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WESTERN DISTRICT OF LOUISIANA  
LAFAYETTE, LOUISIANA

IN THE UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF LOUISIANA  
LAFAYETTE DIVISION

COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

UFOREX CONSULTING, LLC, a.k.a  
UFOREX, LLC, a.k.a. UFOREXIA, LTD.;  
PAULO R. CORREA, a.k.a. PAUL R.  
KARR; and MARIO GARCIA,

Defendants.

6:07-CV-0046                      LO  
JUDGE DOHERTY  
MAGISTRATE JUDGE HILL

**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF AND  
FOR CIVIL MONETARY PENALTIES UNDER THE COMMODITY EXCHANGE ACT**

I.

**SUMMARY**

1. Commencing by at least January 2002 and continuing through at least November 2004 (the "relevant time"), Paulo Correa a.k.a. Paul Karr ("Correa"), individually, doing business as, and as the controlling person of UForex Consulting, LLC, a.k.a. UForex, LLC, a.k.a. UForexia, Ltd. (collectively, "Uforex"), and Mario Garcia ("Garcia"), fraudulently solicited and

accepted over \$3.7 million from at least 127 retail customers for the purported purpose of trading over-the-counter foreign currency futures contracts that purportedly cleared through Aroz International, Inc. ("Aroz"), another company controlled by Correa. At least 20 of those customers reside in Louisiana in the New Iberia and surrounding areas. On information and belief, the UForex customers, in aggregate, lost approximately 70% - or \$2,900,000 - of their investment. Correa misappropriated at least \$2,000,000 of the customers' funds for his personal use. Further, Correa and Garcia fraudulently solicited customers, touting historical returns of between 5% and 10% per month and promising high profits with limited or no risk. Moreover, Correa and UForex sent customers monthly account statements which falsely reported that their money was actively invested and earning between 7% and 35% per month, and did not disclose Garcia's fee agreement that he would receive 20% of a customer's initial principal and 10% of any additional funds the customer entrusted to UForex.

2. Correa, Garcia and UForex, thus have engaged in acts and practices cheating, defrauding or deceiving, or attempting to cheat, defraud or deceive other persons, in violation of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2002), and Commission Regulation ("Regulation") 1.1(b), 17 C.F.R. § 1.1(b) (2005). Because defendants UForex and Correa made or caused to be made false statements in connection with the confirmation of the execution of foreign currency futures transactions, they violated Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii). Correa was doing business as UForex ("d/b/a") from January 2002 until April 2004, when he incorporated UForex. Thereafter, Correa was controlling person of UForex and knowingly induced or failed to act in good faith respecting their violations and, therefore, is liable for their violations, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2002). Additionally, from April 2004 onward Correa and Garcia committed the violations of Section

4b(a)(2)(i), (ii) and (iii) of the Act and Regulation 1.1(b) while acting within the scope of their employment with UForex and, therefore, UForex is liable for those violations as a principal, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2002).

3. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) brings this action to enjoin Defendants’ unlawful acts and practices and to compel their compliance with the Act and Commission Regulations. In addition, the Commission seeks a freeze of Defendants’ assets, disgorgement of Defendants’ ill-gotten gains, restitution to customers, an accounting, civil monetary penalties, and such other equitable relief as the Court may deem necessary or appropriate.

## II.

### JURISDICTION AND VENUE

4. Section 2(c)(2)(B) and (C) of the Act, 7 U.S.C. § 2(c)(2)(B) and (C) (2002), provides that the CFTC has jurisdiction, including anti-fraud jurisdiction, over certain retail foreign currency futures contracts. Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), authorizes the CFTC 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.

5. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2002), in that Defendants are found in, inhabit, or transact business, among other places, in this District or the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this District, among other places.

### III.

#### THE PARTIES

6. **Plaintiff Commodity Futures Trading Commission** is an independent federal regulatory agency charged with responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1 *et seq.* (2002), and the Regulations promulgated thereunder, 17 C.F.R. §§ 1 *et seq.* (2005).

