

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

)	
U.S. COMMODITY FUTURES TRADING)	
COMMISSION,)	
)	
Plaintiff,)	
v.)	Civil Action No. 3:14-CV-977-L
)	
STEVEN LYN SCOTT, A/K/A STEVON)	
LYN SCOTT,)	
)	
Defendant.)	

PERMANENT INJUNCTION, RESTITUTION, DISGORGEMENT, CIVIL MONETARY PENALTY, AND OTHER EQUITABLE RELIEF AGAINST DEFENDANT STEVEN LYN SCOTT, A/K/A STEVON LYN SCOTT

Before the Court is the parties’ Joint Motion to Enter Consent Order of Permanent Injunction and Other Equitable Relief Against Defendant, filed April 30, 2014. The court determines that the motion should be, and is hereby, **granted**. Accordingly, pursuant to the agreement of the parties, the court enters the following order regarding injunctive relief, restitution, disgorgement, civil monetary penalties, and other equitable relief against Defendant Steven Lyn Scott, a/k/a Stevon Lyn Scott.

I. BACKGROUND

On March 18, 2014, Plaintiff U.S Commodity Futures Trading Commission (hereinafter the “Commission”) filed a Complaint against defendant Steven Lyn Scott a/k/a Stevon Lyn Scott (hereinafter the “Defendant”) alleging Defendant engaged, is engaging, or is about to engage in acts in violation of the Commodity Exchange Act (hereinafter the “Act”), 7 U.S.C. §1 (2012) *et seq.*, as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 (hereinafter “CRA”)), § 13101-13204, 122 Stat. 1651

(enacted June 18, 2008), and as further amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (hereinafter “Dodd-Frank Act”), Pub. L. No. 111-203, Title VII, § 701-774, 124 Stat. 1376 (enacted July 21, 2010) (hereinafter “Complaint”). ECF No. 1.

In particular, the Complaint alleges that from at least January 5, 2009 through at least March 30, 2011 (hereinafter the “relevant period”), Defendant violated Section 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C) (2012), by his fraudulent, omissions, misrepresentations and false statements to participants, and violated Section 4b(a)(2)(A), (C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A), (C) (2012), by his fraudulent misappropriation of participants’ funds. *Id.* Further, it is alleged that from at least October 18, 2010 through at least March 30, 2011, Scott failed to disclose material information to participants and prospective participants, which operated as fraud or deceit upon participants and prospective participants, in violation of Section 4o(1)(B) of the Act, as amended by the CRA, 7 U.S.C. § 6o(1)(B) (2012), including but not limited to, that he was acting as a commodity pool operator (hereinafter “CPO”) while being unlawfully unregistered and without claiming a valid exemption from such registration and that he was misappropriating pool participants’ funds. During this same period, the Complaint alleges, Scott solicited, operated, managed and traded pool participants’ funds for pooled investment vehicles that were not eligible contract participants (hereinafter “ECP”) in connection with retail leveraged foreign currency (hereinafter “forex”) transactions, without registering as a CPO, and without having any valid exemption from the requirement to register, in violation of Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc) (2012), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2014).

Accordingly, pursuant to Sections 6c and 2(c)(2) of the Act, as amended by the CRA, 7 U.S.C. §§ 13a-1 and 2(c)(2) (2012), the Commission brought this action to enjoin Defendant's unlawful acts and practices in the future and to compel his compliance with the Act, as amended, and Commission Regulations, and to further enjoin Defendant from engaging in any commodity-related activity.

II. CONSENTS AND AGREEMENTS

To effect partial settlement of the matters alleged in the Complaint against Defendant without a trial on the merits or further judicial proceedings, Defendant:

1. Consents to the entry of this *Consent Order of Permanent Injunction, Restitution, Disgorgement, Civil Monetary Penalty, and Other Equitable Relief Against Steven Lyn Scott a/k/a Stevon Lyn Scott* (hereinafter the "Consent Order");

2. Affirms that he has 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. Acknowledges service upon him of the summons and Complaint;

4. Admits the jurisdiction of the Court over him and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012);

5. Admits the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to the Act, 7 U.S.C. §§ 1 (2012), *et seq.*;

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

7. Waives:

a. any and all claims that he 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 Regulations, 17 C.F.R. §§148.1 (2014), *et seq.*, relating to, or arising from this action;

b. any and all claims that he may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. 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;

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 Consent Order.

