

3. GlobeFX Club had two other principals besides Morton, viz., Jeremy Globe ("Globe"), and Christopher Bourne ("Bourne"). However, Morton was the sole AP/principal of the firm.

BACKGROUND

4. GlobeFX Club became registered as a CPO NFA Member in November 2008.
5. After becoming registered, GlobeFX Club never filed a disclosure document with NFA or an exemption notice and, therefore, was considered an inactive firm. However, NFA learned that GlobeFX Club was listed as a solicitor for a Forex Dealer Member ("FDM"). Therefore, in February 2009, NFA commenced an investigation to determine if GlobeFX Club was doing business.
6. GlobeFx Club and its principals were uncooperative with NFA in its investigation of the firm and provided contradictory information to NFA in regard to whether GlobeFx Club was conducting business, had customer accounts, and was operating a pool. GlobeFX Club also failed to produce books and records requested by NFA or answer questions concerning its operations.
7. As a result of Globe FX Club's failure to cooperate with NFA in its investigation of the firm, NFA's Executive Committee issued a Member Responsibility Action ("MRA") against GlobeFX Club on March 24, 2009, suspending the firm from NFA membership until further notice.

APPLICABLE RULES

8. NFA Compliance Rule 2-5 provides that each Member and Associate shall cooperate promptly and fully with NFA in any NFA investigation, inquiry, audit, examination or proceeding regarding compliance with NFA requirements or any

NFA disciplinary or arbitration proceeding. Each Member and Associate shall comply with any order issued by the Executive Committee, the Membership Committee, the BCC, the Appeals Committee or any NFA hearing or arbitration panel.

9. NFA Compliance Rule 2-2(f) provides that no Member or Associate shall willfully submit materially false or misleading information to NFA or its agents.
10. NFA Compliance Rule 2-39(a) provides, in pertinent part, that except for Members who meet the criteria in Bylaw 306(b) and Associates acting on their behalf, Members and Associates who solicit customers, introduce customers to a counterparty, or manage accounts on behalf of customers in connection with forex transactions shall comply with Compliance Rule 2-36(e).

COUNT I

VIOLATION OF NFA COMPLIANCE RULES 2-5 AND 2-2(f): FAILURE TO COOPERATE WITH NFA IN ITS INVESTIGATION OF GLOBEFX CLUB'S OPERATIONS AND PROVIDING FALSE AND MISLEADING INFORMATION CONCERNING THE FIRM'S OPERATIONS.

11. The allegations contained in paragraphs 1 through 9 are realleged as paragraph 11.
12. On February 26, 2009, NFA auditor, Joshua Iverson ("Iverson"), called Jeremy Globe, one of GlobeFX Club's principals, to inquire as to whether or not GlobeFX Club was active. Globe told Iverson that GlobeFX Club had some managed accounts and also solicited accounts for Interbank FX LLC ("Interbank"), an FCM and an FDM of NFA, located in Salt Lake City, Utah. Iverson informed Globe that the firm could not manage accounts until it submitted a disclosure document

to NFA and NFA approved the disclosure document. Iverson attempted to call GlobeFX Club again on March 2, 2009 but there was no answer.

13. On March 6, 2009, NFA received a customer complaint from Shandia Richards ("Richards") alleging that she gave \$7,000 to GlobeFX Club in July 2008 (five months before the firm became registered) to invest in a commodity pool. Richards told NFA that GlobeFX Club represented to her that her investment would earn monthly interest. However, Richards said that she had only received interest payments for October and November 2008, but had yet to receive her interest payments for December 2008 and January 2009, totaling \$70. Richards told NFA that she had left a number of phone messages with GlobeFX Club requesting that the firm call her back concerning her interest payments, but that the firm had not returned her phone calls.
14. In addition to receiving the customer complaint from Richards, NFA also learned that GlobeFX Club maintained a website, [www.globefxclub.com], which indicated that GlobeFX Club operated a commodity pool called "GlobeFX St Fund," and accepted investments ranging from \$7,000 to \$10 million. The website also included what appeared to be a disclosure document for GlobeFX Club.
15. On March 9, 2009, NFA Senior Compliance Manager, Lauren Brinati ("Brinati"), called Jeremy Globe and spoke to him about GlobeFX Club's operations. Globe initially told Brinati that GlobeFX Club had never operated a pool or managed customer accounts – which is contrary to what Globe had previously told NFA auditor Joshua Iverson on February 26. However, later in the conversation,

Globe told Brinati that GlobeFX Club did have a trading account that belonged to "friends and family."

