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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SAN FRANCISCO, CALIF.

9 IN THE UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 U.S. COMMODITY FUTURES)
12 TRADING COMMISSION)

13 Plaintiff,)

14 v.)

15)
16 AMERICAN BULLION EXCHANGE)
17 ABEX, CORP., a California)
18 corporation, AMERICAN BULLION)
19 EXCHANGE, LLC, a California limited)
liability company and RYAN A.)
NASSBRIDGES,)

20 Defendants, and)

21)
22 AMERICAN PREFERRED)
23 COMMODITIES APC CORP., a)
24 California corporation, R.E. LLOYD)
25 COMMODITIES GROUP HOLDING)
26 LLC, a California limited liability)
27 company and BITA J. NASSBRIDGES,)

28 Relief Defendants.)

SACV10-01876 DOC (PWBx)

Complaint for Injunctive Relief,
Civil Monetary Penalties and
Ancillary Equitable Relief
Under the Commodity
Exchange Act, As Amended,
7 U.S.C. §1 *et seq.* (2006), and
Commission Regulations, 17
C.F.R. § 1.1 *et seq.* (2007)

I. SUMMARY

1
2 1. From at least July 2006 through April 2008 (the “relevant period”),
3 American Bullion Exchange ABEX Corp. (“ABEX Corp.”) and American Bullion
4 Exchange, LLC (“ABEX LLC”), acting as a common enterprise (collectively, “the
5 ABEX Enterprise”), and Ryan A. Nassbridges (“R. Nassbridges”) (collectively,
6 “Defendants”) fraudulently operated a commodity pool and defrauded at least 80
7 individuals of approximately \$5.5 million in connection with the trading of
8 commodity futures contracts (“futures”) and options on commodity futures
9 (“options”).
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13 2. Defendants solicited funds from individuals for the represented
14 purpose of investing in gold bullion, palladium bullion, platinum bullion, silver
15 bullion, gold coins and silver coins (collectively, “bullion and coins”) on their
16 behalf. In soliciting participants, Defendants made material misrepresentations and
17 omissions, including that: (1) Defendants would only invest participants’ funds in
18 bullion and coins; (2) participants’ funds would be maintained in segregated
19 accounts; (3) Defendants’ investments were insured against loss by Lloyd’s of
20 London; (4) Defendants would use stop-loss orders to protect participants from any
21 loss of their principal; and (5) R. Nassbridges was registered with the Commodity
22 Futures Trading Commission (“Commission”).
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26 3. Contrary to the represented investment strategy, Defendants used a
27 significant portion of participants’ funds to trade commodity futures and options,
28

1 including gold and silver futures, and sustained overall trading losses of
2 approximately \$2.2 million. In their solicitations and throughout their scheme,
3 Defendants never disclosed to participants that Defendants intended to use
4 participant funds to trade commodity futures and options or that Defendants'
5 commodity futures and options trading sustained significant losses. Likewise,
6 Defendants never disclosed to participants the risks of trading commodity futures
7 and options.
8
9

10 4. Defendants also misappropriated millions of dollars of participant
11 funds to trade commodity futures and options for their own benefit, to pay for
12 personal expenses, to funnel to third parties and to make payments to pool
13 participants in a manner akin to a Ponzi scheme. R. Nassbridges used participant
14 funds to pay, among other things, mortgage payments of approximately \$586,100,
15 credit card debts of approximately \$305,000 and car payments of approximately
16 \$90,100.
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19 5. Defendants, through R. Nassbridges, funneled participant funds to: (1)
20 bank accounts that R. Nassbridges held jointly with his wife, Bitia Nassbridges ("B.
21 Nassbridges"); (2) bank accounts held by third parties that were controlled by R.
22 Nassbridges, American Preferred Commodities APC Corp. ("APC") and R.E.
23 Lloyd Commodities Group Holding LLC ("R.E. Lloyd"); and (3) trading accounts
24 held by R. Nassbridges, his wife and ABEX Corp. APC, R.E. Lloyd and B.
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1 Nassbridges (collectively, "Relief Defendants"), did not provide any apparent
2 legitimate services nor have any interest or entitlement to participant funds.
3

4 6. Defendants have not returned funds to participants since at least since
5 April 2008.

6 7. To conceal his fraudulent operations and misappropriation, R.
7 Nassbridges provided false and misleading testimony to the Commission.
8

9 8. By the aforementioned conduct, Defendants have engaged, are
10 engaging in, or are about to engage in practices that violate the provisions of the
11 Commodity Exchange Act, as amended ("CEA"), 7 U.S.C. §1 *et seq.* (2006) and
12 Commission Regulations ("Regulation") 17 C.F.R. § 1.1 *et seq.* (2007).
13

14 9. Specifically, Defendants' fraudulent acts violated the following anti-
15 fraud provisions of CEA and Regulations: Sections 4b(a)(2)(i) and (iii), 4c(b) and
16 4o(1) of the CEA, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), 6c(b) and 6o(1) (2006), and
17 Regulations 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2007).
18

19 10. In soliciting and accepting funds from individuals and pooling funds
20 for the purpose of trading commodity futures and options, ABEX Corp. and ABEX
21 LLC were acting as commodity pool operators ("CPO") and R. Nassbridges was
22 acting as an Associated Person ("AP") of ABEX Corp. and ABEX LLC without
23 being registered with the Commission as required. ABEX Corp. and ABEX LLC's
24 failure to register with the Commission as CPOs violates Section 4m(1) of the
25 CEA, 7 U.S.C. § 6m(1) (2006). R. Nassbridges' failure to register as an AP of
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1 ABEX Corp. and ABEX LLC violates Section 4k(2) of the CEA, 7 U.S.C. § 6k(2)
2 (2006). Defendants also violated CPO related regulations, specifically Regulations
3 4.20(a)(1) and (b), 4.21 and 4.22, 17 C.F.R. §§ 4.20(a)(1) and (b), 4.21 and 4.22
4 (2007).
5

