

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION



In the Matter of:)

WORTH ASSET MANAGEMENT)
LLC, and PAUL L. KAULESAR)

Respondents.)
_____)

CFTC Docket No. 14- 07

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

I.

The Commodity Futures Trading Commission (“Commission” or “CFTC”) has reason to believe that during the period between July 16, 2011 and March 31, 2013 (the “relevant period”), Worth Asset Management LLC and its controlling person, Paul L. Kaulesar (collectively “the Respondents”) violated Sections 4(a), 4b(a)(2)(A) and (C) and 6(c)(1) of the Commodity Exchange Act (“the Act”), 7 U.S.C. §§ 6(a), 6b(a)(2)(A), and (C), 9 and 15 (2012) and Commission Regulation (“Regulation”) 180.1(a), 17 C.F.R. § 180.1(a) (2013). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether the Respondents engaged in the violations set forth herein, and to determine whether any order should be issued imposing remedial sanctions.

II.

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

Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (“Order”) and acknowledge service of this Order.¹

III.

The Commission finds the following:

A. SUMMARY

During the relevant period, Respondents violated Section 4(a) of the Act by offering to enter into, entering into, confirming the execution of, and conducting an office and business in the United States for the purpose of soliciting, accepting orders for, and otherwise dealing in illegal, off-exchange retail commodity transactions. Specifically, the transactions were financed precious metals transactions with individual retail customers. The difference between what the customers sent to the Respondents and what was returned to customers totaled \$4,696,640 for these transactions. In addition, Respondents violated Sections 4b(a)(2)(A) and (C) and 6(c)(1) of the Act by misrepresenting the potential profits of the financed precious metals transactions they offered and by failing to disclose the fact that over 88% of the firm’s customers lost money on their investments.

B. RESPONDENTS

Worth Asset Management LLC (“Worth Asset”) is a Delaware Limited Liability Company formed on December 20, 2010, that is also registered in Florida as a foreign limited liability company. Worth Asset maintained an office in West Palm Beach, Florida. Worth Asset has never been registered with the Commission in any capacity.

Paul L. Kaulesar (“Kaulesar”) is a resident of Royal Palm Beach, Florida. Kaulesar is the sole owner and manager of Worth Asset. Kaulesar has never been registered with the Commission in any capacity.

C. FACTS

During the relevant period, the Respondents operated a telemarketing firm that solicited retail customers to enter into financed precious metals transactions in gold, silver and platinum. While the Respondents offered precious metals on a fully paid basis, the large majority of their transactions involved the sale of leveraged silver contracts to unsophisticated investors. In addition, for a limited period, the Respondents also acted as a wholesale broker to two retail

¹ Respondents consent to the entry of this Order and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondents do not consent to the use of the Offer, or the findings or conclusions in this Order consented to in the Offer, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor do Respondents consent to the use of the Offer or this Order, or the findings or conclusions in this Order consented to in the Offer, by any other party in any other proceeding.

firms that, in turn, solicited customers to enter into similar leveraged precious metals transactions.

The large majority of the Respondents' sales involved customers purchasing physical metals by paying as little as 20% of the total price and receiving a loan for the balance of the transaction. Customers who purchased metals were charged a 15 percent commission on the total leveraged value of the metal transaction, as well as monthly interest. However, when retail customers placed orders to enter into financed precious metals transactions, the Respondents did not purchase physical commodities on the customers' behalf. Rather, the Respondents aggregated the customer payments received and transferred a portion of those funds to their margin trading account in which their retail customers did not have any direct interest. Instead, Respondents simply made book entries in an electronic database reflecting the customer transaction details. During the relevant period, Worth Asset received \$4,696,640, the difference between what the customers sent to the Respondents and what was returned to customers from the sale of financed precious metals contracts.

Moreover, in their customer solicitations the Respondents misrepresented the potential profits from leveraged precious metals contracts and failed to disclose the past performance of the financed precious metals contracts they offered. When soliciting customers and potential customers the Respondents touted the high rates of return customers could achieve through the ownership of precious metals. One piece of promotional material created by Worth Asset and approved by Kaulesar claimed that "[r]enowned precious metals analyst, [name omitted], predicts Silver to top \$60 an ounce by the end of 2012." The firm's investment newsletter further maintained that well-known investors, such as Warren Buffett, were currently amassing huge positions in silver. While emphasizing the profits that could purportedly be obtained through precious metals transactions, the Respondents failed to inform their customers that at least 88% of their previous customers had lost money as a result of entering into financed precious metals transactions with the firm.

During the relevant period Kaulesar was the owner and day-to-day manager of Worth Asset. He hired and supervised all employees, as well as established the firm's marketing practices and policies.

