

Sealed

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

FILED by 2/21 D.C.
SEP 21 2012
STEVEN M. LARIMORE
CLERK U. S. DIST CT
S. D. of FLA. - MIAMI

U.S. COMMODITY FUTURES)
TRADING COMMISSION,)
)
Plaintiff,)
)
v.)
)
)
MICHAEL ALCOCER)
and INOVATRADE, INC.,)
)
Defendants.)

Civil Action No. **12-23459**
CIV-LENARD

MAGISTRATE JUDGE

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

Plaintiff U.S. Commodity Futures Trading Commission (CFTC) alleges as follows:

I. SUMMARY

1. Defendants Michael Alcocer (Alcocer) and InovaTrade, Inc.—by and through its agents, employees, and principals, including but not limited to Alcocer (InovaTrade)—orchestrated a fraudulent scheme that, between November 2008 and September 2011, induced more than four hundred customers to deposit with or for the benefit of InovaTrade, a purported retail foreign exchange dealer (RFED),¹ more than \$10.6 million to trade off-exchange foreign currency (forex). Defendants misappropriated the vast majority of these funds.

2. Alcocer operated InovaTrade, which, as a purported RFED, was or offered to be a counterparty to its customers' retail forex transactions. Using its website, www.inovatrade.com,

¹ Regulation 5.1(h)(1), 17 C.F.R. § 5.1(h)(1) (2012), defines a “retail foreign exchange dealer” as “any person that is, or that offers to be, the counterparty to a retail forex transaction” (unless the counterparty or the person offering to be the counterparty is a financial institution, registered broker dealer (or associated person of a registered broker dealer), a futures commission merchant, insurance company, investment bank holding company, or financial holding company—none of these excepted entities are applicable here).

as well as certain third-party introducing brokers, InovaTrade fraudulently solicited customers, both within and outside the United States, to open retail forex trading accounts—some of which InovaTrade managed and some of which it did not. Defendants sent InovaTrade customers false statements of trading activity and misappropriated, at a minimum, all customer funds held as of September 2011—likely more than \$9.8 million.

3. In January 2011, the CFTC filed an injunctive action in U.S. District Court for the Western District of Missouri against InovaTrade for its failure to register as an RFED, *CFTC v. InovaTrade*, 4:11-cv-00092-NKL. In July 2011, the U.S. District Court for the Western District of Missouri issued a permanent injunction enjoining InovaTrade from continuing to operate as an RFED with U.S. customers. Despite the injunction, InovaTrade continued to operate as an RFED. Beginning in or around August 2011, those customers who requested their money back from InovaTrade did not receive any funds. InovaTrade provided a range of excuses including new compliance procedures, that the money was being wired that day, a high volume of withdrawals, and a lack of authorization from Alcocer to wire the funds. By approximately October 2011, Defendants closed InovaTrade's operations and misappropriated customer funds.

4. By misappropriating customer funds; making false oral representations, both directly and indirectly to customers regarding, among other things, trading activity and profits supposedly generated from that trading activity; making false written statements to customers regarding trading activity and profits; and offering managed accounts at an RFED, Defendants engaged in acts and practices that violated anti-fraud and other provisions of the Commodity Exchange Act (Act), 7 U.S.C. §§ 1 *et. seq.* (2006 and Supp. III 2009); the Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), Pub. L. No.

111-203, 124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. §§ 1 *et seq.*; and CFTC Regulations promulgated thereunder (Regulations), 17 C.F.R. §§ 1.1 *et seq.* (2012).

5. Accordingly, the CFTC brings this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and the Act, as amended, to be codified at 7 U.S.C. § 13a-1, to enjoin Defendants' unlawful acts and practices and to compel compliance with the Act, as amended, and the Regulations. In addition, the CFTC seeks restitution, disgorgement, civil monetary penalties, and such other equitable relief as this Court may deem necessary or appropriate.

II. JURISDICTION AND VENUE

6. The Court has jurisdiction over this action, pursuant to Section 6c(a) of the Act, as amended, to be codified at 7 U.S.C. § 13a-1(a), because it appears to the CFTC that Defendants have engaged, are engaging, or are about to engage in conduct that constitutes a violation of the Act; the Act, as amended; and the Regulations.

7. Further, the CFTC has jurisdiction over the forex transactions at issue in this Complaint pursuant to Section 2(c)(2) of the Act, 7 U.S.C. § 2(c)(2) (Supp. III 2009).

8. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), because at least some of the acts and practices in violation of the Act; the Act, as amended; and the Regulations occurred within this District.

III. PARTIES

9. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged with the administration and enforcement of the Act; the Act, as amended; and the Regulations. The CFTC maintains its principal office at Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

10. Defendant **Michael Alcocer** is an individual and a U.S. citizen. He was the CEO of InovaTrade. In that role, Alcocer was in charge of InovaTrade's operations, and he

communicated with many of InovaTrade's customers personally. In addition, Alcocer solicited customers to open and place funds in managed forex trading accounts at InovaTrade and/or supervised InovaTrade employees engaged in such solicitations. Alcocer has never been registered with the CFTC in any capacity.