6 11. At all relevant times, R. Nassbridges was acting as an officer,
7 employee or agent of ABEX Corp. and ABEX LLC. Therefore, pursuant to
8 Section 2(a)(1)(B) of the CEA, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2,
9 17 C.F.R. § 1.2 (2007), ABEX Corp. and ABEX LLC are liable for R.
10 Nassbridges' violations of Sections 4b(a)(2)(i) and (iii), 4c(b), 4k(2) and 4o(1) of
11 the CEA, 7 U.S.C. §§ 6b(a)(2)(i) and (iii), 6c(b), 6k(2) and 6o(1) (2006), and
12 Regulations 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2007).
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16 12. R. Nassbridges directly or indirectly controlled ABEX Corp. and
17 ABEX LLC and did not act in good faith, or knowingly induced, directly or
18 indirectly, the acts constituting ABEX Corp. and ABEX LLC's violations of
19 Sections 4b(a)(2)(i) and (iii), 4c(b), 4m(1) and 4o(1) of the CEA, 7 U.S.C.
20 §§ 6b(a)(2)(i) and (iii), 6c(b), 6m(1) and 6o(1), and Regulations 4.20(a)(1) and (b),
21 4.21, 4.22 and 33.10(a) and (c), 17 C.F.R. §§ 4.20(a)(1) and (b), 4.21, 4.22 and
22 33.10(a) and (c) (2007), and is therefore liable as a controlling person pursuant to
23 Section 13(b) of the CEA, 7 U.S.C. § 13c(b) (2006) for ABEX Corp. and ABEX
24 LLC's violations.
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1 13. Accordingly, pursuant to Section 6c of the CEA, 7 U.S.C. § 13a-1
2 (2006), the Commission brings this action to enjoin Defendants' unlawful acts and
3 practices and to compel their compliance with the CEA and Regulations. In
4 addition, the Commission seeks civil monetary penalties for each violation of the
5 CEA and Regulations, remedial ancillary relief and such other relief as the Court
6 may deem necessary and appropriate.
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9 14. Unless enjoined by this Court, Defendants are likely to continue to
10 engage in the acts and practices alleged in this Complaint, as more fully described
11 below.
12

13 **II. JURISDICTION AND VENUE**

14 15. This Court has jurisdiction over this action pursuant to Section 6c of
15 the CEA, 7 U.S.C. § 13a-1 (2006), which provides that whenever it shall appear to
16 the Commission that any person has engaged, is engaging, or is about to engage in
17 any act or practice constituting a violation of any provision of the CEA or any rule,
18 regulation, or order promulgated thereunder, the Commission may bring an action
19 against such person to enjoin such practice or to enforce compliance with the CEA.
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21

22 16. Venue properly lies with this Court pursuant to Section 6c(e) of the
23 CEA, 7 U.S.C. § 13a-1(e) (2006), in that Defendants transact business in this
24 District, and the acts and practices in violation of the CEA have occurred, are
25 occurring, or are about to occur, within this District, among other places.
26
27

28 **III. THE PARTIES**

1 17. Plaintiff **U.S. Commodity Futures Trading Commission** is an
2 independent federal regulatory agency that is charged by Congress with the
3 responsibility for administering and enforcing the provisions of the CEA, 7 U.S.C.
4 §§ 1 *et seq.* (2006), and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1
5 *et seq.* (2007).
6

7 18. Defendant **ABEX Corp.** is a California corporation with its principal
8 place of business at 9891 Irvine Center Drive, Suite 230, Irvine, CA 92618.
9
10 ABEX Corp. is engaged in the business of soliciting, accepting and pooling funds
11 from participants to trade precious metals, coins and commodity futures and
12 options. ABEX Corp. has never been registered with the Commission in any
13 capacity.
14

15 19. Defendant **ABEX LLC** is a California limited liability company with
16 its principal place of business at 9891 Irvine Center Drive, Suite 230, Irvine, CA
17 92618. ABEX LLC is engaged in the business of soliciting, accepting and pooling
18 funds from participants to trade precious metals, coins and commodity futures and
19 options. ABEX LLC maintains a presence on the Internet at
20 www.abexbullion.com. ABEX LLC has never been registered with the
21 Commission in any capacity.
22

23 20. Defendant **Ryan Nassbridges** (formerly, Ryan Nasserabadi) resides
24 in Laguna Niguel, California. He is engaged in the business of soliciting,
25 accepting and pooling funds from participants to trade precious metals, coins and
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1 commodity futures and options and creating networking websites for chambers of
2 commerce. R. Nassbridges is the president and chief executive officer (“CEO”) of
3 ABEX Corp., and the president of ABEX LLC. He also is the president and sole
4 shareholder of APC and the president, CEO and 50% shareholder of R.E. Lloyd.
5 R. Nassbridges also is the apparent sole manager of each of the corporate
6 Defendants and Relief Defendants. R. Nassbridges maintains a presence on the
7 Internet at www.ryannassbridges.com. R. Nassbridges was listed with the National
8 Futures Association (“NFA”) as a Principal of APC from September 6, 2006 to
9 October 24, 2007.
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12

13 21. Relief Defendant **APC** (also d.b.a., Realtime Trading) is a California
14 corporation with its principal place of business at 9891 Irvine Center Drive, Suite
15 230, Irvine, CA 92618. APC was an introducing broker (“IB”) engaged in the
16 business of soliciting and accepting orders for the purchase and/or sale of
17 commodity futures and options. It maintains a presence on the Internet at
18 www.apctrade.com. APC was registered with the Commission as an IB from
19 September 12, 2006 to October 24, 2007. APC received funds of defrauded
20 participants which do not reflect payment for any legitimate services or represent
21 any legitimate interest in participants’ funds. Therefore, APC holds those funds in
22 constructive trust for the benefit of participants.
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24
25

26 22. Relief Defendant **R.E. Lloyd** (also d.b.a., R.E. Lloyd E-Comm Trade
27 International, a USA Company, LLC) is a California limited liability company
28

1 with its principal place of business at 9891 Irvine Center Drive, Suite 230, Irvine,
2 CA 92618. R.E. Lloyd is a shell company that holds 100% of the shares of ABEX
3 Corp. and ABEX LLC. R.E. Lloyd has never been registered with the Commission
4 in any capacity. R.E. Lloyd received funds of defrauded participants which do not
5 reflect payment for legitimate services or represent any legitimate interest R.E.
6 Lloyd holds in the participants' funds. Therefore, R.E. Lloyd holds those funds in
7 constructive trust for the benefit of participants.
8
9

10 23. Relief Defendant **Bita Nassbridges** resides in Laguna Niguel,
11 California. B. Nassbridges is the wife of R. Nassbridges. B. Nassbridges is the
12 purported chief financial officer ("CFO") and vice president of ABEX Corp., a
13 vice president of ABEX LLC and a vice president and 50% shareholder of R.E.
14 Lloyd. B. Nassbridges received funds of defrauded participants, which do not
15 reflect payment for any legitimate services or represent any legitimate interest she
16 holds in the participants' funds. Therefore, B. Nassbridges holds those funds in
17 constructive trust for the benefit of participants.
18
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21 IV. FACTS

22 A. Defendants' Solicitations of Participants

23 24. From at least July 2006 through April 2008, Defendants, acting
24 directly or through their agents, employees or officers, solicited approximately
25 \$5.5 million from at least 80 individuals for the represented purpose of purchasing
26 bullion and coins which would later be sold for profit as their value increased.
27
28

1 Defendants told participants that for a fee, Defendants would store participants'
2 bullion and coins between transactions.

