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BEFORE THE ARIZONA CORPORATION COMMISSION
AZ CORP COMMISSION

JIM IRVIN
Commissioner-Chairman
RENZ D. JENNINGS
Commissioner
CARL J. KUNASEK
Commissioner

DEC 9 3 55 PM '98

DOCUMENT CONTROL

IN THE MATTER OF:

FOREX INVESTMENT SERVICES
CORPORATION
2700 North Central Avenue, Suite 1110
Phoenix, Arizona 85004

et al.,

Respondents.

DOCKET NO. S-3177-I

RESPONDENTS' NOTICE OF FILING

Respondents file this Notice of Filing with regard to the attached affidavit and exhibits thereto.

DATED this 9th day of December, 1998.

ROSHKA HEYMAN & DEWULF, PLC

By

Paul J. Roshka, Jr.
Alan S. Baskin
Two Arizona Center
4 00 North 5th Street, Suite 1000
Phoenix, Arizona 85004
Attorneys for Respondents

Arizona Corporation Commission
DOCKETED

DEC 09 1998

DOCKETED BY:

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1 ORIGINAL and ten copies of the
2 foregoing hand-delivered
3 this 9th day of December, 1998 to:

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 COPY of the foregoing hand-delivered
9 this 9th day of December, 1998 to:

10 Mark C. Knops
11 Senior Counsel
12 Securities Division
13 Arizona Corporation Commission
14 1300 West Washington, 3rd Floor
15 Phoenix, Arizona 85007

16 Hearing Officer
17 Hearing Division
18 Arizona Corporation Commission
19 1200 West Washington
20 Phoenix, Arizona 85007

21 Robert A. Zumoff
22 Office of the Attorney General
23 1275 West Washington
24 Phoenix, Arizona 85007

25 COPY of the foregoing mailed
26 this 9th day of October, 1998 to:

27 Chris R. Youtz
Sirianni & Youtz
3410 Columbia Center
710 Fifth Avenue
Seattle, Washington 98104-7032
Counsel for Respondents



roshka/tokyo/pl notice of filing2.doc

AFFIDAVIT OF ALWIN YAM

ALWIN YAM, upon his oath, does depose and state:

1. My name is Alwin Yam.
2. I am the Chief Administrator for Eastern Vanguard Forex Limited ("EVFL").
3. To Fai Cheng and Scott Yuen, who is the husband of Jean Yuen, were the source of the funds provided to Forex Investment Services Corporation ("FISC") from EVFL in 1996.
4. These funds were loans to FISC from a trading account jointly held by Mr. Cheng and Mr. Yuen with EVFL.
5. In 1996, when funds were needed to support the operation of FISC, Mr. Cheng and Mr. Yuen frequently asked EVFL to wire transfer funds from their trading accounts to FISC'S Wells Fargo bank account.
6. Attached as Exhibit A is a series of statements for Mr. Cheng and Mr. Yuen's account reflecting margin withdrawals that were ultimately wire transferred to FISC. Exhibit A consists of the following:
 - a. A March 27, 1996 statement reflecting a \$20,000 margin withdrawal;
 - b. A May 22, 1996 statement reflecting a \$20,000 margin withdrawal;
 - c. A June 28, 1996 statement reflecting a \$20,000 margin withdrawal;
 - d. An August 1, 1996 statement reflecting a \$20,000 margin withdrawal;
 - e. An August 7, 1996 statement reflecting a \$20,000 margin withdrawal;
 - f. An October 21, 1996 statement reflecting a \$10,000 margin withdrawal;
 - g. A November 5, 1996 statement reflecting a \$20,000 margin withdrawal; and
 - h. A December 4, 1996 statement reflecting a \$15,000 margin withdrawal.
7. All of the items listed in paragraph 6 correspond to certain deposits made in FISC's account in 1996.
8. EVFL does not have records related to any of the other deposits to FISC's account in 1996.
9. In 1996, however, virtually all of the deposits into FISC's account were from Mr. Yuen and Mr. Cheng.

