

RECEIVED CFTC



UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:

Paramount Metals Exchange,
LLC;) CFTC Docket No. 15-16
Paramount Credit, LLC;
Isaiah Goldman; and
Brock Catronio,

)
Respondents.

Office of Proceedings
Proceedings Clerk

12:07 pm, Feb 05, 2015

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

I.

The Commodity Futures Trading Commission (“Commission”) has reason to believe that during the period between December 2011 and February 2013 (the “relevant period”), Paramount Metals Exchange, LLC (“Paramount Metals”) and Paramount Credit, LLC (“Paramount Credit”) (collectively, “Paramount”), including their controlling persons, Isaiah Goldman (“Goldman”) and Brock Catronio (“Catronio”), (collectively “the Respondents”), violated Sections 4(a), 4b(a)(2)(A) & (C), 4b(a)(2)(B), 4d and 6(c)(1) of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 6(a), 6b(a)(2)(A) &(C), 6b(a)(2)(B), 6d and 9(1) (2012) and Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(2014). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether the 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, the 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, Making Findings and Imposing Remedial Sanctions (“Order”) and acknowledges service of this Order.¹

¹ 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

III.

The Commission finds the following:

A. SUMMARY

During the relevant period, Respondents violated Section 4(a) of the Act by offering to enter into, entering into, confirming the execution of, and conducting an office and business in the United States for the purpose of soliciting, accepting orders for, and otherwise dealing in illegal, off-exchange retail commodity transactions. Specifically, the transactions were financed precious metals transactions with individual retail investors. The Respondents also violated Sections 4b(a)(2)(A) and (C) of the Act by defrauding customers by representing to them that they were purchasing physical metals and that they were making cash purchases when, in fact, their purchases were leveraged transactions with an undisclosed third-party (Hunter Wise) for physical metals that the Respondents never purchased or possessed and for which they never had title. Similarly, the Respondents violated Section 4b(a)(1)(B) of the Act by falsely claiming to "ship" or "receive" metals following each trade in "Transfer of Commodity" notices when, in fact, no physical metals were being shipped or received. The Respondents violated Section 4d of the Act by acting as an unregistered futures commission merchant ("FCM") by soliciting and accepting orders for retail commodity transactions and accepting money, securities or property for trades or contracts without the benefit of registration as an FCM. Finally, the Respondents violated Section 6(c)(1) of the Act and Regulation 180.1(a)(1)(3) by engaging in the same fraudulent and deceptive acts by which they violated Section 4b(a)(2) of the Act. Respondents solicited and accepted orders from individual investors who collectively lost the sum of \$1,595,946 in connection with these transactions. Goldman and Catronio are directly liable for the aforementioned violations, and are also liable as the controlling persons of Paramount.

B. RESPONDENTS

Paramount Metals was a Florida registered limited liability company with its business located in Delray Beach, Florida. It was formed on December 2, 2011 and dissolved on April 1, 2013. Paramount has never been registered with the Commission in any capacity.

Paramount Credit was a Florida registered limited liability company with its business at the same location as Paramount Metals in Delray Beach, Florida. Paramount Credit was formed on December 9, 2011 and dissolved on April 1, 2013. Paramount Credit has never been registered with the Commission in any capacity.

Isaiah Goldman resides in Boca Raton, Florida and was an owner of both Paramount Metals and Paramount Credit. He was also the managing member of both of those entities from September 26, 2012 until their dissolution. Goldman was registered with the Commission in various capacities from 2003-2004 and continuously from 2005 until 2012, including as an associated person ("AP") of Paramount Commodities Group LLC, which had been registered as

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.

an introducing broker (“IB”) from 2008 until 2012. Goldman is not currently registered in any capacity.

