UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

COMMODITY FUTURES TRADING COMMISSION, Plaintiff,	:	
v.	:	**CIVIL ACTION**
WORLDWIDE COMMODITY CORPORATION, a Florida corporation, **SOUTH COAST COMMODITIES, INC.**, a Florida corporation, **STEVEN LABELL**, an individual, **LARRY KAHN,** an individual, **JOSEPH L. ALLEN**, an individual, **BRUCE N. CROWN**, an individual, **PHIL FERRINI**, an individual, **STUART SCHWARTZ**, an individual, and **UNIVERSAL FINANCIAL HOLDING CORPORATION**, a Florida corporation, Defendants.	:	**NO. 2:04-cv-3641**

AMENDED 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 amended complaint, Plaintiff Commodity Futures Trading Commission (the "Commission") alleges as follows:

I. SUMMARY

1. From at least January 1, 2003 until January 31, 2005, Worldwide Commodity Corporation ("Worldwide Commodity"), through its employees, including, but not limited to, Joseph L. Allen ("Allen"), Bruce N. Crown ("Crown"), Phil Ferrini ("Ferrini"), and Stuart Schwartz ("Schwartz"), fraudulently solicited 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.

2. Defendants Steven Labell ("Labell"), president of Worldwide Commodity, and Larry Kahn ("Kahn"), vice-president of Worldwide Commodity, each are fifty-percent owners of the firm, are liable pursuant to the Act as controlling persons because they had actual and constructive knowledge of the fraud and allowed the fraud to continue.

3. On January 31, 2005, Worldwide Commodity transformed itself into South Coast. On that day, all of Worldwide Commodity's assets were transferred to South Coast Commodities, Inc. ("South Coast"), which now continues to solicit customers to trade commodity options with the same brokers as were with Worldwide Commodity. South Coast is also owned by Labell and Kahn, who each have fifty-percent shares in the company.

4. From November 1, 2000, until January 31, 2005, Universal Financial Holding Corporation ("Universal Financial"), a registered futures commission merchant ("FCM"), 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).

II. JURISDICTION AND VENUE

5. 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.

6. 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

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

8. 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).

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

10. Worldwide Commodity was a guaranteed IB of Universal Financial from November 1, 2000 until January 31, 2005. All of Worldwide Commodity's customers had their

accounts with Universal Financial. Further, Worldwide Commodity does not handle customer funds.

11. 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 with the Commission 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

Plaintiff

12. 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.

Defendants

13. 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. On January 31, 2005, Worldwide Commodity transformed into South Coast. At that time, all of its accounts were transferred to South Coast. Worldwide Commodity remains incorporated, but is simply dormant.

14. South Coast Commodities, Inc. is a Florida corporation whose principal place of business is 700 N. Hiatus Road #203, Pembroke Pines, Florida, 33026. South Coast is an independent IB that has been operating since January 31, 2005 – the same day that Worldwide

Commodity stopped holding itself out to the public as an IB. All of Worldwide Commodity's brokers and their accounts were transferred for no consideration to South Coast.

15. Steven Labell resides at 1251 NW 94th 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 is the president and a director of Worldwide Commodity and owns fifty percent of the firm's stock. He is also a fifty percent shareholder of South Coast and listed as one of the firm's principals. 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 as a result of having been found liable for sales solicitation fraud by either the Commission or the National Futures Association ("NFA"), the industry's self-regulatory association.

16. Larry Kahn resides at 1361 NW 99th Avenue, Plantation, Florida, 33322. 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 is the vice-president and a director of Worldwide Commodity and owns fifty percent of the firm's stock. He is also a fifty percent shareholder of South Coast and listed as one of the firm's principals. Kahn first registered with the Commission on May 29, 1985. Kahn previously worked at six other firms, including JCC, Inc., which was closed as a result of having been found liable for sales solicitation fraud in an enforcement action. In a separate disciplinary action before the NFA, Kahn received a five-year suspension from the industry and a $20,000 fine for failure to supervise APs at JCC.

