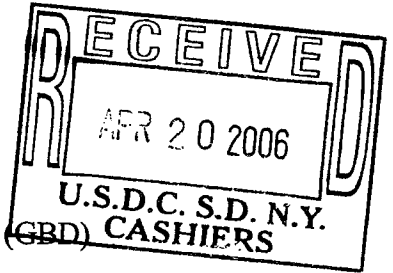


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



03 CV 9124 (GBD)

U.S. Commodity Futures Trading Commission,

Plaintiff,

v.

Natalia Roumiantseua

Relief Defendant.

**Order For Entry of  
Ancillary Equitable Relief Against  
Natalia Roumiantseua**

On November 18, 2003, the Commission filed a Complaint charging Defendants First Lexington Group, LLC ("FLG") and Joseph A. Grunfeld ("Grunfeld") with cheating, defrauding and deceiving investors in violation of Sections 4(b)(a)(2)(i),(ii) and (iii) of the Commodity Exchange Act ("Act"), 7 U.S.C. § 6b(a)(2)(i), (ii) and (iii) (2002) and Commission Regulation 1.1(b)(1), (2) and (3), 17 C.F.R. § 1.1(b)(1), (2), and (3) (2001). The Complaint also charged FLG with violating Section 4(a) of the Act, 7 U.S.C. § 6(a), for the sale of illegal foreign currency futures contracts. In addition, FLG was charged with violating § 4b(a)(2) of the Act and with violations of Commission Regulation 1.1(b) committed by its officers, directors, managers, employees, and agents, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2002), and Commission Regulation 1.2, 17 C.F.R. § 1.2 (2002), as all such violations were within the scope of those agents' office or employment with FLG. Additionally, the Complaint charged Grunfeld, as a controlling person for the aforementioned violations by FLG. The complaint further charged Roumiantseua, a relief defendant, received \$20,000 of funds as a result of FLG's and Grunfeld's fraud.

On November 18, 2003, the Court issued a Statutory Restraining Order (“SRO”) which, among other things, appointed a Receiver and authorized the freezing of up to \$20,000 of Roumiantseua’s funds. On or about November 21, 2003, \$20,000 of Roumiantseua’s funds were frozen, and on or about January 26, 2004, these funds were placed temporarily in the custody and control of the Receiver until this matter has been resolved.

On December 4, 2003, Roumiantseua was properly served pursuant to Rule 4(d)(1) of the Federal Rules of Civil Procedure (“Fed. R. Civ. P.”). Roumiantseua failed to answer or otherwise defend the Complaint within the time permitted by Rule 12(a)(1) of the Fed. R. Civ. P. On September 14, 2004, the Clerk of this Court entered a certificate of default against Roumiantseua, and on January 13, 2005, this Court entered a default judgment against Roumiantseua. Further, on September 16, 2004, the Clerk of the Court issued a certificate of default against FLG and on January 13, 2006, the Court entered a default judgment against FLG for also failing to answer or otherwise defend the Complaint.

The Commission has now submitted its Application for Entry of Ancillary Equitable Relief (“Application”) against Roumiantseua pursuant to Fed. R. Civ. P. 55(b)(2) and Local Rule 55.2(b). The Court has carefully considered the Complaint, the allegations of which are well-pleaded and hereby taken as true, the Application, and other written submissions of the Commission filed with the Court, and being fully advised, hereby:

**GRANTS** the Commission's Application against Roumiantseua and enters findings of fact and conclusions of law relevant to the allegations in the Complaint. The Court further grants the Commission’s request for disgorgement. Accordingly, the Court now issues the following Order for Ancillary Equitable Relief (“Order”) against Roumiansteua.

## **I. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

### **A. Jurisdiction and Venue**

This Court has jurisdiction over the subject matter of this action and Roumiantseua pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which authorizes the Commission to seek injunctive relief against any person whenever it shall appear that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order thereunder.

Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1, in that FLG was found in, inhabited, or transacted business in this district, and the acts and practices in violation of the Act occurred within this district, among other places, and Roumiantseua benefited from these acts and practices.

### **B. Findings of Fact**

FLG was a limited liability company in the State of New York. FLG has never been registered with the Commission in any capacity.