8. Consents to the continued jurisdiction of this Court over him for the purpose of implementing and carrying out the terms and conditions of all orders and decrees, including orders setting the appropriate amounts of restitution, disgorgement and civil monetary penalty, that may be entered herein, to entertain any suitable application or motion for additional relief within the jurisdiction of the Court, to assure compliance with this Consent Order and for any other purpose relevant to this action, even if Defendant now or in the future resides outside the jurisdiction of this Court;

9. Agrees that he 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. Agrees that neither he nor any of his agents or employees under his 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 his: (a) testimonial obligations, or (b) right to take legal positions in other proceedings to which the Commission is not a party. Defendant shall undertake all steps necessary to ensure that his agents and/or employees under his authority or control understand and comply with this agreement;

11. By consenting to the entry of this Consent Order, neither admits nor denies the allegations of the Complaint or the Findings of Fact or Conclusions of Law in this Consent Order, except as to jurisdiction and venue, which he admits. Further, Defendant agrees and intends 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: (a) any current or subsequent bankruptcy proceeding filed by, on behalf of, or against him; (b) any proceeding pursuant to Section 8a of the Act, and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 (2014), *et seq.*; and/or (c) any proceeding to enforce the terms of this Consent Order, including but not limited to proceedings to set the amount of restitution, disgorgement, and civil monetary penalty to be paid by Defendant in the above captioned matter;

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

13. Agrees 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 Defendant in any other proceeding;

14. Defendant consents to pay restitution, plus post-judgment interest, in an amount to be determined upon subsequent consent order or motion by the Commission and/or hearing before this Court;

15. Defendant consents to pay disgorgement, plus post-judgment interest, in an amount to be determined upon subsequent consent order or motion by the Commission and/or hearing before this Court; and

16. Defendant consents to pay a civil monetary penalty, plus post-judgment interest, in an amount to be determined upon subsequent consent order or motion by the Commission and/or hearing before this Court.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

17. The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court therefore directs the entry of the following Findings of Fact, Conclusions of Law, permanent injunction and equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), as set forth herein.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. FINDINGS OF FACT

(a) The Parties to this Consent Order

18. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with the responsibility for administering and

enforcing the Act, as amended 7 U.S.C. §§ 1 (2012), *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 (2014), *et seq.*

19. Defendant **Steven Lyn Scott (a/k/a Stevon Lyn Scott)** is an individual who founded and operated pooled investment vehicles in the name of an entity he owned and controlled, Stewardship Financial Exchange, Inc. He currently resides in Garland, Texas. During all or part of the relevant period, he resided in Lancaster, Texas. He has never registered with the Commission in any capacity. Scott is not a financial institution, registered broker or dealer, insurance company, financial holding company, or investment bank holding company or an associated person of such entities as defined by the Act.

(b) Statutory and Regulatory Requirements Regarding Registration of Forex CPOs

20. On June 18, 2008, the Act was amended to incorporate new provisions pertaining to off-exchange retail forex transactions, including Section 2(c)(2)(C) of the Act, 7 U.S.C. § 2(c)(2)(C) (2012), which provides, in relevant part, that Section 4b of the Act, 7 U.S.C. § 6b (2012), applies to retail forex transactions.

21. Pursuant to Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended by the CRA, 7 U.S.C. §2(c)(2)(C)(iii)(I)(cc) (2012), an entity must be registered pursuant to a Commission regulation or rule in order to operate or solicit funds for any pooled investment vehicle that is not an ECP in connection with forex transactions.

