UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

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In the Matter of:

Netrios LP Ltd. and
Red Acre Ltd.,

Respondents.

CFTC Docket No. 26-02

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

I. INTRODUCTION

The Commodity Futures Trading Commission ("Commission") has reason to believe that, from at least 2019 to September 2025 (the "Relevant Period"), Netrios LP Ltd. ("Netrios") violated Section 4(a) of the Commodity Exchange Act ("Act"), 7 U.S.C. § 6(a), and Red Acre Ltd. ("Red Acre") aided and abetted the violation of Section 4(a), pursuant to section 13(a) of the Act, 7 U.S.C. § 13c(a). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Netrios and Red Acre (collectively, "Respondents") engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Without admitting any of the findings or conclusions herein, Respondents consent to the entry of this Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions ("Order"), and acknowledge service of this Order.[1]

[1] Respondents consent to the use of this Order's findings of fact and conclusions of law in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agree that they shall be taken as true and correct and be given preclusive effect therein, without further proof. Respondents do not consent, however, to the use of this Order, or the findings or conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party or claimant, other than: a proceeding in bankruptcy or receivership; or a proceeding to enforce the terms of this Order. Respondents do not consent to the use of the Offer or this Order, or the findings or conclusions in this Order, by any other party in any other proceeding.

II. FINDINGS

The Commission finds the following:

A. SUMMARY

During the Relevant Period, Respondents conducted business dealing in illegal off-exchange leveraged or margined retail commodity transactions involving U.S. customers who were not eligible contract participants ("ECPs") (as defined in Section 1a(18) of the Act, 7 U.S.C. § 1a(18)) that were required to be made on or subject to the rules of a board of trade, which had been designated or registered by the Commission as a contract market (*i.e.,* a designated contract market ("DCM")). Netrios sold a specialized service that provided the essential functions for offering and selling leveraged or margined retail commodities through offshore and off-exchange branded platforms that solicited U.S. customers without regard to ECP status, otherwise known as "white label" entities ("WLE"). Red Acre intentionally aided and abetted Netrios's operations by providing customer and other support, as well as offering marketing services, to the WLEs. In so doing, Netrios unlawfully engaged in activities that could only lawfully be performed on a registered DCM, and Red Acre aided and abetted Netrios's illegal activities.

B. RESPONDENTS

Netrios LP Ltd. is a limited liability company incorporated in Saint Lucia and is the successor entity of Netrios Ltd., a defunct Dominica company. Neither Netrios nor Netrios Ltd. has ever been registered with the Commission in any capacity.

Red Acre Ltd. is a limited liability company incorporated in the Republic of Malta. Red Acre has never been registered with the Commission in any capacity.

C. FACTS

During the Relevant Period, Netrios sold a white label service that provided the functionality for non-ECP U.S. customers to conduct leveraged or margined retail commodity transactions through the WLEs. Netrios's service included the following:

- Introducing WLEs to service providers for the purpose of overseas incorporation;
- Providing a ready-to-operate website where customers had access to third-party trading software that Netrios sub-licensed to the WLEs;
- Establishing margin accounts that held customer funds;
- Rendering trade execution and liquidity services, and
- Performing back-office functions.

The underlying technology and infrastructure that Netrios furnished to each WLE were largely identical except for the branding, which was provided by the WLE.

Netrios controlled the default products that could be traded through the WLEs. Leveraged or margined forex transactions comprised the majority of trades. Other products offered included leveraged or margined precious metals, cryptocurrencies, and equities.

U.S. customers were permitted to conduct leveraged or margined retail commodity transactions through the WLEs without regard to their ECP status, using the system created through the technology and infrastructure that Respondents packaged and sold to the WLEs. Respondents knew that the WLEs regularly solicited non-ECP U.S. customers, that these U.S. customers regularly conducted leveraged or margined transactions through the WLEs, and that none of the WLEs were registered with the Commission in any capacity.

Typically, an incipient customer would register a trading account on a WLE and transfer cryptocurrency such as bitcoin, ether, or tether to a WLE margin account at a cryptocurrency gateway and custodial wallet provider. An affiliate of Respondents owned, in part, this gateway/wallet provider, and Netrios controlled the WLE margin accounts. Customers conducted their leveraged or margined retail commodity transactions through the trading software that was available on the WLE website. None of the transactions involving non-ECP U.S. customers on the WLE platforms resulted in actual delivery of a commodity within 28 days of the transaction date. The WLEs charged commissions which Netrios collected and shared with the WLEs.

