

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

TREVOR G. COOK,
PATRICK J. KILEY,
UBS DIVERSIFIED GROWTH, LLC,
UNIVERSAL BROKERAGE FX
MANAGEMENT, LLC,
OXFORD GLOBAL ADVISORS, LLC,
and OXFORD GLOBAL PARTNERS, LLC,

Defendants,

and

BASEL GROUP, LLC,
CROWN FOREX, LLC,
MARKET SHOT, LLC,
PFG COIN AND BULLION,
OXFORD DEVELOPERS, S.A.
OXFORD FX GROWTH, L.P.,
OXFORD GLOBAL FX, LLC,
OXFORD GLOBAL MANAGED
FUTURES FUND,
UBS DIVERSIFIED FX ADVISORS, LLC,
UBS DIVERSIFIED FX GROWTH L.P.,
UBS DIVERSIFIED FX MANAGEMENT,
LLC,
CLIFFORD BERG, and
ELLEN BERG,

Relief Defendants.

CIVIL ACTION
FILE NO.

FILED UNDER SEAL

SCANNED
NOV 23 2009 *DB*
U.S. DISTRICT COURT MPLS

DECLARATION OF SCOTT J. HLAVCEK

1. I am employed as an Accountant with the United States Securities and Exchange Commission (“Commission”) in the Chicago Regional Office, located at 175 W. Jackson Blvd., Suite 900, Chicago, Illinois, 60604. I have been employed with the Commission since 1993. My duties with the Commission include investigating potential violations of the federal securities laws, and assisting in the litigation of securities enforcement actions.

2. I received a BA degree from Illinois Wesleyan University and an MBA degree from DePaul University. I am a Certified Public Accountant. I worked in the banking industry for six years and have worked as an investigator of financial fraud for the federal government for the past 19 years.

3. As part of my duties, I was assigned to participate in the SEC’s investigation regarding Trevor Cook (“Cook”), Patrick Kiley (“Kiley”) and certain entities associated with them (collectively, the “Defendants”). In connection with this assignment, I have reviewed the SEC’s files concerning the offer and sale of investments by the Defendants for the purpose of trading in foreign currency transactions. Those files include, among other things, documents from various banks, documents from the Defendants, and other documents obtained by the SEC in its investigation. Based upon my review of these records and the Commission’s files, as well as conversations with Commission personnel, I am informed and believe and, therefore, state the information set forth below in this declaration.

4. In connection with this assignment, I have analyzed certain financial records concerning the flow of funds through accounts belonging to the Defendants and other entities and individuals. I have reviewed and summarized available bank and brokerage records (collectively "bank records") provided by various financial institutions and by individuals. The documents summarized by these Exhibits are so voluminous that they cannot be conveniently entered into evidence. Those summary exhibits are fair, accurate and complete summaries of the documents and information I reviewed. The documents underlying the attached summaries are available for examination and copying at a reasonable place and time. The bank records I have reviewed and summarized include account opening documents, monthly statements, cancelled checks, check stubs, cashier's checks, wire transfers, deposit slips and deposit items. The summaries of the records I have reviewed are set out in Exhibits 1 through 19 attached to this declaration. The documents reviewed to prepare the summaries are documents produced to or obtained by the SEC staff during its investigation.

5. The bank records reviewed include, but are not limited to, all activity in the following accounts since July 2006:

- a. One account in the name of Relief Defendant Basel Group, LLC held at Associated Bank. The authorized signators on the account were Kiley and Julia Smith;
- b. One account in the name of Relief Defendant Crown Forex, LLC held at Associated Bank. The authorized signators on the account were Kiley and Julia Smith;

- c. Two accounts in the name of Relief Defendant Market Shot, LLC. One account was held at Wells Fargo Bank and the other at Associated Bank. Cook was the sole authorized signator on both accounts;
- d. One account in the name of Relief Defendant Oxford FX Growth, LP held at Wells Fargo Bank. The authorized signators on the account were Jason Beckman ("Beckman") and Christopher Pettengill ("Pettengill");
- e. Three accounts in the name of Defendant Oxford Global Advisors, LLC held at Wells Fargo Bank. The authorized signators on the accounts were Beckman, Cook, Pettengill and Gerald Durand ("Durand"). Cook was removed as signator on July 9, 2008 and Pettengill and Durand were removed on August 22, 2008;
- f. One account in the name of Oxford Global FX, LLC held at Associated Bank. Cook was the sole authorized signator on the account;
- g. One account in the name of Oxford Global Holdings, LLC held at Wells Fargo Bank. The authorized signators on the account were Pettengill and Durand. The account was closed by October 31, 2008;
- h. Two accounts in the name of Oxford Global Investments, Inc. held at Associated Bank. The authorized signators on one account were Beckman, Cook, and Pettengill and Beckman, Cook, Mary Dingman and Leo Domenchetti on the other account. Both accounts were closed by October 31, 2008;