17. 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. Allen withdrew his registration as an AP at Worldwide Commodity and registered as an AP of South Coast, both on January 31, 2005.

18. Bruce N. Crown resides at 3401 N. Country Club Drive #614, Miami, Florida 33160. Crown was registered as an AP of Worldwide Commodity from December 2, 2002 until August 6, 2005. Crown was also listed as a principal of the firm from January 30, 2003 until August 6, 2005, during which time he served as Worldwide Commodity's manager. The Commission revoked Crown's registration after it became aware that the Florida State Supreme Court had disbarred him on November 18, 1999. Crown is also currently the defendant in another lawsuit brought by the Commission in the Southern District of Florida for his conduct since leaving Worldwide Commodity. *See CFTC v. Mercury Partners, Inc.*, Docket No. 05-60328 (S.D. Fla.), filed March 7, 2005.

19. Phil Ferrini resides at 1931 Sherman Street, Hollywood, Florida 33020. 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 including one firm that was closed as a result of having been found liable for sales solicitation fraud. Ferrini withdrew his registration as an AP at Worldwide Commodity and registered as an AP of South Coast both on January 31, 2005.

20. Stuart Schwartz resides at 5919 N.W. 34th Street, Cooper City, Florida 33024. Schwartz first registered with the Commission on October 9, 2000, when he joined Worldwide

Commodity. Schwartz withdrew his registration as an AP at Worldwide Commodity and registered as an AP at South Coast both on January 31, 2005.

21. Universal Financial Holding Corporation is a Florida corporation whose principal place of business is 2999 N.E. 191st 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 NFA revoked Universal Financial's registration, along with the registration of its president, Andrew Stern, for failing to supervise another one of its guaranteed IBs ("Introducing Broker"). The NFA took this action on November 2, 2004. The NFA's action became effective on January 31, 2005.

V. FACTUAL STATEMENT

A. Universal Financial's Guarantee Agreement with Worldwide Commodity

22. On or about, November 1, 2000, Universal Financial and Worldwide Commodity entered into a guarantee agreement. Under the terms of the guarantee 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.

23. On information and belief, Worldwide Commodity and Universal Financial have continuously maintained this relationship since at least November 1, 2000 until January 31, 2005.

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

1. Background

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

25. In telephone sales calls, Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) made fraudulent 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. Worldwide Commodity APs Misrepresented and Omitted the Likelihood of Profit

26. Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) routinely highlighted 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 purchase of 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 the money that she used to purchase Euro options.

c. In May 2003, Fred Young, a Worldwide Commodity AP, told Charles Glavina that he could earn 87 percent if he purchased commodity options.

d. In June 2003, Crown told Christian DiPretoro that, if he purchased natural gas options, he would earn $30,000 on a $10,000 outlay within the next few weeks.

e. In June 2003, Schwartz told Anne Milam that she would earn a substantial profit if she purchased natural gas options in the near future.

f. In July 2003, Crown told Joe Barness he should expect to earn $200,000 on a $50,000 purchase of commodity options within the next two months.

g. In July 2003, Ferrini told Joe Barness that he would likely earn $25,000 on a $10,000 purchase of unleaded fuel options.

h. In August 2003, Allen told Raymundo Ycong he would more than double his money in a very short period of time.

i. In August 2003, Schwartz 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 heating oil options in the near future.

j. In December 2003, Crown told Michael J. Rambod that he could realistically earn $500,000 on a $42,000 outlay.

k. In May 2004, Schwartz told Dwight Taylor that would double his money if he purchased options on the Euro dollar.

l. In July 2004, Schwartz told Bethel that Schwartz would make Bethel happy because Schwartz would double any money that Bethel sent to Worldwide Commodity to buy commodity options.

27. Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) systematically told prospective customers that they would 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. interest 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 profitable.

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 profitable.

d. In June 2003, Eisenberg told William F. Lambert that heating oil options would be very profitable 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 profitable.

