

CFTC Charges California and Colorado Residents in Ongoing Multimillion-Dollar Ponzi Scheme

July 08, 2020

Washington, D.C. — The Commodity Futures Trading Commission today announced it has filed a civil enforcement action in the Eastern District of California charging a number of individuals and entities with operating a \$14.5 million binary options and retail foreign currency (forex) Ponzi scheme. Charged in the complaint are California-based defendants **John D. Black** and his affiliated entities **Financial Tree (d/b/a Financial Tree Trust)**, **Financial Solution Group (d/b/a Financial Solution Group Trust)**, and **New Money Advisors, LLC**, and his associates **Christopher Mancuso** and **Joseph Tufo**. The complaint also charges Colorado-based defendants **John P. Glenn** and his law firm, **The Law Firm of John Glenn, P.C.** In addition, the complaint names seven relief defendants who received funds from the scheme to which they have no lawful entitlement.

According to the complaint, the defendants misappropriated over \$11 million to make payments to certain pool participants in a style consistent with a Ponzi scheme, and for personal use, such as personal travel, home renovations, limousine expenses, spa and haircare expenses, online gambling, and expenses relating to divorce and spousal support.

On July 2, 2020, the Honorable Judge Troy L. Nunley of the U.S. District Court for the Eastern District of California, entered a restraining order freezing the defendants' and the relief defendants' assets, as well as permitting the CFTC to inspect all the defendants' and the relief defendants' relevant records.

"This action is among the latest examples of the CFTC's efforts to aggressively root out fraud and bad actors involved in our markets," said Director of Enforcement James McDonald.

"Where necessary and appropriate—and even during a global pandemic—the Commission will move swiftly to preserve assets for potential victims, including through statutory restraining orders that freeze assets that could be used later to compensate victims."

The complaint alleges that from June 15, 2015 through the present, the defendants fraudulently solicited more than \$14.5 million from at least 91 members of the public—including more than 50 U.S. residents—for pooled investments in binary options and forex, misappropriating the vast majority of those funds. The defendants have sought to conceal their fraud by issuing false account statements to the pool participants and making phony excuses to them for their failure to return funds and deliver promised profits. Over time, these excuses have grown more outlandish—including, for example, that Europeans' summer vacations delayed return of funds and that storms in the Bahamas had delayed transaction processing.

As alleged in the complaint, the fraud is ongoing, with the defendants continuing to make fraudulent solicitations and phony excuses for their failure to return investor funds. In addition to the fraud violations charged, the defendants allegedly violated various registration requirements and disclosure rules.

In its continuing litigation against the defendants, the CFTC seeks disgorgement of ill-gotten gains, civil monetary penalties, restitution, permanent registration and trading bans, and a permanent injunction against further violations of the Commodity Exchange Act and CFTC regulations, as charged.

The CFTC acknowledges and appreciates the cooperation and assistance of the California Department of Business Oversight.

The Division of Enforcement staff members responsible for this action are Elsie Robinson, Anthony Biagioli, Jo Mettenburg, Christopher Reed, and Charles Marvine.

CFTC's Commodity Pool, Binary Options, and Forex Fraud Advisories

The CFTC has issued several customer protection **Fraud Advisories** that provide the warning signs of fraud, including the **Commodity Pool Fraud Advisory**, **Binary Options and Fraud Advisory** and the **Foreign Currency Trading (Forex) Fraud Advisory**, which alert customers these types of fraud and list simple ways to spot them.

Customers can report suspicious activities or information, such as possible violations of commodity trading laws, to the CFTC Division of Enforcement via a toll-free hotline 866-FON-CFTC (866-366-2382) or **file a tip or complaint** online.