

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

U.S. COMMODITY FUTURES
TRADING COMMISSION,

Plaintiff,

v.

BLUE SKY CAPITAL MANAGEMENT
CORP. and GREGORY M. SCHNEIDER,

Defendants.

Civil Action No. 3:11-cv-0754

Judge Nixon

Magistrate Judge Knowles

CONSENT ORDER FOR PERMANENT INJUNCTION
AND PENALTIES AGAINST DEFENDANTS
BLUE SKY CAPITAL MANAGEMENT CORP. AND GREGORY M. SCHNEIDER

I. BACKGROUND

On August 8, 2011, Plaintiff U.S. Commodity Futures Trading Commission (“CFTC” or “Commission”) filed a Complaint for Injunctive and Other Equitable Relief and Penalties Under the Commodity Exchange Act (“Complaint”) (Docket #1) against Defendants Blue Sky Capital Management Corp. (“Blue Sky”) and Gregory M. Schneider (“Schneider”) (collectively, “Defendants”) seeking injunctive and other equitable relief and penalties for violations of the Commodity Exchange Act (“Act”), as amended by the Food, Conservation and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 (“CRA”)), §§ 13101-13204, 122 Stat. 1651 (enacted June 18, 2008), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), Pub. L. No. 111-203, §§ 701-774, 124 Stat. 1376, 1641 *et seq.* (enacted July 16, 2010), to be codified at 7 U.S.C. §§ 1 *et seq.*

II. CONSENTS AND AGREEMENTS

To effect settlement of the matters alleged in the Complaint against Defendants without a trial on the merits or any further judicial proceedings, Defendants, by and through their attorney of record:

1. Consent to entry of this Consent Order for Permanent Injunction and Penalties Against Defendants Blue Sky Capital Management Corp. and Gregory M. Schneider ("Consent Order");
2. Affirm that they have read and agreed to this Consent Order voluntarily, and that no promise, other than as specifically contained herein, or threat has been made by the Commission or any member, officer, agent, or representative thereof, or by any other person, to induce their consent to entry of this Consent Order;
3. Acknowledge service of the summons and Complaint;
4. Admit the jurisdiction of this Court over them and the subject matter of this action pursuant to Section 6c(a) of the Act, as amended, to be codified at 7 U.S.C. § 13a-1(a);
5. Admit the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to Section 6c of the Act, as amended, to be codified at 7 U.S.C. § 13a-1, and Section 2(c)(2)(C) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C);
6. Admit that venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, to be codified at 7 U.S.C. § 13a-1(e);
7. Waive:
 - A. any and all claims they may possess under the Equal Access to Justice Act ("EAJA"), 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 ("Regulations"), 17 C.F.R. §§ 148.1 *et seq.* (2011), relating to, or arising from, this action;

- B. any and all claims they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. 104-121, §§ 201-253, 110 Stat. 857, 857-868 (1996), as amended by Pub. L. 110-28, § 8302, 121 Stat. 204-205 (2007), relating to, or arising from, this action;
- C. any claim of Double Jeopardy based upon the institution of this action or the entry in this action of any order imposing a civil monetary penalty or any other relief, including this Consent Order; and
- D. any and all rights of appeal from this action;

8. Consent to the continued jurisdiction of this Court over them for the purpose of implementing and enforcing the terms and conditions of this Consent Order and for any other purpose relevant to this action, even if Defendants now or in the future reside outside the jurisdiction of this Court;

9. Agree that they will not oppose enforcement of this Consent Order on the ground that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and waive any objection based thereon;

10. Agree that neither they nor any of their agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or the Findings of Fact or Conclusions of Law in this Consent Order, or creating or tending to create the impression that the Complaint or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect Defendants': (a) testimonial obligations; or (b) right to take legal positions in other proceedings to which the Commission is not a party. Defendants shall undertake all steps necessary to ensure that their agents or employees under their authority or control understand and comply with this agreement;

11. By consenting to the entry of this Consent Order, neither admit nor deny the allegations of the Complaint or the Findings of Fact and Conclusions of Law in this Consent