3
4 25. ABEX Corp. and ABEX LLC engaged in a common scheme to solicit
5 prospective participants. ABEX Corp. and ABEX LLC share offices, telephone
6 numbers and solicitation materials. R. Nassbridges is the president of ABEX Corp.
7 and ABEX LLC. ABEX Corp. and ABEX LLC also have other common
8 employees, agents or officers. Pool participants often did not know the difference
9 between the two companies.
10

11
12 26. Defendants solicited participants through phone, mail and e-mail
13 communications with participants. Defendants had a team of "account
14 representatives" who were required to make a minimum of 350 "prospecting calls"
15 per day to prospective participants.
16

17 27. R. Nassbridges was responsible for Defendants' marketing materials
18 and supervised the solicitation practices of ABEX Corp. and ABEX LLC.
19

20 28. At R. Nassbridges' direction, Defendants provided marketing
21 materials to prospective participants and directed them to ABEX LLC's website.
22 Under R. Nassbridges' stewardship, Defendants wrote, directed and produced
23 television commercials soliciting prospective participants on various networks
24 including, but not limited to, Fox, MSNBC and Home and Garden Television.
25 Defendants used the mails and instrumentalities of interstate commerce in their
26 solicitations of participants.
27
28

1 29. Per R. Nassbridges' instruction, Defendants provided participants
2 with two copies of Defendants' "participant handbook," created by R. Nassbridges,
3 that informed participants that Defendants would use participants' funds to
4 purchase bullion and coins. Defendants' handbook also informed participants that
5 Defendants' transactions were not regulated by the Commission. Defendants
6 directed participants to sign a page in the handbook acknowledging their
7 understanding of the terms of their investment with Defendants and to return one
8 signed copy of the handbook to Defendants.
9
10

11 30. As part of their solicitations, Defendants, directly and through their
12 officers, agents and employees, pursuant to R. Nassbridges' direction, falsely told
13 participants that: (1) Defendants would invest participants' funds in bullion and
14 coins; (2) participants' funds would be maintained in segregated accounts; (3)
15 Defendants' investments were insured against loss by Lloyd's of London; (4)
16 Defendants would use stop-loss orders to protect participants from any loss of their
17 principal; and (5) R. Nassbridges was registered with the Commission. R.
18 Nassbridges provided the content of the solicitation material, including the
19 misrepresentations and omissions to the account representatives.
20
21
22
23

24 31. Defendants, directly and through others, directed participants to
25 deposit or wire funds into bank accounts held in the name of ABEX Corp. and
26 ABEX LLC. Defendants accepted and pooled approximately \$5.5 million of
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28

1 participant funds into the ABEX Corp. and ABEX LLC bank accounts. R.
2 Nassbridges controlled these corporate bank accounts.

3
4 32. Defendants, through the acts of R. Nassbridges, did not use participant
5 funds solely for the purpose of purchasing bullion and coins as they represented to
6 participants. Instead, Defendants, through the acts of R. Nassbridges, used
7 approximately \$2.1 million of participant funds to trade commodity futures and
8 options in corporate and personal trading accounts.

9
10 33. Defendants, through the acts of R. Nassbridges, also misappropriated
11 approximately \$1.4 million of pool participants' funds to pay for personal expenses
12 or to funnel to third parties that R. Nassbridges controlled and to his wife. In
13 addition, Defendants, through the acts of R. Nassbridges, misappropriated
14 approximately \$570,000 of participants' funds to transfer among participants in a
15 manner akin to a Ponzi scheme.

16
17 34. In their solicitation of prospective participants, Defendants, directly
18 and through others, did not disclose that they intended to use participant funds to
19 trade commodity futures and options.

20
21 35. Defendants, directly and through others, also did not disclose the risks
22 of trading commodity futures and options.

23
24 36. In their handling of participant funds, Defendant, through the acts of
25 R. Nassbridges, did not keep participant funds in segregated accounts, insure
26
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28

1 investments with Lloyd's of London or implement stop-loss orders, as they had
2 represented in their solicitations of participants.

3
4 37. Contrary to the representations made to participants, R. Nassbridges
5 was never registered with the Commission in any capacity. He was listed with the
6 NFA as a Principal of APC. APC registered with the Commission as an IB in
7 September 2006 and withdrew its registration in October 2007, several months
8 prior to the conclusion of Defendants' solicitation of funds from participants.
9

10 38. In deciding to invest with Defendants, participants relied upon
11 Defendants' material misrepresentations and omissions concerning Defendants'
12 management and investment of their funds. Defendants knowingly or recklessly
13 made those material misrepresentations and omissions to induce individuals to
14 invest with them.
15
16

17 **B. R. Nassbridges' Undisclosed Trading of Commodity Futures and**
18 **Options and Resulting Losses of Approximately \$2.2 Million**

19 39. Since at least August 2006, R. Nassbridges personally opened and
20 maintained five commodity futures and options trading accounts in either his
21 name, his wife's name or ABEX Corp.'s name at two Futures Commission
22 Merchants ("FCMs") registered with the Commission.
23

24 40. R. Nassbridges had trading authority over and controlled the trading
25 in all of the commodity futures and options trading accounts he opened, with a
26 limited exception where he granted trading authority to an FCM account executive
27 -- who rescinded it less than a month later. The FCM account executive rescinded
28

1 his trading authority over the account because he was uncomfortable with the
2 overly aggressive trades that R. Nassbridges was directing him to make.

