



§ 5.3(a)(6)(i) (2011), in connection with retail forex transactions, all RFEDs must have been registered with the CFTC by October 18, 2010.

2. Beginning on October 18, 2010 and continuing to the present (the “relevant period”), Windsor Brokers, Ltd. (“Windsor”) solicits or accepts orders from non-ECPs located in the United States in connection with retail forex transactions and is, or offers to be the counterparty to these retail forex transactions without being registered as an RFED with the CFTC, in violation of Section 2(c)(2)(C)(iii)(I)(aa) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(aa) and Regulation 5.3(a)(6)(i), 17 C.F.R. § 5.3(a)(6)(i) (2011).

3. By virtue of this conduct and the further conduct described herein, Windsor has engaged, is engaging, or is about to engage in acts and practices in violation of the Act, as amended, and the Regulations.

4. Accordingly, pursuant to Section 6c of the Act, as amended, to be codified at 7 U.S.C. § 13a-1, and Section 2(c)(2) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2), the Commission brings this action to enjoin Windsor’s unlawful acts and practices and to compel its compliance with the Act, as amended, and the Regulations and to further enjoin Windsor from engaging in certain commodity or forex-related activity, including, through its website, soliciting or accepting orders from customers or offering to be the counterparty to customers’ forex transactions, without appropriate registration with the Commission.

5. In addition, the Commission seeks civil monetary penalties and remedial ancillary relief, including, but not limited to, trading and registration bans, disgorgement, rescission, pre- and post-judgment interest, and such other relief as the Court may deem necessary and appropriate.

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

## **II. JURISDICTION AND VENUE**

7. Section 6c(a) of the Act, as amended, to be codified at 7 U.S.C. § 13a-1(a), authorizes the Commission to seek injunctive relief against any person whenever it shall appear to the Commission that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of the Act or any rule, regulation, or order thereunder.

8. The Commission has jurisdiction over the conduct and transactions at issue in this case pursuant to Section 6c of the Act, as amended, to be codified at 7 U.S.C. § 13a-1, and Section 2(c)(2) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2).

9. Venue properly lies with the Court pursuant to Section 6c(e) of the Act, as amended, to be codified at 7 U.S.C. § 13a-1(e), because Windsor transacts business in this District and certain transactions, acts, practices, and courses of business alleged in this Complaint occurred, are occurring, and/or are about to occur within this District.

## **III. PARTIES**

10. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with the administration and enforcement of the Act, 7 U.S.C. § 1 *et seq.*, and the Regulations thereunder, 17 C.F.R. § 1.1 *et seq.* (2011).

11. Defendant **Windsor Brokers, Ltd.** is a company that is located in Cyprus. Windsor's principal place of business is located at Windsor Business Center, 53 Spyrou Kyprianou Ave., 4004, Mesa Yitonia, Limassol, Cyprus. Windsor has never been registered with the Commission in any capacity.

#### IV. STATUTORY BACKGROUND

12. For the purposes of trading retail forex, a “retail foreign exchange dealer” is defined in Regulation 5.1(h)(1), 17 C.F.R. § 5.1(h)(1) (2011), as any person that is, or offers to be, the counterparty to a retail forex transaction, except for certain persons not relevant to this Complaint.

13. An ECP is defined by the Act, in relevant part, as an individual with total assets in excess of (i) \$10 million, or (ii) \$5 million and who enters the transaction “to manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred, by the individual.” *See* Section 1a of the Act, as amended, to be codified at 7 U.S.C. § 1a.

#### V. FACTS

14. On October 18, 2010, the Commission adopted new regulations implementing certain provisions of Dodd-Frank and the CRA. For the purposes of retail forex transactions, the new regulations, among other things, require RFEDs to register with the CFTC.

15. On information and belief, Windsor solicits or accepts orders from United States customers who are not ECPs to open leveraged forex trading accounts through its website, <http://www.windsorbrokersltd.com>. This website is hosted by a server located in San Antonio, Texas.

16. On information and belief, Windsor also solicits or accepts orders from United States customers who are not ECPs to open leveraged forex trading accounts through what it refers to as “Business Introdurers” who are independent agents, both foreign and from the United States, who receive a commission for introducing clients to Windsor.

17. As advertised on its website, Windsor offers individual customers the opportunity to trade a variety of financial instruments, including forex, through one of five different types of

accounts: an “Executive” account that requires an initial deposit of \$250,000; a “Mega” account that requires an initial deposit of \$5,000; a “Standard” account that requires an initial deposit of \$2,500; a “Mini” account that requires an initial deposit of \$250 and a “Micro” account that requires an initial deposit of \$100. The amounts required to fund these accounts are quoted in United States dollars.

18. Customers can open trading accounts by submitting information online through Windsor’s website, by downloading the account opening documents from the website and mailing the completed documents to Windsor, or by completing account opening documents supplied to them by a “Business Introducer.”

19. The Windsor Account Opening Documents include a Client Account Application Form, a “Client Account Agreement,” a Risk Disclosure Statement, and an Online Access Agreement. These various documents describe the processes of entering trades, the rights and responsibilities of the client and Windsor, and various disclaimers and notices regarding customers’ rights and responsibilities.

20. The Client Account Application asks that the prospective client enter certain information, such as her name, address, including country of residence, telephone and email contact information, and nationality.

21. Windsor fails to inquire whether its customers are ECPs although, in some instances, it asks customers to complete a “Know Your Client” (or “K.Y.C.”) form. However, the K.Y.C. form only asks if customers have a net worth of “Less than \$100,000,” “\$100,00 to \$250,000” or “More than \$250,000,” and thus does not seek information sufficient to ascertain whether a customer is an ECP. In fact, Windsor allows individual customers who do not have total assets of \$5 million to open accounts.