IV.

LEGAL DISCUSSION

A. Relevant Statutory Background

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Public Law 111-203, 124 Stat. 1376 (2010) ("the Dodd-Frank Act") amended the Commodity Exchange Act to add, among other things, new authority over certain leveraged, margined or financed retail commodity transactions, including authority to prohibit fraud in connection with such transactions in interstate commerce.

Section 742(a) of the Dodd Frank Act added Section 2(c)(2)(D) to the Act.² Section 2(c)(2)(D) broadly applies to any agreement, contract, or transaction in any commodity that is entered into with, or offered to (even if not entered into with), a non-eligible contract participant (“non-ECP”)³ or non-eligible commercial entity on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis. 7 U.S.C. § 2(c)(2)(D)(i) (2012). Section 2(c)(2)(D) of the Act further provides that such an agreement, contract, or transaction shall be subject to Sections 4(a), 4(b), and 4b of the Act “as if the agreement, contract, or transaction was a contract of sale of a commodity for future delivery.” 7 U.S.C. § 2(c)(2)(D)(iii) (2012).

Section 2(c)(2)(D)(ii) of the Act excepts certain transactions from Section 2(c)(2)(D). Section 2(c)(2)(D)(ii)(III)(aa) excepts a contract of sale that “results in actual delivery within 28 days or such other longer period as the Commission may determine by rule or regulation based upon the typical commercial practice in cash or spot markets for the commodity involved.”⁴ Section 2(c)(2)(D)(ii)(III)(bb) excepts a contract of sale that creates an enforceable obligation to deliver between a seller and a buyer that have the ability to deliver and accept delivery, respectively, in connection with the line of business of the seller and buyer.

The Commission has stated that it is the view of the Commission that the determination of whether “actual delivery” has occurred within the meaning of Section 2(c)(2)(D)(ii)(III)(aa) requires a consideration of evidence beyond the four corners of the contract documents. This interpretation of the statutory language is based on Congress’s use of the word “actual” to modify “delivery” and on the legislative history of Section 2(c)(2)(D)(ii)(III)(aa). Consistent with this interpretation, in determining whether actual delivery has occurred within 28 days, the Commission will employ a functional approach and examine how the agreement, contract or transaction is marketed, managed, and performed, instead of relying solely on language used by the parties in the agreement, contract, or transaction.⁵ Unless the Commission provides otherwise, the 28 days for actual delivery is 28 days from the date the agreement, contract, or transaction is confirmed to the buyer or seller, typically, a retail customer.

² Section 2(c)(2)(D) of the Act became effective July 16, 2011.

³ As is relevant to this matter, Section 1a(18)(xi) of the Act, 7 U.S.C. § 1a(18)(xi) (2012), defines an eligible contract participant as an individual who has amounts invested on a discretionary basis, the aggregate of which is in excess of \$10,000,000, or which is in excess of \$5,000,000 and who enters into the agreement, contract, or transaction in order to manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred, by the individual.

⁴ The Commission has not adopted any regulations permitting a longer actual delivery period for any commodity pursuant to new CEA Section 2(c)(2)(D)(ii)(III)(aa). Accordingly, the 28 day actual delivery period set forth in this provision remains applicable to all commodities.

⁵ See, Retail Commodity Transactions Under Commodity Exchange Act, 76 Fed. Reg. 77,670 (Dec. 14, 2011).

Other than these exceptions, Congress did not express any intent to limit the reach of Section 2(c)(2)(D). Rather, in enacting the statute Congress expressed its intent that Section 2(c)(2)(D) should be applicable to a broad range of agreements, contracts and transactions.

Section 2(c)(2)(D) of the Act applies to all agreements, contracts, and transactions entered into with, or offered to, non-ECPs on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis, as those terms are commonly used in the industry.

B. The Commission's Jurisdiction

Respondents offered precious metals transactions to, and entered into such transactions with, persons who were not eligible contract participants or eligible commercial entities. Generally, Respondents' customers were unsophisticated, individual investors who did not meet the \$10 million discretionary investment threshold to be considered ECPs. Moreover, Respondents offered and entered into such transactions on a margined or leveraged basis. Thus, the transactions were clearly "entered into with, or offered to (even if not entered into), on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis." Respondents' retail financed precious metals transactions fall squarely within the Commission's jurisdiction under Section 2(c)(2)(D) of the Act.

