

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS**

UNITED STATES COMMODITY	)
FUTURES TRADING COMMISSION,	)
	)
Plaintiff,	)
	)
v	)
	)
GREEN TREE CAPITAL and LYNDON	)
LYDELL PARRILLA,	)
	)
Defendants.	)

C.A. No. 1:11-cv-10621-JLT

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

**I. SUMMARY**

1. From approximately October 2009 to the present (the “relevant time”), Defendants Green Tree Capital (“Green Tree”), by and through its officers, agents, employees, and representatives including Lyndon Lydell Parrilla, and while acting in the capacity of a Commodity Trading Advisor (“CTA”), and Lyndon Lydell Parrilla (“Parrilla”), individually and as controlling person of Green Tree, cheated and defrauded at least 50 customers in the United States who invested at least \$4 million, including deposits wired into bank accounts located in this district, for the purported purpose of trading off-exchange foreign currency contracts (“forex”) on a leveraged or margined basis in managed accounts. Parrilla is directly liable only for the misappropriation of at least \$2.9 million of customer funds.

2. In soliciting funds, Green Tree account executives have misrepresented the nature of the investment, the performance of the investment, and Green Tree’s experience and expertise. They have further misrepresented that customer funds would be refunded upon

request. Green Tree account executives also failed to disclose information about Parrilla's past, failed to disclose that only 20% of customer funds were placed in a pooled forex account, and failed to disclose trading losses incurred by Green Tree customers that occurred since the date of Green Tree's incorporation.

3. Defendants have misappropriated at least \$2.9 million of customer funds for Parrilla's personal or business purposes, including among other things, Las Vegas casino expenses, automobile purchases, cash withdrawals in excess of \$1.65 million, and other expenses unrelated to a business purportedly engaged in forex trading. Green Tree has issued or caused to be issued false statements to customers, which misrepresented that their accounts were profitable, when, in fact, Defendants had misappropriated most of their funds and lost in trading most of the rest of the funds. Since October 18, 2010, Green Tree has also engaged in the above conduct without the benefit of Commission registration.

4. By virtue of this conduct and the conduct further described herein, Defendants have engaged, are engaging, or are about to engage in fraudulent acts and practices in violation of provisions of the Commodity Exchange Act (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"), 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.* (hereinafter citations will refer to the "Act"), and Commission Regulations promulgated thereunder ("Regulations"), 17 C.F.R. §§ 1.1 *et seq.* (2010). Among other things, during the relevant time, Defendants have engaged in fraud in violation of Section 4b(a)(2)(A)-(C) of the

Act, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), and Section 40(1)(A)-(B) of the Act, to be codified at 7 U.S.C. § 60(1)(A)-(B).

5. In addition, on October 18, 2010, the CFTC enacted new regulations implementing certain provisions of the CRA and Dodd-Frank legislation with respect to forex transactions. Beginning on October 18, 2010, and continuing to the present, Defendants have engaged in fraud, in violation of Regulation 5.2(b)(1)-(3), to be codified at 17 C.F.R. § 5.2(b)(1)-(3).

6. Beginning on October 18, 2010 and continuing to the present, Green Tree has acted as a CTA with respect to forex transactions without the benefit of registration with the Commission, in violation of Regulation 5.3(a)(3)(i), to be codified at 17 C.F.R. § 5.3(a)(3)(i).

7. Parrilla is liable under Section 13(b) of the Act, to be codified at 7 U.S.C. § 13c(b), as a controlling person of Green Tree for its violations of the Act and Regulations, because he controls Green Tree and did not act in good faith or knowingly induced the acts constituting Green Tree's violations of the Act and Regulations.

8. Parrilla, along with other Green Tree employees, agents, representatives, and officers, have committed the acts and omissions alleged herein within the course and scope of their employment, agency, or office with Green Tree. Therefore, Green Tree is liable under Section 2(a)(1)(B) of the Act, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2, as principal for the actions and omissions of its employees, agents, representatives, or officers in violation of the Act and Regulations.

9. Accordingly, the Commission brings this action pursuant to Section 6c of the Act, to be codified at 7 U.S.C. § 13a-1, to enjoin Defendants' unlawful acts and practices and to compel their compliance with the Act and Regulations. In addition, the Commission seeks

restitution, rescission, disgorgement, civil monetary penalties, permanent trading and registration bans, pre- and post-judgment interest, and such other statutory or equitable relief as this Court may deem necessary or appropriate.

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

## II. JURISDICTION AND VENUE

11. This Court has jurisdiction over this action pursuant to Section 6c(a) of the Act, to be codified at 7 U.S.C. § 13a-1(a), which 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 any provision of the Act, rule, regulation, or order promulgated thereunder.