Roumiantseua is a New York State resident and is a Relief Defendant. Roumiantseua has never been registered with the Commission.

From at least October 2001 through March 2003, FLG fraudulently solicited funds from its customers, the retail public, purportedly to trade foreign currency by distributing promotional materials which contained material misrepresentations. The funds received by FLG were used for purposes other than trading foreign currency and FLG failed to disclose the fraudulent withdrawal of funds from the customers' accounts. Roumiantseua benefited from these actions in that she received \$20,000 of fraudulently obtained customer funds from FLG and the \$20,000 was directly traceable to FLG's fraud.

FLG did not conduct its foreign currency futures transactions on or subject to the rules of a board of trade that has been designated by the Commission as a contract market, nor were FLG's transactions executed or consummated by or through a contract market. FLG did not conduct transactions on a facility registered as a derivatives transaction execution facility. FLG acted as the counterparty to the transactions with its customers. FLG was not an appropriate counterparty under the Act for the alleged transactions herein.

The customers solicited by FLG were not eligible contract participants and did not have any business or personal need for the foreign currency. Instead customers entered into these transactions to speculate and profit from anticipated price fluctuations in the markets for these currencies. Customers did not intend to, and did not, take or make delivery of the foreign currencies as a consequence of these investments. FLG did not maintain any accounts at any foreign financial institution to take or make delivery of foreign currency for any investor. FLG did not require that customers have an account in which they could take or make delivery of a foreign currency. Customers were required to invest in US dollars, which were never actually converted to another currency. Customers speculated on the price of foreign currency and if the market moved in a favorable direction, an investor expected to liquidate his or her investment by offsetting the position by entering into an equal and opposite transaction and thereby taking the profits in dollars. The terms and conditions of these contracts were standardized.

### **C. Conclusions of Law**

#### **1. Relief Defendant Roumiantseua Was Unjustly Enriched by FLG's Fraudulently Obtained Customer Funds**

FLG committed a fraud upon its customers in connection with the purchase and sale of foreign currency contracts as alleged herein. Relief Defendant Roumiantseua received funds or

otherwise benefited from funds that are directly traceable to the funds obtained from FLG customers through fraud. Roumiantseua will be unjustly enriched if she is not required to disgorge the funds or the value of the benefit she received as a result of FLG's fraud. Roumiantseua has no legitimate claim to these funds, and therefore, Roumiantseua should be required to disgorge the funds and assets, or the value of the benefit she received from those funds and assets, which are traceable to FLG's fraud.

## **2. FLG's Transactions Were Futures Contracts**

The Commission has jurisdiction over the transactions for which Roumiansteua benefited because the foreign currency contracts sold by FLG were futures contracts. The contracts involved the purchase and sale of foreign currency for future delivery at prices or using pricing formulas that were established at the time the contracts were initiated.

The foreign currency futures transactions that FLG offered or entered into were with persons who were members of the retail investing public and were not eligible contract participants. FLG marketed its managed foreign currency trading accounts to individuals who had assets totaling less than \$5 million and had no business, personal, or other need to take or make delivery in foreign currency or to hedge against movements in the foreign currency markets. Instead, customers entered into these transactions to speculate and profit from anticipated price fluctuations in the markets for these currencies. In short, they were unsophisticated retail customers who intended to profit by speculating on the changing relative values of foreign currencies and the United States dollar through their accounts at FLG.

Furthermore, FLG acted as the counterparty to the transactions with its customers. FLG was not a proper counterparty or an affiliate of a proper counterparty pursuant to Section 2(c)(2)(B) of the Act, 7 U.S.C. § 2(c)(2)(B). FLG was not a financial institution, a broker or

dealer, an associated person of a broker or dealer, an insurance company, a financial holding company, or an investment bank holding company. FLG was not a futures commission merchant ("FCM"), or an affiliate of a FCM. Accordingly, the Commission has jurisdiction over FLG's transactions from which Roumiantseva benefited.