11. Defendant **InovaTrade, Inc.** is a corporation with a last known principal place of business located at Torres Las Americas, Punta Pacifica, 15 Floor, Panama City, Panama. InovaTrade is also an inactive Florida corporation with a last known principal place of business at 7699 Milano Drive, Orlando, Florida. Further, until approximately January 2011, InovaTrade maintained a U.S. business address at Espirito Santo Plaza, Brickell Avenue, Suite 800, Miami, Florida. As an unregistered RFED, InovaTrade solicited and accepted both U.S. and non-U.S. customers to trade forex from as early as 2008 until at least September 2011. InovaTrade had a variety of agents working in the United States as unregistered introducing brokers; it also employed several people in Panama who assisted customers with their accounts. Although InovaTrade has been enjoined from operating as an RFED with U.S. customers since July 2011, it continued to operate in violation of that injunction until at least approximately October 2011. In addition, from as early as 2008 until at least September 2011, InovaTrade exercised discretionary authority over and/or obtained written authorization to exercise discretionary authority over customer trading accounts for non-eligible contract participants and, for compensation or profit, engaged in the business of advising certain customers as to the value of or the advisability of trading in forex. InovaTrade has never been registered with the CFTC in any capacity.

IV. FACTS

Beginnings of InovaTrade

12. In January 2008, the website www.inovatrade.com was established, and, in October 2008, InovaTrade was incorporated in Florida.

13. Between November 2008 and April 2009, InovaTrade bank accounts received approximately \$300,000 in apparent customer funds.

Fraud on Introducing Broker 1 and His Customers

14. In approximately summer 2009, Alcocer met Introducing Broker 1, an insurance broker in Puerto Rico, through a mutual friend in Miami. Soon thereafter, Alcocer began discussing his forex business with Introducing Broker 1.

15. Alcocer promised Introducing Broker 1 that he had a safe approach to the forex market and showed him papers that made Introducing Broker 1 believe that both Alcocer and InovaTrade were registered with the Securities and Exchange Commission, as well as with the CFTC, among other organizations and agencies. Alcocer promised that principal invested by InovaTrade customers would be guaranteed by a gold mine in Nicaragua, and he showed Introducing Broker 1 gold bars, bottles of gold dust, as well as pictures of the mine. In addition, Alcocer told Introducing Broker 1 that all InovaTrade customers were guaranteed minimum one-percent monthly returns and that InovaTrade would keep all trading profits above the customer's guaranteed return.

16. Alcocer convinced Introducing Broker 1 to become an introducing broker for InovaTrade. Alcocer told Introducing Broker 1 that this would allow Introducing Broker 1 to receive commissions from InovaTrade, based on the amounts deposited by his customers, and that Introducing Broker 1 did not need any kind of license.

17. Introducing Broker 1 spoke to approximately ten of his insurance customers about placing their money with Defendants to trade forex. At least one of these customers received a brochure from InovaTrade. The brochure stated that the managed forex accounts had “more than 23,000 hours of live trading over 2 ½ years devoted solely to the retail investor, the InovaTrade Managed Forex Account has stood the test of time” The brochure also advertised the trading system was “low risk.” Before providing money to InovaTrade, another of these customers spoke with Alcocer, who said that he had investments in gold, gold mines, and options and that he had a platform to trade forex.

18. Approximately ten customers, including Introducing Broker 1, agreed to invest in InovaTrade through Introducing Broker 1 (collectively, Introducing Broker 1 customers). The Introducing Broker 1 customers invested approximately \$900,000 in or around late summer/early fall 2009. Each Introducing Broker 1 customer believed that he or she had a managed trading account in his or her own name at InovaTrade.

19. Upon information and belief, each of the Introducing Broker 1 customers signed an Account Management Agreement and Limited Power of Attorney. On each limited power of attorney, InovaTrade stated: “The amount you may lose is potentially unlimited and can exceed the amount you originally deposit with INOVATRADE and INTRADE. However, INOVATRADE TRUST will limit the amount you may loose [sic] to 1% of the principal amount balance of the margin available in Client’s account.”

20. Further, when certain Introducing Broker 1 customers opened their accounts at InovaTrade, they were promised guaranteed monthly returns exceeding one percent. For example, one Introducing Broker 1 customer received a 1.65 percent monthly guaranteed return and another received a 1.25 percent monthly guaranteed return. In these instances, Defendants

promised that the higher guaranteed returns would be re-evaluated on a semi-annual basis, but the minimum return would always be one percent.