12. The Commission has jurisdiction over the forex transactions at issue in this case pursuant to Section 6c of the Act, to be codified at 7 U.S.C. § 13a-1, and Section 2(c)(2)(C)(i)-(iii) of the Act, to be codified at 7 U.S.C. § 2(c)(2)(C)(i)-(iii).

13. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, to be codified at 7 U.S.C. § 13a-1(e), because Defendants transact business in this district and/or the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this District, among other places.

## III. THE PARTIES

14. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with administering and enforcing the Act, to be codified at 7 U.S.C. §§ 1 *et seq.*, and the Regulations, 17 C.F.R. §§ 1.1 *et seq.*

15. Defendant **Green Tree Capital** is a Nevada corporation that was incorporated on June 16, 2008, with registered addresses of 6355 Topanga Canyon Boulevard #240, Woodland Hills, California; 6433 Topanga Canyon Boulevard #241, Woodland Hills, California; and 375 North Stephanie Street, Suite 1411, Henderson, Nevada. According to its website, Green Tree's main business address is at 9701 Wilshire Boulevard, 10th Floor, Beverly Hills, California, and it has also maintained a presence at the following addresses at various times: 6203 Variel Avenue Unit 303, Woodland Hills, California; 5348 Vegas Dr., Las Vegas, Nevada; 7 Exchange Place, Boston, Massachusetts; 1200 Ave. McGill College, Suite 1100, Montreal, Quebec; 83 Victoria St., London; and 695-7 Chemin Avila #215, Piedmont, Quebec. Green Tree became active in October 2009. It has acted as a CTA by soliciting customers or potential customers for the supposed purpose of trading forex in leveraged transactions. Green Tree has never been registered with the Commission in any capacity.

16. Defendant **Lyndon Lydell Parrilla** is twenty-nine years old and is the President, Secretary, Treasurer, and Director of Green Tree. Parrilla is responsible for many, if not all, of the key facets of Green Tree's operations, including the opening and management of Green Tree's bank and trading accounts. Upon information and belief, Parrilla resides at one of the three Woodland Hills, California addresses listed above in Paragraph 15. Parrilla was registered with the Commission as an associated person ("AP") of Parman Financial from April 18, 2006 until December 21, 2009, when the National Futures Association ("NFA") suspended Parrilla's registration. Parrilla withdrew from registration as an AP of Parman Financial on January 5, 2010, and the NFA permanently barred Parrilla from registration on January 14, 2010. Parrilla has not been registered in any capacity with the Commission since January 5, 2010.

#### **IV. RELATED ENTITIES**

17. Parman Financial was a forex trading firm formerly owned and operated by Parrilla. Parman Financial was located in Woodland Hills, California. It was incorporated in Nevada on May 27, 2004, and dissolved on June 25, 2010. Parman Financial was previously registered with the Commission as an Introducing Broker (“IB”) from April 18, 2006 until June 29, 2007, and as a CTA from September 26, 2006, until January 5, 2010. NFA suspended Parman Financial’s membership and registration on December 21, 2009; Parman Financial withdrew its registration on January 5, 2010; and the NFA permanently barred Parman Financial from membership on January 14, 2010.

18. FX High Summit (“FXHS”) holds itself out as a forex trading firm and purportedly is located in Quebec, Canada and/or Ireland. FXHS has never been registered with the Commission in any capacity. During part of the relevant time, Green Tree maintained a corporate trading account at FXHS in the name of Green Tree, and FXHS may have acted as a counterparty to Green Tree customer forex transactions made by Defendants. Also during the relevant time, at least one Green Tree customer received account statements from FXHS purporting to represent the forex trading in a Green Tree account for the benefit of that customer.

#### **V. STATUTORY BACKGROUND**

19. A CTA is defined by Section 1a of the Act, to be codified at 7 U.S.C. § 1a, with certain exemptions and exclusions not applicable here, as any person who is engaged for compensation in the business of advising others as to the value of or the advisability of trading any commodity for future delivery, securities futures product, or swap, and certain other transactions.

20. Beginning on October 18, 2010, a CTA is defined for purposes of Part 5 of the Regulations (Off-Exchange Foreign Currency Transactions) and pursuant to Regulation 5.1(e)(1), to be codified at 17 C.F.R. § 5.1(e)(1), as 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 (“ECP”), in connection with retail forex transactions.

21. An eligible contract participant (“ECP”) is generally defined in Section 1a of the Act, to be codified at 7 U.S.C. § 1a, as meaning: financial institutions, insurance companies, investment companies subject to regulation under the Investment Company Act of 1940, certain commodity pools with \$5 million or more of assets, certain organizations with, generally, \$10 million or more of assets, Employee Retirement Income Security Act of 1974 (“ERISA”) plans with \$5 million or more of assets, certain governmental entities, certain broker-dealers and investment banks, futures commission merchants, floor brokers, an individual with generally \$10 million or more of assets, certain brokers or investment advisers.