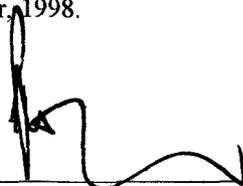
10. EVFL has no records, in addition to the records previously provided to the Division, related to the transfers of funds from EVFL's San Francisco Citibank account to the Marine Midland Bank account in New York City.
11. The vast majority of the funds that were transferred to Marine Midland Bank were the result of trading losses sustained by FISC's investors.
12. When losses in investors' accounts reach a certain level, the dealers with whom we place our trades ask us to provide them with additional margin.
13. EVFL usually forwards the margin to the dealers and then replenishes the funds it transferred with funds from the particular accounts that sustained the losses.
14. When EVFL would withdraw funds from the San Francisco account, it would also withdraw funds reflecting the fees to which it was entitled under its servicing agreement with FISC.
15. Exhibit S-73 is a copy of the servicing agreement between FISC and EVFL.
16. The servicing agreement governs the transfers from EVFL to FISC in 1997.
17. This agreement provided that EVFL would pay FISC \$20,000 a month, plus \$50 per settlement unit.
18. EVFL would receive \$20 if the trade were a day trade and \$30 if the trade were an overnight trade.
19. EVFL hoped that FISC would execute a sufficient amount of monthly trades so that both FISC and EVFL would profit from the servicing agreement.
20. Unfortunately, FISC was very unsuccessful.
21. The income earned by EVFL in 1997 as a result of the trades executed by FISC did not remotely approach the nearly \$300,000 that EVFL provided FISC during that year.
22. In fact, EVFL lost over \$200,000 in 1997 as a result of its servicing agreement with FISC.
23. For example, Exhibit S-159 indicates that EVFL paid FISC \$140,954 from April through August, 1997.
24. If this exhibit is correct and FISC executed 958 trades during this time frame, EVFL's income pursuant to the servicing agreement would have been between \$19,160 (958 day trades x \$20 a trade) and \$28,740 (958 overnight trades x \$30 a trade).
25. These figures do not approach the \$140,954 paid to FISC.
26. If FISC had not terminated its operations in December, 1997, EVFL would, in all likelihood, have terminated the servicing agreement.
27. Because of the losses EVFL suffered in connection with FISC's operation, none of the officers, directors or principals of EVFL received any direct and/or indirect benefit from FISC's operation.
28. Any compensation EVFL's principals received in 1997 would have been from sources other than FISC.

- 29. EVFL has no records of any compensation to any of its officers, directors and/or principals as a result of FISC's operations because there was no compensation.
- 30. Eastern Vanguard Group Limited ("EVGL") is a holding company that holds EVFL.
- 31. EVGL received no direct and/or indirect benefit from EVFL and/or from any of the accounting transfers at issue in this case.
- 32. EVFL has received no direct or indirect benefit from EVGL and/or any of the accounting transfers at issue in this case.
- 33. None of EVGL's and/or EVFL's principals received any direct and/or indirect benefit as a result of any of the accounting transfers at issue in this case.



ALWIN YAM

SUBSCRIBED AND SWORN to me before this ^{2nd} day of December, 1998.



Notary Public
PETER WAI-KEUNG LO
Notary Public
Hong Kong

ROOM 507-10 BANK CENTRE
630-636 NATHAN ROAD
KOWLOON, HONG KONG

My Commission Expires:

Exhibit A



EASTERN VANGUARD FOREX LTD.

P.O Box 71, Craiguar Chambers, Road Town,
Tortola, British Virgin Islands.

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Account No. : 9808
I.L.C. Name : AMA1
Trade Date : 27/03/96
Page : 1

Address: NO. 49, SECTION 1,
PUI HAN VILLAGE, KOWLOON,
HONG KONG.

TRADING LIST

Ref. No.	Description	Date	Bought	Lot(s)	Date	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
THERE IS NO OPEN POSITIONS ON ACCOUNT								

ACCOUNT DETAILS

Previous Balance	100,459.28	New Balance	80,469.28
Margin Deposit	0.00	Floating P/L	0.00
Margin Withdrawal	20,000.00	Liquity	80,469.28
Adjustment	0.00	Margin Requirement	0.00
Net Profit/Loss	0.00	Effective Margin	80,469.28

E. & O. E.

NOTICE

Please notify us within 72 hours, if this statement of account is incorrect, otherwise this statement of account will be deemed correct and accepted by you. Thank you.

FOR AND ON BEHALF OF
EASTERN VANGUARD FOREX LTD.



