

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Howard and Sharon Phillips
1804 County Road M
Swanton, OH 43558

Case No. 09-CV-1732 (MJD/JJK)

and

Joy Phillips
1804 County Road M
Swanton, OH 43558

**SECOND AMENDED VERIFIED
COMPLAINT**

and

JURY TRIAL DEMANDED

David Phillips
960 Seven Ponds Towd Road
Southampton, NY 11968

and

Kenneth A. and Judith G. Hale
600 Enterprise Avenue
Wauseon, OH 43567

and

Roxanna Holliker
600 Enterprise Avenue
Wauseon, OH 43567

and

Timothy Coley
209 Woodland Avenue
Swanton, OH 43558

and

Leesa Coley
209 Woodland Avenue
Swanton, OH 43558

and

Philip and Joan McDonald
14465 Freesia Way
Apple Valley, MN 55124

and

George Helmstetter
221 Massachusetts Avenue, #514
Boston, MA 02115

and

Sharon DelConte
313 Oxfordshire Lane
Chapel Hill, NC 27517

and

Gordon and Kathlyn Schepke
328 Paragon Avenue
Troy, MI 48098

and

Jerry and Kaye Rachel
14475 Thomas Trail
Rogers, MN 55374

and

Michael and Mary Patterson
355 F Avenue West
P.O. Box 363
Walford, IA 52351

and

Paul Migliorelli
373 Chandler Street
Worcester, MA 01602

and

Hans "Heiko" and Jerilynn Reske
9708 Amber Court
Denton, TX 76207

and

Floyd and Ilene Foster
10901 East Medina Avenue
Mesa, AZ 85209

and

Victor and Marianne Sultana
3203 43rd Avenue East
Bradenton, FL 34208

and

Dr. Ronald Linari
37 Stone Ridge Road
Franklin, MA 02038

and

Bill Salisbury
11115 West 106th Avenue
Broomfield, CO 80021

and

Curtis Winn
4208 East Frank Phillips Boulevard
Bartlesville, OK 74006

and

Mark Sticha
3840 Dunbar Court
Brooklyn Park, MN 55443

and

Russell and Jacquelyn Miller
1041 Princess Drive
Oberlin, PA 17113

and

Stephen Flemmons
1107 East Flemmons Lane
Lovington, NM 88260

and

Joseph Kalina
10587 West 330th Street
Northfield, MN 55057

and

Bill McLeod
P.O. Box 1090
Panhandle, TX 79068

and

James Downing III
217 Fredericksburg Avenue
Louisa, VA 23093

and

Edgar and Linda Stephenson
P.O. Box 91
Grangeville, ID 83530

and

Ronald B. Stolpman
16597 Iredale Court
Lakeville, MN 55044

and

Donald Moran
5305 Lindenwood Avenue NE
Louisville, OH 44641

and

Shirley Jacobs
121 Pineview Drive
Palmyra, PA 17078

and

Janet and Edgar Johnson
13470 Sherwood Circle
Cleveland, OH 44125

and

Curtis Harvey
5490 Hedge Brooke Pointe NW
Acworth, GA 30101

and

Barry Owens
P.O. Box 820259
Vancouver, WA 98682

and

Stephen G. and Elizabeth A. Froehle
332 Floral Drive West
Shoreview, MN 55126

and

Kelly Lenti
215 Grand Boulevard
Park Ridge, IL 60068

and

John Walencik
2510 North Verona Road
Morris, IL 60450

and

Dan and Diann Haynes
3016 Myrtlewood Way
Nampa, ID 83686

and

Donna Haynes
2929 Kingsgate Drive
Nampa, ID 83687

and

Greg Rutter
2517 Bellamy
Modesto, CA 95354

and

Jeffery Timberlake
141 West Jackson 1701A
Chicago, IL 60604

and

Larry and Charleyne Swoverland
1599 Quail Glenn Court
Carmel, IN 46032

and

Robert Herr
73 Fairfax Lane
Annville, PA 17003

Plaintiffs,

v.

Trevor Cook
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

Patrick Kiley
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

Jason "Bo" Alan Beckman
1900 LaSalle Avenue
Minneapolis, MN 55403-3629

and

Christopher Pettengill
14010 48th Avenue North
Plymouth, MN 55446

and

Gerald Durand
20520 Keokuk Ave., Suite 204
Lakeville, MN 55044

and

Oxford Global Partners
1900 LaSalle Avenue
Minneapolis, MN 55403-3629

and

Oxford Global Advisors
1900 LaSalle Avenue
Minneapolis, MN 55403-3629

and

Oxford Private Client Group
1900 LaSalle Avenue
Minneapolis, MN 55403-3629

and

UBFX Diversified
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

UBS Diversified
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

Universal Brokerage FX
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

UBS Diversified FX Advisors, LLC
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

UBS Diversified FX Growth LP
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

UBS Diversified FX Management, LLC
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

UBS Diversified Growth, LLC
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

Universal Brokerage Services, LLC
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

and

UBS REFCO IFX Millennium RJO PRG
12644 Tiffany Court, Suite 100
Burnsville, MN 55337

Defendants.

For their Second Amended Verified Complaint (“Complaint”) against Defendants, Plaintiffs state and allege as follows:

I. PARTIES AND OTHER INVOLVED PERSONS

A. Plaintiffs

1. Plaintiffs are individual investors who invested approximately \$16 million with the various Defendants in a foreign currency arbitrage program. Defendants

promoted the program and represented that investments in the program were instantly liquid, fully secure, principal protected, held in segregated accounts, and guaranteed to earn double digit returns. However, none of the Plaintiffs have been able to liquidate their investments, locate any segregated accounts containing their investments, or even confirm the continued existence of their investments. Accordingly, Plaintiffs are entitled to the relief requested herein.

2. Plaintiffs Howard and Sharon Phillips live at 1804 County Road M, Swanton, Ohio 43558.

3. Plaintiff Joy Phillips is the twenty-two year old daughter of Howard and Sharon Phillips. She lives with her parents at 1804 County Road M, Swanton, Ohio 43558.

4. Plaintiff David Phillips lives at 960 Seven Ponds Towd Road; Southampton, New York 11968. He also maintains a residence at R.R.-3 Box 327, Pennington Gap, Virginia, 24277.

5. Plaintiffs Kenneth A. and Judith G. Hale live at 600 Enterprise Avenue, Wauseon, Ohio 43567.

6. Plaintiff Roxanna Holliker is the daughter of Kenneth and Judith Hale. She lives with her parents at 600 Enterprise Avenue, Wauseon, Ohio 43567.

7. Plaintiffs Timothy and Leesa Coley live at 209 Woodland Avenue, Swanton, Ohio 43558.

8. Plaintiffs Philip and Joan McDonald live at 14465 Freesia Way, Apple Valley, Minnesota 55124.

9. Plaintiff George Helmstetter lives at 221 Massachusetts Avenue, #514, Boston, Massachusetts 02115.

10. Plaintiff Sharon DelConte lives at 313 Oxfordshire Lane, Chapel Hill, North Carolina 27517.

11. Plaintiffs Gordon and Kathlyn Schepke live at 328 Paragon Avenue, Troy, Michigan 48098.

12. Plaintiffs Jerry and Kaye Rachel live at 14475 Thomas Trail, Rogers, Minnesota 55374.

13. Plaintiffs Michael and Mary Patterson live at 355 F Avenue West, P.O. Box 363, Walford, Iowa 52351.

14. Plaintiff Paul Migliorelli lives at 373 Chandler Street, Worcester, Massachusetts 01602.

15. Plaintiffs Hans "Heiko" and Jerilynn Reske live at 9708 Amber Court, Denton, Texas 76207.

16. Plaintiffs Floyd and Ilene Foster live at 10901 East Medina Avenue, Mesa, Arizona 85209.

17. Plaintiffs Victor and Marianne Sultana live at 3203 43rd Avenue East, Bradenton, Florida 34208.

18. Plaintiff Dr. Ronald Linari lives at 37 Stone Ridge Road, Franklin, Massachusetts 02038.

19. Plaintiff Bill Salisbury lives at 11115 West 106th Avenue, Broomfield, Colorado 80021.

20. Plaintiff Curtis Winn lives at 4208 East Frank Phillips Boulevard, Bartlesville, Oklahoma 74006.

21. Plaintiffs Mark Sticha lives at 3840 Dunbar Court, Brooklyn Park, Minnesota 55443.

22. Plaintiffs Russell and Jacquelyn Miller live at 1041 Princess Drive, Oberlin, Pennsylvania 17113.

23. Plaintiff Stephen Flemmons lives at 1107 East Flemmons Lane, Lovington, New Mexico 88260.

24. Plaintiff Joseph Kalina lives at 10587 West 330th Street, Northfield, Minnesota 55057.

25. Plaintiff Bill McLeod lives at P.O. Box 1090, Panhandle, Texas 79068.

26. Plaintiff James Downing III lives at 217 Fredericksburg Avenue, Louisa, Virginia 23093.

27. Plaintiffs Edgar and Linda Stephenson live at P.O. Box 91, Grangeville, Idaho 83530.

28. Plaintiff Ronald B. Stolpman lives at 16597 Iredale Court, Lakeville, Minnesota 55044.

29. Plaintiff Donald Moran lives at 5305 Lindenwood Avenue NE, Louisville, Ohio 44641.

30. Plaintiff Shirley Jacobs lives at 121 Pineview Drive, Palmyra, Pennsylvania 17078.

31. Plaintiffs Janet and Edgar Johnson live at 13470 Sherwood Circle, Cleveland, Ohio 44125.

32. Plaintiff Curtis Harvey lives at 5490 Hedge Brooke Pointe N.W., Acworth, Georgia 30101.

33. Plaintiff Barry Owens lives at P.O. Box 820259, Vancouver, Washington 98682.

34. Plaintiffs Stephen G. and Elizabeth A. Froehle live at 332 Floral Drive West, Shoreview, MN 55126.

35. Plaintiff Kelly Lenti lives at 215 Grand Boulevard, Park Ridge, Illinois 60068.

36. Plaintiff John Walencik lives at 2510 North Verona Road, Morris, Illinois 60450.

37. Plaintiffs Dan and Diann Haynes live at 3016 Myrtlewood Way, Nampa, Idaho 83686.

38. Plaintiff Donna Haynes lives at 2929 Kingsgate Drive, Nampa, Idaho 83687.

39. Plaintiff Greg Rutter lives at 2517 Bellamy, Modesto, California 95354.

40. Plaintiff Jeffery Timberlake lives at 141 W. Jackson 1701A, Chicago, Illinois 60604.

41. Plaintiffs Larry and Charleyne Swoverland live at 1599 Quail Glenn Court, Carmel, Indiana 46032.

42. Plaintiff Robert Herr lives at 73 Fairfax Lane, Annville, Pennsylvania 17003.

B. The Oxford Defendants

43. Defendant Oxford Global Partners LLC is located at 1900 LaSalle Avenue, Minneapolis, Minnesota, also known as the “Van Dusen mansion.”

44. Defendant Oxford Global Advisors is located at 1900 LaSalle Avenue, Minneapolis, Minnesota.

45. Defendant Oxford Private Client Group is located at 1900 LaSalle Avenue, Minneapolis, Minnesota.

46. Upon information and belief, the three Oxford entities are often referred to as “The Oxford Group” or “Oxford,” and share employees, marketing materials, and clients, and are otherwise related or affiliated. The three Oxford Defendants shall be referred to as the “Oxford Companies.” See, e.g., Exhibit 77; ¶ 325.

C. The UB Defendants

47. Defendant UBS Diversified is located at 12644 Tiffany Court, Suite 100, Burnsville, Minnesota, 55337.

48. Defendant Universal Brokerage FX is located at 12644 Tiffany Court, Suite 100, Burnsville, Minnesota, 55337.

49. Defendant UBFX Diversified is located at 12644 Tiffany Court, Suite 100, Burnsville, Minnesota, 55337.

50. Upon information and belief, Defendant UBS Diversified FX Advisors, LLC is a predecessor, related entity or otherwise affiliated with UBSFX Diversified, UBS Diversified, or Universal Brokerage FX.

