

UNITED STATES DISTRICT COURT
DISTRICT OF NEW HAMPSHIRE

_____)	
Securities and Exchange Commission,)	
)	
Plaintiff,)	
)	
v.)	Case No.
)	
New Futures Trading International Corporation,)	
and Henry Roche,)	
)	JURY TRIAL DEMANDED
Defendants.)	
_____)	

COMPLAINT

Plaintiff Securities and Exchange Commission (“the Commission” or “SEC”) alleges the following against Defendants New Futures Trading International Corporation (“New Futures”), and Henry Roche (“Roche”), and hereby demands a jury trial:

PRELIMINARY STATEMENT

1. From at least December 2010, Roche raised at least \$1.3 million from the offer and sale of high-yield promissory notes (5% to 10% monthly return) in the name of New Futures to at least fourteen investors, most of which has now been dissipated. The fourteen investors included residents of nine states: California, Florida, Massachusetts, Kansas, South Carolina, Washington, Colorado, Illinois and Texas as well Ontario, Canada. The vast majority of the funds raised by Roche were funneled into a Ponzi scheme he was running. Roche represented to some investors that funds supplied would be invested in bonds, treasury notes and/or 10 year Treasury note futures contracts, while representing to others that the funds would be invested directly in New Futures, an on-line futures day-trading education and training business Roche

operated out of Canada. Instead of using the funds in either manner, Roche used approximately \$937,000 provided by investors to make Ponzi "interest" payments to prior investors in the scheme. In addition, Roche misappropriated another \$359,000 to support his lifestyle and to operate a horse breeding ranch in Kendal, Ontario, Canada.

2. Through the activities alleged in this Complaint, Defendants engaged in: (1) fraud in the offer or sale of securities, in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 17q(a)]; (2) fraudulent or deceptive conduct in connection with the purchase or sale of securities, in violation of 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]; and (3) the offer and sale of unregistered securities, in violation of Sections 5(a) and (c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)].

3. Accordingly, the Commission seeks among other things: (1) entry of a permanent injunction prohibiting the Defendants from further violations of the relevant provisions of the federal securities laws; (2) disgorgement of the Defendants' ill-gotten gains, plus pre-judgment interest; and (3) the imposition of civil monetary penalties upon the Defendants due to the egregious nature of their violations.

JURISDICTION AND VENUE

4. The Commission is an agency of the United States of America established by Section 4(a) of the Exchange Act [15 U.S.C. ' 78d(a)].

5. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. ' ' 77t and 77v] and Sections 21 and 27 of the Exchange Act [15 U.S.C. ' ' 78u and 78aa]. Venue is proper in this District because Defendant New Futures is a

New Hampshire company located in Bedford, New Hampshire. Many of the acts and practices alleged in this Complaint occurred in this District.

6. In connection with the conduct described in this Complaint, the Defendants directly or indirectly made use of the mails or the means or instruments of transportation and communication in interstate commerce.

7. The Defendants' conduct involved fraud, deceit, or deliberate or reckless disregard of regulatory requirements, and resulted in substantial loss, or significant risk of substantial loss, to other persons.

DEFENDANTS

8. New Futures Trading International Corporation is a New Hampshire corporation formed in November 2010 with a principal place of business in Bedford, NH.

9. Henry Roche, age approximately 51, is a resident of Kendal, Ontario, Canada. Although not listed as an officer of New Futures, he controlled the business by directing the actions of Vice President and Treasurer, Ryan Fontaine. Roche solicited funds on behalf of New Futures.

DETAILED ALLEGATIONS

Background

10. Since at least 2008 Roche has operated an internet-based stock and futures day trading business. Between 2009 and 2011, Roche has offered day-trading training modules over the internet via websites, internet advertising, and by posting promotional video recordings of the training sessions on websites such as YouTube.

11. Interested persons can sign up for an introductory free week of training after which they are typically contacted by someone affiliated with Roche seeking to have them register for lifetime access to training for a flat fee.

12. Roche operated the online training program using at least three different names. Beginning in 2009, the program was offered through Masters Palace, Inc. Sometime in 2010, Roche changed the name of the entity or otherwise created a successor entity called Third Realm, Inc. Online Third Realm is also referred to as the "Third Realm Institute." Finally, in the fall of 2010, Roche created New Futures Trading after soliciting a former student of his program, Ryan Fontaine ("Fontaine"), to form a New Hampshire-based corporation "New Futures Trading International, Corporation."