22. Pursuant to Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2014), effective October 18, 2010, any person who operates or solicits funds, securities, or property for a pooled investment vehicle that is not an ECP, as defined in Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a (2012), and that engages in retail forex transactions is defined as a CPO.

23. Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a (2012), defines an ECP in relevant part as, “a commodity pool that (I) has total assets exceeding \$5,000,000; and (II) is formed and operated by a person subject to regulation under [the] Act.”

24. Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2014), effective October 18, 2010, requires a person or entity acting as a CPO, as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2014), to be registered as such.

(c) Operation of the Stewardship Pools

25. Scott solicited and pooled at least \$1,146,000 from forty-three pool participants. In these solicitations, Scott represented to actual and prospective pool participants that their funds would be traded in the Stewardship pools and used to trade leveraged retail off-exchange forex contracts.

26. The solicitation of funds for forex trading from pool participants to Scott for the Stewardship pools were executed through the use of “contractual agreements” on Stewardship letterhead with Scott’s signature. Although the “contractual agreements” were styled as “loans,” Scott represented to pool participants that he would pool their funds with other participants’ funds to trade forex. Scott offered guaranteed interest rates of return to participants ranging from two percent (2%) to five percent (5%) per month.

27. Scott typically titled the contracts with pool participants as “Stewardship Financial Exchange Contractual Agreements” and provided in the agreements the guaranteed interest rate, the amount to be paid to the pool participant at the end of the contract, and the date at which the pool participant would be paid in full. Many of the contracts specifically state that Scott “will not act in any manner as to harm, jeopardize or threaten the [principal].” The agreements were signed by pool participants and Scott.

28. Scott deposited a total of \$764,386.51 into bank accounts carried in Stewardship's name. The remainder of the \$1,146,000 solicited was deposited by Scott into Scott's personal accounts and otherwise misappropriated.

29. Scott failed to register as a CPO as required and was not entitled to an exemption from registration as a CPO pursuant to Commission Regulation 4.13, 17 C.F.R. § 4.13 (2014) or otherwise.

30. Scott failed to disclose to pool participants that he was neither lawfully registered nor possessed a valid exemption from such registration requirement. Such omissions were material.

(d) Scott's Forex Trading

31. To the extent that pool participants' funds were traded in Scott's personal accounts during the relevant period, all trading was in leveraged off-exchange retail forex contracts. Neither the Defendant, nor the counterparties to the forex transactions were financial institutions, registered brokers or dealers, insurance companies, financial holding companies, or investment bank holding companies or associated persons of such entities.

32. The forex transactions conducted by the Defendant neither resulted in delivery of actual currency within two days nor created an enforceable obligation to deliver. Rather, these forex contracts remained open from day to day and ultimately were offset without anyone making or taking delivery of actual currency, or facing an obligation to do so.

33. The pooled investment vehicles the Defendant operated were not ECPs, as that term is defined in Section 1a of the Act, 7 U.S.C. § 1a (2012).

34. The forex transactions conducted or offered by Defendant on behalf of pool participants were entered into on a margined or leveraged basis. Defendant was required to provide only a percentage of the notional value of the forex contracts that he purchased or represented he would purchase.

(e) Misappropriation of Pool Participant Funds

35. Defendant intentionally misappropriated at least \$405,000 of pool participants' funds by immediately depositing them into banks accounts in the name of Scott and then using the funds for his personal expenses.

36. The remainder of pool participants' funds were subsequently intentionally misappropriated by Scott for his personal trading expenses, and to perpetuate the fraudulent scheme by making payments in the manner of a Ponzi scheme by using subsequent pool participants' money to pay prior pool participants purported profits.

37. As noted above, a portion of the pool participants' funds were traded in forex transactions by Scott in his personal trading accounts, after he had misappropriated pool participants' funds. Scott's trading in his personal trading accounts resulted in an overall loss.