- i. One account in the name of Defendant Oxford Global Partners, LLC held at Associated Bank. The authorized signators on the account were Beckman Cook, and Hollie Beckman;
- j. Two accounts in the name of Oxford Private Client Group, LLC held at Wells Fargo Bank. The authorized signators on the account were Beckman, Pettengill and Eric Erickson on one account and Pettengill and Durand on the other account. Both accounts were closed by December 31, 2008;
- k. One account in the name of Relief Defendant PFG Coin and Bullion held at Wells Fargo Bank. Cook was the sole authorized signator on the account;
- l. One account in the name of Relief Defendant UBS Diversified FX Growth, LP held at Wells Fargo Bank. Kiley was the sole authorized signator on the account;
- m. One account in the name of Defendant UBS Diversified Growth, LLC held at Wells Fargo Bank. Kiley was the sole authorized signator on the account;
- n. One account in the name of Defendant Universal Brokerage FX Management, LLC held at Associated Bank. The authorized signators on the account were Kiley and Julia Smith;
- o. One account in the name of Defendant Trevor Cook held Wells Fargo Bank. Cook was the sole authorized signator on the account;

p. Several accounts held at PFG, Inc. for the purpose of trading in futures and currency. Those accounts were in the following names: eight accounts opened by Beckman in the name of Oxford FX Growth, LP, two futures accounts and six currency accounts; two accounts opened by Cook in the name of Oxford Global FX, LLC, both currency accounts; six accounts opened by Cook in the name of Market Shot, LLC, two futures and four currency accounts; two accounts opened by Cook in the name of UBS Diversified Growth, LLC, both currency accounts; three accounts in the name of Cook, two futures and one currency account; four accounts opened by Pettengill in his name, one futures and three currency accounts. In addition there were two accounts in the name of UBS Diversified Growth, LLC and Cook designated "Commission W/H" accounts, both currency accounts;

q. One account in the name of Jason and Hollie Beckman held at Wells Fargo Bank;

r. I also reviewed and summarized several other accounts held at Wells Fargo Bank, Associated Bank and JPMorgan Chase held in the names of entities associated to the Defendants.

6. According to employees of Universal Brokerage, UBS Diversified Growth (collectively "Universal") Oxford Global Advisors and Oxford Global Partners (collectively "Oxford Global") even though Cook was not a signatory on all of the bank accounts described above, Cook made most decisions regarding the disposition of the

funds in those accounts. When investor checks were received, the checks were given to Cook. He determined which accounts the checks would be deposited into and directed others to make the deposits. Cook also directed the account signatories as to how the funds from the accounts should be disbursed. Cook had a stamp bearing Kiley's signature, which he could use to personally make deposits, transfers and withdrawals. On occasion, Kiley instructed his office assistant to send funds back to investors who had requested withdrawals.

7. Exhibits 1 through 19 are based on a review of the bank records described in Paragraph 5 above. Exhibits 1 through 19 were prepared in the following manner: (a) for each account, a computer file listing all of the transactions in that account was prepared; (b) using the bank statements, the account number, the date of transactions, the amounts of withdrawals or deposits, and the check numbers for all transactions in the account into the file were entered; (c) after reviewing the underlying documents for each transaction listed in the file, the name of the source of the deposit or the recipient of the withdrawal was entered in the description column; (d) after the available information for the transactions in the account was entered, the transactions were categorized according to the description column to prepare a summary of the sources and uses for each account.

8. After all accounts were analyzed, the accounts in which investor funds were deposited, withdrawn or transferred into were selected and combined to create the summaries of those accounts to prepare Exhibits 1 through 19. Exhibits 2 through 19 show each individual transaction that supports the amounts in the combined summary Exhibit 1.