**3. Violations of Section 4b(a)(2)(C)(i), (ii) and (iii) of the Commodity Exchange Act and Commission Regulation 1.1(b)(1), (2) and (3)**

From at least October 2001 through March 2003, FLG cheated or defrauded or attempted to cheat or defraud customers or prospective customers of FLG, willfully made or caused to be made to customers false reports or statements, or willfully entered or caused to be entered for such customers false records, and willfully deceived or attempted to deceive customers or prospective customers by, among other things: making material misrepresentations to customers regarding the profitability of their accounts and failing to disclose their fraudulent withdrawal of funds from the customers' accounts, all in violation of Sections 4b(a)(2)(C)(i), (ii) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(C)(i), (ii) and (iii), and Regulation 1.1(b)(1), (2) and (3), 17 C.F.R. § 1.1(b)(1), (2) and (3). Defendant FLG's conduct was in connection with the orders to make, or the making of, contracts of sale of commodities for future delivery, made or to be made, for or on behalf of any other persons, and such contracts for future delivery were or could be used for the purposes set forth in Section 4b(a)(2) of the Act, 7 U.S.C. § 6b(a)(2).

Pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2, FLG is also liable for any violations of Section 4b(a)(2)(i), (ii) and (iii) of the Act and Regulation 1.1(b)(1), (2) and (3) by its officers, directors, managers, employees, and agents, in that all such violations were within the scope of their office or employment with FLG.

#### **4. Violations of Section 4(a) of the Commodity Exchange Act**

From at least October 2001 through March 2003, FLG offered to enter into, executed, confirmed the execution of, or conducted an office or business in the United States for the purpose of soliciting, accepting any order for, or otherwise dealing in transactions in, or in connection with, a contract for the purchase or sale of a commodity for future delivery when: (a) such transactions were not conducted on or subject to the rules of a board of trade which was designated or registered by the Commission as a contract market or derivatives transaction execution facility for such commodity, and (b) such contracts were not executed or consummated by or through such contract market, in violation of Section 4(a) of the Act, 7 U.S.C. § 6(a) (2001).

#### **5. Appropriate Relief**

Imposition of ancillary equitable relief is appropriate in this case as Roumiantseua benefited from FLG's intentional violations of the Act and Regulations which directly impacted the numerous victims of this fraud. Accordingly, the remedy of disgorgement is appropriate in that those funds will be used to compensate the victims of FLG's wrongful acts and will deprive Roumiantseua the use of ill-gotten gains.

## **II. ORDER FOR ANCILLARY EQUITABLE RELIEF**

### **A. Disgorgement**

**IT IS HEREBY ORDERED that:** Roumiantseua shall disgorge \$20,000 which represents all benefits received, directly or indirectly, from acts or practices in violation of the Act and Regulations as described herein. Accordingly, the \$20,000 of Roumiantseua's funds frozen pursuant to this Court's SRO on or about November 21, 2006, and transferred into the custody and control of the Receiver shall remain in the custody and control of the Receiver until

such time as an asset allocation plan is filed with and approved by this Court. At such time, the \$20,000 and any other funds frozen pursuant to this fraud shall be distributed to the victims of this fraud.

**B. Notices**

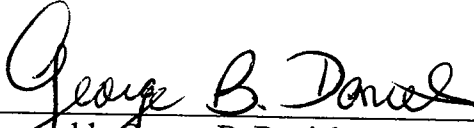
**IT IS FURTHER ORDERED that:** All notices required to be given by any provision in this Order shall be sent by certified mail, return receipt requested, as follows:

Notice to Commission:      Regional Counsel  
   U.S. Commodity Futures Trading Commission  
   Division of Enforcement - Eastern Regional Office  
   140 Broadway, 19<sup>th</sup> floor  
   New York, New York 10005.

**C. Jurisdiction**

**IT IS FURTHER ORDERED that:** This Court shall retain jurisdiction of this case to assure compliance with this Order and for all other purposes related to this action.

**SO ORDERED**, at \_\_\_\_\_, New York on this \_\_\_ day of \_\_\_\_\_, 2006.

  
\_\_\_\_\_  
Honorable George B. Daniels  
UNITED STATES DISTRICT JUDGE



Respectfully submitted,  
U.S. COMMODITY FUTURES TRADING  
COMMISSION

Stephen J. Obie  
Regional Counsel

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