22. The NFA is a not-for-profit membership corporation and is a self-regulatory organization that is registered with the Commission as a futures association under Section 17 of the Act. The Commission has delegated registration processing functions to the NFA on the Commission’s behalf. The NFA conducts audits and investigations of NFA member firms, including registered CTAs and IBs, to monitor for compliance with NFA rules, some of which incorporate by reference Commission Regulations.

## **VI. DEFENDANTS' FRAUD**

### **A. Fraudulent Solicitation, Misrepresentations and Omissions**

23. Defendant Green Tree, through unnamed corporate officers, employees, agents and representatives, made numerous misrepresentations and false statements to its customers.

24. Green Tree has acted as a CTA through the solicitation of customers to open managed accounts to engage in retail forex transactions on a leveraged or margined basis. Green Tree, by and through its employees, agents and representatives, repeatedly has misrepresented the nature of the investment, the performance of the investment, and its experience and expertise. Green Tree, by and through its employees, agents and representatives, failed to disclose information about its past and failed to disclose trading losses suffered by Green Tree customers. Green Tree, by and through its employees, agents and representatives, has further misrepresented that customer funds would be refunded upon request.

25. During the relevant time, Green Tree, by and through its employees, agents and representatives, has solicited at least \$4 million from at least 50 U.S. customers, including customers residing in this district, purportedly to trade forex in managed accounts. Although Green Tree does not purport to be the counterparty for the forex transactions, Green Tree, by and through its employees, agents and representatives has accepted these customer funds in Green Tree's name.

26. Green Tree, by and through its employees, agents and representatives, including Parrilla, has failed to send 80 percent of the approximately \$4 million in funds received to any managed account for benefit of those customers. In fact, Green Tree, by and through its employees, agents and representatives, including Parrilla, only has deposited and/or pooled approximately \$751,825 of customer funds into a Green Tree trading account at FXHS.



27. In or about February 2010, Green Tree, by and through its employees, agents and representatives, including Parrilla, opened an omnibus trading account in Green Tree's name with FXHS. Green Tree pooled and deposited a portion of the funds of several of Green Tree's customers, including the funds of one customer, Mr. Oliver, into this omnibus account.

28. As part of the solicitation of customers, Green Tree, by and through its employees, agents and representatives, has made false representations regarding Green Tree's profitability and track record to one or more customers and prospective customers, stating, for example, that (a) Green Tree has seen returns of 150% to 300% and that Green Tree had \$30 million in customer assets; (b) Green Tree has \$75 million in assets and 7-12 forex traders; (c) since Green Tree opened it has not lost any customer money and had seen annual returns of about 250%; and (d) Green Tree has been investing in forex for five-to-six years during which Green Tree had seen 100% annual returns, and, due to this history of returns, that Green Tree has had a customer retention rate of 90%.

29. All of these statements were false. Green Tree never has had more than \$4 million in assets; it had been active only a few months before soliciting customers, and thus did not have several years of trading experience; and Green Tree has suffered net trading losses for the time it was active and, thus, has not achieved 100% annual returns.

30. Green Tree, by and through its employees, agents and representatives, has also distributed to customers and prospective customers a false 33-page track record from an account that claims Green Tree achieved gains of 1000% from January 19, 2009, through February 26, 2010. This record is completely fabricated as Green Tree was not active in January 2009 and sustained trading losses through June 2010 of over \$250,000.

31. Green Tree, by and through its employees, agents and representatives, also has represented to customers and prospective customers that a customer can withdraw funds from his or her account by giving notice to Green Tree. This representation is false. At least two of the Green Tree's customers or their representatives have been unable to withdraw all of their remaining funds despite repeated requests to Green Tree.

32. Green Tree misrepresents its location on its website. The website claims that Green Tree's main office in the United States is located at 9701 Wilshire Boulevard, 10th Floor, Beverly Hills, California, and lists a phone number for that office. However, the purported office address is fictitious, and Green Tree uses an answering service named Ruby Receptionists located in Portland, Oregon, to answer the phone number for its purported office in Beverly Hills.

33. Green Tree, by and through its employees, agents and representatives, knowingly or recklessly failed to disclose material facts about its background. For instance, Green Tree did not disclose to customers or prospective customers that in January 2010 Parrilla was permanently barred from membership with the NFA for failure to cooperate with the NFA's investigation and audit of Parman Financial, a forex related entity he previously operated.

34. None of the foregoing representations in Paragraphs 29-32 above are true, and Green Tree, by and through its employees, agents and representatives, knew that the representations were false or recklessly disregarded the truth while making these representations.

