

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

AUG 31 2007

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By: *[Signature]*
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**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**JAMES BLACKMAN ROBERTS,
FOMAC INTERNATIONAL, INC., and
CONSULTORES LAS TRES AMERICAS S.A.**

Defendants.

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Case No.:
4, 07 - CV 0000 0786

JLM

COMPLAINT

This case assigned to District Judge *Halmes*
and to Magistrate Judge *Ray*

The United States Securities and Exchange Commission files this *Complaint* against Defendants James Blackman Roberts, FOMAC International, Inc. and Consultores Las Tres Americas S.A. (collectively "Defendants") and would respectfully show the Court as follows:

I. Summary

1. The foreign currency exchange market exists wherever one currency is traded for another. It is by far the largest financial market in the world, and includes trading between large banks, central banks, currency speculators, multinational corporations, governments, and other financial markets and institutions. The highly liquid foreign exchange markets, sometimes referred to as "forex," operate 24 hours a day and most of the trading is conducted electronically or over the phone. In recent years, retail investors have also looked to the forex markets as another possible investment opportunity.

2. This matter involves a fraudulent forex trading scheme being run by James Blackman Roberts, of Heber Springs, Arkansas. Roberts operated his scheme through two

entities, FOMAC International, Inc. and Consultores Las Tres Americas, S.A. Roberts raised at least \$50 million from approximately 450 investors located primarily in the U.S. and Costa Rica.

3. Roberts began in forex trading in investors' accounts late 2003 while living in Costa Rica. Because of Roberts' purported personal success in trading on the forex market, several Costa Rican citizens invested with Roberts. Through his two entities, FOMAC and Consultores, Roberts received, pooled, and traded investor funds on the forex market, sharing the profits on a 50/50 basis.

4. In late 2003, Roberts moved to Arkansas but continued his Costa Rican forex trading operation and began accepting investments from U.S. investors. For over a year, through early 2005, Roberts purportedly attained great trading results for himself and others. However, from mid-2005 until the end of 2005, Roberts suffered significant losses and in an effort to conceal these losses, Roberts started to use new investor money to pay his current investors. Roberts misrepresented to his investors that these *Ponzi* payments were actually returns from his forex trading.

5. Although Roberts significantly curtailed trading on the forex markets at the end of 2005, although he continued to receive investor money through July 2007, and continued to misrepresent that his forex trading program was a legitimate, on-going enterprise.

6. By reason of these activities, Defendants James Blackman Roberts, FOMAC International, Inc. and Consultores Las Tres Americas S.A. have violated and unless enjoined will continue to violate 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)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder, [17 C.F.R. § 240.10b-5]. The Commission, in the interest of protecting the public from any further fraudulent activity,

brings this action against Defendants seeking preliminary and permanent injunctive relief, disgorgement of illicit profits, plus accrued prejudgment interest and a civil monetary penalty. Further, the Commission seeks an asset freeze against Defendants, the appointment of a receiver to take possession of Defendants' assets so that investor assets will not be further dissipated, an accounting and other incidental relief.

II. Jurisdiction

7. The Court has jurisdiction over this action pursuant to Section 20(d) and 22(a) of the Securities Act [15 U.S.C. § 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 78(aa)]. Venue is proper because many of the transactions, acts, practices and courses of business described below occurred within the jurisdiction of the Eastern District of Arkansas.

III. Defendants

8. James Blackman Roberts, age 69, of Heber Springs, Arkansas, created, owns, and controls FOMAC and Consultores. Roberts conducted his forex trading program through these two entities. Roberts maintains dual citizenship in the United States and in the Republic of Costa Rica.

9. FOMAC International, Inc. is an entity incorporated in the Republic of Panama. FOMAC has not registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

10. Consultores Las Tres Americas S.A. is an entity incorporated in the Republic of Costa Rica. Consultores has not registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

IV. Statement of Facts

11. While living in Costa Rica and working as a civil engineer in 1996, Roberts became interested in forex trading. Initially, Roberts traded virtual money on the forex market over the Internet. In 2003, Roberts began trading his own personal money on the forex market. In addition, from 2004 through 2006 Roberts took six forex trading classes to enhance his knowledge of forex trading.

12. Soon thereafter, Roberts began talking with Costa Rican accountant named Francisco Jimenez Cordero, a person he had previously met while working in Costa Rica, who was well-connected to numerous affluent Costa Rican families.

13. Due to his personal success in trading on the forex market, Jimenez asked Roberts to trade money belonging to his affluent friends. Roberts used Consultores, an Costa Rican corporation, and commingled investor funds to trade on the forex market.

14. Roberts created confidentiality agreements and program forms to provide to prospective investors. Specifically, Roberts provided investors with: (1) a one-page document titled "Rules and Regulations;" (2) a one-page "Letter of Intent & Non-Circumvention and Non-Disclosure Agreement;" (3) a personal information page; and (4) designation of beneficiary. In these documents, Roberts mandated that each depositor "maintain a quiet and low profile regarding registration with FOMAC" and that all information about FOMAC and its investment opportunities were of a "very confidential nature."

15. In November 2003, Roberts moved from Costa Rica to Heber Springs, Arkansas, but he continued to operate and control FOMAC and Consultores. At that point in time, Roberts traded money belonging mostly to Costa Rican citizens.