51. Upon information and belief, Defendant UBS Diversified FX Growth LP is a predecessor, related entity or otherwise affiliated with UBSFX Diversified, UBS Diversified, or Universal Brokerage FX.

52. Upon information and belief, Defendant UBS Diversified FX Management, LLC is a predecessor, related entity or otherwise affiliated with UBSFX Diversified, UBS Diversified, or Universal Brokerage FX.

53. Upon information and belief, Defendant UBS Diversified Growth, LLC is a predecessor, related entity or otherwise affiliated with UBSFX Diversified, UBS Diversified, or Universal Broker FX.

54. Upon information and belief, Defendant Universal Brokerage Services, LLC is a predecessor, related entity or otherwise affiliated with UBSFX Diversified, UBS Diversified, or Universal Brokerage FX.

55. Upon information and belief, Defendant UBS REFCO IFX Millennium RJO PRG is a predecessor, related entity or otherwise affiliated with UBSFX Diversified, UBS Diversified, or Universal Brokerage FX. The UB Defendants shall be referred to as the "UB Entities."

D. Defendants Kiley, Cook, Beckman, Pettengill and Durand

56. Defendant Trevor Cook ("Cook") represents to the public that he is an investment advisor and/or wealth manager providing financial products and investment

opportunities. Upon information and belief, Cook has identified himself as the Chief Investment Strategist/Managing Partner at Oxford Global Partners LLC, the Chief Investment Director at Oxford Global Advisors, and a partner of Universal Brokerage FX and UBS Diversified. Exhibit 1a; see, e.g., ¶¶ 155-156, 188-190; Exhibit 11. Upon information and belief, Cook is either an owner, employee or otherwise affiliated with the Oxford Companies and UB Entities. Cook promoted the foreign currency arbitrage program to Plaintiffs through the Oxford Companies and the UB Entities, and has presented the program at presentations and workshops with Defendants Patrick Kiley, Gerald Durand, Bo Beckman and Christopher Pettengill. See, e.g., Exhibit 11.

57. Defendant Patrick Kiley (“Kiley”) represents to the public that he is an investment advisor providing financial products and investment opportunities, and identifies himself as the Senior Partner, Chief Economist and Technical Analyst for Defendant Universal Brokerage FX and UBS Diversified. See, e.g., ¶¶ 227-228, 292; Exhibit 59. Upon information and belief, Kiley is a partner or employee or otherwise affiliated with UBFX Diversified, UBS Diversified, or Universal Brokerage FX, Oxford Global Partners, Oxford Global Advisors, Oxford Private Client Group, or their related entities. Minnesota Secretary of State records indicate that Kiley is identified as an agent for a number of inactive entities at the same address as UBS Diversified and Universal Brokerage FX (i.e., UBS Diversified FX Growth, L.P., UBS Diversified FX Advisors, LLC, and UBS Diversified FX Management, LLC). Exhibit 1b. Kiley hosts an investment radio show entitled “Follow the Money,” which is directed at Christian audiences and broadcasted on hundreds of radio stations throughout the country. Kiley

promoted the foreign currency arbitrage program and his investment services to Plaintiffs through the UB Entities, on his radio show, on Christian websites, and in the International Forecaster newsletter. Exhibit 1b.

58. Defendant Jason “Bo” Alan Beckman (“Beckman”) represents to the public that he is a leading equity manager, and identifies himself as the Senior Portfolio Manager for both the Oxford Private Client Group and The Oxford Group’s CORE Equity Strategy. Exhibit 1c; see, e.g., Exhibit 11, ¶ 155. Beckman has promoted the foreign currency arbitrage program to Plaintiffs through the Oxford Companies. See, e.g., ¶ 197. Upon information and belief, Beckman is a principal, partner, owner, employee or otherwise affiliated with Oxford Global Partners, Oxford Global Advisors, Oxford Private Client Group, UBFS Diversified, UBS Diversified, Universal Brokerage FX, or their related entities.

59. Defendant Gerald Durand (“Durand”) hosts a radio show on investments entitled “Wealth Survival,” and represents to the public that he is an investment advisor and/or wealth manager providing financial products and investment opportunities. See, e.g., ¶¶ 140-143. Upon information and belief, he is currently Managing Director of Wealth Survival. Durand was the Managing Member of Oxford Global Advisors. Exhibit 1a. Durand promoted the foreign currency arbitrage program to Plaintiffs through both the Oxford Companies and the UB Entities. See, e.g., ¶ 540.

60. Defendant Christopher Pettengill (“Pettengill”) presents himself to the public as an experienced investment professional and financial advisor, and has identified himself as a representative of the Oxford Companies and Universal Brokerage FX.

Pettengill promoted the foreign currency arbitrage program to Plaintiffs through the Oxford Companies and UB Entities. See, e.g., ¶¶ 140-153. Upon information and belief, Pettengill is or was also part owner of the Oxford Companies. See ¶ 146. Pettengill was Durand's former co-host on the radio show "Wealth Survival."

E. Other involved individuals and entities

61. Crown Forex LLC is not registered with the Minnesota Secretary of State, and purports to be located at 5413 Nicollet Avenue, Suite 14, Minneapolis, Minnesota, which is a fictitious address. Exhibit 2.

62. Eric Erickson ("Erickson") is Director of Oxford Private Client Group, and has been identified as a contact person at UBS Diversified. Erickson advised multiple Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., ¶¶ 196, 322.

63. John Loebel is a Senior Investment Advisor at Universal Brokerage FX who advised multiple Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g. Exhibit 26; ¶¶ 176-177, 472.

64. Mike Beehm is a Senior Investment Advisor at Universal Brokerage FX who advised multiple Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., ¶¶ 382, 403.

65. Jared Jenkins is a Senior Investment Advisor at Universal Brokerage FX who advised multiple Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g. Exhibit 95; ¶¶ 218, 371, 485.

66. Paul Wood is a former Senior Investment Advisor for Oxford Private Client Group who advised certain Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., ¶¶ 417-420.

67. Grant Grzybowski is the Chief Financial Strategist/Technical Analyst for UBS Diversified and Chief Investment Advisor for Oxford Global Advisors who advised multiple Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., ¶¶ 159, 494.

68. Ryan Moeller is an internal account for the Oxford Companies who assisted Cook with the foreign currency arbitrage program. See, e.g., ¶¶ 429, 516.

69. Timothy Daley is a former Senior Financial Advisor with Universal Brokerage FX who advised multiple Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., ¶¶ 244-246, 563-564.

70. Brian Seiwert is a representative of Oxford Global Advisors, Oxford Global Partners, and Universal Brokerage FX who advised multiple Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., Exhibits 77, 81; ¶¶ 255-262, 442.

71. Jerry Watkins is a Chief Financial Strategist/Technical Analyst for UBS Diversified who advised certain Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., ¶ 305.

72. Mark Trimble is a representative of Universal Brokerage FX who advised certain Plaintiffs regarding their investments in the foreign currency arbitrage program. See, e.g., Exhibit 11; ¶¶ 155, 417.

73. Tom Richardson is the Chief Operating Officer of Oxford Global Partners who advised certain Plaintiffs regarding their investments in the foreign currency arbitrage program. Richardson gave investment workshops and presentations with Cook and Beckman.

74. Gene Walden is an author of books on investing and, upon information and belief, is an employee or partner of Oxford Private Client Group. See, e.g., Exhibit 11; ¶¶ 155, 331. Walden advised certain Plaintiffs regarding their investments in the foreign currency arbitrage program, and contributed articles to the Oxford Private Client Group newsletters.

75. Julia Smith (“Smith”) is Kiley’s assistant at Universal Brokerage FX, who assisted multiple Plaintiffs with account documentation, withdrawals, and fund transfers. Smith is also co-signer on bank accounts held by Universal Brokerage FX Management LCC, Crown Forex LLC, and Basel Group LLC.

76. Laurent Winkelmann and Phillippe Von Bredow are the trustees appointed for Crown Forex SA in its bankruptcy proceedings in Switzerland.

77. Upon information and belief, Shadi Swais is the Chief Executive Officer of Crown Forex SA.

78. Entrust Group/Entrust Midwest, LLC is an administrator of self-directed IRA accounts and administers numerous Plaintiffs’ retirement accounts.

79. Millennium Trust Company is an administrator of self-directed IRA accounts, and administers numerous Plaintiffs’ retirement accounts.

80. Oxford Global Partners identified the following entities as “strategic partners”: Capricorn Asset Management, an established currency manager with a global client base; JDFX Technologies, a supplier of technological expertise to the investment banking community; JP Fund Services, a Geneva-based partner that provides total fund structures for asset managers; OG International, the “international locality in Europe, U.S. and Panama that gives Oxford a 24-hour presence in brokerage and operational functions”; TNT Investments, a commodity trading advisor and pool operator; and Mesa Holdings, Inc., “a leader in helping to fuel Registered Investment Advisor growth by consolidating non-revenue generating activities and new products...”

II. JURISDICTION

81. Pursuant to 28 U.S.C. § 1331, this Court has federal jurisdiction over the subject matter of this action under the Securities Exchange Act of 1934, 15 U.S.C. § 78a, et. seq.

82. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b).

III. FACTUAL BACKGROUND

A. Phillips, Hales, Coleys and Holliker (“The Ohio Plaintiffs”)

83. Durand had a radio show in which he spoke about investment opportunities and the economy. On his radio show, Durand discussed the foreign currency arbitrage program. See Verifications at Docket No. 24-2.

84. In February 2006, after listening to Durand’s investment radio show, Kenneth Hale invested money in the foreign currency arbitrage program with Durand.

85. Later that year, Durand told Hale that he and Cook would be traveling through Northwest Ohio. Hale invited them to visit the Hales' home in Wauseon, Ohio, to discuss his investment opportunities with Hale and others that he would invite to attend. Durand accepted Hale's invitation.

86. In April 2006, Durand came to the Hales' home to make the investment presentation.

87. Cook accompanied and assisted Durand in making this presentation.

88. Howard and Sharon Phillips, among others, attended Durand and Cook's presentation.

89. Following Durand and Cook's April 2006 presentation at the Hales' home, Howard Phillips informed his brother David Phillips of the opportunity to invest with Durand. They also informed their adult daughter, Joy Phillips, of the opportunity.

90. Kenneth Hale also informed his adult daughter, Roxanna Holliker, and Pastor Coley about the opportunity to invest with Durand.

91. Kenneth and Judith Hale, their daughter Roxanna Holliker, Howard and Sharon Phillips, their daughter Joy Phillips, David Phillips, and Pastor Coley all eventually invested with Durand and Cook.

92. In early 2007, Durand and Cook told Plaintiffs about the foreign currency arbitrage program that would provide a guaranteed 12% return, over one year, with the principal protected, and that would be instantly liquid if they wanted to redeem their investment. Exhibit 3.

93. Based on these representations, the Ohio Plaintiffs agreed to invest with Durand and Cook in the foreign currency arbitrage program.

94. At some point after the year expired on the 12% guaranteed return, Durand and/or Cook placed the Ohio Plaintiffs in the same currency arbitrage investment with the principal protected and that would be instantly liquid if anyone wanted to redeem their investment, except that that the fixed rate of return would be 10.5% for a four-year term.

95. Durand recommended the “guaranteed 4 year, 10.5%” investment to the Hales, and then placed them in it. Durand and or Cook placed the other Ohio Plaintiffs in the investment without their knowledge.

96. In March 2008, around the time the guaranteed 12% investment was supposed to expire, Sharon Phillips e-mailed Durand and Cook to find out what their investment options were following expiration of the investment. Durand and Cook failed to respond. Subsequently, the Phillips received a statement showing that all their funds were invested in the guaranteed 4-year, 10.5% investment. Sharon Phillips called Durand and Cook for an explanation. Cook explained that, “We discussed this and felt this would be best for you.” Sharon Phillips understood “we” to refer to Durand and Cook.