The manner in which the Respondents' retail financed precious metals were marketed, managed, and performed plainly discloses that the Respondents did not "actually deliver" any commodities in connection with their customers' transactions: The Respondents did not purchase, sell, own, or store physical metals, nor did they possess or transfer title to any physical metals, in connection with their retail financed precious metals contracts. Accordingly, the Respondents' retail financed precious metals transactions did not result in actual delivery of any commodities, and the exception contained in Section 2(c)(2)(D)(ii)(III)(aa) of the Act does not apply. The Respondents' transactions did not fall within the exception contained in Section 2(c)(2)(D)(ii)(III)(bb) of the Act either. The Respondents' transactions were not in connection with any line of business of the Respondents' customers. Section 2(c)(2)(D)(ii)(III)(bb) is thus inapplicable.

Accordingly, Respondents' transactions were not excepted from the Commission's jurisdiction under Section 2(c)(2)(D)(ii)(III)(A) of the Act.

C. Worth Asset, Acting Through Its Agents and Employees, Violated Section 4(a) of the Act: Illegal, Off-Exchange Transactions

Pursuant to Section 2(c)(2)(D)(iii) of the Act, the Respondents' retail commodity transactions are subject to Section 4(a) of the Act. Section 4(a) of the Act, in relevant part, makes it unlawful for any person to offer to enter into, enter into, execute, confirm the execution of, or conduct an office or business anywhere in the United States for the purpose of soliciting, or accepting any order for, or otherwise dealing in any transaction in, or in connection with, a commodity futures contract, unless such transaction is made on, or subject to, the rules of a

board of trade that has been designated or registered by the Commission as a contract market or derivatives transaction execution facility for the specific commodity.

The Respondents offered to enter into, entered into and confirmed the execution of retail financed precious metals transactions that were not conducted on, or subject to, the rules of a board of trade that has been designated or registered by the Commission as a contract market or derivatives transaction execution facility for precious metals. In addition, the Respondents conducted an office and business in the United States for the purpose of soliciting, accepting orders for, and otherwise dealing in retail financed precious metals transactions. Accordingly, Worth Asset, acting through its agents and employees violated Section 4(a) of the Act.

D. Worth Asset, Acting Through Its Agents and Employees Violated Sections 4b(a)(2)(A) and (C) of the Act: Sales Fraud

Pursuant to Section 2(c)(2)(D)(iii) of the Act, the anti-fraud provisions of Section 4b of the Act apply to any agreement, contract or transaction described in Section 2(c)(2)(D)(i) as if the agreement, contract or transaction were a contract of a commodity for future delivery, and accordingly, Respondents' retail commodity transactions are subject to Sections 4b(a)(2)(A) and (C) of the Act. Read together, Sections 2(c)(2)(D)(iii) and 4b(a)(2)(A) and (C) of the Act, in relevant part, make it illegal for any person to cheat or defraud or attempt to cheat or defraud, or willfully to deceive or attempt to deceive another person by any means whatsoever, in connection with any contract of sale of any commodity in interstate commerce that meet the requirements of Section 2(c)(2)(D)(i) of the Act.

Fraudulent solicitation of prospective customers and customers violates Section 4b(a) of the Act. To establish solicitation fraud, the Commission must prove that; (1) a misrepresentation has occurred; (2) with scienter; and (3) the misrepresentation was material. *CFTC v. R.J. Fitzgerald & Co.*, 310 F.3d 1321, 1328-29 (11th Cir. 2002) *cert. denied*, 543 U.S. 1034 (2004). "Whether a misrepresentation has been made depends on the overall message and the common understanding of the information conveyed." *R.J. Fitzgerald & Co.*, 310 F.3d at 1328 (internal quotation marks and citation omitted). A statement or omission is material if "a reasonable customer would consider it important in deciding whether to make an investment." *Id.* at 1328-29. "Scienter requires proof that an individual committed the alleged wrongful acts intentionally or with reckless disregard for his duties under the Act." *CFTC v. Rolando*, 589 F. Supp. 2d 159, 169-170 (D. Conn. 2008) (citing *Lawrence v. CFTC*, 759 F.2d 767, 773 (9th Cir. 1985) and *Drexel Burnham Lambert, Inc. v. CFTC*, 850 F.2d 742, 748 (D.C. Cir. 1988)); *Do v. Lind-Waldock & Co.* [1994-1996 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 26, 516, 1995 CFTC LEXIS 247, at *4 (CFTC Sept. 27, 1995) (determining that a reckless act is one that "departs so far from the standards of ordinary care that it is very difficult to believe the [actor] was not aware of what he was doing") (quoting *Drexel Burnham Lambert*, 850 F.2d at 848); *see also CFTC v. Noble Metals Int'l, Inc.*, 67 F.3d 766, 774 (9th Cir. 1995) ("Mere negligence, mistake, or inadvertence fails to meet Section 4b(a)(2)(A) - (C) 's scienter requirement.").

