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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK U.S.D.C. S.D. N.Y.

U. S. DISTRICT COURT
FILED
JUL 17 2002
S. D. OF N. Y.

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Commodity Futures Trading Commission,

Plaintiff,

v.

02 CIV 5497 (GEL)

International Financial Services (New York), Inc.,
International Financial Services (New York), LLC,
John Walker Robinson,
Chan Kow Lai a/k/a Wilson Lai

Defendants, and

Sociedade Comercial Siu Lap Limitada
Relief Defendant.
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Statutory Restraining Order Freezing Assets, Appointing A Temporary Receiver, Prohibiting the Destruction of Evidence, Permitting the Commission Immediate Access to Review Records, Granting Leave to Conduct Expedited Asset Discovery, and Ordering Defendants to Show Cause Why a Preliminary Injunction Should Not Be Granted

Plaintiff, Commodity Futures Trading Commission (the "Commission"), has filed a complaint for permanent injunction and other relief, and moved *ex parte*, pursuant to Section 6c of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. §13a-1 (1994), for a statutory restraining order freezing assets, appointing a temporary receiver, and ordering Defendants to show cause why a permanent receiver should not be appointed and why a preliminary injunction should not be issued. The Court has considered the pleadings, declarations, exhibits, and memorandum filed in support of the Commission's motion and now being fully advised in the premises finds that:

- (1) this Court has jurisdiction over the subject matter of this case, and Section 6c of the Act, 7 U.S.C. §13a-1 (1994), authorizes *ex parte* relief;
- (2) there is good cause to believe that Defendants International Financial Services (New York), Inc. and International Financial Services (New York) LLC, (collectively "IFS"), John Walker Robinson ("Robinson"), and Chan Kow Lai a/k/a Wilson Lai ("Lai"), have engaged in, are engaging in and are about to engage in: fraud in violation of 7 U.S.C. § 6b(a) (2002);
- (3) a substantial amount of the funds that IFS has received from customers has been transferred to relief defendant Sociedade Comercial Siu Lap Limitada ("Siu Lap");
- (4) since at least on or about March 2000, Defendants have fraudulently marketed foreign currency futures contracts to individuals nationwide;
- (5) absent the entry of this statutory restraining order, Defendants are likely to dissipate or transfer assets and destroy business records; and
- (6) this is a proper case for granting a statutory restraining order *ex parte* to preserve the status quo, protect public customers from loss and damage, and enable the Commission to fulfill its statutory duties, therefore the Court orders as follows:

DEFINITIONS

For the purposes of this Order, the following definitions apply:

1. "Assets" means any legal or equitable interest in, right to, or claim to, any real or personal property, including but not limited to chattels, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, receivables, contracts,

insurance policies, and all cash, wherever located, whether in the United States or abroad.

2. The term "document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes, but is not limited to, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonable usable form. A draft or non-identical copy is a separate document within the meaning of the term.

3. "Defendants" means International Financial Services (New York), Inc. ("IFS Inc."), International Financial Services (New York) LLC ("IFS LLC"), John Walker Robinson ("Robinson"), Chan Kow Lai, a/k/a Wilson Lai ("Lai"), and any person who receives actual notice of this Order by personal service or otherwise insofar as he or she is acting in concert or participation with IFS Inc., IFS LLC, Robinson and Lai.

4. "Relief Defendant" means Siu Lap and any person who receives actual notice of this Order by personal service or otherwise insofar as he or she is acting in concert or participation with Siu Lap.

RELIEF GRANTED*Asset Freeze***I.**

IT IS HEREBY ORDERED that Defendants and the Relief Defendant, except as otherwise ordered by this Court, are restrained and enjoined from directly or indirectly:

- A. transferring, selling, alienating, liquidating, encumbering, pledging, leasing, loaning, assigning, concealing, dissipating, converting, withdrawing, or otherwise disposing of any assets, wherever located, including assets held outside the United States, except as provided in Paragraphs III and VI of this Order, or as otherwise ordered by the Court;
- B. opening or causing to be opened any safe deposit boxes titled in the name or subject to access by any of the Defendants.
- C. Notwithstanding the provisions of this paragraph, Defendants shall transfer possession of all assets of the Receivership Defendants and the Receivership Defendant, as defined in Paragraph IV of this Order, pursuant to Paragraph VI of this Order.

II.

