

1 A In any conversation I had, he seemed to know how
2 that would be managed.

3 Q Okay. So from your interaction with Pat and
4 Trevor, and what you observed in the office, it appeared to
5 you that through Pat's Universal business, he raised money
6 and then had Trevor manage the money for him.

7 A Yes.

8 Q Okay. And do you know what bank accounts Pat Kiley
9 used for his investor funds?

10 A I don't directly know. I would say that there
11 were -- with regards to anything that was going through the
12 Trevor or the Oxford. When I arrived, I believe they were
13 using a Wells Fargo account, and that later became an
14 Associated account.

15 I believe there were some Wells Fargo accounts
16 associated with Universal. I can't be completely clear on
17 that.

18 Q Okay.

19 A I wouldn't have seen Universal bank account
20 statements from any of the banks.

21 Q Okay. But you did see Oxford bank account
22 statements.

23 A Occasionally, yes, yes.

24 Q So you did not actively manage Oxford's bank
25 accounts?

1 office occasionally.

2 Q And so once you started July 14, 2008, and it was
3 still OGA at the time, what was it that --

4 Let me re-ask that. How was OGA raising funds from
5 investors?

6 A OGA was raising money probably through several
7 ways. There were some independent brokers or some broker
8 representatives who were either housed in the Van Dusen or
9 there was another facility down the block, or would be
10 working independently.

11 So those folks seemed to be a combination of them
12 contacting individuals and some institutions.

13 Q Was the institution down the block the Semple
14 Mansion?

15 A Yes, yes.

16 Q So OGA was raising money through independent
17 brokers, and then did it have any actual employees who were
18 raising money or were they all independent?

19 A I believe that the people who were deemed to be
20 employees, there may have been some cross-over, people who
21 had benefits, is the way I would calculate that out. There
22 may have been -- I think Paul Wood -- I'm not sure if he had
23 benefits or not.

24 There was some cross-over people like Ryan Moeller
25 and Adam Edenborough, who were getting a regular paycheck, and

1 I believe benefits. But occasionally, not during their
2 normal course of business, have customer or clients'
3 interaction.

4 Q And these independent brokers, how would they go
5 about raising funds?

6 A My understanding is they were responsible for some
7 of their own marketing outreach. They would use some of the
8 materials provided by Oxford, including a currency brochure.
9 They would use a seminar, a roundtable, that had been
10 offered, where they could invite contacts. I'm not sure of
11 all the methods that they would be using to --

12 Q I'm handing you what has been marked as Commission
13 Exhibit 7. It's a multi-page document labeled "Global
14 Enhanced Return Strategy."

15 Is this an example of one of the brochures you just
16 mentioned?

17 A Yes.

18 Q Who designed this brochure?

19 A The original design, I'm not sure. This was one of
20 the brochures in place prior to my arrival.

21 BY MR. KLAWANS:

22 Q Who approved the use of that document, Exhibit 7?

23 A I couldn't be certain. It was prior to my arrival.

24 Q Who do you think approved it?

25 A I would have to ultimately say Trevor Cook.

1 Q And why do you think ultimately Trevor Cook
2 approved the use of that document?

3 A Because he would have provided that. He would have
4 had it printed and distributed to the parties that would have
5 had access to it.

6 Q Was Mr. Cook in charge of deciding what materials
7 were approved for distribution to prospective investors of
8 Oxford Global Advisors or Partners?

9 A To some extent. There was a concern that some of
10 these independent brokers or reps were using materials that
11 he didn't know, I didn't know, others didn't know. Part of
12 the task was to try to put some control on what materials
13 could be used.

14 Q Were those controls put in place?

15 A To some extent.

16 Q Was Exhibit 7 a document that Mr. Cook was aware it
17 was being distributed to prospective investors?

18 A Yes.

19 Q How do you know that?

20 A He would pass it out to himself and to some brokers
21 using it.

22 BY MR. DELFINO:

23 Q And was this an approved document?

24 A Yes.

25 Q When you joined, how many clients did OGA have?

1 A I don't know. I really wasn't privy to that
2 information.

3 Q And going back to the IB brokers, what methods
4 would they use to contact potential investors?

5 A I don't know all the methods. I believe face-to-
6 face contact. I believe mailings. I believe telephone
7 calls.

8 Q How would they get the lists of people to contact?

9 A Some of them developed their own lists. There was
10 some list provided -- there had been lists bought before I
11 got there, and then there was a list bought by the company
12 while I was there.

13 Q Who did they buy the list from?

14 A Before, I don't know. When I was there, there was
15 a list -- I believe it was a direct marketing company in
16 Chicago that was used.

17 Q Do you know their name?

18 A I don't recall. I'm sure -- it probably was in my
19 file at that office.

20 Q And it's just a marketing firm that sells leads for
21 financial products?

22 A Yes.

23 Q When you were working at OGA, who did you consider
24 to be running the company, besides Trevor Cook? Who would
25 make decisions? Who would instruct the sales force what to

1 do?

