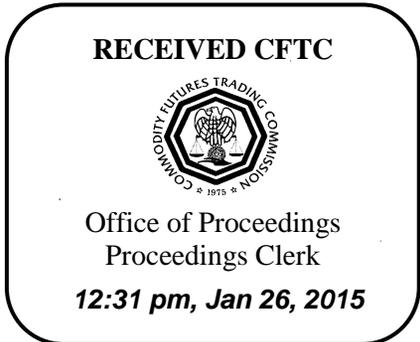


UNITED STATES OF AMERICA  
Before the  
COMMODITY FUTURES TRADING COMMISSION

\_\_\_\_\_ )  
**In the Matter of:** )  
 )  
**GOLD COAST BULLION, INC. and** )  
**ANTHONY LAURIA,** ) **CFTC Docket No. 15 – 14**  
 )  
**Respondents.** )  
\_\_\_\_\_ )



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

**I.**

The Commodity Futures Trading Commission (“Commission”) has reason to believe that from in or about January 2012 to at least February 2013 (the “Relevant Period”), Gold Coast Bullion, Inc. (“GCB”) and Anthony Lauria (“Lauria”) (collectively “Respondents”) violated Sections 4(a), 4b(a)(2)(A)-(C) and 4d, 7 U.S.C. §§6(a), 6b(a)(2)(A)-(C), and 6d (2012). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

**II.**

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondents consent to the entry of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, as Amended, Making Findings and Imposing Remedial Sanctions (“Order”) and acknowledge service of this Order.<sup>1</sup>

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

### III.

The Commission finds the following:

#### A. SUMMARY

During the Relevant Period, GCB was a retail precious metals dealer that purportedly sold physical precious metals to retail customers in financed transactions in which GCB would arrange a loan. GCB, by and through its employees, and under the control of Lauria, solicited retail investors by phone, internet website and interstate mail. However, GCB did not own, possess or sell physical metals, nor did GCB arrange for loans to retail customers. Instead, GCB transmitted orders for metals to AmeriFirst Management, LLC (“AML”), which simply made a record of the transaction on its books. GCB then issued false purchase confirmations and account statements to their retail customers. GCB was not registered with the Commission. Therefore, Respondents engaged in illegal, off-exchange retail commodity transactions, made fraudulent statements, and failed to register as a futures commission merchant, all in violation of Sections 4(a), 4b(a)(2)(A)-(C) and 4d of the Act, 7 U.S.C. §§6(a), 6b(a)(2)(A)-(C) and 6d.

#### B. RESPONDENTS

**Gold Coast Bullion, Inc.** is a Florida Corporation with its principal place of business at 6499 North Powerline Road, Suite 206, Fort Lauderdale, FL. GCB held itself out as a precious metals broker that would sell physical precious metals to retail customers on a leveraged, margined or financed basis. GCB solicited customers via phone and the internet. GCB has never been registered with the Commission.

**Anthony Lauria** was the president and sole officer of GCB, as well as the agent for service of process. Prior to forming, GCB Lauria was employed by at least four other telemarketing firms that sold precious metals to retail customers on a leveraged, margined or financed basis. At least one of those firms was the subject of an emergency action by the Securities and Exchange Commission (“SEC”), although Lauria was only an employee at that firm. Lauria has never been registered with the Commission.

#### C. OTHER RELEVANT ENTITY

**AmeriFirst Management LLC** is a Florida limited liability company formed in October 2011. It has never been registered with the Commission in any capacity. On its website, it claimed to provide dealers with “tangible assets in a growing physical market” and “guarantee[s] that every ounce of metal in [the dealer’s] customers [sic] account exists and is ready for delivery at any point in time.” During the relevant period, AML executed and confirmed the execution of retail commodity transactions involving gold, silver, and platinum through the United States using a network of telemarketing solicitors, such as GCB, that it referred to as “dealers.” On July 29, 2013, the CFTC filed a civil injunctive enforcement action in the U.S. District Court for the Southern District of Florida against AML and its owners, charging them with marketing illegal, off-exchange financed commodity transactions through a network of dealers and fraudulently misrepresenting the nature of those transactions.

