

**AB**

**UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**COMMODITY FUTURES TRADING  
COMMISSION,**

Plaintiff,

v.

**WORLDWIDE COMMODITY CORPORATION,** a  
Florida corporation, **STEVEN LABELL,** an individual,  
**JOSEPH L. ALLEN,** an individual, **BRUCE N.  
CROWN,** an individual, **PHIL FERRINI,** an individual,  
and **UNIVERSAL FINANCIAL HOLDING  
CORPORATION,** a Florida corporation,  
Defendants,

and

**LARRY KAHN,** an individual,  
Relief Defendant.

**CIVIL ACTION**

NO.

04cv3641

**FILED AUG -2 2004**

**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF  
AND CIVIL MONETARY PENALTIES PURSUANT TO THE COMMODITY  
EXCHANGE ACT, 7 U.S.C. § 1 ET SEQ.**

By and for its complaint, Plaintiff Commodity Futures Trading Commission (the  
"Commission") alleges as follows:

**I. SUMMARY**

1. Since at least January 1, 2003, Worldwide Commodity Corporation ("Worldwide Commodity"), through its employees, including, but not limited to, Joseph L. Allen ("Allen"), Bruce N. Crown ("Crown"), and Phil Ferrini ("Ferrini"), has been fraudulently soliciting customers to trade options on commodity futures contracts ("commodity options") 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 commodity options; (ii) the risk involved in trading commodity options; and (iii) the poor performance record of Worldwide

Commodity's customers who traded commodity options. Defendant Steven Labell ("Labell"), president of Worldwide Commodity, is liable under the Act as a controlling person since he had actual and constructive knowledge of the fraud and allowed the fraud to continue.

2. Since at least November 1, 2000, Universal Financial Holding Corporation ("Universal Financial") has served as guarantor for Worldwide Commodity with respect to its sale of commodity options and, therefore, is liable for Worldwide Commodity's violations of the Commodity Exchange Act (the "Act"), 7 U.S.C. § 1 *et seq.* (2002).

3. Larry Kahn ("Kahn") is a relief defendant in this action. Kahn is a shareholder of Worldwide Commodity and has received over \$408,000 in proceeds from the firm. Because he received proceeds that the firm obtained as a result of its fraudulent conduct, he must disgorge these funds regardless of whether he actually violated the Act.

## **II. JURISDICTION AND VENUE**

4. The Act establishes a comprehensive system for regulating the purchase and sale of commodity futures contracts, including the commodity options offered by Worldwide Commodity. This Court possesses jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which provides that, whenever it shall appear to the Commission that any 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 promulgated thereunder, the Commission may bring an action against such person to enjoin such practice or to enforce compliance with the Act. Section 4c(b) of the Act, 7 U.S.C. § 6c(b), grants the Commission jurisdiction, including anti-fraud jurisdiction, over transactions in commodity options.

5. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), because defendants transact business in this District and violations of the Act have

occurred, are occurring, or are about to occur within this District, among other places. In particular, Worldwide Commodity has at least fifteen customers who reside in this District. Further, Worldwide Commodity advertises on Bloomberg Television, a financial news cable network, which is broadcast in this District. Worldwide Commodity purchases radio advertising in this District as well.

### **III. REGULATORY BACKGROUND**

6. The Act and Commission Regulations ("Regulations") establish various classifications of Commission registrants.

7. An Introducing Broker ("IB") is any person who is "engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market ...who does not accept any money, securities, or property." Section 1a(23) of the Act, 7 U.S.C. § 1a(23).

8. A Futures Commission Merchant ("FCM") is similar to an IB, but an FCM may accept customer funds. Section 1a(20) of the Act, 7 U.S.C. § 1a(20).

9. Worldwide Commodity has been a guaranteed IB of Universal Financial since November 1, 2000. All of Worldwide Commodity's customers have their accounts with Universal Financial. Further, Worldwide Commodity does not handle customer funds.

10. Any natural person associated with an FCM or IB, who (i) solicit[s] or accepts customers' or options customers' orders; or (ii) supervis[es] any person or persons so engaged, must register as an Associated Person ("AP"). Regulation 1.3(aa)(1) and (2), 17 C.F.R. § 1.3(aa)(1) and (2).