2 A Other than Trevor, no one. Ostensibly, I had a
3 title, I would be asked questions and provide support, but
4 other than Trevor, I wouldn't say anyone.

5 Q So he made all the final decisions for OGA?

6 A I believe so, yes.

7 Q And when the company became OGP --

8 A I'm sorry. For OGA, I'm not sure what activities
9 would have constituted that, but if the company -- for
10 purposes of this discussion, there are several OGA entities,
11 yes.

12 Q What are the several OGA entities?

13 A The number of companies that had Oxford Global
14 Advisors in it.

15 Q Such as?

16 A LLC. I'm not sure of the list until I would --
17 when I saw the list again, there are a number -- you know,
18 the separate bank account, that had bank accounts.

19 Q Okay And when OGA investors wrote checks out,
20 first off, who did they write the checks to?

21 A I didn't -- I wouldn't know all the different -- if
22 there were different ones. I was under the impression at the
23 end it was to Crown Forex, to a custodian, Crown Forex.

24 Q What about earlier on? Did you see checks written
25 to other entities --

1 A I didn't.

2 BY MR. KLAWANS:

3 Q With respect to Mr. Cook, did he make the final
4 decisions regarding what representations were made to
5 prospective investors in Oxford entities?

6 A Yes, yes. There was -- I would say there was
7 concern that some of the independent brokers, when Mr. Cook
8 was not there, others were not there, there had been concern
9 expressed that there were representations being made that
10 shouldn't have been.

11 And so if the question implies that was there an
12 independent broker who was having a meeting with a client or
13 a prospect and saying something that he shouldn't have, I'm
14 not sure that Mr. Cook would have known that or approved
15 that.

16 Q Did Mr. Cook become aware of situations in which
17 brokers were saying things to investors that they weren't
18 supposed to?

19 A Yes.

20 Q And what was Mr. Cook's reaction to that?

21 A There were times when he went on the record saying,
22 "You shouldn't do that." There were times when he would say,
23 "To push the envelope."

24 Q And what did Mr. Cook mean by "Push the envelope"?

25 A Well, apparently there were different returns being

32

1 in some of the different programs before I got there. And as
2 it applies to some attempt to make it more consistent, I
3 believe there was a talk -- and I think I saw this in my
4 notes -- about the marketing of the different programs, of
5 why there had been a higher return about a year ago or two
6 years ago, and why, with interest rates coming down or
7 narrowing, why it's being lowered, for instance.

8 Q In an earlier response, you mentioned Cook telling
9 his salespeople to "push the envelope."

10 What did he mean by that?

11 A The fact that he believed the foreign exchange
12 wasn't regulated to an extent where there was a black and
13 white line, or what could be represented or could not be
14 represented, I think was what I was referring to. I can't
15 think of a specific example of --

16 Q He wanted his people to "push the envelope" when
17 talking to investors?

18 A I wouldn't say that he encouraged that, no. But --

19 Q What I'm hearing you say is that Mr. Cook told his
20 sales force what to say to investors, and that in instances
21 in which they were saying things that they weren't supposed
22 to, he was correcting the sales force as to redirect them in
23 what they should be telling investors.

24 A Yes. Yes, and there had been examples of -- and I
25 believe it was the New Mexico or the Arizona Attorney General

1 had contacted -- again, this is before I got there -- there
2 were some very specific examples, apparently some specific
3 things that were not supposed to have been said.

4 I didn't see the correspondence from that office.
5 It was before I got there, but I believe some of -- for
6 instance, it centered on the word "guarantee." There is no
7 guarantee. And the use of the word "a fixed rate" was not
8 supposed to have been used.

9 Q And what was Cook's reaction to those allegations
10 by those state regulators?

11 A His initial reaction occurred before I got there,
12 so --

13 Q Were you present for any conversations between Cook
14 and prospective investors?

15 A Yes.

16 Q How often did that occur?

17 A It's hard to give a frequency. I would say over
18 the 52 weeks, it may have been on a weekly basis. It may
19 have been weeks in between. It may have been several
20 conversations with the same group, for instance.

21 Q What did Cook tell prospective investors about how
22 their investment in the foreign currency program would work?

23 A How the foreign currency program, the arbitrage
24 would work?

25 Q Yes.

1 A There was --

2 Q And I'm not interested -- sorry to interrupt before
3 you answer, but I want you to tell us what Cook was telling
4 investors about the program.

5 A That it was based on law. That it was based on the
6 interest rate differential of the currencies representing the
7 higher -- on the highest difference between interest rates
8 using a low leverage to a five times leverage to obtain a
9 return, a gross return, in the 2 1/2 to 12 1/2 percent range.
10 And it was listed at Crown Forex. The funds were custodied
11 to Crown Forex in Switzerland.

12 At times, he would use the number -- that there was
13 \$4 billion in assets. That the way the program worked was
14 through the technology -- the efficient use of being able to
15 place trades on simultaneously -- the way a program would
16 work is you would have to enter a trade simultaneously
17 offsetting positions, so that no matter what the one currency
18 did, it would be offset by a teeter-totter effect, because
19 you'd be going -- you'd have the same -- you'd use the same
20 currency, you'd go in different directions at Crown Forex.

