

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

U.S. COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

CASE NO. _____

MADISON DEAN, INC., GEORGE ATHANASATOS
(a/k/a GEORGE ATHAN), AND LAURENCE DODGE,

Defendants.

**COMPLAINT FOR INJUNCTIVE RELIEF, CIVIL MONETARY
PENALTIES, AND OTHER EQUITABLE RELIEF**

Plaintiff U.S. Commodity Futures Trading Commission (“Commission” or “CFTC”)

alleges as follows:

1. SUMMARY

1. From approximately December 2008 through approximately July 2010 (the “Relevant Period”), Madison Dean, Inc. (“Madison Dean”), by and through an internet website, written solicitation materials, and the actions of its officers and employees, including, but not limited to George Athanasatos (“Athanasatos”) and Laurence Dodge (“Dodge”) (collectively, “Defendants”), fraudulently solicited approximately 19 persons to invest approximately \$415,000 in managed commodity trading accounts for the purpose of trading off-exchange foreign currency contracts (“forex”) on a leveraged or margined basis by, among other things: a) misrepresenting and omitting material facts about Madison Dean for the purpose of creating a false impression that Madison Dean was a well-established and successful company; and b) misrepresenting and omitting material facts about the performance record of Madison Dean.

2. Madison Dean's customers lost money as a result of Madison Dean's poor trading, which resulted in overall net losses. After collecting approximately \$111,744 in commissions and fees on this trading, Madison Dean shut down its operation with no notification to its customers and no way for customers to locate or contact Madison Dean or any of its employees.

3. By virtue of this conduct, and as more fully set forth below, Defendants have engaged, are engaging, or are about to engage in acts and practices in violation of Sections 4b(a)(2)(A) and (C) of the Commodity Exchange Act ("CEA" or the "Act"), as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 ("CRA")), §§13101-13204, 122 Stat. 1651 (enacted June 18, 2008), and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), Pub. L. No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010), §§701-774, 124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C)).

4. Defendant Athanasatos and Defendant Dodge each committed the acts alleged herein within the course and scope of his employment, office, or agency with Madison Dean. Madison Dean is therefore liable pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2010), as principal for Athanasatos's and Dodge's violations of the Act.

5. Defendant Athanasatos and Defendant Dodge each is a controlling person of Madison Dean and did not act in good faith or knowingly induced, directly or indirectly, the alleged violative acts by this entity. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006), Athanasatos and Dodge are each liable for Madison Dean's violations of the Act.

6. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and Section 2(c)(2) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 2(c)(2), the Commission brings this action to enjoin Defendants' unlawful acts and practices and to compel their compliance with the Act, as amended. In addition, the Commission seeks civil monetary penalties and remedial ancillary relief, including, but not limited to, restitution, disgorgement, and such other relief as the Court may deem necessary or appropriate.

7. Unless restrained and enjoined by this Court, Defendants are likely to continue to engage in the acts and practices alleged in this Complaint and similar acts and practices, as more fully described below.

II. JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and Sections 2(c)(2)(C)(i)-(iii) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 2(c)(2)(C)(i)-(iii). Section 6c(a) of the Act authorizes the Commission to seek injunctive relief against any person whenever it shall appear to the Commission that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of the Act or any rule, regulation, or order thereunder.

9. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2006), because Defendants are found in, inhabit, and/or transacted business in this District, and certain of the transactions, acts, courses of business, and practices in violation of the Act alleged herein have occurred, are occurring, and/or are about to occur within this District.

III. THE PARTIES

A. Plaintiff

11. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with the administration and enforcement of the Act, as amended by the CRA and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank”), Pub. L. No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010), §§ 701-774, 124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. § 1 et seq., and the Commission’s Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 et seq. (2011). The Commission maintains its principal office at Three Lafayette Centre, 1155 21st Street NW, Washington, D.C. 20581.

B. Defendants

12. Defendant **Madison Dean, Inc.** is a Wyoming corporation whose primary business address was initially 375 Commack Road, Suite 208, Deer Park, New York 11729. In or about December 2009, Madison Dean’s primary address became 3046 Merrick Road, Wantagh, New York 11793. Madison Dean has never been registered with the Commission in any capacity.

13. Defendant **George Athanasatos**, who resides in Wantagh, New York, is a co-owner, officer, and a controlling person of Madison Dean. He has never been registered with the Commission in any capacity.