97. The Ohio Plaintiffs invested close to \$5 million with Durand and Cook in the foreign currency arbitrage program.

98. On information and belief, Durand and Cook purported to place the Ohio Plaintiffs’ investment with UBS Diversified, Universal Brokerage FX, UBFX Diversified, or UBFX Brokerage FX or their predecessors, or related or otherwise

affiliated entities. The Ohio Plaintiffs initially received statements from UBS Diversified, and then the statements indicated they were from Universal Brokerage FX.

99. In making contributions to their accounts, the Ohio Plaintiffs have made checks payable to UBS Diversified, Universal Brokerage FX, and UBFX Diversified.

100. Checks made payable to UBS Diversified were then stamped "Pay to the Order of Wells Fargo Bank, N.A." and "For Deposit Only." The Wells Fargo bank account number is *****2710. Exhibit 4.

101. A check made payable to Universal Brokerage FX appears to have been deposited into the same Wells Fargo bank account listed in Paragraph 98. A copy of this check is included in Exhibit 4.

102. Kenneth Hale invested money that was kept with Millennium Trust Co., account number *****6011. Judy Hale's account number with Millennium is *****8016.

103. Pastor Coley invested money that was kept with Millennium Trust Co., account number *****1465.

104. The Ohio Plaintiffs believed that Durand was managing their accounts, and that Cook was assisting him. In mid-2008, however, the Ohio Plaintiffs had not heard from Durand for some time, which prompted Sharon Phillips to e-mail Cook in July 2008 regarding Durand's whereabouts. Cook responded that Durand "has been traveling extensively and has decided to take some time off. He will be working out of his home for awhile and may not be accessible on a weekly basis."

105. In summer 2008, Durand spoke with Kenneth Hale. Durand informed Kenneth Hale that Durand was no longer with his former company or associated with Cook.

106. During the guaranteed 4-year, 10.5% investment, UBFX had been paying Howard and Sharon Phillips \$2,500.00 a month from the returns on the investment. The regular monthly withdrawals were paid by check all of which were signed by Kiley.

107. In April 2009, in addition to the regular monthly \$2,500.00 withdrawal, Howard and Sharon Phillips contacted Cook to withdraw \$450,000.00 from their account(s) to purchase a farm and to pay certain taxes. In early May, they increased the amount of the request to \$650,000.00.

108. In response to Howard and Sharon Phillips' request, Cook first indicated there could be significant fees and penalties. Cook then told Howard and Sharon Phillips that he could avoid the fees and penalties, but there would be substantial taxes due. Howard and Sharon Phillips then informed Cook that they were not going to purchase the property, and that Howard Phillips was experiencing health issues.

109. On May 21, 2009, Sharon Phillips informed Cook that they would need \$50,000.00 in addition to the regular \$2,500.00 monthly check. Cook did process that request.

110. On June 4, 2009, Durand called David Phillips to inform him that Durand had heard that a large sum of money invested with Cook was missing, that an investigation would be forthcoming in approximately three months, and that David should redeem all accounts right away or David would not be able to get his money out.

111. On June 4, 2009, David Phillips requested that Cook withdraw \$500,000.00 from his account with Cook. Cook said he would wire the money, but never did.

112. On June 4, 2009, David Phillips told Howard and Sharon Phillips about the message from Durand. Howard and Sharon Phillips then contacted Cook to close all their accounts and return their money. Cook inquired as to why they wanted their money. Howard Phillips told him that one reason was that Howard felt deceived because Cook had misled the Phillips by not telling them that Durand had left the firm. Cook replied that Durand was still with the firm, and was receiving a paycheck. Cook even offered to call Durand and they would have a three-way conversation to reassure them. Knowing of David Phillips' conversation with Durand, the Phillips declined and asked Cook to return all their money. That same day, Sharon Phillips called Durand and told him what Cook said. Durand said that Cook was wrong, that Durand had left in June 2008, that he walked away from millions of dollars of client accounts because of differences with Cook, and that Cook was paying Durand severance but not a paycheck.

113. On June 11, 2009, David Phillips left a message with Cook to fully close his account and return all his money. Cook has never responded and is now unreachable.

114. Cook initially told Howard and Sharon Phillips that he was obtaining the necessary forms for them to close out their accounts. Cook, however, has not sent out any forms or processed any of the Phillips' requests to close their accounts.

115. The Phillips and their counsel have repeatedly tried to contact Cook since mid-June 2009 to demand that Cook return the Phillips' money, but Cook does not respond.

116. After the Phillips requested that Cook return their money, Cook met with Durand and requested Durand to ask the Phillips not to demand return of their money. Durand told the Phillips of this conversation.

117. On June 24, 2009, Kenneth and Judith Hale attempted to contact Cook by e-mail and telephone to close all of their accounts. The Hales have repeatedly tried to contact Cook since then, but Cook has not returned any of their communications.

118. Upon information and belief, Durand and Kiley have information regarding the whereabouts of the Ohio Plaintiffs' accounts and funds.

119. The Ohio Plaintiffs' representatives have attempted to speak to Kiley. While he initially spoke to the Ohio Plaintiffs' representative, he did not disclose any information as to the location of the Ohio Plaintiffs' accounts and now refuses to return telephone calls.

120. Durand has spoken to the Ohio Plaintiffs and their representatives, but has said only that the Ohio Plaintiffs should contact Cook about the return of their money.

121. Pastor Coley, Roxanna Holliker, and Joy Phillips have asked Cook to return their money, but he has not done so.

122. According to Universal Brokerage FX statements, Howard and Sharon Phillips's accounts are worth approximately \$2 million.

123. According to Universal Brokerage FX statements, David Phillips's accounts are worth approximately \$1.4 million.

124. According to Universal Brokerage FX statements, Kenneth and Judith Hale's account is worth in excess of \$1.1 million.

125. According to Universal Brokerage FX statements, Joy Phillips' account is worth in excess of \$29,000.00.

126. According to Universal Brokerage FX statements, Roxanna Holliker's account is worth in excess of \$190,000.00.

127. According to Universal Brokerage FX statements, Pastor and Leesa Coley's account is worth in excess of \$20,000.00.

128. On July 6, 2009, the Ohio Plaintiffs' counsel contacted a reference provided by Durand in a solicitation letter named Sally Zimmerman. Ms. Zimmerman indicated that she had done some tax work for investors with Durand in the past, but stopped doing this work because of unspecified concerns. She also indicated that the FBI had contacted her regarding Durand but declined to provide more information.

129. On July 6, 2009, Wells Fargo was contacted by the Ohio Plaintiffs' counsel regarding Account No. *****2710, referenced in Paragraph 98. Wells Fargo indicated that the account was open and active, but would not freeze the account. Docket No. 5.

130. On July 7, 2009, the Ohio Plaintiffs brought an *ex parte* TRO Motion to freeze any Wells Fargo accounts held by Defendants, the Millennium Trust Company accounts, and to prohibit Defendants from disposing of the Ohio Plaintiffs' property and funds. Docket Nos. 1-7.

131. The Honorable Chief Judge Michael J. Davis granted the *ex parte* TRO Motion and set a preliminary injunction hearing for July 10, 2009. Docket No. 10.

132. On July 9, 2009, Wells Fargo submitted a letter identifying accounts held by Defendants that were frozen pursuant to the *ex parte* TRO Order. The letter indicated that the accounts contained only \$290,651.03. Exhibit 5.

133. The hearing on the preliminary injunction was held on July 10, 2009. The Court continued the hearing until July 24, 2009. Docket No. 20.

134. Pursuant to the *ex parte* TRO Order, the accounts were to remain frozen through the date of the hearing. Docket No. 20.

135. On July 10, 2009, following the hearing, Plaintiff Timothy Coley identified another account belonging to Defendants in which a check he had written was deposited. Docket No. 29. The check was made payable to UBFX Diversified. The back of the check was stamped "Pay to the Order of Associated Bank, Plymouth, Minnesota 55411-2612" and "For Deposit Only." The Associated Bank Account No. is *****5601, for which the account holder is Universal Brokerage FX MGMT, LCC.

136. The Ohio Plaintiffs' counsel contacted Associated Bank regarding account no. *****5601. Associated Bank indicated that the account was open and active, but would not freeze the account absent a Court Order. Docket No. 28.

137. On July 15, 2009, the Ohio Plaintiff filed an Amended Verified Complaint with the Court seeking additional relief under the *ex parte* TRO Order. Specifically, the Ohio Plaintiffs sought to freeze Defendants' accounts at Associated Bank. The Court granted the additional relief. Docket Nos. 23-32.

138. Subsequently, Associated Bank provided a letter identifying the five accounts held by Defendants that were frozen pursuant to the *ex parte* TRO Order. The letter indicated that the accounts contained only \$950,175.22. Exhibit 6.

139. One of the accounts frozen by Associated Bank was named “Crown Forex LLC,” with Patrick Kiley and Julia Smith as the signatories.

140. At the preliminary injunction hearing held on July 24, 2009, all of the Defendants except Durand and Oxford Global Advisors stipulated to a preliminary injunction whereby the previously frozen accounts would remain frozen as to the stipulating Defendants during the pendency of this litigation.

141. During the months of July and August, counsel for the Ohio Plaintiffs were contacted by similarly situated investors who were have since joined this litigation.

B. Plaintiffs Phillip and Joan McDonald

142. Philip and Joan McDonald (“the McDonalds”) learned of the foreign currency arbitrage program in 2007 through Gerald Durand and Christopher Pettengill, representatives of Oxford Global Advisors and Oxford Private Client Group, who had a radio show called “Wealth Survival.” On the show, Durand and Pettengill presented a unified message in regard to the program.

143. In early March 2007, the McDonalds contacted Gerald Durand for additional information about the program. On March 21, 2007, the McDonalds met with Pettengill and Durand at their office in Eagan. It was the McDonalds’ understanding at the initial meeting that Durand and Pettengill represented UBS Diversified, and that they were partners.

144. During the meeting, Durand and Pettengill represented that the program was a good investment for “the little guy,” and that there was much less risk in the program than in traditional investing. Durand and Pettengill also represented that, unlike with conventional brokers, they had additional incentive to perform because they did not make money unless the client made money.

145. During this meeting, the McDonalds explained to Durand and Pettengill that they only had a small pension plan, had irregular monthly income and that they were ages 79 and 80, respectively. Durand and Pettengill indicated that the foreign currency arbitrage was intended for people like the McDonalds.

146. On March 29, 2007, the McDonalds met with Pettengill at his office and he explained the system for the foreign currency arbitrage program. He represented that the investment principal was safe because the global investment strategy utilized major banks around the world, such as the United Bank of Switzerland (UBS). Pettengill indicated that they moved the money every day, taking advantage of low interest rates to invest the money at a higher rate. He represented that the investment was fully liquid and that the earned interest would be 12% for the first year, and that there would only be minor fluctuations in interest thereafter. He also represented that the investments were held in segregated accounts, which added to the safety of the investment. Pettengill represented that another “safety feature” of the investment was the simultaneous buying and selling of currency.

147. A major selling point for the McDonalds was Pettengill’s representation that he had personally invested \$1 million in the program.

148. During the meeting, Pettengill positively discussed the firm and Beckman, and implied that he was one of the owners. He indicated that “we bought the Mansion because it was cheaper to buy than to pay the rent we are paying on the offices in St. Louis Park.” Pettengill also spoke of frequent trips to Swiss banks and investment firms.

149. The McDonalds also received investment materials from Pettengill. The first was entitled “Oxford Global Partners: Prudent Management, Diversified Approach, Long-Term Focused, Capital Preservation, Global Scope.” In its brochure, Oxford emphasized its “focus on capital preservation, superior yields, and secure long-term returns,” and stated that “all our investment strategies—and all our strategic alliances—are designed to generate enhanced yield and dependable performance.” See Exhibit 78.

