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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

**U.S. SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**WORLDWIDE MARKETS, Ltd.,  
TAB NETWORKS, Inc., and  
THOMAS F. PLAUT,**

**Defendants.**

**No. 2:19-CV-14205**

**COMPLAINT**

Jury Trial Demanded

Plaintiff United States Securities and Exchange Commission (the “SEC”) alleges as follows against the following Defendants, whose names and last known addresses are set forth below:

- a. Worldwide Markets, Ltd. (“WWM”) – 50 Tice Boulevard, Woodcliff Lakes, NJ 07677;
- b. TAB Networks, Inc. (“TAB”) – 50 Tice Boulevard, Woodcliff Lakes, NJ 07677;
- c. Thomas F. Plaut – Saddle River, NJ 07458.

**SUMMARY**

1. These proceedings arise out of a fraudulent scheme carried out by WWM and its CEO, Thomas F. Plaut, to deceive retail customers about the nature of their investments and

misappropriate funds deposited by those customers with WWM. In furtherance of this scheme, WWM and Plaut engaged in deceptive conduct, including making materially false statements about the securities WWM sold to customers and customers' ability to withdraw funds from their accounts. TAB, another entity controlled by Plaut, provided nearly all U.S. operations for WWM, and aided and abetted WWM's violations of the registration provisions of the federal securities laws.

2. Starting in at least June 2014, WWM solicited investments from retail customers using a website and other solicitation materials that offered customers the ability to "own and trade" stocks and options listed on the New York Stock Exchange (NYSE) and NASDAQ. In reality, WWM's customers' funds were not used to trade stocks. Instead, WWM sold those unwitting customers another type of security, a derivative called contracts for difference ("CFDs") based on the value of single U.S. equities. WWM then used the money customers deposited at WWM – money the customers had intended for the purchase of stocks – to fund WWM's operations.

3. WWM falsely led customers to believe that it was offering them a trading platform that operated in the manner of a typical securities brokerage account. It provided customers with access to an online platform through which they could view their "portfolio," which displayed U.S. equities the customer had purportedly purchased through the online platform. The "portfolio overview" page of the WWM online platform displayed the "portfolio value," which was derived by multiplying the quantity of each equity shown in the customer's portfolio by that equity's share price.

4. The portfolio overview of the WWM online platform also displayed the "available cash" supposedly in the customer's account, falsely indicating that funds deposited by the customer at WWM were segregated and earmarked for that customer. In reality, however,

customers' funds were not segregated or held for their benefit. Instead, at Plaut's direction, WWM commingled customer funds in WWM's operating accounts and used those funds based on the "capital needs" of the company. Similarly, WWM represented to customers that requests for the withdrawal of money deposited into their WWM accounts would be processed within two business days.

5. By fall 2017, WWM's business was failing. Beginning in at least January 2018, WWM was delinquent in payments to the service provider that provided WWM's online trading platform. The service provider cut off WWM customers' access to the trading platform, and WWM evaded repeated requests from customers to access their accounts or withdraw their funds. Despite WWM's representations that customer withdrawals would be processed within two business days and the misleading impression created by the portfolio overview that displayed customers' "available cash," in 2018, WWM did not honor a single request by a securities customer to withdraw the cash balance from his or her account.

6. Because the values of the CFDs that WWM sold to its customers were tied to the values of underlying securities, they were security-based swaps. Absent certain exceptions, the federal securities laws require that offerings in security-based swaps be registered with the SEC and that the transactions be executed on a registered national exchange. As a result, WWM also violated the federal securities laws by selling securities-based swaps to retail customers in transactions that were not executed on a national securities exchange and without registering the offerings with the Commission.

7. At all relevant times, Plaut controlled and directed the actions of WWM and TAB.

8. By engaging in this conduct, Defendant WWM violated the antifraud, broker-dealer registration, and security-based swap provisions of the federal securities laws: Sections

5(e) and 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 6(l), 10(b), and 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5 thereunder. Defendant Plaut aided and abetted WWM’s violations of Section 5(e) of the Securities Act and is liable as a control person under Section 20(a) of the Exchange Act for WWM’s violations of Sections 6(l), 10(b), and 15(a) of the Exchange Act and Rule 10b-5 thereunder. Additionally, TAB aided and abetted WWM’s violations of Section 5(e) of the Securities Act and Sections 6(l) and 15(a) of the Exchange Act.