14. Defendant **Laurence Dodge**, who resides in Fresh Meadows, New York, is a co-owner, officer, and a controlling person of Madison Dean. He has never been registered with the Commission in any capacity.

IV. FACTS

A. **Misrepresentations and Omissions of Material Facts in Connection with the Solicitation of Managed Forex Trading Accounts**

15. From approximately December 2008 through approximately July 2010, Madison Dean, through an internet website, written solicitation materials, and the actions of its officers and employees, including, but not limited to Athanasatos and Dodge, fraudulently solicited approximately 19 persons to invest approximately \$415,000 in managed commodity trading accounts for the purpose of trading forex contracts on a leveraged or margined basis.

16. At least some, if not all, of Madison Dean's customers were not "eligible contract participants" as that term is defined in Section 1a(12)(A)(xi) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 1a(12)(A)(xi). An "eligible contract participant," as relevant here, is an individual who has total assets in an amount in excess of (i) \$10 million or (ii) \$5 million and who enters into the transaction in order to manage risk.

17. Madison Dean was established in or about December 2008, when Athanasatos purchased a Wyoming-incorporated company called Blue Sky Financial and changed its name to Madison Dean. Athanasatos became President of Madison Dean and Dodge became Vice President. Madison Dean initially operated out of an office in Deer Park, New York; in or about December 2009, it moved its office to a location in Wantagh, New York.

18. Athanasatos and Dodge oversaw the operations of Madison Dean, which consisted of approximately seven to ten employees, including approximately six salesmen. The role of the salesmen was to speak with members of the public on the telephone to solicit their interest in opening commodity trading accounts. Those persons who expressed such interest were sent an information package containing information about Madison Dean, along with forms

necessary to open a commodity trading account. At various times, Athanasatos and Dodge each spoke with potential customers in order to solicit them to open commodity trading accounts.

19. On May 11, 2009, Madison Dean, entered into an “Introducing Broker Agreement” and a “Service Agreement for Managed Account Services” with Gain Capital Group, LLC (“Gain”), a registered Futures Commission Merchant (“FCM”). Athanasatos signed both agreements as President of Madison Dean. Pursuant to these agreements, Madison Dean’s customers opened trading accounts with Forex.com, a division of Gain. Customers then signed a Managed Account Authorization/Limited Power of Attorney form authorizing Madison Dean to purchase and sell forex contracts for their accounts.

20. In soliciting these customers, Madison Dean, through its internet website, written solicitation materials, and the oral representations of Athanasatos and Dodge, misrepresented and omitted material facts about Madison Dean in an effort to create a false impression that Madison Dean was a well-established and successful company. In addition, Madison Dean, by and through written solicitation materials and the oral representations of Athanasatos and Dodge, misrepresented and omitted material facts about the performance record of Madison Dean.

1. Misrepresentations and Omissions Concerning the History and Operations of Madison Dean

21. Madison Dean, by and through the actions of Athanasatos and Dodge, among others, went to great lengths to create the false impression that it was a well-established and successful company. Athanasatos created a website for Madison Dean at *www.madison-dean.com*. The website claimed that the Madison Dean had been established in 1998. It further claimed that the company serviced “high net worth individuals,” “financial institutions,” and “institutional clients,” and that it provided “professional money managers” who would be in charge of the forex trading for the customers’ managed accounts. The website’s “Contact Us”

page listed the company's address as 110 Wall Street, New York, New York and provided a Manhattan telephone number.

22. Athanasatos created written solicitation materials that were provided to persons who expressed an interest in Madison Dean. These solicitation materials claimed, among other things, that "Madison Dean provides exceptional managed accounts for clients around the world."

23. Athanasatos also prepared scripts that were used by Madison Dean's salesmen in soliciting customers. The scripts instructed salesmen to state, among other things, "As far as my firm... we have a niche in the market that has been making a fortune for a select group of investors for years."

24. Both Athanasatos and Dodge misrepresented material facts about Madison Dean in solicitation calls with potential customers. In a call with one potential customer in or about July 2009, Athanasatos led the customer to believe that Madison Dean has been in operation for quite some time. During a call with another customer in or about the Fall of 2009, Athanasatos told the customer that Madison Dean worked with big companies and that its other customers were individuals with large accounts. Dodge told a customer in a call in or about December 2009, that the people at Madison Dean were all professionals and that the company traded for hedge funds and millionaires.