**B. The Nature of the Transactions**

35. Green Tree, by and through its employees, agents and representatives, instructs customers to wire their funds to bank accounts in the name of Green Tree either at Wells Fargo

Bank (Account Number ending in 6897) or Sovereign Bank (Account Number ending in 7124). Green Tree does not deposit customer funds in accounts in customers' names. Many of Green Tree's customers are retirees who wired funds from their individual retirement accounts (IRAs).

36. Green Tree customarily structures its relationship with customers using a two-document investment agreement. The "Limited Power-of-Attorney and Risk Disclosure" (hereinafter "Power of Attorney") authorizes Green Tree "to buy and sell (including short sales) spot foreign currency exchange (Forex) contracts on margin or otherwise for Customer's account." The Power of Attorney further authorizes Green Tree "to buy and sell (including short sales) spot foreign currency exchange (Forex) contracts on margin or otherwise for Customer's account." The "Letter of Direction" (hereinafter "Letter of Direction") provides that the "Customer hereby directs and grants discretion to GTC [*i.e.*, Green Tree] to enter trades on Customer's behalf." Pursuant to the Letter of Direction, a customer supposedly chooses a trading system or model offered by Green Tree, and the customer authorizes Green Tree to engage in trades it recommends.

**D. Defendants Issued False Account Statements to Customers**

37. In order to disguise their misrepresentations, trading losses and misappropriation of customer funds, Green Tree, by and through its employees, agents and representatives, sends or causes to be sent false account statements to their customers by email. The statements consistently reflect that customers are earning substantial returns, when in fact, Green Tree has not achieved the purported profits reflected in these statements. Also, the statements consistently reflect that a customer's full investment is in use in the account, when, in fact, Parilla has misappropriated a substantial portion of the customer funds Green Tree has received.

38. Between December 2009 and February 2010, at least one Green Tree customer, Mr. Oliver, received periodic account statements from FXHS. The account was entitled “GREEN TREE CAPITAL FBO Entrust...[Mr. Oliver].” During those three months, Mr. Oliver’s FXHS account statements reflected monthly trading losses, account balance, equity, and available margin.

39. After his February 7, 2010 FXHS account statement showed losses, Mr. Oliver contacted his Green Tree representative to close his account. However, the representative convinced Mr. Oliver to keep his investment in Green Tree. The representative also told Mr. Oliver that he would no longer receive account statements from FXHS but would instead receive statements from Green Tree.

40. In February 2010, Mr. Oliver stopped receiving the FXHS account statements and started receiving daily statements from Green Tree that purported to show the equity in his account. These statements showed a sudden turnaround in Mr. Oliver’s investment performance. For example, his statement from FXHS, dated February 7, 2010, shows a balance of \$217,618.83 and “equity” of \$499,498. His March 18, 2010, statement from Green Tree indicated that his account had appreciated to an “equity” balance of \$647,746. These statements were false. In fact, of Mr. Oliver’s initial \$552,042 investment in December 2009 with Green Tree, only approximately \$300,000 was ever sent to FXHS. The balance of Mr. Oliver’s funds is unaccounted for.

41. An attorney representing FXHS subsequently informed Mr. Oliver in a letter dated July 9, 2010 of FXHS’s understanding that “initially” Mr. Oliver maintained an individual account with Green Tree, and Green Tree used FXHS to trade forex on his behalf. The letter further stated: “In or about February of 2010, [Green Tree] opened a corporate trading account

with [FXHS]. The corporate account opened by Green Tree with [FXHS] is a pooled account which contains the funds of several of [Green Tree's] customers, one of which is you.”

42. A representative of FXHS subsequently advised Mr. Oliver that Green Tree had wired FXHS only about \$300,000 of Mr. Oliver's funds, and that Mr. Oliver had incurred losses due to forex trading at FXHS of approximately \$196,466. The FXHS representative directed the customer to contact Parrilla for an explanation regarding any missing funds or trading losses. Mr. Oliver eventually received a refund of about \$101,500, which he was led to believe represented the remaining balance in Green Tree's account at FXHS.

43. On information and belief, besides the pooled account opened by Defendants at FXHS, no other accounts have been opened by Defendants to trade or invest customer funds in forex.

44. Another customer has received at least one false account statement from Green Tree. Between April 2010 and August 2010, this customer invested \$515,000 with Green Tree. The customer has received an account statement from Green Tree on November 5, 2010 that reported his total account balance of \$869,428. On information and belief, Defendants have not invested any of this customer's funds into forex trading but instead have misappropriated the funds for their personal or business purposes.

45. Green Tree, by and through its employees, agents and representatives, has provided at least two other customers with account statements via email. The statements consistently have reflected that customers were earning substantial returns when, in fact, Green Tree did not achieve the purported profits reflected in these customer account statements. Furthermore, upon information and belief, almost 80 percent of the money sent by customers to

Green Tree has not even been traded or invested in any manner and thus could not have returned any profits.

