

**UNITED STATES OF AMERICA**  
**Before the**  
**COMMODITY FUTURES TRADING COMMISSION**

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In the Matter of	:	
	:	
Global Telecom, Inc.,	:	CFTC Docket No. 01-18
2 East 8 <sup>th</sup> Street, #2814	:	
Chicago, IL 60605,	:	
	:	
Cameron S. Ownbey	:	
2 East 8 <sup>th</sup> Street, #2814	:	COMPLAINT AND NOTICE
Chicago, IL 60605,	:	OF HEARING PURSUANT TO
	:	SECTIONS 6(c), 6(d) AND 8a(4)
and	:	OF THE COMMODITY
	:	EXCHANGE ACT, AS AMENDED
RB&H Financial Services LP	:	
30 South Wacker Drive	:	
Suite 1912	:	
Chicago, Illinois 60606,	:	
	:	
Respondents.	:	

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**I.**

The Commodity Futures Trading Commission (“Commission”) has received information from its staff that tends to show, and the Commission’s Division of Enforcement (“Division”) alleges, that:

**SUMMARY**

1. During the time period of at least March 1998 through October 1999 (the “relevant time period”), Global Telecom, Inc. (“GTI”), a registered commodity trading advisor (“CTA”), Cameron Ownbey (“Ownbey”), a registered associated person (“AP”) of both GTI and RB&H Financial Services, LP (“RB&H”), and two other individuals who were APs of both GTI and RB&H, used misleading and fraudulent advertising to solicit customers to purchase trading recommendations generated by a commodity futures trading system for \$4,500 for a year’s worth

of service and to solicit customers to open accounts at RB&H. They fraudulently promised huge profits from use of the system and mischaracterized the performance record of the system. Thus, GTI, Ownbey, and the two other APs of both GTI and RB&H violated Sections 4b(a)(i) and (iii) and 4o(1) of the Commodity Exchange Act, as amended (“Act”),\* 7 U.S.C. §§ 6b (a)(i) and (iii) and 6o(1) (1994), and Commission Regulation 4.41(a), 17 C.F.R. § 4.41(a) (2000). The violations of Section 4b(a)(i) and (iii) of the Act by Ownbey and the other two APs of both GTI and RB&H, concerning the common customers of GTI and RB&H, were done within the scope of their employment by RB&H and, therefore, RB&H is liable for those violations, pursuant to Section 2a(1)(B) of the Act, as amended by the CFMA, 7 U.S.C. § 4 (1994). RB&H also failed to supervise diligently the activities of its officers, employees and agents relating to its business as a Commission registrant, in violation of Commission Regulation 166.3, 17 C.F.R. § 166.3 (2000).

2. In addition, GTI and Ownbey, as a controlling person of GTI, willfully filed a false Commission Form 8-T with the Commission in March 1998, claiming that Ownbey was terminated as a principal of GTI, in violation of Section 6(c) of the Act, 7 U.S.C. § 4c (1994).

## **II.**

### **PROPOSED RESPONDENTS**

3. Global Telecom, Inc., a Washington corporation, now located at 2 East 8<sup>th</sup> Street, #2814, Chicago, IL 60605, has been registered with the Commission as a CTA since March 27, 1998 and as an independent introducing broker since January 12, 2000. GTI was located at 801 Pine Street, Suite 3C, Seattle, Washington 98101 from approximately October 1999 through November 2000 and was located in the offices of RB&H at 30 South Wacker Drive, Chicago,

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\* The Act has recently been amended by the Commodity Futures Modernization Act of 2000 (“CFMA”), Appendix E to Public L. No. 106-554, 114 Stat. 2763 (2000). The CFMA did not substantially amend the specific sections of the Act charged herein as having been violated.

Illinois 60606, from March 1998 through October 1999. Although Ownbey has acted as a GTI principal since its inception in March 1998, Commission registration records reflect that Ownbey and GTI claimed that he was not a principal until November 20, 1998. Ownbey and his father, Duane Ownbey (“D. Ownbey”), are currently the owners of GTI.

