

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

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In the Matter of:) CFTC Docket No. SD ¹12-07
))
Linda Faye Harris, CDH Forex Investments, LLC and))
CDH Global Holdings, LLC,))
))
Registrants.))
_____)

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NOTICE OF INTENT TO REVOKE THE REGISTRATIONS
OF LINDA FAYE HARRIS, CDH FOREX INVESTMENTS LLC
AND CDH GLOBAL HOLDINGS, LLC

I.

The U.S. Commodity Futures Trading Commission (“Commission”) has received information from its staff that tends to show, and the Commission’s Division of Enforcement (“Division”) alleges and is prepared to prove, that:

1. CDH Forex Investments, LLC (“CDH Forex”) is a Texas limited liability company whose current listed address with the Commission is 1011 Surrey Lane Bldg 200, Flower Mound, TX 75022.
2. CDH Forex has been registered with the Commission as a Commodity Pool Operator (“CPO”) since on or about September 17, 2008 and as a Commodity Trading Advisor (“CTA”) since May 13, 2008, pursuant to Section 4m of the Commodity Exchange Act (the “Act”), 7 U.S.C. § 6m.
3. CDH Global Holdings, LLC (“CDH Global”) is a Texas limited liability company whose current listed address with the Commission is 1011 Surrey Lane, Bldg 200, Flower Mound, TX 75022.

4. CDH Global has been registered with the Commission as a CTA since December 1, 2009, pursuant to Section 4m of the Commodity Exchange Act (the "Act"), 7 U.S.C. § 6m.

5. Linda Faye Harris ("Harris") has been registered as an Associated Person ("AP") of CDH Forex since July 1, 2008. Harris is the sole principal of CDH Forex as she owns a 10% or more financial interest in CDH Forex and has the power, directly or indirectly, through agreement or otherwise, to exercise a controlling influence over the activities of CDH Forex which are subject to regulation by the Commission. From November 30, 2009 until on or about August 24, 2010, Harris was an NFA approved principal of CDH Global. From December 1, 2009 until August 24, 2010, Harris was an AP of CDH Global. Harris's current listed address with the Commission is in Lewisville, TX.

6. On October 25, 2011, the Commission filed a federal civil injunctive action against Harris, CDH Forex, CDH Global and Chance Domel Harris (who was never registered). *See CFTC v. CDH Forex Investments, LLC et. al.*, Case No. 3:11-CV-02862 F (N.D. TX) (hereinafter "*CFTC v. CDH Forex*"). The CFTC's complaint alleged, *inter alia*, that from August 2008 through July 2010, the defendants fraudulently solicited and accepted funds from the general public to trade pooled investments and managed accounts in off-exchange forex. As a result of defendants' allegedly fraudulent solicitation, individuals invested over \$2.2 million, of which defendants sustained substantial trading losses and misappropriated about \$353,897.00 to pay rent on Harris's family home, make payments on a leased BMW, and pay credit card bills. Defendants also were charged with misrepresenting the profitability of their trading programs in their promotional material and issuing false account statements to investors in the pooled account in order to perpetuate the fraud. The CFTC complaint also charges Harris with providing false, fictitious, or fraudulent statements to the National Futures Association (NFA), including falsified

trading account statements and falsified bank statements, to hide the ongoing fraud from the NFA.

7. Following a hearing held on June 12, 2012, in CFTC v. CDH Forex, the United States District Court for the Northern District of Texas entered an Order for Entry of Default Judgment, Permanent Injunction, Civil Penalties and Other Equitable Relief Pursuant to Federal Rule of Civil Procedure 55(b)(2). At the hearing, Harris appeared and conceded all allegations in the Complaint of violations of the Act, but contested only the amount of Restitution and Civil Monetary Penalty. The Court found none of Harris's arguments credible and entered the Order as submitted by the CFTC. The Order contained findings of fact and conclusions of law, which found, inter alia, that Harris fraudulently solicited at least \$2.2 million from customers out of which total trading losses and misappropriated funds equaled at least \$1,361,897.00, and made material false statements to pool participants. The Order also found that Harris provided false, fictitious, or fraudulent statements to the NFA, including falsified trading account statements and falsified bank statements, to hide the ongoing fraud from the NFA. The Order found that by engaging in this conduct, Harris violated Sections 4b(a)(2)(A)-(C) and 9(a)(4) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C) and 13(a)(4) and that such violations of the Act occurred within the course and scope of Harris's employment with CDH Forex and CDH Global. Accordingly, the Court found that CDH Forex and CDH Global were liable for such violations of Act pursuant to Section 2(a)(1)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2012). The Order, in relevant part, permanently restrains Harris, CDH Global and CDH Forex from:

- (a) directly or indirectly committing fraud in violation of Sections 4b(a)(2)(A)-(C) and 9(a)(4) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C) and 13(a)(4);

(b) registering with the commission, claiming an exemption from registration, acting in any capacity requiring registration or an exemption from registration; and

(c) acting as a principal (as that term is defined in Commission Regulation (“Regulation”) 3.1(a), 17 C.F.R. § 3.1 (a) (2011), agent or any other officer or employee of any person 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).

8. Pursuant to Section 8a(2)(C) of the Act, 7 U.S.C. § 12a(2)(C), the Commission may revoke the registration of any person who has been permanently enjoined by order of a court of competent jurisdiction, from certain enumerated activities, including but not limited to (i) acting as a futures commission merchant, introducing broker, floor broker, floor trader, CTA, CPO, or an AP of any registrant under the Act, or (ii) engaging in or continuing any activity involving fraud or any transaction in or advice concerning contracts of sale of a commodity for futures delivery or concerning matters subject to Commission regulation under Section 4c or 19 of the Act, 7 U.S.C. §§ 6c or 23.