16. Brinati advised Globe that she was aware that GlobeFX Club had a website which included a disclosure document. Brinati warned Globe that the firm could not use this disclosure document unless and until it was approved by NFA. Globe claimed that the disclosure document had been approved by NFA. In truth, Globe has never filed a disclosure document with NFA let alone had one approved.
17. Brinati subsequently sent an e-mail to Globe, as well as to James Morton, asking them to confirm that GlobeFX Club did not operate a pool or have customer accounts. Only Morton replied to Brinati's e-mail. Morton represented that GlobeFX Club did not operate a pool or have customer accounts. Additionally, Morton represented that GlobeFX Club's website was not supposed to be live.
18. On March 11, 2009, NFA sent an audit team to GlobeFX Club and met with Jeremy Globe. The audit team asked Globe a number of questions about GlobeFX Club's operations. Again, Globe denied that GlobeFX Club had ever received customer funds or operated a pool and also denied that the firm had ever managed customer accounts, which is contrary to what Globe had previously told NFA auditor Joshua Iverson.
19. NFA learned, independently, that GlobeFX Club had opened an "omnibus account" at I-Trade FX LLC ("I-Trade"), a futures commission merchant NFA Member and FDM. GlobeFX Club deposited \$29,250 into this omnibus account on September 12, 2008. This account remained open until October 17, 2008,

when all remaining funds in the account, viz., \$15,403.65, were sent to a bank account at Bank of America.

20. After Jeremy Globe continued to deny that GlobeFX Club was doing business, NFA confronted him with the customer complaint of Richards and the so-called "omnibus account" at I-Trade. Globe stated that Richards was the firm's only customer, that her funds were deposited into the firm's bank account at Bank of America, and that GlobeFX Club paid Richards the interest it earned from the Bank of America account. Globe claimed that the "omnibus account" at I-Trade was a pool account that only held his and Bourne's personal funds, and that it was opened as a pool account because the firm planned on soliciting for pool participants in the future. However, later that day (March 11, 2009), Bourne told the NFA audit team that the "omnibus account" at I-Trade held customer funds.
21. NFA asked Bourne to produce records relating to his personal trading accounts, but he told the audit team that he would not produce them and wanted to talk to his lawyer. Similarly, Globe told the audit team that he would not answer any additional questions until he had his lawyer present and demanded that the audit team leave GlobeFX Club's offices. However, prior to leaving, the audit team told Globe that they would give him until 5:00 p.m. that afternoon (March 11, 2009) to produce all of the records requested by NFA.
22. At approximately 6:45 p.m. on March 11, Globe provided NFA with some of the requested documents, including certain bank statements for GlobeFX Club and personal bank statements for Globe and Bourne. In addition, Globe informed NFA that, contrary to his earlier representations, GlobeFX Club had opened

accounts for three other customers besides Shandia Richards. Globe provided NFA with the account opening documents for these accounts.

23. NFA's review of the documents produced by Globe showed that, on September 4, 2008 (prior to GlobeFX Club becoming an NFA Member), GlobeFX Club deposited \$30,000 into its checking account at Bank of America. Jeremy Globe represented that this deposit included the funds of two customers who had invested \$20,000 and \$10,000, respectively. On September 11, 2008, \$29,250 was transferred from the Bank of America checking account to GlobeFX Club's "omnibus account" at I-Trade. Over the next several weeks, approximately half of these funds were lost through trading. On October 17, 2008, \$15,403 was wired from the I-Trade "omnibus account" back to GlobeFX Club's checking account at Bank of America.
24. In the evening of March 11, NFA's audit team sent an e-mail to GlobeFX Club, Jeremy Globe, and Morton, requesting that they produce all other records requested by NFA, which they had not yet produced, no later than Noon on March 12, 2009. At approximately 1:00 p.m. on March 12, 2009, GlobeFX Club provided NFA with many of the remaining outstanding documents, including Bank of America bank statements for a related entity owned by Globe and Bourne called Globe Forex, Inc. ("Globe Forex").
25. In reviewing Globe Forex's bank statements, it appeared to NFA that the funds of Shandia Richards and another GlobeFX Club customer had been deposited in the Globe Forex bank account – which is odd considering that the account opening documents for these individuals showed that they were customers of

GlobeFX Club, not Globe Forex. NFA also noted two large deposits into the Globe Forex bank account – one on September 19, 2008 for \$174,965 and the other on October 3, 2008 for \$299,965. NFA asked Bourne about these deposits and he said they were personal loans from two friends in Trinidad. According to Bourne, these loans were non-interest bearing loans and were used to start Globe Forex. Bourne also told NFA that there were no promissory notes or other documentation evidencing these loans.