Brock Catronio resides in Delray Beach, Florida and was an owner of Paramount Metals and Paramount Credit from their formation on December 2 and 9, 2011, respectively, until September 25, 2012. Catronio was also the managing member of Paramount Metals and Paramount Credit from their formation until September 26, 2012. Catronio was continuously registered as an AP of various firms from 2006 until January 2014 and was also an AP and principal of Paramount Commodities Group, LLC from 2008 until 2012. Catronio is not currently registered with the Commission in any capacity.

C. OTHER RELEVANT ENTITY

Hunter Wise Commodities LLC (“Hunter Wise”) was formed as a California limited liability company in July 2007 but was converted to a Nevada limited liability company in October 2010. It held itself out on its website as “a physical commodity trading company, wholesaler, market maker, back-office support provider, and finance company.” During the relevant period, Hunter Wise executed and confirmed the execution of retail commodity transactions involving gold, silver, platinum, palladium and copper throughout the United States using a network of telemarketing solicitors such as Respondents, which it referred to as its “dealers.”

D. FACTS

Beginning in December 2011, when Paramount was formed, and continuing through at least February 22, 2013, the Respondents solicited retail customers to enter into off-exchange trading of gold, silver and platinum and accepted funds from customers in order to enter those transactions. Goldman and Catronio, the controlling persons of Paramount, directly solicited customers and supervised the other telemarketers involved in solicitation. Goldman, Catronio, and the other telemarketers for Paramount told customers that they were making outright cash purchases of precious metals, while instead treating their transactions as financed purchases of metal in which the retail customer only paid a portion of the purchase price and took out a loan for the balance of the price (“Retail Commodity Transactions”). The Respondents also falsely claimed to: (a) sell physical metals to customers; (b) transfer title of physical metals to customers; and (c) arrange for the transfer and storage of customers’ physical metals in independent depositories where such metal was purportedly held on the customers’ behalf. These representations were false because the Respondents did not sell or transfer ownership of any physical metals and no metals were stored in any depositories for or on behalf of customers. Rather, the Respondents used a portion of funds received from customers to enter into transactions with a third party, Hunter Wise. This conduct was not disclosed to its customers.

Respondents’ customers paid a total of \$3,306,032 to Hunter Wise and suffered a total of \$1,595,946 in net trading losses, commission, interest charges and other fees during the relevant period. Respondents received commissions and fees totaling \$853,279 for the retail financed precious metals transactions executed through Hunter Wise.

Neither Respondents nor Hunter Wise bought, sold, loaned, stored, or transferred any physical metals for these financed precious metals transactions. The transactions were leveraged, off-exchange trades with retail customers that did not involve the actual delivery of any metals. Instead, Hunter Wise and Paramount managed exposure on these transactions using derivatives in margin trading accounts with several entities. *CFTC v. Hunter Wise Commodities, LLC*, 1 F. Supp. 3d 1311 (S.D. Fla. Feb. 19, 2014) (order granting summary judgment).

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,² which 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”)³ 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 transactions with retail customers be conducted on a registered commodity exchange and that such an agreement, contract, or transaction shall be subject to Sections 4(a), 4(b), and 4b⁴ 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 or such other longer period as the Commission may determine by rule or regulation based

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

³ 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.

⁴ Section 4(b) of the Act, 7 U.S.C. § 6(b), authorizes the Commission to adopt rules and regulations proscribing fraud and requiring minimum financial standards, the disclosure of risk, the filing of reports, the keeping of books and records, the safeguarding of customers’ funds, and registration with the Commission. Section 4b of the Act, 7 U.S.C. § 6b, prohibits fraudulent conduct.

upon the typical commercial practice in cash or spot markets for the commodity involved.”⁵ Section 2(c)(2)(D)(ii)(III)(bb) excepts a contract of sale that creates an enforceable obligation to deliver between a seller and a buyer that have the ability to deliver and accept delivery, respectively, in connection with the line of business of the seller and buyer.

