

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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| <p>U. S. COMMODITY FUTURES TRADING COMMISSION,</p> <p>Plaintiff,</p> <p>v.</p> <p>CHRISTOPHER VARLESI, individually and doing business as GOLD COAST FUTURES AND FOREX,</p> <p>Defendant.</p> | <p>Civil Action No: 12-cv-01658</p> <p>Judge James B. Zagel</p> |
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**CONSENT ORDER FOR PERMANENT INJUNCTION, CIVIL MONETARY PENALTY
AND OTHER EQUITABLE RELIEF AGAINST CHRISTOPHER VARLESI**

I. INTRODUCTION

On March 7, 2012, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint against Defendant Christopher Varlesi (“Varlesi”), individually and doing business as Gold Coast Futures and Forex (“Gold Coast”), seeking injunctive and other equitable relief, as well as the imposition of civil penalties, for violations of the Commodity Exchange Act (“Act”), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), Pub. L. No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010), §§ 701-774, 124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. §§ 1 *et seq.*, and the Commission’s Regulations (“Regulations”) promulgated thereunder, 17 C.F.R. § 1.1 *et seq.* (2011). U.S. District Judge Robert M. Dow, Jr. entered an *ex parte* statutory restraining order against Varlesi on March 8, 2012 (D.E. #12) and this court entered a Consent Order for Preliminary Injunction against Varlesi on March 15, 2012. (D.E. #19).

On June 5, 2012, Varlesi was indicted by the United States Attorney for the Northern District of Illinois and charged with six counts of mail and wire fraud. See *United States v. Varlesi*, No. 12 CR 419 (N.D. Ill filed June 5, 2012). The scheme underlying the criminal mail and wire fraud is based on substantially the same facts as alleged in the enforcement action filed by the Commission. On December 18, 2012, Varlesi entered a guilty plea to one count of mail and wire fraud. Varlesi's sentencing hearing is scheduled for May 1, 2013.

The parties have agreed to the entry of this Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief ("Consent Order"), which will resolve the CFTC's enforcement action.

II. CONSENTS AND AGREEMENTS

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

1. Consents to the entry of this Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief Against Defendant Varlesi ("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 of the summons and Complaint;
4. Admits the jurisdiction of this Court over him and the subject matter of this action pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1;
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.*;

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

7. Waives:

(a) any and all claims that he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. §§ 148.1 *et seq.* (2011), 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, 857-868 (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 Consent 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 enforcing the terms and conditions of 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 all of his agents and/or employees under his authority or control understand and comply with this agreement; and

11. Admits to all of the findings made in this Consent Order and all of the allegations in the Complaint. 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 the course of: (a) any current or subsequent bankruptcy proceeding filed by, on behalf of, or against Defendant; (b) any proceeding pursuant to Section 8a of the Act, as amended, 7 U.S.C. § 12a, and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 *et seq.* (2011); and/or (c) any proceeding to enforce the terms of this Consent Order.

12. Agrees to provide immediate notice to this Court and the Commission by certified mail, in the manner required by paragraph 48 of 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, and

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.

III. FINDINGS AND CONCLUSIONS

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, as amended, 7 U.S.C. § 13a-1, as set forth herein.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. Findings of Fact

i. The Parties To This Consent Order

14. Plaintiff Commodity Futures Trading Commission is an independent federal regulatory agency that is charged by Congress with administering and enforcing the Act, as amended, 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2012).

15. Defendant Christopher Varlesi resides in Chicago, IL. Varlesi did business as Gold Coast Futures and Forex when soliciting and receiving pool participants' funds, and during a portion of the relevant period, maintained an office in the name of Gold Coast located at The Trump Tower, 401 N. Wabash Avenue in Chicago, IL. Neither Varlesi nor Gold Coast has ever been registered with the Commission in any capacity. Varlesi is (and was during the relevant period) Gold Coast's sole principal, officer, employee and agent. Varlesi has acted as a commodity pool operator ("CPO") by pooling participant funds and using them to trade

commodity futures and forex in accounts held in his name by soliciting funds from pool participants.

ii. Defendant's Solicitation Fraud

16. Varlesi solicited friends, family members and people referred to him by his customers to invest with him for the purpose of trading gold, commodity futures and forex in a commodity pool. Varlesi told prospective pool participants that he had used his background in computer programming to develop a trading system that had allowed him to earn significant returns trading commodity futures and forex contracts. Varlesi also told pool participants that he was a very successful trader and made money for other people.

17. Varlesi instructed prospective pool participants that if they invested with him, and his company Gold Coast, they would receive monthly interest payments of 5% to 7.5% on their investments with no risk of ever losing their principal. Each pool participant had the option to receive monthly payments or reinvest those payments to increase the pool participant's principal. Varlesi told prospective pool participants that he would make enough money trading on behalf of pool participants to pay their monthly interest payments and still make significant profits for himself. Varlesi never told any prospective pool participants that their money would be used for any purposes other than trading.