21. After their accounts were opened, Alcocer spoke directly to some of the Introducing Broker 1 customers. Alcocer told at least one of these customers that his investment would be guaranteed and insured, though it was never clear to this customer who insured the investment. Further, rather than show this Introducing Broker 1 customer any forex trading statements, Alcocer came to this customer's house every couple of months to show him, through various charts on Alcocer's laptop, how the customer's account was supposedly doing. Alcocer also encouraged this customer to invest his retirement funds, but the customer declined.

22. After investing their funds with InovaTrade, some Introducing Broker 1 customers received statements showing the guaranteed returns in their accounts. The returns were reported as "interest," and the statements did not include or list any forex trades.

23. The returns were either credited to the InovaTrade account of the Introducing Broker 1 customer or paid via wire transfer directly to the Introducing Broker 1 customer. For example, one Introducing Broker 1 customer invested approximately \$81,049 and received regular monthly credits to his InovaTrade account of \$1,337.31 (a 1.65 percent monthly return) while another Introducing Broker 1 customer invested approximately \$300,000 and received regular monthly wires of approximately \$4,950 (a 1.65 percent monthly return).

24. In or around April 2010, InovaTrade terminated its relationship with Introducing Broker 1. At that time, InovaTrade sent all the Introducing Broker 1 customers an email identifying a new introducing broker, and the Introducing Broker 1 customers stopped receiving scheduled withdrawals. In or around June 2010, all the Introducing Broker 1 customers requested a return of their funds.

25. None of the Introducing Broker 1 customers ever received his or her requested withdrawals from June 2010 forward. Instead, after months of little contact from Defendants, each Introducing Broker 1 customer received a letter from InovaTrade on or about August 1, 2010, signed by Alcocer as InovaTrade's CEO. The letter stated that InovaTrade could not process the withdrawals because the funds had been misappropriated by a third party identified in the letter. The letter further stated that InovaTrade would do what it could to recover the funds, but they would not return any funds at that time.

26. Upon information and belief, the representations Defendants made in the letter sent to the Introducing Broker 1 customers were false. In reality, Defendants misappropriated the funds of the Introducing Broker 1 customers. The third party that Defendants' letter stated had misappropriated the customers' funds had actually suspended all InovaTrade accounts in October 2009, almost a year before Defendants blamed the loss of Introducing Broker 1 customer funds on that third party. Further, after October 2009, Defendants continued to receive funds from certain Introducing Broker 1 customers and to report positive returns to Introducing Broker 1 customers. In addition, the amount Defendants sent to the third party was far less than the amount the Introducing Broker 1 customers deposited with InovaTrade.

Defendants' RFED Fraud Takes Off

27. InovaTrade continued to operate as an RFED with respect to non-Introducing Broker 1 customers while Defendants were defrauding the Introducing Broker 1 customers. Shortly after the Introducing Broker 1 customers stopped receiving their monthly withdrawals and after InovaTrade upgraded its website in or around June 2010, however, Defendants' RFED fraud really took off. From late 2008 until the end of May 2010, Defendants received approximately \$1.5 million from customers, including the Introducing Broker 1 customers.

Thereafter, between June 2010 and September 2011, Defendants received almost \$9.1 million from customers to place in InovaTrade forex trading accounts. Of the more than \$10.6 million in customer deposits received from InovaTrade's more than four hundred customers from inception of Defendants' scheme until September 2011, more than \$8.2 million came from over three hundred and fifty U.S. customers. InovaTrade paid out approximately \$950,000 in "returns" or "refunds" to its customers worldwide, and Defendants misappropriated the remainder of the customer funds in their possession.

28. InovaTrade solicited customers from around the world to open forex trading accounts. InovaTrade solicited U.S. customers in particular via its website, www.inovatrade.com, and a variety of U.S.-based unregistered entities and individuals known as introducing brokers. At least some of these entities or introducing brokers also managed the trading in the accounts of InovaTrade's U.S. customers.

29. InovaTrade offered to manage the trading in its customers' forex accounts as well, and, in fact, did so for certain customer accounts. With regard to InovaTrade's managed account services, in January 2011, its website stated, "The InovaTrade team has been able to design an automated strategy, capitalizing on its privileged access to the market information and on its leading technology. InovaTrade® offers the InovaTrade® Managed Account, clients [sic] has opportunity to benefit from its ability to analyze and act a few milliseconds faster than other market participants." According to its website, InovaTrade charged a one percent flat fee, a two percent management fee, and a fifteen percent performance fee for managing the accounts. The website reported a 95.20% return since April 2006, when InovaTrade purportedly began managing accounts. It also reported InovaTrade never having a losing month of forex trading during that time. These reported returns are false. InovaTrade has not been in operation since

2006 and, given that at least certain customers with managed accounts experienced total losses in 2010, the representations as to a 95.20% return and never having a losing month are lies. In early 2011, the CFTC sued InovaTrade in the U.S. District Court for the Western District of Missouri for operating as an unregistered RFED. Defendants responded by closing down InovaTrade's Miami office and moving its operations to Panama. However, InovaTrade, by and through Alcocer and other agents or employees, continued to solicit and accept U.S. customers to open accounts at InovaTrade to trade forex. After January 2011, when InovaTrade ostensibly blocked its website to U.S. IP addresses, InovaTrade continued to accept U.S. customers via a number of third parties. Further, InovaTrade's agents or employees gave existing and prospective customers access to its website via a specific URL that circumvented InovaTrade's blocking of U.S. IP addresses.