In their solicitations, Respondents through their salespeople emphasized to customers and potential customers that they could earn significant potential profits by entering into leveraged precious metals contracts. While at the same time Respondents knew that over 88% of existing customers had lost money by investing in leveraged metal contracts with Worth Asset. A

reasonable customer would consider the probability of the profitability of their investment and related fees material to their decision to invest with Respondents. Accordingly, Worth Asset, acting through its agents and employees, engaged in fraudulent solicitation in violation of Sections 4b(a)(2)(A) and (C) (a)(1)(A).

E. Worth Asset, Acting Through Its Agents and Employees Violated Section 6(c)(1) of the Act and Commission Regulation 180.1: Fraud

Section 6(c)(1) of the Act, 7 U.S.C. §§ 9, 15 (2012), provides, among other things, that it is unlawful for any person “to employ . . . in connection with any contract of sale of any commodity in interstate commerce or for futures delivery on or subject to the rules of any registered entity, any manipulative or deceptive device or contrivance, in contravention of [Commission rules and regulations].” Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2013), which is the Commission regulation that implements Section 6(c)(1), in relevant part, makes it unlawful for any person:

in connection with any . . . contract of sale of any commodity in interstate commerce . . . to intentionally or recklessly: (1) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud; (2) Make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading; (3) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person .

...

Worth Asset, through its agents and employees, knowingly or recklessly made untrue or misleading statements of material facts, or omitted to state material facts necessary in order to make the statements made not untrue or misleading, in connection with contracts of sale of commodities in interstate commerce. Accordingly, Worth Asset, acting through its agents and employees, violated Section 6(c)(1) of the Act.

F. Respondent Kaulesar was the Controlling Person of Worth Asset and Knowingly Induced, Directly or Indirectly, Worth Asset’s Violations

Section 13(b), 7 U.S.C. § 13c(b), provides that: “Any person who, directly or indirectly, controls any person who has violated any provision of this Act, or any of the rules, regulations or orders issued pursuant to this Act may be held liable for such violation in any action brought by the Commission to the same extent as such controlled person. In such action, the Commission has the burden of proving that the controlling person did not act in good faith or knowingly induced, directly or indirectly, the act or acts constituting the violation.”

A “fundamental purpose” of the statute is “to reach behind the corporate entity to the controlling individuals of the corporation and to impose liability for violations of the Act directly on such individuals as well as on the corporation itself.” *R.J. Fitzgerald & Co.*, 310 F.3d at

1334; *JCC, Inc. v. CFTC*, 63 F.3d 1557, 1567 (11th Cir. 1995). The statute is construed liberally and even indirect means of discipline or influence, short of actual direction, is sufficient to find liability as a controlling person. *Monieson v. CFTC*, 996 F.2d 852, 859 (7th Cir. 1993) (“Control person liability will attach if a person possessed the power or ability to control the specific transaction or activity upon which the primary violation was predicated, even if such power was not exercised.”); *R.J. Fitzgerald & Co.*, 310 F.3d at 1334.

Whether a respondent possessed the requisite control over the operations in question is a determination of fact, based upon the totality of the circumstances, including an appraisal of the influence upon management and policies of a corporation by the alleged controlling person. *CFTC v. Baragosh*, 278 F.3d 319, 330 (4th Cir. 2002) (reversing grant of summary judgment); *CFTC v. AVCO Financial Corp.*, 28 F.Supp.2d 104, 117 (SDNY 1998), *aff’d in relevant part CFTC v. Vartuli*, 228 F.3d 94 (2d Cir. 2000).

Kaulesar was the sole day-to-day manager and principal of Worth Asset. He was responsible for establishing, supervising and approving of Worth Asset’s operations including the offering to enter into the illegal leveraged precious metals transactions, entering into the transactions, and confirming the execution of the transactions. In addition, he was responsible for the misleading sales representations and omissions made to customers. Accordingly, Kaulesar was the controlling person of Worth Asset within the meaning of Section 13(b) of the Act.

Kaulesar has acknowledged that he was aware of and managed all aspects of Worth Asset’s business including that the firm was: (1) offering to enter into, entering into and confirming the execution of the leveraged metals transactions; and (2) making sales misrepresentations and omissions to customers. Consequently, he knowingly induced, directly or indirectly, Worth Asset’s violations. See, *In the Matter of FNTC, et al.*, [1992 – 1994 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 26,142 at 41,787 (CFTC July 20, 1994), *aff’d without opinion sub nom. Pick v. CFTC*, 99 F.3d 1139 (6th Cir. 1996).