### **NATURE OF THE PROCEEDING AND RELIEF SOUGHT**

9. The Commission brings this action under the authority conferred upon it by Sections 20(b), 20(d)(1), and 20(e) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77t(e)], and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] to enjoin the transactions, acts, practices, and courses of business alleged in this Complaint and to seek orders of disgorgement, along with prejudgment interest, civil penalties, and such other relief as the Court deems just and appropriate.

### **JURISDICTION AND VENUE**

10. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)] and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e), and 78aa(a)].

11. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Certain of the transactions, acts, practices, and courses of business constituting the violations alleged in this Complaint occurred within the District of New Jersey and were effected, directly or indirectly, by making use of the means, instruments, or instrumentalities of transportation or

communication in interstate commerce, or of the mails, or the facilities of national securities exchanges. For example, WWM made material misstatements, engaged in other deceptive conduct, and acted as an unregistered broker-dealer from its principal place of business in Bergen County, New Jersey. Defendant Plaut resides in Bergen County, New Jersey. Defendant TAB's principal place of business is in Bergen County, New Jersey.

12. WWM's online trading platform, where customers entered into orders with WWM—and where WWM and customers became bound to each CFD transaction—was hosted in Secaucus, New Jersey in Hudson County.

### **DEFENDANTS**

13. **Worldwide Markets, Ltd.**, is a broker-dealer registered and formed in the British Virgin Islands ("BVI") with its principal place of business located in Woodcliff Lake, New Jersey. During the relevant period, WWM allowed customers to engage in online trading for CFDs based on U.S. equities, commodities, and foreign exchange. WWM has never been registered with the Commission in any capacity. During the relevant period, WWM was owned and controlled by Plaut. WWM ceased operations in 2018.

14. **TAB Networks, Inc.**, is a financial services technology company incorporated in Delaware with its principal place of business in Woodcliff Lake, New Jersey. TAB provided nearly all U.S.-based operational services for WWM, which was TAB's only client. During the relevant period, Plaut owned at least 85% of TAB and solely directed its operations. TAB employees served as WWM's corporate officers, including the Chief Financial Officer, Chief Legal Officer, Chief Operating Officer, and Chief Revenue Officer. In 2015, WWM's auditors noted that WWM did "not maintain separate books and records" from TAB and "[a]ll transactions associated with [TAB] are included in the general ledger of [WWM]." TAB has never been registered with the Commission in any capacity.

15. **Thomas F. Plaut**, age 57, resides in Saddle River, New Jersey. During the relevant period, Plaut wholly owned Worldwide and owned at least 85% of TAB. Plaut was the CEO of both WWM and TAB, and solely directed their operations.

### **BACKGROUND ON CONTRACTS FOR DIFFERENCE**

16. As discussed in this complaint, a single-equity contract for difference (“CFD”) is a stock derivative that is an agreement between two parties to exchange the difference in value of an underlying stock between the time the contract is opened and the time it is closed. If the share price increases for the underlying security, the seller pays this difference to the buyer. Conversely, if the underlying share price declines, the buyer must pay the seller the difference.

17. Generally, the investor in a CFD is not required to pay for the underlying shares of the security. Instead, it is industry custom and practice for CFD transactions to be highly leveraged. Typically, a CFD investor primarily finances the transaction with margin, paying a small percentage of principal, transaction fees charged by the CFD provider, and interest on the margin. Thus, a CFD allows an investor to recognize significant value from an underlying security’s price movement without having to make a cash payment for the full value for the underlying shares.

18. The counterparty to a CFD transaction often hedges the risk by buying or selling on a national securities exchange the reference security underlying the CFD or a related stock option in an amount and at a price that matches the risk position taken by the CFD seller. WWM regularly did so here.

### **FACTS**

#### ***Worldwide Markets’ Business***

19. In 2009, Plaut opened WWM with a partner to offer foreign exchange trading services to individual customers outside of the United States. In 2013, after Plaut took sole

control of WWM, it began offering foreign retail customers the ability to trade securities on U.S. markets.

20. WWM was a BVI-registered broker-dealer, but had no employees or operations in the BVI. Under BVI law, WWM was not allowed to conduct business in the BVI nor own property there.

21. Pursuant to a 2011 “service-level agreement” between WWM and TAB, TAB provided WWM with a trading platform, training, accounting and financial services, and employees to perform these functions. Accordingly, TAB’s employees handled WWM’s marketing, account opening, trading assistance, customer service, and account funding and withdrawals. At its peak, TAB employed approximately 15 individuals, all of whom worked from an office in New Jersey. These employees were located in New Jersey when—on behalf of WWM—they solicited customers, opened accounts, handled customer documentation, conducted “Know Your Customer” (“KYC”) checks, received and sent funds, and facilitated trade orders.