30. In July 2011, the U.S. District Court for the Western District of Missouri issued a permanent injunction against InovaTrade from operating as an unregistered RFED and soliciting and accepting U.S. customers. Nevertheless, InovaTrade, through its website and agents or employees, continued to take orders from and execute trades on behalf of U.S. customers.

31. After several InovaTrade customers learned of the permanent injunction, InovaTrade issued a press release via email to its customers that falsely stated that it was not the InovaTrade that the CFTC had sued. The press release stated that the CFTC had sued InovaTrade in the United States and the InovaTrade in Panama was a separate entity and not affiliated with InovaTrade in the United States. These statements in the press release were false. Similarly, representations on InovaTrade's website that InovaTrade was licensed in Panama by the National Securities Commission of the Republic of Panama also were false.

32. In or after July 2011, certain InovaTrade managed account customers received email notifications that their accounts would no longer be traded by the particular third party who had authorization to trade their accounts. Instead, InovaTrade informed these customers that “effective July 31, 2011, the agent for your F14 Forex Managed Account . . . at InovaTrade, Inc. will be changing to [an] InovaTrade Managed Account.” The notifications referred customers with questions to an agent or employee of InovaTrade. None of these customers executed any power of attorney or trading authorization to permit the change. Beginning on August 23, 2011, InovaTrade reported that the accounts that had been converted to InovaTrade Managed Accounts experienced massive trading losses, including accounts of customers who previously had requested that their accounts be closed. Other customers noticed that successful trades for the previous month—for which they had viewed account statements online—were no longer listed on those statements.

33. Beginning in July 2011, many U.S. customers—both with managed and non-managed accounts—requested withdrawals of their funds and asked to close their accounts. Rather than return the customers’ funds, however, InovaTrade provided a variety of excuses via telephone, email, and Skype, including the following: Alcocer is not approving outgoing wires; InovaTrade is implementing new anti-money laundering rules that are causing the delay; and InovaTrade is reviewing everyone’s account trade by trade due to some “toxic trading.” Although several customers have waited more than a year for their requested funds and despite InovaTrade’s assurances that all wires would be received within seven to ten business days of their requests, upon information and belief, no InovaTrade customers have received their requested withdrawals.

34. Beginning in October 2011, InovaTrade stopped answering customer phone calls or responding to emails from customers. Upon information and belief, any funds not returned to customers have been misappropriated by Defendants.

35. InovaTrade—acting by and through Alcocer, as well as through other agents and employees—and Alcocer individually engaged in the acts and practices described above knowingly or with reckless disregard for the truth.

Nature of Defendants' Transactions

36. Defendants and at least some of the customers who provided funds to InovaTrade were not financial institutions, registered broker dealers (or associated persons of a registered broker dealer), insurance companies, investment bank holding companies, or financial holding companies. Defendants and at least some of the customers, therefore, are not among the excepted counterparties identified in Section 2(c)(2)(B)(II) of the Act, 7 U.S.C. § 2(c)(2)(B)(II) (Supp. III 2009), and Section 2(c)(2)(B)(II) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(B)(II).

37. Neither Defendants nor the customers that provided funds to InovaTrade were “eligible contract participants” as that term is defined in Section 1a(12)(A)(v & xi) of the Act, 7 U.S.C. § 1a(12)(A)(v & xi) (Supp. III 2009), and Section 1a(18)(A)(v & xi) of the Act, as amended, to be codified at 7 U.S.C. § 1a(18)(A)(v & xi) (providing that an “eligible contract participant” is an individual with total assets (the Act) or amounts invested on a discretionary basis the aggregate of which is (the Act, as amended) in excess of (i) \$10 million; or (ii) \$5 million and who enters the transaction “to manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred, by the individual” or a corporation that (i) has total assets exceeding \$10 million; or (ii) a net worth exceeding

\$1 million and enters into the transaction “to manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred, by the entity in the conduct of the entity’s business”).

38. The forex contracts for which InovaTrade offered to be or acted as the counterparty were offered or traded on a margined or leveraged basis. The forex contracts for which InovaTrade offered to be or acted as the counterparty neither resulted in delivery within two days nor created an enforceable obligation to deliver between a seller and a buyer that had the ability to deliver and accept delivery, respectively, in connection with their lines of business. Rather, these forex contracts remained open from day to day and ultimately were offset without anyone making or taking delivery of actual currency (or facing an obligation to do so).