18. As a result of Varlesi's representations to prospective pool participants, Varlesi, individually and doing business as Gold Coast, accepted at least \$1,716,169 from at least 20 individuals for the purpose of operating a commodity pool to trade commodity futures contracts and forex contracts on their behalf. When Varlesi received money from pool participants, he issued them promissory notes reflecting the terms of their investment.

iii. Defendant's False Reports

19. During the relevant period, Varlesi emailed and/or mailed pool participants account performance documents showing the purported present and future value of the pool participant's investment. These documents were false and failed to show that in fact Varlesi used only a small portion of the pool participants' money for trading and used pool participants' principal to pay business and personal expenses and other participants' monthly interest payments.

20. In addition, Varlesi provided pool participants with fabricated account statements from two registered futures commission merchants where Varlesi had commodity futures trading accounts.

21. Similarly, Varlesi emailed pool participants false investment summaries and performance charts showing that Varlesi made between \$10,000 and \$130,000 in profits for his company and others every month between February 2008 and December 2010.

iv. Defendant's Misappropriation of Customer Funds

22. During the relevant period, Varlesi used no more than \$220,000 of the \$1,716,169 that he had accepted from pool participants to trade commodity futures and forex contracts. Specifically, Varlesi deposited pool participants' funds into a bank account in his and his wife's name. From there, he spent investor funds on business and personal expenses, including food, utilities, gas, life insurance, entertainment, travel, restaurants, his children's tuition, and spa treatments, and used approximately \$1,343,471 to pay participants purported profits in the manner of a Ponzi scheme. Varlesi failed to disclose to pool participants that he would use their funds for these purposes. In fact, Varlesi still owes seventeen pool participants approximately \$638,227.

23. In March 2011, Varlesi's largest pool participant requested to withdraw approximately \$67,000 from his account at Gold Coast. Three weeks after this request remained unfulfilled, Varlesi told the pool participant that the delay was the result of a bank wiring error. After an additional three weeks passed, the pool participant confronted Varlesi, who admitted that there was no money in his account. In April 2011, Varlesi met with the pool participant to review Varlesi's and Gold Coast's trading account and bank account statements. The statements the pool participant reviewed showed that only about \$90,000 of the \$500,000 investment that the pool participant or made on April 12, 2010, was used for trading. Varlesi admitted to the pool participant that Varlesi had used the remainder of the participant's funds to pay other pool participants' purported interest payments and Varlesi's personal expenses, utilities, and a year of prepaid rent for Gold Coast's Trump Towers office space.

24. Varlesi has also acknowledged to the State of Illinois Secretary of State Securities Department that he used pool participant funds to "fund his own personal lifestyle," "pay for his personal expenses" and to "pay back other investors that had previously invested with Varlesi".

B. Conclusions of Law

i. Jurisdiction and Venue

25. This Court has jurisdiction over this action pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1, 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.

26. 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, 7 U.S.C. § 2(c)(2)(C) (Supp. III 2009).

27. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e), because the Defendant resides in this jurisdiction and the acts and practices in violation of the Act occurred within this District.

ii. Commodity Futures Fraud

28. By the conduct described in paragraphs 1 through 24 above, Defendant cheated or defrauded or attempted to cheat or defraud and willfully deceived or attempted to deceive pool participants and commodity customers by: i) misrepresenting his past trading performance, the pool's profitability, and the profit potential and risk of loss involved in his futures trading; ii) failing to disclose his actual trading losses; iii) willfully making or causing to be made false statements to pool participants who invested money to trade commodity futures contracts, and iv) misappropriating pool participant funds for business and personal benefit, in violation of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii)(2006), with respect to conduct occurring before June 18, 2008, and Sections 4b(a)(1)(A)-(C) of the Act, as amended by the CRA and the Dodd-Frank Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C), with respect to conduct occurring on or after June 18, 2008.

iii. Fraud In Connection with Forex Transactions

29. By the conduct described in paragraphs 1 through 24 above, Defendant, in connection with forex contracts made for, on behalf of, or with other persons, cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, pool participants by i) misrepresenting his past trading performance, the pool's profitability, and the profit potential and risk of loss involved in his forex trading; ii) failing to disclose his actual

trading losses; iii) willfully making or causing to be made false statements to pool participants who invested money to trade commodity futures contracts, and iv) misappropriating pool participant funds for business and personal benefit, in violation of Sections 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C).

iv. Fraud by a CPO

30. By the conduct described in paragraphs 1 through 24 above, Defendant violated Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), in that while acting as an unregistered CPO, Defendant directly or indirectly employed a device, scheme, or artifice to defraud commodity pool participants, or has engaged in transactions, practices, or a course of business which operated as a fraud or deceit upon commodity pool participants by knowingly: i) misrepresenting that the pool had a profitable performance record, when in fact Defendant had significant losses trading on behalf of the pool; ii) misappropriating a portion of pool participants' monies; and iii) issuing false account performance documentation to pool participants that misrepresented that value of their respective interests in the pool, and concealed Defendant's misappropriation of their monies.

v. Failure to Register as a CPO

31. By the conduct described in paragraphs 1 through 24 above, Defendant violated Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006), by engaging in activities as a CPO without the benefit of registration as a CPO. Varlesi acted as a CPO by accepting and receiving funds from pool participants for the purpose of trading commodity futures contracts. Defendant used the mails and other means of instrumentalities of interstate commerce, directly or indirectly, to engage in his business as a CPO.

IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

32. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1, Defendant is permanently restrained, enjoined and prohibited from directly or indirectly:

- a. Cheating or defrauding or attempting to cheat or defraud other persons and willfully deceiving or attempting to deceive other persons by making false, deceptive or misleading representations of material facts, by failing to disclose materials facts, or by misappropriating customer funds in or in connection with orders to make, or the making of, contracts of sale of commodities for future delivery, made or to be made for or on behalf of any other person, in violation of Sections 4b(a)(1)(A) and (C) of the Act, 7 U.S.C. §§ 6b(a)(1)(A) and (C);
- b. Willfully making false reports or statements or causing false reports or statements to be made to other persons, in or in connection with orders to make, or the making of, contracts of sale of commodities for future delivery, made or to be made for or on behalf of any other person, in violations of Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B);
- c. Employing any device, scheme, or artifice to defraud any participant or prospective participant, or engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any participant or prospective participant, by use of the mails or any means or instrumentality of interstate commerce, in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1);
- d. Acting as a CPO without the benefit of registration with the Commission, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006);

33. 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);
- b. Entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3 (hh), 17 C.F.R. § 1.3(hh) (2011)) ("commodity options"); 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)); security futures products, 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)) (“forex contracts”) for his own personal account or for any account in which he has a direct or indirect interest;

- c. Having any commodity futures, options on commodity futures, commodity options, swaps, security futures products, and/or forex contracts traded 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, swaps, security futures products, and/or forex contracts;
- e. Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, swaps, security futures products, 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) (2012); and/or
- g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2012)), 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) 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) (2012).

V. RESTITUTION AND CIVIL MONETARY PENALTY

A. Restitution

34. Defendant shall pay restitution in the amount of six hundred thirty eight thousand two hundred twenty-seven dollars (\$638,227) (“Restitution Obligation”), plus post-judgment interest. Post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2006).

35. Varlesi is currently the defendant in a criminal action charging him, in part, for the misconduct that is at issue in this matter. *See United States of America v. Christopher Varlesi*, Case No. 12 CR 419, United States District Court for the Northern District of Illinois,

filed June 6, 2012 (“Criminal Action”). For amounts disbursed to Defendant’s pool participants and customers as a result of satisfaction of any restitution ordered in the Criminal Action, the Defendants shall receive a dollar-for-dollar credit against the Restitution Obligation. Within ten (10) days of disbursement in the Criminal Action to Defendants’ pool participants and customers, Varlesi shall, under a cover letter that identifies the name and docket number of this proceeding, transmit to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581, and the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, copies of the form of payment to those pool participants and customers.

36. 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.

37. Defendant shall make Restitution Obligation payments under this Consent Order to the Monitor in the name “Varlesi Restitution Fund” 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 the paying 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.

38. 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 B below.

39. 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.

40. 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..

41. The amounts payable to each Participant shall not limit the ability of any 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 Participant that exist under state or common law.

42. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each Participant of Defendant's who suffered a loss is explicitly made an intended third-party beneficiary of this Consent Order and may seek to enforce obedience of this Consent 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 Consent Order and to hold Defendant in contempt for any violations of any provision of this Consent Order.

43. 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

44. Defendant shall pay a civil monetary penalty in the amount of seven hundred thousand dollars (\$700,000) ("CMP Obligation"), plus post-judgment interest. Post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2006).

45. Defendant shall pay his 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 – AMZ 340
E-mail Box: 9-AMC-AMZ-AR-CFTC
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-5644

If payment by electronic funds transfer is chosen, Defendant shall contact Linda Zurhorst or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendant shall accompany 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

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

D. Cooperation

47. 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.

VI. MISCELLANEOUS PROVISIONS

48. **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:

Rosemary Hollinger
Associate Director
CFTC Division of Enforcement
525 West Monroe, Suite 1100
Chicago, Illinois 60661

Notice to Defendant:

Christopher Varlesi
670 W. Wayman St.
Apt. 404
Chicago, IL 60661

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

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

50. **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.

51. **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.

52. **Waiver:** The failure of any party to this Consent Order or of any 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 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.

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

54. **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.

55. **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.

56. 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.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this *Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief Against Christopher Varlesi.*

IT IS SO ORDERED on this 12 day of June 2013.


James Zagel
United States District Judge

CONSENTED TO AND APPROVED BY:


Christopher Varlesi

Dated 3/11/13


Robert T. Howell
Trial Attorney
Commodity Futures Trading Commission
525 W. Monroe Street, Suite 1100
Chicago, IL 60661
(312) 596-0590
(312) 596-0714 (facsimile)
rhowell@cftc.gov

Dated 5/6/13