G. Respondent Worth Asset is Vicariously Liable for the Violations of the Act and Regulations

Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (Supp. III 2009), and Regulation 1.2, 17 C.F.R. § 1.2 (2011), provide that the act, omission or failure of any official, agent or other person acting for any individual, association, partnership, corporation or trust within the scope of his employment or office shall be deemed the act, omission or failure of such individual, association, partnership, corporation or trust, as well as such official, agent or other person.

The foregoing acts, omissions, and failures of Worth Asset employees and Kaulesar occurred within the scope of their employment, office, or agency with Worth Asset; therefore pursuant to Section 2(a)(1)(B) of the Act, and Regulation 1.2, Worth Asset is liable for the acts, omissions, and failures in violation of Sections 4(a), 4b(a)(2)(A) and (C) and 6(c)(1) of the Act.

V.

FINDINGS OF VIOLATION

Based on the foregoing, the Commission finds that, during the relevant period, Respondents violated Sections 4(a), 4b(a)(2)(A), 4b(a)(2)(C) and 6(c)(1) of the Act, 7 U.S.C §§ 6(a), 6b(a)(2)(A), 6b(a)(2)(C), 9 and 15 (2012) and Commission Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2013).

VI.

OFFER OF SETTLEMENT

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

- A. Acknowledge receipt of service of this Order;
- B. Admit the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waive:
 1. the filing and service of a complaint and notice of hearing;
 2. a hearing;
 3. all post-hearing procedures;
 4. judicial review by any court;
 5. any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
 6. any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. §§ 148.1-30 (2013), relating to, or arising from, this proceeding;
 7. any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this proceeding; and
 8. any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;

- D. Stipulate that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have consented in the Offer;
- E. Consent, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. makes findings by the Commission that Respondents violated Sections 4(a), 4b(a)(2)(A), 4b(a)(2)(C) and 6(c)(1) of the Act, and Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2013);
 2. orders Respondents to cease and desist from violating Sections 4(a), 4b(a)(2)(A), 4b(a)(2)(C) and 6(c)(1) of the Act, and Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2013);
 3. orders Respondents, jointly and severally, to pay restitution to customers in the amount of four million six hundred ninety-six thousand, six hundred forty dollars (\$4,696,640), plus post-judgment interest, as set out in Schedule A of this Order;
 4. orders Respondents, jointly and severally to pay a civil monetary penalty in the amount of one million five hundred sixty-five thousand dollars (\$1,565,000), plus post-judgment interest;
 5. orders that Respondents be permanently prohibited from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, 7 U.S.C. § 1a (2012)), and all registered entities shall refuse Respondents trading privileges;
 6. appoints the National Futures Association ("NFA") as Monitor in this matter;
 7. orders Respondents to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VII of this Order.

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

VII.

ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondents shall cease and desist from violating Sections 4(a), 4b(a)(2)(A), 4b(a)(2)(C) and 6(c) of the Act, as amended, 7 U.S.C. §§ 6(a), 6b(a)(2)(A), 6b(a)(2)(C), 9 and 15 (2012).
- B. Respondents, jointly and severally, shall pay restitution in the amount of four million six hundred ninety-six thousand six hundred and forty dollars (\$4,696,640) within ten (10) days of the date of entry of this Order ("Restitution Obligation"). Should Respondent not satisfy this Restitution Obligation in full within ten (10) days of the date of entry of the Order, post-judgment interest shall accrue on the Restitution Obligation beginning ten

days after entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006).

To effect payment by Respondents and the distribution of restitution to Respondents' customers, the Commission appoints the NFA as "Monitor." The Monitor shall collect payments of the Restitution Obligation from Respondents and make distributions as set forth below. Because the Monitor is not being specially compensated for these services, and these services are outside the normal duties of the Monitor, it shall not be liable for any action or inaction arising from its appointment as Monitor other than actions involving fraud.

Respondents shall make their payments of the Restitution Obligation under this Order in the name of the "Worth Asset Management LLC and Paul L. Kaulesar Settlement Fund" and shall send such payments by electronic funds transfer, or U.S. postal money order, certified check, bank cashier's check, or bank money order to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, under a cover letter that identifies the paying Respondents and the name and docket number of this proceeding. The paying Respondents 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 as well as to Senior Trial Attorney Todd Kelly, CFTC, 1155 21st Street, NW, Washington, D.C. 20581.

The Monitor shall oversee Respondents' Restitution Obligation and shall distribute funds paid in satisfaction of Respondents' Restitution Obligation consistent with Schedule A to this Order separately provided by the Commission. In the event that the amount of payments of the Restitution Obligation to the Monitor are of a *de minimis* nature such that the Monitor determines that the administrative cost of making a restitution distribution is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary penalty payments, which the Monitor shall forward to the Commission, as discussed below. To the extent any funds accrue to the U.S. Treasury for satisfaction of Respondents' Restitution Obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth in this Order.