Order, except as to jurisdiction and venue, which they admit. Further, Defendants agree and intend that the allegations of the Complaint and all of the Findings of Fact and Conclusions of Law in this Consent Order shall be taken as true and correct and be given preclusive effect, without further proof, in the course of: (a) any current or subsequent bankruptcy proceeding filed by, on behalf of, or against Defendants; (b) any proceeding pursuant to Section 8a of the Act, 7 U.S.C. § 12a (2006), and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 *et seq.* (2011); and/or (c) any proceeding to enforce the terms of this Consent Order;

12. Agree to provide immediate notice to this Court and the Commission by certified mail, in the manner required by Part VI of this Consent Order, of any bankruptcy proceeding filed by, on behalf of, or against Defendants, whether inside or outside the United States; and

13. Agree that no provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against Defendants in any other proceeding.

III. FINDINGS AND CONCLUSIONS

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court therefore directs the entry of the following Findings of Fact, Conclusions of Law, permanent injunction, and penalties pursuant to Section 6c of the Act, as amended, to be codified at 7 U.S.C. § 13a-1, and Section 2(c)(2) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2), as set forth herein.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. Findings of Fact

i. The Parties to This Consent Order

14. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with administering and enforcing the Act, as amended, to be codified at 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2011).

15. Defendant **Blue Sky Capital Management Corp.** was incorporated in Delaware in February 2007 and maintained a business address in Lebanon, Tennessee. Blue Sky was registered with the Commission as a commodity trading advisor (“CTA”) from approximately March 27, 2007 to November 17, 2009 and as a commodity pool operator (“CPO”) from approximately November 1, 2007 to November 17, 2009.

16. Defendant **Gregory M. Schneider** currently resides in Bellville, Ohio. At the time of the transactions, acts, practices, and courses of business alleged in the Complaint, Schneider resided in Mount Juliet, Tennessee and/or Lebanon, Tennessee. He was the sole principal and a registered associated person (“AP”) of Blue Sky from approximately March 27, 2007 to November 17, 2009.

ii. Other Relevant Party

17. The **National Futures Association** is registered with the Commission as a futures association pursuant to Section 17 of the Act, 7 U.S.C. § 21 (2006). It serves as an industry self-regulatory organization, and its membership is composed of futures commission merchants (“FCMs”), forex dealer members (“FDMs”), CTAs, CPOs, introducing brokers, and other futures professionals registered with the Commission. Under Commission oversight, NFA is responsible for certain aspects of the regulation of these entities and their APs. *See* Regulation

3.75, 17 C.F.R. § 3.75 (2011). NFA focuses primarily on the qualifications and proficiency, financial condition, retail sales practices, and business conduct of its members.

iii. Defendants' Course of Conduct

18. On or about March 27, 2007, Blue Sky registered with the Commission as a CTA, and Schneider registered with the Commission as Blue Sky's sole AP. In approximately March 2007, Blue Sky began managing customer accounts at Global Futures & Forex, Ltd. ("GFT"), an FCM and FDM, ultimately managing approximately eighty accounts at GFT in 2007 ("2007 accounts"). The 2007 accounts traded exclusively in off-exchange foreign currency ("forex") contracts, received net customer deposits of at least \$1.2 million, and suffered net losses of approximately 30% of invested equity by August 2007, according to later NFA testing.

19. On or about August 28, 2007, Defendants notified Blue Sky customers by email that Blue Sky planned to change its business model from a managed trading program to a pooled fund, that Defendants would no longer trade the customer accounts at GFT, and that customers would have to complete new management agreements if they wanted Blue Sky to continue trading for them. On or about November 1, 2007, Blue Sky registered with the Commission as a CPO.

20. The owner of one of the 2007 accounts ("complaining customer") received the August 28, 2007 email from Defendants and asked for additional information about the pooled fund, but he did not complete the new management agreement. Nonetheless, Blue Sky traded his account at GFT without his knowledge or consent in approximately October 2007, resulting in a loss of approximately \$7,000 in his account.