21 So no matter what the price did, there'd be a
22 teeter-totter effect and profit would be extracted through
23 this interest rate differential that was a daily interest
24 credit being generated.

25 Q Did Cook tell investors that their money would be

1 invested in anything other than foreign currencies?

2 A Not any of the ones that I witnessed.

3 Q Okay. Did Mr. Cook tell investors that their funds
4 would be segregated in their accounts?

5 A The word "segregated" was used, and I don't recall
6 if it was their own account. But the word "segregated" was
7 used.

8 Q Okay. And how did Mr. Cook use the word
9 "segregated"?

10 A I believe it was to give an impression that funds
11 were separate from one another.

12 Q And so Mr. Cook told investors that their funds
13 would be separate from other investors' funds, in words or
14 substance?

15 A I'm sorry?

16 Q In words or substance, is that what he told
17 investors?

18 A Perhaps in substance.

19 Q Okay. Do you remember the specific language he
20 used to describe how their funds would be separate from one
21 another?

22 A "Segregated accounts" was used. That's the
23 specific that I remember.

24 Q So he told investors their money would be in
25 segregated accounts?

1 A Correct.

2 Q Okay. Cook told investors that their money would
3 be in an account located in Switzerland at Crown Forex.

4 A Correct.

5 Q Okay. Did Mr. Cook say that their money would be
6 at any other location or with any other firm, other than
7 Crown Forex in Switzerland?

8 A No.

9 Q Mr. Cook told investors that he had \$4 billion in
10 assets in the foreign currency program?

11 A Yes.

12 Q Okay.

13 BY MR. DELFINO:

14 Q Did Mr. Cook ever mention to investors in your
15 presence anything regarding the safety of the principal
16 investment?

17 A I'm sorry.

18 Q Was there a risk of loss through that principal?

19 A I don't recall a specific disclosure about risk of
20 principal. The impression people got was that it was a part
21 of the reason using Crown Forex was because it was located in
22 Switzerland and provided safety and security of funds.

23 BY MR. KLAWANS:

24 Q Did Mr. Cook ever say that the foreign currency
25 investment involved little risk or no risk?

1 A Yes, yes.

2 Q He said that to investors?

3 A Yes.

4 Q Was it that he said both, it involves little to no
5 risk, or did he say it involved little risk, or did he say it
6 involved no risk?

7 A Probably no risk. He would -- based on the
8 arbitrage's teeter-totter effect, he would say there's no way
9 to lose principal.

10 BY MS. GRADMAN:

11 Q Did he say anything about access to funds to
12 investors, what their access would be to their funds?

13 A He talked about daily liquidity.

14 Q What did he say about it?

15 A That funds would be available on a daily basis.

16 Q Regarding the segregated accounts, did he represent
17 to people that their accounts would be segregated at Crown
18 Forex in Switzerland?

19 A I believe so, yes.

20 Q You were talking a few minutes ago about Mr. Cook's
21 feeling about some of what the independent brokers were
22 saying.

23 Did he ever give them anything in writing, a script
24 or anything to follow when they spoke with their customers?

25 A No, not during my time, no.

1 Q Were you going to say something else?

2 A No. There was an attempt to standardize some of
3 the outgoing letters. That was something that I tried to
4 help with, a very short concise letter basically that I
5 believe I provided some drafts that were written in
6 conjunction with some of the folks from the Oxford Private
7 Client Group. It was just a very short, "Here is the
8 information you requested." And we hoped that the people
9 would use those.

10 Q Who wrote those letters?

11 A Who wrote the letters?

12 Q Yes.

13 A Gene Walden would have been a marketing person at
14 Oxford Private Client Group.

15 Q Anybody else?

16 A I would have looked at them and perhaps edited and
17 made a few suggestions.

18 BY MR. KLAWANS:

19 Q Now, your testimony is that you "would have"
20 reviewed them and edited them.

21 Did you in fact review and edit them?

22 A Gene submitted them to me and I made comments for
23 them, yes.

24 Q Okay. Just for clarification going forward. If
25 something occurred, just tell us whether it occurred or

1 didn't. If you're saying that it was a typical practice, or
2 it's a hypothetical, then you can say, "Well, I would have
3 done this" or "I would have done this." We want a
4 distinction between what may have occurred and what actually
5 happened.

6 Is that okay?

7 A Yes.

8 BY MR. DELFINO:

9 Q You mentioned that you saw Cook -- you were with
10 Cook when he solicited investors.

11 Were you ever present when Trevor Cook and Pat
12 Kiley solicited investors together?

13 A Yes.

14 Q How many times do you think that happened?

15 A Three or four.

16 Q And the solicitations that Trevor Cook made with
17 Pat Kiley, did they differ from when it was just you and
18 Trevor Cook with investors?

19 A No.

20 Q Okay. So from what you saw when Trevor Cook and
21 Pat Kiley talked to investors, and when just Trevor Cook
22 talked to investors, it was essentially the same pitch, the
23 same sales?

