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**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE**

COMMODITY FUTURES TRADING COMMISSION,	}	
Plaintiff,		
vs.		NO. CV 02-2076
STERLING FOREX LLC, a Washington Limited Liability Corporation, and MAURICE L. MILLS,		COMPLAINT
Defendants.		

Plaintiff, Commodity Futures Trading Commission (“CFTC”), an independent federal regulatory agency of the United States, for its complaint against defendants Maurice L. Mills (“Mills”) and Sterling forex, LLC (“Sterling forex”) (collectively, “Defendants”) alleges:

1. This is a civil action brought by plaintiff CFTC, to enforce claims brought under the Commodity Exchange Act, as amended (“Act”), 7 U.S.C. § 1 et. seq. (1994).

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I. JURISDICTION AND VENUE

2. Section 2(c)(2)(B) of the Act, as amended, 7 U.S.C. § 2, expressly grants the CFTC jurisdiction over certain transactions in foreign currency that are contracts for the sale of a commodity for future delivery, including the transactions alleged in this Complaint. This Court has jurisdiction over this action pursuant to Section 6c of the Act, which authorizes the CFTC to seek injunctive relief against any person whenever it shall appear 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 or any rule, regulation or order thereunder.

3. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, in that Defendants are found in, inhabit, or transact business in this District, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur, within this District, among other places.

II. SUMMARY

4. Since at least March 2002, Defendants Sterling forex and Mills have solicited and accepted funds from retail investors to engage in speculative trading of foreign currency (“forex”) futures contracts. During the course of these solicitations, through use of Sterling forex’s website, and orally and in writing to customers, Defendants have made material misrepresentations concerning, among other things, the performance record for Sterling forex’s clients, the certification

1 by the CFTC of Sterling forex's traders, and the auditing of the performance
2 record by a major accounting firm. By virtue of this fraudulent conduct,
3
4 Defendants have violated Section 4b(a)(i) and (iii) of the Act, 7 U.S.C. §6b(a)(i)
5 and (iii) (1994). In addition, Defendant Mills, as the controlling person of Sterling
6 forex, is liable for Sterling forex's violations of Section 4b(a)(i) and (iii) of the Act
7 pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (1994).
8

9 5. Accordingly, pursuant to Section 6c of the Act, Plaintiff CFTC brings
10 this action to enjoin the unlawful acts and practices of Defendants and to bar them
11 from engaging in any commodity-related activity, including soliciting new
12 customers or customers' funds. In addition, the CFTC seeks civil monetary
13 penalties in the amount of not more than the higher of \$120,000 or triple the
14 monetary gain to Defendants for each violation of the Act, disgorgement of
15 Defendants' ill-gotten gains, restitution to customers, prejudgment interest and
16 Defendants' ill-gotten gains, restitution to customers, prejudgment interest and
17 such other relief as this Court may deem necessary or appropriate.
18

19
20 6. Unless enjoined by this Court, Defendants are likely to continue to
21 engage in the acts and practices alleged in this Complaint, as more fully described
22 below.
23

24 **III. THE PARTIES**

25 **The Plaintiff**

26 7. **Commodity Futures Trading Commission** is an independent federal
27 regulatory agency that is charged with responsibility for administering and
28

1 enforcing the provisions of the Act, as amended, 7 U.S.C. §§ 1 et seq. (1994), and
2 the regulations promulgated thereunder.

3
4 **The Defendants**

5 8. **Sterling forex, LLC** is a Washington State limited liability corporation
6 incorporated in March 2002, with its principal place of business at 500 108th
7 Avenue, N.E., Bellevue, WA 98004. Sterling forex has never been registered with
8 the CFTC in any capacity.

9
10 9. **Maurice Mills** is a resident of the Washington State, and maintains his
11 business address at 500 108th Avenue, N.E., Bellevue, WA 98004. Mills is the
12 Chief Executive Officer and Chairman of Sterling forex. Mills has never been
13 registered with the CFTC in any capacity.

14
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16 **IV. FACTUAL BACKGROUND**

17 **Solicitation of Customers**

18 10. Since at least March 2002, Defendants have solicited prospective
19 customers to open forex futures trading accounts at Gain Capital, Inc. (“Gain
20 Capital”), a futures commission merchant (“FCM”) registered with the CFTC,
21 with such accounts to be managed by defendant Sterling forex.

22
23 11. Defendants solicit prospective customers through Sterling forex’s
24 Internet website located at www.sterlingforex.com and nationwide telephone
25 solicitations.