22. To complete the account opening procedure, the customer must fund their account by using one of various options and may do so with any major currency; however, the amounts deposited by customers are automatically converted into U.S. dollars.

23. During the relevant period, Windsor has offered to act as a counterparty to and solicited and accepted orders from at least ten United States retail forex customers.

24. Windsor fails to inquire whether a prospective customer has the ability or the business need to accept foreign currency into his bank account.

25. On information and belief, the retail forex transactions Windsor engages in with non-ECP United States customers during the relevant period neither result in delivery within two days nor create an enforceable obligation to deliver between a seller and a buyer who have the ability to deliver and accept delivery, respectively, in connection with their lines of business. Rather, these retail forex transactions remain open from day to day and ultimately are offset without anyone making or taking delivery of actual currency (or facing an obligation to do so).

26. Thus, Windsor has been and is acting as an RFED and continues to do so by acting as a counterparty for United States customers to trade forex at Windsor.

27. By the date of the filing of this complaint, Windsor has not registered with the Commission as an RFED or in any other capacity.

28. Furthermore, Windsor is not exempt from registration.

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

**COUNT ONE:**

**VIOLATION OF SECTION 2(c)(2)(C)(iii)(I)(aa) OF THE ACT, AS AMENDED BY THE  
CRA: FAILURE TO REGISTER**

29. Paragraphs 1 through 28 are realleged and incorporated herein.

30. During the relevant period, Windsor solicits and accepts orders from non-ECPs in connection with retail forex transactions at an RFED. Windsor engages in this conduct without being registered as an RFED, as required by Regulation 5.3(a)(6)(i), to be codified at 17 C.F.R. § 5.3(a)(6)(i), all in violation of Section 2(c)(2)(C)(iii)(I)(aa) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(aa).

31. Each day that Windsor engages in this conduct since October 18, 2010 is alleged as a separate and distinct violation of Section 2(c)(2)(C)(iii)(I)(aa) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(aa).

**COUNT TWO:**

**VIOLATION OF REGULATION 5.3(a)(6)(i)  
FAILURE TO REGISTER AS A RETAIL FOREIGN EXCHANGE DEALER**

32. Paragraphs 1 through 28 are realleged and incorporated herein.

33. During the relevant period, Windsor is, or offers to be, the counterparty to retail forex transactions without being registered as an RFED, in violation of Regulation 5.3(a)(6)(i), 17 C.F.R. § 5.3(a)(6)(i) (2011).

34. Each day that Windsor failed to register as an RFED since October 18, 2010 is alleged as a separate and distinct violation of Regulation 5.3(a)(6)(i), 17 C.F.R. § 5.3(a)(6)(i) (2011).

## **VII. RELIEF REQUESTED**

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

- A. An order finding that Windsor violated Section 2(c)(2)(C)(iii)(I)(aa) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(aa);
- B. An order finding that Windsor violated Regulation 5.3(a)(6)(i), 17 C.F.R. § 5.3(a)(6)(i) (2011);
- C. An order of permanent injunction prohibiting Windsor, and any other person or entity associated with it, from engaging in conduct in violation of Section 2(c)(2)(C)(iii)(I)(aa) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(aa);
- D. An order of permanent injunction prohibiting Windsor, and any other person or entity associated with it, from engaging in conduct in violation of Regulation 5.3(a)(6)(i), 17 C.F.R. § 5.3(a)(6)(i) (2011);
- E. An order of permanent injunction prohibiting Windsor, and any other person or entity associated with it or its website, from operating its website while in violation of Section 2(c)(2)(C)(iii)(I)(aa) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(aa), and Regulation 5.3(a)(6)(i), 17 C.F.R. § 5.3(a)(6)(i) (2011);
- F. An order of permanent injunction prohibiting Windsor and any successor thereof, from, directly or indirectly:
  - 1) Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, as amended, to be codified at 7 U.S.C. § 1a);

- 2) Entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 32.1(b)(1), 17 C.F.R. § 32.1(b)(1) (2011)) (“commodity options”), swaps, and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for its own personal account or for any account in which it has a direct or indirect interest;
- 3) Having any commodity futures, options on commodity futures, commodity options, swaps, and/or forex contracts traded on its behalf;
- 4) Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, swaps, and/or forex contracts;
- 5) Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, swaps, and/or forex contracts;
- 6) Applying for registration or claiming exemption from registration with the CFTC in any capacity, and engaging in any activity requiring such registration or exemption from registration with the CFTC except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011); and
- 7) Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2011)), agent, or any other officer or employee of any person

registered, exempted from registration or required to be registered with the CFTC except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011).

G. Enter an order requiring that Windsor, as well as any of its successors, disgorge to any officer appointed or directed by the Court all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices that constitute violations of the Act, as amended, and the Regulations, including pre and post-judgment interest;

H. Enter an order directing Windsor and any successors thereof, to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between it and any of the customers whose funds were received by them as a result of the acts and practices, which constituted violations of the Act, as amended, and the Regulations as described herein;

I. Enter an order requiring Windsor to pay civil monetary penalties under the Act, to be assessed by the Court, in amounts of not more than the higher of: (1) triple its monetary gain for each violation of the Act, as amended, and the Regulations or (2) \$140,000 for each violation committed on or after October 23, 2008;

J. Enter an order requiring Windsor to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2006); and

K. Enter an order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

September 7, 2011

Respectfully submitted,

COMMODITY FUTURES TRADING COMMISSION

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