

**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**

In the Matter of:)

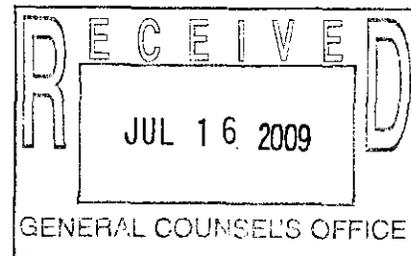
GLOBEFX CLUB, INC.)
(NFA ID#402957))

NFA CASE NO. 09-MRA-003

and)

JAMES CHRISTOPHER MORTON, II)
(NFA ID# 384177))

Respondents.)



ANSWER TO COMPLAINT

Respondent JAMES CHRISTOPHER MORTON, II ("Morton") responds to the Complaint filed by Petitioner NATIONAL FUTURES ASSOCIATION BUSINESS CONDUCT COMMITTEE ("NFA") dated 6/30/09 as follows:

ANSWER AS TO JURISDICTION

1. Denied. To Morton's knowledge, GlobeFX Club did not become a commodity pool operator Member of NFA until October 29, 2008, when his October 22, 2008 application was approved.
2. Denied. Morton became a principal and an associated person ("AP") of GlobeFX Club on October 29, 2008.
3. Admitted in part; denied in part. Although all three were the principals of the company and Morton was the designated AP, to Morton's knowledge GlobeFX Club never conducted business.

ANSWER AS TO BACKGROUND

4. Admitted.

5. Admitted that GlobeFX Club was inactive because it was in the process of preparing a disclosure document. Morton has insufficient knowledge to either admit or deny that GlobeFX Club was listed with a Forex Dealer Member ("FDM") and therefore denies that allegation.

6. Denied as to Morton. Morton fully and completely cooperated with NFA in its investigation and to the extent Morton had access to GlobeFx Club records and other documents he produced them to NFA, including his personal bank account records.¹

7. Admitted that NFA issued an MRA; the balance of the paragraph is denied to the extent that NFA is looking to hold Morton responsible for the concealed actions of Globe and Bourne. Morton was led to believe that GlobeFX Club was in its start-up phase and had commenced any business.

ANSWER AS TO APPLICABLE RULES

8. Admitted.

9. Admitted.

10. Admitted.

ANSWER AS TO COUNT I

11. No response is required; see responses to 1-10 above.

¹

Globe and Bourne were covertly operating GlobeFX Club without Morton's knowledge and consent.

12. Morton has insufficient information to either admit or deny these allegations. As far as Morton was aware, GlobeFX Club had not opened for business and therefore did not manage accounts or solicit accounts, and, if Globe and/or Bourne had done so it was without Morton's knowledge or permission and/or prior to Morton's involvement in GlobeFX Club. Further, to the extent Iverson requested information from Morton, he was provided it.

13. Morton has insufficient information to either admit or deny the allegations concerning Shandia Richards ("Richards"). In July 2008, Morton was an AP with another firm and not GlobeFX Club and in fact Morton never heard of Richards until NFA commenced its investigation. According to NFA's complaint, Richards invested monies with GlobeFX Club in July 2008, however, GlobeFX Club did not incorporate until 8/25/08 and therefore Richards could not have invested her monies with GlobeFX Club or this respondent.

14. Morton has insufficient information to either admit or deny this paragraph. Morton has no knowledge of "GlobeFX St Fund". As far as Morton knew, GlobeFX Club was in its start-up phase and had not solicited any clients. Morton was in the process of preparing a disclosure document for approval by NFA and was not aware that the website was live until he received a telephone call from Senior Compliance Manager Lauren Brinati ("Brinati").

15. Morton has insufficient information to either admit or deny this paragraph. Morton was neither a party to these communications nor was did he have any knowledge of GlobeFX Club accounts or commodity pools. Further, he denies that GlobeFX Club held any accounts or commodity pools.

16. Morton has insufficient information to either admit or deny this paragraph. Morton was not a party to these communications. As far as Morton was aware, a disclosure document was not filed on behalf of GlobeFX Club.

17. Admitted. Morton advised Brinati that the website was still in the "mock up" phase as a work in progress and was not supposed to be live.

18. Morton has insufficient information to either admit or deny this paragraph. He was not present at the meeting.

19. Morton admits that while he was an AP of I-Trade that GlobeFX Club through Globe and Bourne opened a trading account. Admitted that GlobeFX Club did deposit \$29,250.00 into the trading account at I-Trade FX. Morton has insufficient information to either admit or deny the balance of this paragraph; his employment at I-Trade was terminated on September 17, 2008.

20. Morton has insufficient information to either admit or deny what Globe told NFA and vice-versa. Morton was not a party to these communications. Nor was Morton an AP or otherwise associated with GlobeFX Club at the time of the transactions concerning Richards or the "omnibus account" at I-Trade.

21. Morton has insufficient information to either admit or deny what Globe told NFA and vice-versa. Morton was not a party to these communications.

22. Morton has insufficient information to either admit or deny what Globe told NFA and vice-versa. Morton was not a party to these communications.

23. Morton has insufficient information to either admit or deny what Globe told NFA and vice-versa. Morton was not a party to these communications. Moreover, Morton became a principal and an AP of GlobeFX Club on October 29, 2008, which is

after the transaction set forth in this paragraph took place. Morton was wholly unaware of these activities.