THE DEFENDANTS

9. Trevor G. Cook is a 37-year-old resident of Burnsville, Minnesota. A review of Commission and FINRA files indicate that Cook is not registered with the Commission in any capacity and has never been associated with an entity registered with the Commission. (See Exhibit 37, SEC Blue Ribbon Attestations) According to records of the National Futures Association (“NFA”) Cook was previously an associated person with various commodities and futures trading firms. In 2006, the NFA brought an action against Cook in which it found that while working for a commodities and futures trading firm, Cook overstated a customer’s annual income and net worth in order to open trading accounts for the customer. The NFA ordered Cook to pay a \$25,000 fine and suspended Cook from association with any NFA member firm for nine months unless the firm agreed to record all of Cook’s conversations with customers. (See Exhibit 20, National Futures Association Decision)

10. Patrick J. Kiley is a 71-year-old resident of Minneapolis, Minnesota. For the several years, ending in or about July 2009, Kiley hosted a financial themed radio show on which he marketed the foreign currency investments that he and Cook offered and sold. (See Exhibit 28) A review of Commission and FINRA files indicate that Kiley is not registered with the Commission in any capacity and has never been associated with a registered entity. (See Exhibit 37)

11. UBS Diversified Growth, LLC is a Minnesota limited liability corporation with its principal place of business in Burnsville, Minnesota. Kiley is the registered agent of UBS Diversified Growth, LLC. A review of Commission files indicate that UBS

Diversified Growth, LLC is not registered with the Commission in any capacity. (See Exhibit 37) Also, no registration statement has been filed with the Commission with respect to securities issued by UBS Diversified Growth, LLC. (see Exhibit 37) None of the entities using the UBS name in this matter are affiliated with UBS, AG, the Switzerland-based global financial services firm.

12. Universal Brokerage FX Management, LLC is a Minnesota limited liability corporation with its principal place of business in Burnsville, Minnesota. Kiley is the registered agent of Universal Brokerage FX Management, LLC. The registered address of Universal Brokerage FX Management, LLC is the same as that of UBS Diversified Growth, LLC. A review of Commission files indicates that Universal Brokerage FX Management, LLC is not registered with the Commission in any capacity. (See Exhibit 37) Also, no registration statement has been filed with the Commission with respect to securities issued by Universal Brokerage FX Management, LLC. (See Exhibit 37)

13. Oxford Global Advisors, LLC is a Minnesota limited liability company with its principal place of business in Minneapolis, Minnesota. A review of Commission files indicates that Oxford Global Advisors, LLC is not registered with the Commission in any capacity. (See Exhibit 37) No registration statement has been filed with the Commission with respect to securities issued by Oxford Global Advisors, LLC. In or around July 2008, Oxford Global Advisors, LLC ceased doing business. (See Exhibit 37)

14. Oxford Global Partners, LLC, formed in November 2008, is a Minnesota limited liability company with its principal place of business in Minneapolis, Minnesota. A review of Commission files indicates that Oxford Global Partners, LLC is not

registered with the Commission in any capacity. (See Exhibit 37) Also, no registration statement has been filed with the Commission with respect to securities issued by Oxford Global Partners, LLC. (See Exhibit 37)

RELIEF DEFENDANTS

15. Market Shot, LLC, Oxford FX Growth, L.P., Oxford Global Managed Futures Fund, LP, Oxford Global FX, LLC, PFG Coin and Bullion, UBS Diversified FX Advisors, LLC, UBS Diversified FX Growth, L.P., and UBS Diversified FX Management, LLC are all Minnesota limited liability companies or limited partnerships. UBS Diversified FX Advisors, LLC, UBS Diversified FX Growth, L.P., and UBS Diversified FX Management, LLC are no longer active companies. Basel Group, LLC and Crown Forex, LLC are shell companies created by Cook and Kiley that have not been formally organized under the laws of any state.

16. Clifford and Ellen Berg are Cook's wife's parents and reside in Apple Valley, Minnesota.

OVERVIEW

17. From at least July 28, 2006 through July 18, 2009, the Defendants raised at least \$190 million from at least 1,000 investors, who reside in numerous states, for investments in a foreign currency trading program. Many of the victims are senior citizens who are unsophisticated and inexperienced in financial matters. Some victims used retirement assets to invest in Cook and Kiley's venture. At the present, Cook and Kiley's investors face losses of at least \$139 million. (See Exhibit 2, Investor Summary)

18. From at least July 2006 until approximately late 2007, Cook and Kiley both sold investments in a foreign currency trading venture offered through Defendant UBS Diversified Growth, LLC ("UBS Diversified"). From early 2008 until July 2009, Kiley sold the investments primarily through his entity Universal Brokerage FX ("Universal Brokerage"), and Cook sold the investments primarily through Oxford Global Advisors, LLC ("Oxford Global Advisors") and Oxford Global Partners, LLC ("Oxford Global Partners").