- C. Respondents shall pay a civil monetary penalty in the amount of one million five hundred sixty-five thousand dollars (\$1,565,000) within ten (10) days of the date of entry of this Order (the "CMP Obligation"). Post-judgment interest shall accrue on the CMP Obligation beginning ten days after the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006). Respondents shall pay the CMP Obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Accounts Receivables --- 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 is to be made by electronic funds transfer, Respondents shall contact Linda Zurhorst or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondents and the name and docket number of this proceeding. Respondents 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 and to Senior Trial Attorney Todd Kelly, CFTC, 1155 21st Street, NW, Washington, D.C. 20581.

- D. Respondents are permanently prohibited from engaging, directly or indirectly, in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, 7 U.S.C. § 1a (2012)), and all registered entities shall refuse them trading privileges;
- E. Respondents and their successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:
1. Public Statements: Respondents agree that neither they nor any of their successors and assigns, agents, or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents': (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents and their successors and assigns shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement.
 2. Respondents agree that they shall never, directly or indirectly:
 - a. enter 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) (2013)), security futures products, swaps (as that term is defined in Section 1a(47) of the Act, 7 U.S.C. § 1a(47) (2012), and as further defined by Commission Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx) (2013)) ("swaps"), and/or foreign currency (as described in Section 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, 7 U.S.C. §§ 2(c)(2)(B) and

2(c)(2)(C)(i) (2012)) (“forex contracts”) for Respondents’ own account(s) or for any account(s) in which Respondents have a direct or indirect interest;

- b. control or direct 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, commodity options (as that term is defined in Commission Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2013)), security futures products, swaps (as that term is defined in Section 1a(47) of the Act, 7 U.S.C. § 1a(47) (2012), and as further defined by Commission Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx) (2013)) (“swaps”), and/or foreign currency (as described in Section 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i) (2012)) (“forex contracts”) for Respondents’ own account(s) or for any account(s) in which Respondents have a direct or indirect interest;
- c. solicit, receive, or accept any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts, from the date this Order is entered;
- d. apply for registration or claim exemption from registration with the Commission in any capacity, and engage in any activity requiring such registration or exemption from registration with the Commission except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2013); and/or
- e. act as a principal (as that term is defined in Commission Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2013)), agent or any other officer or employee of any person (as that term is defined in Section 1a of the Act, 7 U.S.C. § 1(a)) registered, required to be registered, or exempted from registration with the Commission except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2013).

E. Cooperation with Monitor: Respondents shall cooperate with the Monitor as appropriate to provide such information as the Monitor deems necessary and appropriate to identify Respondents’ customers. Respondents shall execute any documents necessary to release funds that they have in any repository, bank, investment or other financial institution, wherever located, in order to make partial or total payment toward the Restitution Obligation.

F. Cooperation with the Commission: Respondents shall cooperate fully and expeditiously, including providing testimony, 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.

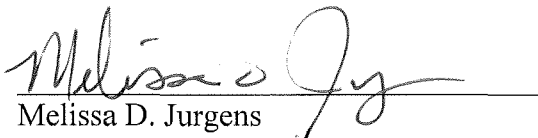
G. Partial Satisfaction: Respondents understand and agree that any acceptance by the Commission or the Monitor of partial payment of Respondents’ Restitution Obligation or

CMP Obligation shall not be deemed a waiver of their obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

- H. Change of Address/Phone: Until such time as Respondents satisfy in full their Restitution Obligation and CMP Obligation as set forth in this Consent Order, Respondents shall provide written notice to the Commission by certified mail of any change to their telephone numbers and mailing addresses within ten (10) calendar days of the change.

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

By the Commission.



Melissa D. Jurgens
Secretary of the Commission
Commodity Futures Trading Commission

Dated: February 18, 2014

IN THE MATTER OF:
WORTH ASSET MANAGEMENT, LLC.