25. Contrary to these claims, Madison Dean was only established in or about December 2008, when Athanasatos purchased a previously existing company and changed its name to Madison Dean. Moreover, Madison Dean did not enter into the "Introducing Broker Agreement" and "Service Agreement for Managed Account Services" with Gain until May 2009.

26. Madison Dean's customers were neither high net worth individuals, financial institutional or other institutional clients, hedge funds, nor millionaires. Nor were any of Madison Dean's customers from outside the United States. In fact, Madison Dean only had 19 customers throughout its existence and the largest amount invested by any one customer was \$75,000.

27. Madison Dean did not have professional money managers in charge of trading customer accounts. The primary person who managed the trading of customer accounts was Athanasatos. On various occasions, Dodge and Athanasatos's mother also traded on behalf of customers. None of these individuals is a professional money manager.

28. Contrary to the information on its website, Madison Dean's offices were in Deer Park, New York and subsequently Wantagh, New York, not Wall Street. The Wall Street address was a virtual address rented by Madison Dean, upon Athanasatos's initiative, which provided mail and message forwarding services. No Madison Dean employees ever worked out of an office on Wall Street. The Wall Street address was rented solely to create a false impression of a successful company for potential customers.

2. Misrepresentations and Omissions Concerning Madison Dean's Performance Record

29. Madison Dean, by and through the actions of Athanasatos and Dodge, among others, also routinely misrepresented its performance record on the company's website, in solicitation calls with potential customers, and in the written solicitation materials sent to potential customers.

30. Madison Dean's website stated, "Madison Dean excels in trading whereby we have become the Forex power trading team behind your every need."

31. The prepared sales script created by Athanasatos instructed Madison Dean salesmen to tell potential customers that the company “has been making a fortune for a select group of investors for years.”

32. In a solicitation call with one potential customer in or about October 2009, Dodge implied to the customer that Madison Dean’s other customers were doing well in their accounts.

33. In a solicitation call with another potential customer in or about December 2009, Dodge told the customer that Madison Dean had been making money for its customers for years and years.

34. In a solicitation call with a potential customer in or about the Fall of 2009, Athanasatos told the customer that Madison Dean had other customers who had tripled their money.

35. When potential customers expressed interest in Madison Dean, they were routinely sent a standard information package. At various times, Athanasatos and Dodge each directed that these information packages be sent to potential customers. Among the information included in this package was a chart entitled “Madison Dean Performance Figures: Jan 08-Jul 09.” This chart contains a graph which purports to show Madison Dean’s “performance trading one standard lot per \$100,000 of equity.” The graph shows a steady and continuous upward growth by which the \$100,000 invested in January 2008 had become \$360,000 by July 2009. The chart also contains a column titled “Performance in Pips” which purports to show gains in every month from January 2008 through July 2009.

36. Contrary to these representations, Madison Dean had not been making money for its customers for years. Madison Dean did not even exist prior to December 2008. It first opened a corporate account with Gain in April 2009. It entered into an “Introducing Broker

Agreement” and a “Service Agreement for Managed Account Services” with Gain in May 2009, and it did not introduce any customer accounts to Gain until July 2009. Moreover, once it did start trading, under the direction of Athanasatos, Dodge, and Athansatos’s mother, Madison Dean’s trading resulted in overall net losses. All told, Madison Dean’s customers lost approximately \$249,845. After being in operation for a little over one year, during which time it collected at least \$111,744 in commissions and fees, Madison Dean shut down its operation with no notice to its customers and no way for those customers to contact the company or anyone associated with it.

B. Athanasatos and Dodge are Controlling Persons of Madison Dean

37. During the Relevant Period, Athanasatos and Dodge controlled the operations of Madison Dean. Each was a co-owner and officer of Madison Dean. Each had authority to, and in fact did, hire employees, and at various times each listened in on the solicitation calls of Madison Dean salesmen. Each was also a signatory on the Madison Dean bank account and each signed agreements and other documents on behalf of Madison Dean, including the agreements with Gain, corporate resolutions, leases, and account opening documents.

V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

COUNT:

**Violations of Sections 4b(a)(2)(A) and (C) of the Act, as Amended by the CRA
(Fraud in Connection with Forex Transactions)**

38. Paragraphs 1 through 33 are realleged and incorporated herein by reference.

39. Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), make it unlawful:

for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery . . . that is made, or to be made, for or on behalf of, or with, any other person, other than on or subject to the

rules of a designated contract market – (A) to cheat or defraud or attempt to cheat or defraud the other person;...[or] (C) willfully to deceive or attempt to deceive the other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for or, in the case of [this] paragraph (2), with the other person.

40. Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, apply to the foreign currency transactions, agreements or contracts offered by Defendants. Section 2(c)(2)(C)(iv) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 2(c)(2)(C)(iv).

41. As set forth above, during the Relevant Period, in or in connection with off-exchange agreements, contracts, or transactions in foreign currency that are leveraged or margined, made or to be made, for or on behalf of other persons, George Athanasatos and Laurence Dodge knowingly, willfully, or with reckless disregard for the truth, violated Sections 4b(a)(2)(A) and (C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), by, among other things: a) misrepresenting material facts about Madison Dean for the purpose of creating a false impression that Madison Dean was a well-established and successful company; and b) misrepresenting material facts about the performance record of Madison Dean.

42. Defendant George Athanasatos committed the acts alleged herein within the course and scope of his employment, office or agency with Madison Dean. Madison Dean is therefore liable pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2010), as principal for Athanasatos's violations of the Act.

43. Defendant George Athanasatos is a controlling person of Madison Dean and did not act in good faith or knowingly induced, directly or indirectly, the alleged violative acts by this entity. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006), Athanasatos is liable for Madison Dean's violations of the Act.

44. Defendant Laurence Dodge committed the acts alleged herein within the course and scope of his employment, office or agency with Madison Dean. Defendant Madison Dean is therefore liable pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2011), as principal for Laurence Dodge's violations of the Act.

45. Defendant Laurence Dodge is a controlling person of Madison Dean and did not act in good faith or knowingly induced, directly or indirectly, the alleged violative acts by this entity. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006), Laurence Dodge is liable for Madison Dean's violations of the Act.

46. Each act of fraudulent solicitation, misrepresentation or omission of material fact, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C).

VI. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and pursuant to its own equitable powers, enter:

(a) An order finding that Defendants violated Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, 7 U.S.C. §§ 6b(a)(2)(A) and (C) (Supp. III 2009),

(b) Orders of preliminary and permanent injunction enjoining Defendants and all persons insofar as they are acting in the capacity of Defendants' agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Defendants, including any successor thereof, who receive actual notice of such order by personal service or otherwise, from engaging directly or indirectly:

- (i) in conduct in violation of Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, 7 U.S.C. §§ 6b(a)(2)(A) and (C) (Supp. III 2009);
- (ii) trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, as amended by the CRA and the Dodd-Frank Act (to be codified at 7 U.S.C. § 1a(40)).
- (iii) entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2011)) (“commodity options”), security futures products, and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended by the CRA, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i) (Supp. III 2009)) (“forex contracts”) for their own personal account or for any account in which they have a direct or indirect interest;
- (iv) having any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts traded on their behalf;
- (v) controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts;
- (vi) soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts;
- (vii) 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) (2011);

(viii) acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2011), agent or any other officer or employee of any person (as the term “person” is defined in section 1a(38) of the Act, as amended by the CRA and the Dodd-Frank Act (to be codified at 7 U.S.C. § 1a(38)) 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);

d) An order directing Defendants, as well as any successors to any Defendant, to disgorge, pursuant to such procedure as the Court may order, all benefits including, but not limited to, salaries, commissions, loans, fees, revenues, and trading profits derived, directly or indirectly, from the acts or practices which constitute violations of the Act, as described herein, and pre- and post-judgment interest thereon from the date of such violations;

e) An order directing Defendants to make full restitution to every person or entity whose funds Defendants received or caused another person or entity to receive as a result of acts and practices that constituted violations of the Act, as described herein, and pre- and post-judgment interest thereon from the date of such violations;

f) An order directing Defendants and any successors thereof, to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between them and any of the participants whose funds were received by them as a result of the acts and practices, which constitute violations of the Act, as described herein;

g) An order directing Defendants to pay a civil monetary penalty for each violation of the Act described herein, plus post-judgment interest, in the amount of the higher of: \$140,000 for each violation of the Act or triple the monetary gain to Defendants for each violation of the Act described herein, plus post-judgment interest;

h) An order appointing a receiver, if necessary, to secure assets held by, under the control of, or in the name of Defendants

i) An order requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2006); and

j) Such other and further relief as the Court deems necessary and appropriate under the circumstances.

Dated: May 2, 2012

Respectfully submitted,

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