19. Cook and Kiley met with prospective investors together, and they handed out business cards representing that they worked out of the same office. (See Exhibit 21, Business Cards of Kiley and Cook) Certain of their offering documents were identical, except for the name of the company offering the investments. (See Exhibits 22 and 23, Offering Documents for UBS Diversified and Oxford Global)

20. Throughout their offerings, Cook and Kiley provided their investors with account statements that reported substantial, continuing gains from foreign currency trading in segregated investor accounts.

21. Cook and Kiley represented to their investors that each investor's funds would be deposited into a separate account in the investor's name and segregated from other investors' moneys. (See Exhibits 24 and 25, Printouts of the Universal Brokerage and Oxford Global Websites) Instead, investor funds were deposited in U.S. bank accounts in the names of shell companies controlled by Cook and Kiley, including UBS Diversified, Universal Brokerage, and Oxford Global Advisors. In those accounts, investors' funds were commingled with funds of other investors and money received

from other sources. Cook and Kiley represented that the investors' principal would be exposed to minimal or no risk (See Exhibit 24)

22. Investor funds were also deposited into a U.S. bank account in the name of Crown Forex, LLC. Cook and Kiley owned and/or controlled Crown Forex, LLC, which was unrelated to Crown Forex, S.A. In the bank account of Crown Forex, LLC, investors' funds were commingled with funds of other investors and money received from other sources.

23. From at least July 2006 through at least May 2009, investors received via the mail individual account statements. These investor account statements were sent on a regular basis, some monthly and others quarterly. The account statements disseminated to each investor typically bore the name of the company through which the investor had invested and also bore an individual account number. In some cases investors would receive an account statement bearing the name of a different company that they had not invested with. (See Exhibits 26 and 27, Account Statements for UBS Diversified and Oxford Global)

24. Beginning in approximately August 2008, investors with accounts at Crown Forex, S.A. were given access to on-line account statements. (See Exhibit 35, Crown Forex On-line Statement Printout)

25. The paper and on-line account statements represented that the investors had earned profits during every period. Typically, the account statements represented that investors earned a return of between approximately 0.8% and 1% every month. (See Exhibits 26, 27 & 35)

26. According to an employee, Cook arbitrarily selected percentage rates every month or quarter and directed others to prepare account statements by applying those arbitrary percentages to the principal balances appearing in the investors' previous account statements. In most months, Cook directed that the same percentage be applied to most of the accounts.

27. Offering documents represented that investors would be assessed a "setup fee", a "management fee" equal to 2% of the assets invested, and a "performance fee" equal to 20% to 50% of the profits generated on the investment. (See Exhibit 34, UBS Offering Materials pg. 5)

THE OFFERINGS

THE UNIVERSAL OFFERINGS

28. Kiley offered and sold investments in the foreign currency trading venture primarily through two companies that he established, UBS Diversified and Universal Brokerage (the "Universal Offerings"). (See Exhibit 22) Kiley solicited investors through a radio program called "Follow the Money," which was broadcast in several cities until July 2009. (See Exhibit 28, Kiley Website Printout) Kiley also solicited investors through his website and Universal Brokerage's website and through word of mouth.

29. Cook worked with Kiley to solicit investors for the Universal offerings. Kiley and Cook met with prospective investors together. Cook passed out business cards stating that he was the Managing Partner of a UBS Entity. (See Exhibit 21) Kiley told some investors that the trading was conducted through a complex computer program purchased and overseen by Cook.

30. On the Universal Brokerage website Kiley claimed that the firm was a “leader in international foreign exchange markets.” (See Exhibit 24) In a letter accompanying the Universal Offering materials, Kiley represented that Universal Brokerage was a “registered financial advisory firm.” (See Exhibit 29, Letters to Universal Investors) Kiley also told investors that their funds were completely liquid and could be withdrawn at any time. To invest, Kiley instructed investors to write a check payable to “UBS,” “UBS Diversified,” or other entities that he controlled.

