

**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.)	

SUPPLEMENTAL CONSENT ORDER

Before the court is the parties' Joint Motion to Enter Supplemental Consent Order Assessing Restitution and Civil Monetary Penalty Against Steven Lyn Scott, a/k/a Stevon Lyn Scott, filed December 12, 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 restitution and civil monetary penalty against Steven Lyn Scott, a/k/a Stevon Lyn Scott (hereinafter "Defendant" or "Scott").

I. Background

On March 18, 2014, Plaintiff U.S Commodity Futures Trading Commission (hereinafter "Plaintiff" or the "Commission") filed a Complaint against Scott alleging he 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). Complaint for Injunctive and Other Equitable Relief, and for Civil Penalties Under the Commodities Exchange Act, as Amended, 7 U.S.C. § 1, *et seq.*, and Commission Regulations 17 C.F.R. § 1.1 *et seq.* (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). *Id.* Further, it is alleged that from at least October 18, 2010 through at least March 30, 2011, Scott violated Section 4o(1)(B) of the Act, as amended by the CRA, 7 U.S.C. § 6o(1)(B) (2012). During this same period, the Complaint alleges, Scott violated 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).

On May 5, 2014, the court entered a Consent Order of Permanent Injunction, Restitution, Disgorgement, Civil Monetary Penalty and Other Equitable Relief Against Defendant Steven Lyn Scott, a/k/a Stevon Lyn Scott (hereinafter “Consent Order”), in which Scott agreed that the allegations in the Complaint and the Findings of Fact and Conclusions of law in the Consent Order are to be taken as true and correct and to be given preclusive effect, without further proof, in proceedings to set restitution, disgorgement, and civil monetary penalty in this matter. Consent Order, ECF No. 8, p. 5 ¶11.

The parties have filed a Joint Motion to Enter Supplemental Consent Order Assessing Restitution and Civil Monetary Penalty Against Steven Lyn Scott, a/k/a Stevon Lyn Scott (hereinafter “Joint Motion”) so that the court may determine the amount of restitution,

disgorgement, and civil monetary penalty to be entered against the Defendant. As it appears to the court that this is a proper case for granting the requested relief, the court grants the Joint Motion and enters this Supplemental Consent Order Assessing Restitution and Civil Monetary Penalty Against Steven Lyn Scott, a/k/a Stevon Lyn Scott (hereinafter “Supplemental Order”), as follows:

II. Consents and Agreements

To effect settlement of all charges alleged in the Complaint against Defendant, without a trial on the merits or any further judicial proceedings, Scott:

1. Consents to the entry of this Supplemental Order against Scott;
2. Affirms that he has read and agreed to this Supplemental 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 Supplemental Order;
3. Acknowledges proper service 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, *et seq.* (2012);
6. Admits that venue properly lies with this court pursuant to Section 6c(e) of the Act, 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 and 28 U.S.C. § 2412, and/or the rules promulgated by the Commission

in conformity therewith, Part 148 of the Commission's Regulations ("Regulations"), 17 C.F.R. §§ 148.1 *et seq.* (2014), 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. No. 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;

(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 Supplemental Order; and

(d) any and all rights of appeal from this action;

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 the Consent Order and this Supplemental Order, and for any other purpose relevant to this action, even if Defendant now or in the future reside(s) outside the jurisdiction of this court;

9. Agrees that he will not oppose enforcement of this Supplemental 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 control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint and/or in this Supplemental Order, or creating or tending to create the impression that

the Complaint and/or this Supplemental Order is without a factual or legal 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 all of his agents and/or employees under his authority or control understand and comply with this agreement;

11. By consenting to the entry of this Supplemental Order, neither admits nor denies the allegations of the Complaint or the Findings of Fact and Conclusions of Law in this Supplemental 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 Supplemental Order¹ shall be taken as true and correct and be given preclusive effect, without further proof, in the course of: (a) any current or subsequent bankruptcy proceeding filed by, on behalf of, or against the Defendant; (b) any proceeding pursuant to Section 8a of the Act, as amended, 7 U.S.C. § 12a (2012), and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 *et seq.* (2014); and/or (c) any proceeding to enforce the terms of this Supplemental Order.

12. Agrees to provide immediate notice to this court and the Commission by certified mail, in the manner required by paragraph one (1) of Part V of this Supplemental Order, of any bankruptcy filed by, on behalf of, or against him, whether inside or outside the United States, and

13. Agrees that no provision of this Supplemental Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against the Defendant in any other proceeding.

¹ See Paragraph one (1) of Part III of this Supplemental Order incorporating by reference the Findings of Fact and Conclusions of Law from the Consent Order.

III. Findings and Conclusions

1. The Findings of Fact and Conclusions of Law contained in Consent Order are incorporated herein by reference and given preclusive effect as provided in the Consent Order.

2. The court, being fully advised in the premises, finds that there is good cause for the entry of this Supplemental Order and that there is no just reason for delay. The court therefore directs the entry of the following restitution, civil monetary penalty, and equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), as set forth herein.

A. The Parties to This Supplemental Order

3. 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.*

4. 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 Dallas, 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.