The Commission has stated its view that the determination of whether “actual delivery” has occurred within the meaning of Section 2(c)(2)(D)(ii)(III)(aa) requires a consideration of evidence beyond the four corners of the contract documents. This interpretation of the statutory language is based on Congress’ use of the word “actual” to modify “delivery” and on the legislative history of Section 2(c)(2)(D)(ii)(III)(aa). Consistent with this interpretation, in determining whether actual delivery has occurred within 28 days, the Commission will employ a functional approach and examine how the agreement, contract, or transaction is marketed, managed, and performed, instead of relying solely on language used by the parties in the agreement, contract, or transaction.⁶ Unless the Commission provides otherwise, the 28 days for actual delivery is 28 days from the date the agreement, contract, or transaction is confirmed to the buyer or seller, typically, a retail customer.

Other than these exceptions, 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.

Section 2(c)(2)(D) of the Act applies to all agreements, contracts, and transactions entered into with, or offered to, non-ECPs 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, as those terms are commonly used in the industry.

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 which they represented to customers as cash deals but actually treated them as margined or leveraged transactions, financed by Respondents or Hunter Wise, which acted in concert with Respondents. Respondents’ retail financed precious metals transactions fall squarely within the Commission’s jurisdiction under Section 2(c)(2)(D) of the Act.⁷

⁵ 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.

⁶ See Retail Commodity Transactions Under Commodity Exchange Act, 76 Fed. Reg. 77,670 (Dec. 14, 2011).

⁷ Confirmation of the Commission’s jurisdiction over these matters can be found in the February 25, 2013 decision of a district court in the Southern District of Florida, which entered a preliminary injunction against Hunter Wise Commodities, LLC, and a number of related companies and individuals for engaging in similar transactions after finding that Section 2(c)(2)(D) and 6(c) of the Act expanded the Commission’s jurisdiction to cover such retail commodity transactions. See Order on Pl.’s Mot. Prelim. Inj., *CFTC v. Hunter Wise Commodities, LLC*, 2013 WL

Respondents' retail financed precious metals transactions executed through Hunter Wise did not result in actual delivery to the customer. As found by the district court in *Hunter Wise*, Hunter Wise had no actual metal to deliver. *Hunter Wise*, No. 12-81311-CIV, Docket Entry 78, slip op. at 19-20 & n.30 (order granting preliminary injunction) and Docket Entry 155, slip op. at 15-17 (S.D. Fla. Jun. 21, 2013) (order denying motions to dismiss). Respondent's transactions are not excepted from the Commission's jurisdiction under Section 2(c)(2)(D)(ii)(III)(A) 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 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. 7 U.S.C. § 6(a).

Respondents offered to enter into, entered into, and confirmed the execution of retail financed precious metals transactions. Respondents also conducted a 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 Section 4b(a)(2)(A) and (C)

Sections 4b(a)(2)(A) and (C) make it a violation for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery that is made, or to be made, for, 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; 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, on behalf of, or with the other person. Three elements must be proven to establish a violation through misrepresentations: (1) that the respondent misrepresented or failed to disclose

718503 (S.D.Fla. Feb. 26, 2013). This decision was affirmed by the United States Court of Appeals for the Eleventh Circuit on April 15, 2014. *CFTC v. Hunter Wise Commodities, LLC, et al.*, 749 F.3d 967, 2014 WL 1424435 (11th Cir. 2014). Additionally, the District Court in the Hunter Wise matter entered an Opinion and Order of Final Judgment, Permanent Injunction, Civil Monetary Penalty, and Other Equitable Relief finding the defendants in that matter liable for violations of Sections 4(a), 4(b)(a)(2)(A)-(C), 4d, and 13c(a) of the Act, banning defendants from engaging in such conduct, and ordering defendants to pay full restitution, and triple the monetary gain as a penalty. *CFTC v. Hunter Wise Commodities, LLC.*, 2014 WL 4049998 (S.D. Fla. May 16, 2014).

certain information; (2) the misrepresentation was material; and (3) the respondent acted with scienter. The Respondents conduct satisfies all three elements.