7. **Defendant UForex Consulting, LLC**, a.k.a UForex, LLC, a.k.a. UForexia, Ltd., was incorporated in Nevis in January 2004 and in Delaware in April 2004. UForex Consulting, LLC ceased good standing in Delaware in June 2005, and was involuntarily dissolved in Nevis in February 2006. Its principal place of business is in Sunny Isles Beach, Florida. UForex bank account records and incorporation records list Correa as the president and CEO of the company. The UForex websites claim that its corporate headquarters are in Charleston, Nevis and Nassau, Bahamas. UForex claims that it ceased trading in November 2004. UForex has never been registered with the Commission in any capacity; nor have they been designated by the Commission as a contract market for the trading of foreign currency futures.

8. **Defendant Paulo R. Correa**, a.k.a. Paul R. Karr, age 57, resides in North Miami Beach, Florida, but travels frequently to his native Brazil and maintains both US and Brazilian citizenship. Correa is the president and CEO, and has controlled the day-to-day operations of UForex and Aroz since at least January 2002. Correa was the only individual at UForex directing the purported trading in customer accounts and is the sole signatory on the UForex and Aroz bank accounts where customer funds were deposited. Correa has never been registered with the Commission in any capacity.

9. **Defendant Mario Garcia**, age 39, resides in Hialeah, Florida, and solicited customers for UForex from January 2002 until November 2004, where his title was chief forex advisor. Garcia purports to be the owner and trustee of a state of Nevada registered online ministry called Grace Ministries. Garcia has never been registered with the Commission in any capacity.

#### IV.

#### **RELATED ENTITY**

10. **Aroz International, Inc.** is an active Florida corporation with its principal place of business in Aventura, Florida and was incorporated in Florida on March 23, 1995. The corporate annual report lists Correa as director and registered agent and Aroz's bank account records list Correa as the president and CEO. Aroz has never been registered with the Commission in any capacity; nor has it been designated by the Commission as a contract market or registered as a derivatives transaction execution facility for the trading of futures on foreign currency.

#### V.

#### **FACTS**

##### **A. Background and Operation of UForex and Aroz**

11. Correa and Garcia met at a Florida foreign currency trading company called Sterling Trading Group in September 2001, where they solicited customers to trade foreign currency futures contracts. Correa informed Garcia that he had his own managed foreign currency trading company called UForexia that was doing very well and persuaded Garcia to invest \$10,000 with him in January 2002 to trade foreign currency contracts. A few months after Garcia invested \$10,000 with Correa, Correa informed Garcia that he had lost most of Garcia's

investment. Garcia's fee agreement was in writing, and Garcia was paid after soliciting and obtaining customers in accordance with the agreement. Subsequently, Garcia agreed to work as a UForex account executive and solicit customers in exchange for 20% of the initial principal invested by customers whom he solicited and for 10% of any additional funds such customers entrusted to UForex. Garcia knew that he was compensated from customers' initial and subsequent deposits. Garcia knew that his compensation arrangement was not disclosed to actual or prospective UForex customers.

12. Correa first held himself out as doing business under the name "UForexia." Sometime in June 2004, he shortened the business name to UForex. Correa and Garcia began soliciting customers to trade with UForex from their respective homes in January 2002. Correa also leased a shared conference room and office in Aventura, Florida, where UForex and Aroz received mail and where he took prospective customers who wanted to see UForex's office.

13. UForex sought from customers minimum deposits of at least \$5,000, but as a matter of practice, accepted initial deposits of as little as \$1,000. Customers did not intend to take delivery of the foreign currency they traded, had no need for it, and had no means to make or take delivery. Customers were also not required to have and did not have *nostro* accounts capable of accepting foreign currency.

14. From at least January 2002 to November 2004, Correa and UForex had 127 customers who deposited over \$3.7 million with "Uforex" for the purpose of trading foreign currency futures contracts with UForex.

**B. The Contracts Offered By Uforex**

15. UForex customers entered into written customer agreements with UForex. Through June 2004, the customer agreements were made with "UForexia" and thereafter with

“UForex.” The UForexia customer agreements were identical to the UForex customer agreements, except as to name (hereinafter “Customer Agreements”).