24 A Yes.

25 Q Regarding the arbitrage currency strategy --

1 A Right.

2 Q And from what you saw, was the program that Trevor
3 Cook and Pat Kiley were selling essentially the same as the
4 one that Trevor was selling?

5 A From what I saw of the meetings, yes.

6 Q And based on what you know outside of meetings, was
7 that essentially true?

8 A I'm not sure what else Pat may have said to his
9 clients on the other side, but in my presence, it was
10 essentially the same. Or at least I was only present for the
11 arbitrage part of the discussion.

12 Q And in that discussion, there was this -- what we
13 just talked about as far as the segregated accounts?

14 A Yes.

15 Q And the safety of the investment?

16 A Yes.

17 Q And the fixed nature of the return with a certain
18 10 to 12 percent?

19 A Based on interest rates, yes.

20 Q Okay.

21 BY MS. GRADMAN:

22 Q Mr. Richardson, when would you say was the last
23 time you heard Trevor Cook solicit somebody to invest in
24 Crown Forex in Switzerland?

25 A I don't recall specifically.

1 Q What about after May 1st of '09, did you think he
2 solicited people to invest in Crown Forex in Switzerland
3 after May 1st of '09?

4 A It may have been -- if I would have had access to
5 my computer in the office, there would have been a calendar,
6 but I traveled. I was out of the office from the end of
7 April until late May, so I missed -- I don't recall when I
8 got back.

9 I believe -- it's most likely there was -- I
10 probably did witness some meetings in late May to early June.

11 Q But you can't recall if he solicited customers to
12 invest in Crown Forex in Switzerland?

13 A I believe so. I'd have to look at my notes. I
14 can't recall a specific name or meeting.

15 Q Was Pat Kiley at any of those meetings?

16 A I'm not sure if Pat was.

17 BY MR. KLAWANS:

18 Q So were Kiley and Cook essentially soliciting
19 investors for the same program?

20 A That was my understanding.

21 Q In the meetings where you were present between Cook
22 and the investors, did Cook tell investors that he was going
23 to conduct the trading for the foreign currency program?

24 A Yes.

25 Q Did Cook say that anyone else was going to be

1 playing a role in the trading or investing in the foreign
2 currency program?

3 A Not that I recall. He may have indicated, you
4 know, with me sitting there, someone as an officer or in my
5 role, with the title --

6 Q Did you play any role in the investment of funds in
7 the foreign currency?

8 A I did no trading. I had no access to that
9 activity.

10 Q And did you observe anybody other than Trevor being
11 involved in those activities?

12 A No.

13 Q And I hear from your testimony, for the most part
14 he told investors that he was the one that was going to be
15 involved in the trading.

16 A Yes.

17 Q Okay. One second.

18 (SEC Exhibits Nos. 27 and 28 were
19 marked for identification.)

20 BY MS. GRADMAN:

21 Q While they are doing that, I am going to put in
22 front of you what has been marked as Exhibits 27 and 28.
23 They appear to be form letters.

24 A Yes.

25 Q You mentioned a few a minute ago that there was

1 sort of a form letter that was distributed to the independent
2 brokers to give out to customers.

3 A Yes.

4 Q And is that what you were referring to, Exhibits 27
5 and 28?

6 A Yes.

7 Q And who drafted Exhibits 27 and 28?

8 A Gene Walden.

9 Q Both of those exhibits?

10 A Yes.

11 Q Where did he obtain the content?

12 A I believe through the brochure, the other exhibits
13 that were mentioned, and then through discussions with
14 Trevor.

15 Q Any discussions with anybody else besides Trevor
16 Cook?

17 A As I said, he would have given these to me for
18 review to make suggestions, comments to it. And I probably
19 did make some of those.

20 Q If you'd look at Exhibit 28, the third-from-the-
21 last paragraph, the last line says, "Client funds are held in
22 segregated accounts with full transparency, third-party
23 administration, independent recording, and daily liquidity."

24 A Yes.

25 Q Do you know who was responsible for that particular

1 sentence, or who would have given that information to put in
2 a letter?

3 A I believe Gene would have wrote that based on
4 conversations with Trevor or other materials that had been
5 produced.

6 Q All right. Thank you.

7 One other question. On Exhibit 27, whose
8 handwriting is that at the top?

9 A That's my handwriting. It says, "Gene provided
10 updated versions, hard copy and electronic version. Be sure
11 to save to files."

12 BY MR. DELFINO:

13 Q Taking you back to just dealing with investors.

14 When an investor came in -- this is starting -- I'm
15 sorry. Can we stop for a second?

16 (A brief recess was taken.)

17 MR. DELFINO: We are back on the record.

18 And we were discussing the recording equipment and
19 nothing regarding this case, correct?

20 THE WITNESS: Yes.

21 BY MR. DELFINO:

22 Q So starting after OGP became where you were working
23 in the main driver of the company, when an investor came in,
24 either through an IB or through word of mouth and they met
25 with someone and decided to invest, who would they write

1 A James. Mr. Pieron had wanted to accompany us to
2 help facilitate the travel and to have a discussion. It
3 turns out during the meeting, or during our time there, he
4 had a separate meeting with Mr. Swais.

