

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

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)	
COMMODITY FUTURES TRADING)	CIVIL ACTION NO: 23-cv-1887
COMMISSION,)	
)	COMPLAINT FOR INJUNCTIVE
Plaintiff,)	RELIEF, CIVIL MONETARY
)	PENALTIES, RESTITUTION, AND
v.)	OTHER EQUITABLE RELIEF
)	UNDER THE COMMODITY
WALTER DUNNING LARRICK, III and)	EXCHANGE ACT AND
CAMBRIDGE FINANCIAL ADVISORS)	COMMISSION REGULATIONS
LLC)	
)	
Defendants.)	
_____)	

The Commodity Futures Trading Commission (“Commission”), by and through its attorneys, hereby alleges as follows:

I. SUMMARY

1. Since at least November 2020 and continuing through at least January 2023 (the “Relevant Period”) Cambridge Financial Advisors, LLC (“Cambridge”), which at all relevant times was controlled by Walter Dunning Larrick, III (“Larrick”) (collectively with Cambridge, “Defendants”) fraudulently solicited persons (“Pool Participants”) to deposit money with Cambridge for the purposes of trading futures contracts (“futures”) and options on futures contracts (“options”); failed to disclose and/or concealed material information from prospective and actual Pool Participants; and made and/or assisted in making fake trading statements available to Pool Participants. Additionally, Defendants misappropriated Pool Participants’

funds. Pursuant to this scheme, Defendants obtained at least \$3,644,817.52 from at least 70 Pool Participants for the purported purpose of trading futures and options.

2. Cambridge knowingly made fraudulent material misrepresentations and omissions, in both oral conversations and written communications, in order to persuade prospective and actual Pool Participants to transfer money to Defendants for the purposes of engaging in commodities trading.

3. Cambridge made material misrepresentations and omissions about, among other things, Cambridge's history, registration status, trading profitability and strategy, security of Pool Participants' funds, that Defendants stole Pool Participant funds rather than trade them, and otherwise engaged in a Ponzi scheme.

4. Instead of trading as promised, Defendants misappropriated Pool Participants' funds. Most of the funds deposited by Pool Participants were transferred offshore to bank accounts in Costa Rica. Pool Participants' funds were also used to pay Larrick's personal living expenses and to make payments to other Cambridge Pool Participants in a manner akin to a Ponzi scheme.

5. To conceal their misappropriation, Cambridge created and provided access to fake online account statements that misrepresented trading returns purportedly earned by Cambridge Pool Participants.

6. Larrick formed Cambridge by registering it with the Texas Secretary of State, served as its registered agent, and at various times held himself as the "sole owner" and "owner with control" of Cambridge. Additionally, Larrick was the sole signatory on various bank accounts held in the name of Cambridge into which Pool Participants deposited their funds for the purposes of trading futures and options.

7. By virtue of this conduct and the conduct further described herein, Cambridge has engaged in acts and practices that violate Sections 4b(a)(1)(A)–(C), 4c(b), 4o(1), and 4m(1) of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 6b(a)(1)(A)–(C), 6c(b), 6o(1), and 6m(1) and Commission Regulations (“Regulations”) 4.20(a)(1), (b) and 33.10, 17 C.F.R. § 4.20(a)(1), (b) and 33.10 (2022) and Larrick has engaged in acts and practices that violated 7 U.S.C. §§ 6b(a)(1)(A),(C) and 6c(b) and Regulation 33.10.

8. At all times during the Relevant Period, Larrick’s acts were committed within the scope of his employment, agency, or office with Cambridge. Therefore, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2022), Cambridge is liable as a principal for Larrick’s actions in violation of the Act.

9. At all times during the Relevant Period, Larrick was the controlling person of Cambridge and knowingly induced the underlying violations or failed to act in good faith. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Larrick is liable as the controlling person for the actions of Cambridge in violation of the Act and Regulations.

10. Unless restrained and enjoined by this Court, Defendants will likely continue to engage in acts and practices alleged in this Complaint and similar acts and practices, as described below.