38. During the relevant period, Scott returned a portion of funds to pool participants as purported principal and interest. However, Scott consistently lost money trading forex in his personal trading accounts, and he failed to advise pool participants that he was actually using the funds of other pool participants to make the purported principal and interest payments in the manner of a Ponzi scheme.

39. Scott knew that he was misappropriating participants' funds because he personally solicited funds, deposited pool participant's funds in the various bank accounts he controlled, deposited and traded the funds in his personal trading accounts, prepared false account statements, made payments to participants in the nature of a Ponzi scheme, and used funds that were supposed to be traded on behalf of pool participants for purposes other than trading. As the sole employee and officer of Stewardship, Scott personally handled all demands from pool participants seeking the return of their principal and payment of interest.

(f) Material Omissions

40. During the relevant period, in the course of Scott's solicitations of actual and prospective pool participants, Scott made numerous intentional omissions of material fact.

41. Scott omitted the following material facts: (a) that pool participant funds were misappropriated by Defendant; (b) that the Stewardship pools did not have any trading accounts in their names; (c) that Scott was paying purported interest and principal with his own funds and with the funds of other pool participants in the manner of a Ponzi scheme; and (d) that Scott was not registered as a CPO, or possessed a valid exemption from the requirement to register as a CPO, as required by the Act and Commission Regulations.

42. Scott knew that he was omitting material facts because, at a minimum: (a) he knew there were no trading accounts in the name of the pools; (b) he knew that he was not trading any funds on behalf of pool participants; (c) he knew he was not earning the monthly profits he claimed to be earning, and was actually using new pool participant funds to pay purported principal and interest to existing pool participants in a manner typical of a Ponzi scheme; (d) he knew that he was misappropriating pool participant funds by using their funds to pay for unauthorized expenses, including pool repairs, cleaning services, his child's field trip, birthday presents, food, and by taking cash withdrawals; and (e) he knew that he was not registered as a CPO, and did not possess a valid exemption from the requirement to register as a CPO, as required by the Act and Commission Regulations.

B. CONCLUSIONS OF LAW

(a) Jurisdiction and Venue

43. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), 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.

44. The Commission has jurisdiction over the forex solicitations and transactions at issue in this action pursuant to Section 2(c)(2)(C) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C) (2012).

45. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e) (2002), because Defendant transacted business in this District and certain transactions, acts, practices, and courses of business alleged in this Complaint occurred, are occurring or about to occur within this District.

(b) Scott Violated Sections 4b(a)(2)(A)-(C) of the Act, as Amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C)

46. As demonstrated by the foregoing facts, Scott, misrepresented material facts, and failed to disclose other material facts, in his solicitations to actual and prospective participants, which operated as a fraud or deceit upon them, in violation of Sections 4b(a)(2)(A)-(C) of the Act, as Amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C).

47. Scott's misrepresentations and omissions were material in that reasonable participants would consider them important in making investment decisions.

48. Scott's misrepresentations and omissions were made intentionally, knowingly and with reckless disregard for the truth in that he knew that his statements were false when he made them and that he was intentionally withholding material information.

49. Scott has engaged, is engaging, or is about to engage in acts and practices that violate Sections 4b(a)(2)(A)-(C) of the Act, as Amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C). Unless restrained and enjoined by this Court, there is a reasonable likelihood that Scott will continue to engage in the acts and practices described herein or in similar acts and practices that violate the Act and Regulations. Furthermore, the nature of Scott's violations and the need to deter others from committing similar violations of the Act and Regulations warrants the imposition of ancillary equitable relief to carry out the objectives of the Act and Regulations.

(c) Scott Violated Sections 4b(a)(2)(A), (C) of the Act, as Amended by the CRA, 7 U.S.C. § 6b(a)(2)(A),(C)

50. As demonstrated by the foregoing facts, Scott, misrepresented material facts, and failed to disclose other material facts, in his solicitations to actual and prospective participants, which operated as a fraud or deceit upon them, in violation of Sections 4b(a)(2)(A), (C) of the Act, as Amended by the CRA, 7 U.S.C. § 6b(a)(2)(A),(C).