4. Cameron S. Ownbey, 27, who currently resides at 2 East 8<sup>th</sup> Street, #2814, Chicago, IL 60605, has been registered as an AP of GTI since June 25, 1998. He was registered as an AP of RB&H from June 25, 1998 until March 20, 2000, when he voluntarily terminated this registration. He also was registered as an AP and listed as a principal of Global Trading Information, Inc. (“GTII”), a registered CTA that offers educational seminars on how to trade futures, from May 19, 1999 until October 5, 1999, when he terminated that registration.

5. RB&H Financial Services LP, an Illinois partnership located at 30 South Wacker Drive, Suite 1912, Chicago, Illinois 60606, has been registered with the Commission as a futures commission merchant (“FCM”) since at least January 1, 1993.

### **III.**

#### **FACTS**

##### **A. Formation and Operation of GTI**

6. In or around January 1998, Ownbey approached two other individuals at an FCM, where they were all employed, with a plan to form a CTA that would review the performance records of other CTAs and then recommend trades of those CTAs to the public.

7. Ownbey and his two FCM colleagues purchased an interest in GTI, a then dormant corporation, from D. Ownbey to be the corporate structure for the new CTA. During the relevant time period, D. Ownbey and Ownbey held 52% of the stock in GTI and the two other individuals each held 24% of the stock.

8. Ownbey and the two other individuals went to work as APs of RB&H, in addition to being principals and APs of GTI, in March 1998. They conducted GTI's business from the offices of RB&H, including the solicitation of new customers for the purchase of trading signals generated by GTI's trading system and for opening an account and trading pursuant to the system through RB&H, from March 1998 until October 1999, when Ownbey relocated GTI's offices to Seattle, Washington.

9. In Commission Form 3-Rs signed and filed with the Commission by RB&H, dated March 10, 1998 and April 30, 1999, RB&H acknowledged that, consistent with Commission Regulation 3.12(f), in addition to its responsibility to supervise Ownbey and the two other individuals who were APs of both GTI and RB&H, it was also jointly and severally responsible for the conduct of those three APs with respect to "(a) the solicitation or acceptance of customers' orders . . . (c) the solicitation of a client's or prospective client's discretionary account . . . with respect to any customers or option customers common to it and any . . . commodity trading advisor . . .with which the associated person is associated."

10. GTI claimed in its promotional literature to have looked at thousands of trading systems. But the only trading system GTI promoted and offered to the public from GTI's inception in March 1998 until October 1999 was a pork belly futures trading system referred to as the "Pro-Managed" system or account (the "pork belly trading system"), developed by the principals of GTI and David E. Noyes, a Florida-based registered CTA doing business as David E. Noyes & Company ("DEN").

11. Ownbey and the two other APs of both GTI and RB&H solicited customers for GTI from existing customers they had at RB&H and from the public through advertisements in trade magazines, the Internet and a series of free seminars they presented in Florida in December 1998. These customers were supposed to receive trading signals on a beeper.

12. Ownbey and the two other APs of both GTI and RB&H attracted approximately 74 customers who purchased from GTI trading recommendations generated by the pork belly trading system in 1998 and 1999, at a cost of \$4,500 for the first year of service. The proceeds of each sale were divided as follows: out of each sale, DEN would receive \$600 of the \$4,500 purchase price, the APs of GTI would receive anywhere from \$1,200 to \$2,000 and the remainder would go to Ownbey and GTI.

13. At least 44 of GTI's customers executed trades through accounts at RB&H. RB&H and Ownbey and the two other APs of both GTI and RB&H received commissions from the subsequent trading in these accounts based on the signals from the pork belly trading system. Some of these customers granted one of the APs of both RB&H and GTI and another AP of RB&H limited powers of attorney over their accounts. These customers let APs of GTI and RB&H on occasion place trades into their accounts, when the signals called for certain trades, without first contacting the customer.

14. DEN experienced heavy trading losses using his trading system in June and July 1999 and ceased providing trading recommendations at the end of July 1999. DEN also closed his own trading accounts and, in August 1999, DEN ceased functioning as a CTA.