#### **D. FACTS**

During the relevant period, GCB was a telemarketing firm that solicited retail customers to engage in financed precious metals transactions. Although GCB offered precious metals on a fully paid basis, the vast majority of its business was in financed precious metals transactions. This Order relates to the financed precious metals transactions executed through AML in which customers were told that they would be purchasing precious metals with financing through a loan from GCB and/or AML.

GCB conducted nearly all of its solicitations by telephone. Lauria, the controlling person of GCB, directly solicited customers and supervised the other telemarketers involved in solicitation. When soliciting customers for financed precious metals transactions executed through AML, Lauria and the other GCB telemarketers represented that to purchase a certain quantity of metal, the customer needed to deposit only a percentage of the total metal value, typically 25%. GCB represented that the customer would receive a loan for the remaining 75%, and that the customer would have to pay a finance charge on the loan, as well as a service charge. In addition, in order to purchase the metal, GCB represented that the customer needed to pay commission on the total metal value, with a maximum commission of 15%, and a mark-up on the spot price of the metal, typically 3%.

If the customer agreed to the transaction, GCB confirmed the transaction in a recorded call. In the course of this compliance call, the customer agreed to the quantity and price of the precious metals, and agreed that GCB would provide a loan at a particular interest rate. GCB would tell the customer that the transaction was a "spot" transaction, and that the customer could receive the physical metals as a result of their trade. GCB directed the customer to send a lump sum to GCB, which represented the total of the 25% equity deposit, the commission amount, and the mark-up amount. Upon receipt of those funds, GCB sent the funds in their entirety to AML. AML then sent GCB any commission and fees due.

After receipt of sufficient funds from a customer, GCB would send the customer a trade confirmation on its own letterhead. The trade confirmation showed that the customer purchased the "Total Ounces" of metal at a given price. GCB would also issue a "Notice of Allocation" which purported to show the total quantity of metals in a given transaction, as well as the trade date. Thereafter, GCB would issue monthly statements, or allow customers access to account information on line.

Neither GCB, nor AML bought, sold, loaned, stored, or transferred any physical metals for these financed precious metals transactions. Likewise, neither GCB, nor AML actually delivered any precious metals to any customers. Further, neither GCB nor AML made any loans to customers to enable them to purchase precious metals. Instead, AML managed exposure on these transactions using derivatives in margin trading accounts with several entities, and made book entries which tracked the value of the customer's account.

During the relevant period, GCB customers lost \$5,940,124.16 in connection with the retail financed precious metals transactions executed through AML. Of this, GCB received over \$2.6 million in commissions, and approximately \$466,000.00 in additional charges.

## IV.

### LEGAL DISCUSSION

#### A. Relevant Statutory Background

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

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

Section 2(c)(2)(D)(ii) of the Act excepts certain transactions from Section 2(c)(2)(D). Section 2(c)(2)(D)(ii)(III)(aa) excepts a contract of sale that results in “actual delivery” within 28 days ....<sup>4</sup> As found by the Eleventh Circuit, the term “actual delivery” is unambiguous, and is therefore given its ordinary meaning. “Delivery” is “[t]he formal act of transferring something”; it denotes a transfer of possession and control.” *CFTC v. Hunter Wise Commodities, LLC*, 749 F.3d 967, 978-9 (11<sup>th</sup> Cir. 2014), citing *Black’s Law Dictionary* 494 (9<sup>th</sup> ed. 2009). As such, “[a]ctual delivery” denotes “[t]he act of giving real and immediate possession to the buyer or the buyer’s agent.” *Id.* “Actual delivery” is distinct from “constructive delivery.” *See Id.* (holding that “the electronic transfer of documents indicating control or possession effectuates delivery without physical transfer of the commodity—is by any definition constructive, rather than actual.”); *see also Black’s Law Dictionary* 494 (9<sup>th</sup> ed. 2009) (defining “constructive delivery” as “[a]n act that amounts to a transfer of title by operation of law when actual transfer is impractical or impossible”). “Actual” is that which “exist[s] in fact” and is “real,” rather than constructive. *Id.* at 40.