51. Scott's misrepresentations and omissions were material in that reasonable participants would consider them important in making investment decisions.

52. Scott's misrepresentations and omissions were made intentionally, knowingly and with reckless disregard for the truth in that he knew that his statements were false when he made them and that he was intentionally withholding material information.

53. Scott has engaged, is engaging, or is about to engage in acts and practices that violate Sections 4b(a)(2)(A), (C) of the Act, as Amended by the CRA, 7 U.S.C. § 6b(a)(2)(A),(C). Unless restrained and enjoined by this Court, there is a reasonable likelihood that Scott will continue to engage in the acts and practices described herein or in similar acts and practices that violate the Act and Regulations. Furthermore, the nature of Scott's violations and the need to deter

others from committing similar violations of the Act and Regulations warrants the imposition of ancillary equitable relief to carry out the objectives of the Act and Regulations.

(d) Scott Violated of Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as Amended by the CRA, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(cc), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i)

54. As demonstrated by the foregoing facts, from October 18, 2010 through March 30, 2011, Scott acted as a CPO as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2014), relating to off-exchange forex transactions, because he operated or solicited funds for pooled investment vehicles that were not ECPs, as defined in Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a (2012), and engaged in retail forex transactions.

55. By failing to register with the Commission as a CPO, Scott violated Section 2(c)(2)(C)(iii)(I)(cc), as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc) (2012), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2014). Unless restrained and enjoined by this Court, there is a reasonable likelihood that Scott will continue to engage in the acts and practices described herein or in similar acts and practices that violate the Act and Regulations. Furthermore, the nature of Scott's violations and the need to deter others from committing similar violations of the Act and Regulations warrants the imposition of ancillary equitable relief to carry out the objectives of the Act and Regulations.

(e) Scott Violated of Section 4q(1)(B) of the Act, 7 U.S.C. § 6q

56. From October 18, 2010 through March 30, 2011, Scott acted as a CPO as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2014), relating to off-exchange forex transactions, because he operated or solicited funds for pooled investment vehicles that were not ECPs, as defined in Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a (2012), and engaged in retail forex transactions.

57. From October 18, 2010 through March 30, 2011, Scott, by use of the mails or by any means or instrumentality of interstate commerce, violated Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1)(B) (2012) in that, while acting as a CPO as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2014), engaged in a transaction, practice, or course of business which operated as a fraud or deceit upon participants and prospective pool participants of the Stewardship pools by: (1) failing to disclose he was misappropriating pool participants' funds; and, (2) failing to disclose that he was a CPO, as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2014), without being registered as such, in violation of Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2014).

58. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Scott will continue to engage in the acts and practices alleged in the Complaint or in similar acts and practices that violate the Act and Regulations. Furthermore, the nature of Scott's violations and the need to deter others from committing similar violations of the Act and Regulations warrants the imposition of ancillary equitable relief to carry out the objectives of the Act and Regulations.

IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

59. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1 (2012), Defendant, and any other person or entity associated with him, is permanently restrained, enjoined and prohibited from directly or indirectly engaging in any conduct in violation of:

- a. Section 4b(a)(2)(A)-(C) of the Act, as amended, 7 U.S.C. § 6b(a)(2)(A)-(C) (2012);

- b. Section 4o(1)(B) of the Act, as amended, 7 U.S.C. § 6o(1)(B) (2012);
- c. Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc) (2012); and/or
- d. Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2014).

60. Defendant is 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 (2012));

- b. Entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Commission Regulation 1.3(hh), 17 C.F.R. §1.3(hh) (2014)) (“commodity options”), security futures products, swaps (as that term is defined in Section 1a(47) of the Act, as amended, and as further defined by Commission Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx) (2014)) (“swaps”), and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i) (2012)) (“forex contracts”), for his own personal accounts or for any accounts in which he has a direct or indirect interest;

- c. Having any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts traded or executed on his behalf;

- d. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts;

e. Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling of any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts;

f. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2014); and/or

g. 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 of the Act, as amended, 7 U.S.C. § 1a (2012)) 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) (2014).