46. Green Tree, by and through its employees, agents and representatives, has failed to disclose the full extent of the trading losses described above to Green Tree's customers or prospective customers.

47. Green Tree, by and through its employees, agents and representatives, has failed to disclose that Green Tree did not actually invest or trade all money received in addition to sending false account statements to Green Tree customers.

48. Defendants are not financial institutions, registered brokers or dealers, insurance companies, financial holding companies, or investment bank holding companies or the associated persons of financial institutions, registered brokers or dealers, insurance companies, financial holding companies, or investment bank holding companies.

49. Green Tree and some or all of Green Tree's customers were and are not "eligible contract participants" as that term is defined in Section 1a of the Act, to be codified 7 U.S.C. § 1a.

50. The forex transactions conducted by Green Tree were entered into on a leveraged or margined basis. Green Tree was required to provide only a percentage of the value of the forex contracts that it purchased.

51. The forex transactions Green Tree purportedly conducts neither result in delivery of actual currency within two days nor create 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 purportedly remain open from day to

day and ultimately are offset without anyone making or taking delivery of actual currency (or facing an obligation to do so).

**C. Defendants Misappropriated Customer Funds**

52. The Power of Attorney signed by Green Tree customers provides that any customer can revoke the Power of Attorney or terminate the customer's account by doing so with "written notice addressed to GTC [*i.e.*, Green Tree] and delivered to GTC at its main office in Boston either via fax or regular mail."

53. Nowhere on Green Tree's current website does an address appear for an office in Boston. Upon information and belief, Green Tree's supposed Boston office has been shut down or was fictitious, which would make it impossible for customers to deliver the proper account termination in writing.

54. After making numerous requests both in writing and orally, at least two Green Tree customers or their representatives have been unable to withdraw all of their remaining funds that they invested with Green Tree for forex transactions. From February 8, 2010 through June, 2010, Mr. Oliver made written and telephone requests to both Green Tree and FXHS to withdraw his funds. These requests were unsuccessful. Another customer sent a registered letter to Green Tree's office in Beverly Hills. That letter was returned with the notation that the letter was undeliverable and the post office was unable to forward the letter.

55. To date, Defendants have not provided inquiring customers with any explanation as to what has happened to their money, nor have they made any additional refunds.

56. On information and belief, the majority of funds that Green Tree accepted from customers are not deposited in any forex account or used for forex trading.

57. During the relevant time, Parrilla has misappropriated at least \$2.9 million of customer funds and used those funds for personal purposes such as automobile purchases, entertainment expenses, debit card purchases, ATM or cash withdrawals in excess of \$1.65 million, Las Vegas casino expenses, clothing purchases, and other expenses unrelated to a business purportedly engaged in forex trading.

**D. Continuation of Customer Solicitation and Failure to Register**

58. Green Tree continues to operate and, in so doing, to use the mails or other means or instrumentalities of interstate commerce. Green Tree, by and through its employees, agents and representatives, continues to solicit prospective customers, to accept funds from customers, and to represent and offer to them that their funds have been and will be used to trade forex.

59. By soliciting customers for forex transactions on a leveraged or margined basis, Green Tree has acted as a CTA.

60. At no time has Green Tree been registered with the Commission in any capacity.

**VII. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND COMMISSION REGULATIONS**

**Count One**

**Violations of Section 4b(a)(2)(A) and (C) of the Act:  
Fraud by Misrepresentation, Omission, and Misappropriation**

61. Paragraphs 1 through 60 are realleged and incorporated herein by reference.

62. Section 4b(a)(2)(A) and (C) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(A) and (C), in relevant part, 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 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 paragraph (2), with the other person.

63. Defendant Green Tree has cheated, defrauded, or deceived, or attempted to cheat, defraud, or deceive customers and prospective customers by, among other things: (a) misrepresenting the profitability of Green Tree's forex trading; (b) failing to disclose trading losses; (c) failing to disclose information about Parrilla having been barred from membership by the NFA; (d) misrepresenting that funds would be refunded upon request; (e) misrepresenting its physical location; (f) misrepresenting its experience, track record, and history; and (g) misappropriating customer funds.

64. Defendant Parrilla has cheated, defrauded, or deceived, or attempted to cheat, defraud, or deceive customers and prospective customers by misappropriating customer funds for his personal use.

65. Defendant Parrilla and Green Tree's employees, agents, representatives, and officers have knowingly or recklessly engaged in the acts and practices described in this Count.

66. Defendants therefore have violated Section 4b(a)(2)(A) and (C) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(A) and (C).

