ii);
 2. Orders Respondents to cease and desist from violating Sections 4b(a)(2)(A)-(C), 4k(2), 4m(1), and 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C), 6k(2), 6m(1), and 6o(1)(A) and (B), and Regulations 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii), 17 C.F.R. §§ 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii);
 3. Orders Respondents to pay jointly and severally restitution in the amount of three hundred forty-one thousand, five hundred dollars (\$341,500) within thirty (30) days of the date of entry of the Order ("Restitution Obligation"). If the Restitution Obligation is not paid in full within thirty (30) days of the date of entry of the Order, post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of the Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of the Order pursuant to 28 U.S.C. § 1961 (2012);
 4. Appoints the National Futures Association ("NFA") as "Monitor" to collect payments of the Restitution Obligation from Respondents and

make distributions pursuant to this Order;

5. Orders Respondents to pay jointly and severally a civil monetary penalty in the amount of six hundred eighty thousand dollars (\$680,000) within thirty (30) days of the date of entry of the Order (the "CMP Obligation"). If the CMP obligation is not paid in full within thirty (30) days of the date of entry of the Order, post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of the Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of the Order pursuant to 28 U.S.C. § 1961 (2012); and
6. Orders that Respondents be permanently prohibited from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40) (2012)), and that all registered entities shall refuse them trading privileges; and
7. Orders Respondents and their successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VII of this Order.

Upon consideration, the Commission has determined to accept the Offer.

VII.

ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondents shall cease and desist from violating Sections 4b(a)(2)(A)-(C), 4k(2), 4m(1), and 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C), 6k(2), 6m(1), and 6o(1)(A) and (B), and Regulations 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii), 17 C.F.R. §§ 3.12(a), 5.2(b)(1)-(3), and 5.3(a)(2)(i) and (ii).
- B. Respondents shall pay jointly and severally restitution in the amount of three hundred forty-one thousand, five hundred dollars (\$341,500) within thirty (30) days of the date of entry of this Order ("Restitution Obligation"). If the Restitution Obligation is not paid in full within thirty (30) days of the date of entry of this Order, post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2012).

To effect payment by Respondents and the distribution of restitution to Respondents' investors, the Commission appoints the NFA as "Monitor." The Monitor shall collect payments of the Restitution Obligation from Respondents and make distributions as set forth below. Because the Monitor is not being

specially compensated for these services, and these services are outside the normal duties of the Monitor, it shall not be liable for any action or inaction arising from its appointment as Monitor other than actions involving fraud.

Respondents shall make their payments of the Restitution Obligation under the Order in the name of the "QuantX and Parker Restitution Fund" and shall send such payments by electronic funds transfer, or U.S. postal money order, certified check, bank cashier's check, or bank money order to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, under a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent 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.

The Monitor shall oversee Respondents' Restitution Obligation and shall have the discretion to determine the manner of distribution of funds in an equitable fashion to the Respondents' investors or may defer distribution until such time as the Monitor may deem appropriate. In the event that the amount of payments of the Restitution Obligation to the Monitor are of a *de minimis* nature such that the Monitor determines that the administrative cost of making a restitution distribution 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, as set forth below. To the extent any funds accrue to the U.S. Treasury for satisfaction of Respondents' Restitution Obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth in the Order.

- C. Respondents shall pay jointly and severally a civil monetary penalty in the amount of six hundred eighty thousand dollars (\$680,000) within thirty (30) days of the date of entry of this Order (the "CMP Obligation"). If the CMP obligation is not paid in full within thirty (30) 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 by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2012). Respondents 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 Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Accounts Receivables
DOT/FAA/MMAC/AMZ-341
CFTC/CPS/SEC
6500 S. MacArthur Blvd.

Oklahoma City, OK 73169
(405) 954-7262 office
(405) 954-1620 fax
nikki.gibson@faa.gov

If payment is to be made by electronic funds transfer, Respondents shall contact Nikki Gibson or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent 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.


- D. Respondents are permanently prohibited from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40) (2012)), and all registered entities shall refuse them trading privileges.
- E. Respondents and their successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:
 - 1. Respondents agree that they shall never engage, directly or indirectly, in:
 - a. Entering into any transactions involving “commodity interests” (as that term is defined in Regulation 1.3(yy), 17 C.F.R. § 1.3(yy) (2014)), for Respondents’ own personal account(s) or for any account(s) in which Respondents have a direct or indirect interest;
 - b. Having any commodity interests traded on Respondents’ behalf;
 - c. 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 interests;
 - d. Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;
 - e. 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) (2014); and/or
 - f. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2014)), agent, or any other officer or employee of any person (as that term is defined in Section 1a(38) of the Act,

7 U.S.C. § 1a(38) (2012)) registered, required to be registered, or exempted from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R § 4.14(a)(9) (2014).

2. Cooperation with Monitor: Respondents shall cooperate with the Monitor as appropriate to provide such information as the Monitor deems necessary and appropriate to identify Respondents' investors, whom the Monitor, in its sole discretion, may determine to include in any plan for distribution of any restitution payments. Respondents shall execute any documents necessary to release funds that they have in any repository, bank, or investment or other financial institution, wherever located, in order to make partial or total payment toward the Restitution Obligation.
3. Cooperation with Commission: Respondents 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 hereto.
4. Public Statements: Respondents agree that neither they nor any of their successors and assigns, agents, or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents' (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents and their successors and assigns 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.
5. Partial Satisfaction: Respondents understand and agree that any acceptance by the Commission or the Monitor of partial payment of Respondents' Restitution Obligation or CMP Obligation shall not be deemed a waiver of Respondents' 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.
6. Change of Address/Phone: Until such time as Respondents satisfy in full their Restitution Obligation and CMP Obligation as set forth in the Offer and this Order, Respondents shall provide written notice to the Commission by certified mail of any change to their telephone numbers and mailing addresses within ten (10) calendar days of the change.

The provisions of this Order shall be effective as of this date.

By the Commission.



Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: August 3, 2016