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

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

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

The Commission's view complements the Eleventh Circuit's definition. The Commission has stated that the determination of whether "actual delivery" has occurred within the meaning of Section 2(c)(2)(D)(ii)(III)(aa) requires consideration of evidence beyond the four corners of the contract documents. In determining whether actual delivery has occurred within 28 days, the Commission employs a functional approach to assess whether there has been a "real and immediate" transfer of "possession and control" to the "buyer or the buyer's agent" of the commodity. The Commission examines how the agreement, contract, or transaction is marketed, managed, and performed. Ownership, possession, title, and physical location, as well as the relationships between the buyer, seller, and possessor of the commodity, and the manner in which the sale is recorded and completed are all relevant considerations in determining whether there has been actual delivery. Thus, physical delivery of the entire quantity of the commodity, including the portion purchased using leverage, margin or financing, into the possession of the buyer, or a depository other than the seller, the seller's parent company, partners, agents and affiliates will satisfy the actual delivery exception, provided that the purported delivery is not a sham.<sup>5</sup>

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

#### **B. The Commission's Jurisdiction**

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

Respondents' retail-financed precious metals transactions executed through AML did not result in actual delivery to the customer. Respondents did not transfer possession and control of any precious metals to their customers. Therefore, Respondents' transactions are not excepted from the Commission's jurisdiction under Section 2(c)(2)(D)(ii)(III)(aa) of the Act.

#### **C. Respondents Violated Section 4(a) of the Act: Illegal, Off-Exchange Transactions**

As stated above, retail commodity transactions within the scope of Section 2(c)(2)(D) of the Act are subject to enforcement under Section 4(a) of the Act, among other provisions, as if such transactions are commodity futures contracts. Section 4(a) of the Act makes it unlawful for any person to offer to enter into, enter into, execute, confirm the execution of, or conduct an office or business in the United States for the purpose of soliciting, or accepting any order for, or

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<sup>5</sup> See Retail Commodity Transactions Under Commodity Exchange Act, 78 Fed. Reg. 52,426 (Aug. 23, 2013).

otherwise dealing in any transaction in, or in connection with, a commodity futures contract, unless such transaction is made on or subject to the rules of a board of trade that has been designated or registered by the CFTC as a contract market or derivatives transaction execution facility for the specific commodity.

Respondents offered to enter into, entered into, and confirmed the execution of retail financed precious metals transactions. Respondents also conducted an office and business in the United States for the purpose of soliciting, accepting orders for, and otherwise dealing in retail financed precious metals transactions. None of the retail financed precious metals transactions were conducted on or subject to the rules of a board of trade that has been designated or registered by the CFTC as a contract market or derivatives transaction execution facility for precious metals. Respondents therefore violated Section 4(a) of the Act.

**D. Respondents Violated Sections 4b(a)(2)(A)-(C) by Committing Fraud in Connection with Retail Commodity Transactions**

Section 4b(a)(2)(A)-(C) of the Act prohibits all manner of fraud and false statements in or in connection with retail commodity transactions, including fraudulent solicitation and misappropriation. Section 4b(a)(2)(A)-(C) provides 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, for or on behalf of, or with, any other person, other than on or subject to the rules of a designated contract market-- (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 . . . .

Pursuant to Section 2(c)(2)(D)(iii) of the Act, Section 4b of the Act applies to the retail commodity transactions conducted by Respondents and offered to, or entered into with, non-ECPs on a leveraged, margined or financed basis, “as if” they were a contract of sale for a commodity for future delivery.

To establish that Respondents violated Section 4b(a)(2)(A)-(C) of the Act, the Commission must prove that (1) a misrepresentation has occurred; (2) with scienter; and (3) the misrepresentation was material. *CFTC v. R.J. Fitzgerald & Co.*, 310 F.3d 1321, 1328-29 (11th Cir. 2002) *cert. denied*, 543 U.S. 1034 (2004); *CFTC v. Hunter Wise Commodities, LLC*, -- F. Supp. 2d --, [Current Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 33,150; 2014 WL 2022239 \*15 (S.D. Fla., May 16, 2014). “Whether a misrepresentation has been made depends on the overall message and the common understanding of the information conveyed.” *R.J. Fitzgerald*