67. The foregoing acts, omissions, and failures of Defendant Parrilla, as well as other Green Tree employees, agents, representatives, and officers, described in this Count have occurred within the scope of their employment with Defendant Green Tree; therefore, Defendant Green Tree is liable for these acts, omissions, and failures in violation of the Act as

alleged in this Count pursuant to Section 2(a)(1)(B) of the Act, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

68. During all relevant times, Defendant Parrilla has directly or indirectly controlled Green Tree and has not acted in good faith or knowingly has induced, directly or indirectly, the acts constituting Green Tree's violations alleged in this Count. Defendant Parrilla is therefore liable for Green Tree's violations described in this Count to the same extent as Green Tree, pursuant to Section 13(b) of the Act, to be codified at 7 U.S.C. § 13c(b).

69. Each act of omission of a fact, misrepresentation, and misappropriation of funds, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(A) and (C) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(A) and (C).

## **Count Two**

### **Violations of Commission Regulation 5.2(b)(1) and (3): Fraud by Misrepresentation, Omission, and Misappropriation**

70. Paragraphs 1 through 60 are realleged and incorporated herein by reference.

71. Since October 18, 2010, Commission Regulation 5.2(b)(1) and (3), to be codified at 17 C.F.R. § 5.2(b)(1) and (3), has made it 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 or (3) willfully to deceive or attempt to deceive any person by any means whatsoever.

72. Defendant Green Tree, through use of the mails or other means or instrumentalities of interstate commerce, has cheated, defrauded, or deceived, or attempted to cheat, defraud, or deceive customers and prospective customers by, among other things:  
(a) misrepresenting the profitability of Green Tree's forex trading; (b) failing to disclose trading

losses; (c) failing to disclose information about Parrilla having been barred from membership by the NFA; (d) misrepresenting that funds would be refunded upon request; (e) misrepresenting its physical location; (f) misrepresenting its experience, track record, and history; and (g) misappropriating customer funds.

73. Defendant Parrilla has cheated, defrauded, or deceived, or attempted to cheat, defraud, or deceive customers and prospective customers by misappropriating customer funds for his personal use.

74. Defendants Parrilla and Green Tree's employees, agents, representatives, and officers have knowingly or recklessly engaged in the acts and practices described in this Count.

75. Defendants therefore have violated Regulation 5.2(b)(1) and (3), to be codified at 17 C.F.R. § 5.2(b)(1) and (3), with respect to conduct occurring on or after October 18, 2010.

76. The foregoing acts, omissions, and failures of Green Tree employees, agents, representatives, and officers described in this Count have occurred within the scope of their employment with Defendant Green Tree; therefore, Defendant Green Tree is liable for these acts, omissions, and failures in violation of the Regulations as alleged in this Count pursuant to Section 2(a)(1)(B) of the Act, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

77. During all relevant times, Defendant Parrilla has directly or indirectly controlled Green Tree and has not acted in good faith or knowingly has induced, directly or indirectly, the acts constituting Green Tree's violations alleged in this Count. Defendant Parrilla is therefore liable for Green Tree's violations described in this Count to the same extent as Green Tree, pursuant to Section 13(b) of the Act, to be codified at 7 U.S.C. § 13c(b).

78. Each act of omission of a fact, misrepresentation and misappropriation of funds occurring on or after October 18, 2010, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of Regulation 5.2(b)(1) and (3), to be codified at 17 C.F.R. § 5.2(b)(1) and (3).

### **Count Three**

#### **Violations of Section 4b(a)(2)(B) of the Act: Fraud By Making False Account Statements**

79. Paragraphs 1 through 60 are realleged and incorporated herein by reference.

80. Section 4b(a)(2)(B) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(B), in relevant part, prohibits 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: (B) willfully to 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.

81. Defendant Green Tree has violated Section 4b(a)(2)(B) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(B), by, among other things, making or causing to be made false account statements to one or more of their forex customers.

82. The foregoing acts, omissions, and failures of Green Tree employees, agents, representatives, and officers described in this Count have occurred within the scope of their employment with Defendant Green Tree; therefore, Defendant Green Tree is liable for these acts, omissions, and failures in violation of the Act as alleged in this Count pursuant to Section 2(a)(1)(B) of the Act, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

83. During the relevant time, Defendant Parrilla has directly or indirectly controlled Green Tree and has not acted in good faith or knowingly has induced, directly or indirectly, the acts constituting the violations described in this Count. Pursuant to Section 13(b) of the Act, to be codified at 7 U.S.C. § 13c(b), Parrilla is liable for the violations described in this Count to the same extent as Defendant Green Tree.

84. Each false account statement made during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(B) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(B).

#### **Count Four**

##### **Violations of Commission Regulation 5.2(b)(2): Fraud By Making False Account Statements**

85. Paragraphs 1 through 60 are realleged and incorporated herein by reference.

86. Since October 18, 2010, Commission Regulation 5.2(b)(2), to be codified at 17 C.F.R. § 5.2(b)(2), has made it 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, 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.