22. WWM was TAB’s only “client,” and the two businesses were operated as one for all practical purposes. WWM and TAB shared one set of officers and, at least prior to 2015, one set of books and records. In 2015, WWM’s auditors identified a material weakness because WWM did “not maintain separate books and records” from TAB and “[a]ll transactions associated with [TAB] are included in the general ledger of [WWM].”

23. Since 2013, Plaut owned and controlled both WWM and TAB. As CEO, and in practice, Plaut exercised ultimate authority over WWM and TAB, including WWM’s securities business, its use of customer deposits, and statements on WWM’s website and other solicitation materials. At all times relevant to the complaint, TAB was WWM’s agent.

***WWM Made Misrepresentations Concerning  
Customers' Ability to "Own and Trade" U.S. Equities***

24. WWM solicited customers for its securities business by directing them to its website, [www.securities.worldwidemarkets.com](http://www.securities.worldwidemarkets.com), through emails, advertisements on Google, and a network of introducing brokers. During the relevant time period, WWM's website was hosted on servers within the United States.

25. WWM advertised its securities trading services by offering retail customers the ability to "[o]wn and trade names like Apple, Starbucks, McDonalds, Microsoft and any other US stock on any U.S. exchange . . . ." In direct emails to customers, WWM's Chief Marketing Officer provided hyperlinks to the company's website for additional information and stated, "[w]ith WWM, you will be able to choose from a vast array of investments, not just individual stocks like Apple, Google and Starbucks. You can also invest in any ETF (Exchange Traded Fund) or Index. . . ." WWM also offered its customers the ability to trade in penny stocks.

26. In reality, when a customer entered an order to buy a U.S. stock through WWM, WWM sold the customer a single-equity CFD. These CFDs were security-based swaps that provided exposure to an underlying asset—in this case, either a single U.S. equity or an exchange traded fund—without the customer actually owning it. Purchasing a CFD is thus materially different from purchasing and owning a traditional equity. In addition to not receiving an ownership interest in the underlying security, purchasers of WWM's CFDs did not receive dividends from the underlying stocks and could not vote proxies on the stocks. Holders of these CFDs were also unable to transfer the securities from one brokerage account to another. Furthermore, CFDs are typically traded with significant margin, with much higher leverage than traditional stock trading. As such, purchasing CFDs generally requires significantly less capital outlay than purchasing stocks.



27. Plaut was aware of and approved the content of WWM's website and email solicitations to prospective customers and knew or was reckless in not knowing that statements that customers could own and trade U.S. stocks through WWM were materially false. The marketing employee who was responsible for drafting the content of WWM's securities website and solicitation emails routinely sought and received approval of the content from Plaut before it was published or sent to prospective customers. Plaut admitted that he was ultimately responsible for the statements on WWM's website.

28. For example, on September 25, 2013, the marketing employee sent Plaut an email with a link to the new landing page for WWM's securities website, <http://info.worldwidemarkets.com/securities>. Shortly thereafter, Plaut approved the website content at a meeting with the marketing employee. The securities website contained the misleading language as recently as 2017.

29. On October 31, 2013, the marketing employee sent Plaut a draft email to prospective customers, asking "[a]ny comments or edits on this proposed offer to stimulate some deposits on Equities? It would go out to everyone who has either opened an account or registered for more info." The draft email stated that "[t]rading US Stocks or Options with WorldwideMarkets is the best choice for non-US residents," that customers could "[t]rade any US exchange traded stock or option," and contained links to WWM's securities webpages. Plaut replied: "[e]verything looks good. I will go over the websites later – we need to find the key to unlock funding of the equity accounts."

30. In April 2014, the marketing employee provided Plaut with a PowerPoint presentation entitled, "U.S. Equities: State of the Business." The presentation contains a slide with a screenshot of the WWM's securities landing page for Google advertisements, titled "Trade US Stocks with WorldwideMarkets." The presentation also includes screenshots of

automated emails from WWM to prospective customers. For instance, the email to prospective customers who filled out an account application stated: “[t]hank you for your interest in trading US stocks with WorldwideMarkets Online Trading.”

31. Plaut also admitted that he knew of the content of WWM’s securities website, including the language advertising to prospective customers that they could “trade U.S. stocks” through WWM. Although he knew that WWM was publicly offering prospective customers the opportunity to “own and trade U.S. stocks,” Plaut knew that WWM was actually selling CFDs to its unwitting customers.