26. On March 13, 2009, NFA sent a letter to Globe and Bourne, which set forth a number of questions to which NFA needed responses in order to proceed with its audit of GlobeFX Club. Among other things, this letter asked Globe and Bourne to identify and provide contact information for the two individuals in Trinidad who purportedly made loans to Globe Forex. The letter also asked for documentation and explanations for a number of withdrawals, deposits, payments, and wire transfers in the Bank of America accounts of GlobeFX Club. NFA gave Globe and Bourne until Noon on Monday, March 16, 2009 to respond to these questions.
27. Globe and Bourne failed to meet the March 16 Noon deadline. Therefore, NFA sent an e-mail to them and their attorney demanding that they fully respond to all of the questions, as set forth in NFA's March 13, 2009 letter, by 5:00 p.m. on March 19, 2009 or NFA would seek the issuance of an MRA against GlobeFX Club suspending its NFA membership until such time as it fully responds to NFA's inquiries and NFA is satisfied that GlobeFX Club is in full compliance with NFA Requirements.

28. In the afternoon of March 19, Globe and Bourne's attorney advised NFA that Globe and Bourne could not meet the 5:00 p.m. deadline but would provide responses to the questions set forth in the NFA March 13 letter sometime during the morning of March 20. That same day (March 19), GlobeFX Club filed a Form 7-W with NFA requesting to withdraw its CPO registration and NFA membership.
29. On the morning of March 20, NFA contacted Globe and Bourne's attorney who told NFA that Globe and Bourne would provide some of the requested information to NFA later that day, including the names of the individuals in Trinidad who purportedly loaned money to Globe and Bourne to start Globe Forex.
30. In the afternoon of March 20, Globe and Bourne's attorney e-mailed several documents to NFA, which included expense account and general account information for GlobeFX Club and Globe Forex, and a document entitled "Globe FX Checking Accounts/Analysis of All Deposits and Withdrawals." The e-mail also identified the individuals in Trinidad who allegedly loaned Globe and Bourne a total of \$474,930 to start Globe Forex, but gave no contact information for them. The documents and information provided by Globe and Bourne's attorney answered some but not all of the questions for which NFA had asked GlobeFX Club to provide responses, including contact information for the individuals in Trinidad.
31. On March 23, 2009, NFA sent an e-mail to Globe and Bourne's attorney advising him that Globe and Bourne were required to provide contact information to NFA for the individuals in Trinidad no later than 10:00 a.m. on March 24, 2009.

32. On the morning of March 24, 2009, NFA sent another e-mail to Globe and Bourne's attorney that included a detailed list of the questions for which NFA still need answers. In this e-mail, NFA noted that one of the documents provided by Globe and Bourne's attorney on March 20, 2009, viz., the document entitled "Globe FX Checking Accounts/Analysis of All Deposits and Withdrawals" included entries for "Client Funds" and "Cash Advances to Globe and Bourne." This document stated that "Client Funds" totaled \$521,930. Yet Globe and Bourne had previously identified only four customers to NFA (after denying that they had any customers) whose total investments equaled \$47,000 – which was dramatically less than the \$521,930 shown as "Client Funds."
33. However, NFA noted that when the amount of the supposed loans from the individuals in Trinidad (which loans purportedly totaled \$474,930) was added to the \$47,000 invested by the four customers, the sum equaled \$521,930 – the exact amount shown for "Client Funds." This strongly suggested that the two Trinidad individuals were customers of GlobeFX Club, not lenders, and that the more than \$100,000 in cash advances that NFA found GlobeFX Club paid out to, among others, its principals may have come from these customers' funds.
34. As a result of the contradictory information that GlobeFX Club provided to NFA, and its failure to provide contact information for these individuals from Trinidad, NFA was hindered in its efforts to determine the nature of GlobeFX Club's business, the identities of its customers, the amount and location of funds deposited by customers, its treatment of customer funds, and the identity of the individuals who purportedly loaned money to the firm.