The Respondents willfully or recklessly misrepresented and omitted information regarding the products that were being sold to their retail customers. Specifically, they misrepresented that they: (1) purchased, sold and transferred ownership of physical metals to customers; (2) sold physical metals to customers on a cash and non-leveraged basis while, at the same time, treating the transactions as leveraged and charging customers' interest on sham loans; and (3) stored customers' financed physical metals in independent depositories. The misrepresentations made by the Respondents to their customers were material in that reasonable customers would want to know: (1) that they were not purchasing actual, physical metals, but, rather, paper assets; (2) the full extent of charges that they would incur and that they had taken out a loan and; (3) that a third party unknown to them, Hunter Wise, controlled all aspects of their transactions, including the storage of the metals. The Respondents also acted with scienter in making these misrepresentations. First, they knew that they were engaging in leveraged transactions with customers while representing to customers that they were selling the customers physical metals. Second, they failed to inquire whether Hunter Wise maintained a physical inventory of metals for their customers while sending single, small shipments of physical metal, purchased from another source to customers to convince them that the inventory of the full quantity of metals in their accounts existed. Third, they consciously withheld the Client Statements and Trade Confirmations from their customers for those would have revealed that they had taken out loans rather than having made a cash deal. The Respondents therefore violated Sections 4b(a)(2)(A) & (C).

E. Respondents Violated Section 4b(a)(2)(B)

Section 4b(a)(2)(B) makes it a violation of the Act for any person to make or cause to be made to another person any false report or statement, or willfully to enter or cause to be entered for the other person any false record. The Respondents falsely claimed to "ship" or "receive" metals following each trade in "Transfer of Commodity" notices. By this conduct, the Respondents violated section 4b(a)(2) of the Act. *See, e.g., CFTC v. Noble Wealth Data Info. Serv., Inc.*, 90 F. Supp. 2d at 685-87 (D. Md. 2000), *aff'd in relevant part sub nom. CFTC v. Baragosh*, 278 F.3d 319 (4th Cir. 2002) (finding that defendants issued false account statements and engaged in other misconduct under Section 4b(a)(2)(i)-(iii), the predecessor to Section 4b(a)(1)(A)-(C) of the Act, as amended); *CFTC v. McLaurin*, No. 95-C-285, 1996 U.S. Dist. LEXIS 9417, at *10-12 (N.D. Ill. July 3, 1996) (finding that defendant prepared and distributed false reports or statements in violation of Section 4b(a)(2)(ii) of the Act).

F. Respondents Violated Section 6(c)(1) of the Act and Regulation 180.1(a)(1)-(3)

The Respondents made untrue or misleading statements of material facts on and after August 15, 2011 and engaged in the same fraudulent and deceptive acts by which they violated Section 4b(a)(2) of the Act. Thus, they violated Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2012), and Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(1)-(3) (2014). *See* 76 F.R. 41398, July 14, 2011, effective Aug. 15, 2011.

Section 6(c)(1) of the Act, in relevant part, makes it unlawful for any person to use or employ, or attempt to use or employ, in connection with any contract of sale of any commodity in interstate commerce or for future delivery, any manipulative or deceptive device or contrivance in contravention of the Commission's Rules and Regulations. Regulation 180.1(a), in relevant part, makes it unlawful for any person:

in connection with any . . . contract of sale of any commodity in interstate commerce . . . to intentionally or recklessly: (1) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud; (2) Make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading; (3) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person . . .

G. Respondents Violated Section 4d

Section 4d makes it unlawful for any person to be an FCM unless such person is registered with the Commission. The Act defines FCM to include an entity that is engaged in soliciting or accepting orders for, among other things, the purchase or sale of a commodity for future delivery, any commodity option authorized under Section 4c, or any retail commodity transaction. 7 U.S.C. § 1a(28)(A)(i)(I)(aa)(DD).