21. The complaining customer emailed Schneider on or about December 1, 2007, demanding to know why his account had been traded after the August 28, 2007 email, since he had not completed the new management agreement. In at least one reply email to the

complaining customer, Schneider promised to “fix the mistake.” However, Defendants failed to resolve the complaining customer’s concerns to his satisfaction, and the complaining customer and Schneider continued to exchange emails about his concerns for more than a year.

22. In approximately March 2008, Defendants once again began operating Blue Sky as a CTA and began managing new customer accounts at FX Solutions, LLC (“FX Solutions”), an FCM and FDM (“2008 accounts”). By approximately October 2008, Blue Sky was managing approximately ten accounts at FX Solutions with aggregate customer deposits of approximately \$20,000. Blue Sky traded the 2008 accounts exclusively in off-exchange forex contracts.

23. On or about October 21-23, 2008, NFA conducted a routine audit of Blue Sky at its business address in Lebanon, Tennessee. In connection with the NFA audit, NFA audit staff reviewed documents and interviewed Schneider. At the time, Blue Sky was registered with the Commission as both a CTA and CPO, although it was only doing business as a CTA, and Schneider was registered with the Commission as Blue Sky’s sole AP.

24. In connection with the NFA audit, NFA audit staff asked Defendants how many customer accounts Blue Sky managed and when it began managing customer accounts. In response, Defendants falsely represented to NFA audit staff that Blue Sky managed the ten 2008 accounts and had managed customer accounts beginning in March 2008. Defendants further falsely represented that all of the accounts Blue Sky managed traded exclusively in off-exchange forex contracts at FX Solutions and had an aggregate equity of approximately \$20,000. Defendants provided NFA with FX Solutions documentation regarding the 2008 accounts but no documentation regarding the 2007 accounts managed by Blue Sky.

25. In connection with the NFA audit, NFA audit staff reviewed a Blue Sky disclosure document that stated Blue Sky “has been trading client funds since March 2007.”

Because this statement contradicted the information Schneider had provided them, NFA audit staff brought it to Schneider's attention during the NFA audit. In response, Schneider falsely claimed the date was merely a typo and that Blue Sky's trading of customer accounts actually began in March 2008.

26. In connection with the NFA audit, NFA audit staff asked Defendants if Blue Sky had received any customer complaints, and Defendants falsely represented to NFA audit staff that Blue Sky had not received any customer complaints. Defendants provided NFA with no documentation regarding any complaints received from Blue Sky customers.

27. On or about October 22, 2008, the second day of the NFA audit, the complaining customer emailed Schneider about his unresolved complaint, and Schneider sent him a reply email. Schneider still did not disclose the complaint to NFA, nor did he provide NFA audit staff with a copy of his email correspondence with the complaining customer.

28. On or about October 23, 2008, the final day of the NFA audit, Defendants submitted a written representation letter to NFA on Blue Sky letterhead. In that letter, Defendants falsely represented to NFA that "[w]e have made available to you all...[c]lients' financial records, carrying broker statements, related account documentation...[and c]ustomer complaints," "[w]e have responded fully to all inquiries made to us by you during your audit," and "[w]e certify that as of October 23, 2008, we rendered advisory services to 10 clients with an aggregate equity of approximately \$20,000." Schneider signed the letter as Blue Sky's President.

29. In approximately January 2009, the complaining customer contacted NFA about his longstanding, yet still unresolved, Blue Sky complaint and provided NFA with copies of his

email correspondence with Schneider, including the emails exchanged on or about October 22, 2008, the second day of the NFA audit.

30. NFA determined that the complaining customer's account was not among the 2008 accounts that Defendants had disclosed to NFA in connection with the NFA audit.

31. Upon further investigation, NFA discovered the 2007 accounts and determined that Defendants had begun managing the 2007 accounts in approximately March 2007, a full year before the date Defendants had claimed Blue Sky began trading customer accounts. NFA testing showed that the 2007 accounts suffered net losses of approximately 30% of invested equity. Therefore, by failing to disclose the 2007 accounts and the customer complaint in connection with the NFA audit, Defendants concealed from NFA large customer losses in addition to a customer's loss resulting from Blue Sky's unauthorized trading of his account.

