## UNITED STATES OF AMERICA Before the SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934 Release No. 72146 / May 9, 2014

ADMINISTRATIVE PROCEEDING File No. 3-15654

In the Matter of

G-TRADE SERVICES LLC, CONVERGEX GLOBAL MARKETS LIMITED, and CONVERGEX EXECUTION SOLUTIONS LLC

Respondents.

NOTICE OF PROPOSED PLAN OF DISTRIBUTION AND OPPORTUNITY FOR COMMENT

Notice is hereby given, pursuant to Rule 1103 of the Securities and Exchange Commission's ("Commission") Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan for the distribution of monies placed into a Fair Fund established in the above-captioned matter.

On December 18, 2013, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order") against G-Trade Services LLC ("G-Trade"), ConvergEx Global Markets Limited ("CGM"), and ConvergEx Execution Solutions LLC ("CES") (collectively, "Respondents"). The Order found that Respondents engaged in a fraudulent scheme to conceal their practice of unnecessarily routing certain global trading and transition management customer orders to an offshore affiliate in order to charge undisclosed mark-ups and mark-downs, in addition to disclosed commissions on those orders. The Order found that Respondents willfully violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and that Respondents G-Trade and CES willfully violated Section 15(c)(1) of the Exchange Act. The Commission ordered Respondents to pay disgorgement of \$79,802,448, prejudgment interest of \$7,621,981, and a civil monetary penalty of \$20,000,000, totaling \$107,424,429. The Order created a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended.

<sup>&</sup>lt;sup>1</sup> Exchange Act Rel. No. 71128 (Dec. 18, 2013).

## OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested parties are advised that they may obtain a copy of the Proposed Plan of Distribution ("Plan") from the Commission's public website, <a href="http://www.sec.gov">http://www.sec.gov</a>. Interested parties may also obtain a written copy of the Plan by submitting a written request to Nancy Chase Burton, Esq., United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5631. All persons who desire to comment on the Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

- 1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
- 2. by using the Commission's Internet comment form (http://www.sec.gov/litigation/admin.shtml); or
- 3. by sending an e-mail to <u>rule-comments@sec.gov</u>.

Comments submitted should include "Administrative Proceeding File No. 3-15654" in the subject line. Comments received will be publicly available. Persons should submit only information that they wish to make publicly available.

## THE DISTRIBUTION PLAN

The Fair Fund is comprised of the amounts of disgorgement, prejudgment interest, and civil monetary penalty paid by Respondents, plus any accumulated interest. The Plan provides for the refund of a portion of the trading profits taken from Respondents' customers between October 2, 2006 and December 31, 2011 (the "relevant period"). The proposed methodology provides Respondents' customers full refunds of trading profits on U.S. securities and pro rata refunds of trading profits on non-U.S. securities. Customers will receive a payment in an amount equal to (i) the trading profits on U.S. securities, (ii) a pro rata portion of the trading profits on non-U.S. securities, or, where applicable, both (i) and (ii).

The Fair Fund in not being distributed according to a claims-made process. The identity of the harmed customers and the amount of trading profits taken from them during the

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<sup>&</sup>lt;sup>2</sup> The Commission ordered that additional funds arising from related Commission actions shall be aggregated in the Fair Fund. The related actions to date are *In the Matter of Jonathan Samuel Daspin*, Administrative Proceeding File No. 3-15652 (Exchange Act Rel. No. 71126 (Dec. 18, 2013)), which ordered Daspin to pay \$1,111,550 in disgorgement and prejudgment interest; and *In the Matter of Thomas Lekargeren*, Administrative Proceeding File No. 3-15653 (Exchange Act Rel. No. 71127 (Dec. 18, 2013)), which ordered Lekargeren to pay \$117,042 in disgorgement and prejudgment interest. Daspin and Lekargeren have paid their respective ordered amounts to the Commission and these amounts will be added to the Fair Fund for distribution.

relevant period will be determined from the books and records of Respondents.

For the Commission, by its Secretary, pursuant to delegated authority.

Lynn M. Powalski Deputy Secretary