3
4 41. Throughout the relevant period, R. Nassbridges deposited
5 approximately \$2.1 million of participant funds into the five commodity futures
6 and options trading accounts he managed -- with approximately half going into his
7 and his wife's personal accounts and half going into the ABEX Corp. account.

8
9 42. R. Nassbridges withdrew approximately \$175,000 from the trading
10 accounts in his name and deposited those funds in his and his wife's joint bank
11 accounts.
12

13 43. Throughout the relevant period, R. Nassbridges used participant funds
14 to trade commodity futures and options, including gold, silver, soybean and British
15 Pound futures and gold, silver soybean and Dow Jones Average Index options.
16

17 44. R. Nassbridges sustained overall net trading losses of approximately
18 \$2.2 million with his most significant trading losses occurring in January 2008
19 when his trading resulted in losses of approximately \$826,000. As of April 2008,
20 the five trading accounts managed by R. Nassbridges had a combined deficit
21 balance of approximately \$290,000.
22

23
24 45. Defendants never provided participants with account statements
25 referencing their trading of participants' funds in commodity futures and options
26 and never disclosed their trading losses to participants.
27

28 **C. Defendants Misappropriated Participant Funds**

1 46. Defendants, through the acts of R. Nassbridges, misappropriated
2 participant funds for personal use and expenses, to funnel to his wife and entities
3 that R. Nassbridges controlled and to make payments to participants in a manner
4 akin to a Ponzi scheme.
5

6 47. Participants deposited approximately \$5.5 million into corporate
7 Defendants' bank accounts.
8

9 48. Defendants, through R. Nassbridges, continually transferred
10 participant funds between Defendants' corporate and personal bank accounts and
11 Relief Defendants' bank accounts.
12

13 49. Defendants, through R. Nassbridges, transferred approximately \$1.1
14 million of participant funds into the personal bank accounts of R. Nassbridges and
15 B. Nassbridges.
16

17 50. R. Nassbridges transferred approximately \$1 million of participant
18 funds from his and his wife's personal bank accounts to his and his wife's personal
19 trading accounts.
20

21 51. R. Nassbridges used participant funds to pay for personal expenses,
22 including but were not limited to, approximately \$586,100 in mortgage payments,
23 approximately \$305,000 in credit card payments, approximately \$90,100 in car
24 payments and over \$157,700 in cash withdrawals. R. Nassbridges also frequently
25 used participant funds to pay utilities, property taxes and insurance and to make
26 political contributions.
27
28

1 52. Despite her purported positions as an officer of the corporate
2 defendants, ABEX Corp. and ABEX LLC, B. Nassbridges did not perform any
3 apparent duties or tasks and did not appear to have any managerial responsibilities.
4 B. Nassbridges provided no legitimate services and does not have any legitimate
5 interest or entitlement to the funds of the participants. Accordingly, B.
6 Nassbridges received ill-gotten gains from Defendants and must disgorge those
7 funds.
8

9
10 53. Defendants, through R. Nassbridges, cumulatively transferred
11 approximately \$1.25 million of participant funds from the corporate Defendants'
12 bank accounts into R.E. Lloyd's bank accounts. R.E. Lloyd is the holding
13 company of the corporate Defendants, ABEX Corp., and ABEX LLC. R.
14 Nassbridges and B. Nassbridges were the sole shareholders of, and controlled, R.E.
15 Lloyd and had signatory authority over the R.E. Lloyd bank accounts. R.E. Lloyd
16 did not provide any legitimate services to Defendants nor has any legitimate
17 interest in or entitlement to the participant funds. Accordingly, R.E. Lloyd
18 received ill-gotten gains from Defendants and must disgorge those funds.
19
20

21
22 54. Defendants also transferred approximately \$110,600 of participant
23 funds from corporate defendants' bank accounts to APC's bank accounts. R.
24 Nassbridges and B. Nassbridges had signatory authority over the APC bank
25 accounts. APC received pool participant funds that did not reflect payment for any
26 legitimate services to Defendants and APC does not have any legitimate interest or
27
28

1 entitlement to the participant funds. Accordingly, APC received ill-gotten gains
2 from Defendants and must disgorge those funds.
3

4 55. During the relevant time period, Defendants also appear to have used
5 approximately \$1.5 million of participant funds in connection with the purchase
6 and sale of bullion and coins with a resulting net profit of approximately \$300,000,
7 which was deposited into the corporate Defendants' bank accounts. Defendants
8 provided certain participants with physical precious metals that had been
9 purchased by Defendants.
10
11

12 56. Despite realizing no net profit from their commodity futures and
13 options trading and only approximately \$300,000 from their physical precious
14 metals trading, Defendants returned approximately \$870,000 to certain
15 participants, leaving a discrepancy of approximately \$570,000 between net profits
16 earned and funds returned to participants. Having no other source of trading
17 income, Defendants returned participant funds back to certain participants in a
18 manner akin to a Ponzi scheme.
19
20

21 57. Commencing in April 2008 and continuing to the present, participants
22 have demanded the return of their funds invested with Defendants. Participants
23 have been unable to access their funds since April 2008.
24

25 **D. R. Nassbridges Gave False Testimony Under Oath To the**
26 **Commission**

27 58. In an attempt to conceal Defendants' fraud, R. Nassbridges provided
28 false testimony under oath to the Commission.

1 59. In sworn deposition testimony before an officer of the Commission on
2 June 10, 2009, pursuant to a subpoena for testimony and records issued pursuant to
3 Sections 6(c) and 8(a)(1) of the CEA, 7 U.S.C. §§ 15 and 12(a)(1) (2006), R.
4 Nassbridges testified that during the relevant period: 1) he was unaware that
5 commodity futures and options were being traded in the commodity futures and
6 options trading accounts that he opened for himself, his wife and ABEX Corp. at
7 various FCMs; 2) the FCMs had full trading authority over the accounts; and 3) the
8 FCMs rarely provided him with account statements or other information regarding
9 the performance of the accounts. R. Nassbridges claimed that he thought he was
10 purchasing and selling physical bullion and coins through his trading accounts with
11 the FCMs.
12

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15
16 60. R. Nassbridges also testified that he received no compensation for his
17 work on behalf of the ABEX Enterprise and that the only funds he received from
18 the corporate Defendants were in the nature of reimbursements for business
19 expenses and in situations where he filled participants' metals orders from his
20 personal inventory of bullion and coins.
21

22
23 61. FCM records, bank records and the sworn deposition testimony of his
24 wife, B. Nassbridges on June 11, 2009 before an officer of the Commission
25 pursuant to subpoena issued by the Commission under Sections 6(c) and 8(a)(1) of
26 the CEA, 7 U.S.C. §§ 15 and 12(a)(1) (2006), evidence that R. Nassbridges gave
27 false testimony. R. Nassbridges had sole trading authority over the trading
28

1 accounts for almost the entire relevant period and actively managed the trading of
2 commodity futures and options in those accounts during that time.