V. STATUTORY AND EQUITABLE RELIEF

61. Defendant shall pay restitution, plus post-judgment interest, to each defrauded participant.

62. Defendant shall pay disgorgement, plus post-judgment interest, to the Commission.

63. Defendant shall pay a civil monetary penalty, plus post-judgment interest, to the Commission.

64. The Court shall determine the amounts of restitution, disgorgement and civil monetary penalty and the procedures for payment and distribution of these monetary sanctions by further order upon: motion of the parties submitting to the Court a proposed consent order setting out their agreement on the amounts of restitution, disgorgement and civil monetary penalty to be paid by Defendant in this matter; subsequent motion by the Commission; and/or hearing before this Court. *Any motion with respect to relief Plaintiff seeks shall be filed by October 1, 2014.*

65. In connection with any Commission motion for restitution, disgorgement and/or civil monetary penalties, and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that he did not violate the federal laws as alleged in the Complaint; (b) Defendant may not challenge the validity of his consents and agreements herein or this Consent Order; (c) solely for the purposes of such motion, the allegations of the Complaint and the Findings of Fact and Conclusions of Law in this Consent Order shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for restitution, disgorgement and/or civil monetary penalties, the parties may take discovery, including discovery from appropriate non-parties.

66. Defendant shall cooperate fully and expeditiously with the Commission, including the Commission's Division of Enforcement, in any current or future investigation, civil litigation or administrative matter related to the subject matter of this action. As part of such cooperation, Defendant shall comply, to the full extent of his abilities, promptly and truthfully with any inquiries or requests for information including but not limited to, requests for production of documents and authentication of documents, shall provide assistance at any trial, proceeding, or investigation related to the subject matter of this action, including but not limited to, requests for testimony, depositions, and/or interviews. Should the Commission file any additional actions related to the subject matter of this action, Defendant is directed to appear in the judicial district in which such actions are pending, or in a suitable judicial district agreed to by the parties, to provide deposition testimony and trial testimony should such testimony be necessary.

VI. MISCELLANEOUS PROVISIONS

67. 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:

Gretchen Lowe
Acting Director
Division of Enforcement
US Commodity Futures Trading Commission
1155 21st NW, Washington DC 20581

Notice to Defendant Steven Scott:

Steven Lyn Scott
a/k/a Stevon Lyn Scott
3010 Beltline Rd.
Apt. 2118
Garland, TX 75044

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

68. Change of Address/Phone: Until such time as Defendant satisfies in full his restitution, disgorgement, and civil monetary penalty obligations, as set forth in this Consent Order, Defendant shall provide written notice to the Commission by certified mail of any change to his telephone number and mailing address within ten (10) calendar days of the change.

69. 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.

70. 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.

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

72. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees, including orders setting the appropriate amounts of restitution, disgorgement and civil monetary penalty, that may be entered herein, to entertain any suitable application or motion for additional relief within the jurisdiction of the Court, to assure compliance with this Consent Order and for any other purpose relevant to this action.

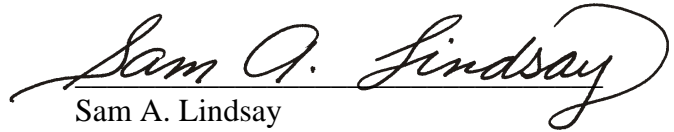
73. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon Defendant, upon any person under his authority or control, and upon any person who receives actual notice of this Consent Order, by personal service, e-mail, facsimile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

74. 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.

75. Defendant understands that the terms of the Consent Order are enforceable through contempt proceedings, and that, in any such proceedings he may not challenge the validity of this Consent Order.

It is so ordered this 5th day of May, 2014.


Sam A. Lindsay
United States District Judge