#### IV. THE PARTIES

11. Commodity Futures Trading Commission is an independent federal agency of the United States government charged with the administration and enforcement of the Act and the Regulations.

12. Worldwide Commodity Corporation is a Florida corporation whose principal place of business is 700 N. Hiatus Road #203, Pembroke Pines, Florida, 33026. Worldwide Commodity has been registered as a guaranteed IB of Universal Financial since at least November 1, 2000. Worldwide Commodity first registered with the Commission on December 3, 1998.

13. Steven Labell resides at 1251 NW 94<sup>th</sup> Avenue, Plantation, Florida, 33322. Labell has been registered with the Commission as an AP and has been listed as a principal of Worldwide Commodity since November 20, 1998. Labell first registered with the Commission on May 21, 1986. He has previously worked at six different firms, including five firms that have been closed for sales solicitation fraud by either the Commission or the National Futures Association (the "NFA"), the industry's self-regulatory authority. Labell is the president and a director of Worldwide Commodity and owns fifty percent of the firm's stock.

14. Joseph L. Allen resides at 10701 Cleary Boulevard #209, Plantation, Florida, 33324. Allen first registered with the Commission on February 23, 1999. He has worked at three different firms. Allen was registered as an AP at Worldwide Commodity from December 2, 2002, to January 20, 2004. He was also listed as a principal of the firm. He re-registered as an AP at Worldwide Commodity on March 29, 2004 and was subsequently re-listed as a principal.

15. Bruce N. Crown's residence is unknown. Crown has been registered as an AP of Worldwide Commodity since December 2, 2002. Crown is also listed as a principal of the firm.

Crown first registered with the Commission on November 24, 1997, and has worked at seven other firms, including Risk Capital Trading Group, Inc., another IB that the Commission has sued for solicitation fraud. Crown solicits customers and holds himself out to members of the public as the firm's senior broker. Crown has been the subject of six reparations complaints before the Commission and was disbarred by the Florida State Supreme Court on November 18, 1999.

16. Phil Ferrini resides at 11620 NW 29 Manor, Sunrise, Florida, 33323. Ferrini has been registered as an AP of Worldwide Commodity intermittently since May 3, 1999. Ferrini is also listed as a principal of the firm. Ferrini first registered with the Commission on December 26, 1996, and has worked at four other firms.

17. Larry Kahn resides at 1361 NW 99th Avenue, Plantation, Florida, 33322. Before forming Worldwide Commodity, Kahn had previously worked at two different firms, including one firm that has been closed for sales solicitation fraud. Kahn has been registered with the Commission as an AP and has been listed as a principal of Worldwide Commodity since November 20, 1998. Kahn first registered with the Commission on April 29, 1985. Kahn is a director of Worldwide Commodity and owns fifty percent of the firm's stock.

18. Universal Financial Holding Corporation is a Florida corporation whose principal place of business is 2999 NE 191<sup>st</sup> Street, Suite 601, Aventura, Florida, 33180. Universal Financial is an FCM. Universal Financial is jointly and severally liable for Worldwide Commodity's violations of the Act pursuant to the parties' Guarantee Agreement (the "Agreement"). *See Exhibit A.*

## V. FACTUAL STATEMENT

### A. **Universal Financial's Guarantee Agreement with Worldwide Commodity**

19. On or about, November 1, 2000, Universal Financial and Worldwide Commodity entered into the Agreement. Under the terms of the Agreement, Worldwide Commodity agrees to introduce all its customers to Universal Financial. In exchange, Universal Financial

guarantees performance by [Worldwide Commodity] of, and shall be jointly and severally liable for, all obligations of [Worldwide Commodity] under the Commodity Exchange Act, as it may be amended from time to time, and the rules, regulations and orders which have been or may be promulgated thereunder with respect to the solicitation of and transactions involving all commodity customer, option customer, foreign futures customer and foreign options customer accounts of the introducing broker entered in or after the effective date of this agreement.

Exhibit A.

20. On information and belief, Worldwide Commodity and Universal Financial have continuously maintained this relationship since at least November 1, 2000.

### B. **Worldwide Commodity APs Have Violated the Act and Commission Regulations**

#### 1. **Background**

21. Since at least January 1, 2003, Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) have solicited members of the general public to open accounts through Worldwide Commodity to trade commodity options.