87. Since October 18, 2010, Defendant Green Tree, through use of the mails or other means or instrumentalities of interstate commerce, has violated Regulation 5.2(b)(2), to be codified at 17 C.F.R. § 5.2(b)(2), by, among other things, making or causing to be made false account statements, which were issued to at least some customers who invested money with them.

88. The foregoing acts and failures of Green Tree employees, agents, representatives, and officers described in this Count have occurred within the scope of his employment with

Defendant Green Tree; therefore, Defendant Green Tree is liable for these acts in violation of the Act as alleged in this Count pursuant to Section 2(a)(1)(B) of the Act, as amended, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2.

89. During the relevant time, Defendant Parrilla has directly or indirectly controlled Green Tree and has not acted in good faith or knowingly has induced, directly or indirectly, the acts constituting the violations described in this Count. Pursuant to Section 13(b) of the Act, as amended, to be codified at 7 U.S.C. § 13c(b), Parrilla is liable for the violations described in this Count to the same extent as Defendant Green Tree.

90. Each false account statement made on or after October 18, 2010, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation Regulation 5.2(b)(2), to be codified at 17 C.F.R. § 5.2(b)(2).

### **Count Five**

#### **Violations of Section 4o(1)(A) and (B) of the Act, as Amended: Fraud by a CTA**

91. Paragraphs 1 through 60 are realleged and incorporated herein by reference.

92. During all relevant times, Green Tree has acted as a CTA by engaging in a business that is of the nature of exercising discretionary trading authority or obtaining written authorization to exercise discretionary trading authority over any account for or on behalf of any person that is not an ECP in connection with retail forex transactions

93. Section 4o(1) of the Act, in relevant part, prohibits a CTA from directly or indirectly employing any device, scheme, or artifice to defraud any participant or prospective participants, or engaging in any transaction, practice or course of business that operates as a fraud or deceit upon any participant or prospective participants, by using the mails or other means or instrumentality of interstate commerce.

94. As set forth above, Green Tree has acted as a CTA, and through use of the mails or other means or instrumentalities of interstate commerce, has defrauded and deceived customers by, among other things: (a) misrepresenting the profitability of Green Tree's forex trading; (b) failing to disclose trading losses; (c) failing to disclose information about Parrilla having been barred from membership by the NFA; (d) misrepresenting that funds would be refunded upon request; (e) misrepresenting its physical location; (f) misrepresenting its experience, track record, and history; and (g) misappropriating customer funds, all in violation of Section 40(1)(A) and (B) of the Act, as amended, to be codified at 7 U.S.C. § 60(1)(A) and (B).

95. Defendant Green Tree, through its employees, agents, representatives, and officers, knowingly or recklessly engaged in the acts and practices described in this Count.

96. The foregoing acts, omissions, and failures of Green Tree employees, agents, representatives, and officers have occurred within the scope of their employment with Green Tree; therefore, Green Tree is liable for these acts, omissions, and failures in violation of the Act, as alleged in this Count, pursuant to Section 2(a)(1)(B) of the Act, as amended, to be codified at 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2.

97. During all relevant times, Parrilla has directly or indirectly controlled Green Tree and has not acted in good faith or knowingly has induced, directly or indirectly, the acts constituting Green Tree's violations alleged in this Count. Parrilla is therefore liable for Green Tree's violations described in this Count to the same extent as Green Tree, pursuant to Section 13(b) of the Act, to be codified at 7 U.S.C. § 13c(b).

98. Each act of omission of a fact, misrepresentation and misappropriation of funds, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1)(A) and (B) of the Act, to be codified at 7 U.S.C. § 6o(1)(A) and (B).

### **Count Six**

#### **Violations of Commission Regulation 5.3(a)(3)(i): Failure to Register as a CTA**

99. Paragraphs 1 through 60 are re-alleged and incorporated herein by reference.

100. With certain exemptions and exclusions not applicable here, since October 18, 2010, 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 ECP in connection with retail forex transactions is required to be registered as a CTA with the Commission pursuant to Regulation 5.3(a)(3)(i), to be codified at 17 C.F.R. § 5.3(a)(3)(i).

101. Since October 18, 2010, Defendant Green Tree has exercised discretionary trading authority or obtained written authorization to exercise discretionary trading authority over an account for or on behalf of persons that are not ECPs in connection with retail forex transactions without having registered as a CTA in violation of Regulation 5.3(a)(3)(i), to be codified at 17 C.F.R. § 5.3(a)(3)(i).

102. Defendant Parrilla has directly or indirectly controlled Green Tree and has not acted in good faith or knowingly has induced, directly or indirectly, the acts constituting Green Tree's violations alleged in this Count. Parrilla is therefore liable for Green Tree's violations of Regulation 5.3(a)(3)(i), to be codified at 17 C.F.R. § 5.3(a)(3)(i), to the same extent as Green Tree, pursuant to Section 13(b) of the Act, to be codified at 7 U.S.C. § 13c(b).