5 Q Why did he want to help facilitate your travel?

6 A There were several train transfers. It would have
7 been --

8 Q Oh, no, why was he wanting to help you? I mean
9 what was his connection? "He" being James Pieron.

10 A It was represented that the Oxford companies had an
11 investment or had an ownership in JDFX Technologies.

12 Q When you say, "it was represented," who represented
13 that?

14 A Well, Trevor told me. Trevor told me and others
15 that there was an investment -- that there was part
16 ownership, that either he -- it was represented that either
17 he, Oxford Global Advisors, and then Oxford Global Partners,
18 had this ownership or alliance with JDFX Technologies.

19 Q How did that come to be? How did Trevor and Mr.
20 Pieron come to invest? How did Trevor come to invest in JDFX
21 I guess?

22 A That was the understanding I had, as they had met
23 Trevor and some others. I'm not sure who all had been in
24 Switzerland, and they had a chance meeting. And there was a
25 discussion of everybody's business, and it appeared this

1 technology company was something that could be useful in
2 further developments of the Oxford businesses.

3 Q Now, was it your understanding that any Oxford
4 investor funds were invested with JDFX?

5 A No.

6 Q So where did the money come from to invest in JDFX?

7 A My understanding was it was Trevor's personal money
8 that he had generated through successful trading.

9 Q And the money sent to JDFX, was that for an equity
10 investment?

11 A That was certainly the impression created, yes. I
12 mean that's what was represented to me, yes.

13 Q By whom?

14 A By Trevor.

15 Q So let me get this straight. So Trevor told you
16 that an investment was made in JDFX for the purpose of having
17 an ownership interest in JDFX?

18 A Yes.

19 Q Trevor told you that the funds used for that
20 investment in JDFX came from his personal funds.

21 A Yes.

22 Q Okay. Did Trevor tell you that the funds used to
23 fund the investment in JDFX came from Oxford or Universal
24 investors?

25 A I believe the trading gains that he claimed he had

52

1 made had been part of some of the Universal clients, that the
2 profit -- that basically there was a pile of profits made
3 that clients' monies or returns had been properly accounted
4 for, and that these monies used were his share of the trading
5 proceeds.

6 Q So Oxford corporate profits were used to fund the
7 investment in JDFX.

8 A Again, that was before I got there, so when you say
9 "Oxford," I can't be certain that that was -- I don't know
10 what account it came out of.

11 Q Sorry, to be confusing.

12 But Trevor's profits from his business operations
13 were used to fund the investment in JDFX?

14 A Yes.

15 BY MS. GRADMAN:

16 Q Did he say how much he put in?

17 A You know, I never knew how much was used in the
18 JDFX. I heard ranges everywhere from 5 to \$20 million. I
19 couldn't be certain on that.

20 BY MR. KLAWANS:

21 Q Who had the ownership interest in JDFX?

22 A Again, I never saw any documents that said that. I
23 would have heard different variations of that, whether it was
24 Trevor, whether it was some of the other parties earlier
25 mentioned, Mr. Durand, Mr. Pettengill, Mr. Cook individually,

87

1 Castle, and there was no -- I got no answers on that. I
2 heard various stories and I probably have it in my notes in
3 various ways of who owns it.

4 Q You said in your time there it was on and off, but
5 it seemed like Pat Kiley was there about once a week.

6 Could you describe the relationship between him and
7 Trevor Cook?

8 A In terms of --

9 Q Their personal -- from what you said, it appears
10 that you spent some time with them together, they were there
11 together.

12 What was their personal relationship, business
13 relationship?

14 A I would say they were friends. There was -- at
15 some time, Trevor would report that Kiley was his godfather
16 or had known Trevor's father very well. They've known each
17 other for some time.

18 I think Trevor thought Pat was hard-working. I
19 think Trevor, at least when he was at the Castle, let Pat do
20 his own thing, but there were times when Trevor would go out
21 either to the Tiffany address or to what -- there was another
22 bank building.

23 Q In Eagan?

24 A In Eagan, in Minnesota.

25 At some point, Trevor started going out there, out

1 to the bank building, I believe. At some point, he'd have to
2 go out there, when they were setting it up, more frequently,
3 and then after it was set up a bit more frequently.

4 Q When was it set up?

5 A I can't be precise at when they moved in.

6 Q Why was it set up?

7 A My understanding was they needed more room. That
8 the Tiffany Court address had grown out of their space.

9 Q Had you been to the Tiffany Court address?

10 A I've been to the Tiffany Court address. I had
11 never been to the bank building. I had never --

12 Q Did --

13 A Did they buy the bank building? I never --

14 Q What bank did it share the building?

15 A I don't recall the name of the bank.

16 Q Did Pat Kiley live at the Tiffany Court address?

17 A Yeah, that was my understanding. Yes.

18 Q And did Trevor help set up the Eagan office?

19 A Yes.

20 Q How do you know that?

21 A He said he was going to go over there. He would
22 say he was taking computers there. They were going on a
23 shopping trip for various supplies.