22. In telephone sales calls, Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) made and continue to make fraudulent and materially misleading sales solicitations by knowingly misrepresenting or omitting: (i) the likelihood that a customer would realize large profits from trading commodity options; (ii) the risk involved in trading commodity options; and (iii) the poor performance record of Worldwide Commodity's customers who traded commodity options.

**2. Misrepresentations Exaggerating the Likelihood of Profit**

23. Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) routinely highlight to prospective customers the likelihood of enormous returns on their commodity option purchases, usually within a short period of time, despite the fact that 99 percent of Worldwide Commodity's customers lost money. For example:

- a. In May 2003, Crown told Robert Ray that he could expect to earn \$100,000 or \$200,000 on a \$50,000 investment in natural gas options.
- b. In May 2003, Gail Eisenberg, a Worldwide Commodity AP, told Susan Koenig that the Euro was going to increase in value substantially in the next few weeks, so she could double or triple, or possibly even quadruple her investment in Euro options.
- c. In May 2003, Fred Young, a Worldwide Commodity AP, told Charles Glavina that he could earn 87 percent on an investment in Euro options.
- d. In June 2003, Crown told Christian DiPretoro that, if he invested in natural gas options, he would earn \$30,000 on a \$10,000 investment within the next few weeks.
- e. In July 2003, Crown told Joe Barness he should expect to earn \$200,000 on a \$50,000 investment within the next two months.
- f. In July 2003, Ferrini told Joe Barness that he would likely earn \$25,000 on a \$10,000 investment in unleaded fuel options.
- g. In August 2003, Allen told Raymundo Ycong he would more than double his investment in a very short period of time.

- h. In August 2003, Stuart Schwartz, a Worldwide Commodity AP, told Michael Roytman that heating oil prices rally during the winter months, so Roytman would likely earn a 20 percent to 40 percent profit on an investment in heating oil options in the near future.
- i. In December 2003, Crown told Michael J. Rambod that he could realistically earn \$500,000 on a \$42,000 investment.

24. Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) systematically tell prospective customers that they will earn a substantial profit because of well-known public information or seasonal trends. For example:

- a. In March 2003, Ferrini told Robert Duncan that low U.S. interests rates, the state of the U.S. economy and the war in Iraq were each going to push the price of the Euro higher vis-à-vis the U.S. dollar, and that therefore Euro options would be a profitable investment.
- b. In May 2003, Allen told Robert Ray that gasoline consumption increases in the summer because people tend to go on vacations, and that therefore the price of unleaded fuel options increases.
- c. In May 2003, Crown told Susan Koenig that the price of unleaded fuel always goes up at this time of year, that the travel season was about to begin, that travel is always very high during Memorial Day weekend, and that therefore buying unleaded fuel options would be a profitable investment.

- d. In June 2003, Eisenberg told William F. Lambert that heating oil options would be a very profitable investment because the demand for heating oil is so much greater in the winter.
- e. In July 2003, Ferrini told Joe Barness that gas prices were low and were going to rise in the near future because the travel season was fast approaching, so demand for gasoline was going to increase, and that therefore, purchasing unleaded fuel options would be a profitable investment.
- f. In approximately August 2003, Ferrini told Richard Newman that the demand for unleaded fuel increases in November and December as families travel over the holidays, and that therefore making unleaded fuel options a good investment.
- g. In July 2003, Crown told Joe Barness that this was the time to invest in natural gas options because (1) Federal Reserve Chairman Alan Greenspan had announced that there was a shortage of natural gas, so the price was going to rise soon; and (2) the United States was due to have a cold winter, which would also push natural gas prices higher.
- h. In August 2003, Allen told Mark Southard that the war in Iraq was going to push the price of crude oil higher, and that therefore purchasing crude oil options was a profitable investment.
- i. In August 2003, Allen told Raymundo Ycong that heating oil options were a great investment this year because the United States was going to have a cold winter and there was a shortage in the supply of heating oil.

25. Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) repeatedly use misleading leverage examples to promote the profit potential of commodity options. These leverage examples misinform prospective customers by suggesting that they are going to earn large profits trading commodity options if the market moves even a small amount. For example:

- a. In approximately December 2002 or January 2003, Eisenberg told Robert Duncan that a one-cent movement in the price of the Euro would yield large profits in an investment in Euro options.
- b. In May 2003, Allen told Robert Ray that small movements, such as a one-cent change in the price of the fuel, would yield amazing profits on his option investment.
- c. In August 2003, Allen told Raymundo Ycong that an investment in heating oil options would be leveraged so a one-cent move in the price of the underlying heating oil would yield a large return.
- d. In August 2003, Stuart Schwartz told Robert Morris that he could earn a very large return on his heating oil option investment, if the price of heating oil increased by even one cent.

26. In their sales solicitations, Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) deliberately misrepresent the urgency of the investment opportunity and try to convince prospective customers to invest immediately so as not to miss what they indicate is a fleeting opportunity to make a lot of money. If prospective customers hesitate, Worldwide Commodity APs increase the urgency of the opportunity, and tell customers

that they must act immediately in order to maximize their profits. In doing so, Worldwide Commodity APs convey the false impression that profits are guaranteed and that the only variable is the amount of the profit to be made by the customer. For example:

- a. In May 2003, Eisenberg told Susan Koenig that the market was poised to increase, and that Koenig would miss out on her opportunity to profit if she did not invest immediately.
- b. In May 2003, Crown told Susan Koenig she would earn a very large profit, but only if she invested before Memorial Day weekend, which was coming up in a few days.
- c. In July 2003, Ferrini told Joe Barness that he should invest immediately or he would miss out on this opportunity to earn a large profit trading commodity options.
- d. In August 2003, Allen told Raymundo Ycong that if he did not invest immediately, he would miss out on this once-in-a-lifetime opportunity to make money.
- e. In October 2003, Stuart Schwartz told Kenneth Scott that he would earn a very large profit (perhaps doubling his investment in a few days), but only if he invested in Yen options that day.

**3. Misrepresentations and Omissions Minimizing the Risk of Loss**

27. During the course of their telephone sales solicitations, Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) routinely fail to disclose adequately the risk of loss inherent in trading commodity options. Their references to the

Commission's standard risk disclosures are nullified by Worldwide Commodity's oral misrepresentations regarding profit. Their misrepresentations and omissions falsely convey that, while losses experienced in trading commodity options are theoretically possible, trading with Worldwide Commodity will be highly profitable and virtually risk free. For example:

- a. In May 2003, Crown told Robert Duncan that investing in options on the Japanese Yen was a once in a lifetime opportunity.
- b. In May 2003, Gail Eisenberg told Susan Koenig that there were minimal risks involved with trading options and that only those individuals who did not trust her trading advice lost money.
- c. In June 2003, Crown told James Hall that the only way he would not make money on natural gas options was if they found out that Hillary Clinton had all of the gas stored up.
- d. In July 2003, Crown told Joe Barness that Greenspan's comments were the same as if Greenspan was throwing hundred-dollar bills on the ground and all Barness had to do was pick them up.
- e. In October 2003, Schwartz told Kenneth Scott that Euro options were a safe investment.

#### **4. Worldwide Commodity's Losing Trading Record**

28. Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) never disclose their actual overall trading record to prospective customers despite their claims of large profits and minimal risk. In fact, the overwhelming majority of Worldwide Commodity's customers lost money on their investments.

29. During 2002, Worldwide Commodity opened 181 new options trading accounts. These 181 accounts collectively lost \$2,026,815.40, and 98 percent of the accounts (178

customers) lost money. Worldwide Commodity's most successful customer in 2002 earned \$513 after paying commissions and fees.

30. In 2003, Worldwide Commodity opened 187 new options trading accounts. As of March 31, 2004, 171 of these accounts were closed. These 171 accounts collectively lost \$2,282,383.45, and 99 percent of the accounts (169 customers) lost money. Two customers earned a collective profit of \$577.47 after paying commissions and fees.

31. As of March 31, 2004, 16 accounts opened in 2003 remained open. These 16 accounts each lost money and collectively had unrealized losses of \$384,774.01.

32. Between January 1, 2002 and March 31, 2004, Worldwide Commodity charged \$5,018,200.19 in commissions and fees to their customers.