16. The Customer Agreements offered two separate types of transactions to prospective customers. The primary type of transaction offered was described as a transaction entered on a “principal-to-principal basis” between UForex and the customer, where “each [forex transaction is] entered into between” UForex and its customers. In this type of transaction, the only fee to be charged was a \$60.00 round-turn commission fee.

17. The Customer Agreement describes the first leg of a customer’s trade as resulting in a “Position.” In this “principal-to-principal” relationship, customers could execute “stop loss” orders. Further, these transactions were purportedly to be executed on UForex’s own “currency trading system.”

18. The Customer Agreement asserts that settlement of the customer’s position would generally occur through cash settlement. By contrast, if a customer sought physical delivery of a foreign currency they had to specifically elect such delivery, and then follow procedures that were never specified in the Customer Agreement. These transactions were also described as having a “high degree of leverage”, and were traded on margin. Failure to meet margin requirements could result in the liquidation of the customer’s “open position”.

19. The second type of transaction offered to prospective customers in the Customer Agreement is one in which UForex purportedly acted for or on behalf of a customer and purchased or sold “OTCFX (over-the-counter Foreign Exchange)”. Other than this brief description, the Customer Agreement is silent as to the characteristics of this second type of transaction.

20. UForex's oral and power point presentations represented that customers had no restrictions on trade closings, which could be "executed at any time", nor any restrictions on full or partial liquidations of their accounts. The presentations also touted the greater leverage available trading forex as opposed to stocks, noting that forex market leverage of 1:100 "allows an investor to control US\$100,000 with a US\$1,000 deposit".

21. In the Customer Agreement, customers were directed to wire funds or issue checks to a Bank of America account opened under the name of "Aroz."

**C. The Financial Status of UForex Customers**

22. UForex marketed its foreign currency futures contracts to individuals. UForex's customers are retail customers, not eligible contract participants. UForex's customers had assets totaling less than \$5 million and have no business, personal or other need to take or make delivery in foreign currency or to hedge against movements in the foreign currency markets. In short, they are unsophisticated retail customers who attempt to profit by speculating on the changing relative values of foreign currencies and the United States dollar through their accounts at UForex.

**D. The Status of Uforex and Aroz**

23. Neither UForex nor Aroz is a "financial institution" as defined in the Act, a broker or dealer or an associated person of a broker or dealer, or any other counterparty as enumerated forth in Section 2(c)(2)(B) of the Act, 7 U.S.C. § 2(c)(2)(B) (2002). Further, neither firm was a futures commission merchant ("FCM") or an affiliate of a FCM, or conducted transactions on a facility designated as a contract market or registered as a derivatives transaction execution facility.



## **E. The Disposition of UForex Customers' Funds**

24. Correa opened, maintained, and was the sole signatory on a pair of checking and savings accounts at Bank of America in Miami, Florida, each titled Aroz International, Inc., that were opened on March 15, 2001 and May 11, 2004, respectively. Correa opened, maintained, and was the sole signatory on a pair of checking and savings accounts titled UForex Consulting, LLC that were opened on May 10, 2004, also at Bank of America.

25. Between March 2002 and November 2004, "Uforex" customers deposited \$2.6 million in the two Aroz checking accounts and \$1.1 million in the UForex Consulting LLC checking account. During this same time period, Correa transferred several hundred thousand dollars of customers' money among the various Aroz and Uforex Consulting LLC checking and savings accounts, and ultimately withdrew, transferred or dissipated over \$2 million. For example, Correa:

- withdrew \$332,035 of the customer funds deposited in the Aroz checking accounts through checks made out to him and through ATM withdrawals;
- used at least \$6,300 of the customer funds deposited in the Aroz checking accounts for the purchase of a satellite dish;
- used \$50,000 of the customer funds deposited in the Aroz checking accounts for condominium payments;
- used at least \$36,000 of the customer funds deposited in the Aroz checking accounts for electronics;
- used at least \$4,620 of the customer funds deposited in the Aroz checking accounts for dining at restaurants and groceries;
- used \$5,835 of the customer funds deposited in the Aroz checking accounts for jewelry; and
- used \$2,065 of the customer funds deposited in the Aroz checking accounts for a cruise.