24 Q Did he ever tell you or were you ever with him when
25 he was discussing the business of Universal for any of the

1 Universal derivative entities?

2 A Well, I was with him, with him and Pat, when they
3 would talk -- but there wasn't a talk about a business.
4 There was -- let me take -- there was no talk of the other
5 entities, if you will.

6 When you say "derivative business," no. I never
7 witnessed or was privy to a discussion of that with the two
8 of them.

9 Q What about just about Universal, Universal
10 Brokerage FX?

11 A Pat would talk about his radio show, how many
12 stations he would be on at night. What comes to mind is he
13 was on as many stations as Suzy Orhman. That there was a
14 significant -- and I'm going to forget the amount -- I
15 believe it was in six figures a month that he paid for the
16 distribution of that radio show.

17 Q Now, Pat paid the distribution?

18 A Well, that's the way it was reported, but it was
19 out of UBS or UBFX accounts.

20 Q Do you know he paid for that, the entity that he
21 paid, the name of it?

22 A I can't -- I don't -- I may have. "My Officer" may
23 have been the name of that. It was -- I guess I'm not
24 familiar with the term. I don't want to say "Media Buyer,"
25 but --

1 Q Media Group?

2 A Media Agent almost, yeah.

3 Q What about Interbank FX?

4 A It sounds familiar. I can't recall what role they
5 would have played. I don't -- I wasn't involved in dealing
6 with them.

7 Q FINMA New Edge?

8 A FINMA was -- my understanding was they were a
9 liquidity provider in France or a broker-dealer in France, I
10 believe. I believe there had been some accounts there. I
11 think Mr. Beckman found some funds there and was trying to
12 help figure out how they got there or whose they were, or
13 where they needed to go.

14 Q So when you were working there, though, you had no
15 interaction or --

16 A No. I may have seen correspondence. Mr. Beckman
17 may have shown me some correspondence that he found, but I
18 didn't directly communicate with them.

19 Q Okay. When was your last day at Oxford Global
20 Partners?

21 A I can't be precise.

22 Q Approximately.

23 A I think I put in my notes here July 20th. I don't
24 believe I've been back to the office since July 20th.

25 Q Your last week on the job, the last two weeks, how

104

1 there was a website that had been following some of the
2 stories for some time. Mr. Beckman may have provided me one
3 of those links.

4 I contacted KP Fund Services and asked what they
5 were aware of, and their response was, "It's a mess." That
6 they weren't sure that -- they didn't understand what was
7 happening at that point. They did report that they had
8 another fund manager who had an account at Crown who could
9 not access his funds.

10 Q Who was that?

11 A I don't think they mentioned the name.

12 Q Any other investigation or due diligence you did to
13 figure out what happened to the money?

14 A I had a conversation with Capricorn, who also had
15 some money tied up -- or had an account, a small account.
16 Maybe a couple of million U.S., I think. I'm not exactly
17 sure. And they couldn't access that.

18 And since all this has happened, no, I've tried to
19 follow it, but I haven't -- but no one has contacted me. I
20 haven't contacted --

21 BY MR. DELFINO:

22 Q Who is Gary Saunders?

23 A Gary Saunders was an attorney, or is an attorney,
24 that Trevor met and introduced me to on a couple of fronts.
25 Someone who was involved in the Panama land development

1 projects.

2 Q Did you ever go to Panama?

3 A No.

4 Q Did you ever talk to Trevor about what was going on
5 in Panama?

6 A I had initial discussions early on in July. That
7 was one of the things Trevor wanted me involved with in terms
8 of talking about a couple of land development projects in
9 Panama. Talked about a Panama brokerage, talked perhaps a
10 Panamanian bank license.

11 I met with Mr. Saunders on a couple of occasions.
12 At some point, talked about my experience. One of the
13 projects I worked on was an international land project in
14 China. And at some point, in September, I think Mr. Saunders
15 felt challenged by my experience in that arena, and I was
16 excluded from those discussions.

17 I had -- I think I sent you a preliminary project
18 study on one part of the project. But very quickly, was
19 excluded from the communication with Mr. Saunders or anything
20 to do with the Panamanian --

21 Q Did Trevor ever send money to Gary Saunders, or did
22 any Oxford entity?

23 A My understanding is, yeah, there was money sent.

24 Q How was that your understanding?

25 A Well, Trevor said he was -- that they were sending

106

1 money. In fact, I think on one or two occasions Mr. Saunders
2 flew back to Minneapolis to either get a check or to verify
3 the wire transfer was made.

4 Q And where did that money come from?

5 A I don't know what account was used to fund that
6 Panamanian project.

7 Q Do you know if they were investor funds?

8 A I don't. I don't know if it was.

9 BY MR. KLAWANS:

10 Q Was Mr. Saunders retained as a lawyer for Cook or
11 for Oxford entities, or was he hired to help with business
12 projects?

