



April 21, 2015

CFTC Charges Florida-Based Sentry Asset Group, LLC and its Owner, John Pakel, with Engaging in Illegal, Off-Exchange Precious Metals Transactions

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) today announced that it filed a civil enforcement action in the U.S. District Court for the Southern District of Florida against Defendants **Sentry Asset Group, LLC** (SAG) of Boca Raton, Florida, and its owner and manager, **John Pakel** of Del Ray, Florida. The CFTC Complaint charges the Defendants with engaging in illegal, off-exchange transactions in precious metals with retail customers on a leveraged, margined, or financed basis. The Complaint further alleges that as controlling person for SAG, Pakel is liable for SAG's violations of the Commodity Exchange Act (CEA).

According to the Complaint, since at least March 2012 and continuing through at least July 2013, SAG, by and through its employees including Pakel, solicited retail customers by telephone to engage in leveraged, margined, or financed precious metals transactions. During the period, SAG's customers paid more than \$1.1 million to SAG in connection with precious metal transactions, and SAG received commissions and fees totaling \$278,767 in connection with these precious metals transactions. In addition, the Complaint alleges that SAG accepted customer orders and funds and thus acted as a Futures Commission Merchant without registering with the CFTC as such.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, leveraged, margined, or financed transactions such as those conducted by SAG, are illegal off-exchange transactions unless they result in actual delivery of metal within 28 days. The Complaint alleges that metals were never actually delivered in connection with the leveraged, margined, or financed precious metals transactions made on behalf of SAG's customers.

The Order further finds that SAG and Pakel executed the illegal precious metals transactions through **Lloyds Commodities, LLC** (Lloyds), **Hunter Wise, LLC** (Hunter Wise), and **AmeriFirst Management LLC** (AmeriFirst). The CFTC filed enforcement actions against, among others, Lloyds and Hunter Wise in December 2012 and AmeriFirst in July 2013, charging each with engaging in illegal, off-exchange precious metals transactions, and charging AmeriFirst and Hunter Wise with fraud and other violations (see CFTC Press Releases [6447-12](#) and [6655-13](#)).

On September 18, 2013, the court entered a consent Order resolving the Commission's claims against AmeriFirst, finding it liable for illegal off-exchange precious metals transactions and fraud (see CFTC Press Release [6973-14](#)).

On February 5, 2014, in a consent Order resolving the Commission's claims against Lloyds, the court ordered Lloyds Commodities to pay over \$5 million in restitution and penalties (see CFTC Press Release [6850-14](#)).

On February 19, 2014, the court found that Hunter Wise had no actual metal to deliver to customers and held that Hunter Wise engaged in illegal precious metals transactions and was required to register as a Futures Commission Merchant but did not do so and therefore violated Sections 4(a) and 4d of the CEA (see CFTC v. Hunter Wise Commodities, LLC, et al., 12-81311-CIV (Order on the Parties' Motions for Summary Judgment)). On April 15, 2014, the U.S. Court of Appeals for the Eleventh Circuit affirmed the court's issuance of a preliminary injunction and held that the Commission's jurisdiction under Section 2(c)(2)(D) of the CEA extends to the precious metals transactions at issue in the case and that no exception to the Commission's jurisdiction applied. And, on May 16, 2014, after a bench trial on the remaining claims, including fraud, the court entered an Order finding that Hunter Wise fraudulently misrepresented the nature of precious metals transactions that resulted in millions of dollars in customer losses (see CFTC Press Release [6935-14](#)).

In its continuing litigation against SAG and Pakel, the CFTC seeks disgorgement of ill-gotten gains, civil monetary penalties, permanent registration and trading bans, and a permanent injunction from future violations of the CEA, as charged.

The CFTC cautions victims that restitution orders may not result in the recovery of money lost because the wrongdoers may not have sufficient funds or assets. The CFTC will continue to fight vigorously for the protection of customers and to ensure the wrongdoers are held accountable.

CFTC Division of Enforcement staff members responsible for this action are Eugenia Vroustouris, Michael Loconte, James H. Holl, III, and Rick Glaser.

* * * * *

CFTC's Precious Metals Customer Fraud Advisory

The CFTC has issued several customer protection [Fraud Advisories](#) that provide the warning signs of fraud, including the [Precious Metals Fraud Advisory](#), which alerts customers to precious metals fraud and lists simple ways to spot precious metals scams.

Customers can report suspicious activities or information, such as possible violations of commodity trading laws, to the CFTC Division of Enforcement via a Toll-Free Hotline 866-FON-CFTC (866-366-2382) or [file a tip or complaint](#) online.

Media Contact
Dennis Holden
202-418-5088

Last Updated: April 21, 2015