

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION

COMMODITY FUTURES TRADING )  
COMMISSION, )  
  
Plaintiff, )  
  
v. )  
  
GLEN GALEMMO, )  
  
Defendant. )  
  
\_\_\_\_\_)

Civil Action No. 1:14-cv-00738  
  
Judge Michael R. Barrett

**CONSENT ORDER FOR PERMANENT INJUNCTION AND OTHER EQUITABLE  
RELIEF AGAINST DEFENDANT GLEN GALEMMO**

**I. INTRODUCTION**

On September 15, 2014, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint against Defendant Glen Galemмо (“Galemмо” or “Defendant”), for violations of Sections 4b(a)(1) (A)-(C), 4m(1) and 4o(1)(A), (B) of the Commodity Exchange Act (“Act”)<sup>1</sup> 7 U.S.C. §§ 6b(a)(1) (A)-(C), 6m(1) and 6o(1) (A), (B) (2018). By stipulation of the parties, the third Count of the Complaint, alleging that Galemмо had violated Section 4m(1) of the Act by acting as a commodity pool operator (“CPO”) without being registered as one, was dismissed with prejudice on February 8, 2019 (D.E. 61).

<sup>1</sup> In 2010 the Act was 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, 1641 et seq. (effective July 16, 2011).

## II. CONSENTS AND AGREEMENTS

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

1. Consents to the entry of this Consent Order for Permanent Injunction and Other Equitable Relief Against Defendant Glen Galemmo (“Consent Order”);
2. Affirms that he has read and agrees 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, 7 U.S.C. § 13a-1 (2018);
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.* (2018);
6. Admits that venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2018);
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.* (2019), 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 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 reside 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. Consents to the entry of this Consent Order without admitting or denying the allegations of the Complaint or any findings or conclusions expressly set forth in this Consent Order, except as to jurisdiction and venue, and paragraph 20, which he admits;

11. 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 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;

12. Agrees to provide immediate notice to this Court and the Commission by certified mail, in the manner required by paragraph 39 of Section 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 the 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, 7 U.S.C. § 13a-1(2018), as set forth herein.

#### **THE PARTIES AGREE AND THE COURT HEREBY FINDS:**

##### **A. FINDINGS OF FACT**

###### **1. 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, 7 U.S.C. §§ 1 *et seq.* (2018), and the Commission Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2020).

15. Defendant **Glen Galemmo** is a federal inmate in Salters, South Carolina. Galemmo was the sole owner of QFC, LLC. During the period February 18, 2010 through at

least July 17, 2013 (the “relevant period”), Galemmo controlled QFC, LLC’s commodity interest accounts. Galemmo was listed as a principal of QFC. On January 15, 2014, Galemmo pleaded guilty in a QFC related criminal case. *See United States v. Glen Galemmo*, Case No. 1:13-cr-00141-HJW.

## **2. Other Relevant Entities**

16. QFC, LLC also known as (“a/k/a”) Queen City Investments a/k/a Queen City Investment Fund II, LLC a/k/a Queen City Holdings, LLC a/k/a Queen City Hedge Fund, LLC (hereinafter “QFC”), was a limited liability company which had its principal place of business located in Cincinnati, Ohio. QFC was registered as a Commodity Pool Operator (“CPO”) with the National Futures Association (“NFA”) from April 1, 2011 through December 16, 2013, with Galemmo listed as QFC’s principal during this same period. On December 16, 2013, the NFA permanently barred QFC from NFA membership and from acting as a principal of an NFA membership based upon findings that QFC violated NFA rules by failing to uphold high standards of commercial honor and just and equitable principles of trade. QFC’s NFA membership ban became effective on December 31, 2013.

## **3. Statutory and Regulatory Background**

17. Prior to July 16, 2011, Section 1a(5) of the Act, 7 U.S.C. § 1a(5) (2006), defined a CPO or “commodity pool operator” as any firm or individual engaged in a business which is of the nature of an investment trust, syndicate, or similar form of enterprise, and that, in connection therewith, solicits, accepts, or receives from others funds, securities, or property, either directly through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market. Upon the effective date of Title VII of the Dodd-Frank Act on July 16, 2011, the

definition of a CPO was clarified, expanded, and re-designated in Section 1a(11) of the Act, 7 U.S.C. § 1a(11) (2018).