11. Accordingly, the Commission brings this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, to enjoin Defendants’ unlawful acts and practices and to compel their compliance with the Act and the Regulations promulgated thereunder. In addition, the Commission seeks civil monetary penalties, restitution, and remedial ancillary relief, including, but not limited to, trading and registration bans, disgorgement, rescission, pre- and post-

judgment interest, and such other and further relief as the Court may deem necessary or appropriate.

II. JURISDICTION AND VENUE

12. This Court has jurisdiction over this action under 28 U.S.C. § 1331 (federal question jurisdiction) and 28 U.S.C. § 1345 (district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a) authorizes the Commission to seek injunctive relief against any person whenever it shall appear that such person has engaged, is engaging, or is about to engage in any act or practice that violates any provision of the Act or any rule, regulation, or order promulgated thereunder.

13. Venue properly lies with this Court under Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), because Defendants transacted business in this District, and the acts and practices in violation of the Act occurred within this District.

III. PARTIES

14. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with the responsibility for enforcing the provisions of the Act, 7 U.S.C. §§ 1–26, and the Regulations promulgated thereunder, 17 C.F.R. Pt. 1–190 (2022).

15. Defendant **Walter Dunning Larrick, III** is a resident of Corpus Christi, Texas and is the sole owner of Cambridge Financials and signatory for its bank accounts. Larrick has never been registered with the Commission. Upon information and belief, Larrick is currently residing in Costa Rica.

16. Defendant **Cambridge Financial Advisors, LLC** is a Texas Limited Liability Company formed on September 10, 2020. Cambridge’s address is listed in a corporate filing as Fredericksburg, TX. According to its website, Cambridge also maintained a virtual office in the United Kingdom. Cambridge has never been registered with the Commission.

IV. FACTS

A. Cambridge Fraudulently Solicitated Pool Participants

17. During the Relevant Period, Cambridge, by and through its employees and agents, engaged in a scheme to fraudulently solicit prospective Pool Participants to deposit money for the purposes of trading futures and options.

18. On September 10, 2020, Larrick registered the entity Cambridge Financial Advisors LLC with the Texas Secretary of State and listed himself as its registered agent.

19. On November 02, 2020, Larrick opened a Chase Performance Business Checking account under the name of Cambridge Financial Advisors LLC (“Chase Account”). Larrick was the sole signatory on the Chase Account. Shortly thereafter, on January 8, 2021, Larrick opened another account in the name of Cambridge Financial Advisors LLC, this time a Navigate Business Checking account with Wells Fargo Bank, N.A. (“Wells Fargo Account”). The application for the Wells Fargo Account identifies Larrick as the “Sole Owner” and the “Owner with Control” of Cambridge. Larrick is the sole authorized signatory on the Wells Fargo Account. On September 15, 2021, Larrick opened a third bank account in the name of Cambridge Financial Advisors LLC—a Bank of America, N.A. Business Advantage Checking (“BOA Account,” collectively with the Chase Account and Wells Fargo Account the “Cambridge Bank Accounts” or the “pool”). The application for the BOA Account identifies Larrick as the “Managing Member.” Larrick is the sole signatory on the BOA Account.

20. Prospective Pool Participants were initially contacted via telephone, including, on some occasions, unsolicited “cold calls,” by individuals purporting to be sales associates or traders working on behalf of Cambridge. Upon information and belief, these telephone calls were made by individuals working for call centers operated by as-yet unidentified co-conspirators located in Costa Rica.