15. At least twenty-five of GTI's customers did not get their full first year of service; some received only one or two months of trading recommendations. Although GTI knew that signals were no longer being provided after July 1999, GTI did not notify its customers of that fact, and it has not provided any rebates to customers who purchased trading recommendations generated by the pork belly trading system and did not get their full year's worth of service.

16. In or about October 1999, the other two APs of both GTI and RB&H sold their shares in GTI to Ownbey for \$1.00 each.

## B. Misrepresentations And Misleading Advertisements

17. GTI, Ownbey and the two other APs of both GTI and RB&H placed ads concerning the pork belly trading system in the August, September, October, November and December 1998 and February and March 1999 issues of Futures Magazine, as well as in the October, November and December 1998 issues of Stocks and Commodities Magazine. These advertisements overstated GTI's "performance" with the pork belly trading system and omitted the identity of the actual person whose performance record was being presented.

18. GTI, Ownbey and the two other APs of both GTI and RB&H, also failed to disclose that the performance results GTI used in the advertisements represented a subset of DEN's overall actual trading results from his trading, which were significantly worse than the advertised results. In addition, the ads state, "we are a registered CTA with an outstanding track record," thereby falsely implying that GTI was directing trading for customer accounts when in fact neither GTI nor any of its principals had a previous track record for directing trading for any customer accounts, except for occasionally placing trades dictated by the pork belly trading system in some GTI customers' accounts at RB&H pursuant to limited powers of attorney, and GTI was not registered as a CTA until March 1998. Furthermore, during the same months in which GTI ran the advertisements, and before, GTI consistently lost money trading the pork belly trading system in the proprietary account it maintained at RB&H. The account was opened in August 1998, suffered trading losses in September, October and December 1998 and February, March, April, June and July 1999. By July 1999, that account had a balance of \$398.42 remaining from a total of \$10,000 deposited. However, this information was not disclosed in the advertisements or to GTI's customers or prospective customers.

19. GTI, Ownbey and the two other APs of both GTI and RB&H distributed fliers for the December 1998 seminars it held in south Florida for the pork belly trading system which

touted a 341% annual return and stated, "LEARN HOW OUR TRADER EARNED OVER \$34,000 IN 12 MONTHS ON A \$10,000 INVESTMENT. YOU COULD HAVE MADE 700% WITH OUR TRADING SYSTEM." The performance history of DEN does not support these claims. Furthermore, neither DEN, GTI nor any of its customers ever made a 700% return with the pork belly trading system.

20. GTI, Ownbey and the two other APs of both GTI and RB&H also made misrepresentations and misleading statements on GTI's internet web site from May 1998 through October 1999. GTI's web page touted GTI's track record and stated, "Learn how we can make you over 300% profit per year on a small investment." GTI's web site did list DEN's trading record as the basis for this claim. But DEN's track record does not support the claim of 300% profit and the web site does not reflect that GTI's own proprietary account at RB&H lost money. In addition, as with GTI's magazine advertisements, the web site showed extracted performance results of DEN's trading, but did not include the overall actual trading results from which the extracted results were drawn, which were significantly worse than the extracted results.

### C. False Filing

21. Ownbey made most of the major day-to-day decisions in managing GTI from its inception in March 1998 through at least October 1999, including employing Compliance Supervisors, Inc. ("CSI"), a New Jersey based company founded by two former National Futures Association auditors as a consultant, writing the advertising copy and creating the web site. GTI's brochures and Disclosure Documents throughout 1998 and 1999 listed Ownbey as a principal of GTI. However, GTI and Ownbey willfully filed a Form 8-T with the Commission on March 18, 1998 terminating him as a principal. Ownbey at the time had been charged with two felonies in state court in Utah. These charges were reduced to misdemeanors in November 1998. Shortly after his criminal problems had been resolved, Ownbey was again added as a

principal of GTI in a Commission Form 3-R filed with the Commission on November 20, 1998 by GTI and signed by Ownbey.

22. Ownbey's role in directing the operations of GTI never changed during this eight month time period. Ownbey owned 10% or more of the outstanding stock of GTI for at least part of that time and throughout that time period had the power to exercise a controlling influence over GTI's activities which were subject to regulation by the Commission.

