



April 6, 2015

Federal Court Orders Texas-based RFF GP, LLC, KGW Capital Management, LLC, and Kevin G. White to Pay over \$7.5 Million for Operating a Fraudulent Commodity Pool

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) today announced that Judge Richard A. Schell of the U.S. District Court for the Eastern District of Texas entered a Consent Order for permanent injunction against Defendants **RFF GP, LLC, KGW Capital Management, LLC, and Kevin G. White**, all of The Woodlands, Texas. The Order, entered on March 30, 2015, requires the Defendants jointly to pay a \$4,150,000 civil monetary penalty and restitution of \$3,365,888. The Order also imposes permanent trading and registration bans against them.

The Order stems from a CFTC Complaint filed on July 9, 2013 (see CFTC Press Release [6644-13](#), July 12, 2013), charging the Defendants with fraud and misappropriation of pool participants' funds while operating a fraudulent commodity pool, **Revelation Forex Fund, LP**. Defendants duped pool participants into investing in Revelation, a purported hedge fund and commodity pool, which Defendants established for the purpose of trading off-exchange foreign currency (forex), according to the Complaint.

The Order finds that the Defendants fraudulently solicited approximately \$7.4 million from more than 20 pool participants. Of this amount, Defendants misappropriated approximately \$1.7 million of pool participants' funds. The Order also finds that White used these misappropriated pool participants' funds for personal expenses, including a gym membership, retail purchases, meals, travel, and a dog training service, among other things. In making their solicitations through two websites and at a tradeshow presentation, Defendants fabricated Revelation's performance and lied about White's investment experience, according to the Order.

Related regulatory and criminal action

In a related regulatory action, the Securities and Exchange Commission filed a Complaint against White contemporaneously with the CFTC's Complaint (*SEC v. White*, No. 4:13-cv-00383 (U.S. District Court for the Eastern District of Texas)). The U.S. District Court for the Eastern District of Texas entered interlocutory judgments against White and the other Defendants in this case on March 30, 2015.

In a related criminal action, on February 18, 2015, White was sentenced to 8 years in prison for mail fraud (*United States v. White*, Case No. 8:13-cr-00035-UA (U.S. District Court for the Eastern District of Texas)). (See CFTC Press Release [7127-15](#), February 26, 2015.)

The CFTC thanks the U.S. Securities and Exchange Commission's Fort Worth, Texas, regional office, the U.S. Attorney's Office for the Eastern District of Texas, the Federal Bureau of Investigation, Dallas Field Office, and the Nevada Office of the Attorney General for their assistance and cooperation on this matter.

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 case are Harry E. Wedewer, Dmitriy Vilenskiy, John Einstman, and Paul G. Hayeck.

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CFTC's Commodity Pool Fraud Advisory

The CFTC has issued several customer protection [Fraud Advisories](#) that provide the warning signs of fraud, including the [Commodity Pool Fraud Advisory](#), which warns customers about a type of fraud that involves individuals and firms, often unregistered, offering investments in commodity pools.

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.

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