VIOLATIONS OF THE ACT; THE ACT, AS AMENDED; AND REGULATIONS

COUNT ONE—FRAUD IN CONNECTION WITH FOREX

**Violations of Section 4b(a)(2)(A)-(C) of the Act,
7 U.S.C. § 6b(a)(2)(A)-(C)**

39. The allegations set forth in paragraphs 1 through 38 are re-alleged and incorporated herein by reference.

40. With respect to conduct occurring on or after June 18, 2008, but before July 16, 2011, Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C) (Supp. III 2009), makes 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, or other agreement, contract, or transaction subject to paragraphs (1) and (2) of section 4a(g) 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 such other person;
- (B) willfully make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record; [or]

- (C) willfully to deceive or attempt to deceive such 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 paragraph (2), with the other person.

41. With respect to conduct occurring on or after July 16, 2011, Section 4b(a)(2)(A)-

(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), makes 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, or swap, 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;
- (B) willfully make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record; [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 paragraph (2), with the other person.

42. As described above, since at least November 2008, Defendants cheated or defrauded or attempted to cheat or defraud customers and willingly deceived, willfully made false reports or statements, or attempted to deceive customers by, among other things (i) misappropriating customer funds; (ii) making material misrepresentations and omissions regarding the forex trading activity that allegedly occurred or was to occur at InovaTrade; (iii) representing that InovaTrade was registered with the Panamanian authorities and not the same InovaTrade sued by the CFTC in January 2011 in the U.S. District Court for the Western District of Missouri; and (iv) preparing false statements regarding the purported forex trading activity in customer accounts, in violation of Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct before July 16, 2011, and Section 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct on or after July 16, 2011.

43. The foregoing acts, omissions, and failures of Alcocer and other InovaTrade employees or agents occurred within the scope of their agency, employment, or office with InovaTrade; therefore, InovaTrade is liable for these acts, omissions, and failures 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 (2012).

44. Alcocer controlled InovaTrade, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, InovaTrade's conduct alleged in this count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006), Alcocer is liable for InovaTrade's violations of Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct before July 16, 2011, and Section 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct on or after July 16, 2011.

45. Defendants engaged in the acts and practices described above knowingly or with reckless disregard for the truth.

46. Each misappropriation, false statement, misrepresentation, or omission of material fact, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct before July 16, 2011, and Section 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct on or after July 16, 2011.

**COUNT TWO—FRAUD BY A COMMODITY TRADING ADVISOR AND
ASSOCIATED PERSON**

Violations of Section 4g(1) of the Act, 7 U.S.C. § 6g(1)

47. The allegations set forth in paragraphs 1 through 46 are re-alleged and incorporated herein by reference.

48. As of July 16, 2011, Section 1a(12)(a) of the Act, as amended, to be codified at 7 U.S.C. § 1a(12)(A), defines a “commodity trading advisor” (CTA) as “any person who for compensation or profit, engages in the business of advising others, either directly or through publications, writings, or electronic media, as to the value of or the advisability of trading in . . . any agreement, contract, or transaction described in section 2(c)(2)(C)(i) . . . [of the Act, as amended].”

49. As defined in Regulation 1.3(aa)(4), 17 C.F.R. § 1.3(aa)(4) (2012), an Associated Person (AP) of a CTA is:

any natural person who is associated in any of the following capacities with . . . [a] [CTA] as a partner, officer, employee, consultant, or agent (or any natural person occupying a similar status or performing similar functions), in any capacity which involves: (i) The solicitation of a client’s or prospective client’s discretionary account, or (ii) the supervision of any person or persons so engaged.

50. Based on the above, since at least July 16, 2011, InovaTrade was a CTA because, for compensation or profit, it engaged in the business of directly advising its customers with managed forex trading accounts as to the advisability of trading in forex transactions as described in Section 2(c)(2)(C)(i) of the Act, as amended.

51. Similarly, since at least July 16, 2011, Alcocer was an AP of InovaTrade because, as CEO of InovaTrade, he solicited customers and prospective customers to open managed forex trading accounts and he supervised the solicitation of customers’ and prospective customers’ to open managed forex trading accounts.

52. Section 40(1) of the Act, 7 U.S.C. § 60(1), prohibits CTAs and APs of CTAs from using the mails or any other means of interstate commerce to:

- (A) employ any device, scheme or artifice to defraud any client or participant or prospective client or participant; or
- (B) engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or participant or prospective participant.

