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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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U.S.D.C. S.D. N.Y.
CASHIERS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED CURRENCY GROUP, INC. and
ADAM SWICKLE,

Defendants.

Civil Action No.

The plaintiff Securities and Exchange Commission ("Commission") alleges the following against defendants United Currency Group, Inc. ("UCG") and Adam Swickle ("Swickle"):

Preliminary Statement

1. From May 2001 through at least October 2002, UCG, and its Chief Executive Officer ("CEO"), Swickle, conducted a fraudulent offering of securities and raised approximately \$774,000 from 21 investors.

2. In connection with the offering of securities, Swickle distributed private placement memoranda ("PPM") to prospective investors that contained numerous

material misrepresentations about the identity of UCG's officers and directors, Swickle's background, and the proposed use of corporate funds. For example, the PPM indicated that Swickle was not receiving any salary or other compensation from UCG when, in fact, Swickle was diverting over \$224,000 of UCG's corporate funds for personal uses.

3. Swickle also personally solicited investors and made oral misrepresentations to induce them to invest in the UCG offering. For instance, Swickle promised one investor that UCG stock would trade publicly within 30 days, and that UCG's stock price would rise from its offering price of \$2.00 per share to \$6.00 per share within weeks. In fact, UCG had not taken steps to cause its stock to trade publicly within 30 days, and Swickle had no reasonable basis to predict that the stock price would increase.

Violations of the Securities Laws

4. By virtue of the conduct alleged in this Complaint, Swickle and UCG, directly or indirectly, singly or in concert, have engaged in acts, practices and courses of business that constituted violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

Jurisdiction and Venue

5. The Commission brings this action pursuant to the authority conferred upon it by Section 20 of the Securities Act, 15 U.S.C. § 77t, and Section 21 of the Exchange Act, 15 U.S.C. § 78u, seeking to restrain and enjoin permanently Swickle and UCG from engaging in the acts, practices, and courses of business alleged herein. The Commission is seeking disgorgement and prejudgment interest from Swickle. The Commission is also seeking a civil penalty from Swickle pursuant to Section 20(d) of the Securities Act, 15

U.S.C. § 77l(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

Finally, the Commission is seeking all other just and proper relief.

6. This Court has subject matter jurisdiction over this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77u(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78 aa.

7. UCG and Swickle, directly or indirectly, singly and in concert, made use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices and course of business alleged herein.

8. Venue lies in this court pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77u(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Certain of the transactions, practices, and courses of business occurred in the Southern District of New York. For instance, UCG and Swickle solicited prospective investors from UCG's offices in New York, New York.

Defendants

9. **Adam Swickle**, age 36, a resident of Jericho, NY, is the founder and CEO of UCG. Swickle was previously employed as a registered representative at Stratton Oakmont, Inc. (1993-1995), I.A. Rabinowitz & Co. (1995-1996), Meyers Pollock & Robbins (1997-1998) and William Scott & Co., LLC (1998-1999).

10. **United Currency Group, Inc.**, was incorporated in New York, New York on January 8, 2001 and had its principal place of business at 99 Wall Street, New York, New York. UCG employed sales representatives who opened and maintained currency trading accounts for its customers. UCG was never registered with the Commission or any other.

regulatory body. UCG ceased doing business in early 2003, but remains incorporated in New York.

Facts

Background

11. Swickle formed UCG in January 2001 purportedly to provide individual currency traders access to the foreign currency market. Swickle, however, had no prior experience in currency trading or in building a successful business.

12. To raise capital, from at least May 2001 to October 2002, UCG conducted an offering of its securities.

13. In connection with the offering Swickle circulated the PPM, dated May 2001 and May 2002, to prospective UCG investors which, among other things, stated that UCG's business model was to offer currency traders lower trading costs through a software trading platform that provided real time pricing and allowed for electronic execution of foreign currency trades.