& Co., 310 F.3d at 1328 (internal quotation marks and citation omitted). A statement or omission is material if “a reasonable customer would consider it important in deciding whether to make an investment.” *Id.* at 1328-29. In order to meet the scienter requirement, the Commission must demonstrate that a defendant committed the alleged wrongful acts “intentionally or with reckless disregard for his duties under the Act.” *Drexel Burnham Lambert, Inc. v. CFTC*, 850 F.2d 742, 748 (D.C. Cir. 1988) (finding that recklessness is sufficient to satisfy scienter requirement). To prove that conduct is intentional, the Commission need only show that a defendant’s actions were “intentional as opposed to accidental.” *Lawrence v. CFTC*, 759 F.2d 767, 773 (9th Cir. 1985). To prove that conduct is reckless, the Commission must show that it “departs so far from the standards of ordinary care that it is very difficult to believe the [actor] was not aware of what he was doing.” *Drexel Burnham Lambert*, 850 F.2d at 748 (alteration in original) (internal quotation marks and citation omitted); *Do v. Lind-Waldock & Co.* [1994-1996 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 26,516, 1995 CFTC LEXIS 247, at \*4 (CFTC Sept. 27, 1995) (determining that a reckless act is one that “departs so far from the standards of ordinary care that it is very difficult to believe the [actor] was not aware of what he was doing”) (quoting *Drexel Burnham Lambert*, 850 F.2d at 848); see also *CFTC v. Noble Metals Int’l, Inc.*, 67 F.3d 766, 774 (9th Cir. 1995) (“Mere negligence, mistake, or inadvertence fails to meet Section 4b’s scienter requirement.”).

By falsely representing to customers of GCB that they were, in fact, purchasing physical precious metals and receiving loans, Respondents committed fraud in connection with its retail commodity transactions in violation of Section 4b(a)(2)(A) and (C). Further, when Respondents sent documents to GCB customers which confirmed the purchase or sale of physical precious metals Respondents made false reports or statements in connection with these retail commodity transactions in violation of Section 4b(a)(2)(B) of the Act.

#### **E. GCB Violated Section 4d by Failing to Register as a Futures Commission Merchant**

Section 4d of the Act requires all persons acting as futures commission merchants (“FCM”) to register with the Commission. Section 1a(28) of the Act defines a FCM, in relevant part, as an individual, partnership, corporation or trust, that is engaged in soliciting or accepting orders for retail commodity transactions, or that accepts money in connection with such transactions. See 7 U.S.C. § 1a(28)(i)(I)(aa)(DD). See also *CFTC v. Hunter Wise Commodities, et al.*, 1 F.Supp.3d 1311 (S.D. Fla. 2014) (entering summary judgment against Hunter Wise for failing to register as an FCM).

Respondents solicited retail customers to enter into retail commodity transactions, accepted orders for retail commodity transactions, and received funds from those customers in connection with retail commodity transactions. Respondents were not, however, registered with the Commission. Therefore, Respondents violated Section 4d of the Act.

#### **F. GCB Is Liable for the Violations of its Agents**

GCB is liable for the violations of its agents, including Lauria and other employees. Under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), as well as Regulation 1.2, 17 C.F.R. § 1.2, a principal is strictly liable for the violations of its agents made within the scope of the agents’ employment. *Rosenthal & Co. v. CFTC*, 802 F.2d 963, 966 (7th Cir. 1986). Lauria,

along with other GCB telemarketers, were agents of GCB, and in the scope of their employment they violated Section 4(a) and 4b of the Act. GCB is therefore liable for these violations.

**G. Lauria is Liable as the Controlling Person Under Section 13(b) of the Act for GCB's Violations**

Lauria is directly liable for violations of Section 4(a) and 4b of the Act. In addition, Lauria directly controlled GCB and directly and knowingly induced GCB's conduct constituting violations of the Act; therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Lauria is liable for GCB's violations of Section 4(a) of the Act. Section 13(b) of the Act states that a controlling person of an entity is liable for the violations of that entity, provided that the controlling person knowingly induced, directly or indirectly, the violations, or provided that the controlling person did not act in good faith. "A fundamental purpose of Section 13b [sic] is to allow the Commission to reach behind the corporate entity to the controlling individuals of the corporation and to impose liability for violations of the Act directly on such individuals as well as the corporation itself." *R.J. Fitzgerald & Co., Inc.*, 310 F.3d at 1334 (internal quotation marks and citation omitted).

