

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
(Fort Lauderdale Division)

02 - 60932

FILED

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STUART A. SLONIN and THE STRATEGIES GROUP,
INC.,

Defendants,

CASE NO.

02 JUL 11 2002
CLERK OF DISTRICT COURT
S.D. OF FL - MIAMI

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff, Securities and Exchange Commission ("Commission") alleges that:

INTRODUCTION

1) The Commission brings this action to restrain and enjoin The Strategies Group, Inc., a Delaware corporation ("TSG") and Stuart A. Slonin ("Slonin") (collectively, "Defendants") from continuing to violate the federal securities laws through their efforts to sell non-existent securities. From at least July 2000 through August 2001, TSG, through its principal Slonin, made numerous material misrepresentations and omissions to prospective investors regarding securities in various "International Trading Programs" ("ITP"), which were purported to exist. In fact, the ITP was a complete fabrication and the purported securities are a species of non-existent "prime bank instruments." Prime-bank scams have emerged periodically over the past decade and Defendants' ITP vary little from the common formula: they prey on the optimism and naiveté of individuals who believe that secret investment opportunities previously available only to the super-rich are finally being revealed to the middle class. The Commission

seeks permanent injunctions and civil money penalties against Slonin and TSG to enjoin further violations of Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.

DEFENDANTS

2) Slonin, age 59, resides in Fort Lauderdale, Florida. Upon information and belief, Slonin has been the principal of TSG at all times. Since 1971, Slonin has been licensed in the State of Florida to sell life and health insurance products.

3) TSG was incorporated in Florida in 1995 and administratively dissolved in 1997 for failing to file its annual report. TSG was then incorporated in Delaware in August 2001. Upon information and belief, TSG is the name used by Slonin in connection with his insurance seminars and with the ITP.

JURISDICTION AND VENUE

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

5) Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce, the means and instrumentalities of transportation and communication in interstate commerce, and the mails, or the facilities of a national securities exchange, in connection with the acts, practices, and courses of conduct complained of herein.

6) Defendants’ acts and practices which constitute violations of the Securities Act and the Exchange Act, and the offers, purchases and sales of securities, described herein, occurred within the Southern District of Florida.

7) The units in the ITP offered by Defendants are securities as the term is defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act.

FACTS

Slonin's and TSG's Representations About the ITP

8) From at least July 2000 through August 2001, Slonin prepared and distributed documents detailing the ITP ("TSG marketing materials") at seminars he conducted for insurance professionals in Fort Lauderdale, Florida.

9) The TSG marketing materials describe a number of different programs that typically required minimum investments between \$10,000,000 to \$100,000,000, and promised different returns, generally ranging from 15-50% over periods ranging from 5 days to 40- weeks. Certain special programs, however, were periodically available which offered lower minimum investments and purported to return even higher yields.

10) The TSG marketing materials explain that "all of the trading programs are conducted under the specific guidelines set up by the International Chamber of Commerce ("ICC") [which] is the regulatory body in France for the World's great Money Center Banks and is based in Paris, France [and which] exerts strict control over the world banking operation." Each "program involves the **purchase and sale** of LEVERAGED MTNs (Medium Term Notes) in a controlled trading program for specified periods of time (known as 'time slots'). The investment funds are secured by a bank endorsed guarantee to the trading program at the time the funds are committed for the selected time period." (emphases in original).

11) All prospective investors were assured that "the **International Trading Program** is a leverage program. As such, regardless of which bank the funds are in during the trading cycle, the principal is NEVER at risk. That is the most important element of this program since its establishment in 1944! The investor is '**leasing a paper asset**' during the trading cycle. At

the end of the cycle, the principal is returned and/or released back to the investor.” (emphases in the original). With limited exceptions, the funds would be pooled with other investors’ funds to create tranches large enough to support the substantial leverage.

12) All investors in the trading programs were admonished to preserve the secrecy of the programs and were “forbidden from disclosing any aspect of the transaction while they are involved for a period of five years.”

13) The TSG marketing materials explain that the ITP was established at the “Bretton Woods Convention” in 1944 and has been available, through the “top 50 world banks” to very wealthy and discreet individuals since that time. With limited exceptions, profits from the ITP have to be used for “infrastructure” or humanitarian” purposes. “Interpole” (sic) conducts background checks into investors to ensure that ineligible investors, such as drug dealers, money launderers and banks, do not participate in these trading programs.

14) The TSG marketing materials identify TSG as having more than 20 years experience with the ITP and as being one of only ten “Syndicating Intermediary Firms” worldwide which offered the ITP.

15) At the seminars and on phone calls to seminar attendees, Slonin explained that the precise rates of return for each investment would be set forth in documents which would be provided to the investors after they had executed the confidentiality agreements and after Interpol had cleared the investors’ funds to participate in the ITP.

The Truth About the ITP

16) The ITP described in TSG’s marketing materials do not exist. No such programs were established in Bretton Woods; the ICC neither oversees such programs nor does it control the world’s banks. All assurances of safety of principal, guaranteed returns and use of proceeds

were flatly false, as were all representations regarding Slonin and TSG's experience with the programs.