32. When it wanted to, WWM knew how to market and disclose the risks of CFDs. In fact, on one webpage dedicated to its foreign exchange and commodities CFD business, it included explicit disclosures about the nature and risks of CFDs. No such disclosure was included on the securities section of WWM’s website or otherwise linked to any discussion of the securities product on its website.

33. WWM also highlighted in direct emails to prospective customers that it was “very quick and easy” to open an account and that an account could be opened in five minutes or less. WWM advertised that customers could fund their account with credit cards, which many customers did.

34. From 2013 to 2017, at least 80 customers opened accounts and deposited a total of over \$800,000 to trade securities at WWM.

35. For example, in 2014, Customer A, a resident of Nigeria, searched the internet in order to find a way to trade U.S. stocks. In June 2014, after finding WWM’s website, which advertised the ability to trade U.S. stocks, he opened an account at WWM. From September 2014 through February 2015, Customer A wired a total of over \$200,000 to WWM for the purpose of purchasing U.S. stocks and options.

36. In 2014, Customer B, a resident of Costa Rica, searched the internet in order to find a way to trade U.S. stocks. He discovered and perused WWM's website, which offered customers the ability to own and trade U.S. stocks. After expressing interest in WWM's services, in March 2014, Customer B received an email from a marketing employee at WWM, which stated: "I hope by now you have had a chance to further research the U.S. Stock trading opportunity with WorldwideMarkets Online Trading . . . With WWM, you will be able to choose from a vast array of investments, not just individual stocks like Apple, Google, and Starbucks . . . By opening an account you would have access to this . . . When you are ready to invest in stocks, the funding process is easy as well." In February 2015, Customer B opened an account at WWM, and between February 2015 and April 2017, Customer B wired a total of approximately \$60,000 to WWM for the purpose of purchasing U.S. stocks and options.

***WWM Engaged in Other Deceptive Conduct to Mislead Customers  
About the Securities They Were Purchasing***

37. WWM further misled its customers by providing them with an online trading platform that created the false appearance that customers were purchasing and holding U.S. equities through WWM, when in fact they were purchasing CFDs. Using a U.S.-based third-party service provider, WWM provided its securities customers with access to a web-based trading platform bearing the WWM logo through which customers could purportedly make stock trades and monitor their securities holdings.

38. The trading platform purportedly allowed customers to buy and sell U.S. stocks. WWM charged a fee for each transaction. The interface showed customers their "Portfolio" of holdings, listing each stock symbol, quantity, bid, ask, cost, day's value, that day's gain/loss, unrealized gain/loss, and other metrics. Certain stocks were designated with a "D," which a

legend explained meant “[s]tock pays dividend.” However, because WWM had sold its customers CFDs, they were not entitled to and did not receive dividend payments.

39. An example of how this online interface appeared to a WWM customer is pictured below:

The screenshot displays the WorldWideMarkets online trading platform. The top navigation bar includes 'Home', 'My Account', 'Trading', 'Orders', 'Research', 'My Menu', and 'Settings'. The account information shows 'Available cash: \$ 101,768.50'. The main section is titled 'Portfolio' and shows a 'Portfolio value' of \$82,519.11, 'Today's gain/loss' of -\$4,126.59, and 'Unrealized gain/loss' of \$17,768.00 (27.44%).

Below the summary, there are options for 'No grouping', 'Group by sector', and 'Group by industry', along with a 'Display company names' checkbox. A table of holdings is displayed with the following columns: Symbol, Qty, Last, Change, Bid, Ask, Cost, Day's value, Today Gain/Loss, and Unrealized Gain/Loss. The table lists several stocks, including ANET, EXTR, HTHT, MKSI, NVDA, OLED, and WB, with their respective quantities, last prices, changes, and gains/losses.

At the bottom of the table, the total portfolio value is \$82,519.11, the total today's gain/loss is -\$4,126.59, and the total unrealized gain/loss is \$17,768.00. Below the table, there are sections for 'Indicators' and 'Footnotes'.

Indicators:

- D Stock pays dividend
- D Dividend payment soon
- E Earnings release soon
- Up Recently upgraded
- Dn Recently downgraded
- Oa Other action
- M Mini option
- J Jumbo option
- CA Corporate action option

Footnotes:

- 1 Computed from closing price
- 2 Computed from average position cost

On the left side of the interface, there is a sidebar with a green box labeled 'Portfolio overview' and links for 'Export to Excel', 'Excel Web Query [info]', and 'Related news'. At the bottom left, there is a 'Portfolio' section showing the value as \$82,519.11.

