

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100526 / July 12, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-15654

In the Matter of

**G-TRADE SERVICES LLC,
CONVERGEX GLOBAL MARKETS
LIMITED, and CONVERGEX
EXECUTION SOLUTIONS, LLC,**

Respondents.

**ORDER AUTHORIZING THE
TRANSFER TO THE U.S. TREASURY OF
THE REMAINING FUNDS AND ANY
FUNDS RETURNED TO THE FAIR FUND
IN THE FUTURE, DISCHARGING THE
FUND ADMINISTRATOR, CANCELING
THE ADMINISTRATOR'S BOND, AND
TERMINATING THE FAIR FUND**

ADMINISTRATIVE PROCEEDING
File No. 3-15652

In the Matter of

JONATHAN SAMUEL DASPIN,

Respondent.

ADMINISTRATIVE PROCEEDING
File No. 3-15653

In the Matter of

THOMAS LEKARGEREN,

Respondent.

On December 18, 2013, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against G-Trade Services LLC, ConvergeX Global Markets Limited, and ConvergeX Execution Solutions LLC (collectively, the “Respondents”). In the Order, the Commission found that, from 2006 through 2011, Respondents engaged in a fraudulent scheme to conceal their practice of routing certain global trading and transition management customer orders to an offshore affiliate in order to charge undisclosed mark-ups and mark-downs in addition to disclosed commissions on those orders. The Commission ordered the Respondents to pay \$79,802,448.00 in disgorgement, \$7,621,981.00 in prejudgment interest, and a \$20,000,000.00 civil money penalty, for a total of \$107,424,429.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty collected, along with the disgorgement and prejudgment interest collected, could be distributed to harmed investors (the “Fair Fund”) and provided that any funds paid in connection with this action, or as the result of any related Commission actions, would be aggregated in the Fair Fund in accordance with orders issued in those actions. In addition, the Commission ordered Respondents to pay the expenses of developing and administering the plan to distribute the Fair Fund and the expenses of tax compliance of the Fair Fund, including taxes, penalties, and interest.

Contemporaneously with the issuance of the Order, the Commission instituted and simultaneously settled, two separate but related administrative and cease-and-desist proceedings against Jonathan Daspin (“Daspin”) and Thomas Lekargerren (“Lekargerren”) (the “Related Orders”). The Commission found that Daspin and Lekargerren, former employees of ConvergeX, participated in the fraudulent scheme described in the Order. The Commission ordered Daspin to pay a total of \$1,111,550 in disgorgement and prejudgment interest and Lekargerren to pay \$117,042 in disgorgement and prejudgment interest. In the Related Orders, the Commission provided that the amounts ordered against Daspin and Lekargerren may be combined with funds paid pursuant to the Order for distribution to harmed customers.²

In three District Court proceedings relating to the same facts underlying the Order, the Court ordered that the disgorgement and prejudgment interest paid in those proceedings, totaling \$2,325,337.12, be combined with the Fair Fund for distribution to harmed investors (collectively, the “Related Civil Proceedings”).³

The Respondents paid a total of \$107,424,429.00 pursuant to the Order, which combined with the \$3,553,929.12 transferred from the Related Civil Proceedings comprised the Fair Fund.

¹ Securities Act Rel. No. 71128 (Dec. 18, 2013).

² See *In the Matter of Jonathan Samuel Daspin*, Administrative Proceeding File No. 3-15652 (Exchange Act Rel. No. 71126 (Dec. 18, 2013)); *In the Matter of Thomas Lekargerren*, Administrative Proceeding File No. 3-15653 (Exchange Act Rel. No. 71127 (Dec. 18, 2013)).

³ *Securities and Exchange Commission v. Craig S. Lax*, Civil Action No. 23:15-cv-014079-WHW-CLW (D.N.J.); *Securities and Exchange Commission v. Bassily*, 1:16-cv-2733 (RJS) (S.D.N.Y.); and *Securities and Exchange Commission v. Blumberg*, 2:14-cv-4962-KM-MAH (D.N.J.).

On December 17, 2014, the Division of Enforcement, pursuant to delegated authority, issued an order appointing Epiq Class Action and Claims Solutions, Inc. (“Epiq”)⁴ as the fund administrator of the Fair Fund (the “Fund Administrator”) and set the administrator’s bond amount.⁵

On May 9, 2014, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”),⁶ pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”);⁷ and simultaneously posted the Proposed Plan of Distribution (the “Proposed Plan”). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission’s public website or by submitting a written request to Nancy Chase Burton, Esq., United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5631. The Notice also advised that all persons desiring to comment on the Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received four comments on the Proposed Plan during the comment period and one comment thereafter. On July 24, 2015, after consultation with the Fund Administrator and substantial consideration, the Commission issued an order approving the Proposed Plan as modified therein,⁸ and posted the approved modified Plan of Distribution (the “Plan”).