To establish controlling person liability under Section 13(b), the Division must show both (1) control; and (2) lack of good faith or knowing inducement of the acts constituting the violation. *In re First Nat'l Trading Corp.*, [1992-1994 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 26,142 at 41,787 (CFTC Jul. 20, 1994), *aff'd without opinion sub nom. Pick v. CFTC*, 99 F.3d 1139 (6th Cir. 1996). To establish the first element, control, a defendant must possess general control over the operation of the entity principally liable. *See, e.g., R.J. Fitzgerald*, 310 F.3d at 1334 (recognizing an individual who "exercised the ultimate choice-making power within the firm regarding its business decisions" as a controlling person). Evidence that a defendant is an officer, founder, principal, or the authorized signatory on the company's bank accounts indicates the power to control a company. *In re Spiegel*, [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 24,103 at 34,767 (CFTC Jan. 12, 1988). The Division must also show that a defendant possessed specific control, which is "the power or ability to control the specific transaction or activity upon which the primary violation was predicated." *Monieson v CFTC*, 996 F.2d 852, 860 (7th Cir. 1993) (internal quotation marks and citation omitted). The defendant does not need to participate in or benefit from the wrongdoing; the issue is whether the defendant has the power to address the illegal conduct. *Id.* (finding that, in a trade allocation case, the fact that the defendant could fire or discipline responsible employees, end the placement of orders without numbers as soon as the defendant knew of it, or order a full investigation was sufficient to show specific control).

With respect to control, Lauria was the sole owner and operator of GCB. He managed the day to day operations, supervising the solicitation of retail customers and engaging in solicitations himself. Lauria was the ultimate decision maker and controlled all aspects of GCB's business. Lauria had both general control over GCB's business and specific control over the conduct underlying GCB's violations.

In addition to control, the Division must show the controlling person knowingly induced, directly or indirectly, the acts constituting the violation or did not act in good faith. To show knowing inducement, the Division must show that a defendant had actual or constructive

knowledge of the core activities that constituted the violation and allowed the activities to continue. *In re Spiegel*, [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) at 34,767. To show lack of good faith, the Division must show that a defendant did not have an adequate system of internal supervision, or that a defendant did not enforce such system with reasonable diligence. *Monieson*, 996 F.2d at 860.

Lauria knew that the basic nature or essence of GCB's business was in off-exchange, retail financed precious metals transactions. Lauria further knew that neither GCB nor AML purchased or held actual physical precious metals, and that no loans were made in connection with any retail commodity transactions. Lauria further failed to register GCB with the Commission as an FCM. Thus, Lauria knowingly induced the conduct in violation of Sections 4(a), 4b and 4d of the Act.

## V.

### FINDINGS OF VIOLATION

Based on the foregoing, the Commission finds that, during the Relevant Period, GCB and Anthony Lauria violated Sections 4(a), 4b(a)(2)(A)-(C), and 4d of the Act.

## VI.

### OFFER OF SETTLEMENT

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

- A. Acknowledge receipt of service of this Order;
- B. Admit the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waive:
  - 1. the filing and service of a complaint and notice of hearing;
  - 2. a hearing;
  - 3. all post-hearing procedures;
  - 4. judicial review by any court;
  - 5. any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
  - 6. any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or the rules promulgated

by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. §§ 148.1-30, relating to, or arising from, this proceeding;

7. any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this proceeding; and
  8. any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;
- D. Stipulate that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have consented in the Offer;
- E. Consent, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. makes findings by the Commission that Respondents violated Sections 4(a), 4b(a)(2)(A)-(C), and 4d of the Act;
  2. orders Respondents to cease and desist from violating Sections 4(a), 4b(a)(2)(A)-(C), and 4d of the Act;
  3. orders Respondents, jointly and severally, to pay restitution in the amount of five million, nine hundred forty thousand, one hundred twenty four dollars and sixteen cents (\$5,940,124.16), plus post-judgment interest;
  4. orders Respondents, jointly and severally, to pay a civil monetary penalty in the amount of three million, seven hundred and fifty thousand dollars, \$3,750,000.00, plus post-judgment interest;
  5. appoints the National Futures Association ("NFA") as Monitor in this matter;
  6. orders that Respondents be permanently prohibited from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, as amended, 7 U.S.C. § 1a) and all registered entities shall refuse them trading privileges; and
  7. orders Respondents and their successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VII of this Order.