150. A second brochure entitled “A Global Enhanced Return Strategy,” which represented that investment in the program is safe because funds are held in individual segregated accounts with well-established, well-capitalized investment and commercial banks, and because the program reduces market exposure. The brochure also represented that “funds are completely liquid and available on short notice,” and that the program provides consistent yields and enhanced returns. Id.

151. Based on these representations, the McDonalds rolled over an IRA to self-directed IRA accounts with Entrust and Millennium, and the funds were then invested in the program through UBS Diversified. See, e.g., Exhibit 8. The McDonalds also invested cash in the program.

152. Shortly after this initial investment, Pettengill presented a plan to the McDonalds whereby they would mortgage their home and add to their investment.

Pettengill arranged a meeting between himself, the McDonalds, and Brad Kaplan of Mortgage and Investment Consultants, Inc., which took place at Kaplan's office on June 1, 2007. The McDonalds expressed their concerns about mortgaging their home and incurring closing costs, but Pettengill reassured them that the guaranteed 12% returns would more than cover their mortgage payment and taxes.

153. As a result of their meeting with Pettengill and Kaplan, the McDonalds mortgaged their home and invested the additional funds with Pettengill in the program. The total amount of the McDonalds' investment in the program is \$431,948.45.

154. In conjunction with their investment, the McDonalds received account statements from UBS Diversified from July 2007 to December 2007, and from "The Oxford" beginning January 2008. See, e.g., Exhibit 9. The McDonalds also received monthly checks from Oxford that purportedly constituted "monthly earnings."

155. The McDonalds expressed confusion about the various names being used in conjunction with their investment, and Pettengill made a drawing purporting to show the relationship between these entities. Exhibit 10.

156. In 2009, the McDonalds were told that their money was now being held by Crown Forex SA, and that they could view their account online.

157. On April 1, 2009, the McDonalds attended an investment opportunity workshop sponsored by Oxford Global Partners at the Van Dusen mansion. The presenters were identified as follows: Gene Walden, Oxford Private Client Group; Tom Richardson, Chief Operating Officer of Oxford Global Partners; Beckman, Senior Portfolio Manager of Oxford Private Client Group; Cook, Chief Investment Strategist for

Oxford Global Partners; and Chris Reedy, Senior Vice President of Mesa Holdings, Inc. Exhibit 11.

158. At the April 1, 2009 workshop, Cook discussed the program, describing it as “absolute return,” “risk free” and “no risk.” He explained that the program was successful because they knew how to take advantage of price differentials with different banks. He explained that they identify what banks or governments have the highest interest rate, and then borrow at a lower rate to place funds into the higher interest rate of earnings.

159. At the workshop, Chris Reedy from Mesa Holdings represented that he had researched Oxford’s foreign currency arbitrage program, and was so convinced of its success that he recommends it to all of his clients.

160. Based on these representations, the McDonalds believed that their investments were safe, liquid, and would continue to earn high returns.

161. In July 2009, the McDonalds received a call from Grant Grzybowski, who had taken over as their advisor for Pettengill, and he informed them of the Crown Forex SA bankruptcy. Grzybowski indicated that he had no further information on the matter. In a subsequent conversation, Pettengill also indicated that he did not have information about their investment.

162. On July 21, 2009, Oxford Global Partners posted a “client notice” on its website indicating that it is “unable to fulfill withdrawal or redemption requests.” The McDonalds then received letters from Universal Brokerage FX, UBS Fund and Oxford

Global Partners similarly stating that they are “unable to fulfill withdrawal or redemption requests.” Exhibits 12-13.

163. To date, the McDonalds have no access to their funds, and they have received no information from Defendants regarding the existence or location of their investments.

C. Plaintiffs Helmstetter and DelConte

164. Plaintiff George Helmstetter (“Helmstetter”) learned of the foreign currency arbitrage program through Patrick Kiley’s radio show, “Follow the Money,” to which he began listening in May 2006.

165. In August 2006, Helmstetter contacted Kiley at Universal Brokerage FX for a “free consultation” as advertised on the radio show. After numerous e-mails and calls to Kiley’s assistant, Helmstetter eventually was able to speak directly with Kiley about the foreign currency arbitrage program on multiple occasions.

166. During their telephone conversation, Kiley indicated that he did not accept money from everyone, but that he felt connected to Helmstetter and believed he was a good person, so he agreed to waive the “minimum investment” requirement. Kiley represented that investments in the program were held in segregated accounts, were instantly liquid, principal protected, and guaranteed to earn double digit returns.

167. Based on these representations, Helmstetter invested in the foreign currency arbitrage program with Kiley. To invest, Helmstetter initially mailed a check in the amount of \$50,000.00 payable to “PFG” to Universal Brokerage FX with attention to Kiley on September 21, 2006. Exhibit 14.

168. In conjunction with his investment, Helmstetter completed a UBS Diversified Growth application and subscription agreement, and received statements from Universal Brokerage FX and UBS Diversified. Exhibit 15; see e.g., Exhibits 16-17.

169. In February 2007, Helmstetter made an additional \$10,000.00 contribution to his account. Per Kiley's instructions, Helmstetter made the check payable to "UBS Diversified." Exhibit 18.

170. In August 2007, Helmstetter discussed with Kiley the possibility of rolling over an IRA account to invest further in the program. Kiley indicated that Helmstetter could do a roll over as long as the funds were greater than \$10,000.00.

171. On August 24, 2007, Helmstetter rolled over \$12,010.00 in IRA proceeds to a self-directed IRA account with Millennium Trust Company, which was then transferred to a second account with Universal Brokerage FX. Exhibit 19; see, e.g., Exhibit 20. The total amount of Helmstetter's investment in the program is \$96,782.00.

172. When Helmstetter received the first statement for his new account, he noticed that the balance was lower than the initial investment. Helmstetter contacted Kiley, who referred him to Cook "in compliance." Cook indicated that they had to keep \$1,000.00 in a cash account at Universal Brokerage FX.

173. Helmstetter's mother, Plaintiff Sharon DelConte, also invested in the foreign currency arbitrage program with Kiley and Universal Brokerage in January 2007, after Kiley reiterated his representations of liquidity, security, and enhanced returns during telephone conversations.

174. To invest, DelConte transferred funds from an existing IRA to a self-directed account with Millennium Trust Company on February 27, 2007, which then transferred the funds to Universal Brokerage FX for investment in the program. Exhibit 21. The total amount of DelConte's investment in the program is \$158,952.00.

175. In conjunction with her investment, DelConte completed a UBS Diversified Growth application and subscription agreement, and received account statements from UBS Diversified initially, and then later received account statements from Universal Brokerage FX. DelConte was told that the change in statement issue was merely the result of a "renaming of their section." Exhibit 22; see, e.g., Exhibits 23-24.

176. On March 22, 2007, DelConte also received an access identification and pin number from Millennium to follow her account online. After a short time, however, DelConte could no longer access current information about her account online. When she apprised Kiley of the situation, he told her not to worry because Millennium could not keep up with the flow of the account, and DelConte should instead rely on monthly statements from UBS Diversified. When Millennium e-mailed DelConte on August 17, 2007, about a new web product to view her account online, Kiley again advised her to focus instead on the statements from UBS Diversified. Exhibit 25.

177. From 2006 through 2008, Helmstetter and Kiley developed a personal relationship and Kiley ultimately offered Helmstetter a position in his firm. When Helmstetter declined, their relationship became distant and Kiley transferred both Helmstetter and DelConte's accounts to Senior Investment Advisor John Loebel. In mid-2008, Kiley no longer answered his phone or returned their calls.

178. After hearing about the Bernie Madoff investment scandal, Helmstetter and DelConte both contacted Loebel in March 2008 regarding the legitimacy and security of their investments. Loebel assured them that the investment was not a scam and, regardless, their funds were safeguarded by a fidelity bond.

179. As a follow-up, Loebel sent DelConte a letter regarding the profitability and security of Universal Brokerage FX's investment in the foreign currency arbitrage program. In his letter, Loebel represented the following: "Financial security is paramount to every investor. The safety and integrity of customer funds on deposit are ensured by measures enacted by the Federal Government, various exchanges, and the firm itself. Customer funds are held in segregated accounts providing safety, security and liquidity." Exhibit 26.

180. On July 16, 2009, Helmstetter and DelConte learned of this lawsuit when they received a letter from Millennium Trust. On July 17, 2009, they both sent demand letters to Universal Brokerage FX and Millennium Trust for liquidation and immediate return of all funds in their accounts. These letters were sent via e-mail, facsimile, certified mail and FedEx overnight delivery, and receipt was confirmed by facsimile record, certified mail receipt, and a FedEx confirmation signature from Kiley's assistant, Julia Smith. See, e.g., Exhibit 27.

181. Helmstetter and DelConte also called every office number they had for Kiley, Loebel, Universal Brokerage FX and UBS Diversified, but no one answered and they were unable to leave messages.

182. On July 21, 2009, Universal Brokerage FX posted a “client notice” on its website informing investors of the lawsuit, the Crown Forex SA bankruptcy proceedings, and indicating that “UBFX and UBS Fund are unable to fulfill withdrawal or redemption requests.” Exhibit 28.

183. On August 11, 2009, Helmstetter submitted a claim to the Crown Forex SA trustees, but has not received a response. Exhibit 29.

184. To date, Helmstetter and DelConte’s withdrawal requests have not been honored, and they have received no information from Defendants regarding the existence or location of their respective investments.

D. Plaintiffs Gordon and Kathlyn Schepke

185. Plaintiffs Gordon and Kathlyn Schepke (“the Schepkes”) first learned of the foreign currency arbitrage program through Kiley’s radio show, “Follow the Money,” to which they listened on short-wave radio.

186. On his radio show, Kiley represented that investments in the program were placed in individual accounts, that there was “no risk” to principal, and that he did not make money unless the investors made money.

187. In 2006, the Schepkes contacted Kiley at the 800-number provided on his radio show. In subsequent telephone conversations, Kiley reiterated that the program involved no risk, that the investments were safely held in individual accounts at the long-standing Swiss institution Crown Forex SA, and that the funds could be accessed “24/7” with just a telephone call.

188. Prior to investing, the Schepkes received a telephone call from Kiley's partner, Cook, who indicated that he "was coming to town" and would like to visit them at their home to discuss investing in the program. The Schepkes declined this invitation.

189. Based on these representations, the Schepkes invested in the foreign currency arbitrage program in multiple accounts. The Schepkes understood that they were investing with Kiley, Cook, and Universal Brokerage FX. The total amount of the Schepkes' investment in the program is \$557,582.00.

190. The Schepkes originally utilized a self-directed IRA from Millennium Trust Company to direct their investment transactions, but were informed by Trevor Cook on June 3, 2009, that the self-directed IRA was transferred to Entrust Group. See, e.g., Exhibits 30-31.

191. In conjunction with their investment, the Schepkes received statements from UBS Diversified, Universal Brokerage FX and, ostensibly, Crown Forex SA, and remained in contact with Kiley and Cook regarding their investments. From 2008 to 2009, however, Cook was the primary contact relating to their investment. See, e.g., Exhibits 32-34.

192. In early 2009, Kiley contacted the Schepkes to convince them to transfer their gold and silver to Kiley to be sold. Kiley represented that the government was going to confiscate gold and that the Schepkes would only receive a fraction of the value of their gold when this occurred. Based on this information, and with the assistance of Trevor Cook, the Schepkes agreed to transfer nearly \$140,000.00 of gold and silver to Universal Brokerage FX to be traded and sold.

193. On July 10, 2009, the Schepkes received a letter from Millennium Trust Company concerning this lawsuit, and they immediately began calling Kiley, but their telephone calls were not returned. Exhibit 35.

194. The Schepkes also contacted Entrust Group to locate their last opened account with UBS Diversified. Entrust indicated that it had directed the IRA funds to United Commercial Bank, 555 Montgomery Street, San Francisco, California 94111, which then transferred the funds to "Crown Forex" at Associated Bank Account No. *****1705. Exhibit 36.