40. This online trading platform furthered the misleading impression that WWM offered customers the ability to trade and hold U.S. equities when, in reality, WWM sold customers only exposure to the fluctuations of the value of those equities through CFDs.

41. When a customer entered a trade into the WWM-branded web-based trading platform, unbeknownst to the customer, WWM entered into a CFD with that customer. WWM then hedged its exposure for that CFD by making a corresponding trade in the security

underlying the CFD using an omnibus account it held in its own name at a U.S.-registered broker-dealer (“Broker-Dealer A”).

42. WWM’s pricing practices further deceived customers. A CFD generally costs a customer significantly less because it is a heavily leveraged transaction. WWM, however, typically charged customers the full price of the underlying security. This pricing structure furthered WWM’s deception that they were selling customers stocks as advertised.

43. The online account interface also created a misleading impression regarding WWM’s treatment of funds deposited by customers. Customers’ “portfolio overview” also showed customers their “[a]vailable cash” balance, which was equal to the amount of funds they had deposited with WWM but not yet used to purchase securities plus any proceeds from sales of securities through WWM. This created the false impression that WWM had segregated the customer’s funds solely for that customer’s use. In reality, at Plaut’s direction, WWM commingled customer funds in WWM’s operating accounts and used those funds based on the “capital needs” of the company.

44. Based on the statements on WWM’s website and solicitation emails, as well as the content and appearance of the trading platform, Customers A and B each believed that they were trading U.S. stocks and options through WWM. Customers A and B also believed that the “[a]vailable cash” listed on their account interface on the trading platform was their own money, custodied for them by WWM.

45. Plaut was familiar with the content and appearance of the platform. Plaut also knew that WWM had sold customers CFDs and not U.S. equities as displayed in customers’ online “portfolios.” Furthermore, Plaut and other WWM executives knew that the “available cash” amounts displayed in customers’ accounts might not be available to withdraw because WWM had commingled and used customers’ funds for other WWM expenses.

*WWM Misappropriated Customer Funds*

46. Despite holding itself out as a broker and leading customers to believe otherwise, WWM did not custody customer funds as U.S.-registered broker-dealers are required to do. Instead, when a customer deposited money into a WWM account—although those funds were reflected as “available cash” in the customer’s WWM account interface—with Plaut’s approval, WWM directed the deposit to its general bank account.

47. With Plaut’s knowledge, WWM used customer deposits based on the “capital needs of the company.” WWM funded its omnibus account at Broker-Dealer A only as necessary and financed its trading in that account with margin. WWM used some of the customer deposits to finance other business lines and other operational expenses, including salaries, capital distributions to Plaut, health insurance expenses, and expense reimbursements.

48. From July 2014 to September 2018, Plaut wired or otherwise transferred more than \$470,000 to himself or accounts jointly held with his wife from the TAB bank account, which was primarily funded by transfers from WWM’s operational account.

49. When hedging its exposure to the CFDs it sold customers, WWM traded heavily on margin in its omnibus account with Broker-Dealer A. For example, for five months in 2016, WWM’s margin balance was more than 20% of its total account value. As a result, WWM’s omnibus account at Broker-Dealer A was systematically underfunded. Meanwhile, with few exceptions, WWM’s securities customers were required to fully fund their accounts. Over time, as WWM’s business declined, WWM dissipated the customer funds it had deposited in its general bank account. At the same time, Broker-Dealer A repeatedly requested that WWM transfer cash into its omnibus account. On at least two occasions, the WWM omnibus account was put on “liquidate only” status, meaning that WWM could only sell securities it held in the omnibus account and was not allowed to purchase securities without depositing additional funds.

50. On July 26, 2017, WWM's Chief Legal Office told Plaut that WWM was close to a margin call from Broker-Dealer A. By September 2017, WWM's margin balance was \$112,177—nearly 25% the value of the assets held in its account.

***WWM Made Misrepresentations About Customers' Ability to Withdraw Funds***

51. In addition to leading customers to believe that their funds were being segregated and held on their behalf, WWM's website represented to customers that requests for withdrawal of money they had deposited into their WWM accounts would be processed within two business days. Customers A and B both reviewed WWM's representations about prompt withdrawals prior to opening and funding their WWM's accounts. As early as June 2017, however, WWM customers were unable to withdraw funds from their account within that timeframe. For example, Customer A tried to withdraw funds that month, but WWM's Chief Legal Office told him that "people are in and out of the office this time of year" and that there was an error in processing his withdrawal. Customer A was not able to withdraw the funds.