26
27 12. The Sterling forex website contains, among others, the following
28

1 fraudulent misrepresentations:

- 2
- 3 a. Sterling forex has made in excess of 60% per year for the last three years
- 4 for its managed account clients;
- 5
- 6 b. a \$10,000 investment with Sterling forex in January 1999 would have
- 7 increased, by actual trading, to approximately \$64,058 today;
- 8
- 9 c. Sterling forex achieved the following annual rates of return trading
- 10 customer accounts: 68.06% in 1999; 87.06% in 2000; 76.46% in 2001;
- 11 and 33.51% for 2002 YTD. The “Performance results are based on
- 12 actual returns . . . after factoring in all fees;” and
- 13
- 14 d. there is “monthly auditing by Price Waterhouse Coopers,” a large
- 15 accounting firm, of the trading by Sterling forex for its managed
- 16 accounts.

17 13. The Sterling forex website also includes copies of its newsletters.

18 These newsletters contain, among others, the following fraudulent

19 misrepresentations:

- 20
- 21 a. “The Sterling forex Trading Advisory Staff ... have been earning in
- 22 excess of 60% profits annually for our clients since 1999” and that
- 23 “Performance results are based on actual returns posted by Sterling
- 24 forex’s Trading Advisory Staff.... Figures shown reflect the Net return to
- 25 the investor after factoring in all fees;” and
- 26
- 27 b. Sterling forex managed account clients have earned 60% annually on
- 28 their IRAs and their other accounts.

14. Sterling forex brokers, including Mills, confirm to prospective

customers that the representations made on the website are accurate, including that

the performance record on the website is based on actual trading of Sterling forex

customers’ managed accounts.

15. Defendants also represent to prospective customers, both orally and in

1 writing, that Sterling forex has made five percent profit per month trading for the
2 accounts it manages.

3
4 16. Defendants send to prospective customers a monthly performance chart
5 on Sterling forex letterhead which purports to show that an account opened in
6 December 1998 with a \$100,000 deposit would have earned, based on actual
7 trading results, \$648,427.45 in profits by the end of May 2002.

8
9 17. A chart entitled "Quarterly Client Returns," also on Sterling forex
10 letterhead, which includes quarterly and annual results, purports to show that
11 Sterling forex clients made additional profits as a result of actual trading by
12 Sterling forex in June 2002, as they had in all previous months since trading began
13 in December 1998. In fact, the accounts managed by Sterling forex lost a total of
14 slightly in excess of \$2.1 million in June 2002.

15
16
17 18. Both charts falsely indicate that the managed accounts traded by
18 Sterling forex made profits of 74.6% in 1999, 87.1% in 2000, and 76.5% in 2001.
19 The monthly chart, which runs through May 2002, shows profits for 2002 year-to-
20 date of 24.4%; the quarterly chart, which runs through June 2002, shows profits
21 for 2002 year-to-date of 25.5%. In fact, Sterling forex did not engage in any
22 trading of client forex futures accounts prior to June 2002, and has lost in excess
23 of \$1.8 million trading client accounts since June 2002.

24
25
26 19. Mills is listed on the Sterling forex website as the company's chairman
27 and chief executive officer.
28

1 violations of Section 4(b)(i) and (iii) of the Act. Mills is therefore liable for these
2 violations pursuant to Section 13(b) of the Act.
3

4 **VI. RELIEF REQUESTED**

5 WHEREFORE, Plaintiff Commodity Futures Trading Commission
6 respectfully requests that this Court, as authorized by Section 6c of the Act, and
7 pursuant to the Court's equitable powers, enter:
8

9 1. An order of permanent injunction prohibiting Defendants Sterling forex,
10 LLC and Maurice Mills and any other person or entity associated with them,
11 including any successor thereof, from engaging in conduct violative of Section
12 4b(a)(i) and (iii) of the Act.
13

14 2. An order directing the Defendants and any successors thereof, to disgorge
15 pursuant to such procedure as the Court may order all benefits received from the
16 acts or practices which constituted violations of the Act, as described herein, and
17 interest thereon from the date of such violations;
18

19 3. An order directing the Defendants to make full restitution to every customer
20 whose funds were received by them as a result of acts and practices which
21 constituted violations of the Act, as described herein, and interest thereon from the
22 date of such violations;
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24 4. An order directing the Defendants to pay a civil penalty in the amount of not
25 more than the higher of \$120,000.00 for each violation or triple the monetary gain
26 to Defendants for each violation of the Act;
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COMPLAINT- 1