195. On July 17, 2009, the Schepkes faxed and e-mailed a written withdrawal request for all accounts pursuant to Cook and Kiley's prior guaranties of instant liquidity. These requests were not honored. Exhibit 37.

196. On July 25, 2009, the Schepkes received letters from both Universal Brokerage FX/UBS Fund and Oxford Global Partners, LLC, indicating that these entities are "unable to fulfill withdrawal or redemption requests." Exhibit 38.

197. To date, the Schepkes' withdrawal requests have not been honored, and they have received no information from Defendants regarding the existence or location of their investments.

E. Plaintiffs Jerry and Kaye Rachel ("the Rachels")

198. The Rachels first learned of the foreign currency arbitrage program through their financial advisor Eric Erickson after he began working with Beckman as Director of Oxford Private Client Group in 2004.

199. During subsequent telephone conversations and meetings, both Erickson and Beckman represented that investment in the program was “very safe.”

200. Based on these representations, the Rachels invested in the program through Oxford in 2005, and their funds were placed in both IRA and non-IRA accounts. To invest, the Rachels rolled over funds from an IRA into a self-directed IRA with Millennium Trust Company, which were then transferred to Oxford for investment in the program. The administrator of the IRA funds changed from Millennium Trust Company to Western International Securities, Inc. in 2009. See, e.g., Exhibit 39. The total amount of the Rachels’ investment in the program is over \$535,887.00.

201. In conjunction with their investments, the Rachels received statements from Oxford Global Partners, which indicated that they should “contact Bo Beckman or Chris Pettengill with questions.” See, e.g., Exhibit 40.

202. In July 2009, Jerry Rachel read a newspaper article regarding the Ohio Plaintiffs’ lawsuit, and immediately met with Erickson to withdraw all funds from his accounts. Erickson provided withdrawal forms that Jerry Rachel completed and submitted.

203. On July 14, 2009, Erickson sent an e-mail to the Rachels and other Oxford clients indicating that “we have made a decision to withdraw all funds from the currency program. We have been informed that the process is a first in first out and we can watch the account activity and when we see the positions closed date and time, it is in process. We will keep you posted as developments occur.” Exhibit 41.

204. On July 17, 2009, Erickson advised the Rachels that their positions had been closed, and that the funds would be arriving “any day now.”

205. On July 20, 2009, Erickson forwarded the Rachels e-mails between Beckman and Shadi Swais (“Swais”), who is identified in his e-mail as “CEO Crown Forex.” In his e-mail, Beckman requests information regarding the FINMA investigation and its impact on Crown Forex investors. In his responsive e-mail, Swais indicates that, “[t]he problem we have with FINMA concerns only a few clients that we had in the past, there was some publicity stunts released by them and what you are reading on the internet is simply false information. Crown Forex has always respected its obligations toward its clients and will continue to do so...everything is fine. Crown Forex is doing well as usual, and your client’s [sic] investments are safe.” Exhibit 42.

206. On July 21, 2009, Oxford Global Partners posted a “client notice” on its website, indicating in relevant part that Oxford Global Partners “is unable to fulfill withdrawal or redemption requests.” See Exhibit 28.

207. To date, the Rachels’ withdrawal requests have not been honored, and they have received no information from Defendants regarding the existence or location of their investments.

F. Plaintiffs Michael and Mary Patterson

208. Michael and Mary Patterson (“the Pattersons”) learned of the foreign currency arbitrage program through Kiley’s radio show, “Follow the Money,” to which they began listening in early 2008. On his radio show, Kiley represented that his company, Universal Brokerage FX, used the program to earn investors guaranteed double

digit profits with extremely minimal risk. He stated that investors should “get used to your statements always going one way, UP.”

209. The Pattersons contacted Universal Brokerage FX at the 800-number provided on Kiley’s radio show for additional information. In June 2008, Kiley contacted the Pattersons, and explained how Universal Brokerage FX and the foreign currency arbitrage program operated, how the U.S. dollar was in trouble, and how gold was going to be confiscated by the government.

210. During their June 2008 conversation, Kiley represented that funds were held in segregated accounts and were invested in the foreign currency arbitrage program in small amounts for each transaction. Kiley also represented that an amount of \$8 to \$10 million was transacted at any one time so the risk was very limited.

211. In July 2008, Mike Patterson visited Kiley at Universal Brokerage FX offices, and they spent an hour discussing personal and financial topics. During this meeting, Kiley stated that he had enough money to personally sponsor his weekly radio broadcast on approximately 200 stations. Kiley stated that he and Cook had purchased a \$15 million piece of software that handled the foreign currency arbitrage program and was capable of buying and selling currency exchange instantaneously. Kiley represented that this software insured that there was no risk in the program and that account balances could only increase.

212. Based on these representations, the Pattersons invested in the foreign currency arbitrage program by transferring funds from an IRA to a self-directed IRA account with Entrust Midwest, which was then to wire the funds to Crown Forex SA.

See, e.g., Exhibits 43-44. The total amount of the Pattersons' investment in the program is \$457,711.00.

213. In conjunction with their investment, the Pattersons entered into a Crown Forex SA Customer Trading Agreement for Individual Accounts. See, e.g., Exhibits 45-46. In completing the initial paper work, the Pattersons questioned Kiley's assistant, Julia Smith, about some of the documentation requirements. Smith indicated that the procedures were dictated by the Swiss banking system. She then indicated that there was a branch Swiss bank in the area called Crown Forex LLC, and money was then sent from there to a bank in Switzerland.

214. After investing, the Pattersons received account statements from Universal Brokerage FX and, ostensibly, Crown Forex SA. See, e.g., Exhibits 47-48; 49-50.

215. On July 21, 2009, Universal Brokerage FX posted a "client notice" on its website indicating that it is "unable to fulfill withdrawal or redemption requests." See Exhibit 28.

216. In late July 2009, the Pattersons learned that Crown Forex SA was in bankruptcy and their funds could not be withdrawn. Mike Patterson then met with Kiley at Universal Brokerage FX offices for two hours. In discussing the Crown Forex SA bankruptcy, Kiley represented that he was also a victim and was attempting to locate their funds.

217. To date, the Pattersons have no access to their funds. The only information regarding the existence or location of the Pattersons' funds are wire transfer documents and instructions, indicating that their funds went to "Crown Forex LLC," at Associated

Bank Account No. *****1705, rather than Crown Forex SA. They have received no other information from Defendants regarding the existence or location of their investment. Exhibit 51-52.

G. Plaintiff Paul Migliorelli

218. Plaintiff Paul Migliorelli (“Migliorelli”) learned of the foreign currency arbitrage program through Pat Kiley’s radio show “Follow the Money,” to which he began listening in late 2008. On his radio show, Kiley represented that investments with the program are secure because the principal investment is protected from fluctuations in the stock market, the funds are held in segregated accounts, and the funds can be withdrawn seven days a week, twenty-four hours a day.

219. In early January 2009, Migliorelli requested and received information on Universal Brokerage FX, investing in the Foreign Exchange market, past performance numbers, and arbitrage. One brochure that Migliorelli received entitled, “Institutional Grade Investments for the Individual Investor,” represented the following regarding investments in the program: “Liquidity: All positions are 100% liquid on a 24 hour basis. Trading Discipline: 100% of the time the long USD/JPY position is fully insured.” See Exhibit 69.

220. Subsequently, Migliorelli was contacted by Jared Jenkins, a representative of Universal Brokerage FX who represented to Migliorelli that the program was a “no risk investment.” Jenkins also sent Migliorelli a letter that represented the following: “Financial security is paramount to every investor. The safety and integrity of customer funds on deposit are ensured by measures enacted by the Federal Government, various

exchanges, and the firm itself. Customers funds are held in segregated accounts providing safety, security, and liquidity.” Exhibit 53.

221. Based on these representations, Migliorelli invested \$25,000.00 in the program through Universal Brokerage. To invest, Migliorelli sent a \$25,000.00 cashier’s check from Bank of America and entered into a Crown Forex Customer Trading Agreement for Individual Accounts on January 23, 2009. Exhibit 54.

222. In March 2009, Migliorelli sent an additional check for \$97,802.59 to Entrust Midwest LLC, which was to be directed to Crown Forex SA. Exhibit 55. The total amount of Migliorelli’s investment in the program is \$122,802.59.

223. In conjunction with his investment, Migliorelli received account statements from Universal Brokerage FX and, ostensibly, Crown Forex SA. Migliorelli’s last Crown Forex SA statement was received in July 2009. See, e.g., Exhibit 56.

224. On July 25, 2009, Migliorelli received a letter from Universal Brokerage FX and UBS Fund informing him of this lawsuit, Crown Forex SA’s bankruptcy proceedings, and that the entities are “unable to fulfill withdrawal or redemption requests.” See, e.g., Exhibit 13.

225. Migliorelli called Jenkins on his cell phone on July 25 and 27, 2009, for information regarding the status of his account, but his calls were not returned.

226. To date, Migliorelli has no access to his funds, and the only information he has regarding the existence and location of his investment is a check copy indicating that a portion of his funds were deposited with “Crown Forex LLC,” rather than “Crown Forex SA,” in Associated Bank Account No. *****1705. Exhibit 57. He has received

no other information from Defendants regarding the existence or location of their investment.

H. Plaintiffs Hans and Jerilynn Reske

227. Hans “Heiko” and Jerilynn Reske (“the Reskes”) learned of the foreign currency arbitrage investment program in July 2007 through Bob Chapman’s newsletter, “International Forecaster.” The newsletter featured commentary from Kiley regarding the program, which included the following representations:

Our IRA accounts are insured to \$500,000 per account and are held in SEGREGATED ACCOUNTS. They are held with the largest independent custodian in the U.S.—over 9,500 accounts and 900 million in assets. All accounts are always 24 hours per day liquid. Statements can also be checked 24 hours per day so you have an up-to the second accountings. Clients also have a choice if they would like to use some of our European based holding companies. Cash accounts also offer typical FDIC and other insurance and guarantee backing. This is all you need to know.”

228. Subsequently, the Reskes began listening to Kiley’s radio show, “Follow the Money,” and visiting his website, www.patkiley.com. On his website, Kiley provided the following representations:

Financial security is paramount to every investor. The safety and integrity of customer funds on deposit are ensured by various exchange and the Federal Government. Customer funds are held in segregated accounts providing safety, security and the liquidity that investors deserve. IRA, 401K and retirement accounts are audited extensively by OBRE (over 400 hours) on a yearly basis and are externally audited by at least two independent audit firms. These accounts have the maximum insurance coverage possible for fraud and theft through AIG: Financial Institution Bond -- \$10,000,000: Surety coverage for all illegal acts by employees, director and owners. Professional liability (Errors & Omissions) --

\$5,000,000: Coverage for the failure to render professional services. Directors and Officers -- \$5,000,000: Coverage for wrongful acts by any officer or director. These accounts are cleared through NASD registered brokerage firms and carry SIPC insurance which protects each account to \$500,000.

Exhibit 58.

229. In early September 2007, Heiko Reske contacted Kiley at Universal Brokerage FX for additional information regarding the program. During their conversations, Kiley identified himself as the Senior Partner of Universal Brokerage FX, and indicated that he had convinced Universal Brokerage FX to allow individual investors to participate in the program. Kiley represented that investments in the program were held in segregated accounts, were 100% liquid within 24 hours, that the rate of return would be in the 10-15% range, and that all funds were insured regardless of whether they were in an IRA or cash account. Kiley also represented that Universal Brokerage FX owned a bank in Switzerland, so if the value of the U.S. dollar significantly declined, he could transfer their money to Swiss francs.