26. Correa transferred \$180,857 out of the Aroz checking account to Garcia and his company, Grace Ministries. Correa transferred \$8,000 to Garcia's wife, Luby Martinez, as payment for Garcia's work with UForex.

27. Correa withdrew approximately \$125,000 of customer funds from the UForex Consulting LLC checking account through checks made out to himself, ATM withdrawals and wire transfers to his personal bank account at Citibank. In addition, Correa withdrew \$14,500 from the UForex Consulting LLC savings account for personal expenses that had been transferred to that account from the UForex Consulting LLC checking account.

28. Correa and his wife, Miriam G. Sinovetz ("Sinovetz"), also established an American Express corporate business platinum card account under the name "Aroz," with the bill addressed to Correa's residence. Expenses such as domestic and foreign airfare, entertainment, restaurants, groceries, clothing, and car repairs were incurred on this account. Just under \$26,000 in payments were made by checks drawn on the Aroz checking account to American Express to offset those expenses.

29. On September 11, 2003, Correa and Sinovetz opened a joint corporate account in the name of "Aroz" with FX Direct Dealers, LLC ("FX Direct"), an on-line retail foreign exchange broker. Between September 15, 2003 and November 3, 2003, Correa withdrew \$570,000 of Uforex customer funds and deposited it into his and his wife's "Aroz" trading account with FX Direct. Correa traded the account and lost \$225,083. On November 26, 2003, he closed the account, withdrew the \$339,709 balance, which he deposited back into the Aroz checking account. FX Direct did not open or maintain any other accounts in the names of Correa, Garcia, Aroz, UForex or any of UForex's customers.

30. On information and belief, aside from the \$570,000 that Correa used to trade with FX Direct, none of the money received by Correa, Garcia, UForex or Aroz was transferred to any other bank, clearinghouse, or other designated contract facility. Further, there was no other additional trading activity on behalf of UForex customers.

31. From at least January 2002 through September 2004, UForex issued monthly statements to its customers which falsely reported that their funds were actively traded and earning between 7% and 35% per month. Throughout the entire time period, Uforex monthly account statements reported that customers were earning profits. However, on October 21, 2004 the CFTC issued an administrative subpoena to Correa, Garcia, UForex, and Aroz. Shortly thereafter, Correa and UForex issued letters to UForex's customers - dated October 27, 2004 and signed by Correa - which stated, in part:

UForex's management has determined to close down the trading account [because] the trading has, by and large, not been profitable and we were under the belief that currency trading was not regulated by any government agency. As of late, however, certain government agencies appear to be asserting regulatory authority over this type of business.

32. Included with the October 27, 2004 letters were UForex "Monthly Account Summary Reports" that, in the aggregate, reported trading losses of more than \$2.9 million for the period ending October 20, 2004, and "Trading Account Closing Sheets" that disclosed "trading costs" of approximately \$1.2 million. Taken together, the reported trading losses and trading costs not only eliminated the purported profits that UForex had previously reported.

33. Along with the October 27, 2004 letter, UForex included checks representing the reported net balance due to some of its customers. However, some customers did not receive checks, and some checks were returned due to insufficient funds.

## **F. UForex's Websites Contained Material Misrepresentations**

34. Correa and UForex operated a website at [www.uforexia.net](http://www.uforexia.net) from July 2003 to approximately October 2004, and a second website at [www.uforex.com](http://www.uforex.com) from May 2002 through October 2004.

35. During the time periods described above in paragraph 33, Correa and Garcia referred prospective customers to the websites for additional information about UForex and foreign currency trading. The websites contained misrepresentations such as the following:

- “The Forex market allows us to close positions at a [sic] profit daily and withdraw the capital from the market whenever we are not trading, thus avoiding the usual open market risk that most investments incur”;
- “UFOREX is staffed by experienced professionals and is contracted to operate in all the world's major foreign exchange markets”;
- “There is no fee to open, maintain, or close the account. There are no transaction costs of any kind for trading”; and
- “Orders can be placed at the market price, or with price limits and stop orders.”