13. While Roche was not listed as an officer or director in New Futures' incorporation documents, Roche directed Fontaine to form the corporation and serve as its Vice President and Secretary, while naming Roche's wife, Emilia Elnasin (a/k/a Emilia Elnasin Roche or Lian Roche) (hereinafter "Elnasin") as a shareholder and officer along with Fontaine. Roche retained *de facto* control over the operation. Such control included directing Fontaine to pay various expenses related to his horse-breeding business as well as paying "interest" to investors in prior entities. Fontaine also provided Roche with blank New Futures checks that Roche could use for any purpose.

14. Roche set up a website in New Futures' name to advertise the training business. Roche was the primary point of contact for the website. His email address contained the New Future's domain name.

Solicitation of Investors and Promissory Notes

15. Students in Roche's training seminars had the option of viewing online presentations or attending in-person training sessions in Toronto, Canada. Certain students who participated in the training sessions were later contacted by Roche and solicited to make additional, more substantive investments in either the online stock and futures day-trading business or were solicited by Roche to invest additional money with him.

16. Roche represented to investors that he would trade stocks and bonds or futures contracts for them on an individual basis through his New Futures business. He would pay them "interest" out of the net profits obtained through the trading.

17. In return for the investment, in many instances Roche had promissory notes drafted, executed and issued to the investors. For the time period of 2009 to August 2011, promissory notes were issued in the names of Roche-affiliated entities, Masters Palace, Third Realm, and New Futures Trading. In some limited instances, additional promissory notes were issued in the name of Majestic Horses, a horse breeding venture that Roche owned and/or operated.

18. The New Futures promissory notes usually contained the purported signature of Elnasin, an officer of New Futures although in at least in three instances wherein Roche electronically signed the original New Futures promissory note.

19. In one of those instances, in July 2011 Roche sent the investor a revised copy of the note removing his name and adding his wife as signatory. Roche claimed that the change was due to "regulatory issues."

20. From December 1, 2010 to May 11, 2011, Roche and New Futures issued at least eighteen promissory notes to fourteen investors in the amount of \$1.3 million. The promissory

notes were similar to one another and typically included an interest or return provision that would pay investors between 5- 10% per month. The promissory notes also included a provision whereby the investor could demand the principal and/or any accrued interest be returned within 45 days. In some, but not all, there was an additional provision in which the investor could choose to leave the investment in place for a definitive period of time (usually 14 months) whereby the investor would then be awarded a 200% return in addition to the original investment amount.

21. The monies from the investors provided to Roche were deposited in several bank accounts held in New Future's name. In several instances, money was wired from investors' bank accounts to New Futures bank accounts.

Roche's Misrepresentations Concerning Uses of Investor Funds-Misuses of Investor Assets

22. Much of New Futures investors' money was used for two primary purposes: payments to persons who are likely investors in one of Roche's prior schemes (Masters Palace and/or Third Realm) or Roche's equestrian related expenses. In total, from November 2010 to June 2011, at least \$884,000 was paid out to individuals who are, on information and belief, prior investors in Roche-related entities, while at least another \$350,000 was used to pay the costs of Roche's horse breeding ranch in Kendal, Ontario, Canada—Majestic Horses. Monies were also sent directly to Third Realm, one of Roche's prior entities.

23. For instance, based on Roche's representations that he was investing in treasury notes and bonds, Investor A loaned prior entities of Roche \$260,000. The investor received at least 5 payments from New Futures in the aggregate amount of \$43,000. The source of these payments to Investor A was funds invested by other New Future investors.

24. New Futures earned no revenue other than what it obtained through new investors and “tuition” for the trading training program. Contrary to Roche’s representations, monies raised from investors were not used to grow the trading futures business or invest in bonds and treasury notes. Because tuition fees alone were insufficient, New Futures had no way of paying its promissory note holders’ interest payments without seeking out additional investors.

25. Despite Roche’s representations concerning how investors’ funds were supposed to be invested, New Futures own business records reflect that the vast majority of the funds were used for purposes outside of the scope of the agreement. In at least two instances, Roche acknowledged to investors that investors’ monies were not being used for the purposes in which the funds were solicited, and instead were being used, among other things, to purchase horses

26. For instance, Investor B invested \$100,000 in New Futures on March 17, 2011 and received a New Futures promissory note from Roche. After Roche fell behind on the interest payments due according to the promissory note, Investor B made several calls to him seeking an explanation as to where her money went and demanded immediate repayment. In one conversation, Roche admitted that he did not invest the money as he promised, but rather used the money to buy horses.