21. To entice prospective Pool Participants to deposit money with Cambridge for the purpose of trading futures and options, Cambridge falsely and fraudulently represented during these telephone calls that, *inter alia*:

- (i) Cambridge had been in business for over 20 years and had a history of providing clients with profitable returns;
- (ii) Cambridge was a U.S.-based company and Pool Participants’ funds would be maintained by Cambridge in a bank account located in the U.S.;
- (iii) Pool Participants’ funds would be used to trade futures and options, including natural gas, oil, and gold, which Cambridge purportedly purchased in large “blocks” and at a discounted rate;
- (iv) Cambridge employed a hedging strategy that ensured the profitability of its trading regardless of whether the price of the underlying commodity rose or fell;
- (v) Cambridge would receive a commission of 15% of trading profits; and
- (vi) Pool Participants could withdraw their funds at any time.

22. On some occasions Cambridge also provided marketing materials to potential Pool Participants which indicated that Cambridge was “represented by a team of professionals with extensive experience in the markets,” that it “specialize[d] in the futures and options markets,” and that in 2019 it had “made a positive revenue on approximately 85% of the trading days with remaining 15% of trading showing mostly relatively immaterial negative revenue.”

23. In furtherance of its scheme, Cambridge also maintained a website, cambridgefinancials.com. The website described Cambridge as a “leading commodities brokerage firm” that is “current and involved in trading all commodities.”

24. On at least one occasion, Cambridge contacted a prospective Pool Participant while posing as a representative of the Securities and Exchange Commission (“SEC”) for the purported purpose of providing “independent verification” that Cambridge was not engaged in fraud.

25. These statements were false. As set forth more fully below, Defendants did not use any Pool Participant funds to trade futures or options. Rather, the majority of Pool Participants’ funds were transferred offshore to bank accounts in Costa Rica. Certain other Pool Participants’ funds were used by Defendants to pay for Larrick’s personal living expenses or to make payments to other Cambridge Pool Participants in a manner akin to a Ponzi scheme. Additionally, Defendants repeatedly failed to return Pool Participant funds upon request.

26. Cambridge also, willfully or with reckless disregard for the truth, failed to disclose material information, including that:

- (i) Cambridge was not registered with the Commission and thus was not legally authorized to trade futures or options with Pool Participant funds;
- (ii) Pool Participants’ funds were not used to trade futures or options as promised; and
- (iii) the majority of Pool Participant funds were misappropriated and used for purposes other than trading futures and options.

27. Based on Cambridge’s material misrepresentations and omissions, at least 70 persons deposited at least \$3,644,817.52 into Cambridge Bank Accounts for purposes of trading futures and options.

B. Defendants Misappropriated Pool Participant Funds

28. Once prospective Pool Participants indicated their desire to trade through the Cambridge pool, Cambridge would send, via email, trading account funding instructions, which directed Pool Participants to send funds by wire or check to one of the Cambridge Bank Accounts, which were controlled and managed by Larrick.

29. Rather than use Pool Participants' funds for trading futures and options, as Cambridge had represented it would, Defendants instead misappropriated the majority of the money.

30. Of the \$3,644,817.52 deposited by Pool Participants, \$2,831,748, was sent offshore to various bank accounts in Costa Rica. None of the Costa Rican accounts ever returned any of those funds to the Cambridge Bank Accounts. Additionally, Larrick withdrew approximately \$116,615 in cash and spent approximately \$34,805 on various personal expenses, including food and entertainment, Ubers, airline travel, Airbnb rentals, hotels, and video games. Additionally, approximately \$388,942 was used to make Ponzi-like payments to Cambridge Pool Participants.

31. For example, on April 20, 2021, two customers deposited funds totaling \$20,424 into the Wells Fargo Account. Pool Participant TD deposited \$5,000 via check and noted in the memo field that the funds were intended for "Options Investing." Pool Participant JD deposited \$15,424 via check into the Wells Fargo Account noting in the memo that the funds were intended for "Oil Options." On the same day as those deposits, Larrick, as the sole signatory on the account, caused \$18,000 to be wired to a bank account in Costa Rica.

32. Similarly, on July 16, 2021, Pool Participant SG deposited \$7,200 via check into the Wells Fargo Account. The memo indicated that the deposit was intended for “Oil Futures.” Four days later, Larrick caused \$8,879.24 to be wired to another bank account in Costa Rica.