36. Correa knew that these statements were false and misleading, for he knew that:

- the first and fourth statements suggested that UForex traded customer funds when Correa knew he was actually misappropriating, rather than trading, customer funds;
- the second statement stated UForex employed experienced professionals, when he knew neither he nor Garcia were experienced professionals;
- the second statement stated Uforex either operated or had the ability to operate in any of the world's major foreign exchange markets, when he knew it neither did operate nor have such ability; and
- the third statement suggested that customers would not be charged any fees or commissions to trade with Uforex, when he knew he misappropriated customer funds to pay Garcia, as well as other Uforex sales representatives.

37. Garcia knew that these statements were false and misleading, for he knew that:

- the first statement suggested that Uforex could minimize risk of loss yet he had personally entrusted \$10,000 with Correa to trade foreign currency futures and Correa had lost the entire amount;
- the second statement stated UForex employed experienced professionals, when he knew he was not an experienced professional;
- the third statement suggested that customers would not be charged any fees or commissions to trade with Uforex, when he knew he was being compensated by taking, at a minimum, 20% of a customer's initial deposit, provided he was the one who had solicited that individual.

### **G. Solicitation Fraud**

38. Correa, Garcia and UForex customer representatives frequently set up three-way calls with existing and prospective customers in which the existing customer provided a testimonial to prospective customers about the large profits the existing customers believed they were making from their investments. In these and other telephone solicitations, Correa, Garcia and UForex's customer sales representatives made representations of material fact to prospective customers that were false or misleading in that they conveyed the message that by trading with Uforex, customers would engage in profitable trading, be exposed to minimal or zero risk of loss, and their funds would never leave the bank, such as the following:

- By at least spring of 2003 and July 2003, Garcia and Correa, respectively, each told actual and prospective customers that they could expect returns of 5-10% per month trading with Uforex;
- After August 2004, Correa told a customer that if she invested \$100,000, Correa would turn it into a million dollars within two years;
- Correa, in or about August through September 2003, told a customer that his money "would never be put at risk" because the money would never leave the bank since the trading of foreign currency was done electronically;
- Correa, in or about April/May 2003, told a customer that he was successful with 80% of the trades he made, and the 80% success rate was enough to cover any losses from the 20% of trades that he was unsuccessful with;

- Correa, in or about August/September 2003, told a customer if any losses did occur in a customer's account, Correa would personally "reimburse the [customer] for every penny lost out of his own pocket";
- Correa, in May 2003, told a customer that he was "always" profitable trading foreign currency because he would get out of positions while the market was still climbing;
- Garcia assured a customer who told him that she could not afford to lose any money invested because it was her savings and the only money that she had that if she invested with UForex she would not lose any money and that she had nothing to worry about.
- After May 2002, Garcia told a customer that they could not lose any of their principal investment because Correa put stop-losses in place to secure their money; and
- Garcia, in or about April/May of 2003, told a customer that Correa had been trading for a very long time, was very profitable in his trading, and "had never lost a dime of anybody's money" because of the way he traded, which made it "impossible" for him to lose money.

39. Correa knew that all statements he made above relating to profitable trading, minimal or zero risk of loss, and funds never leaving the bank were false. Specifically, Correa first misappropriated funds from Uforex customers in at least January 2003. Therefore, after this time period, any claims of profitable trading, minimal risk of loss, and claims regarding the secured nature of client funds, were necessarily false.

40. Garcia also knew or was reckless in making statements regarding profitable trading or minimal risk of loss. Specifically, as noted above, Garcia knew that the claims of limited or minimal risk of loss were false given the fact that Correa had lost Garcia's \$10,000 trading through Uforex in early 2002. Further, Garcia knew he had no reasonable basis to claim that Uforex customers profited from trading particularly since he was aware that he and other sales representatives were compensated directly from the customer's funds.

41. Correa and Garcia advised prospective customers that they would either not be charged any fees or commissions, or would be charged "a very small fee" before investing with UForex. Correa knew this was false because he was misappropriating customer funds for

himself and also misappropriated those funds to compensate Garcia. In addition, at least one prospective customer who agreed to invest noted that his customer agreement specified a \$60.00 round-turn commission fee. Correa told this customer that UForex did not charge retail customers any fees until their accounts were sufficiently built up. Garcia knew statements to actual and prospective customers regarding fees and commissions were false because of his own fee arrangement.

