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9 UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

10 03-767 FMC JWJx

11 COMMODITY FUTURES TRADING
COMMISSION

12 Plaintiff,

13 vs.

14 EUROBANCORP, a California Limited Liability
Corporation, GLOBAL INTERBANK, INC., a
15 Nevada Corporation, PARIS DELESSEPPES a/k/a
NANCY LEMAY CASSIDY a/k/a NANCY RAE
16 NEWMAN, JOHN LASSEN,

17 Defendants.

) Case No.
) COMPLAINT FOR
) INJUNCTIVE AND
) OTHER EQUITABLE
) RELIEF AND FOR CIVIL
) PENALTIES UNDER THE
) COMMODITY
) EXCHANGE ACT AS
) AMENDED, 7 U.S.C. §§1-
) et. seq.

18
19 **I. JURISDICTION AND VENUE**

20 1. Plaintiff Commodity Futures Trading Commission ("CFTC"), an
21 independent federal regulatory agency of the United States, alleges that Defendants

1 EuroBancorp, a California corporation (“EuroBancorp”), Global Interbank, Inc., a
2 Nevada corporation (“Global”), Paris DeLesseppes a/ka/ Nancy LeMay Cassidy
3 a/k/a Nancy Rae Newman (“DeLesseppes”) and John Lassen (“Lassen”),
4 (collectively “Defendants”), have engaged, are engaging, or are about to engage in
5 acts and practices which constitute violations of Section 4(a) of the Commodity
6 Exchange Act, as amended (“Act”), 7 U.S.C. § 6(a) (1994). The CFTC further
7 alleges that EuroBancorp, DeLesseppes and Lassen have engaged, are engaging, or
8 are about to engage in acts and practices which constitute violations of Section
9 4b(a)(i)-(iii) of the Act, 7 U.S.C. 6b(a)(i)-(iii) and CFTC Regulation 1.1(b), 17
10 C.F.R. § 1.1(b) (2002).

11 2. This court has jurisdiction over this action pursuant to Section 6c(a) of
12 the Act, 7 U.S.C. § 13a-1, which authorizes Plaintiffs to seek injunctive relief
13 against any person whenever it shall appear to the CFTC that such person has
14 engaged, is engaging, or is about to engage in any act or practice constituting a
15 violation of the Act or any rule, regulation, or order thereunder. Section 2(c)(2)(B)
16 of the Act confers on the CFTC jurisdiction over certain retail transactions in
17 foreign currency for future delivery including the transactions alleged in this
18 complaint.

19 3. Venue properly lies with this Court pursuant to § 6c(e) of the Act, 7
20 U.S.C. § 13a-1(e), since Defendants are found in, inhabit, or transact business in
21 this District.

II. PARTIES

1
2 4. Plaintiff Commodity Futures Trading Commission is an independent
3 federal regulatory agency of the United States empowered to enforce the
4 provisions of the Act, 7 U.S.C. § 1 et seq. and the regulations promulgated
5 thereunder, 17 C.F.R. § 1.1 et seq.

6 5. Defendant EuroBancorp is a California corporation with its principal
7 place of business at 850 Hampshire Road in Westlake Village in Ventura County,
8 California 91361. EuroBancorp has never been registered with the Commission in
9 any capacity.

10 6. Defendant Global Interbank, Inc., is a Nevada corporation with its
11 principal place of business formerly at 1840 Century Park East, Suite 150, Century
12 City, California. Global has never been registered with the Commission in any
13 capacity.

14 7. Defendant Paris DeLesseppes a/ka/ Nancy LeMay Cassidy a/k/a
15 Nancy Rae Newman resides at 317 N. Palm Drive, Apartment 2E, Beverly Hills,
16 California, 90209. She has never been registered with the Commission in any
17 capacity.

18 8. Defendant John Lassen resides at 1422 Palmer Avenue in Camarillo,
19 California 93010. He has never been registered with the Commission in any
20 capacity.

1 **III. FACTS**

2 **A. Introduction**

3 9. From January 2001 through March 2001, Defendant Global, and from
4 March 2001 through January 2002, Defendant EuroBancorp, operated illegally in
5 violation of the Act by offering and selling illegal futures on foreign currency
6 contracts to members of the retail public.