33. Despite Worldwide Commodity's trading record and the enormous losses suffered by its customers, Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) encouraged prospective customer to purchase commodity options claiming that they were successful traders. For example:

- a. In May 2003, Ferrini told Robert Duncan that he had numerous clients for whom he earned substantial profits.
- b. In May 2003 Crown told Robert Duncan that he was a very successful broker at the firm and recounted in great detail how he had numerous large clients for whom he made substantial profits.
- c. In May 2003, Crown told Robert Ray that he really like helping people, so he continues to invest for small investors like Ray and make large profits for them.

- d. In August 2003, Stuart Schwartz told Michael Roytman that he had a number of customers who were currently purchasing heating oil options and making good money.
- e. In approximately December 2003 or January 2004, Stuart Schwartz told Bruce Palevac said that there was "no one better" than Crown and that investing with him was a sure way to make money.

**C. Labell is a Controlling Person**

34. Labell directly or indirectly controlled Worldwide Commodity and did not act in good faith, or knowingly induced, directly or indirectly, the violations of the Act. He therefore is liable as a controlling person pursuant to Section 13(b) of the Commodity Exchange Act, 7 U.S.C. § 13c(b) (2002).

35. Labell is registered with the Commission as a principal of Worldwide Commodity. He played a central role in the formation and operation of this corporation. Labell is President of Worldwide Commodity. In that capacity, he handles customer complaints and signs the firm's settlement agreements with disgruntled customers who have alleged sales solicitation fraud against Worldwide Commodity. As such, he has actual knowledge of the fraudulent solicitations conducted by Worldwide Commodity APs. Labell also conducts the firm's annual self-examination audit with the NFA. As part of the audit, Labell was required to supervise sales solicitations. As such, he also has at least constructive, if not actual, knowledge of violations of the Act and Regulations.

36. Labell also has control over all of the firm's employment decisions. Labell hires the firm's employees, signs the firm's employment agreements, and signs the firm's paychecks.

Labell has the ability and the control to prevent fraudulent sales solicitations from occurring at Worldwide Commodity, but failed to do so.

37. Because Labell had knowledge of the fraud and allowed it to continue, and either failed to act in good faith, or knowingly induced the violations, he is liable as a controlling person.

**D. Kahn is a Relief Defendant**

38. Pursuant to federal common law, Kahn is a relief defendant because he has received ill-gotten funds from defendants' fraudulent conduct, and, therefore, must disgorge all ill-gotten gains regardless of whether he actually violated the anti-fraud provision of the Act.

39. Kahn is a fifty percent shareholder of Worldwide Commodity. On information and belief, Kahn has limited involvement with the day-to-day operation of Worldwide Commodity. However, as a shareholder, Kahn receives half of Worldwide Commodity's profits. Since January 1, 2003, Kahn has received at least \$408,000 in ill-gotten proceeds from the firm.

**VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT**

**COUNT ONE: OPTIONS FRAUD (7 U.S.C. § 6c(b) AND 17 C.F.R. § 33.10)**

40. Paragraphs 1 through 39 above are realleged and incorporated by reference.

41. Section 4c(b) of the Act, 7 U.S.C. § 6c(b), makes it unlawful to offer to enter into, enter into or confirm the execution of, any transaction involving any commodity regulated under the Act which is of the character of, or is commonly known to the trade as, an "option", "privilege", "indemnity", "bid", "offer", "put", "call", "advance guaranty", or "decline guaranty", contrary to any rule, regulation, or order of the Commission prohibiting any such transaction or allowing any such transaction under such terms and conditions as the Commission shall prescribe.

42. Regulation 33.10, 17 C.F.R. § 33.10, makes it unlawful for any person directly or indirectly, (a) to cheat or defraud or attempt to cheat or defraud any other person; (b) to make or cause to be made to any other person any false report or statement thereof or cause to be entered for any person any false record thereof; (c) to deceive or attempt to deceive any other person by any means whatsoever in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction.

43. As described in paragraphs 1 through 39 above, Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) in connection with offers to enter into, the entry into, the confirmation of the execution of and the maintenance of commodity options transactions cheated or defrauded or attempted to cheat or defraud customers, and deceived or attempted to deceive customers, by knowingly misrepresenting and failing to disclose material facts, concerning, among other things, the likelihood that a customer would realize large profits from trading commodity options; the risk involved in trading commodity options; and the poor performance record of Worldwide Commodity's customers, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10.

