


**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA**

Case No.04-60797-CIV-JORDAN/TORRES

U.S. COMMODITY FUTURES TRADING)
COMMISSION,)
)
)
Plaintiff,)
)
v.)
)
GLOBAL ATLANTIC MANAGEMENT, INC.,)
d/b/a WORLDWIDE FOREX, INC. and WORLDWIDE)
COMMODITY CORP., WORLDWIDE FOREX, INC.,)
and STEVEN LABELL)
)
Defendants.)

 *Joe*
**CONSENT ORDER OF PERMANENT INJUNCTION
AND EQUITABLE RELIEF AGAINST DEFENDANTS
GLOBAL ATLANTIC MANAGEMENT, INC., d/b/a WORLDWIDE FOREX, INC. and
WORLDWIDE COMMODITY CORP., WORLDWIDE FOREX, INC., and STEVEN LABELL**

I. INTRODUCTION

On June 21, 2004, Plaintiff Commodity Futures Trading Commission ("Commission" or "CFTC") filed its complaint in the above-captioned action against Global Atlantic Management, Inc. ("Global Atlantic") d/b/a Worldwide Forex, Inc., and Worldwide Commodity Corp. ("Worldwide Commodity"), and Worldwide Forex, Inc. ("Worldwide Forex") (collectively the "WWF Common Enterprise" or "WWF") and Steven Labell ("Labell") (collectively, "Defendants"), seeking injunctive and other equitable relief for violations of the Commodity Exchange Act, as amended (the "Act"), 7 U.S.C. §§ 1 *et seq.* (2002). The Court entered a Consent Order of Preliminary Injunction against the Defendants on July 19, 2004.

II. CONSENTS AND AGREEMENTS

To effect settlement of the matters alleged in the Complaint in this action without a trial on the merits or further judicial proceedings, the Defendants:

1. Consent to entry of this Consent Order of Permanent Injunction and Equitable Relief Against Defendants ("Consent Order");
2. Affirm that Defendants have agreed to this Consent Order voluntarily, and that no threat, or promise other than as specifically contained herein, has been made by the Commission or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Consent Order;
3. Acknowledge service and receipt of the summons and complaint;
4. Admit the jurisdiction of this Court over them and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;
5. Admit that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;
6. Waive:
 - a. all claims which they may possess under the Equal Access to Justice Act (EAJA), 5 U.S.C. § 504 (2000) and 28 U.S.C. § 2412 (2000), relating to, or arising from, this action and any right under EAJA to seek costs, fees and other expenses relating to, or arising from, this action;
 - b. any claim of Double Jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief; and
 - c. all rights of appeal from this Consent Order;

7. Consent to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Consent Order and for any other purposes relevant to this case, even if Defendants now or in the future reside outside the jurisdiction;

8. In consenting to the entry of this Consent Order, Defendants neither admit nor deny the allegations of the Complaint, or the Findings of Fact and Conclusions of Law contained in this Consent Order, except as to jurisdiction and venue, which they admit. With respect to any bankruptcy proceeding relating to any Defendant, or any proceeding to enforce this Order, Defendants each agree that the allegations of the Complaint, and all of the Findings of Fact and Conclusions of Law as contained in Part III of this Consent Order shall be taken as true and correct and be given preclusive effect, without further proof. Furthermore, each Defendant agrees to provide immediate notice to this Court and the CFTC by certified mail, in the manner required by Part VI of this Consent Order, of any bankruptcy proceeding filed by, on behalf of, or against any of the Defendants. No provision of this Consent Order shall in any way limit or impair the ability of any person to seek any legal or equitable remedy against Defendants or any other person in any other proceeding;

9. Agree that neither Defendants nor their agents, employees or representatives acting under their control shall take any action or make any public statement denying, directly or indirectly, any allegations in the Complaint or findings in this Consent Order, or creating or tending to create the impression that the Complaint and this Consent Order are without factual basis; provided, however, that nothing in this provision shall affect Defendants: (i) testimonial obligations, or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Defendants will undertake all steps necessary to assure that their agents, employees and representatives understand and comply with this agreement;

10. The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court directs the entry of the Consent Order of Permanent Injunction and Equitable Relief, pursuant to Section 6c of the Act, 7 U.S.C. §13a-1, as set forth herein; and

11. This Consent Order shall not bind any party who is not a signatory hereto.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Defendants consent to the entry of this Consent Order solely for purposes of settling this case. Further, the Defendants neither admit nor deny the Findings of Facts and Conclusions of Law set forth in Part III herein.

A. Findings of Fact

1. The CFTC is an independent federal agency charged with administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1 *et seq.*, and the regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.*

2. Labell resides in Plantation, Florida. He has been registered with the Commission as an Associated Person and has been listed as a principal of Worldwide Forex since November 20, 1998. He is the president and director, and at all relevant times has had supervisory duties and authority over the day-to-day operations of WWF's business.

