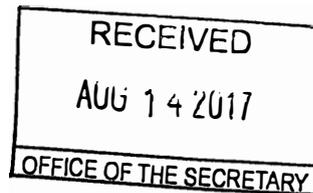


**HARD COPY**



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

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17959**

**In the Matter of**

**GREGORY REYFTMANN,**

**Respondent.**

**MOTION FOR DEFAULT AND  
SANCTIONS PURSUANT TO  
RULE 155 OF THE COMMISSION  
RULES OF PRACTICE**

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Dated: August 11, 2017

Counsel for the Division of Enforcement

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The Division of Enforcement hereby moves for default and sanctions against Respondent Gregory Reyftmann (“Respondent” or “Reyftmann”).

## I. INTRODUCTION

On October 5, 2012, the Securities and Exchange Commission (the “Commission”) filed a complaint in the United States District Court for the Southern District of New York against Reyftmann and others alleging their involvement in a scheme to defraud brokerage customers by adding hidden markups and markdowns to thousands of trades – the same conduct that is the subject of this proceeding. *SEC v. Marek Leszczynski, et al.*, Civil Action No. 1:12-cv-7488. Reyftmann failed to appear or respond to the complaint, and a default judgment was entered against him. *Id.* at Dkt. 51 (Feb. 9, 2015).

On May 1, 2017, the SEC issued an Order Instituting Proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Reyftmann (“OIP”) based on the entry of an injunction in the district court action. On May 26, 2017 and June 26, 2017, the Division of Enforcement filed declarations regarding service on Reyftmann, and on June 28, 2017 an Order Finding Service was entered ruling that the Division had established that Reyftmann was served with the OIP on May 24, 2017.

Because Reyftmann did not answer the OIP or participate in the July 7, 2017 prehearing conference, on July 10, 2017 Reyftmann was ordered to show cause by July 28, 2017 why he should not be held in default and the proceeding determined against him. Reyftmann has not filed any response to that Order. Accordingly, the Division hereby moves for default and sanctions.

## **II. STATEMENT OF FACTS**

### **A. The Fraudulent Scheme**

From at least 2005 through at least February 2009 (the “relevant period”), Reyftmann and other members of the Cash Desk perpetrated a fraudulent markup/markdown scheme while associated with Linkbrokers Derivatives LLC (“Linkbrokers”). *See* OIP, *In the Matter of Gregory Reyftmann*, File No. 3-17959 (May 1, 2017) (hereinafter “Reyftmann OIP”).<sup>1</sup> They did so by falsifying trade execution prices and embedding hidden markups or markdowns on over 36,000 customer transactions. *Id.* Through this fraudulent scheme, Reyftmann and other Linkbrokers employees involved in the scheme defrauded customers of \$18.7 million. *Id.*

### **B. Reyftmann Led the Fraudulent Scheme**

From February 2005 until June 2010, Reyftmann was a registered representative associated with Linkbrokers, a broker-dealer registered with the Commission.<sup>2</sup> At all relevant times, Reyftmann held Series 7, 24, 55 and 63 licenses, and he obtained his Series 24 license on January 21, 2009. *See* FINRA Web CRD Registration Records for Gregory Reyftmann, attached as Exhibit 1. *See also* Reyftman OIP at § II(A) ¶ 1.

Reyftmann was the head of Linkbrokers’ “Cash Desk” during the relevant period, and his compensation was tied directly to the profitability of the Cash Desk, including the profits from the scheme described herein. *See* 2004-2005 Reyftmann Employment Agreement, attached as

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<sup>1</sup> Pursuant to Rule 155(a) of the Commission’s Rules of Practice, an ALJ may deem allegations in the OIP to be true if a party defaults in the action. *See* 17 C.F.R. § 201.155(a).

<sup>2</sup> Reyftmann’s association with Linkbrokers is established by FINRA’s Web CRD records, which the Administrative Law Judge may take official notice of pursuant to Commission Rule 323.

Exhibit 2; 2006-2007 Reyftmann Employment Agreement, attached as Exhibit 3; 2009 Reyftmann Management Letter, attached as Exhibit 4. Reyftmann and others were responsible for finding customers, developing relationships, and taking orders from customers to purchase and sell securities on their behalf. Reyftmann led the fraudulent scheme and urged and encouraged others on the Cash Desk to participate in it. *See* OIP, *Reyftmann*, File No. 3-17959 (May 1, 2017). *See also* Reyftmann OIP at § II(D), ¶¶ 1-4.

The undisclosed markup/markdown scheme generally worked as follows. Reyftmann or another sales broker involved in the scheme would receive a customer order either by telephone, instant message, or email. The sales broker would give the order to a sales trader, who executed the trade. After the order was executed, a middle-office assistant recorded the actual execution price on the trade blotter and informed the sales broker of the execution.<sup>3</sup> Shortly after the trade was executed, Reyftmann or another sales broker involved in the scheme examined other market executions in or around the time of the actual execution, to determine whether there was any stock price fluctuation. If there was sufficient stock price fluctuation at the time of the trade sufficient to conceal the fraud from the customer, the sales broker instructed the middle-office assistant to record a false execution price in the gross price field on the internal trade blotter. The middle-office assistant and/or the sales broker then reported the gross price (*i.e.* the false execution price) to the customer as the actual execution price, and tacked on the agreed-upon commission to arrive at the net price. The customers thus paid not only the agreed-upon commission charged, but also the fraudulent secret profit that Reyftmann or one of his cohorts embedded in the price they reported to the customer as the actual trade price. *See* Reyftmann OIP at § II(D) ¶¶ 1-4..

