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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE - Chairman
BOB BURNS
ANDY TOBIN
BOYD DUNN
JUSTIN OLSON

Arizona Corporation Commission
DOCKETED
JAN 19 2018
DOCKETED BY [signature]

In the matter of Delta FX Trade, Respondent.	DOCKET NO. S-20985A-16-0329 DECISION NO. 76542 **ORDER TO CEASE AND DESIST AND ORDER FOR ADMINISTRATIVE PENALTIES**

On September 19, 2016, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("TC & D and Notice") against Respondent Delta FX Trade.

On November 13, 2017, the Division served a copy of the TC & D and Notice upon Delta FX Trade by publication pursuant to A.A.C. R14-4-303(H). No request for a hearing or answer to the TC & D and Notice has been filed as of January 9, 2018.

I.

FINDINGS OF FACT

1. Delta FX Trade is a foreign entity or "dba" offering to sell investment contracts involving foreign currency exchange ("forex") trading to Arizona residents via phoenix.craigslist.org.

2. Delta FX Trade has not applied to the Commission to do business as a foreign business entity in Arizona and therefore is not authorized to do any business in Arizona.

3. Delta FX Trade's investment contracts are not registered with the Commission.

4. Delta FX Trade is not registered with the Commission as a securities dealer or salesman.

5. Delta FX Trade is not registered as a futures merchant with the National Futures Association ("NFA"), the self-regulatory organization for traders in commodities including foreign currency.

6. On September 8, 2016, Delta FX Trade posted an advertisement to Arizona residents on phoenix.craigslist.org that stated:

> You Got $500? Invest it Here to Earn $5,000 in 10 days. Guarantee Fx Investment Opportunity is here again. You can invest $500 to get $5,000 back within 10 days. We will help you invest your money in the new advance forex trading which is flourishing. This is real, and we can guarantee the returns if we trade your account for you. Get rich within a short period of time using this great financial program.

7. The advertisement stated that to get started, an investor should text $500 and the investor's email address to a phone number starting with a 732 area code, which is an area code for portions of New Jersey, or "send an email to deltafxtrade@gmail.com with the subject $500."

8. On September 9, 2016, an Arizona resident sent an email requesting additional information to the deltafxtrade@gmail.com email address provided in the Craigslist advertisement.

9. Also on September 9, 2016, the Arizona resident received a reply from the deltafxtrade@gmail.com email address stating in part:

> Hi, What would you like to know regarding our forex trading investment program? ... In this program, you get the opportunity to invest in our minimum and maximum investments, each investments will yield 10X it's initial investment in 10 days respectively.
>
> For example: $500 - $5,000 in 10 days, $1,000 - $10,000 in 10 days, $2,000 - $20,000 in 10 days and $5,000-$50,000 in 10 days.
>
> This program is guarantee, no risk involved and the returns are 100% assured. Wonder what we do to make this much within 10 days? A big question that most of our investors do ask, The answer is simply the new Advance Forex Trading. We trade forex in an advance way using a trading platform known to us alone. This is where your funds will also be invested in. Delta Fx Trade will have one of our highly skilled traders manually trade your account. This way, trade are usually successful and guarantee.

> . . .
>
> We accept Paypal, Money orders, Western Union, Money Gram and Wire Transfer. (Grammatical errors in original).

10. In replying to the Arizona resident's inquiry, Delta FX Trade failed to provide complete and accurate information regarding the proposed transaction(s), including the following misrepresentations and omissions of material facts:

a. Delta FX Trade promised guaranteed returns in ten days of nine-hundred percent (900%) while failing to disclose that foreign currency exchange trading is extremely risky;

b. Delta FX Trade failed to disclose that its purported investment contracts are not registered for sale as securities in Arizona;

c. Delta FX Trade failed to disclose that it is not registered to sell securities in Arizona;

d. Delta FX Trade failed to disclose that it is not registered with the NFA to engage in foreign currency trading; and

e. Delta FX Trade failed to disclose the possible consequences of its failure to register itself and its investment contracts with the Commission.

11. On September 13, 2016, Delta FX Trade maintained a website at http://deltafxtrade.com/, which advertised the opportunity to invest in foreign currency trading. The website stated in part:

> Forex Trading is buying and selling of currency through a broker or institution without any physical settlement…. In forex trading, all that you've to do is open an account with us as little as $1,000 or $5,000…. All you have to do is sign up membership with us and send your investment, we will conduct all trading while you reap the returns. (Grammatical errors in original).

12. The website represented that with respect to the safety of an investor's funds, "[T]here are no substantial risks. Trading is done exclusively with regulated trading platform who get

exchange rates and execute orders through a number of large banks." (Grammatical errors in original).

13. The website stated Delta FX Trade charges investors two kinds of fees: (i) a management fee of 10% of the initial investment, and (ii) a performance fee of 20% of profits.

14. The website contained a link to Delta FX Trade's investment application for investors.

15. Delta FX Trade's website and phoenix.craigslist.org advertisements offering investment contracts were available to all internet users without password protection.

16. Prior to responding to Delta FX Trade's Craigslist advertisement, the Arizona resident had no dealings with Delta FX Trade.

17. At no time prior to replying to the Arizona resident's email did Delta FX Trade request or receive any information concerning the Arizona resident's net worth or income.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondent offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondent violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondent violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

5. Respondent violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, or (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

6. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. Respondent's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent, and any of Respondent's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent shall pay an administrative penalty in the amount of $15,000.00 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona."

IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H. 15 or any publication that may supersede it on the date that the judgment is entered.

IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the Commission may bring further legal proceedings against Respondent, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

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BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN FORESE

COMMISSIONER DUNN

COMMISSIONER TOBIN

COMMISSIONER OLSON

COMMISSIONER BURNS

IN WITNESS WHEREOF, I, TED VOGT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 19th day of January, 2018.

TED VOGT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov.

(JDB)

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