Red Acre, in conjunction with and in furtherance of Netrios's operations, provided customer support and customer relationship management ("CRM"). Red Acre managed the customer onboarding and screening process as part of its CRM system. Red Acre aided customers through the registration process, answered technical questions, and responded to customer complaints. Red Acre also offered marketing services. Red Acre intentionally performed these acts knowing that Netrios was facilitating off-exchange leveraged or margined retail commodity transactions involving non-ECP U.S. customers.

As of September 30, 2025, Respondents ceased business activities related to leveraged or margined retail commodity transactions.

III. LEGAL DISCUSSION

A. <u>Netrios Engaged in Unlawful Off-Exchange Leveraged or Margined Retail Commodity Transactions in Violation of Section 4(a) of the Act</u>

Section 2(c)(2)(D) of the Act, 7 U.S.C. § 2(c)(2)(D), 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-ECP] . . . on a leveraged or margined basis" and which does not result in actual delivery within 28 days (hereafter, "leveraged or margined retail commodity transactions"). Section 2(c)(2)(D)(i), (ii)(III)(aa) of the Act, 7 U.S.C § 2(c)(2)(D)(i), (ii)(III)(aa). Section 4(a) of the Act, 7 U.S.C. § 6(a), applies to leveraged or margined retail commodity transactions as if those transactions were contracts of sale of a commodity for future delivery. Section 2(c)(2)(D)(iii) of the Act, 7 U.S.C § 2(c)(2)(D)(iii).

Cryptocurrencies traded on the WLE's branded platforms are "commodities" under the Act. *See, e.g., United States v. Reed,* No. 20-cr-500 (JGK), 2022 WL 597180, at *3-5 (S.D.N.Y. Feb. 28, 2022); *CFTC v. McDonnell,* 287 F. Supp. 3d 213, 228-29 (E.D.N.Y. 2018); *In re Coinflip, Inc.*, CFTC No. 15-29, 2015 WL 5535736, at *2 (Sept. 17, 2015).

Section 4(a) of the Act, 7 U.S.C. § 6(a), in relevant part, 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 contract for the purchase or sale of a commodity for future delivery, 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 for the specific commodity (*i.e.,* a DCM). *See, e.g., In re Young Scott & Associates, LLC*, CFTC No. 14-27, 2014 WL 4793546, at *3-4 (Sept. 23, 2014).

During the Relevant Period, Netrios provided technology and infrastructure to the WLEs so that they could offer and sell to non-ECP U.S. customers leveraged or margined retail commodity transactions involving forex, metals, and cryptocurrencies. By facilitating these off-exchange trades, Netrios offered to enter into, entered into, executed, confirmed the execution of, and/or conducted business in the United States for the purpose of soliciting and/or accepting orders for, and/or otherwise dealing in, leveraged or margined retail commodity transactions with non-ECP U.S. residents that did not result in actual delivery within 28 days. These leveraged or margined retail commodity transactions were not 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. Thus, Netrios violated Section 4(a) of the Act.

B. Red Acre Aided and Abetted Netrios's Violation of Section 4(a) of the Act

Section 13(a) of the Act, 7 U.S.C. § 13c(a), states that any person who willfully aids, abets, counsels, commands, induces, or procures the commission of a violation of any of the provisions of the Act, or any of the rules, regulations or orders issued pursuant to the Act, may be held responsible for such violation as a principal. Liability as an aider and abettor requires proof that: (1) the Act was violated; (2) the aider and abettor had knowledge of the wrongdoing underlying the violation; and (3) the aider and abettor intentionally assisted the primary wrongdoer. *See In re Societe Generale S.A.,* CFTC No. 18-14, 2018 WL 2761752, at *45 (June 4, 2018) (citing *In re Nikkhah,* CFTC No. 95-13, 2000 WL 622872, at *11 n.28 (May 12, 2000)). Although actual knowledge of the primary wrongdoer's conduct is required, knowledge of the unlawfulness of such conduct need not be demonstrated. *See id.* (citing *In re Lincolnwood Commodities, Inc.,* CFTC No. 78-48, 1984 WL 48104, at *28 (Jan. 31, 1984)). Knowing assistance can be inferred from the surrounding facts and circumstances. *See id.* (citing *Lincolnwood Commodities,* 1984 WL 48104, at *29).