C. Cambridge Issued False Account Statements

33. Pool Participants who deposited funds with Cambridge received an email from info@cambridgefinancials.com providing an ID password and Account Number to access their trading statements through Cambridge’s online platform.

34. The trading statements accessible through Cambridge’s online portal purported to reflect deposits made by the Pool Participants as well as transaction-level details related to purported trades in futures and options made by Cambridge, including the date, whether the transaction is a buy or sell, strike price, contract expiration, underlying commodity, whether it is a call or put, purchase price, market value, sell premium, “Total Trade Sell,” and commission. In addition, the Account Statements contained a “Transaction Summary” purporting to reflect the amount of “Active Purchases,” “Total Market Value,” “Deposits,” and “Earnings.”

35. These online account statements were fake and purported to reflect trading activity that never occurred.

36. For example, Pool Participant RM’s fake online account statement reflected “Earnings” of \$569,508 on deposits totaling \$60,000 during the approximately nine-month period of September 2021 to June 2022. Pool Participant SM’s fake online account statement reflected “Earnings” of \$1,619,096 over the period of May 2021 through June 2022 based on deposits totaling \$141,000. These “Earnings” were false because there was no trading, as promised, and no profits earned from trading or otherwise.

D. Defendants' Fraudulent Scheme Unravels

37. During the Relevant Period, when a Pool Participant requested the return of his funds, Cambridge would suggest that, instead of withdrawing funds, the Pool Participant should reinvest the funds into new "blocks" of futures or options contracts.

38. Cambridge would also make excuses as to why it could not process a requested withdrawal and/or engaged in other conduct designed to delay payouts as long as possible, such as failing to respond to telephone calls of Pool Participants seeking withdrawal.

39. As a result of this conduct, despite repeated requests by Pool Participants many Pool Participants were able to withdraw their funds. Indeed, of the \$3,644,817.52 deposited by Pool Participants only \$388,942 (approximately 10%) was returned to Pool Participants.

40. In or around the summer of 2022, Cambridge ceased communicating entirely with certain Pool Participants seeking returns of their funds. Those Pool Participants discovered that Cambridge's telephone lines were disconnected and that the Cambridgefinancials.com website, including the customer portal where Pool Participants could access their account statements, had stopped working.

E. Cambridge Failed to Register with the Commission

41. During the Relevant Period, Cambridge was acting as an unregistered CPO by soliciting funds from individuals for a commodity pool for the purposes of trading futures and options.

42. Cambridge used telephone, emails, wire transfers, internet, and other means or instrumentalities of interstate commerce to solicit, accept and receive Pool Participants' funds for the purposes of trading futures and options.

43. During the Relevant Period, Cambridge was never registered as a CPO and was not exempt or excluded from registration as a CPO.

F. Larrick is a Controlling Person of Cambridge

44. Cambridge is a single member limited liability company formed in Texas. Larrick formed Cambridge with the Texas Secretary of State, designated himself as Cambridge's registered agent, and provided a family member's residential address as the registered office address for Cambridge.

45. Larrick also opened and was the sole signatory on the Cambridge Bank Accounts. At various times, Larrick represented to the banks holding the Cambridge Bank Accounts that he was the sole owner or managing member of Cambridge.

46. Larrick authorized all transactions in the Cambridge Bank Accounts.

47. As such, Larrick is liable for Cambridge's violations of the Act and Regulations pursuant to Section 13(b) of the Act, because he controlled Cambridge and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting Cambridge's violations.

G. Larrick Was An Agent of Cambridge

48. Each of the actions taken by Larrick, as described herein, were within the scope of his employment or office with Cambridge. As such, Larrick was acting as an agent of Cambridge.

V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

COUNT ONE

**Violations of Sections 4b(a)(1)(A)–(C) of the Act, 7 U.S.C. § 6b(a)(1)(A)–(C)
(Fraud by Misappropriation, Misrepresentations and Omissions, and False Statements)**

49. The allegations in Paragraphs 1 through 48 are re-alleged and incorporated herein by reference.

50. 7 U.S.C. § 6b(a)(1)(A)–(C) makes it unlawful:

- (1) [F]or 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.