D. Failure To Supervise Diligently

23. RB&H's Compliance Manual For Branch Offices and Introducing Brokers, which is applicable to all APs of RB&H, requires all promotional material prepared by APs to be submitted to and approved by RB&H's Compliance Department.

24. The majority of the customers Ownbey and the two other APs of RB&H solicited to purchase the GTI system and to open accounts at RB&H (at least 44) executed their trades through RB&H, which received approximately \$30,000 in commissions for those trades. In addition, Ownbey and the other two APs of both RB&H and GTI received commissions from the trading of these customers pursuant to the pork belly trading system, as APs of RB&H.

25. Although RB&H's Compliance Department was aware of GTI's advertisements and web site, was aware that its APs were soliciting RB&H accounts in connection with their solicitation of GTI customers, was aware that RB&H and its APs were earning commissions from the trading of the pork belly trading system by the customers common to GTI and RB&H, and was required by its internal procedures to review the advertisements and web site, it did not do so during the relevant time period.



#### IV.

#### COUNT I

##### VIOLATIONS OF SECTIONS 4b(a)(i) AND (iii) OF THE ACT: FRAUDULENT SALES PRACTICES AND MISLEADING ADVERTISEMENTS

26. The allegations contained in paragraphs 1 through 25 are realleged and incorporated herein.

27. Sections 4b(a)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(i) and (iii) (1994), make it unlawful, in or in connection with futures transactions, to cheat or defraud or attempt to cheat or defraud another person, or to willfully deceive or attempt to deceive any person.

28. During the relevant time period, GTI, Ownbey and the other two APs of both RB&H and GTI violated Sections 4b(a)(i) and (iii) of the Act, in that they engaged in fraudulent sales practices and acts of deceit to promote the purchase and sale of commodity futures contracts through RB&H. Such practices included utilizing false and misleading advertisements that overstated profit potential, misrepresented DEN's track record as that of GTI, omitted the complete results DEN had using his trading program and omitted to state that the only record GTI itself had trading the pork belly trading system was a losing record. At no time did GTI, Ownbey and the other two APs of both RB&H and GTI disclose GTI's actual trading record to customers. GTI, Ownbey and the other two APs of both RB&H and GTI sold trading signals generated by the pork belly trading system knowing that their material representations and omissions made to customers, as described above, were false or that they had no reasonable basis to make such representations or omissions in reckless disregard for the truth.

29. Respondents GTI, Ownbey, and the other two APs of both GTI and RB&H, engaged in this conduct in or in connection with the orders to make, or the making of, contracts of sale of commodities for future delivery, made, or to be made, for or on behalf of other persons where such contracts for future delivery were or may have been used for (a) hedging any

transaction in interstate commerce in such commodity, or the products or by products thereof, or  
(b) determining the price basis of any transaction in interstate commerce in such commodity, or  
(c) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof.

30. Ownbey, directly or indirectly, controlled GTI and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting the violations of GTI alleged in this Count, and thereby is also liable for GTI's violations of Sections 4b(a)(i) and (iii), 7 U.S.C. § 6b(a)(i) and (iii), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (1994).

31. The actions and omissions of Ownbey and the other two APs of both RB&H and GTI concerning customers common to GTI and RB&H, as described in this Count, were done within the scope of their employment with RB&H and GTI concerning the common customers of GTI and RB&H, and while they were operating GTI out of RB&H's office space. The fraudulent solicitations of prospective customers to purchase the trading system directly led to the opening of trading accounts at RB&H and the trading of commodity futures through these accounts. Therefore, RB&H is liable for their violations of Sections 4b(a)(i) and (iii) of the Act, pursuant to Section 2a(1)(B) of the Act, as amended by the CFMA, 7 U.S.C. § 4 (1994).

32. Each material misrepresentation or omission and each willful deception made during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(i) and (iii) of the Act.

