

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of)
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)
WORLDWIDE CLEARING, LLC)
)
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Registrant.)
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_____)

CFTC DOCKET NO. 08-01

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NOTICE OF INTENT TO REVOKE REGISTRATION
PURSUANT TO SECTIONS 8a(2)(C) AND (E) OF
THE COMMODITY EXCHANGE ACT, AS AMENDED

I.

The Commodity Futures Trading Commission (“Commission”) has received information from its staff that tends to show, and the Commission's Division of Enforcement (“Division”) alleges and is prepared to prove, that:

1. Worldwide Clearing, LLC (“Worldwide”) is a Florida corporation with its principal place of business at 1700 NW 64th Street, Ste. 100, Ft. Lauderdale, FL 33309.
2. Since July 14, 2004, Worldwide has been registered with the Commission as a Futures Commission Merchant (“FCM”) pursuant to Section 4d and in accordance with Section 4f of the Commodity Exchange Act, as amended (“Act”), 7 U.S.C. §§ 6d and 6f (2004).
3. On September 30, 2005, the Commission filed a federal civil injunctive action against Worldwide and others. *CFTC v. Worldwide Clearing, LLC, et al.*, Case No. 05-CV-8446 (RMB)(MHD) (S.D.N.Y. filed Sept. 30, 2005).
4. The Complaint alleged that, among other things, from at least November 2004 through at least June 2005, International Currency Exchange, Inc. (“ICE”), by and through its employees, fraudulently solicited prospective customers to open accounts to trade options on

foreign currency (“forex”) by knowingly misrepresenting and failing to disclose material facts concerning, among other things: (i) the likelihood that a customer would realize large profits from trading forex options; (ii) the risk involved in trading forex options; and (iii) ICE’s poor trading record, in light of the profit representations made, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Commission Regulations (“Regulations”) 32.9(a) and (c), 17 C.F.R. §§ 32.9(a) and (c) (2004).

5. At all relevant times, ICE acted as the agent of Worldwide in its fraudulent solicitations, pursuant to an exclusive introducing agreement, whereby ICE exclusively traded all of its customers’ accounts with Worldwide, an FCM registered with the Commission.

6. On September 14, 2007, the United States District Court for the Southern District of New York entered a Consent Order of Permanent Injunction and Equitable Relief against Worldwide in the federal civil injunctive action (the “Consent Order”).

7. The Consent Order contained findings of facts that, from November 2004 and continuing through at least June 2005, ICE, by and through its employees, solicited members of the general public to open accounts to trade forex options. In telephone sales calls, ICE employees made uniform and consistent misrepresentations regarding the risks and rewards of trading forex options. In particular, ICE employees engaged in fraudulent sales solicitations by, among other things: (a) misrepresenting the likelihood of profiting from trading forex options; (b) minimizing the risk of loss; and (c) in light of the profit representations made, failing to disclose that nearly every one of ICE’s customers lost money trading forex options.

8. The Consent Order contained findings of facts that pursuant to their introducing agreement and course of conduct, ICE acted as Worldwide’s agent in soliciting customers to open accounts with Worldwide for the purpose of speculating in forex options.

9. The Consent Order contained conclusions of law that ICE, by and through its employees, for which it is liable pursuant to 7 U.S.C. § 2(a)(1)(B), committed fraudulent acts and thereby violated Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Commission Regulations 32.9(a) and (c), 17 C.F.R. §§ 32.9(a) and (c), and that Worldwide is liable, pursuant to 7 U.S.C. § 2(a)(1)(B), for ICE's fraudulent acts and violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Commission Regulations 32.9(a) and (c), 17 C.F.R. §§ 32.9(a) and (c).

