

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No.08-22027-CIV-Graham/Torres

U.S. COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

ROBIN STATES (A/K/A GREGORY HAMPTON), D/B/A INFINITY ONLINE
INVESTORS GROUP; AND
BERNADETTE BOWDEN (A/K/A BERNADETTE STATES),

Defendants, and

PAUL STATES,

Relief Defendant.

**ORDER OF JUDGMENT BY DEFAULT AND ANCILLARY EQUITABLE RELIEF
AGAINST RELIEF DEFENDANT PAUL STATES**

On July 14, 2008, the U.S. Commodity Futures Trading Commission filed a Complaint charging Defendants Robin States and Bernadette Bowden ("Bowden") with cheating, defrauding, and deceiving investors in violation of Sections 4b(a)(2)(i) - (iii), 4c(b), 4m(1), 4n(4), and 4o(1) of the Commodity Exchange Act ("Act"), 7 U.S.C. §§ 6b(a)(2)(i) - (iii), 4c(b), 6m(1), 6n(4), and 6o(1), and Commission Regulations 4.20, 4.21, 4.22, and 33.10(a) - (c), 17 C.F.R. §§ 4.20, 4.21, 4.22, and 33.10(a) - (c). The Commission's Complaint named Defendant Paul States as a Relief Defendant.

On September 25, 2008, Paul States was properly served with the summons and complaint pursuant to Rule 4(f)(2)(C)(i) of the Federal Rules of Civil Procedure ("Fed. R. Civ.

P.”). Paul States failed to answer the Complaint within the time permitted by Fed. R. Civ. P. Rule 12(a)(1). Accordingly, on January 7, 2009, the Clerk of this Court entered a default against Paul States.

The Commission has now submitted its Motion for Entry of Default Judgment Order With Injunctive Relief, Civil Monetary Penalties, and Other Ancillary Equitable Relief Against Defendants Robin States, Bernadette Bowden, and Paul States (“Motion”) pursuant to Fed. R. Civ. P. 55(b)(2). The Court has carefully considered the Complaint, the allegations of which are well-pleaded and hereby taken as true, the Motion, and other written submissions of the Commission filed with the Court, and being fully advised, hereby:

GRANTS the Commission's Motion against Paul States and enters findings of fact and conclusions of law relevant to the allegations in the Complaint. The Court further grants the Commission's request for ancillary equitable relief. Accordingly, the Court now issues the following Order Of Judgment By Default and Ancillary Equitable Relief Against Relief Defendant Paul States (“Order”).

I. FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. Findings of Fact

1. From approximately October 2004 through approximately September 2005 (the “relevant period”), Robin States, doing business as Infinity Online Investors Group (“Infinity”), fraudulently solicited, accepted, and pooled approximately \$643,047 (U.S.) from at least 900 members of the general public in the United States and throughout the world to participate in a commodity pool that purported to trade in commodity futures contracts (“commodity futures”), options on commodity futures (“options”), precious metals, and foreign currency. In his fraudulent solicitations via an internet website, *www.infinity-oig.com*, and conference calls,

Robin States guaranteed daily profits, misrepresented the management and operations of Infinity to create an impression of legitimacy, and failed to disclose adequately the risks of trading commodity futures and options. Throughout the approximately year long operation of Infinity, pool participants tracked their Infinity investments via the website, which consistently reflected that their investments were earning profits.

2. Robin States never engaged in any trading for or on behalf of Infinity participants, but instead ran a "Ponzi scheme," paying purported "profits" to existing pool participants with money obtained from newly solicited participants. At the same time, Robin States and his wife, Bowden, misappropriated approximately \$666,167 (CAN) of the participants' funds by directing these funds into personal bank accounts in the names of Bowden and Robin States's brother, Paul States. Bowden received approximately \$435,686 (CAN) in this manner, while Paul States received approximately \$230,481 (CAN).

3. Bowden and Paul States used the pool participants' funds for cash or to pay for personal expenses and personal goods and services, such as gambling, an automobile and payments to law firms.

4. Paul States provided no apparent legitimate services to the pool or Infinity.

B. Conclusions of Law

1. This Court has jurisdiction over the subject matter of this action and Paul States pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, 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.

2. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1, in that States transacted business in this district, and the acts and practices in violation of the Act occurred within this district, among other places.

3. Paul States had no legitimate interest or entitlement to the Infinity pool participants' funds and is a gratuitous beneficiary and custodian of such funds, since he received and may still possess substantial funds, property, or proceeds from the sale of assets, deriving from Infinity.