Paramount accepted orders for customers in retail financed precious metals transactions thereby acting as an FCM and, therefore, was required to be registered. Paramount was never registered with the Commission and, therefore, violated Section 4d of the Act in connection with its retail metals transactions.

H. Paramount is Liable for the Violations of its Agents

Paramount is liable for the violations of its agents, including Goldman and Catronio. Under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2a(1)(B)(2012), as well as Regulation 1.2, 17 C.F.R. § 1.2 (2013), a principal is strictly liable for the violations of its agents made within the scope of the agents' employment under "a variant of the common law principle of respondeat superior." *Rosenthal & Co. v. CFTC*, 802 F.2d 963, 966 (7th Cir. 1986). Because Goldman, Catronio and other Paramount personnel who solicited the customers were all agents of Paramount acting within the scope of their employment, Paramount is liable for their conduct under Section 2(a)(1)(B) of the Act.

I. Goldman and Catronio are Liable as Controlling Persons Under Section 13(b) of the Act for Paramount's Violations

Pursuant to Section 13(b) of the Act, 7 U.S.C. 13c(b), "any person who, directly or indirectly, controls any person who has violated any provision of this chapter or any of the rules, regulations, or orders issued pursuant to this chapter may be held liable for such violation in any action brought by the Commission to the same extent as such controlled person. In such action,

the Commission has the burden of proving that the controlling person did not act in good faith or knowingly induced, directly or indirectly, the act or acts constituting the violation.” To satisfy this standard of proof, the Commission must establish that (1) a corporation or person violated the Act; (2) the defendant “directly or indirectly” controlled that corporation or person; and (3) that the controlling person or corporation “did not act in good faith or knowingly induced, directly or indirectly, the act or acts constituting the violation.” *See Dietrich v. Bauer*, 126 F. Supp. 2d 759 (S.D. N.Y. 2001). *Accord, Monieson v. CFTC*, 996 F.2d 852, 858 (7th Cir. 1993); *CFTC v. RJ Fitzgerald & Co., Inc.*, 310 F.3d 1321, 1334 (11th Cir. 2002), *cert. denied*, 543 U.S. 1034 (2004). In essence, the CFTC must show that the controlling person had actual or constructive knowledge of the core activities that make up the violation at issue and allowed them to continue. *R.J. Fitzgerald & Co., Inc.*, 310 F.3d at 1334.

Goldman and Catronio are liable as controlling persons for the actions of Paramount. First, both Goldman and Catronio controlled Paramount in that they each executed contracts on behalf of Paramount, controlled its bank accounts, directly solicited customers and supervised the other telemarketers involved in solicitation, and were responsible for its business decisions. In addition, Catronio was responsible for Paramount’s website. Further, Goldman and Catronio knowingly induced Paramount’s wrongful conduct by personally misrepresenting the nature of the leveraged metals they sold to customers; they supervised the other telemarketers involved in solicitation; and the website under Catronio’s control also contained misrepresentations. Further, Catronio and Goldman also did not act in good faith because they supervised employees who fraudulently solicited Paramount’s customers and recklessly allowed those employees to misrepresent the nature of the leveraged transactions they sold to customers.

V.

FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that, during the relevant period, Paramount Metals, Paramount Credit, Goldman and Catronio violated Sections 4(a), 4b(a)(2)(A) and (C), 4b(a)(2)(B), 4d and 6(c)(1) of the Act, 7 U.S.C §§ 6(a), 6b(a)(2)(A) and (C), 6b(a)(2)(B), 6d, and 9(1) and Regulation 180.1(a), 17 C.F.R. § 180.1(a).

VI.