18. Sections 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(1)(A)-(C) (2018) make it unlawful:

for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person- (A) to cheat or defraud or attempt to cheat or defraud the other person; (B) willfully to make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record; [or] (C) willfully to deceive or attempt to deceive the other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for or, in the case of paragraph (2), with the other person.

19. Sections 4o(1)(A), (B) of the Act, 7 U.S.C. § 6o(1)(A), (B) (2018) make it unlawful for any ... commodity pool operator, or associated person of a commodity pool operator by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly —

- (A) to employ any device, scheme, or artifice to defraud any client or participant; or
- (B) to engage in any transaction, practice, or course of business which operates as a fraud or deceit on any client or participant or prospective client or participant.

#### **4. Galemmo's Fraudulent Operation**

20. On December 15, 2013, Galemmo signed a Plea Agreement and a Statement of Facts in *United States v. Glen Galemmo*, Case No. 1:13-cr-00141-HJW. The Statement of Facts attached to the Plea Agreement, ECF 2, is incorporated herein by reference.

21. During the relevant period, Galemmo controlled the operations of QFC. Galemmo and was the sole owner and principal of QFC. Galemmo exercised control over

various bank accounts held at US Bank and KeyBank (collectively, “QFC bank accounts”) into which pool participants’ funds were deposited.

22. During the relevant period, Galemmo, through QFC, solicited actual and prospective pool participants by offering them various investment opportunities including commodity futures, commodities, stocks, and bonds.

#### **5. Galemmo’s Misappropriation**

23. From at least February 2010 to July 2013, Galemmo received funds from individual pool participants, including, individuals, trusts, charitable organizations, and retirement accounts. During this period, Galemmo also received funds from some pool participants in the form of short term loans. Galemmo received these funds through interstate wire transfers and other instrumentalities of interstate commerce, including but not limited to mailings delivered by the United States Postal Service.

24. In April 2011, September 2011, and April 2013, Galemmo opened or caused to be opened four futures trading accounts at Interactive Brokers, LLC (“IBL”) in the name of QFC but only funded three of the accounts. During the life of these accounts, QFC traded various energy, grain, metals, and financial futures contracts.

25. In September 2012, Galemmo opened or caused to be opened three additional accounts in the name of QFC at Dorman Trading, LLC (“DTL”). During the life of these accounts, QFC traded various energy, grain, metals, and financial futures contracts.

26. Galemmo deposited approximately \$4.7 million into the futures accounts that he controlled at IBL and DTL. Galemmo also withdrew or caused to be withdrawn \$2.7 million in pool participants’ funds from these futures accounts.

27. The futures accounts at IBL and DTL that Galemmo controlled sustained total trading losses of approximately \$1.2 million.

28. During the relevant period, Galemmo, through QFC, acted as a CPO by soliciting and accepting funds from individuals and pooling those funds for the purpose of trading, among other things, futures contracts.

## **B. CONCLUSIONS OF LAW**

### **1. Jurisdiction and Venue**

29. This Court has jurisdiction over this action pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1 (2018), 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.

30. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e) (2018), because the Defendants reside in this jurisdiction and the acts and practices in violation of the Act occurred within this District.

### **2. Violation of Sections 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(1)(A)-(C) (2018): Fraud in Connection with Commodity Futures Contracts**

31. Section 4b(a)(1)(A)-(C) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C) (2018), provides, in relevant part, that it is unlawful for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person...(A) to cheat or defraud or attempt to cheat or defraud the



other person; (B) willfully to make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record; (C) willfully to deceive or attempt to deceive the other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for the other person.

32. By the conduct described in paragraphs 1 through 28 above, Galemmo, violated Section 4b(a)(1)(A)-(C) of the Act, by, among other things: (1) making misrepresentations concerning the Pool's performance record; (2) failing to disclose material information, including, that he was not properly registered as a CPO, that he only invested a small portion of pool participants' funds, and that the Pool sustained consistent net losses; (3) issuing or causing to be issued false account statements to pool participants reflecting positive returns for the Pool and increases in the value of individual pool participants' interest; (4) misappropriating pool participant funds by using such funds to pay principal and purported returns to other pool participants; and (5) misappropriating pool participant funds to pay other business and personal expenses.

**3. Violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2018): Fraud by a Commodity Pool Operator**

33. Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2018), prohibits CPOs from using the mails or any other means or instrumentality of interstate commerce to (A) employ any device, scheme or artifice to defraud any client or participant or prospective client or participant; or (B) engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or participant or prospective participant.

