

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
ORLANDO DIVISION

CLERK, U.S. DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
ORLANDO, FLORIDA

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COMMODITY FUTURES TRADING COMMISSION, )

Plaintiff, )

v. )

INTERTRADE FOREX, INC., )

STANLEY CRAIG WAKEFIELD, and )

PRITESH PATEL, )

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.  
§§ 1-25

**I. SUMMARY**

1. Since at least March 2001, Defendants InterTrade Forex, Inc. (“InterTrade”), Stanley Craig Wakefield (“Wakefield”), and Pritesh Patel (“Patel”) (collectively, “Defendants”) have fraudulently offered and sold illegal foreign currency (“forex”) futures contracts to the retail public via the Internet.

2. During the course of these solicitations, through the use of InterTrade’s website, Defendants have made material misrepresentations concerning the profitability of InterTrade’s historical performance record.

3. Because the forex transactions offered and sold by InterTrade are not conducted on or subject to the rules of a board of trade designated or registered by the Commodity Futures Trading Commission (“Commission”) as a contract market or derivatives transaction execution facility for such commodity, or executed or consummated by or through a contract market member, Defendants have violated Section 4(a) of the Commodity Exchange Act (“Act”), as amended by the Commodity Futures Modernization Act of 2000 (“CFMA”), Appendix E of Pub. L. No. 106-554, 114 Stat. 2763, 7 U.S.C. § 6(a)(1994).

4. Furthermore, Defendants have violated Sections 4b(a)(i) and (iii) of the Act, 7 U.S.C. § 6b(a) and Commission Regulations §1.1(b)(1) and (3), 17 C.F.R. §1.1(b)(1) and (3) (2002), by making material misrepresentations concerning the likelihood of profits associated with trading foreign currency futures contracts.

5. Accordingly, pursuant to Section 6c of the Act, as amended by the CFMA, 7 U.S.C. § 13a-1, Plaintiff Commission brings this action to enjoin the unlawful acts and practices of Defendants and to bar them from engaging in any commodity-related activity, including soliciting new customers or customers’ funds. In addition, the Commission seeks civil monetary penalties in the amount of not more than the higher of \$120,000 or triple the monetary gain to Defendants for each violation of the Act, disgorgement of Defendants’ ill-gotten gains, restitution to customers, prejudgment interest and such other relief as this Court may deem necessary or appropriate.

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

## II. JURISDICTION AND VENUE

7. Section 2(c)(2)(B) of the Act, as amended, 7 U.S.C. § 2, expressly grants the Commission 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 Commission 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.

8. 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.

## III. THE PARTIES

### The Plaintiff

9. **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged with responsibility for administering and enforcing the provisions of the Act, as amended, 7 U.S.C. §§ 1 et seq. (1994), and the regulations promulgated thereunder.

## **The Defendants**

10. **InterTrade Forex, Inc.**, is a Delaware corporation incorporated in September 2000. Prior to December 17, 2002, InterTrade conducted business from an office located at 750 Office Plaza Blvd., Suite 303, Kissimmee, Florida 34744. Currently, InterTrade claims that its only office is located at 31 Greencourt Avenue, Edgware, Middlesex, United Kingdom HA8 5SR. InterTrade has never been registered with Commission in any capacity. However, in August 2002, it applied for registration as a commodity trading advisor, but withdrew its application in January 2003 while it was pending.

11. **Stanley Craig Wakefield** resides at 2409 Brookside Avenue, Kissimmee, Florida 34744. On InterTrade's incorporation documents, Wakefield is listed as the company's registered agent and as a manager. Wakefield is also listed on InterTrade's registration application with the Commission as the company's managing director and InterTrade's sole contact. Prior to December 17, 2002, the InterTrade website described Wakefield as a managing director and the individual who "oversees the back office operations in the Orlando office." Wakefield has never been registered with the Commission in any capacity. However, in August 2002, he applied for registration as a principal of InterTrade but withdrew his application in December 2002 while it was pending.

12. **Pritesh Patel** resides in London, England and has an address at 31 Greencourt Avenue, Edgware, Middlesex, United Kingdom HA8 5SR. According to the InterTrade website, Patel is the company's chief executive officer and main

principal. The InterTrade website also states that Patel oversees the company's trading operations. Patel is listed on InterTrade's Delaware incorporation documents as a manager/director. Patel has never been registered with the Commission in any capacity.