SCHEDULE A

Worth Asset Management Customer Distribution List

Account	First Name	Last Name	Distribution Amount
██████	Kenneth G.	██████	\$3,712.19
██████	John	██████	\$13,285.90
██████	Scott	██████	\$2,195.23
██████	William	██████	\$17,192.53
██████	Joel	██████	\$6,058.91
██████	John	██████	\$10,506.75
██████	Patrick	██████	\$2,674.66
██████	Michael	██████	\$9,080.03
██████	Charles	██████	\$22,301.27
██████	Ronald	██████	\$15,610.85
██████	Jasper	██████	\$4,370.99
██████	Daniel	██████	\$82,853.24
██████	William & Teresa	██████	\$7,741.18
██████	Mark and Colleen	██████	\$7,852.77
██████	Charles	██████	\$17,257.11
██████	Lance and Alicia	██████	\$84,929.50
██████	Forest B.	██████	\$1,339.24
██████	David	██████	\$1,677.98
██████	Cornell	██████	\$196.93
██████	Willis	██████	\$25,693.52
██████	Bradford	██████	\$1,537.38
██████	John & Kathrine	██████	\$3,800.69
██████	Peter	██████	\$178,169.35
██████	Burton	██████	\$23,683.52
██████	John & Alyse	██████	\$14,767.64
██████	Albert	██████	\$17,220.92
██████	Larry	██████	\$502.33
██████	Mike	██████	\$2,674.53
██████	James	██████	\$3,809.01
██████	Michal	██████	\$21,348.52
██████	Robert	██████	\$14,824.11
██████	New Bridge	██████	\$267,992.14
██████	John	██████	\$2,941.55
██████	Raymond & Debbie	██████	\$334,743.81
██████	Dave	██████	\$15,931.40
██████	John	██████	\$3,999.34
██████	Donald	██████	\$43,910.84

██████████	John	██████████	\$32,900.88
██████████	Raymond	██████████	\$4,588.95
██████████	Danny	██████████	\$9,709.66
██████████	Randall	██████████	\$9,124.44
██████████	Thomas	██████████	\$59,198.46
██████████	William	██████████	\$7,802.40
██████████	Emile	██████████	\$4,455.40
██████████	Mohamad	██████████	\$1,700.89
██████████	Chris	██████████	\$4,176.95
██████████	David	██████████	\$29,755.63
██████████	Brett	██████████	\$26,244.92
██████████	Howard	██████████	\$123,266.04
██████████	David	██████████	\$10,108.10
██████████	Charles "Chuck"	██████████	\$52,899.24
██████████	Dale	██████████	\$29,247.67
██████████	Billy	██████████	\$22,205.19
██████████	Russell	██████████	\$61,114.02
██████████	Stephen R.	██████████	\$3,502.87
██████████	George	██████████	\$27,893.12
██████████	Gary	██████████	\$7,198.46
██████████	Karl	██████████	\$9,207.20
██████████	Harold	██████████	\$6,395.11
██████████	Dan	██████████	\$115,185.84
██████████	Stephen	██████████	\$4,836.33
██████████	James	██████████	\$4,480.04
██████████	Leo	██████████	\$13,122.02
██████████	Steve	██████████	\$40,585.68
██████████	Helmut	██████████	\$131,193.38
██████████	Frank	██████████	\$12,266.51
██████████	Walter C.	██████████	\$19,807.67
██████████	George	██████████	\$14,094.10
██████████	Michael	██████████	\$3,838.15
██████████	James	██████████	\$6,717.27
██████████	Robert	██████████	\$3,250.10
██████████	Michael	██████████	\$2,518.31
██████████	Douglas	██████████	\$3,367.71
██████████	Mark	██████████	\$3,281.12
██████████	William	██████████	\$5,987.99
██████████	Dick & Mary	██████████	\$30,856.13
██████████	Annis Odell	██████████	\$4,258.82
██████████	Gerald	██████████	\$16,343.00

██████	Russell	██████	\$4,885.55
██████	Herman	██████	\$12,136.49
██████	Larry S.	██████	\$1,929.15
██████	Randall	██████	\$52,796.09
██████	Michael	██████	\$2,839.92
██████	Raymond	██████	\$4,306.04
██████	David & Wendy	██████	\$5,713.86
██████	Jack	██████	\$11,972.81
██████	Lawrence	██████	\$1,293.55
██████	Paul	██████	\$2,155.55
██████	Ronald	██████	\$198.26
██████	Carl H	██████	\$9,361.71
██████	Robert	██████	\$3,485.32
██████	William L.	██████	\$3,471.51
██████	Dennis	██████	\$3,160.83
██████	James P.	██████	\$18,395.08
██████	Jeff	██████	\$2,057.44
██████	Mark	██████	\$8,765.58
██████	Clyde	██████	\$1,224.02
██████	Dean R.	██████	\$2,294.04
██████	Daryl H.	██████	\$2,229.34
██████	John I.	██████	\$3,437.26
██████	Richard	██████	\$20,475.15
██████	Rick W.	██████	\$17,452.41
██████	Keith	██████	\$2,210.86
██████	Don N.	██████	\$4,413.17
██████	Raymond E.	██████	\$5,629.94
██████	Robert A.	██████	\$1,792.37
██████	T&M	██████	\$2,979.10
██████	Russell M.	██████	\$103,465.65
██████	Halbert E.	██████	\$26,196.62
██████	Daryle	██████	\$97,572.76
██████	George L.	██████	\$3,459.24
██████	Dan	██████	\$3,870.48
██████	Nathan	██████	\$5,513.38
██████	Kevin	██████	\$9,803.37
██████	John M.	██████	\$2,396.77
██████	Leonard L.	██████	\$11,497.38
██████	Philip M.	██████	\$38,281.87
██████	Edward J.	██████	\$1,571.07
██████	Earl B.	██████	\$203,347.90