Slonin's Solicitation of Investors and Sale of Prime Bank Instruments

17) From July 2000 through August 2001, Slonin prepared and distributed the TSG marketing materials at four seminars he conducted in Fort Lauderdale, Florida. Each seminar was attended by 15-30 insurance agents, many of whom held securities licenses. Slonin also made phone calls to seminar attendees who resided both within and outside of Florida to continue soliciting interest. Slonin assured the attendees that the ITP did not involve securities, that the SEC did not have jurisdiction over the ITP and that the agents should sell the ITP to their clients and would receive a commission of 2% on the principal amount invested.

18) From late September 2001 through at least October 4, 2001, Slonin faxed letters to former seminar attendees announcing that TSG had ceased operations and that Slonin would be refocusing his efforts from insurance to concentrate on "wealth planning and accumulation" which expressly included the ITP.

19) In late September 2001, Slonin telephoned a prospective investor about the investor's intent to invest \$11 million into one of TSG's trading programs. Slonin advised the investor to wire \$100,000 to a bank account in the Isle of Jersey so that Interpol could commence its investigation into the source of the funds. The investor would then have up to three weeks to wire the remaining \$10.9 million in order to complete the purchase. On or about October 1, 2001, the investor wired \$100,000 as directed by Slonin.

20) Slonin knew or was reckless in not knowing that his representations regarding the existence of the ITP and the guaranteed returns on the investments were false.

COUNT I

**DEFENDANTS SLONIN AND TSG VIOLATED
SECTION 17(a)(1) OF THE SECURITIES ACT**

21) The Commission realleges and repeats the allegations set forth in Paragraphs 1 through 20 of this Complaint as if fully stated herein.

22) From at least July 2000 through August 2001, Defendants Slonin and TSG, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described herein, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

23) By reason of the foregoing, Defendants Slonin and TSG, directly and indirectly, violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, [15 U.S.C. § 77q(a)(1)].

COUNT II

**DEFENDANTS SLONIN AND TSG VIOLATED
SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT**

24) The Commission realleges and repeats the allegations set forth in Paragraphs 1 through 20 of this Complaint as if fully stated herein.

25) From at least July 2000 through August 2001, Defendants Slonin and TSG, and each of them, singly and in concert, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer and sale of the securities described herein, have been: (i) obtaining money or property by means of untrue statements of material facts or omissions 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 (ii) engaging in transactions, practices and courses of business which have operated as a fraud or deceit upon purchasers of such securities.

26) By reason of the foregoing, Defendants Slonin and TSG, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act, [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III

DEFENDANTS SLONIN AND TSG VIOLATED SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5

27) The Commission repeats and realleges paragraph 1 through 20 of its Complaint.

28) From at least July 2000 through August 2001, Defendants Slonin and TSG, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails, and of any facility of any national securities exchange, in connection with the purchase or sale of the securities, as described herein, have been, knowingly, willfully or recklessly: (a) employing devices, schemes or artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaging in acts, practices and courses of business which have operated as a fraud upon the purchasers of such securities.

29) By reason of the foregoing, Defendants Slonin and TSG, directly or indirectly, have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, [15 U.S.C. § 78j(b)], and Rule 10b-5, [17 C.F.R. § 240.10b-5], thereunder.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that Defendants Slonin and TSG committed the violations of the federal securities laws alleged herein.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction, restraining and enjoining Defendants Slonin and TSG, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, [15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3)], and Section 10(b) of the Exchange Act, [15 U.S.C. § 78j(b)], and Rule 10b-5, [17 C.F.R. § 240.10b-5], thereunder.

III.

Penalties

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

IV.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

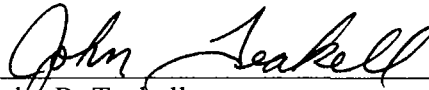
V.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

July 9, 2002



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JS 44
(Rev. 12/96)

CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

02-60932

I. (a) PLAINTIFFS

Securities and Exchange Commission

DEFENDANTS

Stuart A. Slonin and The Strategies Group, Inc.

CIV - HUCK
Broward

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF

(EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT

(IN U.S. PLAINTIFF CASES ONLY)

Broward 020260932/RA Turnoff

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

John Teakell, Esq. (305) 982-6322
Jennifer Byrne, Esq. (305) 982-6361 SEC
1401 Brickell Ave., Suite 200, Miami, FL 33131

ATTORNEYS (IF KNOWN)

MAGISTRATE JUDGE
TURNOFF

(d) CIRCLE COUNTY WHERE ACTION AROSE: DADE, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE HIGHLANDS

II. BASIS OF JURISDICTION

(PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES

(For Diversity Cases Only)

(PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

- | | | | | | |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. ORIGIN

(PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT

(PLACE AN "X" IN ONE BOX ONLY)

A CONTRACT	A TORTS	FORFEITURE/PENALTY	A BANKRUPTCY	A OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 A PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark B SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions A OR B
A REAL PROPERTY	A CIVIL RIGHTS	PRISONER PETITIONS		
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence HABEAS CORPUS: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition		

VI. CAUSE OF ACTION

(CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)

15 U.S.C. § 77q(a)(1); 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3); 15 U.S.C. § 78j(b) and

LENGTH OF TRIAL **17 C.F.R. § 240.10b-5. Violations of the federal securities laws.**
via 3 days estimated (for both sides to try entire case)

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

Perm. Inj., Penalties

CHECK YES only if demanded in complaint:

JURY DEMAND:

YES NO

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

July 9, 2002

SIGNATURE OF ATTORNEY OF RECORD

John R. Teakell
John R. Teakell, Attorney for Plaintiff SEC

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____