34. By the conduct described in paragraphs 1 through 28 above, Galemmo acted as a CPO by soliciting, accepting, or receiving funds from others while engaged in a business that is

of the nature of a commodity pool, investment trust, syndicate, or similar form of enterprise, for the purpose of, among other things, trading in futures.

35. Galemmo violated Section 4o(1)(A) and (B) of the Act, in that he employed or is employing a device, scheme or artifice to defraud actual and prospective pool participants or engaged or is engaging in transactions, practices, or a course of business which operated or operates as a fraud or deceit upon the pool participants or prospective pool participants. The fraudulent acts include distributing false account statements to pool participants.

36. Unless restrained and enjoined by this Court, there is a reasonable likelihood that the Defendant will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act and Commission Regulations.

#### **IV. PERMANENT INJUNCTION**

##### **IT IS HEREBY ORDERED THAT:**

37. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2018), Galemmo and any of his agents, servants, employees, assigns, attorneys, and persons in active concert or participation with him, including successors thereof are permanently restrained, enjoined and prohibited from directly or indirectly:

- (a) in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person - (1) cheating or defrauding or attempting to cheat or defraud any person; (2) willfully making or causing to be made to any person any false report or statement or causing to be entered for any person any false record; or (3) willfully deceiving or attempting to deceive any person by any means

whatsoever in violation of Section 4b(a)(1)(A)-(C) of the Act, 7 U.S.C.

§ 6b(a)(1)(A)-(C) (2018); and

- (b) by use of the mails or any means or instrumentality of interstate commerce and while acting as a CPO as that term is defined by Section 1a(11) of the Act, 7 U.S.C. § 1a(11) (2018): (1) employing any device, scheme or artifice to defraud any client or participant or prospective client or participant; or (2) engaging in any transaction, practice or course of business which operates as a fraud or deceit upon any client or participant in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2018).

38. 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(40) of the Act, 7 U.S.C. § 1a(40) (2018));
- (b) Entering into any transactions involving “commodity interests” (as that term is defined in Regulation 1.3(yy), 17 C.F.R. § 1.3(yy) (2020) for their own personal account or for any account in which they have a direct or indirect interest;
- (c) Having any commodity interests 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 interests;
- (e) Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;

- (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) (2020); and/or
- (g) Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2020), an agent or any other officer or employee of any person (as that term is defined in Section 1a(38) of the Act, 7 U.S.C. § 1a(38) (2018)) 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) (2020).

#### V. MISCELLANEOUS PROVISIONS

39. 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:

Paul G. Hayeck, Esq.  
Deputy Director  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W., Seventh Floor  
Washington, D.C. 20581

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

40. 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.

41. 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.

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

43. Acknowledgements: Upon being served with copies of this Consent Order after entry by the Court, the Defendant shall sign acknowledgements of such service and serve such acknowledgements on the Court and the Commission within ten (10) calendar days.

44. 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 the Defendant to modify or for relief from the terms of this Consent Order.

45. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon the 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 the Defendant.

46. 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.

47. Defendant understands that the terms of the Consent Order are enforceable through contempt proceedings, and that, in any such proceedings they 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 and Other Equitable Relief Against Defendant Glen Galemmo*.

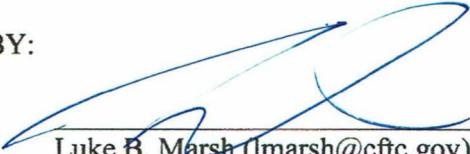
**IT IS SO ORDERED** on this 12th day of August, 2021.

/s/ Michael R. Barrett

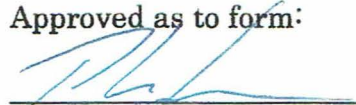
HONORABLE Michael R. Barrett  
UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:

  
Defendant Glen Galemmo  
Date: June 1, 2021

  
Luke B. Marsh (lmarsh@cftc.gov)  
Division of Enforcement  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street N.W.  
Washington, D.C. 20581  
Telephone: (202) 418-5000  
Facsimile: (202) 418-5937  
COMMODITY FUTURES TRADING  
COMMISSION  
Date: 08/02/2021

Approved as to form:



Paul M. Laufman  
Laufman/Napolitano LLC  
4310 Hunt Road  
Cincinnati, Ohio 45242  
Telephone: (513) 561-4556  
Facsimile: (513) 561-5563  
plaufman@LF-lawfirm.com  
Attorney for Glen Galemme

Date: 6/14/21