14. Swickle raised a total of approximately \$774,000 from 21 investors. Swickle raised approximately \$680,000 through the sale of UCG stock to nine investors. Swickle raised an additional \$94,000 by convincing 12 UCG currency account holders to convert their account balances to an investment in UCG's stock.

15. As described below, the PPM and Swickle's oral solicitation of prospective investors, contained numerous material misrepresentations and omissions about UCG's management, Swickle's own background, and UCG's use of corporate funds.

Misrepresentations and Omissions in UCG's PPM

Identity of the Officers and Directors

16. The PPMs, dated May 2001 and May 2002, identified four individuals (other than Swickle) as president, vice-president, vice-president of strategic operations and chief financial officer. The PPM also stated that each of these four individuals served on UCG's board of directors. In fact, none of these individuals served, or agreed to serve, as UCG's officers or directors.

Swickle's Background

17. The PPM included misleading information about Swickle's background. The PPM described Swickle as "a veteran of several startup companies [having] led or been a team member of companies that have raised millions in venture funding." In fact, Swickle had little or no experience in currency trading, in successful start-up businesses, or capital raising.

18. The PPM also stated that Swickle was "Principal of a New York Investment Banking firm where he was responsible for several mergers and acquisition [sic] and led numerous rounds of financing." This representation was false and misleading. Swickle was a principal of The Regency Group ("Regency"), a broker-dealer, prior to forming UCG but Regency failed in December 2000. Swickle was not responsible for any mergers and acquisitions and had not led numerous rounds of financing.

19. The PPM represented that Swickle was "responsible for the largest Individual Insurance [sic] plan to date at Metropolitan Life Insurance Company" and that "he was responsible for building a marketing organization and implementing marketing

communications campaigns which leveraged Met Life's product brand name and helped them exceed its business objectives [sic]." This representation was misleading. In fact, Swickle joined the Metropolitan Life Insurance Company ("Met Life") office in Garden City, Long Island in June 1988 when he was 21 years old, without a college degree. Swickle worked as a salesman until Met Life fired him in June 1991. Swickle had no significant management or marketing role during his employment at Met Life.

20. Finally, the PPM failed to disclose Swickle's prior disciplinary history. Specifically, the PPM failed to disclose that on July 1, 1997, Swickle settled an enforcement action brought by the Georgia Securities and Business Regulation Division based on his fraudulent sale of securities while he was employed by Meyers Pollock & Robbins.

Swickle's Use of UCG Corporate Funds

21. UCG's PPM stated that UCG did not pay Swickle any salary or other compensation. The PPM did not disclose that Swickle would use UCG's limited corporate funds for personal expenses.

22. In fact, Swickle diverted close to \$224,000 in cash from UCG's corporate accounts through wires, checks and ATM withdrawals and used additional funds for a variety of personal expenses including repairs to his automobiles and restaurant meals. For instance, Swickle used UCG's corporate funds for hotel rooms on Long Island for a 2001 New Year's Eve celebration, and to pay for a visit to a day spa located near Swickle's Long Island home.

23. UCG's PPM disclosed that the net proceeds of the offering would be "invested in government securities or short-term, investment grade, interest-bearing

securities." This representation was false. In fact, Swickle deposited all of the private placement funds in UCG's corporate checking account from which he made withdrawals for the payment of personal expenses. Therefore, the proceeds were not generating investment income for UCG including possibly tax-free income.

**Swickle Orally Made Material Misrepresentations and
Failed to Disclose Material Information to Investors**

24. Swickle also made oral misrepresentations and failed to disclose material information to prospective UCG investors.

25. For example, in a telephone conversation in or about January 2002, Swickle told a prospective investor that UCG would merge with a public company by March 2002, that UCG had plans to open offices in Taiwan and Europe, and that there were large institutional buyers interested in acquiring UCG stock when it became publicly traded. These representations were false. Specifically, in January 2002, UCG did not have any viable plans for a merger, UCG did not have plans to open offices in Taiwan and Europe, and UCG did not have any interest from institutional buyers.