52. In September 2017, customers were no longer allowed to use funds they had deposited to place trades using WWM online trading platform because WWM's underlying omnibus account at Broker-Dealer A had been placed on "liquidate only" status. As a result of the status of WWM's account at Broker-Dealer A, trades placed by WWM customers using the online trading platform were rejected, even though their personal portfolio overview screens showed available cash in their accounts.

53. In an October 2017 email to WWM's CFO and COO, Plaut wrote, "[t]he [omnibus] account is underfunded and it was only a matter of time before they put us on liquidation-only status. The only way to change the account status is by sending enough money to offset the debit. Obviously, we don't have the money to do that at the moment, so we are at their mercy."

54. As discussed, WWM contracted with a third party to provide WWM customers with an online trading platform. In January 2018, WWM was significantly delinquent in its payments to this third party. As a result, the provider terminated service to WWM customers, who then lost access to the trading platform and were unable to view their account holdings or enter trade orders. WWM did not honor customer requests to withdraw money while the trading platform was unavailable.

55. In March 2018, WWM customers briefly regained online access to their accounts, and WWM directed at least one customer (Customer A) to liquidate his positions, which he did. However, WWM ignored Customer A's requests to withdraw his funds.

56. Even as WWM ignored customer withdrawal requests, it transferred money to Plaut and other WWM officers. In March 2018, WWM transferred \$10,000, through a TAB bank account, to two TAB employees, paid nearly \$30,000 in wages and health benefits (despite the fact that WWM and TAB had no employees besides Plaut at this time), and sent more than \$21,000 to Plaut's personal bank accounts.

57. Plaut knew that WWM's practice of using customer deposits to subsidize its operations and to finance securities purchases in the omnibus account could result in a liquidity crisis. At least as early as July 2017, Plaut knew that WWM's business was failing and the omnibus account was severely underfunded. Yet WWM continued to accept customer deposits and represent that customers' withdrawal requests would be processed within two business days.

58. Throughout the spring and summer of 2018, WWM did not honor any customer withdrawal requests. Neither Customer A nor Customer B were able to withdraw their funds.

59. As of June 2019, WWM owes at least 47 customers a total of at least \$403,527.91. Furthermore, because of WWM's fraudulent statements and scheme, these



customers do not own tradeable securities with intrinsic value. Instead, they own CFDs with a defunct counterparty, which are essentially worthless.

***WWM Violated the Securities Laws by Selling Security-Based Swaps Off-Exchange, Without a Registration Statement, While Acting as an Unregistered Broker***

60. From at least June 2014 through January 2018, WWM sold CFDs to its customers using a U.S.-based online trading platform hosted in Secaucus, New Jersey.

61. As discussed above, once an account was funded, a customer could begin entering trades using the online platform. While customers were led to believe they were engaging in traditional equities trades, WWM was, in fact, selling them single-equity CFDs. In addition to charging customers the price of the underlying security in these transactions, WWM added a transaction-based fee of approximately \$8 to \$15 per trade.

62. WWM acted as the principal or counterparty to every customer CFD trade, meaning that when an accountholder took a position in a CFD, WWM took the other side of the trade.

63. Each CFD sold by WWM was a security-based swap because, among other factors, it was an agreement, contract, or transaction based on a single security. *See* 15 U.S.C. § 77b(a)(17); 15 U.S.C. § 78c(a)(68); 7 U.S.C. § 1a(18). Security-based swaps are securities. *See* 15 U.S.C. § 78c(a)(10).

64. In order to protect investors, the federal securities laws require that securities offerings be registered with the SEC, absent an applicable exemption.

65. WWM offered and sold CFDs, executing the transactions in the United States, but failed to file a registration statement. During the relevant period, Plaut knew that WWM offered and sold CFDs and that the transactions were not registered with the SEC.

66. Sales of security-based swaps are permitted without SEC registration if those sales are limited to “eligible contract participants”—which are defined as high-net-worth individuals with “amounts invested on a discretionary basis” of \$10 million (or \$5 million if the individual enters into a hedging agreement) and certain types of sophisticated and/or regulated entities.

67. WWM securities customers were not “eligible contract participants.” For example, Customers A and B each had less than \$5 million invested on a discretionary basis.

68. Similarly, the CFD transactions were not effected on a registered national securities exchange, as required by federal law. Instead, all of the sales took place through the third-party online trading platform hosted in New Jersey, which is not registered as a securities exchange in the U.S.