Authorized Signatures

T.I. Rate

1.00000 / 1.00000

**EASTERN VANGUARD FOREX LTD.**P.O.Box 71, Craigmuir Chambers, Road Town,
Tortola, British Virgin Islands

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Address: NO.49, SECTION 1,
FUI MAN VILLAGE, KOWLOON,
HONG KONG.Account No. : 9808
I.C. Name : AMAI
Trade Date : 22/05/96
Page : 1**TRADING LIST**

Ref. No.	Description	Date	Bought	Lot(s)	Date	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss
11	STG	22/05/96	1.51100	10				0.00		0.00
11	STG	22/05/96	1.51100	10	22/05/96	1.50900	10	-1,000.00	0.00	-2,250.00
12	YEN	22/05/96	107.300	10				0.00		0.00

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
12	YEN	22/05/96	10	107.300		106.730	48.54	5,221.55

ACCOUNT DETAILS

Previous Balance	100,868.19	New Balance	78,666.73
Margin Deposit	0.00	Floating P/L	5,221.55
Margin Withdrawal	20,000.00	Equity	84,888.28
Adjustment	0.00	Margin Requirement	20,000.00
Net Profit/Loss	-2,201.46	Effective Margin	64,888.28

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E. & O. E.FOR AND ON BEHALF OF
EASTERN VANGUARD FOREX LTD.

Authorized Signature(s)

1.00000 / 1.00000

T.T. Rate



EASTERN VANGUARD FOREX LTD.
 P.O. Box 71, Craigmuir Chambers, Road Town,
 Tortola, British Virgin Islands.

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Account No. : 9808
 I.I.C. Name : AMA1
 Trade Date : 28/06/96
 Page : 1

Address: NO. 49, SECTION 1,
 PUI MAN VILLAGE, KOWLOON,
 HONG KONG.

TRADING LIST

Ref. No.	Description	Date	Bought	Lot(s)	Date	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
15	STB	25/06/96	20	1.53900		1.55200	267.19	16,250.00

ACCOUNT DETAILS

Previous Balance	66,572.11	New Balance	46,839.30
Margin Deposit	0.00	Floating P/L	16,250.00
Margin Withdrawal	20,000.00	Equity	63,089.30
Adjustment	0.00	Margin Requirement	40,000.00
Net Profit/Loss	267.19	Effective Margin	23,089.30

E. & O. F.

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 Please notify us within 24 hours if this statement of account is incorrect, otherwise this statement of account will be deemed correct and accepted by you. Thank you.

FOR AND ON BEHALF OF
EASTERN VANGUARD FOREX LTD.



Authorized Signature(s)

I.U. Rate 1.00000 / 1.00000

**EASTERN VANGUARD FOREX LTD.**P.O. Box 71, Craigmuir Chambers, Road Town,
Tortola, British Virgin Islands.

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Account No. : 9808
I.I.C. Name : AMA1
Trade Date : 01/08/96
Page : 1Address: NO. 49, SECTION 1,
PUI MAN VILLAGE, KOWLOON,
HONG KONG.

TRADING LIST

Ref. No.	Description	Date	Bought	Lot(s)	Date	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss
16	STG	01/08/96	1.55600	10				0.00		0.00

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
16	STG	01/08/96	10	1.55600		1.55250	135.07	-2,187.50

ACCOUNT DETAILS

Previous Balance	94,228.85	New Balance	74,463.92
Margin Deposit	0.00	Floating P/L	-2,187.50
Margin Withdrawal	20,000.00	Equity	72,176.42
Adjustment	0.00	Margin Requirement	20,000.00
Net Profit/Loss	135.07	Effective Margin	52,176.42

E. & O. E.

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FOR AND ON BEHALF OF
EASTERN VANGUARD FOREX LTD.

Authorized Signature(s)

I.T. Rate

1.00000 / 1.00000

**EASTERN VANGUARD FOREX LTD.**P.O. Box 71, Craigmuir Chambers, Road Town,
Tortola, British Virgin Islands.

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Address: NO. 49, SECTION 1,
POI MAN VILLAGE, KOWLOON,
HONG KONG.Account No. : 9808
I.I.C. Name : AMA1
Trade Date : 07/08/96
Page : 1**TRADING LIST**

Ref. No.	Description	Date	Bought	Lot(s)	Date	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss
16	STG	01/08/96	1.55600	10	07/08/96	<u>1.54500</u>	10	-1,000.00	0.00	-7,875.00
17	YEN				07/08/96	106.800	20	0.00		0.00
17	YEN	07/08/96	<u>107.900</u>	20	07/08/96	106.800	20	-2,000.00	0.00	21,863.82

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
THERE IS NO OPEN POSITION ON ACCOUNT								

ACCOUNT DETAILS

Previous Balance	74,769.13	New Balance	68,757.95
Margin Deposit	0.00	Floating P/L	0.00
Margin Withdrawal	20,000.00	Equity	68,757.95
Adjustment	0.00	Margin Requirement	0.00
Net Profit/Loss	13,988.82	Effective Margin	68,757.95

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FOR AND ON BEHALF OF
EASTERN VANGUARD FOREX LTD.

