

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 79235 / November 3, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-15654

In the Matter of

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

Respondents.

**ORDER DIRECTING
DISBURSEMENT OF FAIR FUND**

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 Adviser Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”)¹ against G-Trade Services LLC, ConvergEx Global Markets Limited, and ConvergEx Execution Solutions LLC (collectively, “Respondents”). The Order required Respondents to pay a total of \$107,424,429.00 in disgorgement, prejudgment interest, and civil money penalties into an escrow account (“Escrow Account”) and created a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Order also anticipated for any additional funds paid as a result of any related Commission actions to be aggregated into the Fair Fund, in accordance with any orders issued in those other actions. To date, in three related proceedings, the Commission or Court ordered that the disgorgement and prejudgment interest paid in those proceedings, totaling \$2,011,889.00, be combined with the funds paid in this matter for

¹ Exchange Act Rel. No. 71128 (Dec. 18, 2013).

distribution to harmed customers.² All payments have been made and placed into the Escrow Account established at JPMorgan Chase Bank N.A., which as of September 30, 2015, totaled \$109,440,085.63.

On May 9, 2014, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment.³ Numerous comments were received and given extended consideration by Commission staff. On December 17, 2014, The Garden City Group, LLC, (“GCG”) was appointed as the fund plan administrator (“Fund Administrator”).⁴ The Commission modified the proposed plan of distribution in response to some of the comments received and approved the Plan of Distribution (“Plan”) on July 24, 2015.⁵

The distribution payment chart developed pursuant to the Plan provides for the distribution of \$109,440,085.63 to harmed customers according to the methodology set forth in the Plan. Pursuant to the Plan, the Fund Administrator has submitted a payee list to the Commission staff in the amount of \$63,479,137.82 for the first tranche distribution to 200 Direct Customers⁶ and to 892 Indirect Customers with a reasonable assurance letter as to the completeness and accuracy of the information contained therein. The Commission staff has reviewed received and accepted this material. Pursuant to Rule 1101(b)(6) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1101(b)(6), the Commission staff requests that the Commission authorize the disbursement of \$63,479,137.82 to Citibank, N.A. to be distributed to eligible customers in accordance with the Plan.

In addition, GCG is continuing to determine the distributions for the Indirect Customers associated with the 52 Direct Customers that elected to have GCG distribute their

² To date, the related actions are *In the Matter of Jonathan Samuel Daspin*, Administrative Proceeding File No. 3-15652 (Exchange Act Rel. No. 71126 (Dec. 18, 2013)); *In the Matter of Thomas Lekargeren*, Administrative Proceeding File No. 3-15653 (Exchange Act Rel. No. 71127 (Dec. 18, 2013)); and *Securities and Exchange Commission v. Craig S. Lax*, Civil Action No. 2:15-cv-01079-WHW-CLW (D.N.J.). To date, from these actions an additional \$1,111,550.00, \$117,042.00, and \$783,297.00, respectively, has been paid and added to the Fair Fund.

³ Exchange Act Rel. 72146 (May 9, 2014).

⁴ Exchange Act Rel. 73865 (Dec. 17, 2014).

⁵ Exchange Act Rel. 75519 (July 24, 2015).

⁶ All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Plan.

funds to their Indirect Customers. GCG and the Commission staff anticipate being able to distribute a future tranche (or tranches) of payments to additional Direct and/or Indirect Customers once the Fund Administrator has the necessary information to complete disbursements to eligible customers.

Accordingly, it is hereby ORDERED, that Commission staff shall disburse \$63,479,137.82 of the Fair Fund from the JPMorgan Escrow Account to the Fund Administrator's account at Citibank, N.A, and that the Fund Administrator shall distribute such monies to eligible customers as provided for in the Plan.

By the Commission.

Brent J. Fields
Secretary