The Plan set forth a methodology for allocating the Net Fair Fund comprised of the \$107,424,429.00 collected from the Respondent, the \$3,553,929.12 transferred from the Related Civil Proceedings, plus any accrued interest and less taxes, fees, and expenses. The Plan provided for the refund of a portion of the trading profits of Respondents’ customers who were previously identified by the Commission staff in accordance with Paragraph 4 of the Plan and placed orders between October 2, 2006, and December 31, 2011. Using the methodology provided in the Plan, Respondents’ customers would receive full refunds of their trading profits made on transactions in U.S. securities and *pro rata* refunds of trading profits that the customers made on transactions in non-U.S. securities. According to the Plan, any remaining funds following distribution to harmed investors that are infeasible to return to investors are to be transferred to the U.S. Treasury and the Fair Fund terminated, subject to the Commission’s approval of the Fund Administrator’s final accounting.

As ordered by the Commission, the Fund Administrator distributed a total of \$111,766,223.02 from the Fair Fund pursuant to the Plan in six tranches.⁹ Of this amount, \$110,135,983.74 (98.5%) was successfully disbursed to 2034 payees (Direct and Indirect Customers) whose losses, as calculated in accordance with the Plan of Allocation, were fully compensated for the harm caused by the Respondents on orders in U.S. securities and

⁴ The Garden City Group (“GCG”) was originally appointed as the fund administrator. On June 15, 2018, GCG was acquired by Epiq and is now continuing operations as part of Epiq.

⁵ See Order Appointing Fund Plan Administrator and Setting Administrator Bond, Exchange Act Rel. No. 73865 (Dec. 17, 2014).

⁶ Exchange Act Rel. No. 72146 (May 9, 2014).

⁷ 17 C.F.R. § 201.1103.

⁸ See Exchange Act Rel. No. 75519 (July 24, 2015).

⁹ Exchange Act Rel. Nos. 79235 (Nov. 3, 2016), 80078 (Feb. 22, 2017), 80232 (Mar. 13, 2017), 81571 (Sept. 11, 2017), 81695 (Sept. 25, 2017), & 87123 (Sept. 26, 2019).

compensated on a pro-rata basis for the harm caused by the Respondents on their orders in non-U.S. securities .

The Fair Fund earned \$1,399,775.28 in interest; and paid investment/bank fees of \$52.73. The Fair Fund currently holds \$2,242,096.93, which is comprised of \$1,630,239.28 in undeliverable and uncashed checks, and \$611,857.65 in accumulated interest and excess funds which would be infeasible to distribute to investors.

Pursuant to the Plan, the Fair Fund is eligible for termination and the Fund Administrator discharged after all of the following have occurred: (a) a final accounting, in the accounting format provided by the Commission staff, has been submitted by the Fund Administrator for approval of, and has been approved by, the Commission; (b) all income taxes and other fees due and owing by the Fair Fund have been paid by the Respondents; (c) all taxes withheld from distributions to customers have been tendered to the appropriate tax agencies; (d) all expenses associated with the administration of the Fair Fund have been paid by the Respondents; and (e) any amount remaining in the Fair Fund has been received by the Commission.

The Commission staff has confirmed that the Fund Administrator has completed the distribution process in accordance with the Commission's orders, and that all monies remaining in the Fair Fund have been received by the Commission.¹⁰ The final accounting, which was submitted to the Commission for approval, as required by Rule 1105(f) of the Commission's Rules, 17 C.F.R. § 201.1105(f), and as set forth in the Plan, has been approved.

Accordingly, it is ORDERED that:

- A. the Fair Fund's remaining funds that are infeasible to return to investors and any funds returned to the Fair Fund in the future that are infeasible to return to investors, shall be transferred to the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934, 15 U.S. Code § 78u-6(g)(3);
- B. the Fund Administrator, Epiq Class Action and Claims Solutions, Inc., is discharged;
- C. the Fund Administrator's bond is canceled; and
- D. the Fair Fund is terminated.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.¹¹

Vanessa A. Countryman
Secretary

¹⁰ Respondents are responsible for payment of all fees and expenses of the Fund Administrator and Tax Administrator pursuant to the Order.

¹¹ 17 C.F.R. § 200.30-4(a)(21)(vii).