13 A I never signed any check for Mr. Saunders, so I
14 don't know. I wasn't involved in any, you know, formalizing
15 of the business relationship.

16 Q Were the monies sent by Cook or Oxford to Saunders
17 for the benefit of the Oxford investors?

18 A I don't know.

19 Q Were these proposed Panamanian projects for the
20 benefit of investors, or were they going to be for the
21 benefit of Cook and his entities?

22 A I don't know.

23 Q You never heard any of this being -- was being told
24 about their money being used to fund projects in Panama,
25 right?

1 A Correct.

2 Q In fact, the only use of investor funds that you
3 heard communicated to investors was foreign currency
4 investment trading, correct?

5 A Correct.

6 BY MR. DELFINO:

7 Q Based on your interaction with Mr. Saunders, saying
8 that you had some international real estate experience, do
9 you think he was competent enough to do this deal? It's
10 obviously your opinion.

11 A Not by himself.

12 Q Why is that?

13 A He apparently didn't have any experience such as
14 this. I'm sure he was a competent attorney. I mean I
15 shouldn't say "I'm sure," but I was led to believe he was a
16 competent attorney and had made some -- had developed some
17 relationships in Panama. He talked about bringing other
18 parties together. I think he wanted to control that part of
19 it.

20 Q How did he and Trevor meet?

21 A My understanding was they met in one of Trevor's --
22 it might have been the Super Bowl trip of '08, when Trevor
23 went to Panama. I could be wrong, but --

24 Q Trevor went to Panama for the Super Bowl --

25 A In 2008. I believe it's an annual trip, or at

126

1 Q At the end of '08?

2 A At the end of '08, yeah.

3 Q And then did anybody look into that to see if that
4 was actually occurring when you heard about it at the end of
5 '08? Did you hear anything else about it?

6 A No, no. I thought Mr. Beckman was trying to get to
7 the bottom of it and I'm not sure if any action was taken.

8 Q And have you heard anything about Trevor Cook using
9 any money for personal expenses?

10 A No.

11 Q Are you aware of any?

12 A No, again, my understanding was any monies that he
13 used or invested in these other entities was from monies that
14 he had made were his share of profits, proceeds from trading.

15 Q Have you ever been to Trevor Cook's house?

16 A Not inside.

17 Q Only outside of his house?

18 A Right. Let me be more precise. There was the
19 house in -- I'm not sure of his current address -- but the
20 city he's in now, is it Apple Valley or is it Eagan? I've
21 not been in that house. He had a different residence in
22 Plymouth, Minnesota. And I think I made it inside the garage
23 of that house.

24 Q Were cars in the garage?

25 A In the driveway.

127

1 Q Why kind of cars?

2 A Lamborghini, a Lexus. If you're asking did I see
3 the other vehicles --

4 Q Yes.

5 A At the Castle, at the Van Dusen, there was a Rolls
6 Royce.

7 Q Uh-huh.

8 A A Hummer. He acquired -- I'm not sure of the
9 model. An Audi --

10 MR. DELFINO: Maserati?

11 THE WITNESS: I said Lamborghini. Maybe it was a
12 Maserati. Oh, I'm sorry, there was a Maserati. A Maserati
13 and a BMW.

14 BY MR. DELFINO:

15 Q Did you ever hear anything about a submarine?

16 A I heard something about a submarine.

17 Q What did you hear about a submarine?

18 A I think that Trevor was trying to buy a submarine.

19 Q Why was he trying to buy a submarine?

20 A Because he had an island.

21 Q Do you know if he ever did?

22 A I don't believe he did.

23 Q Okay.

24 BY MR. KLAWANS:

25 Q Where is the island?

128

1 A I believe in -- well, I'm not sure if it's in --
2 oh, it's in Canada. It's in Canada, on the northern border
3 of Minnesota.

4 Q In the Boundary Waters?

5 A The Boundary Water, I'm not sure. I've never been
6 there, only what I heard.

7 BY MS. GRADMAN:

8 Q Are there any other cars that you haven't mentioned
9 that you've seen?

10 A A Lexus, the Beamer, the Maserati, the Lamborghini,
11 Hummer. The Rolls. I did mention that.

12 Q The Audi you mentioned.

13 A Two Audis. I mean there was the sports coupe, a
14 convertible, and then one that had come over from Europe.
15 I'm probably forgetting something but it's not
16 intentionally.

17 Q And how many homes did he have?

18 A Well, I believe he and his wife lived in one, the
19 current residence, and then this Tiffany Court address was a
20 private residence converted into an office.

21 Q Okay. And did anybody live at the Tiffany Court
22 address?

23 A Well, Mr. Kiley.

24 Q Anybody else?

25 A Not that I'm aware of.

130

1 A Client?

2 Q Well, let me ask it this way. In terms of Oxford,
3 who controlled the bank accounts?

4 A Well, Trevor would have controlled the bank
5 accounts, the blanket Oxford, with regards to -- to be
6 precise, with Oxford Global Partners, and I'm trying to drill
7 down to a precise -- for instance, the account where I had
8 signing authority on, I suppose, to be precise to your
9 question, I have to say that I could sign checks.