69. Finally, WWM illegally operated as an unregistered broker. The federal securities laws require that any broker operating within the United States register with the SEC.

70. WWM regularly effected securities transactions for the accounts of others. WWM held itself out as a platform for foreign retail investors to trade securities listed on NYSE and NASDAQ. WWM solicited customers for its securities business with its website, Google advertisements, and e-mails to prospective customers. At least 80 securities customers deposited funds and used WWM’s platform to execute trades for hundreds of thousands of dollars in CFDs for their accounts. The platform that WWM provided its customers featured an interface that resembled a traditional online broker platform. *See* Paragraph 39, above. The trades between WWM and its customers were executed over a website based in Secaucus, New Jersey. WWM charged a per-transaction fee for each CFD trade, which was its only source of income related to its single-security CFD business.

71. Through its arrangement with TAB, individuals located in New Jersey solicited customers, opened accounts, handled customer documentation, conducted “Know Your Customer” (“KYC”) checks, received and sent funds, and facilitated trade orders on behalf of WWM.

72. Despite the fact that it was acting as a broker, WWM failed to register with the SEC. In failing to do so, it violated the federal securities laws.

73. Because TAB provided the employees and all operational services for WWM to sell CFDs without a registration statement, outside of a national securities exchange, and without registering as a broker with the SEC, TAB aided and abetted WWM’s violations.

**FIRST CLAIM FOR RELIEF**  
**(Against WWM)**

**Fraud in Connection With the Purchase of Securities**  
**Section 10(b) of the Exchange Act and Rules 10b-5**

74. The Commission realleges and incorporates by reference paragraphs 1 through 73 above.

75. As a result of the conduct alleged herein, Defendant WWM knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentality of interstate commerce or of the mails, or a facility of a national securities exchange:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

76. By engaging in the foregoing conduct, Defendant WWM violated, and unless restrained and enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**SECOND CLAIM FOR RELIEF**  
**(Against WWM)**

**Fraud in Connection With the Offer or Sale of Securities**  
**Violations of Section 17(a) of the Securities Act**

77. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

78. As a result of the conduct alleged herein, Defendant WWM knowingly or recklessly, in the offer or sale of securities, directly or indirectly, by the use of the means or instruments of transportation or communication in interstate commerce, or the mails:

- a. Knowingly or recklessly employed devices, schemes, or artifices to defraud;
- b. Knowingly, recklessly, or negligently obtained money or property by means of any untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- c. Knowingly, recklessly, or negligently engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchases or securities.

79. By engaging in the foregoing conduct, Defendant WWM violated, and unless restrained and enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

**THIRD CLAIM FOR RELIEF**  
**(Against WWM)**

**Offer of Unregistered Security-Based Swaps with Non-Eligible Contract Participants  
Violations of Section 5(e) of the Securities Act**

80. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

81. Defendant WWM, directly or indirectly, in the absence of any applicable exception, made use of the means or instruments of transportation or communication in interstate commerce or the mails, to offer to sell, offer to buy or purchase or sell, a security-based swap to persons who are not eligible contract participants as defined in Section 1a(18) of the Commodity Exchange Act, without an effective registration statement.

82. By engaging in the foregoing conduct, Defendant WWM has violated, and unless restrained and enjoined will again violate, Section 5(e) of the Securities Act [15 U.S.C. § 77e(e)].

**FOURTH CLAIM FOR RELIEF**  
**(Against WWM)**

**Effecting Transactions in Security-Based Swaps with Non-Eligible Contract Participants  
Violations of Section 6(l) of the Exchange Act**

83. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

84. Defendant WWM effected transactions in security-based swaps with or for a person that is not an eligible contract participant, without such transaction being effected on a national securities exchange registered pursuant to subsection 6(b) of the Exchange Act [15 U.S.C. § 78f(b)].

85. By engaging in the foregoing conduct, Defendant WWM has violated, and unless restrained and enjoined will again violate, Section 6(l) of the Exchange Act [15 U.S.C. § 78f(1)].

**FIFTH CLAIM FOR RELIEF**  
**(Against WWM)**

**Failure to Register as a Broker**  
**Violations of Section 15(a)(1) of the Exchange Act**

86. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

87. Defendant WWM, by engaging in the conduct described above, made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of securities, without being registered as a broker in accordance with Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

88. By engaging in the conduct described above, Defendant WWM violated, and unless restrained and enjoined will continue to violate, Section 15(a)(1) of the Exchange Act.