230. Kiley also sent a letter highlighting Universal Brokerage FX's global markets investment strategy. Kiley's letter represented: "Financial security is paramount to every investor. The safety and integrity of customer funds on deposit are ensured by measures enacted by the Federal Government, various exchanges, and the firm itself. Customers funds are held in segregated accounts providing safety, security, and liquidity." Exhibit 59.

231. Kiley also provided informational materials to the Reskes that reiterated his representations. Specifically, the Universal Brokerage General Business Terms Currency

Exchange Agreement stated that funds are held by major institutions in segregated accounts, “[c]ustomer funds are segregated from the general assets of the Company and the pass thru Bank,” and “appropriate stops set so that no single transaction shall risk more than 2% of the Customer’s balance, and all combined open transactions at any time shall not risk more than 20% of the Customer’s balance.” Exhibit 60.

232. Based on this information and Kiley’s representations, the Reskes invested in the foreign currency arbitrage program with Universal Brokerage FX. Kiley told the Reskes to make their checks payable to “Crown,” because he would be depositing the funds in Crown Bank. Exhibit 61. The total amount of the Reskes’ investment in the program is \$731,680.00.

233. In conjunction with their investment, the Reskes completed a Universal Brokerage Client Application, entered into a Universal Brokerage Currency Exchange Agreement, and received account statements from Universal Brokerage FX. See Exhibits 60, 62-64.

234. In early July 2009, the Reskes learned of this lawsuit from the International Forecaster, and then located the Star Tribune article detailing the lawsuit. The Reskes repeatedly called Kiley regarding the status of their investment, but there was no answer.

235. Heiko Reske and a fellow investor then drove to Minneapolis to meet with Kiley. On July 12, 2009, Reske met with Kiley and demanded partial withdrawal of funds. Kiley indicated that he needed Cook’s authorization to withdraw the funds, and that he would pass on the Reskes’ request to Cook. The Reskes learned the next day that nothing was done to facilitate this withdrawal request.

236. On July 13, 2009, Reske again met with Kiley and requested account closure and withdrawal of all funds. Reske received withdrawal forms from Kiley's assistant, Julia Smith, which he completed.

237. On the evening of July 13, 2009, Reske met with Kiley, Cook, and Cook's brother Graham Cook. They informed Reske that he would not be receiving his funds immediately, but that funds could be expected in four weeks for IRA accounts and two to three weeks for cash accounts. Reske hand-delivered his withdrawal forms to Kiley and Cook at this meeting. On July 14, 2009, Reske again hand-delivered his withdrawal requests to Graham Cook. See, e.g., Exhibit 65.

238. In attempting to withdraw funds through Cook, the Reskes learned for the first time that their funds were purportedly invested with Crown Forex SA, despite Kiley's representations that Universal Brokerage FX had no association with Crown Forex SA.

239. The Reskes contacted the trustees of Crown Forex SA regarding their investments and were told that there was no record of any accounts in their names. Exhibit 65.

240. The Reskes then located checks that they had written to "Crown" per Kiley's instructions, and discovered that these checks were deposited with "Crown Forex LLC," Associated Bank Account No. *****1705. Another check written to "Universal Brokerage" was deposited with "UBS Diversified Growth LLC," Wells Fargo Account No. *****2710. A wire transfer document also indicated that funds withdrawn by the

Reskes came from Crown Forex LLC's Associated Bank Account No. *****1705. Exhibits 66-68.

241. On July 21, 2009, Universal Brokerage FX posted a "client notice" on its website indicating that it is "unable to fulfill withdrawal or redemption requests." See Exhibit 28.

242. To date, the Reskes' withdrawal requests have not been honored, and the only information they have regarding the existence or location of their funds are the check copies and wire transfers indicating that their funds were deposited with Crown Forex LLC, 5413 Nicollet Avenue, Suite 14, at Associated Bank Account Number *****1705, rather than Crown Forex SA. See Exhibits 66-68. They have received no other information from Defendants regarding the existence or location of their investment.

I. Plaintiffs Floyd and Ilene Foster

243. Plaintiffs Floyd and Ilene Foster ("the Fosters") learned of the foreign currency arbitrage program through Kiley's radio show, "Follow the Money," to which they began listening in January 2008.

244. The Fosters inquired about the program with Kiley, who represented that they could expect double digit returns on their investment and that their funds would be held in private, segregated accounts.

245. Subsequently, the Fosters received a brochure from Kiley entitled "Institutional Grade Investments for the Individual Investor." The brochure represented the following regarding investments in the program: "Liquidity: All positions are 100%

liquid on a 24 hour basis. Trading Discipline: 100% of the time the long USD/JPY position is fully insured.” Exhibit 69.

246. The Fosters also received a letter from Tim Daley, a Senior Investment Advisor at Universal Brokerage FX, highlighting the profitability of the global markets strategy. In his letter, Daley represented the following: “Financial security is paramount to every investor. The safety and integrity of customer funds on deposit are ensured by measures enacted by the Federal Government, various exchanges, and the firm itself. Customer funds are held in segregated accounts providing safety, security and liquidity.” Exhibit 70.

247. On January 7, 2009, the Fosters received an e-mail from Daley, which represented that, “the way trading is done, we do not expose our client’s funds to the market; therefore, there is no down side risk to the principle. Bear in mind, these are non-correlated assets; therefore, any ‘Crises’ anywhere in the world (terrorist attacks or an equity exchange drop, like the 9% drop on the Shanghai Exchange the end of February 2007), only enhances our performance.” Exhibit 71.

248. In a follow-up e-mail on January 7, 2009, Daley provided “due diligence” information to the Fosters. Daley represented that The Oxford Private Client Group and Oxford Global Advisors were Registered Investment Advisors, that Universal Brokerage FX was “Registered with the Department of Treasury as a Currency Dealer, Currency Exchanger and Money Transmitter,” and that the liquidity providers for the investment included Deutsche Bank, Dresdner Bank, United Arabs Bank, UBS, Royal Bank of Scotland, Royal Bank of Canada, JP Morgan, Bank of America, Saxo Bank, Currenex,

Bear Sterns, Barclays, and Merrill Lynch. The e-mail also indicated that Universal Brokerage Diversified FX had a “clearing and partnership relationship” with JDFX Technologies, Zurich, Switzerland. Exhibit 72.

249. On January 12, 2009, the Fosters visited the Universal Brokerage FX website, which highlighted the 10.5% returns and principal protection of the foreign currency arbitrage program. The website also represented its “liquidity providers” as Saxo Bank, Dresdner Bank, Deutsche Bank, Bank of America, HSBC, and UBS. Exhibit 73.

250. Based on these representations, the Fosters invested \$50,000.00 with Kiley. Per Kiley’s instructions, the Fosters made their check payable to “Crown Bank.” Exhibit 74.

251. In conjunction with their investment, the Fosters received account statements from Universal Brokerage FX and, ostensibly, Crown Forex SA. See, e.g., Exhibit 74.

252. On July 9, 2009, the Fosters attempted to withdraw \$23,862.00 from their account. After the withdrawal request was not honored, the Fosters attempted to contact Universal Brokerage FX on multiple occasions, but received no response.

253. On July 21, 2009, the Fosters saw a “client notice” on the Universal Brokerage FX website, indicating that UBFX and UBS Fund “are unable to fulfill withdrawal or redemption requests.” See Exhibit 28.

254. After viewing this notification, the Fosters sought immediate closure of their Crown Forex account and withdrawal of the funds therein. Exhibits 75-76.

255. The Fosters then located the check they had written to “Crown Bank” per Kiley’s instructions, and discovered that this check was deposited with “Crown Forex LLC,” in Associated Bank Account No. *****1705. See Exhibit 74.

256. To date, the Fosters’ withdrawal requests have not been honored, and the only information they have regarding the existence and location of their investment is the check copy indicating that a portion of their funds were deposited with Crown Forex LLC’s Associated Bank Account No. *****1705. Id. They have received no other information from Defendants regarding the existence or location of their investment.

J. Plaintiffs Victor and Marianne Sultana

257. Plaintiffs Victor and Marianne Sultana (“the Sultanas”) learned of the foreign currency arbitrage program in October 2008, when Victor Sultana came across an Oxford Global Advisors advertisement while doing investment research online. The advertisement indicated that an investment in the program through Oxford Global Advisors would yield a 10.5% return. The advertisement had a link to an application form, which Victor Sultana completed and e-mailed, along with a request for additional information on the 10.5% return.

258. In response to this inquiry, Brian Seiwert, a representative of Oxford Global Advisors, contacted Victor Sultana about the program via e-mail on October 29, 2008. In his e-mail, Seiwert provided the following information:

Oxford Global Advisors, headquartered in Minneapolis, provides professional money-management for institutional and individual investors throughout the world. With our partner, The Oxford Private Client Group, we offer investors proven strategies in both the equity markets and alternative

asset classes. Our focus is on capital preservation, superior yields, and consistent long-term returns with little volatility.

Capital preservation is the cornerstone of our strategies. Our Global Enhanced Return Strategy utilizes a methodology that seeks to take advantage of economic imbalances in the global financial markets. The strategy is currently yielding about 10.5%. Client's funds are held in separately managed accounts and are liquid at any time.

Today's dynamic marketplace demands constant consideration and increased determination to accomplish financial and investment goals. With today's stock market volatility, investors need alternative strategies that perform and offer non-correlated returns to the equity markets. Oxford's Global Enhanced Return Strategy is a great way for investors to do this and add true investment diversification to their portfolios.

Exhibit 77.

259. In November 2008, the Sultanas received three brochures about the program from Seiwert. The first was entitled "Oxford Global Partners: Prudent Management, Diversified Approach, Long-Term Focused, Capital Preservation, Global Scope." In its brochure, Oxford emphasized its "focus on capital preservation, superior yields, and secure long-term returns," and stated that "all our investment strategies—and all our strategic alliances—are designed to generate enhanced yield and dependable performance." Exhibit 78.

260. The second brochure entitled "A Global Enhanced Return Strategy," represented that investment in the program is safe because funds are held in individual segregated accounts with well-established, well-capitalized investment and commercial banks, and because the program reduces market exposure. The brochure also represented

that “funds are completely liquid and available on short notice,” and that the program provides consistent yields and enhanced returns. Exhibit 79.

261. The third brochure entitled “Currencies,” further described the benefits of the foreign currency arbitrage program. After reviewing these materials and discussing the program with Seiwert, the Sultanas initially decided to wait to invest and advised Seiwert of this on November 19, 2008. Exhibit 80.

262. In a follow-up e-mail dated November 20, 2008, Seiwert urged the Sultanas to reconsider their decision to wait, stating “I disagree with the idea of not taking action because of uncertainty. Many people are fearful of changing their investment portfolio because they don’t want to miss out on the rebound. By doing that you are taking the same risks that lead you into the decline.” Exhibit 81.

263. Seiwert went on to state:

In times of uncertainty one thing you can do is reduce exposure and lower the risk of further losses. We have alternative strategy that continues to perform through this financial mess. Our equities portfolio manager [Beckman] has successfully called the last two bear markets and our track record shows it. Would it make sense to trust his judgment in identifying when a good time to get back into the market is? In the meantime we have an alternative that is non-correlated to stocks that is currently yielding 10.5%. The long-term average of the Dow is less than what we have been getting with that strategy. Allocating to this in financial uncertainty and having the liquidity to move back into the market when it recovers may be worth some thought. None of my clients have ever had a negative fiscal year. The best way to outperform the markets consistently is to not ride them down. Oxford’s focus for our clients is on capital preservation, superior yields, and consistent long-term returns with less volatility than traditional investments.

Id.

264. In response to Seiwert's e-mail, Victor Sultana asked questions about the program, including the potential impact of narrowing global spreads and the safety of the investment. Seiwert replied that "if long term yields do come down and the spreads get smaller we would not be able to return as high of a yield with this strategy. This however would not result in negative returns," and "the banks and financial firms we work with are well capitalized and strong. We use only the largest most established financial institutions in the word." See Exhibit 81.