3
4 62. The records and testimony also reveal that R. Nassbridges received
5 account statements from his FCMs for the accounts he opened and understood that
6 those accounts traded futures. The FCM records further reflect that R. Nassbridges
7 never took physical delivery of bullion or coins on any futures or options contract.
8

9 63. B. Nassbridges' testimony, the bank records for ABEX Corp., ABEX
10 LLC, APC, R.E. Lloyd, B. Nassbridges and R. Nassbridges and the trading records
11 for ABEX Corp, B. Nassbridges and R. Nassbridges evidence that R. Nassbridges
12 misappropriated participant funds.
13

14 64. R. Nassbridges' false testimony before the Commission reflects his
15 continued effort to defraud participants by falsely claiming that he invested all of
16 their funds in physical bullion and coins and received no compensation from the
17 corporate Defendants.
18

19
20 **E. R. Nassbridges Controlled ABEX Corp. and ABEX LLC and Was**
21 **Their Agent**

22 65. R. Nassbridges acted as president, CEO and sole manager of ABEX
23 Corp. and the president and sole manager of ABEX LLC. He held himself out as
24 the president, CEO and sole manager of ABEX Corp. and the president and sole
25 manager of ABEX LLC at all relevant times, including but not limited to when he
26 directed the solicitation of funds from participants and when he opened bank
27 accounts on behalf of both ABEX Corp. and ABEX LLC and a commodity futures
28

1 and options trading account on behalf of ABEX Corp.

2 66. As the president, CEO and sole manager of ABEX Corp. and the
3 president and sole manager of ABEX LLC, R. Nassbridges exercised control over
4 their day-to-day business operations. He managed the participant funds in ABEX
5 Corp. and ABEX LLC bank accounts and the trading of participant funds in the
6 ABEX Corp. commodity futures and options trading account. R. Nassbridges was
7 also responsible for the content of the ABEX Enterprise marketing materials,
8 television commercials and the ABEX LLC website.

9 67. Accordingly, R. Nassbridges possessed and exercised control over
10 ABEX Corp. and ABEX LLC. Based on the facts alleged above, R. Nassbridges
11 knowingly induced the alleged violations or failed to act in good faith.

12
13 **V. VIOLATIONS OF THE COMMODITY EXCHANGE**
14 **ACT AND COMMISSION REGULATIONS**

15
16 **COUNT ONE**

17
18 **VIOLATIONS OF SECTIONS 4b(a)(2)(i) and (iii):**
19 **FRAUD BY FRAUDULENT SOLICITATION, MISAPPROPRIATION**
20 **AND FAILURE TO DISCLOSE TRADING AND LOSSES (Futures)**

21 68. The allegations set forth in paragraphs 1 through 67 are re-alleged and
22 incorporated herein by reference.

23
24 69. By knowingly or recklessly making the material misrepresentations
25 and omissions set forth above, to prospective and existing participants including
26 but not limited to: (1) misrepresenting that Defendants would only invest
27 participants' funds in bullion and coins; (2) omitting that a significant portion of
28

1 participants' funds would be used to trade commodity futures and options; (3)
2 omitting that Defendants were sustaining losses trading commodity futures and
3 options and not disclosing the associated risks of such trading; (4) misrepresenting
4 that participants' funds would be maintained in segregated accounts; (5)
5 misrepresenting that Defendants' investments were insured against loss by Lloyd's
6 of London; (6) misrepresenting that Defendants would use stop-loss orders to
7 protect participants from any loss of their principal; and (7) misrepresenting that R.
8 Nassbridges was registered with the Commission, Defendants cheated or defrauded
9 or attempted to cheat or defraud other persons, and/or willfully deceived or
10 attempted to deceive other persons, in or in connection with orders to make, or the
11 making of, contracts of sale of commodities for future delivery, made, or to be
12 made, for or on behalf of any other persons, where such contracts for future
13 delivery were or could be used for the purposes set forth in Sections 4b(a)(2)(i) and
14 (iii) of the CEA, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006).
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20 70. By using funds solicited from participants to trade commodity futures
21 and options for personal benefit, to pay for personal expenses, to funnel to third
22 parties under R. Nassbridges' control and to make payments to participants in a
23 manner akin to a Ponzi scheme, Defendants knowingly misappropriated funds in
24 violation of Sections 4b(a)(2)(i) and (iii) of the CEA, 7 U.S.C. §§ 6b(a)(2)(i) and
25 (iii) (2006).
26
27

28 71. R. Nassbridges, directly or indirectly, controlled ABEX Corp. and

1 ABEX LLC and did not act in good faith, or knowingly induced, directly or
2 indirectly, the acts constituting ABEX Corp. and ABEX LLC's violations of
3 Sections 4b(a)(2)(i) and (iii) of the CEA, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006).
4
5 R. Nassbridges is therefore liable for these violations pursuant to Section 13(b) of
6 the CEA, 17 U.S.C. § 13c(b).
7

8 72. The foregoing misappropriation, fraudulent acts, undisclosed trading,
9 misrepresentations, omissions and failures of R. Nassbridges occurred within the
10 scope of his employment or office with ABEX Corp. and ABEX LLC. ABEX
11 Corp. and ABEX LLC are therefore liable for R. Nassbridges' violations of
12 Sections 4b(a)(2)(i) and (iii) of the CEA, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006),
13 pursuant to Section 2(a)(1)(B) of the CEA, 7 U.S.C. § 2(a)(1)(B), and Regulation
14 1.2, 17 C.F.R. § 1.2.
15
16

17 73. Each act of fraudulent solicitation, misappropriation, and the failure to
18 disclose commodity futures and options trading and resulting losses during the
19 relevant period, including but not limited to those specifically alleged herein, is
20 alleged as a separate and distinct violation of Sections 4b(a)(2)(i) and (iii) of the
21 CEA, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006).
22
23