53. As described above, since at least July 16, 2011, Defendants, using means of interstate commerce, employed a device, scheme, or artifice to defraud customers or prospective customers and engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon customers or prospective customers by, among other things (i) misappropriating customer funds; (ii) making material misrepresentations and omissions regarding the forex trading activity that allegedly occurred or was to occur at InovaTrade; (iii) representing that InovaTrade was registered with the Panamanian authorities and not the same InovaTrade sued by the CFTC in January 2011 in the U.S. District Court for the Western District of Missouri; and (iv) preparing false statements regarding the purported forex trading activity in customer accounts, in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1).

54. The foregoing acts, omissions, and failures of Alcocer and other agents or employees of InovaTrade occurred within the scope of their agency, employment, or office with InovaTrade; therefore, InovaTrade is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2.

55. Alcocer controlled InovaTrade, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, InovaTrade's conduct alleged in this count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Alcocer is liable for InovaTrade's violations of Section 4o(1) of the Act, 7 U.S.C. § 6o(1).

56. Defendants engaged in the acts and practices described above knowingly or with reckless disregard for the truth.

57. Each misappropriation, false statement, misrepresentation, or omission of material fact, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1).

**COUNT THREE—FRAUD IN ADVERTISING BY A COMMODITY TRADING
ADVISOR AND ASSOCIATED PERSON**

Violations of Regulation 4.41, 17 C.F.R. § 4.41

58. The allegations set forth in paragraphs 1 through 57 are re-alleged and incorporated herein by reference.

59. On October 18, 2010, the CFTC enacted Part 5 of the Regulations, 17 C.F.R. pt. 5 (2012), which implemented certain provisions of Dodd-Frank with respect to off-exchange forex transactions. These Regulations created a new, additional definition of CTA, for purposes of Part 5 of the Regulations:

any person who exercises discretionary trading authority or obtains written authorization to exercise discretionary trading authority over any account for or on behalf of any person that is not an eligible contract participant as defined in section 1a(12) of the Act, [as amended,] in connection with retail forex transactions.

Regulation 5.1(e)(1), 17 C.F.R. § 5.1(e)(1) (2012).

60. The same newly-promulgated Regulations defined an AP of a CTA, for purposes of Part 5 of the Regulations, as

any natural person associated with a commodity trading advisor as defined in paragraph (e)(1) of this section as a partner, officer, employee, consultant or agent (or any natural person occupying a similar status or performing similar functions), in any capacity which involves:

- (i) The solicitation of a client's or prospective client's discretionary account; or
- (ii) The supervision of any person or persons so engaged.

Regulation 5.1(e)(2), 17 C.F.R. § 5.1(e)(2) (2012).

61. Regulation 5.4, 17 C.F.R. § 5.4 (2012), makes all Regulations included in Part 4, 17 C.F.R. pt. 4 (2012), applicable, as of October 18, 2010, to any person required to register as a CTA pursuant to Regulation 5.3, 17 C.F.R. § 5.3 (2012).

62. Regulation 4.41, 17 C.F.R. § 4.41 (2012), prohibits CTAs and APs of CTAs from advertising any manner which

- (A) employs any device, scheme or artifice to defraud any participant or client or prospective participant or client; or
- (B) involves any transaction, practice or course of business which operates as a fraud or deceit upon any participant or client or any prospective participant or client.

63. Since at least October 18, 2010, InovaTrade was a CTA and Alcocer was an AP of InovaTrade because InovaTrade exercised discretionary trading authority over and/or obtained written authorization to exercise discretionary authority over accounts on behalf of other persons who were not eligible contract participants, and Alcocer, as CEO of InovaTrade, solicited customers and prospective customers to open managed forex trading accounts and he supervised the solicitation of customers' and prospective customers' to open managed forex trading accounts.

64. As described above, since at least October 18, 2010, through its website and via solicitations made by third parties, Defendants advertised in a manner that employed a device, scheme, or artifice to defraud customers or prospective customers and engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon customers or prospective customers by, among other things (i) misappropriating customer funds; (ii) making material misrepresentations and omissions regarding the forex trading activity that allegedly occurred or was to occur at InovaTrade; (iii) representing that InovaTrade was registered with the Panamanian authorities and not the same InovaTrade sued by the CFTC in January 2011 in the U.S. District Court for the Western District of Missouri; and (iv) preparing false statements regarding the purported forex trading activity in customer accounts, in violation of Regulation 4.41, 17 C.F.R. § 4.41.

65. The foregoing acts, omissions, and failures of Alcocer and other agents or employees of InovaTrade occurred within the scope of their agency, employment, or office with InovaTrade; therefore, InovaTrade is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2.

66. Alcocer controlled InovaTrade, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, InovaTrade's conduct alleged in this count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Alcocer is liable for InovaTrade's violations of Regulation 4.41, 17 C.F.R. § 4.41.

67. Defendants engaged in the acts and practices described above knowingly or with reckless disregard for the truth.

68. Each misappropriation, false statement, misrepresentation, or omission of material fact, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Regulation 4.41, 17 C.F.R. § 4.41.