265. Based on these representations, the Sultanas sent \$100,000.00 to Oxford Global Partners to be invested with Crown Forex SA into two segregated accounts. The \$100,000.00 check was made payable to "Crown Forex SA." Exhibit 82.

266. In conjunction with their investment, the Sultanas entered into a Management Agreement with Oxford Global partners and a Crown Forex Trading Agreement.

267. At the Crown Forex website (www.crownforex.com), the Sultanas were able to download the trading station to view their account and see trading activities. The Sultanas were also able to print their account detail statements from the Crown Forex website. They could also partially view their account information on the Oxford Global Partners website; however, they were not able to print or see a full detail statement on the Oxford Global Partners website. The partial account information on the Oxford Global Partners website had the header "C.G.I. Group." Exhibit 83.

268. The Sultanas' primary contact at Oxford Global Partners was Brian Seiwert, who advised them of the Crown Forex SA bankruptcy. See Exhibit 84. On July 21, 2009, the Sultanas submitted a Crown Forex formal withdrawal request, by overnight delivery, to Oxford Global Partners. According to the mail service, the withdrawal request was delivered to the Van Dusen mansion on July 22, 2009. The request was not honored, and since that time, the Sultanas have been unable to reach Seiwert or any other Oxford Global Advisors representatives.

269. The Sultanas made a withdrawal request to Crown Forex SA on July 23, 2009, but subsequently learned that the check that they had written to "Crown Forex SA" and delivered to Oxford Global Partners was ultimately deposited with "Crown Forex LLC," in Associated Bank Account No. *****1705. Exhibit 85.

270. The Sultanas also contacted their bank to track the check that was written to invest in the program. Their bank has identified that the check was deposited with a U.S. Bank account at one point during the transfer process, but the bank's investigation continues.

271. To date, the Sultanas' withdrawal requests have not been honored, and the only information they have regarding the existence and location of their investment is the check copy indicating that a portion of their funds were deposited with Crown Forex LLC's Associated Bank Account No. *****1705. See Exhibit 85. They have received no other information from Defendants regarding the existence or location of their investment.

K. Plaintiff Dr. Ronald Linari

272. Plaintiff Dr. Ronald Linari (“Linari”) learned of the foreign currency arbitrage program through Patrick Kiley’s radio show, to which he began listening in early 2008. On his radio show, Kiley represented that investments in the program had “overnight wiring availability,” were held in segregated accounts, and earned double digit returns.

273. In early 2008, Linari sought additional information from Kiley on the program. In response, Kiley sent a letter highlighting the benefits of Universal Brokerage Services’ global markets investment strategy. Exhibit 86.

274. In his letter, Kiley represented the following: “Financial security is paramount to every investor. The safety and integrity of customers funds on deposit are ensured by measures enacted by the Federal Government, various exchanges, and the firm itself. Customer funds are held in segregated accounts providing safety, security and liquidity.” See id.

275. Kiley’s letter was printed on letterhead that referenced, “UBS SAXO IFX Millennium RJO PFG CHASE.” Id.

276. Based on Kiley’s representations, Linari invested in the foreign currency arbitrage program with Kiley and Universal Brokerage FX.

277. Linari initially invested \$100,000.00 in the foreign currency arbitrage program on March 1, 2008 (\$50,000), and March 20, 2008 (\$50,000), by directing his investment transactions to Universal Brokerage FX. Exhibit 87.

278. Linari then invested an additional \$50,000.00 in the foreign currency arbitrage program by utilizing a self-directed IRA account with Millennium Trust Company by sending a check in that amount to “Millennium Trust FBO Ronald F. Linari, IRA Rollover.” See, e.g., Exhibit 88. To date, the total amount of Linari’s investment in the program is \$158,360.00.

279. In conjunction with his investments, Linari completed a Universal Brokerage Client Application Form, and received statements from Universal Brokerage FX. Exhibit 89; see, e.g., Exhibit 90.

280. On July 10, 2009, Linari received a letter from Millennium Trust Company notifying him that this lawsuit had been initiated against UBS Diversified. Linari then researched the lawsuit on the Internet and located the Star Tribune articles detailing the lawsuit. Exhibit 91.

281. Subsequently, Linari contacted Millennium Trust Company, which directed him to Kiley. Linari called Kiley’s cell phone twice and left message both times, but the calls were not returned.

282. In July 2009, Linari contacted Kiley’s attorney, Henry Mahmoud, who indicated that Kiley was pursuing his clients’ funds by hiring forensic accountants to review Crown Forex documents.

283. On July 21, 2009, Universal Brokerage FX posted a “client notice” on its website indicating that “UBFX and UBS Fund are unable to fulfill withdrawal or redemption requests.” See Exhibit 28.

284. To date, Linari has no access to his funds, and the only information he has received regarding the existence and location of his investment is a check copy and oral confirmation from his bank indicating that his funds were deposited into Universal Brokerage FX MGMT, LLC's Associated Bank Account No. *****5601. Linari has received no other information from Defendants regarding the existence or location of his investment. Exhibit 92.

L. Plaintiff Bill Salisbury

285. Plaintiff Bill Salisbury ("Salisbury") learned of the foreign currency arbitrage program when he began listening to Kiley's radio show, "Follow the Money" on November 17, 2007.

286. On his radio program, Kiley advised listeners to place their investments into managed foreign currency arbitrage and gold. Kiley represented that his "money management group" made money regardless of fluctuations in other markets. He also urged listeners to call his 800-number and view his website (www.patkiley.com) to obtain a personal consultation about their investments.

287. In December 2007, Salisbury contacted Kiley for additional information, and was able to speak with Kiley personally. During their conversation, Kiley advised Salisbury to invest all of his funds with Kiley and UBFX, and claimed he could provide diversification through UBFX gold investments.

288. In a subsequent conversation with Kiley on December 13, 2007, Kiley advised Salisbury to roll over his § 401a plan to UBFX, to take equity out of his home, and set up an additional managed foreign currency account with Kiley. During this

conversation, Kiley indicated that he was sending an application for a self-directed IRA through UBFX, and represented that, “you’re really going to like these returns, which will be in the 15-20% range.” He also represented that the foreign currency account, in addition to its growth advantages, would fully protect and preserve Salisbury’s capital, would be segregated, would be fully safe and liquid, and would provide numerous tax benefits. Kiley stated that “corporate and smart individual investors have their investments spread all around the world, and you should too.”

289. On December 21, 2007, Salisbury again spoke with Kiley, who recommended managed foreign currencies because, “your principle is not at risk, and you will receive returns of 15-22%.” Kiley indicated that he contacts European bankers each day to obtain information on international markets, interest rates and currencies.

290. During their December 21, 2007 telephone conversation, Kiley also recommended that Salisbury send Kiley his gold, which Kiley would place with Salisbury’s IRA at UBFX. Kiley represented that his European banking connections uniquely positioned UBFX to outperform other gold investments.

291. In late December 2007, Kiley sent Salisbury a letter highlighting the advantages of investing with UBFX, and stating the following: “Financial security is paramount to every investor. The safety and integrity of customer funds on deposit are ensured by measures enacted by the Federal Government, various exchanges, and the firm itself. Customer funds are held in segregated accounts providing safety, security and liquidity.” Exhibit 93.

292. Subsequently, Salisbury received and completed a Universal Brokerage FX application, which included a document representing the following: “Liquidity: We maintain your account to be instantly liquid. Daily wires or checks fulfill your need to access your cash....Segregated Account: Your account is in a segregated account, not co-mingled with the general assets of the custodian, bank or dealer...” Attached to the application was a letter from Jared Jenkins, again stating that: “Financial security is paramount to every investor. The safety and integrity of customers funds on deposit are ensured by measures enacted by the Federal Government, various exchanges, and the firm itself. Customer funds are held in segregated accounts providing safety, security and liquidity.” Exhibits 94-95.

293. On January 1, 2008, Kiley again urged Salisbury to take equity out of his home and to invest his gold in an IRA with UBFX.

294. On January 3, 2008, Salisbury established a self-directed IRA account with Millennium Trust Company for his § 401a retirement plan funds. Kiley represented that Salisbury’s investment would be managed by UBFX, and that his IRA would receive the attention and expertise of Kiley’s staff. When Salisbury asked Kiley about the other principals with UBFX, Kiley stated that he was the senior investment officer at UBFX. See Exhibit 96.

295. On January 3, 2008, Salisbury rolled over \$158,600.00 from his § 401a retirement plan into a self-directed account with Millennium Trust Company, which was then directed to UBFX. Exhibit 96. The total amount of Salisbury’s investment in the program is \$170,588.00.

296. In conjunction with his investments, Salisbury received statements from Universal Brokerage FX and Millennium Trust Company. Beginning in December 2008, Salisbury noticed discrepancies between his UBFX and Millennium statements. For example, contributions sent directly to UBFX from Millennium Trust were not accounted for or properly credited in Salisbury's UBFX account. Salisbury's requests to have these contributions reflected in his UBFX statements were not honored. Exhibit 97.

297. On May 4, 2009, Salisbury requested that Kiley withdraw \$100,000.00 from his accounts. On June 2, 2009, Salisbury requested that Kiley and UBFX withdraw \$120,000.00 from his account. These requests were not honored. Exhibit 98.

298. In mid-July, 2009, Salisbury received a letter from Millennium Trust Company notifying him that this lawsuit had been initiated. Exhibit 99.

299. On July 21, 2009, Salisbury again submitted withdrawal forms to Universal Brokerage FX, requesting that his entire \$170,588.00 investment be liquidated. These requests were not honored. Exhibit 100.

300. Subsequently, Universal Brokerage posted a "client notice" on its website and sent a letter to Salisbury indicating that "UBFX and UBS Fund are unable to fulfill withdrawal or redemption requests." See, e.g., Exhibits 13 and 28.

301. To date, Salisbury's withdrawal requests have not been honored, and he has received no information from Defendants regarding the existence or location of his investment.

M. Plaintiff Curtis Winn

302. Plaintiff Curtis Winn (“Winn”) learned of the foreign currency arbitrage program through Patrick Kiley’s radio program, “Follow the Money,” to which he began listening in 2006. On his radio show, Kiley represented that investments in the program were available at any time and could be withdrawn by a telephone call, were not subject to the fluctuations of the stock market, were held in segregated accounts, and would earn 10% to 12% returns.

303. In fall 2006, Winn called the 800-number provided on Kiley’s radio show for additional information regarding the foreign currency arbitrage program, and Kiley answered the call. During their one hour conversation, Kiley explained the foreign currency arbitrage program “that Trevor Cook had discovered,” and indicated that UBS Diversified managed funds for 9,000 corporations and that the program only recently became available to individual investors. Kiley also advised that mutual funds are a “churning operation,” that gold and silver are poor investments due to pending government confiscation, and that investors should be cautious of American banks.

304. During their conversation, Kiley represented the following regarding the program: that UBS Diversified only made money on the increase in returns; that client funds are held in segregated accounts; that all invested funds are located in Europe; and that the investment is guaranteed to earn 10% to 12% returns.

305. After their telephone call, Kiley immediately sent Winn a UBS Diversified Growth Application and Subscription Agreement application. Winn completed the

application on March 14, 2007, with the assistance of Kiley's assistant, Julia Smith. Exhibit 101.

306. Kiley also sent a brochure with additional information about the program, which was entitled "Institutional Grade Investments for the Individual Investor." The brochure made the following representations about the foreign currency arbitrage program: "Liquidity: All positions are 100% liquid on 24 hours basis. Trading Discipline: 100% of the time the long USD/JPY position is fully insured" and "Funds are deposited with a commercial bank in the client's name. Statements are issued quarterly. Customer funds are held in segregated accounts—they are not co-mingled with other clients' or company funds. Customer funds are always 100% liquid—24 hours per day and may be withdrawn at any time." See Exhibit 69.

307. In summer 2007, Winn received an unsolicited telephone call from Jerry Watkins, the "Chief Financial Strategist/Technical Analyst" for UBS Diversified. Watkins' business card indicated affiliations with "UBS SAXO IFX MILLENNIUM RJO PFG CHASE." Watkins also indicated an investment affiliation with Cook.