7 10. From approximately March 2001 through December 2001,
8 DeLesseppes, on behalf of EuroBancorp, managed foreign currency trading
9 accounts and issued to the holders of the accounts she traded account statements
10 falsely representing that the trading in those accounts was profitable, when in fact
11 the accounts were losing money. Moreover, Lassen and DeLesseppes made false
12 statements to EuroBancorp customers regarding profits and investment risk and
13 misappropriated customer funds.

14 **B. Reliant Global Markets**

15 11. From April 2000 until the end of December 2000, on behalf of Reliant
16 Global Markets, LLC (“RGM”), a foreign currency trading firm located in
17 California, DeLesseppes traded its customers’ accounts through RGM’s omnibus
18 account maintained at FXCM, a then unregistered futures commission merchant
19 (“FCM”).
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1 **D. EuroBancorp's Operation**

2 23. EuroBancorp is included among the entities listed in a brochure for
3 EuroBanc, "a leading global financial firm that serves business, government and
4 individual clients through a range of sophisticated advisory, financing, trading and
5 investment capabilities.... throughout the world through its subsidiaries and
6 affiliates."

7 24. The EuroBanc brochure lists Lassen as Chairman and DeLesseppes as
8 CEO of EuroBancorp. Lassen and DeLesseppes met weekly to discuss the status
9 of EuroBancorp's business.

10 25. EuroBancorp solicited funds from members of the retail public for
11 purposes of engaging in speculative trading of futures on foreign currency
12 contracts. Customers sent funds directly to EuroBancorp, made payable to
13 EuroBancorp, and EuroBancorp deposited those customer funds in accounts in the
14 name of EuroBancorp.

15 26. EuroBancorp traded customers' accounts through an omnibus account
16 in EuroBancorp's name at Gain Capital. No individual accounts were established
17 at Gain in the names of any of EuroBancorp's customers.

18 27. As of August 19, 2002, one of EuroBancorp's websites, at
19 www.Eurobancfx.com, stated that although "performance is not guaranteed,"
20 based on "one year profit projections, EuroBancorp is confident in delivering a
21 consistent five percent return per month." Also included are testimonials from two

1 “investors” who are identified only by name: one claims a 34% return in 3 months
2 on his investment; the other claims a 45% return over an unspecified period of
3 time. As in the EuroBanc brochure, EuroBancorp is represented as participating in
4 the interbank market.

5 28. The “investors” identified in the EuroBancorp website never invested
6 in foreign currency futures trading through EuroBancorp.

7 29. During solicitations of business for EuroBancorp, Lassen and
8 DeLesseppes made false representations to customers about the likelihood of
9 profits and minimized the risk of foreign currency futures trading.

10 30. In some cases new customers opened accounts or existing customers
11 invested additional money as a result of the misrepresentations which led them to
12 believe that trading was profitable.

13 31. Some customers who had discovered they had lost funds at RGM
14 trading with DeLesseppes met with Lassen and DeLesseppes in early May 2001, at
15 which time DeLesseppes told one of the customers that if she opened an account at
16 EuroBancorp, DeLesseppes could recover her money by re-opening the positions
17 she had held at RGM. Lassen told the same customer that they could get her
18 money back for her if she opened an account at EuroBancorp.

19 32. After one Global customer transferred his account from Global to
20 EuroBancorp, he received account statements from EuroBancorp between March
21 and June 2001 indicating that his account was averaging a 60% return on his

1 investment. Based upon those account statements, the account holder's son, an
2 employee of EuroBancorp, prompted his father to invest an additional \$25,000 at
3 EuroBancorp in June 2001.

4 33. Over the next few months, from approximately April 2001 to
5 September 2001, Lassen and DeLesseppes told the account holder's son that his
6 father's \$75,000 investment had increased to over \$115,000. The father later
7 received inconsistent statements showing a balance of either \$90,000 or \$86,000;
8 neither of these statements reflected his second deposit of \$25,000.

9 34. In November 2001, the father requested that his account be liquidated
10 for the lower amount of approximately \$86,000. He has never received any money
11 from EuroBancorp.

12 35. In or about June 2001, because Lassen identified himself with the "tax
13 division" of EuroBancorp, a EuroBancorp account executive recommended that a
14 friend meet with Lassen to obtain tax advice regarding the inheritance the friend
15 had just received from his father.