26. In a telephone conversation in May 2002, Swickle told an investor that by investing in the UCG offering, the investor would be able to recover losses he had suffered through currency trading at UCG. Swickle also told this investor that UCG would trade publicly on the bulletin board within thirty days and that its offering price of \$2.00 per share would increase to \$6.00 within a matter of weeks. Swickle told the investor that UCG would trade on the NASDAQ in approximately 45 days after an initial month of trading and, once on NASDAQ, would double or triple in price. These representations were false. First, in May 2002, UCG had not undertaken any steps that would enable the company's stock to trade publicly within 30 days. Second, Swickle had

no reasonable basis to predict that UCG's stock price would rise significantly, especially since UCG had no significant business operations.

27. In a telephone conversation in May 2002, Swickle told an investor that UCG had spent almost \$500,000 on trading software and that his partner was Michael Frey, an individual famous for developing the stock day trading market. These representations were false. Michael Frey never agreed to be Swickle's business partner and UCG did not spend \$500,000 on a software trading platform.

28. On July 18, 2002, Swickle solicited an investment from an undercover FBI agent ("UC"). Swickle, in an effort to persuade the UC to invest in UCG's private placement, made the following false representations and material omissions in a tape-recorded meeting:

a) Swickle stated, "[t]he guy that invented day trading, his name is Michael Frey, he's a partner here." In fact, Frey was not Swickle's partner or otherwise associated with UCG.

b) Swickle stated, "[y]ou know there's a lot of games in this, we don't play any of them. All money is audited, all money under management is audited every month." In fact, UCG did not have its funds audited every month.

c) Swickle stated, "[w]e are taking Cutex Derivatives [another currency trading firm] over shortly." In fact, UCG had no plans to take over Cutex Derivatives.

d) Swickle stated, "[t]here's a lot of business to do in Asia. I'm in, I was in Taiwan we have a brokerage firm there with five hundred brokers in it.

They're...day traders...they're making a lot of money because that's how hard they work." In fact, UCG did not have, and was not associated with, a brokerage firm in Taiwan.

e) Swickle stated, "I actually did find one guy who offered \$15 million and wanted to keep the company private. He also wanted the company...I just can't hand you the company for \$15 million, it's very shortly I'll be doing that in a month. We've got an income potential that's unbelievable." In fact, there was no investor who was willing to purchase UCG's struggling operations for \$15 million.

f) Swickle stated, "I have 4,000 day traders waiting to come on...[a]ctually their, the numbers have gotten greater than that....by next week." In fact, UCG did not have 4,000 day traders ready to start trading at UCG, and UCG did not have the operational capacity to permit 4,000 day traders to trade.

g) Swickle failed to disclose to the UC that Swickle had agreed to pay a kickback of 20% of the UC's investment to a third party who had introduced the UC to Swickle.

Claim for Relief

Violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5

29. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 29.

30. Swickle and UCG, directly or indirectly, singly or in concert, by use of the means and instrumentalities of interstate commerce or of the mails, or of the facilities of a

national securities exchange, in connection with the offer, purchase, or sale of UCG's securities, knowingly or recklessly: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of, or otherwise made, untrue statements of material fact, or has omitted to state material facts necessary in order to make 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 have operated as a fraud or deceit upon purchasers of UCG's securities and upon other persons.

31. As part, and in furtherance, of the violative conduct, Swickle and UCG knowingly or recklessly made the false representations and omitted to disclose the material facts described above.

32. By reason of the foregoing, Swickle and UCG, singly or in concert, directly or indirectly, violated Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

Prayer for Relief

WHEREFORE, the Commission respectfully requests a Final Judgment:

I.

Permanently enjoining Swickle and UCG, their agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

II.

Ordering Swickle to disgorge ill-gotten gains received as a result of the violations alleged above, and to pay prejudgment interest thereon.

III.

Ordering Swickle to pay a civil monetary penalty 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.

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

Dated: New York, NY
November 19, 2003


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