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

**VII.**  
**ORDER**

**Accordingly, IT IS HEREBY ORDERED THAT:**

- A. Respondents shall cease and desist from violating Sections 4(a), 4b(a)(2)(A)-(C), and 4d of the Act.
- B. Respondents, jointly and severally, shall pay restitution in the amount of five million, nine hundred forty thousand, one hundred twenty four dollars and sixteen cents (\$5,940,124.16) (“Restitution Obligation”). Post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006).

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

Respondents shall make payments of the Restitution Obligation under this Order in the name of the “Gold Coast Bullion, Inc.’s Settlement Fund” and shall send such payments by electronic funds transfer, or U.S. postal money order, certified check, bank cashier’s check, or bank money order to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, under a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

The Monitor shall oversee Respondents’ Restitution Obligation and shall have the discretion to determine the manner of distribution of funds in an equitable fashion to the Respondents’ customers or may defer distribution until such time as the Monitor may deem appropriate. In the event that the amount of payments of the Restitution Obligation to the Monitor are of a *de minimis* nature such that the Monitor determines that the administrative cost of making a restitution distribution is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary penalty payments, which the Monitor shall forward to the Commission, as discussed below. To the extent any funds accrue to the U.S. Treasury for satisfaction of Respondents’ Restitution Obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth in this Order.

- C. Respondents, jointly and severally, shall pay a civil monetary penalty in the amount of three million, seven hundred and fifty thousand dollars (\$3,750,000.00) (the "CMP Obligation"). Post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006). Respondents shall pay the CMP Obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission  
Division of Enforcement  
ATTN: Accounts Receivables --- AMZ 340  
E-mail Box: 9-AMC-AMZ-AR-CFTC  
DOT/FAA/MMAC  
6500 S. MacArthur Blvd.  
Oklahoma City, OK 73169  
Telephone: (405) 954-5644

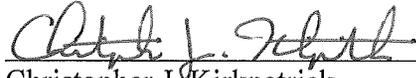
- If payment is to be made by electronic funds transfer, Respondents shall contact Nikki Gibson or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.
- D. Respondents are permanently prohibited from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, as amended, 7 U.S.C. § 1a), and all registered entities shall refuse them trading privileges.
- E. Respondents and their successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:
1. Public Statements: Respondents agree that neither they nor any of their successors and assigns, agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents': (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents their successors and assigns shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement.

2. Respondents agree(s) that they shall never, directly or indirectly:
  - a. entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2014)) (“commodity options”), security futures products, swaps (as that term is defined in Section 1a(47), and as further defined by Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx) and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for Respondents’ own personal account(s) or for any account(s) in which Respondents have a direct or indirect interest;
  - b. having any commodity futures, options on commodity futures, commodity options, security futures products, swaps and/or forex contracts traded on Respondents’ behalf;
  - c. controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, swaps and/or forex contracts;
  - d. soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, security futures products, swaps and/or forex contracts;
  - e. 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); and/or
  - f. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a)), agent, or any other officer or employee of any person (as that term is defined in Section 1a(38) of the Act, as amended, 7 U.S.C. § 1a(38)) registered, required to be registered, or exempted from registration with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9).
- F. Cooperation with the Commission: Respondents shall cooperate fully and expeditiously with the Commission, including the Commission’s Division of Enforcement, and any other governmental agency in this action, and in any investigation, civil litigation, or administrative matter related to the subject matter of this action or any current or future Commission investigation related thereto.
- G. Partial Satisfaction: Respondents understand and agree that any acceptance by the Commission or the Monitor of partial payment of Respondents’ Restitution Obligation or CMP Obligation shall not be deemed a waiver of their obligation to make further payments pursuant to this Order, or a waiver of the Commission’s right to seek to compel payment of any remaining balance.

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

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

By the Commission.

  
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Christopher J. Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission

Dated: January 26, 2015