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## **CFTC Files Anti-Fraud Action against California Companies 20/20 Trading Company, Inc. and 20/20 Precious Metals, Inc. and their Employees, Bharat Adatia, Sharief McDowell and Todd Krejci**

**Customers allegedly defrauded of at least \$4 million since 2006, first in  
commodity options scam, then in leverage metals scheme.**

**Federal court freezes defendants' assets and preserves books and  
records.**

**Washington, DC** - The U.S. Commodity Futures Trading Commission (CFTC) today announced the filing of an anti-fraud enforcement action against **20/20 Trading Company, Inc.** and **20/20 Precious Metals, Inc.**, both of Laguna Niguel, Calif., and their employees, **Bharat "Brad" Adatia** of San Juan Capistrano, Calif., **Sharief "Sharice" D. McDowell** of Loma Linda, Calif., and **Todd Krejci** of Trabuco Canyon, Calif.

The CFTC civil complaint was filed on April 26, 2011, in the U.S. District Court for the Central District of California. On the next day, the court entered a restraining order freezing the defendants' assets and prohibiting the destruction of books and records. The court set a hearing on the CFTC's motion for a preliminary injunction for June 6, 2011.

The CFTC complaint charges 20/20 Trading, Adatia and McDowell with commodity options fraud and 20/20 Trading and Adatia with failing to supervise McDowell. It also charges 20/20 Precious Metals, Adatia, McDowell and Krejci with fraud in connection with purported leveraged metals transactions (for the purchase, sale or delivery of gold, silver, platinum, palladium or copper on a leveraged basis). The complaint separately alleges that 20/20 Precious Metals, Adatia, McDonald and Krejci unlawfully offered, confirmed or entered into leveraged palladium and copper transactions.

The complaint charges that the defendants cheated and defrauded customers and prospective customers of at least \$4 million since 2006 by misrepresenting the likelihood of profit and concealing the near certainty of loss from investing with 20/20 Trading and 20/20 Precious Metals.

Specifically, the complaint alleges that, from January 1, 2006, through October 2009, 20/20 Trading, Adatia and McDowell fraudulently solicited the public to buy and sell commodity options through 20/20 Trading but did not disclose that the complex trades recommended made it impossible or highly unlikely that the customer would profit. 20/20 Trading's customers allegedly lost nearly all of the \$3.8 million they invested, with approximately 63

percent of those losses a result of 20/20 Trading's commissions. Nearly half of 20/20 Trading's customers used IRA funds to open their accounts, and those accounts sustained losses of more than \$1.9 in the same period, according to the complaint. 20/20 Trading closed in October 2009, shortly after Adatia learned that the National Futures Association (NFA) was investigating the firm and its principals for possible violations of NFA rules.

### **20/20 Precious Metals Formed after 20/20 Trading Closed**

Shortly after 20/20 Trading closed, Adatia established 20/20 Precious Metals. Adatia, along with McDowell and Krecji, continued committing fraud by soliciting customers to purchase physical metals on a leveraged basis through 20/20 Precious Metals. Adatia, McDowell and Krecji allegedly told customers that 20/20 Precious Metals would purchase physical metals for them, arrange for financing for up to 75 percent of the purchase price and ensure that the metals were stored in a secure depository. These statements, however, were false because 20/20 Precious Metals does not actually purchase any metal, acquire financing for its customers or arrange for storage of metals, according to the complaint.

Since 20/20 Precious Metal's inception in late 2009, its customers deposited more than \$1 million, and 20/20 Precious Metals took in commissions of more than \$400,000 – or more than one-third of the funds actually deposited by customers, according to the complaint.

In its continuing litigation, the CFTC seeks rescission of all contracts and agreements, disgorgement of ill-gotten gains, civil monetary penalties, trading and registration bans and permanent injunctions against further violations of the federal commodities laws.

The CFTC thanks the National Futures Association and the U.S. Attorney's Office for the Central District of California for their assistance.

The following CFTC Division of Enforcement staff responsible for this action are Jennifer Smiley, Joseph Konizeski, Carlin Metzger, Judith McCorkle, Scott Williamson, Rosemary Hollinger and Richard Wagner.

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