42. Correa and Garcia made cold calls to prospective customers. They also persuaded at least six of UForex's existing customers to become sales representatives for UForex and to solicit new customers, including their friends and family members, to invest with UForex in exchange for commissions. The customer-turned-sales representatives signed UForex's "Independent Contractual Agreement," which stated that for any customers they successfully solicited they would receive 10% of the initial principal invested and 5% of any additional investments. The agreement referred to the sales representatives as "IBs" and to UForex as "Chief Forex Advisor."

43. Correa and Garcia provided UForex customer sales representatives with a power point presentation entitled "UForex Millionaire's Forum" to solicit new customers. Correa and Garcia instructed the sales representatives to focus their presentations on the large profits the sales representatives believed they were making from their investments with UForex. After speaking with prospective customers by phone, UForex's customer sales representatives would then e-mail the power point presentation to them or setup a meeting to show them the power point. The power point presentation touted UForex's success in the forex market, stating, among other things:

- With more than 6 years experience in the market and the pride of never having let down its investors, UForex estimates high monthly performance returns, with a calculated safety margin, having in mind outstanding results previously obtained.
- Since it is a 24-hour market, the good FOREX traders are protected from “market surprises” from one day to the next.
- 132 [sic] uninterrupted hours per week of great business opportunities in all the world markets; protected against surprises from one day to another and ready to a [sic] assume the best market position, without entry or exit restrictions.

44. The power point presentation was false and misleading in several material respects. Neither Correa nor Garcia had more than six months of prior forex trading experience before starting UForex. None of UForex’s customers became millionaires or earned any profits as a result of their investment with UForex. The estimate of “high monthly returns” and the so-called “calculated safety margin” were not based in fact, since UForex’s limited trading was unprofitable and Correa misappropriated at least \$2 million of customer funds. The defendants also did not and could not protect against “market surprises”.

**G. Correa Was a Controlling Person of UForex**

45. From April 2004 onward, Correa has been the president, CEO, and sole officer, director, and shareholder of UForex.

46. From April 2004 onward, Correa exercised control over the day-to-day business operations of UForex. Correa hired Garcia, supervised Garcia, provided Garcia with lead lists to solicit customers, recruited existing customers to become UForex’s sales representatives, instructed Garcia and UForex’s customer sales representatives on what they should say to customers and prospective customers to persuade them to invest with UForex, and hired personnel to assist him in creating websites for UForex. Correa was the sole signatory on the four UForex bank accounts at Bank of America and held himself out as UForex’s trader.



47. Correa knowingly caused UForex's violations. He personally participated in the fraud, both in making direct misrepresentations to customers, and in instructing Garcia and the customer sales representatives to make misrepresentations to customers and prospective customers regarding profit potential, risk of loss, trading profits, his and Garcia's trading experience, and that UForex was actually trading all of the customers' money. For example, Correa told customers that there was no risk in investing with UForex, that UForex customers were making profits of 5 to 7 percent a month and that he and Garcia had over six years of experience trading foreign currency.

48. As described above, Correa also drafted a fraudulent and misleading websites where he directed customers, as well as a fraudulent power point presentation that he distributed to UForex customer sales representatives for use in soliciting customers.

#### **H. Statutory Background**

49. Section 2(c)(2)(B)(i) and (ii) of the Act, 7 U.S.C. § 2(c)(2)(B)(i) and (ii) (2002), provides that the Commission shall have jurisdiction over an agreement, contract or transaction in foreign currency that is a sale of a commodity for future delivery (or option thereon) or an option, so long as the contract is "offered to, or entered into with, a person that is *not* an eligible contract participant," and the counterparty, or the person offering to be the counterparty, is not one of the regulated entities enumerated in Section 2(c)(2)(B)(ii)(I-VI) of the Act, 7 U.S.C. § 2(c)(2)(B)(ii) (I-VI) (2002).