Authorized Signature(s)

I.T.Rate

1.00000 / 1.00000

**EASTERN VANGUARD FOREX LTD.**P.O. Box 71, Craigmuir Chambers, Road Town,
Tortola, British Virgin Islands.

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Address: NO. 49, SECTION 1,
PUI MAN VILLAGE, KOWLOON,
HONG KONG.Account No. : 9808
I.C. Name : AMA1
Trade Date : 21/10/96
Page : 1**TRADING LIST**

Ref. No.	Description	Date	Bought	Lot(s)	Date	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss
21	YEN				21/10/96	112.630	10	0.00		0.00

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
21	YEN	21/10/96	10		112.630	112.720	-92.49	886.13

ACCOUNT DETAILS

Previous Balance	49,571.41	New Balance	39,478.92
Margin Deposit	0.00	Floating P/L	886.13
Margin Withdrawal	10,000.00	Equity	40,365.05
Adjustment	0.00	Margin Requirement	20,000.00
Net Profit/Loss	-92.49	Effective Margin	20,365.05

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E. & O. E.

FOR AND ON BEHALF OF
EASTERN VANGUARD FOREX LTD.

U.T. Rate

1.00000 / 1.00000

Authorized Signature(s)



**EASTERN VANGUARD FOREX LTD.**P.O.Box 71, Craigmuir Chambers, Road Town,
Tortola, British Virgin Islands.

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Address: NO. 49, SECTION 1,
PUI MAN VILLAGE, KOWLOON,
HONG KONG.Account No. : 9808
I.L.C. Name : AMA1
Trade Date : 05/11/96
Page : 1

TRADING LIST

Ref. No.	Description	Date	Bought	Lot(s)	Date	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss
24	YEN				05/11/96	114.000	10	0.00		0.00

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
24	YEN	05/11/96	10		114.000	114.050	-91.37	480.71

ACCOUNT DETAILS

Previous Balance	52,749.94	New Balance	32,658.57
Margin Deposit	0.00	Floating P/L	480.71
Margin Withdrawal	20,000.00	Equity	33,139.28
Adjustment	0.00	Margin Requirement	20,000.00
Net Profit/Loss	-91.37	Effective Margin	13,139.28

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F. & O. E.

FOR AND ON BEHALF OF
EASTERN VANGUARD FOREX LTD.

Authorized Signature(s)

T.T. Rate

1.00000 / 1.00000

**EASTERN VANGUARD FOREX LTD.**P.O.Box 71, Craiguar Chambers, Road Town,
Tortola, British Virgin Islands

Client Record

Name: CHENG TO FAI & SCOTT YUEN

Address: NO. 49, SECTION 1,
PUT MAN VILLAGE, KOWLOON,
HONG KONG.Account No. : 9808
I.C. Name : AMA1
Trade Date : 04/12/96
Page : 1**TRADING LIST**

Ref. No.	Description	Date	Bought	Lot(s)	Rate	Sold	Lot(s)	Commission	Premium	Trade Profit / Loss
29	YEN	04/12/96	113.000	10				0.00		0.00

OPEN TRADE LIST

Ref. No.	Description	Date	Lot(s)	Bought Price	Sold Price	Closing Price	Premium	Floating P/L
29	YEN	04/12/96	10	113.000		113.200	46.09	-1,954.41

ACCOUNT DETAILS

Previous Balance	27,489.99	New Balance	12,538.08
Margin Deposit	0.00	Floating P/L	-1,954.41
Margin Withdrawal	15,000.00	Equity	10,583.67
Adjustment	0.00	Margin Requirement	20,000.00
Net Profit/Loss	46.09	Effective Margin	0.00

E. & O. E.

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EASTERN VANGUARD FOREX LTD.

T.T. Rate 1.00000 / 1.00000

Authorized Signature(s)