



1 would be charged 20% of the total profit for managing the account. Pratt offered dinars at a  
2 “discount” for between 75 and 85 cents and stated dinars would be listed on FOREX, the foreign  
3 exchange market. Pratt stated “the Dinar will open trading at between \$1.50-\$2.00 minimum.”  
4 Pratt projected the Dinar to rise “within days to the \$3.00-\$3.50 range.”

5 5. US Dinar solicits clients that are unsophisticated individuals with minimal or no  
6 investment experience. A client receives and signs a customer agreement in which US Dinar  
7 agrees to accept a customer and to open and maintain accounts for dinar trading in which US Dinar  
8 is authorized to act as broker or agent, or as principal to execute a customer’s orders.

9 6. US Dinar and Pratt violated provisions of the California Corporate Securities Law  
10 of 1968 and the California Commodity Law of 1990, respectively set forth in Corporations Code  
11 section 25000 *et seq.* and section 29500 *et seq.*

12 7. US Dinar’s offering of an interest bearing Iraqi “custodial” bank account is an  
13 investment contract that is not exempt from the qualification requirements of the Corporate  
14 Securities Law of 1968. US Dinar and Pratt offered or sold investment contracts in violation of  
15 Corporations Code sections 25110.

16 8. US Dinar and Pratt offered and sold commodity contracts or options to investors by  
17 means of fraudulent acts, which are in violation of Corporations Code sections 25401 and 29536.  
18 These include, but are not limited to, the following misrepresentations and omissions of material  
19 fact:

20 MISREPRESENTATIONS

- 21 a. US Dinar Bank was not a “Bank” or financial institution;
- 22 b. Investors would receive a return of three percent (3%) on the  
23 amount of their respective investment;

24 OMISSIONS

- 25 a. US Dinar Bank, US DinarEx and David Pratt were not registered with  
26 the CFTC; and,
- 27 b. US Dinar Bank, US DinarEx and David Pratt did not qualify the  
28 investment offerings in California.

1           9. US Dinar sold or purchased, offered to sell or purchase commodity contracts or options,  
2 or offered to enter into, or entered into as a seller or purchaser commodity contracts or options in  
3 California.

4           10. The commodity contracts and options that US Dinar sold or purchased, offered to sell  
5 or purchase, or offered to enter into or entered into as a seller or purchaser on behalf of investors,  
6 were primarily for speculative or investment purposes, in that, the contracts were offered,  
7 purchased, sold, or entered into based on quoted price changes and fluctuations in particular  
8 contracts, rather than as a means of acquiring these physical commodities.

9           11. The contracts or options US Dinar sold or purchased, offered for sale or purchased, or  
10 offered to enter into or entered into as a seller or purchaser are commodity contracts and  
11 commodity options, as respectively defined in Corporations Code sections 29505 and 29510.

12           12. US Dinar's above-described transactions do not meet the exemptions found in sections  
13 29530, 29531 and 29532 of the Corporations Code and are in violation of Corporations Code  
14 section 29520.

15           13. Corporations Code section 29509 defines a commodity merchant as a futures  
16 commission merchant, commodity pool operator, commodity trading advisor, introducing broker,  
17 leverage transaction merchant, an associated person of the foregoing, a floor broker and any other  
18 person required to register with the CFTC.

19           14. Corporations Code section 29535 states no person shall engage in the trade or business  
20 or otherwise act as a commodity merchant unless the person is registered or temporarily licensed  
21 with the CFTC for each activity constituting that person as a commodity merchant. US Dinar acted  
22 as a commodity merchant and is not exempt from the registration and licensing requirements.

23           15. Corporations Code section 29536 states it is unlawful for any person, directly or  
24 indirectly, in connection with the purchase or sale of, the offer to sell, the offer to purchase, the  
25 offer to enter into, or the entry into, a commodity, commodity contract, or commodity option to do  
26 any of the following: (a) to willfully employ any device, scheme, or artifice to defraud, (b) to  
27 willfully make any false report, enter any false record, make any untrue statement of a material  
28 fact, or omit to state a material fact necessary in order to make the statements made, in the light of

1 the circumstances under which they were made, not misleading, (c) to willfully engage in any  
2 transaction, act, practice, or course of business which operates or would operate as a fraud or  
3 deceit upon any persons, or (d) to willfully misappropriate or convert the funds, security, or  
4 property of any other person.