50. Section 1a(12)(A)(xi) of the Act, 7 U.S.C. § 1a(12)(A)(xi) (2002), defines an eligible contract participant as an individual who has total assets in excess of: a) \$10 million; or b) \$5 million and who enters the transaction to manage the risk associated with an asset owned or a liability incurred, or reasonably likely to be owned or incurred. The Act anticipates that

wealthy or institutional investors, known as eligible contract participants, that meet certain financial criteria and that trade foreign currency futures or options contracts have sufficient resources to protect their own interests when entering into foreign currency transactions, and therefore their transactions fall outside the Commission's jurisdiction. The Act further contemplates that the foreign currency futures or options transactions of investors who do not meet the financial criteria to be eligible contract participants, retail customers, shall fall within the Commission's jurisdiction.

51. Most, if not all, of the foreign currency futures transactions alleged herein were offered to or entered into with persons who did not qualify as eligible contract participants.

52. During the relevant time, none of the Defendants were proper counterparties for the retail foreign currency transactions described in the Complaint because they were not one of the regulated entities enumerated in Section 2(c)(2)(B)(ii)(I-VI) of the Act, 7 U.S.C. § 2(c)(2)(B)(ii)(I-VI) (2002).

53. Since none of the Defendants are proper counterparties and the customers are not eligible contract participants, the Commission has jurisdiction over this action.

## VI.

### VIOLATIONS OF THE COMMODITY EXCHANGE ACT

#### COUNT I

**VIOLATIONS OF SECTION 4b(a)(2)(i) and (iii) OF THE ACT, 7 U.S.C. § 6b(a)(2)(i) and (iii) AND REGULATION 1.1(b), 17 C.F.R. § 1.1(b):  
FRAUD BY MISREPRESENTATION AND MISAPPROPRIATION**

54. Plaintiff re-alleges paragraphs 1 through 53 above and incorporates these allegations herein by reference.

55. During the relevant time, Correa, Garcia, and UForex violated Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2002), and Regulation 1.1(b)(1) & (3), 17 C.F.R. § 1.1(b)(1) and (3) (2005) by, in or in connection with 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, where 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), cheating or defrauding or attempting to cheat or defraud customers and willfully deceiving or attempting to deceive customers by, among other things: misrepresenting the likelihood that customers will profit from the trading of forex futures and misrepresenting and omitting discussion of the risks in the trading of forex futures; misrepresenting profits other customers had earned and their own forex trading experience and success; misrepresenting the urgency of trading forex futures; misrepresenting Aroz as a clearing firm that acted as a counterparty to actual foreign currency transactions and confirming the execution of those transactions; and failing to disclose Garcia's fee agreement of 20% of a customer's initial principal and 10% of any additional funds entrusted to UForex.

56. Additionally, during the relevant time, Correa violated Section 4b(a)(2)(i) and (iii) of the Act, and Regulation 1.1(b)(1) & (3) by misrepresenting to customers that all of their funds would be used for foreign currency trading when at least \$2 million of the \$4.3 million invested was misappropriated.

57. From April 2004 onward, the actions and omissions of Correa and Garcia described in paragraphs 1 through 51 of this Complaint, were done within the scope of their employment and agency with UForex. Therefore, UForex is liable as a principal for each of the

violations alleged in this Count, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2002), and Regulation 1.2, 17 C.F.R. § 1.2 (2005).

58. From April 2004 onward,, Correa directly or indirectly, controlled UForex and did not act in good faith, or knowingly induced, directly or indirectly, the acts constituting the violations of UForex alleged in this Count, and thereby is also liable for UForex's violations of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2002), and Regulation 1.1(b)(1) and (3), 17 C.F.R. 1.1(b)(1) and (3) (2005), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2002).

59. Each material misrepresentation or omission and each deception made during this time, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation.

## COUNT II

### VIOLATIONS OF SECTION 4b(a)(2)(ii) OF THE ACT, 7 U.S.C. § 6b(a)(2)(ii) AND REGULATION 1.1(b)(2), 17 C.F.R. § 1.1(b)(2): FRAUD BY MAKING FALSE REPORTS

60. Plaintiff re-alleges paragraphs 1 through 53 above and incorporates those allegations herein by reference.

61. During the relevant time period, Correa violated Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii) (2002) and Regulation 1.1(b)(2), 17 C.F.R. § 1.1(b)(2) (2005) by willfully making or causing to be made to other persons false reports or statements, or willfully to enter or cause to be entered for other persons false records in or in connection with 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 such other persons where such contracts for future delivery were or may have been used for (a) hedging any transaction in interstate commerce in such commodity, or the products

or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped or received in interstate commerce for the fulfillment thereof by, among other things: preparing or causing to be prepared false reports or statements in connection with the confirmation of the execution of commodity futures transactions by preparing and transmitting to customers false statements showing extraordinary and consistent profits from foreign currency trading leading customers to believe that all of their funds were being used to successfully trade foreign currency when they were not.

