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| RENEE' L. MARTIN,<br>Complainant<br><br>v.<br><br>FIRST INVESTORS GROUP OF PALM BEACHES and MICHAEL JOHN LAYMON,<br>Respondents | ) | CFTC Docket<br>No. 02-R007 |

## INITIAL DECISION

Complainant reached a settlement with Mr. Laymon prior to the oral hearing. The final payments due to complainant under that settlement agreement have been paid. This decision therefore addresses only the liability of respondent First Investors Group of Palm Beaches (FIG), which chose not to participate in the oral hearing and which has ceased contesting the case.

By choosing to cease participating, FIG has left itself in the position of not challenging complainant's documentary record with testimony or any other reliable evidence.* In fact, the evidence submitted by complainant regarding the frauds committed by FIG is overwhelming. In addition to the deposition that complainant submitted detailing fraudulent promises of profits and the use of bogus seasonal price movement analysis as means to finagle her into opening account, the record also includes a highly damning videotape of an infomercial aired by FIG and responded to by complainant. In the infomercial, actors pretending to be "Smart Money" analysts repeatedly urge viewers that they "must" act immediately to take advantage of purported seasonal moves in gasoline prices. The analysts make no attempt to differentiate between the cash market prices they are discussing from the options on futures markets into which they are urging viewers to plunge. Moreover, they present numerous examples of hundreds of thousands of dollars of potential profits as attainable solely dependent upon whether the viewer would choose to have FIG "invest" a few thousand dollars.

* The answer submitted by respondent FIG focused solely on characteristics of complainant Martin and several perfunctory discussions she had with FIG's compliance director. The answer did not even attempt to reply in any detail to the evidence found in her deposition or the compelling videotape.

The record as it has been developed by the parties thus establishes an extraordinary level of Rule 33.10-prohibited activity engaged in by FIG and its employees that successfully inveigled complainant to submit her funds, proximately causing her to lose the $13,342.12. Having received $2,275 in settlement from Mr. Laymon, complainant is entitled to reparations in the amount of the unrecovered portion of her losses.

Violations having been found, respondent First Investors Group of Palm Beaches, Inc., is ORDERED to pay reparations to complainant Renee' L. Martin in the amount of $11067.12, plus interest compounded annually on that amount at the rate of 1.83% from October 6, 1999, to the date of payment, plus costs in the amount of complainant's filing fee of $125.00.

The complaint against Mr. Laymon is DISMISSED due to the settlement.

Dated: May 20, 2004

Joel R. Maillie

JOEL R. MAILLIE
Judgment Officer