#### **IV. STATEMENT OF FACTS**

##### **Solicitation of Customers**

13. Since at least March 2001, Defendants have offered and sold illegal forex futures contracts to the retail public via the Internet at their website located at [www.spotfx.net](http://www.spotfx.net).

14. Defendants solicited retail customers to open managed accounts that were "specifically designed for the small investor to enter the Inter Bank foreign exchange market."

15. Once a managed account was opened, InterTrade, at its sole discretion, would assign one or more traders or trading teams to speculate in the foreign exchange market on behalf of a customer.

16. The InterTrade website contains, among others, the following fraudulent misrepresentations:

- a. "InterTrade Forex, Inc. has a proven successful performance record and has demonstrated its ability to profit in bull and bear market cycles by providing investors with above-average returns"; and
- b. InterTrade's managed forex accounts achieved "Historically High Rates of Return."

17. From at least March 2001 until December 2002, the InterTrade website contained a historical performance chart for its managed forex accounts in which some, if not all, of the monthly returns listed were false.

18. As of November 4, 2002, the historical performance chart contained returns for the months of October 2000 through July 2002.

19. The monthly returns listed in the historical performance charts indicated that InterTrade's managed forex accounts routinely made substantial returns.

20. On November 4, 2002, at [www.spotfx.net](http://www.spotfx.net), InterTrade claimed that its trading gains from inception to the present date had been +114.26%, with average monthly returns since inception of +5.19%.

21. Since June 2001, the only known trading of forex futures contracts by InterTrade resulted in monthly losses averaging -2.82%.

22. InterTrade had two forex trading accounts with Gain Capital, a registered futures commission merchant ("FCM"). In total, InterTrade lost \$18,669.46 trading forex futures contracts at Gain Capital.

23. During the relevant time period, InterTrade also had four trading accounts at Forex Capital Markets ("FXCM"), a registered FCM. In total, InterTrade lost \$205,656.95 trading forex futures contracts at FXCM.

**Defendants' Purported Foreign Currency Transactions Are Illegal Futures Contracts**

24. Defendants acted as the counterparty to all of the transactions entered into by the retail customers.

25. Defendants purport to offer contracts in “cash” and “spot” foreign currency to retail investors, which in reality are illegal off-exchange futures contracts. The foreign currency contracts that Defendants offer and sell are futures contracts because they have the characteristics indicative of a futures contract.

26. The contracts represent contracts for future delivery of foreign currencies that are cash settled in US dollars. The prices are established at the time the contracts are initiated, and may be settled through offset, cancellation, cash settlement or other means to avoid delivery.

27. Defendants market the InterTrade contracts to the general public as a means to speculate and profit from anticipated price fluctuations in the markets for these currencies.

28. Unlike parties to a spot transaction, small retail investors, such as InterTrade’s customers, who purchase these futures contracts, typically have no commercial need for the foreign currency. There is no provision on InterTrade’s website or in its customer agreement which anticipates or provides for customers taking delivery of the foreign currencies they purchase.

29. Defendants do not conduct their foreign currency futures transactions on or subject to the rules of a board of trade that has been designated or registered by the Commission as a contract market or derivatives transaction execution facility for such commodity.

30. Defendants do not execute or consummate their contracts by or through a contract market. As a result, the contracts are illegal futures contracts.

31. Section 2(c)(2)(B)(i) and (ii) of the Act provides that the Commission shall have jurisdiction over an agreement, contract or transaction in foreign currency that is a sale of a commodity for future delivery, so long as the contract is “offered to, or entered into with, a person that is not an eligible contract participant” unless the counter-party, or the person offering to be the counter-party, is a regulated entity, as enumerated in the Act.

32. No Defendant is a proper counter-party for retail foreign currency transactions.

33. Section 1a(12)(A)(xi) of the Act, as amended by the CFMA, 7 U.S.C. § 1, defines an eligible contract participant as an individual who has total assets in excess of: a) \$10 million; or b) \$5 million and who enters the transaction to manage the risk associated with an asset owned or a liability incurred, or reasonably likely to be owned or incurred. At least some, if not all, of the forex futures transactions alleged herein were offered to or entered into with persons who were not eligible contract participants, and so the Commission has jurisdiction over such InterTrade contracts.