32. On or about January 30, 2009, NFA audit staff conducted a conference call with Schneider about its findings. Schneider falsely claimed he did not disclose the 2007 accounts in connection with the NFA audit because they were "practice" accounts, even though Blue Sky actually traded the 2007 accounts on behalf of customers, and even though the 2007 accounts suffered actual losses. Schneider further falsely claimed he did not disclose the complaining customer's complaint in connection with the NFA audit because he did not personally consider it to be a complaint, but he offered nothing in support of his conclusion.

B. Conclusions of Law

33. Defendants violated Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4), by willfully concealing material facts from and/or making false, fictitious, or fraudulent statements of material facts to NFA, a futures association registered under the Act, in connection with an NFA audit of Blue Sky conducted in furtherance of NFA's official duties under the Act on or about October 21-23, 2008, including the following: (1) misrepresenting to

NFA that Blue Sky only managed ten customer accounts with an aggregate equity of approximately \$20,000, that Blue Sky began trading customer accounts in March 2008, and that Blue Sky had received no customer complaints; (2) failing to disclose to NFA that Blue Sky managed approximately eighty customer accounts with an aggregate equity of at least \$1.2 million in 2007; and (3) failing to disclose to NFA that a Blue Sky customer complained to Defendants about his Blue Sky account prior to, and even during, the NFA audit.

34. Schneider was acting as an agent of Blue Sky when engaged in the conduct described in Part III.A of this Consent Order. Therefore, Blue Sky, as his principal, is liable for the acts constituting Schneider's violations of Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4), as described in these Conclusions of Law, pursuant to Section 2(a)(1)(B) of the Act, as amended, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2011).

35. Schneider controlled Blue Sky and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting Blue Sky's violations as described in these Conclusions of Law. Schneider is therefore liable for Blue Sky's violations of Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4), as a controlling person pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

36. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendants will continue to engage in the acts and practices alleged in the Complaint or in similar acts and practices that violate the Act. Furthermore, the nature of Defendants' violations and the need to deter others from committing similar violations of the Act warrant the imposition of a civil monetary penalty.

IV. PERMANENT INJUNCTION

THE PARTIES AGREE AND IT IS HEREBY ORDERED THAT:

37. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, as amended, to be codified at 7 U.S.C. § 13a-1, Defendants are permanently restrained, enjoined, and prohibited from, directly or indirectly, willfully falsifying, concealing, or covering up by any trick, scheme, or artifice a material fact, or making any false, fictitious, or fraudulent statements or representations, or making or using any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, to a registered entity, board of trade, swap data repository, or futures association designated or registered under the Act and acting in furtherance of its official duties under this Act, in violation of Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4).

38. Defendants are further permanently restrained, enjoined, and prohibited from directly or indirectly:

- A. trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, as amended, to be codified at 7 U.S.C. § 1a), including, but not limited to, trading for themselves or others;
- B. 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) (2011)) ("commodity options"), security futures products, and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) ("forex contracts") for their own personal account or for any account in which they have a direct or indirect interest;
- C. having any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts traded on their behalf;
- D. 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, and/or forex contracts;

- E. 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, and/or forex contracts;
- F. 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) (2011); and
- G. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2011)), agent, or any other officer or employee of any person (as that term is defined in Section 1a of the Act, as amended, to be codified at 7 U.S.C. § 1a) registered, exempted from registration, or required to be registered with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011).

39. The injunctive provisions of Part IV of this Consent Order shall be binding on all persons insofar as they are acting in the capacity of Defendants' officers, agents, servants, employees, and attorneys, and on all persons insofar as they are acting in active concert or participation with Defendants who receive actual notice of this Consent Order by personal service or otherwise.

V. CIVIL MONETARY PENALTY

IT IS FURTHER ORDERED THAT:

40. Defendants shall, jointly and severally, pay a civil monetary penalty in the amount of one-hundred forty thousand dollars (\$140,000), plus post-judgment interest, within ten (10) days of the date of entry of this Consent Order ("CMP Obligation"). Should Defendants not satisfy their CMP Obligation within ten (10) days of the date of entry of this Consent Order, post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2006).