16 36. During this meeting Lassen "switched" the conversation from tax
17 issues to suggest that the friend invest his inheritance in forex contracts through
18 EuroBancorp. Lassen told him that his risk was limited "because only 10 to 20%
19 of the investor's money was actually used in the trading." Lassen introduced the
20 prospective customer to DeLesseppes, whom he identified as an "experienced"
21 foreign currency trader who would manage the customer's account. Lassen

1 showed the account statements of another customer (¶ 32 above) to this
2 prospective customer to persuade him that he could also earn a “substantial return”
3 on his investment. Based on these representations, the prospective customer
4 opened an account with a \$30,000 deposit at EuroBancorp in June 2001.

5 37. After five months without account statements, despite his numerous
6 inquiries, the customer received a statement showing that he had a balance of
7 \$33,000. DeLesseppes later informed him that EuroBancorp had suspended its
8 trading prior to the issuance of the statements. In January 2002 the customer
9 requested that his account be liquidated. He has never received any money from
10 EuroBancorp.

11 38. After receiving on an irregular basis account statements showing that
12 the trading in their respective accounts had been profitable, at least three other
13 EuroBancorp customers all requested between June and November 2001 that their
14 accounts be closed and that their respective balances be returned. None of them
15 has received a refund of his account balance from EuroBancorp.

16 39. Customers of EuroBancorp, some of whom had been RGM
17 customers, received account statements from EuroBancorp that falsely represented
18 that the trading in their accounts was profitable when in fact the omnibus account
19 was losing money.

20 40. In or about December 2001, DeLesseppes ceased working for
21 EuroBancorp.

1 41. EuroBancorp solicited over \$300,000 from retail customers and has
2 failed to return most, if not all, of that money.

3 **F. Defendants’ Contracts Constitute Futures Contracts**

4 42. The foreign currency contracts that Defendants market concern the
5 purchase or sale of commodities for future delivery at prices or using pricing
6 formulas that are established at the time the contracts are initiated, and may be
7 fulfilled through offset, cancellation, cash settlement or other means to avoid
8 delivery.

9 43. The Defendants market these contracts to the general public. The
10 customers who purchase these futures contracts have no commercial need for the
11 foreign currency. Instead, customers enter into these transactions to speculate and
12 profit from anticipated price fluctuations in the markets for these currencies.

13 44. Customers do not anticipate taking -- and do not take -- delivery of the
14 foreign currencies they purchase as a consequence of these investments. If the
15 market moves in a favorable direction, a customer expects to liquidate his or her
16 investment by authorizing the sale of the contract and taking the profits.

17 45. Customers do not negotiate individual purchase agreements with
18 Defendants. The rules for margin calls, and other terms and conditions of
19 Defendant’s contracts, as set by Defendants, are standardized. The contracts sold
20 by each of Defendants require customers to pay a predetermined portion of the
21 total contract price as a “margin” payment when the contract is purchased, and

1 require customers to make an additional “margin” payment if adverse changes in
2 the market price of the commodities cause the equity in their respective accounts to
3 fall below a specified percentage.

4 46. Defendants do not conduct their foreign currency futures transactions
5 on or subject to the rules of a board of trade that has been designated by the
6 Commission as a contract market, nor are any of these transactions executed or
7 consummated by or through a member of such a contract market. Defendants do
8 not conduct their transactions on a facility registered as a derivatives transaction
9 execution facility.

10 **VIOLATIONS OF THE ACT**

11 **The Commission’s Jurisdiction**

12 47. Section 2(c)(2)(B)(i) and (ii) of the Act, 7 U.S.C. § 2, provides that
13 the Commission shall have jurisdiction over an agreement, contract or transaction
14 in foreign currency that is a sale of a commodity for future delivery, so long as the
15 contract is “offered to, or entered into with, a person that is not an eligible contract
16 participant” unless the counter-party, or the person offering to be the counter-party,
17 is a regulated entity, as defined in the Commodity Futures Modernization Act.

18 48. Section 1a(12)(A)(xi) of the Act, 7 U.S.C. § 1, defines an eligible
19 contract participant as an individual who has total assets in excess of: a) \$10
20 million; or b) \$5 million and who enters the transaction to manage the risk
21 associated with an asset owned or a liability incurred, or reasonably likely to be

1 owned or incurred. At least some, if not all, of the foreign currency futures
2 transactions alleged herein were offered to or entered into with persons who were
3 not eligible contract participants.

4 49. No Defendant is a proper counter-party for retail foreign currency
5 transactions, and therefore the Commission has jurisdiction over the transactions in
6 retail foreign currency alleged herein.