THE OXFORD OFFERINGS

31. Cook offered investments in the foreign currency trading ventures through Oxford Global Advisors and Oxford Global Partners (“the Oxford Offerings”). In or about April 2008, Cook began offering and selling investments in the foreign currency trading venture through Oxford Global Advisors. From approximately August 2008 through July 2009, he offered and sold the investments through Oxford Global Partners. Cook solicited investors through Oxford Global Partners’ website, through investment seminars that he hosted, through a team of sales representatives, and through word of mouth. (See Exhibit 25) Cook also raised funds from clients of The Oxford Private Client Group, LLC, an investment adviser registered with the Commission and headquartered in the Minneapolis building popularly known as the Van Dusen Mansion.

32. On the Oxford Global Partners website, Cook touted Oxford Global Partners’ purported expertise and standing in the investment community. Cook also described the firm as “a world-class provider of investment management and risk management services” which provided “expert global financial strategies for our clients.”

Cook also told investors and represented on the Oxford Global Partners website that their funds were completely liquid and could be withdrawn at any time. (See Exhibit 25) Cook promoted this image by hosting investment seminars in the Van Dusen Mansion and holding one-on-one meetings with prospective investors in the Mansion's largest office, which he filled with big screen televisions, multiple computers with many screens, and clocks set to multiple time zones. Cook told investors that his foreign currency program utilized a complex computer program that had the ability to take advantage of pricing inequities between foreign currencies.

33. In April 2009, through the Oxford Global Partners website, Cook represented that the program was currently earning 10.5% per year and also touted the safety of the investment. The Oxford Global Partners website also stated that "[c]lient's funds are held in separately managed accounts." (See Exhibit 25)

THE CROWN OFFERING

34. Cook and Kiley represented to some existing investors that they could invest in new accounts at Crown Forex, S.A., where their funds would be invested in foreign currency trading ("The Crown Offerings").

35. Beginning in June 2008, investors invested \$79 million based on representations that the investors' funds would be deposited in segregated accounts and traded at the Swiss firm Crown Forex, S.A. \$32 million of those funds were raised in 2009. In fact, from September, 2006 through December, 2008, only about \$23 million of the investors' funds were transferred to Crown Forex, S.A. in Switzerland. In or around November 2008, Cook acquired a 51% ownership interest in Crown Forex, S.A. Cook

used at least \$3 million of investor funds to pay for his ownership interest in Crown Forex, S.A. The balance of the investor funds were deposited in pooled accounts in the name of UBS Diversified and Crown Forex, LLC. None of the investor money was deposited in separate, segregated accounts in the names of individual investors at Crown Forex SA. (See Exhibit 10)

36. In July of 2009 Cook and Kiley disclosed on their respective websites and in letters to investors that the Swiss authorities had shutdown Crown Forex SA and declared it insolvent. (See Exhibits 30, 31, July 2009 Notices on Websites for UBS and Oxford, and Exhibit 31, July 2009 Letters to Investors) From January 1, 2009 through July, 2009, Cook and Kiley raised approximately \$32.7 million representing that the investors' money would be deposited in Switzerland with Crown Forex, S.A.

37. When investors desired to withdraw money from Crown Forex, S.A., they were instructed to fill out documents which purported to be Crown Forex, S.A. withdrawal forms. Investors were then paid with funds from domestic accounts controlled by Cook and Kiley titled Crown Forex LLC. (See Exhibit 33, Crown Forex Withdrawal Form)

SOURCES AND USES OF FUNDS

38. The bank records and summaries show that, from at least July 28, 2006 through July 18, 2009, the Defendants' bank accounts received at least \$190.8 million from at least 1,000 investors. Many of the investors are senior citizens and used retirement assets from IRA accounts to invest in the Universal, Oxford, and Crown offerings. Those funds were deposited in ten different accounts controlled by the

Defendants. The bank records also show that, from at least August 16, 2006 through July 18, 2009, investors received at least \$51.2 million from twelve accounts controlled by the Defendants. (See Exhibit 1 & 2) Cook and Kiley used another \$108 million of the investors' money to fund banking and trading accounts they held in names of their various shell companies, including certain of the Defendant Shell Companies and the Relief Defendant Shell Companies. Cook and Kiley used some of the money in their shell companies' accounts to trade foreign currencies. This trading involved significant risks and lost at least \$48 million. (See Exhibit 1)