## **COUNT II**

### **VIOLATIONS OF SECTION 4b(1) OF THE ACT: FRAUD BY A CTA**

33. The allegations contained in paragraphs 1 through 25 above are realleged and incorporated herein by reference.

34. During the relevant time period, GTI was registered as a CTA and acted as a CTA because, for compensation or profit, it engaged in the business of advising others as to the value of or the advisability of trading in commodity futures. Ownbey and the other two APs of both RB&H and GTI were registered as and acted as APs of GTI.

35. During the relevant time period, GTI, Ownbey, and the other two APs of both GTI and RB&H, violated Section 40(1) of the Act, 7 U.S.C. § 60(1) (1994), in that, by use of the mails or other means or instrumentalities of interstate commerce, they directly or indirectly employed a device, scheme or artifice to defraud customers or prospective customers, or engaged in a transaction, practice, or course of business which operated as a fraud or deceit upon such persons, including, but not limited to making false and misleading advertisements, which overstated profit potential, misrepresented DEN's track record as that of GTI, omitted the complete results DEN had using his trading program and omitted to state that the only record GTI itself had trading the pork belly trading system was a losing record. They also sold a year's worth of trading signals to some customers and failed to make rebates to customers who received less than a year's worth of the signals, which operated as a fraud upon these customers. GTI, Ownbey, and the other two APs of both GTI and RB&H, engaged in these fraudulent acts, misrepresentations and omissions to convince customers to purchase trading signals generated by the pork belly trading system and to promote the purchase and sale of commodity futures contracts through RB&H.

36. Ownbey, directly or indirectly, controlled GTI and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting the violations of GTI alleged in this Count, and thereby is also liable for GTI's violations of Sections 40(1) of the Act, 7 U.S.C. § 60(1), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (1994).

37. Each material misrepresentation or omission, each false report or statement, and each willful deception made during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1) of the Act.

### **COUNT III**

#### **VIOLATION OF COMMISSION REGULATION 4.41(a): FRAUDULENT ADVERTISING**

38. The allegations contained in paragraphs 1 through 25 above are realleged and incorporated herein by reference.

39. During the relevant time period, GTI, a CTA, and Ownbey, a principal of GTI, and the other principals of GTI, violated Commission Regulation 4.41(a), 17 C.F.R. § 4.41(a) (2000), in that they advertised in a manner which employed a device, scheme or artifice to defraud customers or prospective customers or involved any transaction, practice or course of business which operated as a fraud or deceit upon any such persons, including, but not limited to, the advertisements described in Counts I and II above.

40. Ownbey, directly or indirectly, controlled GTI and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting the violations of GTI alleged in this Count, and thereby is also liable for GTI's violations of Commission Regulation 4.41(a), 17 C.F.R. § 4.41(a) (2000), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (1994).

### **COUNT IV**

#### **VIOLATION OF SECTION 6(c) OF THE ACT: WILLFUL FILING OF FALSE REPORTS**

41. The allegations contained in paragraphs 1 through 25 above are realleged and incorporated herein by reference.

42. Section 6(c) of the Act, 7 U.S.C. § 9 (1994), prohibits, inter alia, the willful making of a false or misleading statement of material fact in any registration application or any report filed with the Commission under the Act.

43. GTI violated Section 6(c) of the Act by willfully making a false statement in a Form 8-T it filed on March 18, 1998 with the Commission under the Act, claiming Ownbey was no longer a principal of GTI. In fact, Ownbey continued to act as a principal of GTI, but he was not added as such until after a November 20, 1998 filing by GTI with the Commission.

44. Ownbey, directly or indirectly, controlled GTI and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting the violations of GTI alleged in this Count, and therefore is also liable for GTI's violations of Section 6(c) of the Act, 7 U.S.C. § 9 (1994), pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (1994).

## **COUNT V**

### **VIOLATION OF COMMISSION REGULATION 166.3: FAILURE TO SUPERVISE DILIGENTLY**

45. The allegations contained in paragraphs 1 through 25 above are realleged and incorporated herein by reference.

46. Commission Regulation 166.3, 17 C.F.R. 166.3 (2000), requires each Commission registrant, except an AP who has no supervisory duties, to supervise diligently the handling of all commodity interest accounts carried, operated, advised or introduced by the registrant and all other activities of its partners, officers, employees and agents related to its business as a Commission registrant. Commission Regulation 3.12(f), 17 C.F.R. § 3.12(f) (2000), provides that if an AP has dual registration with two sponsors, it is each sponsor's responsibility to supervise that AP.