██████████	Terry	██████████	\$4,092.66
██████████	Brad	██████████	\$4,378.35
██████████	James Pete	██████████	\$17,149.38
██████████	Mark G.	██████████	\$4,002.35
██████████	Stephen	██████████	\$84,470.33
██████████	William E.	██████████	\$9,563.25
██████████	William E.	██████████	\$1,630.13
██████████	William A.	██████████	\$17,571.82
██████████	John & Maryann	██████████	\$16,874.59
██████████	Dennis & Sheryl	██████████	\$1,736.12
██████████	James & Barbara	██████████	\$2,649.99
██████████	Charles	██████████	\$3,642.68
██████████	Douglas	██████████	\$9,200.84
██████████	Gary	██████████	\$23,904.85
██████████	James F.	██████████	\$2,018.78
██████████	Sal	██████████	\$16,152.26
██████████	Real Deal Estate LLC	██████████	\$59,976.80
██████████	Scott	██████████	\$18,848.93
██████████	John David	██████████	\$11,706.89
██████████	Dean	██████████	\$21,517.52
██████████	Harry & Nikki	██████████	\$4,430.38
██████████	Gary & Elvia	██████████	\$4,718.38
██████████	Dale Robert	██████████	\$32,953.31
██████████	Brian & Dolores	██████████	\$2,870.10
██████████	Danny	██████████	\$4,335.88
██████████	Paul H.	██████████	\$28,712.73
██████████	Ronald & Dianna	██████████	\$6,270.45
██████████	Brian K.	██████████	\$4,544.27
██████████	Thomas E.	██████████	\$3,284.68
██████████	Guy A.	██████████	\$5,235.41
██████████	Ashok & Kalpana	██████████	\$2,910.95
██████████	Randy	██████████	\$5,411.58
██████████	Lloyd G.	██████████	\$5,997.89
██████████	Rick	██████████	\$129,259.34
██████████	George M.	██████████	\$87,708.92
██████████	Jules	██████████	\$30,402.66
██████████	Kevin	██████████	\$12,253.19
██████████	James & Elaine	██████████	\$9,640.28
██████████	Jerry W.	██████████	\$9,823.66
██████████	Conrad	██████████	\$9,960.19
██████████	Grant	██████████	\$4,034.53

██████████	George & Andreiita	██████████	\$4,667.84
██████████	John David	██████████	\$4,609.00
██████████	J. Craig	██████████	\$9,874.76
██████████	Ryan	██████████	\$5,953.36
██████████	David & Nita	██████████	\$32,780.20
██████████	Daryl & Susan	██████████	\$10,485.79
██████████	Herbert Kenneth	██████████	\$5,713.40
██████████	Johnny	██████████	\$9,192.74
██████████	Jerome	██████████	\$4,944.66
██████████	Frank & Angela	██████████	\$10,750.78
██████████	Ed	██████████	\$3,945.06
██████████	Joshua	██████████	\$4,067.77
██████████	Dwayne K.	██████████	\$4,552.41
██████████	Lonnie D.	██████████	\$1,595.56
██████████	Joseph	██████████	\$5,753.04
██████████	Mack	██████████	\$19,550.27
██████████	James	██████████	\$2,209.87
██████████	Michael E.	██████████	\$1,902.40
██████████	Ralph E.	██████████	\$8,144.07
██████████	Dennis	██████████	\$4,348.90
██████████	Thomas A.	██████████	\$7,241.62
██████████	Cory	██████████	\$4,067.76
██████████	Ramon	██████████	\$1,458.78
██████████	Patrick	██████████	\$2,264.98
██████████	Brent A.	██████████	\$1,151.04
██████████	Robert F.	██████████	\$2,680.32
██████████	Dale F.	██████████	\$1,341.84
██████████	Betty J.	██████████	\$749.75
██████████	William & Ilene	██████████	\$3,420.36
██████████	Eugene	██████████	\$1,776.19
██████████	Edward	██████████	\$6,181.40
██████████	AJW Construction Inc.	██████████ ██████████	\$4,979.81
██████████	David L.	██████████	\$455.61
██████████	Alan	██████████	\$1,383.54
██████████	PMCO	██████████ ██████████	\$778,215.31
██████████	Robert	██████████	\$1,270.30
		TOTAL:	\$4,696,640.31