35. Accordingly, NFA staff recommended that NFA's Executive Committee issue an MRA for GlobeFX Club's failure to cooperate with NFA's investigation. The Executive Committee accepted staff's recommendation and issued an MRA against GlobeFX Club suspending it from NFA membership, prohibiting it from soliciting or accepting any customer or pool participant funds, placing trades, or disbursing or transferring any funds from any accounts which it owns or controls, without prior approval from NFA. The MRA remains in effect.
36. By reason of the foregoing acts and omissions, Globe FX Club is charged with violations of NFA Compliance Rules 2-5 and 2-2(f).

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-39(a): FAILING TO COMPLY WITH NFA COMPLIANCE RULE 2-36(e) IN THE SUPERVISION OF GLOBEFX CLUB'S FOREX ACTIVITIES.

37. The allegations contained in paragraphs 1 through 7 and 10 are realleged as paragraph 37.
38. Morton was the firm's sole AP/principal and was designated as such because he was the only individual at GlobeFX Club who had passed the Series 3 examination. During NFA's fieldwork, Morton was not present at the firm, and represented to NFA staff that he was out of the state working on plans for his upcoming wedding. He also represented that he was unaware that GlobeFX Club had any customers. Morton indicated that he was aware that GlobeFX Club had an "omnibus" account at I-Trade and believed that client funds had not been solicited yet, but would be in the near future. He also indicated that he was unaware that GlobeFX Club's website was operational. NFA spoke with Bourne

and Globe regarding Morton's involvement with GlobeFX Club's activities, and both represented that they had not informed Morton that GlobeFX Club was soliciting customers or trading customer funds.

39. Although NFA found no evidence of Morton's involvement in the violations alleged above, as the sole AP/principal of the firm, Morton had an obligation to supervise the firm's operations and should have been aware of what Bourne and Globe were doing. It is clear that Morton disregarded his supervisory responsibilities and, had he exercised even a modicum of oversight over GlobeFX Club's other employees, he would have known that the firm was active.
40. By reason of the foregoing acts and omissions, GlobeFX Club and Morton are charged with violations of NFA Compliance Rule 2-39.

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty days of the date of the Complaint. The Answer shall respond to each allegation in the Complaint by admitting, denying or averring that you lack sufficient knowledge or information to admit or deny the allegation. An averment of insufficient knowledge or information may only be made after a diligent effort has been made to ascertain the relevant facts and shall be deemed to be a denial of the pertinent allegation.

The place for filing an Answer shall be:

National Futures Association
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org
Facsimile: 312-781-1672

Failure to file an Answer as provided above shall be deemed an admission of the facts and legal conclusions contained in the Complaint. Failure to respond to any allegation shall be deemed an admission of that allegation. Failure to file an Answer as provided above shall be deemed a waiver of hearing.

POTENTIAL PENALTIES, DISQUALIFICATION AND INELIGIBILITY

At the conclusion of the proceedings conducted as a result of or in connection with the issuance of this Complaint, NFA may impose one or more of the following penalties:

- (a) *expulsion or suspension for a specified period from NFA membership;*
- (b) *bar or suspension for a specified period from association with an NFA Member;*
- (c) *censure or reprimand;*
- (d) *a monetary fine not to exceed \$250,000 for each violation found; and*
- (e) *order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.*

The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respondents in this matter who apply for registration in any new capacity, including as an associated person with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of Commodity Futures Trading Commission ("CFTC") Regulation 1.63 penalties imposed in connection with this Complaint may temporarily or permanently render Respondents who are individuals ineligible to serve

on disciplinary committees, arbitration panels and governing boards of a self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Dated: 04/30/09

By: 
Chairperson

/jac(Complaints\GlobeFX_Morton)

AFFIDAVIT OF SERVICE

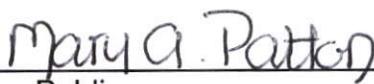
I, Nancy Miskovich-Paschen, on oath state that on June 30, 2009, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

GlobeFX Club, Inc.
1005 N. Krome Avenue
124
Homestead, FL 33030
Attn: Jeremy Globe

James Christopher Morton II
103 E. St. Louis Avenue
Eustis, FL 32726


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 30th day of June 2009.



Notary Public