41. Defendants 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, the payment shall be made payable to the U.S. Commodity Futures Trading Commission and sent to the following address:

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

If payment by electronic funds transfer is chosen, Defendants shall contact Linda Zurhorst or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendants shall accompany payment of the CMP Obligation with a cover letter that identifies Defendants and the name and docket number of this proceeding. Defendants shall simultaneously transmit a copy of the cover letter and the form of payment to the: Director, Division of Enforcement, U.S. Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581; and Chief, Office of Cooperative Enforcement, Division of Enforcement, U.S. Commodity Futures Trading Commission, at the same address.

42. Satisfaction: Upon full satisfaction of Defendants' CMP Obligation, satisfaction of judgment will be entered as to Defendants.

43. Partial Satisfaction: Any acceptance by the Commission of partial payment of Defendants' CMP Obligation shall not be deemed a waiver of their obligation to make further payments pursuant to this Consent Order, or a waiver of the Commission's rights to seek to compel payment of any remaining balance.

VI. MISCELLANEOUS PROVISIONS

IT IS FURTHER ORDERED THAT:

44. Notice: All notices required to be given by this Consent Order shall be filed electronically with the Court and/or sent via certified mail, return receipt requested, as follows:

Notice to Plaintiff Commission:

Director of the Division of Enforcement
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, D.C. 20581

and

Stephanie Reinhart, Senior Trial Attorney
Division of Enforcement
U.S. Commodity Futures Trading Commission
525 West Monroe Street, Suite 1100
Chicago, IL 60661

Notice to Defendants:

Blue Sky Capital Management Corp.
C/O Mark T. Freeman, Esq.
The American Center
Tower One Suite 240
3100 West End Avenue
Nashville, TN 32703

and

Gregory M. Schneider
C/O Mark T. Freeman, Esq.
The American Center
Tower One Suite 240
3100 West End Avenue
Nashville, TN 32703

All such notices to the Commission shall reference the name and docket number of this action.

45. Change of Address/Phone: Until such time as Defendants satisfy in full their CMP Obligation as set forth in this Consent Order, Defendants shall provide written notice to the

Commission by certified mail, in the manner required by Part VI of this Consent Order, of any change to Defendant Schneider's telephone number and mailing address within ten (10) calendar days of the change.

46. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto to date. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless it is: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

47. Invalidation: If any provision of this Consent Order or if the application of any provision to a person or circumstance is held to be invalid, the remainder of the Consent Order and the application of the provision to any other person or circumstance shall not be affected by such holding.

48. Waiver: The failure of any party to this Consent Order at any time to require performance of any provision of this Consent Order shall in no manner affect the right of such party at a later time to enforce the same or any other provision of this Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Consent Order.

49. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action to ensure compliance with this Consent Order and for all other purposes related to this action, including any motion by Defendants to modify or for relief from the terms of this Consent Order.

50. Injunctive Provisions: The injunctive provisions of this Consent Order shall be binding upon Defendants, upon any person under their authority or control, and upon any person

who receives actual notice of this Consent Order, by personal service, email, facsimile or otherwise insofar as he or she is acting in active concert or participation with Defendants.

51. Authority: Defendant Schneider hereby warrants that he is the President of Defendant Blue Sky, that this Consent Order has been duly authorized by Blue Sky, and that he has been duly empowered to sign and submit this Consent Order on behalf of Blue Sky.

52. Counterparts and Facsimile Execution: This Consent Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by facsimile, email, or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Consent Order that is delivered by facsimile or email shall be deemed for all purposes as constituting good and valid execution and delivered by such party of this Consent Order.

53. Defendants understand that the terms of this Consent Order are enforceable through contempt proceedings, and that in any such proceedings, they may not challenge the validity of this Consent Order.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Consent Order for Permanent Injunction and Penalties Against Defendants Blue Sky Capital Management Corp. and Gregory M. Schneider.

IT IS SO ORDERED.

Date:

8/28/12