COUNT FOUR—FRAUD IN CONNECTION WITH OFF-EXCHANGE FOREX TRANSACTIONS

Violations of Regulation 5.2(b), 17 C.F.R. § 5.2(b)

69. The allegations set forth in paragraphs 1 through 68 are re-alleged and reincorporated by reference.

70. Regulation 5.2(b), 17 C.F.R. § 5.2(b)(2012), provides that

It shall be unlawful for any person, by use of the mails or by any means or instrumentality of interstate commerce, directly or indirectly, in or in connection with any retail forex transaction:

- (1) To cheat or defraud or attempt to cheat or defraud any person;
- (2) Willfully to make or cause to be made to any person any false report or statement or cause to be entered for any person any false record; or
- (3) Willfully to deceive or attempt to deceive any person by any means whatsoever.

71. As described above, since at least October 18, 2010, Defendants, using means of interstate commerce, cheated or defrauded or attempted to cheat or defraud customers and willingly deceived, willfully made false reports or statements, or attempted to deceive customers by, among other things (i) misappropriating customer funds; (ii) making material misrepresentations and omissions regarding the forex trading activity that allegedly occurred or was to occur at InovaTrade; (iii) representing that InovaTrade was registered with the Panamanian authorities and not the same InovaTrade sued by the CFTC in January 2011 in the U.S. District Court for the Western District of Missouri; and (iv) preparing false statements regarding the purported forex trading activity in customer accounts, in violation of Regulation 5.2(b), 17 C.F.R. § 5.2(b).

72. The foregoing acts, omissions, and failures of Alcocer and other InovaTrade employees or agents occurred within the scope of their agency, employment, or office with InovaTrade; therefore, InovaTrade is liable for these acts, omissions, and failures pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2 (a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 .

73. Alcocer controlled InovaTrade, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, InovaTrade's conduct alleged in this count. Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Alcocer is liable for InovaTrade's violations of Regulation 5.2(b), 17 C.F.R. § 5.2(b).

74. Defendants engaged in the acts and practices described above knowingly or with reckless disregard for the truth.

75. Each misappropriation, false statement, misrepresentation, or omission of material fact, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Regulation 5.2(b), 17 C.F.R. § 5.2(b).

COUNT FIVE—VIOLATIONS OF PROHIBITION OF GUARANTEES AGAINST LOSS

Violations of Regulation 5.16, 17 C.F.R. § 5.16

76. The allegations set forth in paragraphs 1 through 75 are re-alleged and incorporated by reference.

77. Regulation 5.16, 17 C.F.R. § 5.16 (2012), provides that

(a) No retail foreign exchange dealer, futures commission merchant or introducing broker may in any way represent that it will, with respect to any retail foreign exchange transaction in any account carried by a retail foreign exchange dealer or futures commission merchant for or on behalf of any person:

- (1) Guarantee such person against loss;
- (2) Limit the loss of such person; or
- (3) Not call for or attempt to collect security deposits, margin, or other deposits as established for retail forex customers.

(b) No person may in any way represent that a retail foreign exchange dealer, futures commission merchant or introducing broker will engage in any of the acts or practices described in paragraph (a) of this section.

78. As described above, since at least October 18, 2010, by virtue of InovaTrade's guaranteed returns, InovaTrade guaranteed against loss to its customers with managed forex accounts.

79. Each guarantee against loss made to InovaTrade customers and prospective customers, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Regulation 5.16, 17 C.F.R. § 5.16.

80. The acts, omissions, and failures regarding guarantees made by agents or employees of InovaTrade occurred within the scope of their agency, employment, or office with InovaTrade; therefore, InovaTrade is liable for these acts pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2 (a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2.

81. Alcocer controlled InovaTrade, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, InovaTrade's conduct alleged in this count.

Therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b), Alcocer is liable for InovaTrade's violations of Regulation 5.16, 17 C.F.R. § 5.16.

VI. RELIEF REQUESTED

WHEREFORE, the CFTC respectfully requests that the Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and the Act, as amended, to be codified at 7 U.S.C. § 13a-1, and pursuant to its own equitable powers, enter:

A. An order finding that Defendants violated Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct before July 16, 2011, and Section 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), for conduct on or after July 16, 2011; Section 4o(1) of the Act, 7 U.S.C. § 6o(1); and Regulations 4.41, 5.2(b), and 5.16, 17 C.F.R. §§ 4.41, 5.2(b), & 5.16;

B. An order of permanent injunction prohibiting Defendants, and any other person or entity associated with Defendants, from engaging in conduct that violates any sections of the Act, as amended, and the Regulations that Defendants allegedly violated in this Complaint;

C. An order of permanent injunction prohibiting Defendants and any of their agents, servants, employees, assigns, attorneys, and persons in active concert or participation, including any successor thereof, from, directly or indirectly,

1. trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, 7 U.S.C. § 1a (2006));
2. 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) (2012), security futures products, and/or foreign currency (forex contracts) (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i) (Supp. III 2009)) for their own personal or proprietary account or for any account in which they have a direct or indirect interests;

3. having any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts traded on any of their behalf;
4. 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;
5. 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;
6. 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) (2012); and
7. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2012)), 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) (2012);

D. Enter an order requiring Defendants, as well as any successors of Defendants, to disgorge to any officer appointed or directed by the Court all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices that constitute violations of the Act; the Act, as amended; and the Regulations, as described herein, including post-judgment interest;

E. Enter an order directing the Defendants, as well as any successors of Defendants, to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between, with, or among Defendants and any of the pool participants whose funds were received by Defendants as a result of the acts and practices which constituted violations of the Act; the Act, as amended; and the Regulations, as described herein;

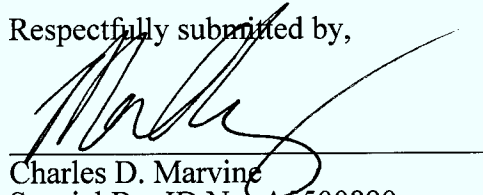
F. Enter an order requiring Defendants to make full restitution to every person or entity whose funds Defendants received or caused another person or entity to receive, from the acts or practices that constitute violations of the Act; the Act, as amended; and the Regulations, as described herein, and pre- and post-judgment interest;

G. Enter an order requiring Defendants to pay civil monetary penalties, to be assessed by the Court, in amounts of not more than the higher of: (1) triple the monetary gain to each Defendant for each violation of the Act; the Act, as amended; and the Regulations, or (2) a penalty of \$140,000 for each violation committed;

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

I. Enter an order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

Respectfully submitted by,



Charles D. Marvine
Special Bar ID No. A5500890
Jennifer J. Chapin
Special Bar ID No. A5501782
Margaret P. Aisenbrey
Special Bar ID No. A5501781
U.S. Commodity Futures Trading Commission
Division of Enforcement
4900 Main Street, Suite 500
Kansas City, MO 64112
816-960-7743 (Marvine)
816-960-7746 (Chapin)
816-960-7749 (Aisenbrey)
816-960-7754 (fax)
cmarvine@cftc.gov
jchapin@cftc.gov
maisenbrey@cftc.gov

Attorneys for Plaintiff

Dated: September 20, 2012

CIVIL COVER SHEET

12-23459

JS 44 (Rev. 2/08)

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

Sealed NOTICE: Attorneys MUST Indicate All Re-filed Cases Below.

I. (a) PLAINTIFFS

U.S. Commodity Futures Trading Commission

(b) County of Residence of First Listed Plaintiff
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)
Margaret Aisenbrey
U.S. Commodity Futures Trading Commission
Division of Enforcement
4900 Main Street, Suite 500
Kansas City, MO 64112 (816)960-7749

DEFENDANTS

Michael Alcocer and Inovatrade, Inc.

County of Residence of First Listed Defendant Miami-Dade
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE INFORMATION OF THE TRACT LAND INVOLVED.

Attorneys (If Known)

FILED
SEP 21 2012
STEVEN M. LARIMORE
CLERK OF DIST. CT.
S. D. OF FLA. - MIAMI

(d) Check County Where Action Arose: MIAMI-DADE MONROE BROWARD PALM BEACH MARTIN ST. LUCIE INDIAN RIVER OKEECHOBEE HIGHLANDS

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/>	<input type="checkbox"/>	Incorporated or Principal Place of Business In This State	<input type="checkbox"/>	<input type="checkbox"/>
Citizen of Another State	<input type="checkbox"/>	<input type="checkbox"/>	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/>	<input type="checkbox"/>
Citizen or Subject of a Foreign Country	<input type="checkbox"/>	<input type="checkbox"/>	Foreign Nation	<input type="checkbox"/>	<input type="checkbox"/>

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Re-filed- (see VI below)
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

VI. RELATED/RE-FILED CASE(S).

a) Re-filed Case YES NO b) Related Cases YES NO

(See instructions second page): JUDGE _____ DOCKET NUMBER _____

VII. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing and Write a Brief Statement of Cause (Do not cite jurisdictional statutes unless diversity):
Commodity Exchange Act, 7 U.S.C. 13a-1 (Supp. III 2009); fraud in connection with off-exchange foreign currency contracts: misappropriation of investor funds.

LENGTH OF TRIAL via _____ days estimated (for both sides to try entire case)

VIII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ Injunction CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

ABOVE INFORMATION IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE SIGNATURE OF ATTORNEY OF RECORD _____ DATE September 20, 2012

FOR OFFICE USE ONLY AMOUNT _____ RECEIPT # _____ IFP _____