IT IS FURTHER ORDERED, pending further Order of this Court that any financial or brokerage institution, business entity, or person that holds, controls, or maintains custody of any account or asset titled in the name of, held

for the benefit of, or otherwise under the control of any Defendant or the Relief Defendant, or has held, controlled, or maintained custody of any such account or asset of any Defendant or Relief Defendant at any time since March 1, 2000 shall:

- A. Prohibit Defendants and all other persons from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling or otherwise disposing of any such asset except as directed by further order of the Court or, as to receivership assets, as directed by the Receiver, as identified in Paragraph IV of this Order, appointed herein;
- B. Deny Defendants, the Relief Defendant and all other persons access to any safe deposit box that is:(1) titled in the name of any Defendant or the Relief Defendant either individually or jointly; or (2) otherwise subject to access by any Defendant or the Relief Defendant. Notwithstanding this Paragraph, the Receiver appointed herein shall be provided with access to any safe deposit box titled in the name of, or subject to access by, Defendants or the Relief Defendant;
- C. Provide the Receiver and counsel for the Commission, within five (5) business days of receiving a copy of this Order, a statement setting forth:
 1. the identification number of each such account or asset titled in the name, individually or jointly, of any of the Defendants, the Relief Defendant or held on behalf of, or for the benefit of, any

of the Defendants or the Relief Defendant, or under the control of any of the Defendants or the Relief Defendant;

2. the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, the name of the person or entity to whom such account or other asset was remitted; and

3. the identification of any safe deposit box that is either titled in the name, individually or jointly, of any Defendant or the Relief Defendant, or is otherwise subject to access by any Defendant or the Relief Defendant;

D. Upon request by the Receiver or the Commission, promptly provide the Receiver and the Commission with copies of all records or other documentation pertaining to such account or asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; and

E. Cooperate with all reasonable requests of the Receiver or the Commission relating to implementation of this Order, including

transferring funds at the Receiver's direction and producing records related to Defendants' or the Relief Defendant's accounts.

III.

IT IS FURTHER ORDERED that within five (5) business days following the service of this Order, each Defendant and the Relief Defendant shall:

- A. Provide the Commission and the Receiver with a full accounting of all funds, documents, assets outside the United States which are (1) titled in the name individually or jointly of such Defendant or the Relief Defendant; or (2) held by person or entity, for the benefit of any Defendant or the Relief Defendant; or (3) under such Defendant's or the Relief Defendant's direct or indirect control, whether jointly or singly;
- B. Provide the Commission access to all records of accounts or assets of Defendants or the Relief Defendant held by financial institutions located outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order.

Temporary Receiver

IV.

IT IS FURTHER ORDERED that The Court shall ~~is~~ appointed a temporary Receiver ("Receiver") of IFS Inc. and IFS LLC and any affiliates or subsidiaries of IFS Inc. and IFS LLC hereinafter referred to as the "Receivership

Defendants"), with the full powers of an equity receiver. The Receiver shall be the agent of this Court in acting as Receiver under this Order.

V.

IT IS FURTHER ORDERED that the Receiver is directed and authorized to accomplish the following:

- A. Assume full control of the Receivership Defendants by removing Defendants Robinson and Lai, and any officer, independent contractor, employee, or agent of the Receivership Defendants, from control and management of the affairs of the Receivership Defendants;
- B. Take exclusive custody, control, and possession of all the funds, property, mail and other assets of, in the possession of, or under the control of the Receivership Defendants, wherever situated. The Receiver shall have full power to sue for, collect, receive and take possession of all goods, chattels, rights, credits, moneys, effects, land, leases, books, records, work papers, and records of accounts, including documents related to customers or clients whose interest are now held by or under the direction possession, custody or control of the Receivership Defendants;
- C. Take all reasonable steps necessary to secure the business premises of the Receivership Defendants, including but not limited to premises located at 40 Wall Street, 39th Floor, New York, N.Y. 10005; 2800 Post Oak Boulevard, Suite 5800, Houston, Texas

77056; and any and all other premises under the control of Receivership Defendants;

- D. Preserve, hold and manage all assets of the Receivership Defendants, and perform all acts necessary to preserve the value of those assets, in order to prevent any loss, damage or injury to customers or clients;
- E. Prevent the withdrawal or misapplication of funds entrusted to the Receivership Defendants, and otherwise protect the interest of customers or clients;
- F. Manage and administer the Receivership Defendants by performing all acts incidental thereto that the receiver deems appropriate, including hiring or dismissing any and all personnel or suspending operations;
- G. Collect all money owed to the Receivership Defendants;
- H. Initiate, defend, compromise, adjust, intervene in, dispose of, or become a party to any actions or proceedings in state, federal or foreign court necessary to preserve or increase the assets of the Receivership Defendants or to carry out his or her duties pursuant to this Order;
- I. Choose, engage and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of

duties and responsibilities under the authority granted by this Order;

J. Issue subpoenas to obtain documents and records pertaining to the receivership, and conduct discovery in this action on behalf of the receivership estate;

K. Open one or more bank accounts as designated depositories for funds of the Receivership Defendants. The Receiver shall deposit all funds of the Receivership Defendants in such designated accounts and shall make all payments and disbursements from the receivership estate from such accounts; and

L. Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Defendants prior to the date of entry of this Order, except from payments that the Receiver deems necessary or advisable to secure assets of the Receivership Defendants.