51. Defendants, by use of the mails or by any means or instrumentality of interstate commerce, directly or indirectly, knowingly or recklessly misappropriated Pool Participant funds; and, additionally Cambridge made material misrepresentations and omissions with scienter regarding, among other things, the profitability of trading commodities with Cambridge; and Cambridge issued false account statements to conceal Defendants' fraudulent conduct.

52. By reason of the foregoing, Cambridge violated 7 U.S.C. § 6b(a)(1)(A)–(C) and Larrick violated 7 U.S.C. § 6b(a)(1)(A), (C).

53. The foregoing acts, misrepresentations, omissions, and failures occurred within the scope of Larrick's employment or office with Cambridge. Therefore, Cambridge is liable for his acts, misrepresentations, omissions, and failures in violation of 7 U.S.C. § 6b(a)(1)(A), (C) pursuant to 7 U.S.C. § 2(a)(1)(B) and 17 C.F.R. § 1.2.

54. Larrick controls Cambridge, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Cambridge's conduct alleged in this Count. Therefore,

under 7 U.S.C. § 13c(b), Larrick is liable for Cambridge's violations of 7 U.S.C. § 6b(a)(1)(A)–(C).

55. Each misappropriation, misrepresentation and omission of material fact, and false statement, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of 7 U.S.C. § 6b(a)(1)(A)–(C).

COUNT TWO
Violations of Section 4c(b) of the Act, 7 U.S.C. § 6c(b) and Regulation 33.10, 17 C.F.R. § 33.10 (2022)
(OPTIONS FRAUD)

56. The allegations in Paragraphs 1 through 48 are re-alleged and incorporated herein by reference.

57. 7 U.S.C. § 6c(b) provides “No person shall offer to enter into, enter into or confirm the execution of any transaction involving any commodity regulated under this Act which is of the character of, or is commonly known in the trade as, an “option”, ... “bid”, ... “offer”, ... “put” [or] “call” ... contrary to any rule [or] regulation, of the Commission . . . prohibiting any such transaction or allowing any such transaction under such terms and conditions as the Commission shall prescribe.”

58. 17 C.F.R. § 33.10 provides that:

It shall be unlawful for any person directly or indirectly -- (a) To cheat or defraud or attempt to cheat or defraud any other person; (b) To make or cause to be made to any other person any false report or statement thereof or cause to be entered for any person any false record thereof; or (iii) To deceive or attempt to deceive any other person by any means whatsoever in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction.

59. Cambridge, through use of the mails or any means or instrumentality of interstate commerce, violated 7 U.S.C. 6c(b) and 17 C.F.R. § 33.10 (2022), directly and/or through its

officers, employees or agents, by, among other things: (1) misappropriating Pool Participant funds; (2) making material misrepresentations and omissions with scienter regarding, among other things, the profitability of trading commodities with Defendants; and (3) issuing false account statements to conceal their fraudulent conduct.

60. Larrick, through his use of the mails or any means or instrumentality of interstate commerce, violated 7 U.S.C. 6c(b) and 17 C.F.R. § 33.10 (2022) by, among other things, misappropriating Pool Participants' funds.

61. Defendants engaged in the acts and practices described above willfully or with reckless disregard for the truth.

62. The foregoing acts occurred within the scope of Larrick's employment or office with Cambridge. Therefore, Cambridge is liable for his acts in violation of 7 U.S.C. 6c(b) and 17 C.F.R. § 33.10 (2022) pursuant to 7 U.S.C. § 2(a)(1)(B) and 17 C.F.R. § 1.2.

63. Larrick controls Cambridge, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Cambridge's conduct alleged in this Count. Therefore, under 7 U.S.C. § 13c(b), Larrick is liable for Cambridge's violations of 7 U.S.C. 6c(b) and 17 C.F.R. § 33.10 (2022).