10 Q He gave you that authority to sign checks, right?

11 A Yes. Oh, yeah.

12 Q And did Cook make the final decisions with respect
13 to what would happen with any money sent to Crown Forex?

14 A Yes.

15 Q Did Cook make the final decisions with regard to
16 trading the investments of Crown Forex?

17 A Yes.

18 Q Did Cook make the final decisions with respect to
19 what was told to investors about the foreign currency
20 program?

21 A Yes.

22 Q Okay.

23 (SEC Exhibit No. 20 was marked for
24 identification.)

25 BY MR. KLAWANS:

1 that point.

2 Q It sounds like from the e-mail in Exhibit 20 that
3 Trevor sent to you and others, that he was closing out some
4 positions and raising some additional funds.

5 So does that tell you that the liquidity concerns,
6 that some investors wanted their money back?

7 A Actually I believe this is in conjunction with the
8 Oxford Private Client Group mutual fund. I believe what was
9 happening here is the -- and, again, I apologize if my
10 terminology isn't precise, but the administrator or someone
11 at Citi was now concerned after their review of some
12 regulation of a mutual fund that Crown did not qualify as a
13 custodian for a mutual fund.

14 And so I believe what this is referring to was two
15 things. Of them having -- and then there had been discussion
16 about using Citi, Citibank, as the custodian and actually as
17 the FX broker.

18 And so I believe what this was, was taking off the
19 positions, the PCG mutual fund, and moving that money to
20 Citibank.

21 Q You produced to us a couple of documents that are
22 copies of cashiers checks.

23 Do you recall sending those to us?

24 A Yes, yes.

25 Q And one of them is an amount of \$2 million dated

1 October 1, 2008, purchased by UBS Diversified Growth paid to
2 the order of Mesa Holdings.

3 A Yes.

4 Q And this says the remitter is Oxford Global FX
5 Group.

6 Do you know what \$2 million was for?

7 A That was for an equity stake in the Mesa Holdings
8 RAA aggregated business.

9 Q Who had that stake?

10 A Well, Oxford Global -- I'm sorry.

11 Q Oxford Global FX?

12 A Yes. Which I believe was Trevor Cook.

13 Q Was the stake in Mesa Holdings for the benefit of
14 Oxford investors or just for the benefit of Cook in the name
15 of Oxford Global FX?

16 A I believe the latter.

17 Q Why do you think that?

18 A Because I don't believe any investors were told --
19 any Oxford investors were told their money was used for
20 anything other than currency arbitrage strategy.

21 Q And you also produced another copy of a cashier's
22 check in the amount of \$300,000 dated May 27, 2009, paid to
23 the order to Mesa Holdings.

24 A That would have been another infusion of capital
25 into Mesa Holdings in exchange for either additional equity

1 or a zero coupon note.

2 Q Again, to your understanding, not for the benefit
3 of Oxford investors?

4 A Correct, because, again, they weren't told that
5 their monies were being used for anything else.

6 Q Okay.

7 (SEC Exhibit No. 21 was marked
8 for identification.)

9 BY MR. KLAWANS:

10 Q Mr. Richardson, we're going to show you Commission
11 Exhibit No. 21. This document you produced to us, and it is
12 numbered TR-308 through TR-310.

13 You are familiar, obviously, with this document.

14 A Yes.

15 Q Who drafted this document?

16 A I believe this was drafted by Mr. Beckman.

17 Q How certain are you that that's the case?

18 A I'm very certain.

19 Q You said you are very certain?

20 A Yes.

21 Q Okay. Looking at the first page of Exhibit 21, the
22 second line says, "In April I was informed that the firm was
23 not making money so I suggested that I defer payment up front
24 and -- piece."

25 What firm is being referred to in that statement?



UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

A diligent search has this day been made of the records and files of this Commission and the records and files do not disclose that any application for registration as a investment adviser was received in this Commission, under the names Patrick J. Kiley; UBFX; or Universal Brokerage FX, Inc., pursuant to the provisions of the Investment Advisers Act of 1940.

on file in this Commission.

October 13, 2009

(Date)

Larry Mills
Records Officer

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, D.C., which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or any one of them, are authorized to execute the above attestation.

For the Commission

Secretary



UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

A diligent search has this day been made of the records and files of this Commission and the records and files do not disclose that any registration statement has been received in this Commission, under the names Trevor G. Cook; Patrick J. Kiley; Universal Brokerage FX, Inc.; UBS Diversified Growth, LLC; UBS Diversified FX Growth L.P.; Crown Forex, LLC; Oxford Global Advisors, LLC; Oxford FX Growth L.P.; or Oxford Global Partners, LLC, pursuant to the provisions of any of the Acts administered by the Commission.

~~on file in this Commission~~

~~October 13, 2009~~
(Date)

Larry Mills
Larry Mills
Records Officer

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, D.C., which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or any one of them, are authorized to execute the above attestation.

For the Commission

Elizabeth M. Murphy

Secretary