VI.

IT IS FURTHER ORDERED that, immediately upon service of this Order upon them, Defendants, the Relief Defendant and any other person or entity served with a copy of this Order, shall immediately or within such time as permitted by the Receiver in writing, deliver over to the Receiver:

- A. Possession and custody of all funds, assets, property, and all other assets, owed beneficially or otherwise, wherever situated, of the Receivership Defendants;
- B. Possession and custody of documents of the Receivership Defendants, including but not limited to all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, cancelled checks, records of wire transfers, and check registers), clients lists, title documents and other papers;
- C. Possession and custody of all precious metals, other commodities, funds, and other assets being held by or on behalf of the Receivership Defendants or on behalf of the Receivership Defendants' customers;
- D. All keys, computer passwords, entry codes, and combinations to locks necessary to gain or to secure access to any of the assets or documents of the Receivership Defendants, including but not limited to, access to the Receivership Defendants' business premises, means of communication, accounts, computer systems, or other property; and
- E. Information identifying the accounts, employees, properties or other assets or obligations of the Receivership Defendants.

VII.

IT IS FURTHER ORDERED that Defendants, the Relief Defendant and all other persons or entities served with a copy of this order shall cooperate fully with and assist the Receiver. This cooperation and assistance shall include, but not be limited to, providing any information to the Receiver that the Receiver deems necessary to exercising the authority granted by this Court; providing any password required to access any computer or electronic files in any medium; and discharging the responsibilities of the Receiver under this Order, and advising all persons who owe money to the Receivership Defendants that all debts should be paid directly to the Receiver.

VIII.

IT IS FURTHER ORDERED that except by leave of the Court, during the pendency of the receivership ordered herein, Defendants, the Relief Defendant and all other persons and entities be and hereby are stayed from taking any action to establish or enforce any claim, right or interest for, against, on behalf of, in, or in the name of, the Receivership Defendants, the Receiver, receivership assets, or the Receiver's duly authorized agents acting in their capacities as such, including but not limited to, the following actions:

- A. Commencing, prosecuting, litigating or enforcing any suit, except that actions may be filed to toll any applicable statute of limitations;
- B. Accelerating the due date of any obligation or claimed obligation, enforcing any lien upon, or taking or attempting to take possession

of, or retaining possession of, property of the Receivership Defendants or any property claimed by the Receivership Defendants, or attempting to foreclose, forfeit, alter or terminate any of the Receivership Defendants' interests in property, whether such acts are part of a judicial proceeding or otherwise;

C. Using self-help or executing or issuing, or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with, or creating or enforcing a lien upon any property, wherever located, owned by or in the possession of the Receivership Defendants, or the Receiver, or any agent of the Receiver; and

D. Doing any act or thing to interfere with the Receiver taking control, possession or management of the property subject to the receivership, or to in any way interfere with the Receiver or the duties of the Receiver; or to interfere with the exclusive jurisdiction of this Court over the property and assets of the Receivership Defendants.

This Paragraph does not stay the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

IX.

IT IS FURTHER ORDERED that the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by the Receivership Defendants. The Receiver shall file with the Court and serve on the parties periodic requests for the payment of such reasonable compensation, with the first such request filed no more than sixty (60) days after the entry date of this Order. The Receiver shall not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

X.

IT IS FURTHER ORDERED that, pursuant to 28 U.S.C. § 754 (1994), the Receiver shall file with the Clerk of the Court a bond in the amount of \$20,000⁰⁰ with sureties to be approved by the Court, conditioned that the Receiver will well and truly perform the duties of the office and abide by and perform all acts the Court directs.

Maintenance of and Access to Business Records**XI.**

IT IS HEREBY ORDERED that Defendants, the Relief Defendant and all persons or entities who receive notice of this Order by personal service or otherwise, are restrained and enjoined from directly or indirectly destroying, mutilating, erasing, altering, concealing or disposing of, in any manner, directly or

indirectly, any documents that relate to the business practices or business or personal finances of any Defendant.

XII.

IT IS FURTHER ORDERED that representatives of the Commission be immediately allowed to inspect the books, records, and other documents of Defendants, the Relief Defendant and their agents including, but not limited to, paper documents, electronically stored data, tape recordings, and computer discs, wherever they may be situated and whether they are in the possession of Defendants or others, and to copy said documents, data and records, either on or off the premises where they may be situated.

