



February 4, 2015

CFTC Orders Florida-Based Midwest Metals Exchange and Its Owner, Brian S. Ekasala, to Pay Restitution and a Civil Monetary Penalty Totaling More than \$522,000 for Engaging in Illegal, Off-Exchange Precious Metals Transactions

Washington DC – The U.S. Commodity Futures Trading Commission (CFTC) today issued an Order filing and simultaneously settling charges against **Brian S. Ekasala**, a resident of Lake Worth, Florida, and his company, **Midwest Metals Exchange, LLC** (Midwest) of Fort Lauderdale, Florida, for engaging in illegal, off-exchange precious metals transactions.

The CFTC Order requires Ekasala and Midwest jointly to pay restitution totaling \$322,852.71 and a \$200,000 civil monetary penalty. The Order further imposes permanent trading and registration bans against Ekasala and Midwest and requires them to cease and desist from violating Section 4(a) of the Commodity Exchange Act.

As explained in the Order, financed transactions in commodities with retail customers, like those engaged in by Ekasala and Midwest, must be executed on or subject to the rules of an exchange approved by the CFTC. The CFTC Order finds that, from July 2011 through March 2013, Midwest solicited retail customers to buy and sell precious metals, which were executed through **Hunter Wise Commodities, LLC** (Hunter Wise). Midwest telemarketers represented that a customer could purchase precious metals with just a 30 percent deposit, and that the customer would receive a loan for the remaining 70 percent, according to the Order. In addition to interest on the “loan,” the customer also had to pay a commission and a mark-up on the total value of the metal. Neither Midwest nor Hunter Wise bought, sold, loaned, stored, or transferred any physical metals for these transactions. Neither Midwest nor Hunter Wise actually delivered any precious metals to any customer. Notwithstanding the fact that no physical metal was involved, Midwest’s transactions were illegal because they were not executed on a registered exchange.

The CFTC sued Midwest’s clearing firm, Hunter Wise, in federal court in Florida on December 5, 2012. The CFTC charged Hunter Wise with engaging in illegal, off-exchange precious metals transactions, as well as fraud and other violations (see CFTC Press Release [6447-12](#)). On February 25, 2013, the court granted a preliminary injunction against Hunter Wise, froze the firm’s assets, and appointed a corporate monitor to assume control over those assets (see CFTC Press Release [6522-13](#)).

The Order states that Ekasala owned and operated Midwest and controlled its day-to-day operations, with exclusive authority over the hiring and supervision of Midwest telemarketers.

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 that the wrongdoers are held accountable.

The CFTC Division of Enforcement staff members responsible for this case are Michael Amakor, Todd Kelly, Peter M. Haas, and Paul G. Hayeck.

* * * * *

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: February 4, 2015