39. Cook and Kiley used at least \$42.8 million of the investor's funds for their own use. As described more fully below they used \$18 million that Cook diverted to buy ownership interests in two trading firms; \$12.8 million to finance the construction of a casino in Panama; and at least \$12 million that Cook and Kiley used for other personal purposes. Those personal uses include \$4.8 million that Cook lost through gambling; \$2.8 million that Cook used to acquire the Van Dusen Mansion; \$2.7 million withdrawn in cash and cashier's checks, \$1.3 million used to make payments to lawyers; \$1 million transferred to a private investment firm, and \$1 million used to pay personal credit cards and bank payments. (See Exhibits 1, 3, and 4)

40. The bank records show that, from July 27, 2006 through July 31, 2009, a net of approximately \$11.6 million was paid to Cook or paid for his benefit. Those funds were used by Cook for, among other things, cash withdrawals of approximately \$900,000, to make check card purchases or credit card payments of approximately \$800,000, to transfer approximately \$1 million to Cole Alternative Investment for a

purported investment by Cook, payments to gambling entities of approximately \$4.8 million, payments of legal fees of approximately \$1.1 million, approximately \$2.8 million to make a purchase and pay expenses for a building purchased by Cook. Cook also gave \$948,848 of the investors' money to his wife's parents, Relief Defendants Clifford and Ellen Berg. (See Exhibit 3, Summary of Cook Transactions)

41. The bank records show that, from July 27, 2006 through July 18, 2009, a net of approximately \$394,000 was paid for Kiley's benefit, including \$210,000 for legal fees and approximately \$206,000 in payments to credit cards, banks and cash withdrawals from accounts in which Kiley had signatory authority. (See Exhibit 4, Summary of Kiley Transactions). Kiley does not appear to have a personal bank account, and according to employees he routinely carried large sums of cash and spent large sums for his extensive wardrobe.

42. The bank records show Ellen and Clifford Berg received payments of \$948,848.36 from Cook, including \$829,469 which was given to them in June and July 2009, and they made payments to Cook or related entities totaling \$293,769.05 (See Exhibit 15, Summary of Ellen and Clifford Berg Transactions).

43. The bank records show that, from May 8, 2008 through July 3, 2009, approximately \$12.8 million was wired to the Law Office of Gary Saunders for a purported casino project in Panama City, Panama. The status of the project is unknown. (See Exhibit 8, Summary of Payments to Gary Saunders for Panama Casino).

44. The bank records show that, from September 14, 2006 through April 9, 2009, a net of approximately \$4.4 million was paid to Jason Beckman or was paid for his benefit. (See Exhibit 18, Summary of Payments to Jason Beckman).

45. The bank records show that, from August 21, 2006 through July 22, 2009, approximately \$4.2 million was paid to payroll accounts and to employees and agents of the Universal and Oxford Global entities. (See Exhibit 7, Summary of Payments to Employees/Contractors).

46. The bank records show that, from November 9, 2007 through July 10, 2009, a net of approximately \$1.6 million was transferred to Cook and Kiley related entities, including several Oxford entities. (See Exhibit 6, Summary of Payments to Related Entities).

47. The bank records show that, from August 2, 2006 through July 21, 2009, a net of approximately \$2.3 million was used by the Defendants for various uses such as, among other things, to make credit card or bank payments, to make payments to radio or media entities, for payments to law firms, payments to real estate title entities and other entities for which the staff has not obtained information about their relationship to the Defendants. (See Exhibit 9, Summary of Payments to Others).

48. The bank records show that, from August, 1, 2006 through December 19, 2008, approximately \$23.1 million was transferred to Crown Forex, S.A. to an account held at Credit Suisse Bank in Zurich Switzerland. Approximately \$8 million of this amount was returned from Crown Forex, S.A. to the Defendants' accounts for a net of approximately \$15.1 million transferred to Crown Forex, S.A. \$3 million was used for an

equity investment in Crown Forex SA. The location of the remaining \$12 million is unknown at this time. (See Exhibit 10, Summary of Crown Forex Activity).

49. The bank records show that, from December 1, 2006 through June 26, 2009, \$38.2 million was transferred to JDFX Fund Management, JDFX Holdings, Inc. and JDFX Fund, Ltd. ("JDFX entities"). JDFX Holdings, Inc. was comprised of a subsidiary which purportedly had developed a high-speed computer platform for trading foreign currency and another entity which managed an investment fund called JDFX Fund. JDFX Holdings, Inc. is a British Virgin Islands company headquartered in Switzerland. According to JDFX entities' owner, approximately \$15.3 was for the purpose of purchasing a 35% interest in the JDFX entities in Cook's name, \$500,000 net was for repayment of a loan, and the remainder of \$22.3 million was used by Cook for currency trading in the JDFX entities accounts using a very risky and volatile strategy involving highly volatile currencies of countries which are not members of the G-5 group of countries. The JDFX entities returned \$13 million to the Defendants. All but \$166,892 of the remaining \$10.3 million was lost in currency trading by Cook. (See Exhibit 11, Summary of JDFX Activity).