II. ORDER FOR RELIEF

A. Disgorgement

IT IS THEREFORE ORDERED THAT:

1. Paul States shall disgorge all benefits received, directly or indirectly, from acts or practices which constitute violations of the Act and Regulations as described in this Order. Paul States is therefore liable to disgorge his ill-gotten gains in the amount of \$230,481 (CAN), plus pre-judgment interest and post-judgment interest. Pre-judgment interest from October 2004 to the date of this Order shall be determined by using the underpayment rate established quarterly by the Internal Revenue Service pursuant to 26 U.S.C. § 6621(a)(2). Post-judgment interest shall accrue beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

2. All disgorgement payments made by Paul States shall be used to pay restitution to the defrauded investors of Infinity. To effect payment by Paul States and distribution of disgorgement to investors, the Court appoints Daniel Driscoll of the National Futures Association ("NFA") as Monitor ("Monitor"). The Monitor shall collect restitution payments from Bowden, compute pro rata allocations to injured investors, and make distributions as set

forth below. Because the Monitor is not being specially compensated for these services, and these services are outside the normal duties of the Monitor, he shall not be liable for any action or inaction arising from his appointment as Monitor, other than actions involving fraud.

3. Disgorgement payments under this Order shall be made to the Monitor by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier's check, or bank money order, made payable to the Infinity Online Investors Group Financial Settlement Fund and sent to Daniel Driscoll, Monitor, National Futures Association, 200 W. Madison St., #1600, Chicago, IL 60606-3447 under a cover letter that identifies Paul States and the name and docket number of the proceeding. Paul States shall simultaneously transmit copies of the cover letter and the form of payment to the Director and the Office of Cooperative Enforcement, Division of Enforcement, Commodity Futures Trading Commission, at the following address: Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581. The Monitor shall oversee Paul States's disgorgement obligation and shall make periodic distributions of funds to investors as appropriate. Disgorgement payments shall be made in an equitable fashion to investors as determined by the Monitor. Should the Monitor be unable to locate certain investors after making reasonable efforts to locate such investors, the Monitor shall distribute the funds owed to those investors equitably to the other investors. Based upon the amount of funds available, the Monitor may defer distribution until such time as it deems appropriate.

4. Any acceptance by the Commission and/or Monitor of partial payment of Paul States's disgorgement obligation shall not be deemed a waiver of Paul States's requirement to make further payments pursuant to this Order, or a waiver of the Commission's and/or Monitor's right to seek to compel payment of any remaining balance.

B. Prohibition on Transfer of Funds

IT IS FURTHER ORDERED that Paul States shall not transfer or cause others to transfer funds or other property to the custody, possession or control of any other person for the purpose of concealing such funds or property from the Court, the Commission, the Monitor, or any officer that may be appointed by the Court.

C. Cooperation

IT IS FURTHER ORDERED THAT Paul States shall cooperate fully with the Commission, the Monitor, and/or any government agency seeking to enforce the restitution and civil monetary provisions of this Order by providing any requested information relating to his financial status, including, but not limited to income and earnings, assets, financial statements, assets transfers, and tax returns.

D. Notice

IT IS FURTHER ORDERED THAT:

1. In the event that Paul States changes his residential or business telephone number(s) and/or address(es) at any time, he shall provide written notice of the new number(s) and/or address(es) to the Commission within ten calendar days thereof.

2. All notices required to be given by any provision in this Order shall be sent by certified mail, return receipt requested, as follows:

Notice to Commission: Alan Edelman
Trial Attorney
U.S. Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581
Telephone (202) 418-5000
Facsimile (202) 418-5538

E. Equitable Relief Provisions Binding

IT IS FURTHER ORDERED THAT the equitable relief provisions of this Order shall be binding on Paul States, upon any person insofar as he or she is acting in the capacity of officer, agent, servant, employee or attorney of Bowden, and upon any person who receives actual notice of this Order by personal service or otherwise insofar as such person is acting in active concert or participation with Paul States.

F. Jurisdiction Retained

IT IS FURTHER ORDERED THAT this Court shall retain jurisdiction of this case to assure compliance with this Order and for all other purposes related to this action.*

DONE AND ORDERED this 30th day of October, 2009, in Miami, Florida.



DONALD L. GRAHAM
UNITED STATES DISTRICT JUDGE

cc: All Counsel of Record

***For a period of sixty (60) days.**