64. Each act of fraudulent solicitation, misappropriation, omission, and false statement or report by Defendants including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of 7 U.S.C. 6c(b) and 17 C.F.R. § 33.10 (2022).

COUNT THREE
Violations of Section 4o(1) of the Act, 7 U.S.C. § 6o(1)
(Fraud and Deceit by a CPO)

65. The allegations in Paragraphs 1 through 48 are re-alleged and incorporated herein by reference.

66. 7 U.S.C. § 6o(1) prohibits CPOs, whether registered with the Commission or not, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, from (A) employing devices, schemes or artifices to defraud any client or participant or prospective client or participant, or (B) engaging in transactions, practices, or courses of business which operate as a fraud or deceit upon any client or participant or prospective client or participant.

67. Section 1a(11)(A)(i), 7 U.S.C. § 1a(11)(A)(i), defines a CPO, in relevant part, as any person:

engaged in a business that is of the nature of a commodity pool, investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts, or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in commodity interests, including any—

I. commodity for future delivery, security futures product, or swap
[or]

...

III. any commodity option authorized under Section 4c[.]

68. During the Relevant Period, Cambridge solicited funds, securities, or property for a pooled investment vehicle for the purpose of engaging in futures and options trading; therefore, Cambridge was acting as a CPO, as defined by 7 U.S.C. § 1a(11).

69. Cambridge, while acting in an unregistered capacity, through use of the mails or any means or instrumentality of interstate commerce: (1) misappropriated Pool Participant funds; (2) made material misrepresentations and omissions with scienter regarding, among other things, the profitability of trading commodities with Cambridge; and (3) issued false account statements to conceal its fraudulent conduct.

70. By reason of the foregoing, Cambridge violated 7 U.S.C. § 6o(1).

71. Larrick controls Cambridge, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Cambridge's conduct alleged in this Count. Therefore, under 7 U.S.C. § 13c(b), Larrick is liable for Cambridge's violations of 7 U.S.C. § 6o(1).

72. Each misappropriation, misrepresentation and omission of material fact, and false statement, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of 7 U.S.C. § 6o(1).

COUNT FOUR
Violations of Section 4m(1) of the Act, 7 U.S.C. § 6m(1)
(Failure to Register as a CPO)

73. The allegations in Paragraphs 1 through 48 are re-alleged and incorporated herein by reference.

74. 7 U.S.C. § 1a(11)(A)(i), defines a CPO, in relevant part, as any person:

engaged in a business that is of the nature of a commodity pool, investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts, or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in commodity interests, including any—

I. commodity for future delivery, security futures product, or swap
[or]

. . .

III. any commodity option authorized under Section 4c[.]

75. Subject to certain exceptions and exemptions not relevant here, 7 U.S.C. § 6m(1), makes it “unlawful for any . . . [CPO], unless registered under this chapter, to make use of the mails or any means or instrumentality of interstate commerce in connection with his business as such . . . [CPO] . . .”.

76. During the Relevant Period, Cambridge operated or solicited funds, securities, or property for a pooled investment vehicle from pool participants for the purpose of trading

commodities; thus, Cambridge acted as a CPO within the meaning of 7 U.S.C. § 1a(11), and violated 7 U.S.C. § 6m(1), by using the mails or other means or instrumentalities of interstate commerce in connection with its business as a CPO without being registered with the Commission as such.

77. Larrick controls Cambridge, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Cambridge's conduct alleged in this Count. Therefore, under 7 U.S.C 13c(b), Larrick is liable for Cambridge's violations 7 U.S.C. § 6m(1).

78. Each use by Cambridge of the mails or other means or instrumentalities of interstate commerce in connection with their business as a CPO without registration with the Commission is alleged as a separate and distinct violation.