9. Furthermore, pursuant to Section 8a(2)(E) of the Act, 7 U.S.C. § 12a(2)(E), the Commission may revoke the registration of any person who has been found, in a proceeding brought by the Commission, to have violated the Act by committing fraud or misappropriation within ten years preceding the filing of the registration application or any time thereafter.

10. Pursuant to Section 8a(2)(H) of the Act, 7 U.S.C. § 12a(2)(H), the Commission may revoke the registration of any person if revocation of the registration of any principal of such person is warranted pursuant to Section 8a(2) of the Act. Section 8a(2)(H) of the Act

further provides that “principal,” as used in Section 8a(2) of the Act, includes any person that the Commission by regulation determines has the power, directly or indirectly, through agreement or otherwise, to exercise a controlling influence over the activities of such entity subject to regulation by the Commission. Pursuant to Regulation 3.1(a)(1), if an entity is organized as a limited liability company, “principal” includes any director, president, chief executive officer, manager, managing member or members vested with the management authority for the entity, and any person occupying a similar status or performing similar functions, having the power, directly or indirectly, through agreement or otherwise, to exercise a controlling influence over the entity’s activities that are subject to regulation by the Commission.

11. The Court Order found that Harris had complete control over CDH Forex and that she was registered as an AP of CDH Forex, was the Chief Investment Officer of CDH Forex and directed all trading of the CDH customers’ managed accounts and pooled accounts for CDH Forex. Harris was also a sole signatory of the CDH Forex bank accounts. Additionally, in the NFA database, Harris is listed as CDH Forex’s sole principal, owns a more than 10% financial interest in CDH Forex, and had sole control over the entity.

12. The facts set forth above constitute a valid basis for the Commission to revoke Harris’s registration as an AP of CDH Forex.

13. The facts set forth above constitute a valid basis for the Commission to revoke CDH Forex’s registration as a CPO and CTA.

14. The facts set forth above constitute a valid basis for the Commission to revoke CDH Global’s registration as a CTA.

II.

15. Pursuant to Regulation 3.60(a), 17 C.F.R. § 3.60(a) (2012), Harris, CDH Forex and CDH Global are hereby notified that a public proceeding shall be conducted in accordance with the provisions of Regulation 3.60, 17 C.F.R. § 3.60 (2012), and Part 10 of the Regulations, 17 C.F.R. § 10.1 et seq., on the following questions:

(a) Whether Harris is subject to statutory disqualification from registration under Section 8a(2)(C) and (E) of the Act as set forth in Section I above;

(b) Whether CDH Forex is subject to statutory disqualification from registration under Section 8a(2)(C), (E) and (H) of the Act as set forth in Section I above;

(c) Whether CDH Global is subject to statutory disqualification from registration under Section 8a(2)(C) and (E) of the Act as set forth in Section I above; and

(d) If the answers to questions (a), (b) and (c) are affirmative, then whether the registration of Harris as an AP of CDH Forex and the registrations of CDH Forex as a CPO and CTA and CDH Global as CTA should be revoked.

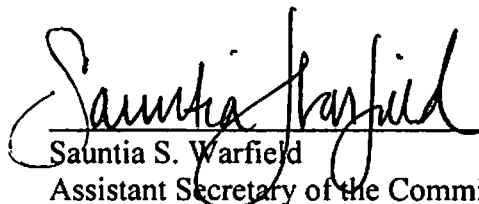
16. Such proceeding shall be held before an Administrative Law Judge or a Presiding Officer in accordance with Regulations 3.60 and 10.8, 17 C.F.R. §§ 3.60, 10.8 (2012), and all post-hearing procedures shall be conducted pursuant to Regulations 3.60(i)-(j), 17 C.F.R. § 3.60(i)-(j) (2012).

17. In accordance with the provisions of Regulation 3.60(a)(3), 17 C.F.R. § 3.60(a)(3) (2012), Harris, CDH Forex and CDH Global are entitled to file responses challenging the evidentiary bases of the statutory disqualification or show cause why, notwithstanding the accuracy of the allegations, their registrations should not be revoked. Such responses must be filed with the Proceedings Clerk, Office of Proceedings,, Commodity Futures Trading

Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and served upon Nathan B. Ploener, Senior Trial Attorney, Division of Enforcement, Eastern Regional Office, 140 Broadway, 19th Fl., New York, NY, 10005, within thirty (30) days after the date of service of this Notice upon Harris, CDH Forex and CDH Global, in accordance with the provisions of Regulation 3.60(b), 17 C.F.R. § 3.60(b) (2012). If Harris, CDH Forex and CDH Global fail to file a timely response to this Notice, the allegations set forth herein shall be deemed to be true, and the Administrative Law Judge or the Presiding Officer may issue an Order of Default in accordance with the provisions of Regulation 3.60(g), 17 C.F.R. § 3.60(g) (2012).

III.

18. The Proceedings Clerk shall serve this Notice of Intent to Revoke the Registrations of Linda Faye Harris, CDH Forex Investments, LLC and CDH Global Holdings, LLC in accordance with Regulation 3.50, 17 C.F.R. § 3.50, or by any other means permitted under the Act or Regulations.


Sauntia S. Warfield
Assistant Secretary of the Commission
Commodity Futures Trading Commission

Dated: September 11, 2012