10. As a result of these actions, the Consent Order:

- a. Permanently enjoins Worldwide from violating Section 4c(b) of the Act and Regulations 32.9(a) and (c), and specifically from engaging in any activity related to trading in any commodity, as that term is defined in Section 1a(4) of the Act, 7 U.S.C. § 1a(4) ("commodity interest");
- b. Permanently enjoins Worldwide from trading on or subject to the rules of any registered entity, as that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29);
- c. Permanently enjoins Worldwide from engaging in, controlling or directing the trading for any commodity interest account for or on behalf of any other person or entity, whether by power of attorney or otherwise;
- d. Permanently enjoins Worldwide from soliciting or accepting any funds from any person in connection with the purchase or sale of any commodity interest;
- e. Permanently enjoins Worldwide from applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the

Commission, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R. § 4.14(a)(9) (2004), or acting as a principal, agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R. § 4.14(a)(9) (2004);

f. Permanently enjoins Worldwide from entering into any commodity interest transactions for its own personal account, for any account in which it has a direct or indirect interest and/or having any commodity interests traded on its behalf;

g. Permanently enjoins Worldwide from engaging in any business activities related to commodity interest trading; and

h. Orders Worldwide to pay \$670,000 in restitution to defrauded customers and \$130,000 in civil monetary penalties.

11. Pursuant to Section 8a(2)(C) of the Act, 7 U.S.C. § 12a(2)(C), the Commission may revoke the registration of any person “if such person is permanently ... enjoined by order... of any court of competent jurisdiction, including an order entered pursuant to an agreement of settlement to which the Commission... is a party, from ... engaging in or continuing any activity where such activity involves ... fraud.”

12. Furthermore, under Section 8a(2)(E) of the Act, the Commission may revoke the registration of any person “if such person, within ten years ...has been found by agreement of settlement to which the Commission...is a party, (i) to have violated any provision of this Act... where such violation involves ... fraud....”

13. The facts set forth in paragraphs 1 through 12, above, constitute a valid basis for the Commission to revoke Worldwide's FCM registration.

II.

14. Pursuant to Regulation 3.60(a), 17 C.F.R. § 3.60(a), Worldwide is hereby notified that a public proceeding shall be conducted in accordance with the provisions of Regulation 3.60, 17 C.F.R. § 3.60, on the following questions:

- a. Whether Worldwide is subject to statutory disqualification from registration under Sections 8a(2)(C) and (E) of the Act, as set forth in Section I, above; and
- b. If the answer to question "a" in paragraph 14 above is affirmative, whether the registration of Worldwide as an FCM should be revoked.

15. Such proceeding shall be held before an Administrative Law Judge, in accordance with Regulation 3.60, 17 C.F.R. § 3.60, and all post-hearing procedures shall be conducted pursuant to Regulation 3.60(i)-(j), 17 C.F.R. § 3.60(i)-(j).

16. In accordance with the provisions of Regulation 3.60(a)(3), 17 C.F.R. § 3.60(a)(3), Worldwide is entitled to file a response challenging the evidentiary basis of the statutory disqualification or to show cause why, notwithstanding the accuracy of the allegations, its registration should not be suspended, revoked, or restricted. Such response must be filed with the Hearing Clerk, Office of Hearings and Appeals, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and a copy served upon Manal Sultan, Division of Enforcement, at 140 Broadway, 19th Fl., New York, NY 10005, within thirty (30) days after the date of service of this Notice upon Worldwide, in accordance with the provisions of Regulation 3.60(b), 17 C.F.R. § 3.60(b). If Worldwide fails to file a

timely response to this Notice, the allegations set forth herein shall be deemed to be true and the presiding officer may issue an Order of Default in accordance with the provisions of Regulation 3.60(g), 17 C.F.R. § 3.60(g).

III.

The Hearing Clerk shall serve this Notice of Intent to Revoke Registration by registered or certified mail pursuant to Regulation 3.50, 17 C.F.R. § 3.50.

By the Commission.



David A. Stawick
Acting Secretary to the Commission
Commodity Futures Trading Commission

Dated: January 2, 2008