24 **COUNT TWO**

25 **VIOLATIONS OF SECTION 4c(b) OF THE CEA AND REGULATIONS**
26 **33.10(a) and (c): FRAUD BY FRAUDULENT SOLICITATION,**
27 **MISAPPROPRIATION AND FAILURE TO DISCLOSE TRADING AND**
28 **LOSSES (Options)**

1 74. The allegations contained in paragraphs 1 through 73 above are re-
2 alleged and incorporated by reference herein.
3

4 75. In or in connection with an offer to enter into, the entry into, the
5 confirmation of, the execution of, or the maintenance of commodity options
6 transactions, Defendants cheated, defrauded, or deceived or attempted to cheat,
7 defraud, or deceive, other persons, by knowingly or recklessly making false,
8 deceptive, or misleading representations and omissions of material facts in their
9 solicitations of prospective and existing participants including but not limited to:
10
11 (1) misrepresenting that Defendants would only invest participants' funds in
12 bullion and coins; (2) omitting that a significant portion of participants' funds
13 would be used to trade commodity futures and options and failing to disclose the
14 risks of such trading; (3) omitting that Defendants were sustaining losses trading
15 commodity futures and options; (4) misrepresenting that participants' funds would
16 be maintained in segregated accounts; (5) misrepresenting that Defendants'
17 investments were insured against loss by Lloyd's of London; (6) misrepresenting
18 that Defendants would use stop-loss orders to protect participants from any loss of
19 their principal; and (7) misrepresenting that R. Nassbridges was registered with the
20 Commission. By these acts, Defendants violated Section 4c(b) of the CEA, 7
21 U.S.C. § 6c(b) (2006), and Regulations 33.10(a) and (c), 17 C.F.R. §§ 33.10(a) and
22 (c) (2007).
23
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1 76. By using funds solicited from participants to trade commodity futures
2 and options, to pay for personal expenses, to funnel to third parties under R.
3 Nassbridges' control and to transfer among participants in a manner akin to a Ponzi
4 scheme, Defendants knowingly misappropriated funds in violation of Section 4c(b)
5 of the CEA, 7 U.S.C. § 6c(b) (2006), and Regulations 33.10(a) and (c), 17 C.F.R.
6 §§ 33.10(a) and (c) (2007).
7
8

9 77. During the relevant time period, R. Nassbridges was acting as the
10 agent of ABEX Corp. and ABEX LLC. Therefore, ABEX Corp. and ABEX LLC
11 are liable for R. Nassbridges' violations of Section 4c(b) of the CEA, 7 U.S.C. §
12 6c(b) (2006), and Regulations 33.10(a) and (c), 17 C.F.R. §§ 33.10(a) and (c)
13 (2007), pursuant to Section 2(a)(1)(B) of the CEA, 7 U.S.C. § 2(a)(1)(B) (2006)
14 and Regulation 1.2, 17 C.F.R. § 1.2 (2007).
15
16

17 78. R. Nassbridges directly or indirectly controlled ABEX Corp. and
18 ABEX LLC and did not act in good faith or knowingly induced, directly or
19 indirectly, the acts constituting their violations of Section 4c(b) of the CEA, 7
20 U.S.C. § 6c(b) (2006) and Regulations 33.10(a) and (c), 17 C.F.R. §§ 33.10(a) and
21 (c) (2007). R. Nassbridges is therefore liable for these violations of ABEX Corp.
22 and ABEX LLC pursuant to Section 13(b) of the CEA, 7 U.S.C. § 13c(b) (2006).
23
24

25 79. Each act of fraudulent solicitation, misappropriation and undisclosed
26 trading during the relevant period, including but not limited to those specifically
27 alleged herein, is alleged as a separate and distinct violation of Section 4c(b) of the
28

1 CEA, 7 U.S.C. § 6c(b) (2006), and Regulations 33.10(a) and (c), 17 C.F.R. §§
2 33.10(a) and (c) (2007).
3

4 **COUNT THREE**

5 **VIOLATION OF SECTION 4o(1) OF THE CEA:**
6 **FRAUD AS A CPO and ASSOCIATED PERSON**

7 80. Paragraphs 1 through 79 are re-alleged and incorporated herein by
8 reference.

9
10 81. During the relevant period, ABEX Corp. and ABEX LLC acted as
11 CPOs by soliciting, accepting or receiving funds from others and engaging in a
12 business that is of the nature of an investment trust, syndicate, or similar form of
13 enterprise, for the purpose of trading in commodities for future delivery on or
14 subject to the rules of a contract market.
15

16 82. During the relevant period, R. Nassbridges acted as an AP of ABEX
17 Corp. and ABEX LLC by soliciting funds for participation in a pool or supervising
18 the solicitation of funds or participation in a pool.
19

20 83. During the relevant period, ABEX Corp. and ABEX LLC, while
21 acting as CPOs, and R. Nassbridges, while acting as an AP of ABEX Corp. and
22 ABEX LLC, violated Section 4o(1) of the CEA, 7 U.S.C. § 6o(1) (2006), in that
23 Defendants directly or indirectly employed or are employing a device, scheme, or
24 artifice to defraud participants or prospective participants, or have engaged or are
25 engaged in transactions, practices or a course of business which operated or
26 operate as a fraud or deceit upon participants or prospective participants by using
27
28

1 the mails or other means or instrumentalities of interstate commerce. Defendants'
2 fraudulent acts consisted of, among other things, the fraudulent solicitation of
3 participants and the misappropriation and undisclosed trading of participant funds.
4

5 84. R. Nassbridges, directly or indirectly, controlled ABEX Corp. and
6 ABEX LLC and did not act in good faith, or knowingly induced, directly or
7 indirectly, the acts constituting ABEX Corp. and ABEX LLC's violations of
8 Section 4o(1) of the CEA, 7 U.S.C. § 6o(1) (2006). R. Nassbridges is therefore
9 liable for these violations pursuant to Section 13(b) of the CEA, 17 U.S.C. § 13c(b)
10 (2006).
11
12