24. Morton admits the first sentence of this paragraph. Morton was unable to provide records because to his knowledge GlobeFX Club was not yet doing business. Morton did provide in a timely manner all of his personal account records requested by NFA. Morton never heard of "Globe Forex" until the NFA audit and the MRA.

25. Morton has insufficient information to either admit or deny any information pertaining to Globe Forex, as Morton never heard of "Globe Forex" until the NFA audit and the MRA. Nor was Morton aware of the transactions referred to in this paragraph as they predated his involvement with GlobeFX Club.

26. Morton has insufficient information to either admit or deny what Globe told NFA and vice-versa. Morton was not a party to these communications.

26. Morton has insufficient information to either admit or deny what Globe and/or Bourne told NFA and vice-versa. Morton was not a party to these communications.

27. Morton has insufficient information to either admit or deny what Globe and/or Bourne told NFA and vice-versa. Morton was not a party to these communications.

28. Morton has insufficient information to either admit or deny what Globe and/or Bourne told NFA and vice-versa. Morton was not a party to these communications.

29. Morton has insufficient information to either admit or deny what Globe and/or Bourne told NFA and vice-versa. Morton was not a party to these communications.

30. Morton has insufficient information to either admit or deny what Globe and/or Bourne told NFA and vice-versa. Morton was not a party to these communications.

31. Morton has insufficient information to either admit or deny what Globe and/or Bourne told NFA and vice-versa. Morton was not a party to these communications.

32. Morton has insufficient information to either admit or deny what Globe and/or Bourne told NFA and vice-versa. Morton was not a party to these communications.

33. Morton has insufficient information to either admit or deny this paragraph. Morton never received any monies from GlobeFX Club directly or indirectly, except that Morton received one check from it for \$1,500.00 as reimbursement for costs incurred in setting up GlobeFX Club (gas, paper, printing, ink, exc.), which Morton assumed came from personal funds of Bourne and Globe. Moreover, without a time frame Morton cannot further respond to this paragraph.

34. Denied as to Morton.

35. Morton has insufficient information to either admit or deny this paragraph to the extent it calls for them to conclude what NFA's thought processes were, however, admitted that NFA issued an MRA.

36. Denied. Morton was deceived by Globe and Osbourne whose actions were concealed and *ultra vires* of the company.

ANSWER AS TO COUNT I

37. No response is required; *see* responses to 1-10 above.

38. Admitted.

39. Denied as pled. There was no evidence of Morton's involvement in the alleged violations because *Morton was not involved in them*. Admitted that Morton as the AP was obligated to supervise Globe and Bourne; however, denied that Morton should have been aware of the activities of Globe and Bourne concerning the inactive GlobeFX Club. Morton's involvement with GlobeFX Club commenced in October 2009 *after* Globe and Bourne had committed the alleged violations. Thereafter, Globe and Bourne *intentionally* concealed their activities from Morton for their sole benefit and *actively* concealed their actions from Morton. From the beginning of Morton's relationship with Globe and Bourne, they led him to believe that they were dealing with their own personal funds at I-Trade. As far as Morton knew, GlobeFX Club was inactive and there was nothing for him to supervise and/or monitor (or so he reasonably believed) at the relevant times, and Globe and Bourne continued the facade with Morton until NFA intervened. Under the circumstances, it is unreasonable to believe that had Morton "exercised even a modicum of oversight" over Globe and Bourne that he would have known the company was "active" and uncovered their activities.

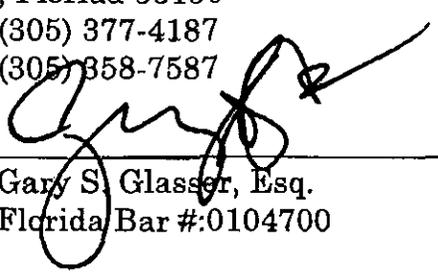
40. Morton should not be found guilty of violating NFA Compliance Rule 2-39 under the circumstances. Morton had no involvement whatsoever with GlobeFX St Fund or Globe Forex and he was cooperative with NFA at all relevant times.

Wherefore, Respondent JAMES CHRISTOPHER MORTON respectfully submits that he should not be found guilty of any violations in connection with the allegations contained in the Complaint filed by Petitioner NATIONAL FUTURES ASSOCIATION BUSINESS CONDUCT COMMITTEE.

AFFIDAVIT OF SERVICE

I Gary S. Glasser hereby certifies that a true and correct of the foregoing was faxed and mailed on July 16, 2009 to: Ronald Hirst, Esq., General Counsel, National Futures Association 300 S. Riverside Plaza Suite 1800 Chicago, IL 60606 Attn: Legal Docketing Department (Fax#: 312-781-1672); David Stawick, Secretariat Commodity Futures Trading Commission Three Lafayette Center 1155 21st Street, NW Washington, DC 20581 (Fax#: 202-418-5521); William Penner, Deputy Director Compliance & Registration, Division of Clearing and Intermediary Oversight, Commodity Futures Trading Commission Three Lafayette Center 1155 21st Street, NW Washington, DC 20581 (Fax#: 202-418-5536); Joseph Gibson, Esq., Counsel for GlobeFX Club, Inc., Jeremy Globe, and Christopher Bourne 19 West Flagler Street, Suite 600 Miami FL 33130 (Fax: 305-377-2828).

Respectfully submitted,
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By: 

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