5 16. US Dinar Bank, US DinarEx and David Pratt failed to comply with the qualification  
6 provisions when they offered and sold securities in violation of Corporations Code section 25110.

7 17. US Dinar Bank, US DinarEx and David Pratt made misrepresentations or omissions of  
8 material facts that violated Corporations Code section 25401.

9 Based upon the foregoing, the California Corporations Commissioner is of the opinion that  
10 US Dinar Bank, US DinarEx and David Pratt sold or purchased, or offered to sell or purchase  
11 commodities under commodity contracts or options, or offered to enter into, or entered into, as a  
12 seller or purchaser commodity contracts or options.

13 Pursuant to section 29542 of the Corporations Code, US Dinar Bank, US DinarEx and  
14 David Pratt are hereby ordered to desist and refrain from the further sale or purchase or offer to  
15 sell or purchase any commodity contract or under any commodity option, including, but not  
16 limited to, contracts and from the further offer to enter into, or entering into, as sellers or  
17 purchasers of any commodity contract or any commodity option in the State of California, unless  
18 and until such activity is not in violation of Corporations Code section 29520 of the law.

19 The Commissioner is of the opinion that US Dinar Bank, US DinarEx and David Pratt are  
20 engaged in a trade or business as a commodity merchant without registration or licensure, then in  
21 effect, in violation of Corporations Code section 29535.

22 Pursuant to Corporations Code section 29542, US Dinar Bank, US DinarEx and David  
23 Pratt are hereby ordered to desist and refrain from conducting business as a commodity merchant  
24 in the State of California, until registration or licensure has been made with the CFTC or unless  
25 exempt.

26 The Commissioner is of the opinion that US Dinar Bank, US DinarEx and David Pratt  
27 engaged in the above-described offer and sale of commodities, commodity contracts or commodity  
28 options in this State by willfully making an untrue statement of material fact or omitting to state a

1 material fact necessary in order to make the statements made, in the light of the circumstances  
2 under which they were made, not misleading.

3 Pursuant to Corporations Code section 29542, US Dinar Bank, US DinarEx and David  
4 Pratt are hereby ordered to desist and refrain from offering or selling any commodity,  
5 commodity contracts or commodity options in the State of California by means of any fraudulent  
6 act including, but not limited to, willfully making an untrue statement of material fact or omitting  
7 to state a material fact necessary in order to make the statements made, in the light of the  
8 circumstances under which they were made, not misleading.

9 The California Corporations Commissioner is of the opinion that the activities of US  
10 Dinar Bank, US DinarEx and David Pratt involve the unqualified offers or sales of securities in  
11 California that are subject to qualification under the CSL, without such offers or sales first being  
12 qualified or exempt, in violation of Corporations Code section 25110.

13 Pursuant to Corporations Code section 25532, US Dinar Bank, US DinarEx and David  
14 Pratt are hereby ordered to desist and refrain from the further offer or sale of securities including,  
15 but not limited to, investment contracts, unless and until the offers and sales have been duly  
16 qualified under the Corporate Securities Law or unless exempt.

17 The California Corporations Commissioner is also of the opinion that such offers and sales  
18 of securities in this state were made by means of written or oral communications which included  
19 an untrue statement of a material fact or omitted to state a material fact necessary in order to make  
20 the statements made, in the light of the circumstances under which they were made, not  
21 misleading, in violation of Corporations Code section 25401.

22 Pursuant to Corporations Code section 25532, US Dinar Bank, US DinarEx and David  
23 Pratt are hereby ordered to desist and refrain from offering or selling or buying or offering to buy  
24 any security in the State of California by means of any written or oral communication which  
25 includes an untrue statement of a material fact or omits to state a material fact necessary in order  
26 to make the statements made, in the light of the circumstances under which they were made, not  
27 misleading.

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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the California Commodity Law of 1990 and the Corporate Securities Law of 1968.

Dated: June 10, 2011  
Los Angeles, California

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner  
Enforcement Division