308. During their telephone call, Watkins indicated that he was earning 10% on his investments in the program and that Winn should consider rolling over his IRA to invest in the program.

309. Based on these representations, Winn invested in the program with Kiley and Universal Brokerage FX/UBS Diversified. Winn rolled over an IRA in the amount of \$50,022.57 to Millennium Trust, which was to be invested with Universal Brokerage FX. On September 14, 2007, Winn received confirmation that the rollover proceeds to

Millennium had been sent. The total amount of Winn's investment in the program is \$277,306.22. Exhibit 102.

310. Winn also sent the following checks to be invested in the program: (1) a \$65,000.00 check to "Universal Brokerage FX" on December 5, 2007, which was deposited into UBS Diversified Growth LLC's Wells Fargo Account No. *****2710; (2) a \$30,000.00 check to UBS Diversified Growth LLC on March 26, 2007, which was deposited into a UBS Diversified Growth LLC's Wells Fargo Account No. *****2710; and (3) two \$50,000.00 checks dated February 9 and February 10, 2009, for the benefit of "UBFX," which were deposited into Universal Brokerage FX MGMT, LLC's Associated Bank Account No. *****5601. Exhibit 103.

311. In conjunction with his investment, Winn received account statements from UBS Diversified Universal Brokerage FX. See, e.g., Exhibits 104-105. However, at one point, Watkins directed that Winn send his investment funds to "Oxford" at 1900 LaSalle, Minneapolis, Minnesota.

312. In spring 2009, Winn sent Kiley the rest of his investment funds in the amount of \$100,000.00, in order to capture the guaranteed 10% returns. Julia Smith instructed Winn in regard to endorsing the checks from GE Funds where his investments were held.

313. In spring 2009, Winn also contacted Kiley for information on how to report his gains for tax purposes, and to request a 1099 form. Kiley indicated that a 1099 was not required, and that gains made in the program were not reportable due to their "grandfathered corporate status."

314. Subsequently, Kiley requested that Winn execute investments documents with Crown Forex SA, because Kiley did not like dealing with Millennium Trust and because Winn could obtain better returns with Crown Forex SA. Per Kiley's request and in light of his representations, Winn completed the Crown Forex SA materials.

315. On July 10, 2009, Winn called Kiley and Universal Brokerage FX to follow-up on the status of his Crown Forex SA account, but there was no response.

316. In mid-July 2009, Winn received an e-mail from a fellow investor who advised him to read the Star Tribune newspaper article about this lawsuit. Winn immediately called Kiley multiple times, but was always told that Kiley was unavailable.

317. On July 21, 2009, Universal Brokerage FX posted a "client notice" on its website indicating that "UBFX and UBS Fund are unable to fulfill withdrawal or redemption requests." See Exhibit 28.

318. To date, Winn has no access to his funds, and he has received no information from Defendants regarding the existence or location of his investment.

N. Plaintiff Mark Sticha

319. Plaintiff Mark Sticha ("Sticha") learned of the foreign currency arbitrage program through Beckman, with whom he had invested since 2001 when Beckman was at Fisher Investments.

320. In June 2004, Sticha purchased an annuity from Beckman, Pettengill, and Gene Walden who were partners in Capital Management Group, also known as "CMI." On July 6, 2004, Sticha received a letter indicating that Beckman had changed his

company name to “The Oxford Private Client Group.” On September 1, 2004, Beckman sent a letter introducing Erickson as a new employee of Oxford Private Client Group.

321. On August 21, 2006, Beckman sent Sticha a letter indicating that “the Oxford” was ranked number one in a Morningstar comparative study and had been ranked as one of the fastest growing firms in the industry by The Financial Adviser Magazine. In a subsequent mailing in fall 2006, Beckman stated that “The currency addition has been working as planned and better than planned in most cases!” Exhibit 106.

322. On October 31, 2006, Sticha received a mailing indicating that “The Oxford Group-Core Strategy” had formed to provide individuals both active portfolio management and financial planning with institutional tools, strategies, and management historically only available to the institutional investor. Included with this mailing was a fact sheet showing that Oxford was earning higher returns than the S&P with lower risk: “Our Senior Portfolio manager Bo Beckman takes pride in our above market performance while enjoying an approximated 1/3 less volatility.”

323. In a January 31, 2007 e-mail, Beckman indicated that he had a foreign currency arbitrage investment that was fixed for 12 months, paid 12% earnings, and was backed by UBS—“not someone we met on the street.” Sticha understood the reference to “UBS” to mean “UBS in Switzerland.” Exhibit 107.

324. When Sticha sought additional information from Beckman on the currency exchange program, Beckman provided mailings from UBS Diversified, which represented 100% capital protection, liquidity, performance and yield. The mailings

listed Erickson as the contact person for the foreign currency arbitrage investment. Beckman also indicated that he had invested a large amount of personal funds in the program. Exhibit 108.

325. Based on these representations, Sticha opened a self-directed IRA with Millennium Trust Company, and these funds were then directed to Beckman's foreign currency arbitrage program. Exhibit 109. The total amount of Sticha's investment in the program is \$279,399.00.

326. In conjunction with his investment, Sticha received an account statement on July 1, 2007, from UBS Diversified, 12644 Tiffany Court, Suite 100, Burnsville, MN 55337. Exhibit 110.

327. In the February 2008 statement, the investment company was listed as "The Oxford (Wealth Management, Clearing Brokerage, Foreign Exchange IRA's) at 1900 LaSalle Ave., Suite 100, Minneapolis, MN 55403." Exhibit 111.

328. In the June 2008 statement, the investment company was listed as: Oxford Global Advisors at 1900 LaSalle Avenue, Suite 100, Minneapolis, MN 55403. The investment contacts were listed as Beckman and Pettengill. Exhibit 112.

329. In an e-mail dated June 2, 2008, Beckman stated: "Considering Millennium's inability to provide timely and efficient reporting we should change the custodian to Entrust via Crown." On August 8, 2008, the custodian for Sticha's account was changed to Entrust Group.

330. In light of the issues with account statements, Sticha informed Beckman that better transparency of account information was needed. Beckman represented that

the Securities and Exchange Commission reviewed his methodology and reporting procedures to make sure they were legal. Beckman also indicated that “real time trading platform reporting” would be available in the future.

331. After the Star Tribune newspaper published an article that referenced Cook’s sale of the Van Dusen mansion to Beckman, Sticha inquired about Beckman’s relationship with Cook. During their conversation, Beckman indicated that Cook was his employee, and Cook had mostly institutional investors. Beckman also represented that Cook had \$4 billion dollars in the foreign currency arbitrage program and was now allowing select individual clients in the program. In another conversation, Beckman also represented that he owned 96% of Oxford and Pettengill owned the remaining 4%.

332. Sticha initially learned of this lawsuit when a friend advised him of the July 9, 2009 article in the Star Tribune. On July 10, 2009, Beckman e-mailed Sticha a Crown Forex SA withdrawal form and indicated that he should contact him. Exhibit 113.

333. On July 14, 2009, Mark Sticha met with Erickson, Beckman and Gene Walden at the Oxford offices to complete the necessary documentation for withdrawing funds from Sticha’s Entrust and Crown Forex SA accounts. Beckman indicated that he was hopeful that Sticha’s funds would be returned. Beckman also stated that he had just invested his in-laws’ funds in the program in June 2009. Id.

334. On or around July 21, 2009, Sticha received letters from Oxford Global Partners, LLC, and Universal Brokerage FX/UBS Fund, which indicated that these entities are “unable to fulfill withdrawal or redemption requests.” See, e.g., Exhibits 13.

335. To date, Sticha's withdrawal requests have not been honored, and the only information he has regarding the existence or location of his investments is a wire transfer document indicating that a portion of his funds were wired from Entrust Midwest LLC to "Crown Forex LLC," rather than "Crown Forex SA." The wire transfer document indicates the Beneficiary Info (OBI) as "FBO Mark Sticha," the Beneficiary Bank as Associated Bank, and the Beneficiary Account as Associated Bank Account No. *****1705. Exhibit 114.

O. Plaintiffs Russell and Jacquelyn Miller

336. In 2005, Plaintiffs Russell and Jacquelyn Miller ("the Millers") learned of the foreign currency arbitrage program through Kiley's radio show, "Follow the Money," to which they began listening in 2005.

337. In 2005, the Millers then requested additional information on the program and Crown Forex SA, the investment platform that Kiley endorsed. Subsequently, the Millers received a Crown Forex SA brochure and telephone calls from Kiley and Universal Brokerage representatives encouraging them to invest in Crown Forex SA. At that time, the Millers decided against investing with Kiley in Crown Forex SA.

338. In November 2008, the Millers again heard Kiley's "Follow the Money" program, and requested additional information from Kiley on the foreign currency arbitrage program through Crown Forex SA.

339. In response, the Millers received a letter from Mark Trimble, a representative of Kiley and Universal Brokerage, which highlighted Universal Brokerage's global markets strategy. The letter also stated: "Financial security is

paramount to every investor. The safety and integrity of client funds on deposit are ensured by measures enacted by the Federal Government, various exchanges, and the firm itself. Customer funds are held in segregated accounts providing safety, security and liquidity.” Exhibit 115.

340. The Millers also received a brochure regarding the foreign currency arbitrage program. In the brochure, Kiley and Universal Brokerage represented the foreign currency arbitrage program as follows: “Liquidity: All positions are 100% liquid on a 24 hour basis. Trading Discipline: 100% of the time the long USD-JPY position is fully insured...”; and “fully protected principal.” The brochure also represented an annualized return of 32.04%, a “Worst monthly drawdown” of 0%, a “Worst peak to valley drawdown” of 0%, and an average monthly return of 2.49%. Exhibit 116.

341. In November 2008, the Millers also received a telephone call from Trimble, during which he indicated that the Millers’ stock holding were losing 42% and that they should pull their money out of the stock market as soon as possible and invest in the foreign currency arbitrage program with Crown Forex SA through Universal Brokerage FX. Trimble represented that their investment with Crown Forex SA would be safe, and that their returns would be significant, with 46.59% returns in 2006 and 8.5% returns in 2008, even with the economic downturn. After several more calls containing the same representations, Trimble persuaded the Millers to invest with Crown Forex SA through Universal Brokerage.

342. Based on these representations, the Millers transferred IRA proceeds to a self-directed IRA account at Entrust Midwest LLC, which were then directed to

Universal Brokerage FX. Julia Smith of Universal Brokerage assisted them with the documentation for transferring the IRA proceeds. See, e.g., Exhibit 117.

343. The total amount of the Millers' investment in the program is \$108,840.00. As part of their investment, the Millers completed a Crown Forex Customer Trading Agreement for Individual Accounts, and received account statements from Universal Brokerage and, ostensibly, Crown Forex SA. Exhibit 118; see, e.g., Exhibits 119-120.

344. After Universal Brokerage received their investment funds, the Millers had difficulties getting anyone at Universal Brokerage to respond to questions and concerns. Eventually, Jacquelyn Miller was able to reach Kiley, who assured her that their funds were safe and that they would make money on the investment.

345. On February 25, 2009, the Millers requested withdrawal of \$1,500.00 from their Crown Forex SA account. Despite the representation of instant liquidity, it took approximately one week to receive the requested funds. The funds were transferred from Associated Bank Account No. *****1705, held by "Crown Forex LLC." Exhibit 121.

346. On May 27, 2009, the Millers requested another withdrawal of \$2,700.00 from their Crown Forex account, and experienced a similar lapse in receiving these funds. These funds were also transferred from Associated Bank account *****1705, held by "Crown Forex LLC." Exhibit 122.

347. On July 1, 2009, the Millers requested a third withdrawal of \$2,700.00, which was not honored. The Millers contacted Universal Brokerage about the withdrawal request but received no response.