27. Investor B only received \$17,000 of purported interest from the \$100,000 invested. She received no return on principal.

28. Additionally, Investor C invested \$50,000 in New Futures on or about January 27, 2011 based on Roche’s representations that he would use the \$50,000 to invest using the trading techniques that he had demonstrated during his webcasts and seminars. Investor C has to date received no return on principal.

29. Upon information and belief, Roche is continuing to tell prior investors in New Futures that he intends to continue operating the website in the future.

30. Upon information and belief, Roche has sold and continues to sell assets belonging to New Futures.

FIRST CLAIM FOR RELIEF
(Violation of Section 17(a)(1) of the Securities Act)

31. The Commission repeats and incorporates by reference the allegations in paragraphs 1-__ above as if set forth fully herein.

32. Defendants, directly or indirectly, acting intentionally, knowingly or recklessly, in the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails have employed or are employing devices, schemes or artifices to defraud.

33. As a result, Defendants violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. '77q(a)].

SECOND CLAIM FOR RELIEF
(Violation of Sections 17(a)(2) of the Securities Act)

34. Paragraphs 1 through __ are repeated and incorporated by reference as though fully set forth herein.

35. By engaging in the conduct described above Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

36. Defendants made the untrue statements and omissions of material fact described above.

37. By reason of the foregoing, Defendants violated Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

THIRD CLAIM FOR RELIEF
(Violation of Section 17(a)(3) of the Securities Act)

38. Paragraphs 1 through __ are repeated and incorporated by reference as though fully set forth herein.

39. By engaging in the conduct described above, Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

40. Defendants engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

41. By reason of the foregoing, Defendants violated Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

FOURTH CLAIM FOR RELIEF
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)

42. The Commission repeats and incorporates by reference the allegations in paragraphs 1-__ above as if set forth fully herein.

43. Defendants, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) have employed or are employing devices, schemes or

artifices to defraud; (b) have made or are making untrue statements of material fact or have omitted or are omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) have engaged or are engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

44. As a result, Defendants 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 thereunder [17 C.F.R. '240.10b-5].

FIFTH CLAIM FOR RELIEF
(Violations of Section 5(a) and 5(c) of the Securities Act)

45. The Commission repeats and incorporates by reference the allegations in paragraphs 1-__ above as if set forth fully herein.

46. The notes and equity interests issued by the Defendants are “securities” within the meaning of Section 2(1) of the Securities Act [15 U.S.C. §77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. §78c(a)(10)]. No registration statement was filed with respect to these securities, and no exemption from registration was available.

47. The Defendants, directly or indirectly: (a) have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement has been in effect and for which no exemption from registration has been available; and/or (b) have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, through the use or medium of a prospectus or

otherwise, securities as to which no registration statement has been filed and for which no exemption from registration has been available.

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

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that this Court:

A. Enter a preliminary injunction against Defendants, order freezing assets against Defendants, and order for other equitable relief against the Defendants in the form submitted with the Commission's motion for such relief, and, upon further motion, enter a comparable preliminary injunction, order freezing assets, and order for other equitable relief;

B. Enter a permanent injunction restraining the Defendants and each of their agents, servants, employees and attorneys and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, including facsimile transmission or overnight delivery service, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. Sections 5(a) and (c) of the Securities Act [15 U.S.C. §§77e(a) and (c)]
2. Section 17(a) of the Securities Act [15 U.S.C. ' 77q(a)]; and
3. 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];

C. Require the Defendants to disgorge their ill-gotten gains and losses avoided, plus pre-judgment interest, with said monies to be distributed in accordance with a plan of distribution to be ordered by the Court;

D. Order the Defendants to pay an appropriate 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)];

E. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

F. Award such other and further relief as the Court deems just and proper.

Plaintiff hereby requests that this matter be tried before a jury.

/Deena R. Bernstein/

Deena R. Bernstein (BBO # 558721)

Senior Trial Counsel

William J. Donahue (BBO # 631229)

Senior Counsel

Neil Smith (BBO # 651157)

Senior Counsel

Attorneys for Plaintiff

SECURITIES AND EXCHANGE COMMISSION

33 Arch Street, 23rd Floor

Boston, MA 02110

(617) 573-8813

(617) 573-4590 (fax)

bernsteind@sec.gov

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