3. On July 14, 2000, Worldwide Forex registered as a for-profit corporation in the State of Florida under the name Atlantic Global Commodities Inc. In the Articles of Incorporation filed with the State of Florida, Labell was listed as one of Worldwide Forex's initial directors and was its registered agent. On May 2, 2002, Labell, as president, filed an amendment changing the name of the corporation to Worldwide Forex, Inc. Worldwide Forex maintained its principal place of business at 700 N. Hiatus

Road, Suite 203, Pembroke Pines, Florida, 33026. Worldwide Forex operated a business offering the purchase and sale of foreign currency futures contracts to retail customers. Labell and the company employed brokers to make unsolicited sales calls urging customers to open foreign currency futures contracts accounts through Worldwide Forex. The company also used radio advertisements throughout the country to tout the trading of foreign currency futures contracts.

4. On October 1, 2003, Articles of Incorporation were filed with the State of Florida for Global Atlantic, listing Labell as one of the initial directors. The Articles of Incorporation listed Global Atlantic's place of business as 700 N. Hiatus Road, Suite 203, Pembroke Pines, Florida, 33026. On November 11, 2003, Global Atlantic applied for registration with the National Futures Association ("NFA") as an Introducing Broker. In its registration application, Global Atlantic indicated that it was doing business as Worldwide Forex and Worldwide Commodity and listed the N. Hiatus address in Florida as its place of business. On February 23, 2004, Worldwide Forex filed Articles of Dissolution voluntarily dissolving the corporation.

5. Global Atlantic operated a business that offered the purchase and sale of foreign currency futures contracts to retail customers in a manner identical to that of its predecessor, Worldwide Forex. Global Atlantic brokers made unsolicited sales calls urging customers to open foreign currency futures contracts accounts. Global Atlantic also ran radio advertisements virtually identical to those run by Worldwide Forex and used Labell in the advertisements. Global Atlantic held itself out to the public as a continuation of Worldwide Forex, with only the name of the corporation being different.

B. Defendants' Fraud

1. Since at least April 2002, the WWF Common Enterprise fraudulently solicited the retail public to engage in the speculative trading of foreign currency futures contracts.

2. By means of telephone solicitations and radio advertisements, the Defendants solicited over \$2,800,000 from at least 241 retail customers.

3. All but one of WWF Common Enterprise's customers lost substantially all of their investments

4. WWF, through its employees, induced customers to trade with them by making false and misleading representations through fraudulent solicitations. WWF brokers materially misrepresented the likelihood that a customer would realize large profits trading foreign currency futures contracts, and misrepresented the urgency of investment opportunities by convincing customers to make immediate investments so as not to miss what the brokers falsely indicated were fleeting opportunities to make a lot of money. These brokers also misrepresented the substantial risks involved in trading foreign currency futures contracts and misrepresented WWF Common Enterprise's abysmal performance record trading foreign currency futures contracts on behalf of their customers. WWF Common Enterprise intentionally made these material misrepresentations in order to obtain customer funds and to obtain commissions from the trading of those funds.

5. Labell played a central role in forming and operating these corporations. Labell is listed as a director of WWF. He publicly claimed to be president of WWF Common Enterprise, and is listed as vice president of the WWF Common Enterprise. Labell directed the policies of WWF and actively participated in the day-to-day business operations. Labell maintained decision making authority and discretion over the business operation.

6. Labell acted in bad faith or directly or indirectly induced the fraud because he failed to maintain an adequate system of supervision over the employees of the WWF Common Enterprise which resulted in widespread fraud. Also, he acted in bad faith or indirectly induced the fraud because he personally prepared materially misleading sales scripts used by the WWF Common Enterprise

employees, and because he knew that its employees were making materially misleading statements to potential customers and did nothing to stop them.

C. Conclusions of Law

1. Worldwide Forex, Worldwide Commodity and Global Atlantic operated as a common enterprise. Global Atlantic had the same corporate directors and officers as Worldwide Forex, engaged in the same business, initially maintained the same business address, used substantially the same advertising material, registered with the NFA, indicated that it was doing business as Worldwide Forex and Worldwide Commodity and held itself out to the public as a continuation of Worldwide Forex, with only the name of the corporation being different. To the extent that Worldwide Forex ceased operating, Global Atlantic is liable as a successor corporation.

2. Since at least April 2002, the WWF Common Enterprise, through its brokers, and in or in connection with orders to make, or the making of, contracts for future delivery, made, or to be made for or on behalf of other persons cheated, defrauded, or attempted to cheat and defraud, and willfully deceived, or attempted to deceive other persons by failing to disclose material facts all in violation of Section 4b(a)(i) and (iii) of the Act, 7 U.S.C. § 6b(a).