Red Acre aided and abetted Netrios's facilitation of off-exchange trades in leveraged or margined retail commodity transactions to non-ECP U.S. customers in violation of Section 4(a) of the Act. Red Acre knew of and intentionally aided and abetted Netrios's efforts to conduct leveraged or margined retail commodity transactions to non-ECP U.S. customers by providing customer and technical support to WLE customers, including non-ECP U.S. customers, as well as marketing services. Accordingly, pursuant to Section 13(a) of the Act, Red Acre aided and abetted and is therefore liable for Netrios's violations of Section 4(a) of the Act. *See, e.g., CFTC v. Lim,* 2023 WL 11984840 (N.D. Ill. Dec. 14, 2023) (finding defendant liable for aiding and abetting violation of Section 4(a) in consent order); *In re Farmers Cooperative Co.,* CFTC No. 99-6, 2000 WL 36696331 (Mar. 9, 2000) (same).

IV. FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that, during the Relevant Period, Netrios violated Section 4(a) of the Act, 7 U.S.C. § 6(a), and Red Acre aided and abetted Netrios's violations of that provision pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a).

V. OFFER OF SETTLEMENT

Respondents have submitted the Offer in which they, without admitting the findings and conclusions herein:

A. Acknowledge 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 rights or defenses Respondents have or might have for the matter to be adjudicated in a federal district court in the first instance, including any associated right to a jury trial;

6. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;

7. Any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504, and 28 U.S.C. § 2412, and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2025), relating to, or arising from, this proceeding;

8. Any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II, §§ 201–253, 110

Stat. 847, 857–74 (codified as amended at 28 U.S.C. § 2412 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this proceeding; and

9. 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, including this Order;

D. Stipulate that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have 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 Netrios violated Section 4(a) of the Act, 7 U.S.C. § 6(a), and Red Acre aided and abetted Netrios's violation of that provision pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a);

2. Orders Respondents to cease and desist from violating Section 4(a) of the Act;

3. Orders Netrios to pay a civil monetary penalty in the amount of one million seven hundred fifty thousand dollars ($1,750,000) within ten (10) days of the date of entry of this Order, plus post-judgment interest in the event such civil monetary penalty is not paid within ten days of the date of entry of this Order;

4. Orders Red Acre to pay a civil monetary penalty in the amount of seven hundred fifty thousand dollars ($750,000) within ten (10) days of the date of entry of this Order, plus post-judgment interest in the event such civil monetary penalty is not paid within ten days of the date of entry of this Order;

5. Orders Respondents and any of their successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VI of this Order.

Upon consideration, the Commission has determined to accept the Offer.

VI. ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

1. Respondents and any of their successors and assigns shall cease and desist from violating Section 4(a) of the Act, 7 U.S.C. § 6(a).

2. Netrios shall pay a civil monetary penalty in the amount of one million seven hundred fifty thousand dollars ($1,750,000), and Red Acre shall pay a civil monetary penalty in the amount of seven hundred fifty thousand dollars ($750,000) (collectively, the "CMP Obligations"), within ten (10) days of the date of the entry of this Order. If the CMP

Obligations are not paid in full within ten days of the date of entry of this Order, then post-judgment interest shall accrue on the CMP Obligations 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.

Respondents shall pay the CMP Obligations and any post-judgment interest 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:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
6500 S. MacArthur Blvd. HQ Room 266
Oklahoma City, OK 73169
9-AMZ-AR-CFTC @faa.gov

If payment is to be made by electronic funds transfer, Respondents shall contact the Federal Aviation Administration at the email address above to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligations with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying 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.

3. Respondents and any of their successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:

   a. Respondents shall cease all participation in the governance, operation, or any other activities in violation of Section 4(a) of the Act.

   b. Partial Satisfaction: Respondents understand and agree that any acceptance by the Commission of any partial payment of Respondents' CMP Obligations 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.

   c. Change of Address/Phone: Until such time as Respondents satisfy in full their CMP Obligations as set forth in this Order, Respondents shall provide written notice to the Commission by certified mail of any change to their telephone number and mailing address within ten (10) calendar days of the change. Notice should be provided to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581, and to Charles Marvine, Deputy Director, Commodity Futures Trading Commission, 2600 Grand Boulevard, Suite 210, Kansas City, MO 64108.

d. Notice to Creditors: Until such time as Respondents satisfy in full their CMP Obligations, upon the commencement by or against Respondents of insolvency, receivership or bankruptcy proceedings, or any other proceedings for the settlement of Respondents' debts, all notices to creditors required to be furnished to the Commission under Title 11 of the United States Code or other applicable law with respect to such insolvency, receivership bankruptcy or other proceedings, shall be sent to the address below:

Secretary of the Commission
Office of the General Counsel
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, D.C. 20581

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: June 26, 2026