13 85. The foregoing misappropriation, fraudulent acts, misrepresentations,
14 omissions and failures of R. Nassbridges occurred within the scope of his
15 employment or office with ABEX Corp. and ABEX LLC. ABEX Corp. and
16 ABEX LLC are therefore liable for R. Nassbridges' violations of Section 4o(1) of
17 the CEA, 7 U.S.C. § 6o(1) (2006), pursuant to Section 2(a)(1)(B) of the CEA, 7
18 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2007).
19
20

21 86. Each act of fraudulent solicitation, misappropriation and undisclosed
22 trading made during the relevant period, including but not limited to those
23 specifically alleged herein, is alleged as a separate and distinct violation of Section
24 4o(1) of the CEA, 7 U.S.C. § 6o(1) (2006).
25
26

27 **COUNT FOUR**

28 **VIOLATIONS OF SECTIONS 4k(2) AND 4m(1) OF THE CEA:
FAILURE TO REGISTER AS AN ASSOCIATED PERSON**

AND A COMMODITY POOL OPERATOR

1
2 87. The allegations set forth in paragraphs 1 through 86 are re-alleged and
3 incorporated herein by reference.
4

5 88. ABEX Corp. and ABEX LLC have used the mails or instrumentalities
6 of interstate commerce in or in connection with their business as CPOs while
7 failing to register with the Commission as CPOs, in violation of Section 4m(1) of
8 the CEA, 7 U.S.C. § 6m(1) (2006).
9

10 89. R. Nassbridges, directly or indirectly, controlled ABEX Corp. and
11 ABEX LLC and did not act in good faith, or knowingly induced, directly or
12 indirectly, the acts constituting ABEX Corp. and ABEX LLC's violations of
13 Section 4m(1) of the CEA, 7 U.S.C. § 6m(1) (2006). R. Nassbridges is therefore
14 liable for this violation pursuant to Section 13(b) of the CEA, 17 U.S.C. § 13c(b)
15 (2006).
16
17

18 90. In soliciting prospective participants, on behalf of ABEX Corp. and
19 ABEX LLC, R. Nassbridges failed to register as APs of ABEX Corp. and ABEX
20 LLC which were acting as CPOs, in violation of Section 4k(2) of the CEA, 7
21 U.S.C. §§ 6k(2) (2006).
22
23

24 91. The foregoing failure of R. Nassbridges to register as an AP occurred
25 within the scope of his employment or office with ABEX Corp. and ABEX LLC.
26 ABEX Corp. and ABEX LLC are therefore liable for his violations of Section
27 4k(2) of the CEA, 7 U.S.C. §§ 6k(2) (2006), pursuant to Section 2(a)(1)(B) of the
28

1 CEA, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2007).

2 92. ABEX Corp. and ABEX LLC violated Section 4k(2), 7 U.S.C. § 6k(2)
3 (2006), by allowing R. Nassbridges to act as an unregistered AP of the companies
4 when they knew or should have known that R. Nassbridges was not registered with
5 the Commission.
6

7
8 **COUNT FIVE**

9 **VIOLATIONS OF COMMISSION REGULATION 4.20:**
10 **CPO ACCEPTING POOL FUNDS OTHER THAN IN THE**
11 **NAME OF THE POOL AND FAILURE TO TREAT THE**
12 **POOL AS A SEPARATE LEGAL ENTITY**

13 93. The allegations set forth in paragraphs 1 through 92 are re-alleged and
14 incorporated herein by reference.

15 94. By accepting or depositing pool funds in bank and trading accounts
16 held in the name of ABEX Corp. and ABEX LLC, and not into accounts in the
17 name of the unnamed pool, ABEX Corp. and ABEX LLC failed to operate the
18 pool as a legal entity separate from themselves as pool operators, in violation of
19 Regulation 4.20(a)(1), 17 C.F.R. § 4.20(a)(1) (2007).
20

21 95. By accepting pool funds in the name of ABEX Corp. and ABEX LLC
22 and not in the name of the unnamed pool, ABEX Corp. and ABEX LLC, while
23 operating as CPOs, violated Regulation 4.20(b), 17 C.F.R. § 4.20(b) (2007).
24

25 96. R. Nassbridges, directly or indirectly, controlled ABEX Corp. and
26 ABEX LLC and did not act in good faith, or knowingly induced, directly or
27 indirectly, the acts constituting ABEX Corp. and ABEX LLC's violations of
28

1 Regulations 4.20(a)(1) and (b), 17 C.F.R. §§ 4.20(a)(1) and (b) (2007). R.
2 Nassbridges is therefore liable for these violations pursuant to Section 13(b) of the
3 CEA, 17 U.S.C. § 13c(b) (2007).
4

5 **COUNT SIX**

6 **VIOLATIONS OF COMMISSION REGULATION 4.21:**
7 **FAILURE TO PROVIDE POOL DISCLOSURE DOCUMENTS**

8 97. The allegations set forth in paragraphs 1 through 96 are re-alleged and
9 incorporated herein by reference.
10

11 98. Regulation 4.21(a)(1), 17 C.F.R. § 4.21(a)(1) (2007), requires that a
12 CPO must furnish prospective participants with a disclosure document containing
13 specific language set forth by regulation by no later than the time the CPO delivers
14 or causes to be delivered to the prospective participant a subscription agreement
15 for the pool.
16
17

18 99. In addition, prior to accepting or receiving funds, Regulation 4.21(b),
19 17 C.F.R. § 4.21(b) (2007), requires a CPO to receive from participants an
20 acknowledgment signed and dated by the participants that they received the
21 disclosure document.
22

23 100. ABEX Corp. and ABEX LLC failed to furnish participants with a
24 disclosure document and failed to receive signed and dated acknowledgments from
25 the participants stating that they received the disclosure document, in violation of
26 Regulations 4.21(a)(1) and (b), 17 C.F.R. §§ 4.21(a)(1) and (b) (2007).
27
28

1 required Account Statements, in violation of Regulation 4.22, 17 C.F.R. § 4.22
2 (2007).