16. However, at some point in 2004, a Costa Rican investor referred a network of California friends to Roberts. At that point, investments in Roberts' forex trading venture increased dramatically, despite the fact that he did not actively solicit investors.

17. U.S. investors were instructed to wire their funds to a Costa Rican bank account in the name of Consultores. Based on spreadsheets maintained by Roberts, between August 2005 and July 17, 2007 approximately 191 US investors residing in at least 18 states have invested millions with the defendants.

18. The vast majority of U.S. investors were solicited by word of mouth. The spreadsheets reflect that some investors withdrew their purported returns monthly, while others rolled them over.

19. Roberts, forex trading on behalf of U.S. clients was initially successful. However, in mid-2005, he started to suffer significant trading losses and by late 2005, he significantly curtailed trading on the forex market.

20. Nonetheless, Roberts continued to accept new investor funds; and in an effort to conceal his considerable losses, he started to use new investor money to pay purported returns and return of principal to earlier investors.

21. In August 2005, Roberts created a password-protected website so that investors could access their fictitious trading statements online which reflected bogus trades and returns.

22. Roberts' fraudulent scheme has collapsed and he stopped making payments to investors in August 2007.

23. During the scheme, Roberts received at least \$50 million from U.S. and foreign investors. Records from the website reflect that after August 2005 approximately \$43 million was returned to investors in the form of *Ponzi* payments.

24. Roberts also misappropriated over \$3 million of investor funds to invest in an unaffiliated private U.S. company that has developed an internet forex trading platform. In addition, he used investor funds to purchase his personal residence, pay living expenses, participate in real estate investments, purchase cars, and to otherwise use for his personal benefit.

CLAIMS

FIRST CLAIM

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder

25. Plaintiff Commission repeats and incorporates paragraphs 1 through 24 of this Complaint by reference as if set forth *verbatim*.

26. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts and 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 (c) engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

27. As a part of and in furtherance of their scheme, Defendants, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of material facts and misrepresentations of material facts, and which 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, including, but not limited to, those set forth in Paragraphs 1 through 18 above.

28. Defendants made the above-referenced misrepresentations and omissions knowingly or with severe recklessness regarding the truth.

29. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate the provisions of 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
Violations of Section 17(a) of the Securities Act

30. Plaintiff Commission repeats and incorporates paragraphs 1 through 24 of this Complaint by reference as if set forth *verbatim*.

31. Defendants, directly or indirectly, singly, in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact 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 (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

32. As part of and in furtherance of this scheme, Defendants, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of material fact and which 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, including, but not limited to, those statements and omissions set forth in paragraph 1 through 18 above.

33. Defendants made the above-referenced misrepresentations and omissions knowingly or with severe recklessness with regard for the truth. Defendants were also negligent in their actions regarding the representations and omissions alleged herein.

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

THIRD CLAIM
Violations of Section 5(a) and 5(c) of the Securities Act

35. Plaintiff Commission repeats and incorporates paragraphs 1 through 24 of this Complaint by reference as if set forth *verbatim*.

36. Defendants, directly or indirectly, singly and in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and have been, directly and indirectly: (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise; (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

37. As described in paragraphs 1 through 24, the Defendants offered and sold securities to the public through a general solicitation of investors. No registration statements were ever filed with the Commission or otherwise in effect with respect to these securities.

38. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court:

I.

Enter an agreed preliminary injunction enjoining Defendants James Blackman Roberts, FOMAC International, Inc. and Consultores Las Tres Americas S.A. from further violations of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e (c) and 77q(a)], 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].

II.

Permanently enjoin Defendants James Blackman Roberts FOMAC International, Inc. and Consultores Las Tres Americas S.A. and their agents, servants, employees, 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 Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e (c) and 77q(a)], 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].

III.

Enter an agreed order requiring a full and accurate accounting and an interim asset freeze of all assets of Defendants until a full and accurate accounting can be made of all investor monies raised in this scheme and a determination made as to the disposition of those assets.

IV.

Enter an agreed order that Defendants be restrained and enjoined from destroying, removing, mutilating, altering, concealing or disposing of, in any manner, any of their books and

records or documents relating to the matters set forth in the *Complaint*, or the books and records and such documents of any entities under their control, until further order of the Court;

V.

Order Defendants to disgorge an amount equal to the funds and benefits obtained as a result of the violations alleged, plus prejudgment interest on that amount.

VI.

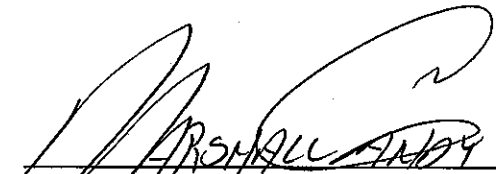
Order civil penalties against Defendants pursuant to Section 20(d) of the Securities Act, Section 21(d)(3) of the Exchange Act for violations of the federal securities laws as alleged herein; and

VII.

Such other and further relief as the Commission may show itself entitled.

Dated: August 31, 2007

Respectfully submitted,



MARSHALL GANDY

Texas Bar No. 07616500
SECURITIES AND EXCHANGE COMMISSION
Burnett Plaza, Suite 1900
801 Cherry Street, Unit #18
Fort Worth, TX 76102-6882
(817) 978-6464
(817) 978-4927 (fax)
gandym@sec.gov