50. The bank records show that, from October 14, 2006 through January 1, 2009, approximately \$46 million was transferred to accounts held by PFG Best, Inc. for the purpose of trading in futures and foreign currencies. The funds were placed in trading accounts in the names of Relief Defendants Oxford FX Growth, L.P. and Market Shot, LLC. Approximately \$10.7 million was withdrawn from the accounts held at PFG Best,

Inc. and deposited in the various accounts. All but \$12,208 of the remaining \$35.3 million was lost in trading by Cook. (See Exhibit 12, Summary of PFG Activity)

51. The bank records show that, from October 20, 2006 through August 4, 2008, a net of approximately \$4.4 million was paid to Chris Pettengill or for his benefit. (See Exhibit 5, Summary of payments to Pettengill). Those funds were transferred by Chris Pettengill to entities that conduct foreign currency transactions as an accommodation to Cook. \$3.8 million of those funds were lost in currency trading. (See Exhibit 5).

52. The bank records show that, from March 20, 2007 through July 24, 2008, approximately \$9.4 million was transferred to a foreign account at the Saxo Bank in Denmark from various accounts controlled by the defendants. The remaining balance on deposit at August 31, 2009 was \$464,456.86. The location of the remaining \$8.9 million is unknown at this time. (See Exhibit 13, Summary of Saxo Bank Transfers).

53. The bank records show that, from August 6, 2006 through July 3, 2009, a net of approximately \$7.2 million was transferred to various entities that are in the business of foreign currency transactions from various accounts controlled by the defendants. The current location of these funds is unknown at this time (See Exhibit 14, Summary of Other Transfers for Forex Trading).

54. The bank records show that, from July 2006 through July 2009, approximately \$4.1 million was used for unidentified purposes, including withdrawals of items under \$1,000 of approximately \$395,000 and about \$3.7 million of items for which

the Commission has not received the supporting documentation requested from the banks. (See Exhibit 16, Summary of Unidentified Payments).

55. The bank records show that the accounts had a combined balance of approximately \$1.97 million as of the dates outlined on Exhibit 17. (See Exhibit 17, Summary of Ending Account Balances)

56. The bank records show that, from June 2009 through September 2009 Cook and Kiley made payments from investor funds to lawyers totaling \$1,310,000, including \$610,000 to the Law Offices of William J. Mauzy, \$500,000 to Oberman, Thompson & Segal, LLC, \$110,000 to Peter B. Wold P.A. and \$100,000 to McKinzie, Wilkes & Mahmoud. (See Exhibits 3 & 4)

57. Only about \$32 million of the funds transferred to trading accounts was ever returned from those firms and Cook and Kiley have dissipated much of that \$32 million. (See Exhibit 1)

58. Bank records indicated that investor funds of at least \$500,000 were transferred to Basel Group, LLC; investor Funds of at least \$79 million were transferred to Crown Forex, LLC; investor funds of at least \$9.7 million were transferred to Market Shot, LLC; investor funds of at least \$3.5 million were transferred to PFG Coin and Bullion; investor funds of at least \$140,000 were transferred to Oxford Developers, S.A; investor funds of at least \$29.6 million were transferred to Oxford FX Growth, L.P.; investor funds of at least \$8.4 million were transferred to Oxford Global FX, LLC; investor funds of at least \$1.2 million were transferred to Oxford Global Managed Futures Fund, LP; investor funds of at least \$1,000 were transferred to UBS Diversified

FX Advisors, LLC; investor funds of at least \$4.7 million were transferred to UBS Diversified FX Growth L.P.; investor funds of at least \$1,000 were transferred to UBS Diversified FX Management, LLC. (See Exhibit 19)

59. On October 28, 2009 the SEC took the investigative testimony of Thomas Richardson. Excerpts of the transcript of that testimony are attached as Exhibit 36. (See Exhibit 36)

I, Scott J. Hlavacek, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the foregoing is true and correct. Executed on the 20th day of November 2009.


SCOTT J. HLAVACEK