Service of Order and Assistance of United States Marshals Service

XIII.

IT IS FURTHER ORDERED that copies of this Order may be served by any means, including facsimile transmission, upon any financial institution or other entity or person that may have possession, custody, or control of any documents or assets of any Defendant or the Relief Defendant or that may be subject to any provision of this Order.

XIV.

IT IS FURTHER ORDERED that the United States Marshals Service is directed to: (a) assist the Commission in the service of summons, complaint, and this statutory restraining order on Defendants; and (b) assist the Receiver in

taking control and custody of the assets, records and business premises of the Receivership Defendants.

IT IS FURTHER ORDERED that The U.S. Marshal is authorized to take all necessary steps to secure, remove all property identified in Paragraph V and take possession of premises identified in Paragraph V, including breaking open and entering said premises and evicting all persons located with said premises; and

IT IS FURTHER ORDERED that anyone interfering with the execution of this Order is subject to arrest by the United States Marshal and/or his or her representative; and

IT IS FURTHER ORDERED that the Receiver will account completely for all property seized pursuant to this Order and shall compile a written inventory of all such property and shall provide a copy to the U.S. Marshal; and

IT IS FURTHER ORDERED that the Receiver, will act as custodian of any and all property seized pursuant to this Order and shall hold harmless the U.S. Marshals Service and its employees from any and all claims, asserted in any court or tribunal, arising from any acts, incidents, or occurrences in connection with the seizure and possession of the Defendants' property, including any third-party claims.

Expedited Discovery

XV.

IT IS FURTHER ORDERED that the parties and the Receiver are granted leave, at any time after service of this Order, to take the deposition of and

demand the production of documents from any person or entity for the purpose of discovering the nature, location, status, and extent of assets of Defendants or the Relief Defendant, and the location of documents reflecting the business transactions of Defendants or the Relief Defendant; forty-eight (48) hours notice shall be deemed sufficient for any such deposition and five (5) days notice shall be deemed sufficient for the production of any such documents.

XVI.

IT IS FURTHER ORDERED that the limitations and conditions set forth in Federal Rule of Civil Procedure 30(a)(2)(B) regarding subsequent depositions of an individual shall not apply to depositions taken pursuant to this Order. No depositions taken pursuant to paragraph XV shall count toward the ten deposition limit set forth in Federal Rule of Civil Procedure 30(a)(2)(A).

Service on the Commission

XVIII.

IT IS FURTHER ORDERED that Defendants and the Relief Defendant shall serve all pleadings, correspondence, notices required by this Order, and other materials on the Commission by delivering a copy to Karl D. Cooper, Senior Trial Attorney, Division of Enforcement, Commodity Futures Trading Commission, 140 Broadway, 19th Floor, New York, New York 10005.

Order to Show Cause

XIX.

IT IS FURTHER ORDERED that, each Defendant and the Relief Defendant shall appear before this Court on the 26th day of July, 2002 at 10:00 AM in Room 3705, USDS.

2002, at noon before the
Honorable Gerald E. Lynch, USDC at the United States
Courthouse for the Southern District of New York at
Courthouse 518, 40 Centre Street, New York,
New York, to show cause why this Court should not enter a preliminary
injunction:

- A. enjoining Defendants from further violations of the Act;
- B. continuing the freeze on the assets of Defendants and the Relief Defendant;
- C. ordering Defendants and the Relief Defendant to transfer to the territory of the United States and deliver to the Receiver all funds, documents, and assets located in foreign countries which are (1) titled in the name individually or jointly of any Defendant; or (2) held by a person or entity, or for the benefit of any Defendant; or (3) under such Defendant's direct or indirect control, whether jointly or singly;
- D. making the Receiver's appointment permanent; and
- E. ordering any additional relief this Court deems appropriate.

Should any party wish to file a memorandum of law or other papers concerning the issuance of a preliminary injunction against Defendants or the Relief Defendant, such materials shall be filed, served and received by all parties at least two (2) days before the hearing ordered above.

XX.

IT IS FURTHER ORDERED that this Order shall remain in full force and effect until further order of this Court, and that this Court retains jurisdiction of this matter for all purposes.

IT IS FURTHER ORDERED that Plaintiff shall attempt to effect service no later than 5:00 p.m. on July 19, 2002

SO ORDERED, at New York, New York on this 17th day of July, 2002, at 2:05 PM

Charles Bricaut
UNITED STATES DISTRICT JUDGE

A CERTIFIED COPY
JAMES M. PARKISON, CLERK

By RL
Deputy Clerk