

DEFENDANTS

2. **William S. Cordo**, age 36, is a resident of Delray Beach, Florida. He owns 80% of ICC. Cordo is not registered with the Commission as a broker or dealer.

3. **Mitchell S. Davis**, age 36, is a resident of Royal Palm Beach, Florida. He owns 20% of ICC. Davis is not registered with the Commission as a broker or dealer.

4. **John A. Blount**, age 28, is a resident of Boca Raton, Florida. Blount purported to be ICC's Director of Accounts, and solicited numerous individuals to invest in ICC's trading program. Immediately before working for ICC, Blount worked for at least one other foreign currency trading firm in South Florida. Blount is not registered with the Commission as a broker or dealer.

OTHER

5. **ICC**, based in Delray Beach, Florida, was incorporated in Florida in March 1998. ICC has never been registered with the Commission in any capacity, nor have any securities offered by ICC ever been registered with the Commission.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a), and Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d), 78u(e) and 78aa.

7. Certain of the acts and transactions constituting violations of the Securities Act and the Exchange Act have occurred within the Southern District of Florida. Cordo, Davis and Blount reside within the Southern District of Florida.

8. Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business complained of herein.

ICC'S INVESTMENT PROGRAM

9. In April 1998, defendants Cordo and Davis formed ICC in order to solicit investors to trade in foreign currencies using ICC's foreign currency trading program. ICC purported to trade investor funds on the Forex or Interbank market, which are shorthand terms used to describe the global foreign exchange market. That market is a highly liquid, continuous global market with no centralized exchange analogous to a stock market. It consists primarily of commercial and investment banks linked by computers, telephones and other telecommunications devices.

10. In or about May 1998, ICC established its boiler-room operation and began offering and selling unregistered securities in its foreign currency trading program. Under the supervision and control of Cordo and Davis, ICC hired approximately a dozen sales agents, and engaged a "facilitating" firm which purportedly placed trades for ICC on the Forex or Interbank market.

11. ICC pooled investor funds to trade in foreign currencies through ICC's account at the facilitating firm. ICC's investment program purported to generate returns on the investors' funds by taking long or short positions on the dollar versus a particular foreign currency, typically the

Japanese yen. For example, if ICC opened a short position with its facilitating firm, it was betting that the yen would decline in value against the dollar. ICC's investors purportedly made money on that investment if the yen declined in value when ICC "closed out" or "exited" the trade by covering its short position with a purchase of yen. However, if the yen gained strength against the dollar, then ICC's investors would lose money.

12. Cordo and Davis directed all of ICC's trading in foreign currencies. They determined when ICC would trade investors' funds, at what price ICC would enter into a trade, and at what price ICC would exit that trade. After ICC closed each trade, it would apportion the gains or losses from that particular trade among its investors.

13. ICC required its investors to execute a Power of Attorney form in favor of ICC at the time they opened their account. The Power of Attorney authorized ICC to "purchase, sell (including short sales) and trade for [the client] in contracts as defined in the Client Agreement, on margin or otherwise . . . with the same force and effect as [the client] might or could do with respect to such purchases, sales and trades."

14. Between May 1998 and May 1999, ICC raised between \$1.64 million and \$1.9 million from the public. ICC ceased raising funds in May 1999. By that time, ICC had lost more than one-half of investors' funds as a result of fees and trading losses.

BLOUNT'S FRAUDULENT MISREPRESENTATIONS

15. In the course of soliciting investor funds, Blount, ICC's top sales agent, made misrepresentations to investors, including those detailed below.

Misrepresentations regarding profits and anticipated returns

16. Blount made repeated and gross misstatements about the past, present and future profitability of ICC's investment program. In at least three instances, Blount falsely told investors that they had received extraordinary gains from trading in order to induce those investors to send additional funds to ICC. Blount originally solicited these investors to invest in ICC's trading program. Within two or three days of sending their funds to ICC, Blount called the investors and told them that they had made significant profits in their accounts; in one case, Blount told an investor that his account had already shown a 50% profit after one day of trading.

17. After making those representations, but before the investors received any written confirmation of their purported gains, Blount solicited the investors to send additional funds to ICC. Two of those investors sent approximately \$30,000 to ICC as a result of Blount's claims. However, none of the investors profited from the purported trades. Moreover, Blount knew that his representations to these investors were untrue.

18. Blount also claimed that ICC has a tremendously profitable performance history, and told investors that some of ICC's clients had already made over 800% on their investments. However, ICC never generated such returns for its investors.

Misrepresentations regarding ICC's size and background

19. Blount misrepresented ICC's background to investors. For example, Blount stated that ICC had over \$35 million under management, had approximately 550 clients, and approximately 105 employees. In contrast to these representations, ICC raised less than \$2

million from investors, had far fewer than 550 clients, and never had more than 10 to 20 employees.

Misrepresentations regarding risk

20. Blount downplayed the risks associated with investing in ICC's foreign currency trading program, oftentimes making statements that directly contradicted risk disclosures contained in ICC's written materials. For example, Blount told one investor to ignore the written risk disclosures, especially those stating that investors could lose their entire investment. Blount further stated that ICC just had to have the risk disclosures in the documents, and that ICC's investors "just don't lose money." Finally, Blount minimized the risk of the investment by claiming that trading on the Interbank market is more conservative than options trading, and that the Interbank market is larger than the New York Stock Exchange.