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 purchasing unleaded fuel options would be profitable.

g. In July 2003, Crown told Joe Barness that this was the time to buy 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 would be profitable.

i. In August 2003, Allen told Raymundo Ycong that heating oil options were a profitable this year because the United States was going to have a cold winter and there was a shortage in the supply of heating oil.

28. Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) repeatedly used misleading leverage examples to promote the profit potential of commodity options. These leverage examples misinformed prospective customers by suggesting that they were going to earn large profits trading commodity options if the market were to move 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 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 premium.

c. In August 2003, Allen told Raymundo Ycong that heating oil options are leveraged so a one-cent move in the price of the underlying heating oil would yield a large return.

d. In August 2003, Schwartz told Robert Morris that he could earn a very large return on his heating oil options, if the price of heating oil increased by even one cent.

29. In their sales solicitations, Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) deliberately misrepresented the urgency of the opportunity and tried to convince prospective customers to buy options immediately so as not to miss what they indicated was a fleeting opportunity to make a lot of money. If prospective customers hesitated, Worldwide Commodity APs increased the urgency of the opportunity, and told customers that they had to act immediately in order to maximize their profits. In doing so, Worldwide Commodity APs conveyed the false impression that profits were guaranteed and that the only variable was 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 purchase commodity options immediately.

b. In May 2003, Crown told Susan Koenig she would earn a very large profit, but only if she bought the options before Memorial Day weekend, which was coming up in a few days.

c. In June 2003, Schwartz told Anne Milam that she would earn a substantial profit if she purchased natural gas options, but that she needed to purchase the options immediately.

d. In July 2003, Ferrini told Joe Barness that he needed to purchase options now immediately or he would miss out on this opportunity to earn a large profit trading commodity options.

e. In August 2003, Allen told Raymundo Ycong that if he did not send his money immediately, he would miss out on this once-in-a-lifetime opportunity to make money.

f. In October 2003, Schwartz told Kenneth Scott that he would earn a very large profit (perhaps doubling his option premium in a few days), but only if he purchased Yen options that day.

3. Worldwide Commodity APs Made Misrepresentations and Omissions That Minimized the Risk of Loss

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

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

a. In May 2003, Crown told Robert Duncan that buying 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 low risk.

4. Worldwide Commodity's Losing Trading Record

31. Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) never disclosed the firm's 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.

32. During 2001, Worldwide Commodity opened 178 new options trading accounts. These accounts collectively lost $2,727,598.55, and 99 percent of these accounts (177 customers) lost money. Worldwide Commodity's only customer from 2001 who traded for a profit earned $491.28 after paying commissions and fees.

33. During 2002, Worldwide Commodity opened 181 new options trading accounts. These accounts collectively lost $2,026,815.40, and 98 percent of these accounts (178 customers) lost money. Worldwide Commodity's most successful customer in 2002 earned $513 after paying commissions and fees.

34. During 2003, Worldwide Commodity opened 186 new options trading accounts. These accounts collectively lost $2,698,146.99, and 99 percent of these accounts (184 customers) lost money. Worldwide Commodity's most successful customer in 2003 earned $378.07 after paying commissions and fees.

35. Despite Worldwide Commodity's trading record and the enormous losses suffered by its customers, Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) 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 trade for customers like Ray and make large profits for them.

d. In June 2003, Schwartz told Anne Milam that he was a successful broker who had earned a large profit for his customers in the past.

e. In August 2003, Schwartz told Michael Roytman that he had a number of customers who were currently purchasing heating oil options and making good money.

f. In approximately December 2003 or January 2004, Schwartz told Bruce Palevac said that there was "no one better" than Crown and that following his trading advice with him was a sure way to make money.

g. In May 2004, Schwartz told Dwight Taylor that Crown was a successful broker who had earned a large profit for many of his clients in the past and that Taylor should follow Crown's trading advice.

h. In June 2004, Schwartz told Anthony Bethel that he was a successful broker who had earned a large profit for many of his clients in the past.

36. On information and belief, as APs at South Coast, Allen, Ferrini, and Schwartz continue to make these same misrepresentations and omissions regarding the risk and profitability of trading commodity options.

