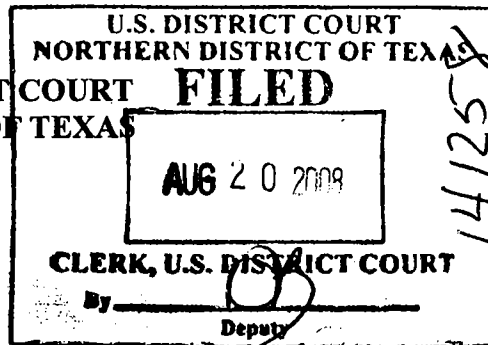


ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

Civil Action No.

PATRICK HENRY HAXTON
ROYAL FOREX MANAGEMENT LLC

Defendants.

3-08CV1467-L

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”) alleges as follows against Defendants Patrick Henry Haxton and Royal Forex Management LLC (collectively, “Defendants”):

SUMMARY OF ALLEGATIONS

1. From at least June 2007 through the present, Defendants Haxton and Royal Forex, a company Haxton founded and controls, have engaged in a fraudulent scheme which has defrauded eight investors in three states of at least \$305,000 so far. Using a Royal Forex website, printed offering material, and oral sales pitches, Haxton represents to investors and prospective investors that he has produced extraordinary returns trading foreign currencies using a software program he created called the “Currency Trading Robot.” He promises investors high returns with little or no risk. In reality, Haxton has not produced any returns—he has lost a huge portion of investor funds trading foreign currencies and has misappropriated the rest.

2. The Defendants are presently seeking new victims. The Royal Forex website remains active on the Internet, touting the trading program using fraudulent claims. For example, it

contains a claim that the company made double digit returns in February 2008. In reality, in the same month, Haxton lost virtually all of the investor funds he had not previously misappropriated. Since February, the Defendants have raised at least \$50,000. Moreover, since as recently as July 2008, Haxton has told some investors that he is trying to raise additional funds.

3. By this conduct, Defendants have offered and sold securities in the form of investment contracts and have violated, and continue to violate, the securities-registration and anti-fraud provisions of the federal securities laws, specifically Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§77e(a), 77e(c), and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and of Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

4. Based on the loss and misappropriation of investor funds, emergency relief is needed to prevent the Defendants from defrauding additional investors, to limit the potential for further financial harm to existing investors, and, if economically feasible, to recover assets for the Defendants’ victims.

JURISDICTION AND VENUE

5. The investments offered and sold by the Defendants are “securities” under Section 2(1) of the Securities Act [15 U.S.C. § 77b] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c].

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], to enjoin Defendants preliminarily and permanently from future violations of the federal securities laws.

7. This Court has jurisdiction over this action, and venue is proper, pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

8. Defendants, directly or indirectly, made use of the means or instruments of transportation and communication, and the means or instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein. Certain of the transactions, acts, practices, and courses of business alleged herein took place in the Northern District of Texas.

DEFENDANTS

9. **Haxton**, age 51, of Carrollton, Texas, is the owner and sole manager of Royal Forex, which he operates from his home. Haxton also works in his brother's fence-building business. Haxton has never been registered with the Commission or FINRA in any capacity and has never been licensed to offer or sell securities publicly. Haxton was indicted for felony insurance fraud and theft in Dallas County in July 1999, and later pleaded guilty. He was sentenced to two years confinement. Imposition of the sentence was suspended in lieu of four years community supervision.

10. **Royal Forex** is a Texas limited liability company formed by Haxton in May 2007. The Royal Forex offering materials and Internet website indicate that investors are investing with Royal Forex. All investor funds raised so far, however, have been deposited into Defendant Haxton's personal accounts. Royal Forex purports to use proprietary trading software developed by Haxton called the "Currency Trading Robot" ("Trading Robot"). Royal Forex has never registered a class of securities under the Exchange Act and has never registered any securities transaction with the Texas State Securities Board.