62. To the extent that Correa engaged in such conduct as an agent of UForex, UForex as a principal is liable for his violations of Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii) (2002), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2002).

63. Each false report or statement made during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii) (2002).

## **VI. RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), and pursuant to the Court's own equitable powers, enter:

- a. an order finding that Defendants violated Sections 4b(a)(2)(i), (ii) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i), (ii) and (iii) (2002), and Regulation 1.1(b), 17 C.F.R. § 1.1(b) (2005);
- b. a statutory restraining order freezing the funds, assets, and other property of the Defendants and an Order of preliminary injunction restraining and enjoining the Defendants and all persons insofar as they are acting in the capacity of their agents, servants, successors, assigns,

and attorneys, and all persons insofar as they are acting in active concert or participation with them who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. destroying, mutilating, concealing, altering or disposing of any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of the Defendants, wherever located, including all such records concerning the Defendants' business operations;
2. refusing to permit authorized representatives of the Commission to inspect, when and as requested, any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of the Defendants, wherever located, including all such records concerning the Defendants' business operations; and
3. withdrawing, transferring, removing, dissipating, concealing, or disposing of, in any manner, any funds, assets, or other property, wherever situated, including but not limited to, all funds, personal property, money or securities held in safes, safety deposit boxes and all funds on deposit in any financial institution, bank or savings and loan account held by, under the control, or in the name of the Defendants;

c. preliminary and permanent injunctions prohibiting the Defendants from engaging in conduct in violation of Sections 4b(a)(2)(i), (ii) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i), (ii) and (iii), and Commission Regulation 1.1(b), 17 C.F.R. § 1.1(b) and prohibiting the Defendants

from engaging in any commodity-related activity, including soliciting customers or customer funds, and trading any commodity account;

d. an order directing the Defendants to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constitute violations of the Act or of the Commission Regulations, as described herein, and interest thereon from the date of such violations;

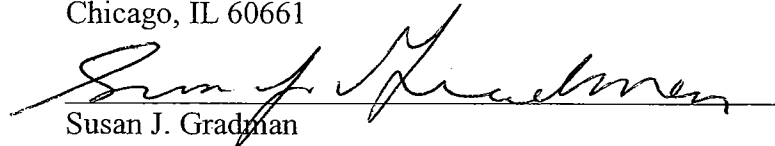
e. an order directing the Defendants to make full restitution, pursuant to such procedure as the Court may order, to every customer whose funds were received by Defendants as a result of acts and practices which constituted violations of the Act and Regulations, as described herein, and interest thereon from the date of such violations;

f. an order assessing a civil monetary penalty against the Defendants in the amount of not more than the higher of \$120,000 for each violation prior to October 24, 2004, and \$130,000 for violations thereafter or triple the monetary gain to each Defendant for each violation by the Defendant of the Act and Regulations; and

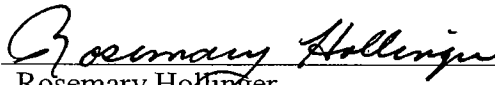
g. such other and further remedial ancillary relief as the Court may deem appropriate.

Dated: January 9, 2007      Respectfully Submitted,

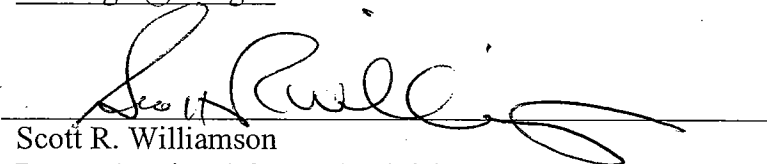
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