37. Since leaving Worldwide Commodity, Crown has continued to fraudulently solicit customers to purchase foreign currency options by making similar misrepresentations and omissions regarding the risks and profitability of trading options.

C. Labell and Kahn are Controlling Persons

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

39. Labell was president of Worldwide Commodity and listed with the Commission as a principal of Worldwide Commodity. He played a central role in the formation and operation of this corporation. In that capacity, he handled customer complaints and signed the firm's settlement agreements with disgruntled customers who have alleged sales solicitation fraud against Worldwide Commodity. As such, he had actual knowledge of the fraudulent solicitations conducted by Worldwide Commodity APs. Labell also conducted 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 had at least constructive, if not actual, knowledge of violations of the Act and Regulations.

40. Kahn was vice-president of Worldwide Commodity. Kahn was also listed with the Commission as a principal of Worldwide Commodity. He also played a central role in the formation and operation of this corporation. His responsibilities at the firm included monitoring APs' solicitations, which he did several times a week through the use of a special phone. Kahn also instructed brokers on how to give a balanced presentation both in face-to-face meetings and at "morning meetings" where he spoke with all APs. He also handled some customer complaints

and signed some of the settlement agreements with disgruntled customers who have alleged sales solicitation fraud against Worldwide Commodity. Further, Kahn handled the firm's business affairs. As such, he spoke with Labell about settling complaints. Kahn also supervised sales solicitations. As such, he also had at least constructive, if not actual, knowledge of violations of the Act and Regulations.

41. Labell and Kahn controlled all of the firm's employment decisions and made all employment decisions jointly. Kahn handled the firm's finances and approved payments each week to each broker. Labell signed the firm's paychecks. Labell and Kahn had the ability and the control to prevent fraudulent sales solicitations from occurring by terminating APs who committed sales solicitation fraud.

42. Because Labell and Kahn had knowledge of the fraud and allowed it to continue, they are liable as controlling persons.

D. South Coast is a Successor Corporation of Worldwide Commodity

43. On January 31, 2005, Worldwide Commodity seamlessly transformed itself into South Coast.

44. On or about January 31, 2005, Labell and Kahn gave all of Worldwide Commodity's assets to a Worldwide Commodity employee, Stephanie Dye, for no consideration.

45. Dye previously served as Worldwide Commodity's receptionist and office manager. Dye is now the president of South Coast. As president of South Coast, Dye serves as South Coast's receptionist and office manager.

46. Two weeks later, in mid-February 2005, Labell and Kahn purchased all of South Coast's stock from Dye. Labell and Kahn are now each 50 percent shareholders of South Coast.

47. Other than the sale and repurchase of South Coast stock, the operations of Worldwide Commodity have continued seamlessly. Although South Coast is a "new company," Dye made no significant changes to the operations of Worldwide Commodity.

48. On January 31, 2005, South Coast began operating in the same office space as Worldwide Commodity. Like Worldwide Commodity, South Coast sells commodity options through telephone sales solicitations.

49. On January 31, 2005, all of Worldwide Commodity's APs began working at South Coast. According to Dye, South Coast maintained the identical compensation agreement with its APs as they had with Worldwide Commodity.

50. Further, on January 31, 2005, all of these APs' accounts were transferred to South Coast. Worldwide Commodity received no compensation from South Coast for the transfer of these accounts. The "new" South Coast APs never informed their customers that they had changed firms.

VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

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

51. Paragraphs 1 through 50 above are realleged and incorporated by reference.

52. 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.

53. Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c), 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.

54. As described in Paragraphs 1 through 50 above, Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) 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(a) and (c), 17 C.F.R. § 33.10(a) and (c).

55. As described in Paragraphs 1 through 50 above, Allen, Crown, Ferrini, and Schwartz, 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(a) and (c), 17 C.F.R. § 33.10(a) and (c).

56. The fraudulent misrepresentations and omissions of Worldwide Commodity APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) 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).