3. The fraudulent acts, misrepresentations, and omissions of the WWF Common Enterprise brokers occurred within the scope of their employment with WWF. The WWF Common Enterprise is therefore liable for these acts pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B).

4. Labell directly or indirectly controlled the WWF Common Enterprise, and did not act in good faith, or knowingly induced, directly or indirectly, the violations of the Act. He therefore is a controlling person of the WWF Common Enterprise and is liable for WWF's violations of Section 4b(a)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(i) and (iii), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

NOW, THEREFORE, Plaintiff has demonstrated good cause why legal and equitable remedies, including civil monetary penalties, restitution and trading bans, should be imposed on Defendants as set forth below:

IV. ORDER FOR PERMANENT INJUNCTION

IT IS HEREBY ORDERED that:

1. Defendants are found to have violated the Act and are permanently restrained, enjoined and prohibited from, directly or indirectly, cheating or defrauding or attempting to cheat or defraud other persons and willfully deceiving or attempting to deceive other persons by making deceptive or misleading representations of material facts, by failing to disclose material facts, in or in connection with an order to make, or the making of, any contract of sale of any commodity for future delivery, made, or to be made, for or on behalf of any other person in violation of Section 4b(a) of the Act, 7 U.S.C. § 6b(a), and from engaging in any commodity sales solicitations to customers that:
 - a. misrepresent the profit potential in commodities trading;
 - b. omit to state that the commodities market already factors into the price of commodities any seasonal trends and other well-known market events;
 - c. omit to provide the actual track record of the broker or firm if the potential for profit is discussed; and
 - d. omit or downplay the risks involved in commodity trading, regardless of whether the customer has signed a standard risk disclosure statement.

2. Defendants are permanently prohibited from engaging, directly or indirectly, in any activity related to trading in any commodity, as that term is defined in Section 1a(4) of the Act, 7 U.S.C. § 1a(4) ("commodity interest"), including but not limited to, the following:

- a. trading on or subject to the rules of any registered entity, as that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29);
- b. engaging in, controlling or directing the trading for any commodity interest account for or on behalf of any other person or entity, whether by power of attorney or otherwise;
- c. soliciting or accepting any funds from any person in connection with the purchase or sale of any commodity interest;
- d. applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R. § 4.14(a)(9) (2004), or acting as a principal, 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) (2004);
- e. entering into any commodity interest transactions for his own personal account, for any account in which he has a direct or indirect interest and/or having any commodity interests traded on his behalf; and
- f. engaging in any business activities related to commodity interest trading.

3. The injunctive provisions of this Consent Order shall be binding upon Defendants and any person who is acting as officer, agent, employee, servant, or attorney on their behalf, and any person acting in active concert or participation with Defendants who receives actual notice of this Consent Order by personal service or otherwise.

**V. ORDER FOR RESTITUTION, CIVIL MONETARY PENALTY
AND OTHER EQUITABLE RELIEF**

IT IS HEREBY ORDERED that:

1. Appointment of Monitor: The Court appoints Daniel Driscoll of the National Futures Association as Monitor ("Monitor") to oversee the distribution of restitution to WWF Common Enterprise's customers. The Monitor shall not be liable for any action or inaction arising from his appointment as Monitor, other than actions involving fraud.

2. Restitution Payment: WWF Common Enterprise and Labell are hereby jointly and severally liable to pay restitution to WWF customers, provided that the joint and several liability of each person or entity is capped at the amount of restitution listed for that person or entity below:

WWF Common Enterprise	\$3,100,000
Labell	\$1,500,000

All restitution amounts are immediately due and owing upon the entry of this Order.

The amounts above shall each accrue post-judgment interest beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961. All restitution paid shall be made by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier's check, or bank money order, made payable to the "Global Atlantic Management Settlement Fund," and sent to Daniel Driscoll, Monitor, National Futures Association, 200 W. Madison St., #1600, Chicago, IL 60606-3447 with a cover letter that identifies the individual Defendant and the name and docket number of the proceedings. Defendants shall simultaneously transmit a copy of the cover letter and the form of payment to Gregory Mocek, or his successor, Director, Division of Enforcement, Commodity Futures Trading Commission, at the following address: Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

3. Distribution of Restitution: The Monitor shall distribute any restitution funds obtained or collected from Defendants on a pro rata basis, or in such other equitable fashion as he may determine to be just and reasonable. The Monitor may, based upon the amount of funds available, defer distribution until such time as the Monitor deems appropriate. Nothing herein shall be construed in any way to limit or abridge the rights of any WWF Common Enterprise customer that exist under federal, state, or common law to assert a claim for recovery against Defendants subject to any offset or credit that Defendants may be entitled to claim under the law governing that customer's claim. This Consent Order

shall in no way limit the ability of any WWF Common Enterprise customer from seeking recovery from Defendants or any other person or entity in a separate action. All Defendants shall cooperate fully and expeditiously with the Commission and the Monitor in the payment and/or distribution of funds under this Consent Order. Subsequent to the entry this Consent Order, each Defendant shall provide the Commission and the Monitor with immediate notice of any filing or compromise and settlement of any private or governmental actions relating to the subject matter of this order in the manner required by Part VI of this Consent Order.