OFFER OF SETTLEMENT

Respondents have submitted an 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 (2012), 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 Respondent has 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) and (C), 4b(a)(2)(B), 4d and 6(c)(1) of the Act and Regulation 180.1(a);
2. orders Respondents to cease and desist from violating Sections 4(a) 4b(a)(2)(A) and (C), 4b(a)(2)(B), 4d and 6(c)(1) of the Act and Regulation 180.1(a) of the Act;
3. orders Respondents to, jointly and severally, pay restitution to customers in the amount of one million five hundred and ninety-five thousand and nine hundred and forty-six dollars (\$1,595,946), plus post-judgment interest;
4. orders Respondents to, jointly and severally, pay a civil monetary penalty of one million dollars (\$1,000,000), plus post-judgment interest;

4. 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
5. 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 Respondents' Offer.

VII.

ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondents shall cease and desist from violating Sections 4(a), 4b(a)(2)(A) and (C), 4b(a)(2)(B), 4d and 6(c)(1) of the Act 7 U.S.C. §§ 6(a), 6b(a)(2)(A) &(C), 6b(a)(2)(B), 6d and 9(1) (2012) and Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(2014).
- B. Respondents shall, jointly and severally, pay restitution in the amount of one million five hundred and ninety-five thousand and nine hundred and forty-six dollars (\$1,595,946), within ten (10) days of the date of entry of this Order ("Restitution Obligation"). Post-judgment interest shall accrue on the Restitution Obligation beginning on the date 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.

Respondents shall make their payments of the Restitution Obligation under this Order to Melanie Damian, Esq., the Receiver appointed by the court in *CFTC v. Hunter Wise Commodities, LLC*, No. 12-81311-CIV (S.D. Fla. Feb. 25, 2013) ("Hunter Wise Receiver"). Respondents shall make such payments in the name "Paramount Metals (Hunter Wise Transactions) 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 Melanie Damian, Esq., Damian & Valori LLP, 1000 Brickell Ave., Ste. 1020, Miami, FL 33131, under a cover letter that identifies the Respondents and the name and docket number of this proceeding. The 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. To the extent any such funds accrue to the U.S. Treasury for satisfaction of Respondents' Restitution obligation, such funds shall be transferred to the Hunter Wise Receiver.

- C. Respondents shall, jointly and severally, pay a civil monetary penalty of one million dollars (\$1,000,000), within thirty (30) days of the date of entry of this Order (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 (2012). 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) 954-7262

If payment is to be made by electronic funds transfer, Respondent 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 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 and to the Deputy Director, Division of Enforcement, Commodity Futures Trading Commission, 140 Broadway, 19th Floor, New York, NY 10005.

- D. Respondents are permanently prohibited from, directly or indirectly, engaging in or trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, 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 assignees, agents or employees under his 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 and their successors and assigns shall undertake all steps necessary to ensure that all of their agents and/or employees under his authority or control understand and comply with this agreement.
 - 2. Respondents agree that they shall never, directly or indirectly:

- a. enter 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)), security futures products, swaps, (as that term is defined in Section 1a(47) of the Act, 7 U.S.C. § 1a(47) (2012), and as further defined by Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx)) (“swaps”), 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. have any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts traded on Respondents’ behalf;
- c. control or direct 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. solicit, receive, or accept 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. apply for registration or claim exemption from registration with the Commission in any capacity, and engage 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. act 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 of the Act, 7 U.S.C. § 1a) 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 Hunter Wise Receiver: Respondents shall cooperate with the Hunter Wise Receiver as appropriate to provide such information as the Hunter Wise Receiver deems necessary and appropriate to identify Respondents’ customers. Respondents shall execute any documents necessary to release funds that they have in any repository, bank, investment or other financial institution, wherever located, in order to make partial or total payment toward the Restitution Obligation.
- G. 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.

- H. Partial Satisfaction: Respondents understand and agree that any acceptance by the Commission or the Hunter Wise Receiver of partial payment of Respondents' Restitution 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.
- I. Change of Address/Phone: Until such time as Respondents satisfy in full their Restitution Obligation as set forth in this 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.



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

Dated: February 5, 2015