34. Therefore, the Commission has jurisdiction over the transactions in retail foreign currency alleged herein.

## V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

### COUNT I

#### **VIOLATION OF SECTION 4(a) OF THE ACT, 7 U.S.C. § 6(a): OFFER AND SALE OF COMMODITY FUTURES CONTRACTS NOT CONDUCTED ON A BOARD OF TRADE WHICH HAS BEEN DESIGNATED AS A CONTRACT MARKET**

35. Plaintiff realleges paragraphs 1 through 34 above and incorporates these allegations herein by reference.

36. Since at least March 2001, and continuing to the present, Defendants have offered to enter into, entered into, executed, confirmed the execution of, or conducted an office or business for the purpose of soliciting, accepting any order for, or otherwise dealing in transactions in, or in connection with, a contract for the purchase or sale of a commodity for future delivery when: (a) such transactions have not been conducted on or subject to the rules of a board of trade which has been designated by the Commission as a contract market or derivatives transaction execution facility for such commodity, (b) such contracts have not been executed or consummated by or through a contract market, and (c) such contracts have not been evidenced by a record in writing which shows the property covered, its price, and the terms of delivery, in violation of Section 4(a) of the Act, as amended by the CFMA, 7 U.S.C. § 6(a).

37. Each foreign currency futures transaction not conducted on a designated contract market or derivatives transaction execution facility for such commodity made during the relevant time period, including but not limited to those conducted by the Defendants as specifically alleged herein, is alleged as a separate and distinct violation of Section 4(a) of the Act, as amended by the CFMA, 7 U.S.C. § 6(a).

## COUNT II

### **Section 4b(a)(i) and (iii) of the Act and Section 1.1(b)(1) and (3) of the Commission's Regulations: Fraud and Deceit in the Sale of Futures Contracts**

38. Paragraphs 1 through 37 are realleged and incorporated by reference.

39. During the relevant time period, Defendants, in or in connection with the orders to make, or the making of, contracts of sale of commodities for future delivery, made or to be made, for or on behalf of any other persons, where such contracts for future delivery were or could be used for the purposes set forth in Section 4b(a) of the Act, 7 U.S.C. § 6b(a) (1994), have cheated or defrauded or attempted to cheat or defraud investors or prospective investors and willfully deceived or attempted to deceive investors or prospective investors by making material misrepresentations concerning InterTrade's historical performance record.

40. Defendants committed the aforementioned acts all in violation of Section 4b(a)(i) and (iii) the Act, 7 U.S.C. § 6b(a)(i) and (iii) (1994), and in violation of Commission Regulation §1.1(b)(1) and (3), 17 C.F.R. § 1.1(b)(1) and (3)(2002).

41. Each fraudulent misrepresentation and omission, including those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(i) and (iii) of the Act and Commission Regulation 1.1(b)(1) and (3).

## **VI. RELIEF REQUESTED**

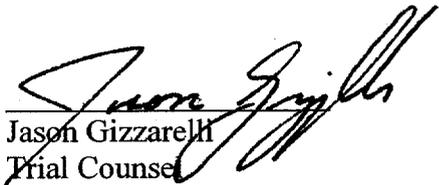
WHEREFORE, Plaintiff Commission respectfully requests that this Court, as authorized by Section 6c of the Act, and pursuant to the Court's equitable powers, enter:

1. an order of permanent injunction prohibiting Defendants InterTrade, Wakefield, and Patel and any other person or entity associated with them, including any successor thereof, from engaging in conduct violative of Section 4(a) of the Act, as amended by the CFMA, 7 U.S.C. § 6(a), Section 4b(a)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(i) and (iii) and Commission Regulation §1.1(b)(1) and (3), 17 C.F.R. § 1.1(b)(1) and (3);
2. an order directing Defendants InterTrade, Wakefield, and Patel and any successors thereof, to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constituted violations of the Act, as described herein, and interest thereon from the date of such violations;
3. an order directing Defendants InterTrade, Wakefield, and Patel to make full restitution to every customer whose funds were received by them as a result of acts and practices which constituted violations of the Act, and interest thereon from the date of such violations;
4. an order directing InterTrade, Wakefield, and Patel to pay a civil penalty in the amount of not more than the higher of \$120,000 or triple the monetary gain to Defendants for each violation of the Act;
5. an order requiring Defendants InterTrade, Wakefield, and Patel to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2); and

6. such other and further remedial ancillary relief as the Court may deem  
just and proper.

Dated this 28<sup>th</sup> day of January 2003.

Respectfully submitted,



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Trial Counsel

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