**SIXTH CLAIM FOR RELIEF**  
**(Against Plaut)**

**Section 20(a) of the Exchange Act**

89. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

90. As alleged above, Defendant WWM violated Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, Section 6(l) of the Exchange Act, and Section 15(a)(1) of the Exchange Act.

91. During the relevant period, Defendant Plaut possessed the power to direct or cause the direction of the management, policies, and actions of WWM. Defendant Plaut

exercised that power by, directly or indirectly, inducing Defendant WWM to engage in the acts and omissions alleged in this Complaint.

92. Defendant Plaut is a “controlling person” of Defendant WWM pursuant to Section 20(a) of the Exchange Act.

93. As a controlling person of Defendant WWM, Defendant Plaut is liable for WWM’s violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 6(l) of the Exchange Act, and Section 15(a)(1) of the Exchange Act.

**SEVENTH CLAIM FOR RELIEF**  
**(Against Plaut)**

**Aiding and Abetting**  
**Section 5(e) of the Securities Act**

94. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

95. Defendant Plaut substantially assisted Defendant WWM’s violations of Section 5(e) of the Securities Act; he had actual knowledge of its violations and his role in furthering them.

96. By engaging in the conduct described above, Defendant Plaut aided and abetted Defendant WWM in its violations of Section 5(e) of the Securities Act [15 U.S.C. § 77e(e)].

**EIGHTH CLAIM FOR RELIEF**  
**(Against TAB)**

**Aiding and Abetting**  
**Section 5(e) of the Securities Act**

97. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

98. Defendant TAB substantially assisted Defendant WWM's violations of Section 5(e) of the Securities Act; it had actual knowledge of its violations and its role in furthering them.

99. By engaging in the conduct described above, Defendant TAB aided and abetted Defendant WWM in its violations of Section 5(e) of the Securities Act [15 U.S.C. § 77e(e)].

**NINTH CLAIM FOR RELIEF**  
**(Against TAB)**

**Aiding and Abetting**  
**Section 6(l) of the Exchange Act**

100. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

101. Defendant TAB substantially assisted Defendant WWM's violations of Section 6(l) of the Exchange Act; it had actual knowledge of its violations and its role in furthering them.

102. By engaging in the conduct described above, Defendant TAB aided and abetted Defendant WWM in its violations of Section 6(l) of the Exchange Act [15 U.S.C. § 78f(1)].

**TENTH CLAIM FOR RELIEF**  
**(Against TAB)**

**Aiding and Abetting**  
**Section 15(a)(1) of the Exchange Act**

103. The Commission re-alleges and incorporates by reference paragraphs 1 through 73 above.

104. Defendant TAB substantially assisted Defendant WWM's violations of Section 15(a)(1) of the Exchange Act; it had actual knowledge of its violations and its role in furthering them.



105. By engaging in the conduct described above, Defendant TAB aided and abetted Defendant WWM in its violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

**PRAYER FOR RELIEF**

**WHEREFORE**, the Commission respectfully requests a Final Judgment:

**I.**

Finding that Defendants violated the provisions of the federal securities laws alleged herein;

**II.**

Permanently enjoining Defendants from committing violations of the federal securities laws and regulations thereunder alleged herein;

**III.**

Ordering Defendants to disgorge, with prejudgment interest, all ill-gotten gains received as a result of the violations alleged herein;

**III.**

Ordering Defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

**IV.**

Barring Defendants, pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)] from participating in any offering of any penny stock; and

V.

Granting such other and further relief as the Court may deem just and equitable.

**JURY DEMAND**

Plaintiff demands that this case be tried to a jury.

Dated: June 25, 2019

Respectfully submitted,

*/s Daniel Maher*

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U.S. Securities and Exchange Commission

**DESIGNATION OF AGENT FOR SERVICE**

Pursuant to Local Rule 101.1(f), because the U.S. Securities and Exchange Commission (the “SEC”) does not have an office in this district, the United States Attorney for the District of New Jersey is hereby designated as eligible as an alternative to the SEC to receive service of all notices or papers in the captioned action. Therefore, service upon the United States or its authorized designee, J. Andrew Ryman, Chief, Civil Division, United States Attorney’s Office for the District of New Jersey, 402 E. State Street, Room 430, Trenton, NJ 08608 shall constitute service upon the SEC for purposes of this action.

Dated: June 25, 2019

Respectfully submitted,

*/s Daniel Maher*

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Daniel Maher  
Attorney for Plaintiff