57. Labell and Kahn directly controlled Worldwide Commodity APs, including, but not limited to Allen, Crown, Ferrini, and Schwartz, 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 and Kahn therefore are controlling persons and liable for these acts pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b).

58. Based upon the facts alleged above, South Coast is a successor corporation to defendant Worldwide Commodity and as a result is liable for the fraud of Worldwide Commodity.

59. Pursuant to the guarantee 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."

60. Each material misrepresentation and omission made during the relevant time period by Worldwide Commodity through its APs (including, but not limited to, Allen, Crown, Ferrini, and Schwartz) 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(a) and (c), 17 C.F.R. § 33.10(a) and (c).

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, South Coast, Labell, Kahn, Allen, Crown, Ferrini, and Schwartz violated Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c);

b. a permanent injunction prohibiting Worldwide Commodity, South Coast, Labell, Kahn, Allen, Crown, Ferrini, and Schwartz from engaging in conduct in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c), and from engaging in any commodity-related activity, including soliciting new customers;

c. an order directing Worldwide Commodity, South Coast, Labell, Kahn, Allen, Crown, Ferrini, and Schwartz 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, South Coast, Labell, Kahn, Allen, Crown, Ferrini, Schwartz, 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, South Coast, Labell, Kahn, Allen, Crown, Ferrini, Schwartz, 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,

Jed M. Silversmith, Esq.
Anthony Mansfield, 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: October 26, 2005

CFTC FORM 1-FR-IB (PART B)

Guarantee Agreement

In consideration for the introduction of commodity customer, option customer, foreign futures
customer and foreign options customer accounts, **Worldwide Commodity Corp.** an
introducing broker, to UFHC, a futures commission merchant registered with the Commission as such, and in satisfaction of the adjusted net capital requirements with which the introducing broker otherwise would have to comply pursuant to Commission Regulation 1. 17, 17 C.F.R. 1.17, the futures commission merchant guarantees performance by the introducing broker of, and shall be jointly and severally liable for, all obligations of the introducing broker 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 into on or after the effective date of this agreement.

This guarantee agreement shall be enforceable regardless of the subsequent incorporation, merger or consolidation of either the futures commission merchant or the introducing broker, or any change in the composition, nature, personnel or location of the futures commission merchant or the introducing broker.

For purposes of this agreement only, the futures commission merchant shall be deemed to be the agent of the introducing broker upon whom process may be served in any action or proceeding against the introducing broker under the Commodity Exchange Act and the rules, regulations, and orders promulgated thereunder.

The futures commission merchant acknowledges that at the time of execution of this guarantee agreement there are not any conditions precedent, concurrent or subsequent affecting, impairing or modifying in any manner the obligations of the futures commission merchant hereunder, or the immediate taking effect of this agreement as the entire agreement of the futures commission merchant with respect to guaranteeing the introducing broker's obligations as set forth herein to the Commission and to the introducing broker's commodity customers, option customers, foreign

Exhibit A

futures customers and foreign options customers under the Commodity Exchange Act.

If this guarantee agreement is filed in connection with an application for initial registration as an introducing broker, this agreement shall be effective as of the date registration is granted to the introducing broker. If this guarantee agreement is filed other than in connection with an application for initial registration as an introducing broker, it shall be effective as of the date agreed to by the futures commission merchant and the introducing broker as set forth below.

This guarantee agreement is binding and is and shall remain in full force and effect unless terminated in accordance with the rules, regulations or orders promulgated by the Commission with respect to such terminations. Termination of this agreement will not effect the liability of the futures commission merchant with respect to obligations of the introducing broker incurred on or before the dat this agreement is terminated.

Dated:_____

UFHC
Futures Commission Merchant

Address:
3467 N.E. 163 St.
North Miami.Beach
Fl., 33160

By:_____
Andrew Stern, President

Dated:_____

Worldwide Commodity Corp.
Introducing Broker

Address:
700 NORTH HIATUS RD. #203
Pembroke Pines Fl. 33026

By:_____

_____**General Partner**
_____**Chief Financial Officer**
_____**Chief Executive Officer**

Effective Date:_____