COUNT I

(ALL DEFENDANTS)

**SALE OF UNREGISTERED SECURITIES IN
VIOLATION OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT**

21. The SEC repeats and realleges all of the foregoing allegations of this Complaint.

22. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described herein.

23. Since a date unknown but since at least May 1998 through May 1999, Defendants Cordo, Davis and Blount, directly or indirectly:

(a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;

(b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; and/or

(c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, as described herein,

without a registration statement having been filed or being in effect with the Commission as to such securities.

24. By reason of the foregoing, Defendants Cordo, Davis and Blount, violated, and unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT II

(BLOUNT)

**FRAUD IN VIOLATION OF
SECTION 17(a)(1) OF THE SECURITIES ACT**

25. The SEC repeats and realleges all of the foregoing allegations of this Complaint.

26. Since a date unknown but since at least May 1998 through May 1999, Defendant Blount, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities,

as described herein, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

27. By reason of the foregoing, Defendant Blount, directly and indirectly, violated, and unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT III

(BLOUNT)

**FRAUD IN VIOLATION OF
SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT**

28. The SEC repeats and realleges all of the foregoing allegations of this Complaint.

29. Since a date unknown but since at least May 1998 through May 1999, Defendant Blount, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities, as described herein: (i) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; and (ii) engaged in transactions, practices and courses of business which operated and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

30. By reason of the foregoing, Defendant Blount, directly and indirectly, violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3).

COUNT IV

(BLOUNT)

**FRAUD IN VIOLATION OF
SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5**

31. The SEC repeats and realleges all of the foregoing allegations of this Complaint.

32. Since a date unknown but since at least May 1998 through May 1999, Defendant Blount, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails, and of any facility of any national securities exchange, in connection with the purchase or sale of the securities, as described herein, knowingly, willfully or recklessly: (i) employed devices, schemes or artifices to defraud; (ii) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (iii) engaged in acts, practices and courses of business which operated and will operate as a fraud upon the purchasers of such securities.

33. By reason of the foregoing, Defendant Blount, directly or indirectly, violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

COUNT V

(BLOUNT)

**OPERATING AS AN UNREGISTERED BROKER-DEALER
IN VIOLATION OF SECTION 15(a)(1) OF THE EXCHANGE ACT**

34. The SEC repeats and realleges all of the foregoing allegations of this Complaint.

35. Since a date unknown but since at least May 1998 through May 1999, Defendant Blount, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails, engaged in the business of effecting transactions in securities for the accounts of others and induced and effected the purchase and sale of securities while not associated with a broker-dealer that was registered with the SEC in accordance with the provisions of Section 15(b) of the Exchange Act.

36. By reason of the foregoing, Defendant Blount, directly or indirectly, violated and, unless enjoined, will continue to violate Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

RELIEF REQUESTED

WHEREFORE, the SEC respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that Defendants Cordo, Davis and Blount, committed the violations of the federal securities laws alleged against them herein.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction, restraining and enjoining:

(a) Defendants Cordo and Davis, their agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and (c); and

(b) Defendant Blount, his agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, from violating: (1) Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and (c); (2) Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a); (3) Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3); (4) Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder; and (5) Section 15(a)(1) of the Exchange Act, 15 U.S.C. §§ 78o(a)(1).

III.

Disgorgement

Issue an Order requiring Defendant Blount to disgorge all profits or proceeds that he have received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest.

IV.

Penalties

Issue an Order directing Defendants Cordo, Davis and Blount, to pay civil fines and/or penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d) of the Exchange Act, 15 U.S.C. § 78(d)(3).

V.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

VI.

Retention of Jurisdiction

Further, the SEC respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the SEC for additional relief within the jurisdiction of this Court.

Respectfully submitted,

May 15, 2000



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JS 44
(Rev. 12/96)

CIVIL COVER SHEET

00-08392

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

SECURITIES AND EXCHANGE COMMISSION

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF
(EXCEPT IN U.S. PLAINTIFF CASES)

A-Palm Beach 000-08392 KLR/ASU

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)
Mitchell E. Herr, Esq., (305) 982-6336
SEC, 1401 Brickell Avenue, Suite 200
Miami, Florida 33131

DEFENDANTS

WILLIAM S. CORDO, MITCHELL S. DAVIS and
JOHN A. BLOOM

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT Palm Beach
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

ATTORNEYS (IF KNOWN)
Kenneth J. Dunn, Esq.

(d) CIRCLE COUNTY WHERE ACTION AROSE: DADE, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE HIGHLANDS

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

- | | | | | | |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. ORIGIN (PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

A CONTRACT	A TORTS	FORFEITURE/PENALTY	A BANKRUPTCY	A OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans - Excl. Veterans <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 A PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark B SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7809	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer influenced and Corrupt Organizations <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions A OR B
A REAL PROPERTY	A CIVIL RIGHTS	PRISONER PETITIONS		
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence HABEAS CORPUS: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition		

VI. CAUSE OF ACTION

(CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)

15 U.S.C. §§ 77e(a) and 77e(c); 15 U.S.C. § 77q(a)(1); 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3); 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5; 15 U.S.C. § 78o(a)(1). Violations of the anti-fraud provisions of the federal securities laws.

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 **DEMAND \$** Perm. Inj., Disgorgement and civil penalties CHECK YES only if demanded in complaint: **JURY DEMAND:** YES NO

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE _____ DOCKET NUMBER _____

DATE

5/15/00

SIGNATURE OF ATTORNEY OF RECORD

Mitchell E. Herr, Regional Trial Counsel

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