44. As described in paragraphs 1 through 39 above, Allen, in connection with offers to enter into, the entry into, the confirmation of the execution of and the maintenance of commodity options transactions cheated or defrauded or attempted to cheat or defraud customers, and deceived or attempted to deceive customers, by knowingly misrepresenting and failing to disclose material facts, concerning, among other things, the likelihood that a customer would realize large profits from trading commodity options; the risk involved in trading commodity options; and the poor performance record of Worldwide Commodity's customers, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10.

45. As described in paragraphs 1 through 39 above, Crown, in connection with offers to enter into, the entry into, the confirmation of the execution of and the maintenance of commodity options transactions cheated or defrauded or attempted to cheat or defraud customers, and deceived or attempted to deceive customers, by knowingly misrepresenting and failing to disclose material facts, concerning, among other things, the likelihood that a customer would realize large profits from trading commodity options; the risk involved in trading commodity options; and the poor performance record of Worldwide Commodity's customers, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10.

46. As described in paragraphs 1 through 39 above, Ferrini, in connection with offers to enter into, the entry into, the confirmation of the execution of and the maintenance of commodity options transactions cheated or defrauded or attempted to cheat or defraud customers, and deceived or attempted to deceive customers, by knowingly misrepresenting and failing to disclose material facts, concerning, among other things, the likelihood that a customer would realize large profits from trading commodity options; the risk involved in trading commodity options; and the poor performance record of Worldwide Commodity's customers, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10.

47. The fraudulent misrepresentations and omissions of Worldwide Commodity APs (including, but not limited to, Allen, Crown, and Ferrini) occurred within the scope of their employment with Worldwide Commodity. Worldwide Commodity is, therefore, liable for these acts pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B).

48. Labell directly or indirectly controlled the other defendants, and did not act in good faith or knowingly induced, directly or indirectly, the act or acts constituting the violations

alleged as to the other defendants. Labell therefore is a controlling person and is liable for these acts pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

49. Kahn is a relief defendant. He has received at least \$408,000 in ill-gotten gains as a result of the fraud committed by Worldwide Commodity and, therefore, must repay this money.

50. Pursuant to the Agreement, Universal Financial is "jointly and severally liable for, all violations of [Worldwide Commodity] under the Commodity Exchange Act ... with respect to the solicitation of and transactions involving all [commodity option customer] accounts of the introducing broker entered into on or after the effective date of this agreement."

51. Each material misrepresentation and omission made during the relevant time period by Worldwide Commodity through its APs (including, but not limited to, Allen, Crown, and Ferrini) including but not limited to those specifically alleged herein, is a separate and distinct violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10.

## **VII. RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to its own equitable powers, enter:

- a. an order finding that Worldwide Commodity, Labell, Allen, Crown, and Ferrini violated Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10;
- b. a permanent injunction prohibiting Worldwide Commodity, Labell, Allen, Crown, and Ferrini from engaging in conduct in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10, and from

engaging in any commodity-related activity, including soliciting new customers;

- c. an order directing Worldwide Commodity, Labell, Allen, Crown, Ferrini, and Kahn to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constitute violations of the Act or Regulations, as described herein, and interest thereon from the date of such violations;
- d. an order directing Worldwide Commodity, Labell, Allen, Crown, Ferrini, and Universal Financial to make full restitution, pursuant to such procedure as the Court may order, to every customer whose funds were received by them as a result of acts and practices which constituted violations of the Act and Regulations, as described herein, and interest thereon from the date of such violations;
- e. an order directing Worldwide Commodity, Labell, Allen, Crown, Ferrini, and Universal Financial to pay a civil monetary penalty in the amount of not more than the higher of \$120,000 or triple the monetary gain to each defendant for each violation of the Act or Regulations; and

f. such other and further remedial ancillary relief as the Court may deem appropriate.

Respectfully submitted,



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Jan M/Folena, Esq.  
Jed M. Silversmith, Esq.  
Commodity Futures Trading Commission  
Division of Enforcement  
1155 21st Street, N.W.  
Washington, DC 20581  
(202) 418-5313 (Folena)  
(202) 418-5337 (Silversmith)  
(202) 418-5531 (facsimile)

Dated: July 30, 2004