4. Partial Payments: Any acceptance by the Commission or the Monitor of partial payment of Defendants' restitution and/or civil monetary obligations, shall not be deemed a waiver of Defendants' obligation to make further payments pursuant to this Consent Order, or a waiver of the Commission's right to seek to compel payment of any remaining balances.

5. Civil Monetary Penalties: The following Civil Monetary Penalties ("CMP") are assessed by the Court:

- a. WWF Common Enterprise is ordered to pay \$3,100,000;
- b. Labell is ordered to pay \$126,000;

The CMPs are immediately due and owing upon the entry of this Order, provided that all payments made by Defendants pursuant to this Consent Order shall be applied first to satisfy Defendants' restitution payment under this Consent Order and, upon satisfaction of such obligations, shall thereafter be applied to satisfy Defendants' CMP obligations under this Consent Order. The amounts in paragraphs 5.a. and 5.b. above, shall each accrue post-judgment interest beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961. All Defendants shall make their CMP payments by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If

Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Marie Bateman - AMZ-300
DOT/FAA/MMAC
6500 S. Macarthur Blvd.
Oklahoma City, OK 73169

If the payment is to be made by electronic funds transfer, contact Marie Bateman at 405-954-6569 for instructions. Defendants shall accompany their CMP payments with a cover letter that identifies the individual Defendant making the payment and the name and docket number of the proceedings. Each Defendant shall simultaneously transmit a copy of the cover letter and the form of payment to the Monitor, and also to: Office of Cooperative Enforcement, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

The equitable relief provisions of this Consent Order shall be binding upon Defendants, and any person who is acting in the capacity of officer, agent, employee, servant, or attorney of Defendants, and any person acting in active concert or participation with Defendants, who receives actual notice of this Consent Order by personal service or otherwise.

VI. MISCELLANEOUS PROVISIONS

IT IS HEREBY ORDERED that:

1. Upon execution of this Consent Order, the Preliminary Injunction shall dissolve as to each Defendant.
2. Notices: All notices required to be given by any provision in this Consent Order to the Commission shall be sent certified mail, return receipt requested, as follows:

Notice to Commission: Attention - Director of Enforcement, Commodity Futures Trading Commission, Division of Enforcement, 1155 21st Street N.W., Washington, DC 20581; and Notice to NFA: Attention - Daniel Driscoll, National Futures Association, 200 W. Madison St., #1600, Chicago, IL 60606-3447.

3. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (1) reduced to writing; (2) signed by all parties hereto; and (3) approved by order of this Court.

4. Invalidation: If any provision of this Consent Order, or if the application of any provisions or circumstances is held invalid, the remainder of the Consent Order and the application of the provisions to any other person or circumstance shall not be affected by the holding.

5. Waiver: The failure of any party hereto at any time or times to require performance of any provision hereof shall in no manner affect the right of such party at a later time to enforce the same or any other provision of this Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Consent Order.

6. Acknowledgements: Upon being served with copies of this Consent Order after entry by this Court, Defendants shall sign acknowledgments of such service and serve such acknowledgments on this Court and the Commission within seven (7) calendar days.

7. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this case to assure compliance with this Consent Order and for all other purposes related to this action.

8. Authority: Labell hereby warrants that he has obtained the authority of each entity of the WWF Common Enterprise to enter into, sign and submit this Consent Order on behalf of each such

entity, and that this Consent Order has been duly authorized by each entity of the WWF Common Enterprise.

9. Counterparts and Facsimile Execution. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by facsimile or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Agreement that is delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Agreement.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Consent Order.

SO ORDERED, at Miami, Florida, on this 21st day of May 2007.

Adalberto Jordan
HONORABLE ADALBERTO JORDAN
UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:

Steven Labell

Date: 4/20/07

Steven Labell, Individually and on behalf of Global Atlantic Management, Inc., d/b/a/ Worldwide Forex, Inc., Worldwide Commodity Corp., and Worldwide Forex Inc.

Approved for Entry: *[Signature]*

Date: 4/11/07

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Date: 5/10/07

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