IV. Restitution, Civil Monetary Penalty, and Equitable Relief

It is hereby ordered that Scott shall comply fully with the following terms, conditions, and obligations relating to the payment of restitution and civil monetary penalty:

A. Restitution

1. The Defendant shall pay restitution in the amount of Seven Hundred Sixty Six Thousand Six Hundred Twenty-Five Dollars and Thirty Cents (\$766,625.30) (the “Restitution Obligation”), plus post-judgment interest. Post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Supplemental Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Supplemental Order pursuant to 28 U.S.C. § 1961.

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

3. Defendant shall make Restitution Obligation payments under this Supplemental Order to the Monitor in the name “Steven Lyn Scott a/k/a Stevon Lyn Scott – Settlement/Restitution” and shall send such Restitution Obligation payments by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier’s, or bank money order, to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606 under cover letter that identifies Scott and the name and docket number of this proceeding. Defendant 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.

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

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

6. The Monitor shall provide the Commission at the beginning of each calendar year with a report detailing the disbursement of funds to Defendant's pool participants during the previous year. The Monitor shall transmit this report under a cover letter that identifies the name and docket number of this proceeding to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

7. The amounts payable to each pool-participant shall not limit the ability of any pool participant from proving that a greater amount is owed from Defendant or any other person or

entity, and nothing herein shall be construed in any way to limit or abridge the rights of any pool participant that exist under state or common law.

8. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each pool participant of Defendant who suffered a loss is explicitly made an intended third-party beneficiary of this Supplemental Order and may seek to enforce obedience of this Supplemental Order to obtain satisfaction of any portion of the restitution that has not been paid by Defendant to ensure continued compliance with any provision of this Supplemental Order and to hold Defendant in contempt for any violations of any provision of this Supplemental Order.

9. To the extent that any funds accrue to the U.S. Treasury for satisfaction of Defendant's Restitution Obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth above.

B. Civil Monetary Penalty

10. The Defendant shall pay a civil monetary penalty in the amount of Seven Hundred Thousand Dollars (\$700,000) (the "CMP Obligation"), plus post-judgment interest. Post judgment interest shall accrue on the CMP Obligation commencing on the date of entry of this Supplemental Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Supplemental Order pursuant to 28 U.S.C. § 1961.

11. The Defendant 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, 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: Marie Bateman – AMZ-300
DOT/FAA/MMAC

6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-6569

If the payment is to be made by electronic funds transfer, Defendant shall contact Marie Bateman or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Defendant shall accompany the payment of the CMP Obligation with a cover letter that identifies Defendant and the name and docket number of this proceeding. Defendant shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

C. Provisions Related to Monetary Sanctions

12. Partial Satisfaction: Any acceptance by the Commission and/or the Monitor of partial payment of Defendant's Restitution Obligation or CMP Obligation shall not be deemed a waiver of his obligation to make further payments pursuant to this Supplemental Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

13. Satisfaction of Judgment: Upon termination of the Restitution Obligation and CMP Obligation, satisfaction of judgment will be entered as to Defendant.

D. Cooperation

14. Defendant 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 thereto.

V. Miscellaneous Provisions

1. Notice: All notices required to be given by any provision in this Supplemental Order shall be sent certified mail, return receipt requested, as follows:

Notice to Commission:

Aitan Goelman
Director
Division of Enforcement
US Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW,
Washington, D.C. 20581

Notice to Defendant:

Steven Lyn Scott
a/k/a Stevon Lyn Scott
9601 Forest Lane
Apt. # 313
Dallas, TX 75243

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

2. Change of Address/Phone: Until such time as Defendant satisfies in full his Restitution Obligation and CMP Obligation, 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.

3. Entire Agreement and Amendments: This Supplemental 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 Supplemental Order in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this court.

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

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

6. 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 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 Supplemental Order and for any other purpose relevant to this action.

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

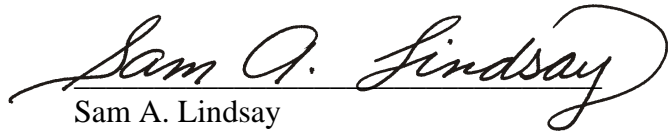
8. Counterparts and Facsimile Execution: This Supplemental Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall

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 Supplemental 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 Supplemental Order.

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

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this *Supplemental Consent Order Assessing Restitution and Civil Monetary Penalty Against Steven Lyn Scott, a/k/a Stevon Lyn Scott.*

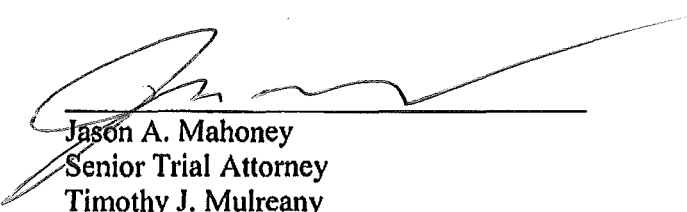
It is so ordered this 17th day of December, 2014.


Sam A. Lindsay
United States District Judge

CONSENTED TO AND APPROVED BY:

Steven Lyn Scott, a/k/a Stevon Lyn Scott

Date: _____, 2014



Jason A. Mahoney
Senior Trial Attorney
Timothy J. Mulreany
Chief Trial Attorney
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jmahoney@cftc.gov
tmulreany@cftc.gov

Date: _____ 12/11/2014

CONSENTED TO AND APPROVED BY:



Steven Lyn Scott, a/k/a Stevon Lyn Scott

Date: 8-25, 2014

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Date: _____, 2014