7 **COUNT I**

8 **Violation of § 4(a) of the Act:**
9 **Offer and Sale of Off -Exchange Commodity Futures Contracts**

10 50. Plaintiffs reallege and incorporate the allegations contained in
11 paragraphs 1 through 49.

12 51. Since at least December 21, 2000, and continuing to the present,
13 Defendants have offered to enter into, entered into, executed, confirmed the
14 execution of, or conducted an office or business in the United States for the
15 purpose of soliciting, accepting any order for, or otherwise dealing in transactions
16 in, or in connection with, a contract for the purchase of sale of a commodity for
17 future delivery when: (a) such transactions have not been conducted on or subject
18 to the rules of a board of trade which has been designated by the Commission as a
19 contract market for such commodity, and (b) such contracts have not been
20 executed or consummated by or through a member of such contract market, in
21 violation of Section 4(a) of the Act, 7 U.S.C. § 6(a).

1 52. Each foreign currency futures transaction not conducted on a
2 designated contract market made during the relevant time period, including but not
3 limited to those conducted by the Defendants as specifically alleged herein, is
4 alleged as a separate and distinct violation of Section 4(a) of the Act, 7 U.S.C. §
5 6(a).

6 53. Each foreign currency futures transaction not conducted on a
7 designated contract market or registered derivatives transaction execution facility
8 made during the relevant time period, including but not limited to those conducted
9 by the defendants as specifically alleged herein, is alleged as a separate and distinct
10 violation of Section 4(a) of the Act.

11 **COUNT II**

12 **Violations of § 4b(a)(i)-(iii) of the Act and § 1.1(b) of**
13 **CFTC Regulations 17 C.F.R. §1.1(b): Fraud and**
 Deceit in the Sale of Off-Exchange Futures Contracts

14 54. Plaintiffs reallege and incorporate the allegations contained in
15 paragraphs 1 through 53.

16 55. From at least March 2001 through December 2001 DeLesseppes, and
17 from March 2001 to the present, EuroBancorp and Lassen, in or in connection with
18 orders to make, or the making of, contracts of sale of commodities for future
19 delivery, made or to be made, for or on behalf of any other persons, where such
20 contracts for future delivery were or could be used for the purposes set forth in §
21 4b(a) of the Act, 7 U.S.C. § 6b(a), have: (i) cheated or defrauded or attempted to

1 defraud other persons; (ii) willfully made or caused to be made to other persons
2 false reports or statements thereof, or willfully entered or caused to be entered for
3 other persons false records thereof; and (iii) willfully deceived or attempted to
4 deceive other persons, all in violation of §§ 4b(a)(i)-(iii) of the Act, 7 U.S.C. §§
5 6b(a)(i)-(iii) and CFTC Regulation 1.1(b), 17 C.F.R. §1.1(b).

6 56. Each fraudulent misrepresentation and omission, including those
7 specifically alleged herein in paragraphs 1-49 above, is alleged as a separate and
8 distinct violation of Section 4b of the Act and Commission Regulation 1.1(b).

9 **RELIEF**

10 WHEREFORE, Plaintiff respectfully request that this Court, as authorized
11 by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to the Court's own
12 equitable powers, enter:

13 A. An order of permanent injunction prohibiting Defendants and any
14 other person or entity associated with them, or any successor thereof, from
15 engaging in conduct violative of the provisions of the Act and of the CCL
16 they are alleged to have violated, and from engaging in any commodity-
17 related activity, including soliciting new customers or customer funds;

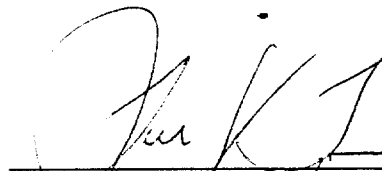
18 B. An order directing Defendants and any successors thereof to disgorge
19 pursuant to such procedure as the Court may order, all benefits received
20 from the acts or practices which constitute violations of the Act, as described
21 herein, and interest thereon from the date of such violations;

1 C. An order directing Defendants to make full restitution to every
2 customer whose funds were received by them as a result of acts and
3 practices which constituted violations of the Act, as described herein, and
4 interest thereon from the date of such violations; and

5 D. An order directing Defendants to pay a civil penalty in the amount of
6 not more than the higher of \$120,000.00 for each violation or triple the
7 monetary gain to Defendants for each violation of the Act;

8 E. An order requiring Defendants to pay costs and fees as permitted by
9 28 U.S.C. §§ 1920 and 2412(a)(2); and

10 F. Such other and further relief as the Court deems proper.

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