COUNT FIVE

Violation of Regulation 4.20(a)(1), (b), 17 C.F.R. § 4.20(a)(1), (b) (2022) Failure To Operate Pool as Separate Entity and Failure To Receive Pool Participant Funds in Pool's Name

79. The allegations in Paragraphs 1 through 48 are re-alleged and incorporated herein by reference.

80. 17 C.F.R. § 4.20(a)(1) (2022) requires a CPO, whether registered or not, to operate its commodity pool as a legal entity separate from that of the CPO.

81. 17 C.F.R. § 4.20(b) (2022) prohibits a CPO, whether registered or not, from receiving pool funds in any name other than that of the pool.

82. During the Relevant Period, Cambridge, while unregistered and acting as a CPO, violated 17 C.F.R. § 4.20(a)(1), (b) (2022) by failing to operate the commodity pool as a legal entity separate from Cambridge and failing to receive Pool Participant funds in the pool's name.

83. Larrick controls Cambridge, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, Cambridge's conduct alleged in this Count. Therefore,

under 7 U.S.C 13c(b), Larrick is liable for Cambridge's violations 17 C.F.R. § 4.20(a)(1), (b) (2022).

84. Each occasion of failing to operate a pool as a legal entity separate from that of the CPO and improperly receiving Pool Participants' funds, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of 17 C.F.R. § 4.20(a)(1), (b)(2022).

VI. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and under the Court's own equitable powers, enter an order:

a) finding that Defendants violated, Sections 4b(a)(1)(A)–(C), 4c(b), 4m(1), and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)–(C), 6c(b), 6m(1), and 6o(1), and Regulations 4.20(a)(1), (b) and 33.10, 17 C.F.R. §§ 4.20(a)(1), (b) and 33.10 (2022).

b) of permanent injunction permanently restraining, enjoining, and prohibiting Defendants, and any other person or entity associated with them, from engaging in conduct described above, in violation of 7 U.S.C. §§ 6b(a)(1)(A)–(C), 6c(b), 6m(1), and 6o(1) and 17 C.F.R. §§ 4.20(a)(1), (b) and 33.10 (2022);

c) of permanent injunction prohibiting Defendants and any of their affiliates, agents, servants, employees, successors, assigns, attorneys, and persons in active concert or participation with Defendants, from directly or indirectly:

- (i) 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(40));
- (ii) entering into any transactions involving “commodity interests” (as that term is defined in Commission Regulation 1.3, 17 C.F.R. § 1.3 (2022)), for Defendants'

own accounts or for any account in which they have a direct or indirect interest;

- (iii) having any commodity interests traded on Defendants' behalf;
- (iv) 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;
- (v) soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;
- (vi) 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) (2022);
- (vii) acting as a principal (as that term is defined in Commission Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2022)), agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission except as provided for in Regulation 4.14(a)(9);

d) directing Defendants, as well as any third-party transferee and/or successors thereof, to disgorge pursuant to such procedure as the Court may order, all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues, and trading profits derived, directly or indirectly, from acts or practices which constitute violations of the Act as described herein, including pre-judgment and post-judgment interest;

e) requiring Defendants as well as any successors thereof, to make full restitution to every person who has sustained losses proximately caused by the violations described herein, including pre-judgment and post-judgment interest;

f) directing Defendants as well as any third-party transferee and/or successors thereof, to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between them and any of the Pool Participants whose funds were received by them as a result of the acts and practices that constituted violations of the Act, as described herein;

g) directing Defendants to pay civil monetary penalties, to be assessed by the Court, in an amount not more than the penalty prescribed by 7 U.S.C. § 13a-1(d)(1) as adjusted for inflation under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. No. 114–74, , title VII, Section 701, 129 Stat. 584, 599–600, *see* 17 C.F.R. § 143.8 (2022), for each violation of the Act, as described herein;

h) requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2413(a)(2); and

i) providing such other and further relief as the Court deems proper.

Dated: August 23, 2023

Respectfully submitted,

/s/ Sarah Matlack Wastler

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COMMODITY FUTURES TRADING

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