3
4 106. R. Nassbridges, directly or indirectly, controlled ABEX Corp. and
5 ABEX LLC and did not act in good faith, or knowingly induced, directly or
6 indirectly, the acts constituting ABEX Corp. and ABEX LLC's violation of
7 Regulation 4.22, 17 C.F.R. § 4.22 (2007). R. Nassbridges is therefore liable for
8 this violation pursuant to Section 13(b) of the CEA, 17 U.S.C. § 13c(b) (2006).
9

10 107. Each occasion upon which ABEX Corp. and ABEX LLC failed to
11 deliver a required Account Statement to a participant, is alleged as a separate and
12 distinct violation of Regulation 4.22, 17 C.F.R. § 4.22 (2007).
13

14 **COUNT EIGHT**

15 **DISGORGEMENT OF FUNDS FROM THE RELIEF DEFENDANTS**

16
17 108. The allegations set forth in paragraphs 1 through 107 are re-alleged
18 and incorporated by reference herein.
19

20 109. Defendants have engaged in a fraudulent investment scheme that
21 defrauded Defendants' pool participants.
22

23 110. APC, R.E. Lloyd and B. Nassbridges have received funds that were
24 obtained as a result of Defendants' fraudulent conduct.

25 111. APC, R.E. Lloyd and B. Nassbridges have no legitimate entitlement to
26 or interest in the funds received from Defendants' fraudulent conduct.
27

28 112. APC, R.E. Lloyd and B. Nassbridges should be required to disgorge

1 the funds they received from Defendants' fraudulent conduct, or the value of those
2 funds that APC, R.E. Lloyd and B. Nassbridges may have subsequently transferred
3 to third parties.
4

5 113. By reason of the foregoing, APC, R.E. Lloyd and B. Nassbridges hold
6 funds in constructive trust for the benefit of participants who were victimized by
7 Defendants' fraudulent scheme.
8

9 **VI. RELIEF REQUESTED**

10 WHEREFORE, the Commission respectfully requests that this Court,
11 as authorized by Section 6c of the CEA, 7 U.S.C. § 13a-1 (2006), and pursuant to
12 its own equitable powers enter:
13

- 14
- 15 a) an order finding the Defendants violated Sections 4b(a)(2)(i) and (iii),
16 4c(b), 4k(2), 4m(1) and 4o(1) of the CEA, 7 U.S.C. §§ 6b(a)(2)(i) and
17 (iii), 6c(b), 6k(2), 6m(1) and 6o(1) (2006), and Regulations 4.20(a)(1)
18 and (b), 4.21(a)(1) and (b), 4.22, and 33.10(a) and (c), 17 C.F.R.
§§ 4.20(a)(1) and (b), 4.21(a)(1) and (b) 4.22, and 33.10(a) and (c)
(2007);
 - 19 b) an order of permanent injunction enjoining Defendants and all persons
20 insofar as they are acting in the capacity of their agents, servants,
21 employees, successors, assigns, and attorneys, and all persons insofar
22 as they are acting in active concert or participation with them who
23 receive actual notice of such order by personal service or otherwise,
24 from engaging, directly or indirectly:
 - 25 1. in conduct in violation of Sections 4b(a)(1)(A) and (C),
26 4c(b), 4k(2), 4m(1) and 4o(1) of the CEA, as amended by
27 the Food, Conservation, and Energy Act of 2008, Pub. L.
28 No. 110-246, Title XIII (the CFTC Reauthorization Act of
2008), §§ 13101-13204, 122 Stat. 1651 (enacted June 18,
2008), and the Dodd-Frank Wall Street Reform and
Consumer Protection Act of 2010, Pub. L. No. 111-203,
Title VII (the Wall Street Transparency and Accountability

1 Act of 2010), §§701-774 (enacted July 21, 2010), to be
2 codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), 6c(b), 6k(2),
3 6m(1) and 6o(1), and Regulations 4.20(a)(1) and (b),
4 4.21(a)(1) and (b), 4.22, and 33.10(a) and (c), 17 C.F.R.
5 §§ 4.20(a)(1) and (b), 4.21(a)(1) and (b) 4.22, and 33.10(a)
6 and (c) (2010);

- 7 2. trading on or subject to the rules of any registered entity (as
8 that term is defined in Section 1a(29) of the CEA, as
9 amended, to be codified at 7 U.S.C. § 1a(29));
- 10 3. entering into any transactions involving commodity futures,
11 options on commodity futures, commodity options (as that
12 term is defined in Regulation 32.1(b)(1), 17 C.F.R.
13 § 32.1(b)(1) (2010)) (“commodity options”), and/or foreign
14 currency (as described in Sections 2(c)(2)(B) and
15 2(c)(2)(C)(i) of the CEA, as amended) (“forex contracts”)
16 for their own personal account or for any account in which
17 they have a direct or indirect interest;
- 18 4. having any commodity futures, options on commodity
19 futures, commodity options, and/or forex contracts traded on
20 their behalf;
- 21 5. controlling or directing the trading for or on behalf of any
22 other person or entity, whether by power of attorney or
23 otherwise, in any account involving commodity futures,
24 options on commodity futures, commodity options, and/or
25 forex contracts;
- 26 6. soliciting, receiving, or accepting any funds from any person
27 for the purpose of purchasing or selling any commodity
28 futures, options on commodity futures, commodity options,
and/or forex contracts;
7. 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)
(2010); and

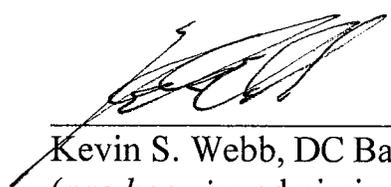
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8. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2007)), agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2010).

- c) an order directing Relief Defendants to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constitute violations of the CEA and Regulations, as described herein, and interest thereon from the date of such violations;
- d) an order directing the Defendants to each pay a civil monetary penalty of not more than the higher of \$130,000 for each violation of the CEA or Regulations or triple the monetary gain to the Defendants plus post-judgment interest; and
- e) such other and further remedial ancillary relief as the Court may deem appropriate.

Dated: December 7, 2010

ATTORNEYS FOR THE PLAINTIFF
U.S. COMMODITY FUTURES
TRADING COMMISSION



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U.S. Commodity Futures Trading
Commission

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VIII(a). **IDENTICAL CASES:** Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
 If yes, list case number(s): _____

VIII(b). **RELATED CASES:** Have any cases been previously filed in this court that are related to the present case? No Yes
 If yes, list case number(s): 8:08-cv-00472-AHS-SS

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange	

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties
 Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): _____ Date 12/7/10

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge David O. Carter and the assigned discovery Magistrate Judge is Robert N. Block.

The case number on all documents filed with the Court should read as follows:

SACV10- 1876 DOC (RNBx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.