47. RB&H violated Regulation 166.3 because, among other things, it allowed its APs to use misleading and fraudulent advertising to solicit customers to purchase the pork belly

trading system and to solicit customers for RB&H who would use the system to trade through RB&H. In addition, RB&H failed to review GTI's advertisements and web site even though RB&H's compliance department was aware of GTI's advertisements, its web site, and that RB&H, and its APs, were earning commissions as a result of them. RB&H's Compliance Manual For Branch Officers and Introducing Brokers requires all promotional material prepared by APs to be submitted to and approved by RB&H's compliance department.

## V.

By reason of the foregoing allegations, the Commission deems it necessary and appropriate, pursuant to its responsibilities under the Act, to institute public administrative proceedings to determine whether the allegations set forth above are true and, if so, whether an appropriate order should be entered in accordance with Sections 6(c), 6(d) and 8a(4) of the Act, 7 U.S.C. §§ 9, 13b and 12a(4) (1994).

Sections 6(c) and 8a(4) of the Act allow the Commission to (1) prohibit respondents from trading on or subject to the rules of any "registered entities," as defined in Section 1a(29) of the Act, as amended by CFMA, 7 U.S.C. § 1a(29), and require all registered entities to refuse such persons all privileges thereon for such period as may be specified in the Commission's Order, (2) if the respondent is registered with the Commission in any capacity, suspend, for a period not to exceed six months, or revoke, the registration of that respondent, (3) assess against a respondent a civil monetary penalty of not more than the higher of \$110,00 for each violation, \$120,000 for violations on or after October 23, 2000, or triple the monetary gain to the respondent for each violation, and (4) require restitution to customers of damages proximately caused by the violations of the respondent.

Section 6(d) of the Act allows the Commission to enter an Order directing that the respondent cease and desist from violating the provisions of the Act and Regulations found to have been violated.

## VI.

WHEREFORE, IT IS HEREBY ORDERED that a public hearing for the purpose of taking evidence on the allegations set forth in Section III above be held before an Administrative Law Judge, in accordance with the Commission's Rules of Practice under the Act ("Rules"), 17 C.F.R. §§ 10.1 et seq. (2000), at a time and place to be set as provided by Section 10.61 of the Rules, 17 C.F.R. § 10.61, and that all post-hearing procedures shall be conducted pursuant to Sections 10.81 through 10.107 of the Rules, 17 C.F.R. §§ 10.81 through 10.107.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Complaint within twenty (20) days after service, pursuant to Section 10.23 of the Rules, 17 C.F.R. § 10.23, and pursuant to Section 10.12(a) of the Rules, 17 C.F.R. § 10.12(a), shall serve two copies of such Answer and of any documents filed in this proceeding upon Scott R. Williamson, Deputy Regional Counsel, and Susan J. Gradman, Trial Attorney, Division of Enforcement, Commodity Futures Trading Commission, 300 South Riverside Plaza, Suite 1600-North, Chicago, Illinois 60606. If any Respondent fails to file the required Answer or fails to appear at a hearing after being duly served, such Respondent shall be deemed in default and the proceeding may be determined against such Respondent upon consideration of the Complaint, the allegations of which shall be deemed to be true.

IT IS FURTHER ORDERED that this Complaint and Notice of Hearing shall be served upon the Respondents personally or by registered or certified mail, pursuant to Section 10.22 of the Rules, 17 C.F.R. § 10.22.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of the investigative or prosecutorial functions in this or any factually related proceeding will be permitted to participate or advise in the decision in this matter except as witness or counsel in a proceeding held pursuant to notice.

By the Commission.

Dated: July 18, 2001

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Jean Webb  
Secretary to the Commission  
Commodity Futures Trading  
Commission