103. Each day that Green Tree has failed to register as a CTA since October 18, 2010 is alleged as a separate and distinct violation of Regulation 5.3(a)(3)(i), to be codified at 17 C.F.R. § 5.3(a)(3)(i).

### VIII. RELIEF REQUESTED

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

A. Find Defendants liable for violating Section 4b(a)(2)(A)-(C) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C); Section 4o(1)(A)-(B), to be codified at 7 U.S.C. § 6o(1)(A)-(B); Regulation 5.2(b)(1)-(3), to be codified at 17 C.F.R. § 5.2(b)(1)-(3); and Regulation 5.3(a)(3)(i), to be codified at 17 C.F.R. § 5.3(a)(3)(i);

B. Enter an *ex parte* statutory restraining order and preliminary injunction pursuant to Section 6c(a) of the Act, to be codified at 7 U.S.C. § 13a-1, restraining Defendants and all persons insofar as they are acting in the capacity of Defendants' agents, servants, successors, employees, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with them who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. destroying, mutilating, concealing, altering or disposing of any books and records, documents, correspondence, brochures, manuals, electronically stored data (including, but not limited to, computers, laptops, and hard drives), tape records or other property of Defendants, wherever located, including all such records concerning Defendants' business operations;

2. refusing to permit authorized representatives of the Commission to inspect, when and as requested, any books and records, documents, correspondence, brochures, manuals, electronically stored data (including, but not limited to, computers, laptops, and hard drives), tape records or other property of Defendants, wherever located, including all such records concerning Defendants' business operations; and

3. withdrawing, transferring, removing, dissipating, concealing or disposing of, in any manner, any funds, assets, or other property belonging to or within the custody, control or actual or constructive possession of Defendants, wherever situated, including but not limited to, all funds, personal property, money or securities held in safes or safety deposit boxes and all funds on deposit in any financial institution, bank or savings and loan;

C. Enter an order directing that Defendants make an accounting to the Court of all of Defendants' assets and liabilities, together with all funds Defendants received from and paid to customers and other persons or entities in connection with forex or purported forex transactions, including the names, mailing addresses, email addresses and telephone numbers of any such persons or entities from whom they received such funds from January 2009 to the date of such accounting, and all disbursements for any purpose whatsoever of funds received from customers, including salaries, commissions, fees, loans, forex trades, and other disbursements of money and property of any kind, from January, 2009 to the date of such accounting;

D. Enter an order requiring Defendants immediately to identify and provide an accounting for all assets and property that they currently maintain outside the United States, including, but not limited to, all funds on deposit in any financial institution, futures commission merchant, forex account, bank, or savings and loan accounts held by, under the actual or

constructive control of, or in the name of any or all Defendants, whether jointly or otherwise, and requiring them to repatriate all funds held in such accounts by paying them to the Registry of the Court, or as otherwise ordered by the Court, for further disposition in this case;

E. Enter orders of preliminary and permanent injunction enjoining Defendants and all persons insofar as they are acting in the capacity of their agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Defendants who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. engaging in conduct in violation of Section 4b(a)(2)(A)-(C) of the Act, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C); Section 4o(1)(A)-(B), to be codified at 7 U.S.C. § 6o(1)(A)-(B); Regulation 5.2(b)(1)-(3), to be codified at 17 C.F.R. § 5.2(b)(1)-(3); and Regulation 5.3(a)(3)(i), to be codified at 17 C.F.R. § 5.3(a)(3)(i);

2. trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, to be codified at 7 U.S.C. § 1a);

3. entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 32.1(b)(1), 17 C.F.R. § 32.1(b)(1) (2010)) (“commodity options”), and/or foreign currency (as described in Section 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, to be codified at 7 U.S.C. § 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for any personal or proprietary account or for any account in which they have a direct or indirect interest;

4. having any commodity futures, options on commodity futures, commodity options, and/or forex contracts traded on their behalf;

5. 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, and/or forex contracts;

6. 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, and/or forex contracts;

7. 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) (2010); and

8. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2010)), agent or any other officer or employee of any person (as that term is defined in Section 1a of the Act, to be codified at 7 U.S.C. § 1a) 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) (2010);

F. Enter an order requiring Defendants to disgorge to the Commission all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices which constitute violations of the Act as described herein, including pre-judgment interest;

G. Enter 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 customers whose funds were

received by them as a result of the acts and practices which constituted violations of the Act as described herein;

H. Enter 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;

I. Enter an order directing each Defendant to pay a civil monetary penalty in amounts of not more than the greater of triple the monetary gain to Defendants for each violation of the Act and/or \$140,000 for each violation of the Act on or after October 23, 2008 and pre- and post-judgment interest;

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

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

Dated: April 13, 2011

Respectfully submitted,

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