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<sup>3</sup> The Commission previously reached settlements with the two other sales brokers and two middle-office assistants involved in the scheme, as well as with Linkbrokers. *See* Reyftmann OIP at § II(B) ¶¶ 1-5. Several individuals also pled guilty in parallel criminal actions. *Id.* at § II(B) ¶¶ 2-4.

For example, on February 3, 2005, a customer sent Reyftmann an email placing an order to sell short 16,000 shares of Mercury Interactive Corp. (“MERQ”). *See* February 3, 2005 Email to Reyftmann, attached as Exhibit 5. Linkbrokers then executed the trade, short-selling 16,000 shares of MERQ on the customer’s behalf at \$47.6390 per share. *See* Excerpt of Linkbrokers Trade Blotter, attached as Exhibit 6. The trade blotter reflected an execution price of \$47.6390, a gross price of \$47.5390, and a net price of \$47.5290. *Id.* Reyftmann then emailed the customer a trade recap confirming the trade at the false execution price of \$47.5390 per share. *See* February 3, 2005 Email from Reyftmann, attached as Exhibit 7. The disclosed commission for this transaction was \$0.01 per share, resulting in a total commission of \$160 for this trade, which Linkbrokers charged the customer. However, Reyftmann failed to disclose the additional fraudulent markdown of \$1,600. *See* Reyftmann OIP at § II(D) ¶ 5.

As illustrated by this example, Reyftmann knew that he was reporting false prices and commissions to his customers. He knew the actual execution prices were different from the gross prices he reported to the customers. And he knew that he was causing Linkbrokers, and thus himself, to take additional compensation beyond the disclosed commission, by keeping the difference between the two prices. *Id.* at § II(D) ¶¶ 6-8; § II(F) ¶¶ 1-2.

Reyftmann also knew that the purpose of reporting the gross price to customers as the actual execution prices was to take a secret profit for Linkbrokers above the agreed-upon commission. On February 7, 2005, Reyftmann and others received an email from an officer of Linkbrokers’ parent company explaining that the additional gross price field on the trade blotter was necessary “for those trades that you do where you can actually execute the trade at a better price than you agree with the client (i.e. where you can make a couple of cents even before you’ve added in the commission).” *See* February 7, 2005 Email, attached as Exhibit 8. In other emails, an

IT specialist described to Reyftmann and others that Linkbrokers' proprietary software has two different commission fields—one for actual total commission charged and one for the commission amount that would be provided to the customer. *See* February 24, 2005 Email, attached as Exhibit 9. Reyftmann also received an email in which a member of the Cash Desk whom Reyftmann supervised, requested that the same IT specialist ensure that the customer confirmations would not show the execution price because “the customer should never see that” on any customer statements or trade confirmations. *See* April 11, 2006 Email, attached as Exhibit 10. Reyftmann and the others involved in the fraud also ensured the scheme was difficult for customers to detect by selectively engaging in it only when the volatility in the market was sufficient to conceal the fraud. *See* Reyftman OIP at § II(D) ¶¶ 7-8

### **C. Reyftmann Profited from the Scheme**

Reyftmann was personally motivated to maximize profits from the fraudulent scheme, as his bonus amount was calculated as a percentage of the desk's profits. From 2004 until 2005, Reyftmann was given increasing quarterly bonuses as he reached higher tiers of billings charged to his clients. *See* Exhibit 2 (2004-2005 Reyftmann Employment Agreement). Once he billed his clients for \$30,000 he was entitled to a bonus equal to 25% of those revenues. *Id.* at Rider A, Pages 1-2. He received another bonus equal to 25% of all revenues charged to his clients above \$65,000 and another 20% for revenues charged above \$95,000. *Id.* *See also* Reyftmann OIP at § II(F) ¶¶ 1-2.

Beginning in August of 2006, Reyftmann was awarded bonuses based not only on revenues charged against his own clients, but also the revenues attributable to the team members of the Cash Desk that he supervised. *See* Exhibit 3 (2006-2007 Reyftmann Employment Agreement); *see also* Exhibit 4 (2009 Reyftmann Management Letter).

Under these agreements, Reyftmann received the bonus amounts in the chart below. This chart also illustrates the portions of those bonuses that were attributable to the fraudulent scheme each year. *See* Declaration of A. Kristina Littman, *SEC v. Leszczynski, et al.*, No. 12-cv-7488 (JFK) (SDNY July 1, 2016), Dkt. 55, attached as Exhibit 11.

Year	Reyftmann's Bonus	Percentage of Cash Desk's Revenue Attributable to the Fraud	Reyftmann's Ill-gotten Gains From the Fraud
2005	\$992,098	39%	\$386,918
2006	\$1,284,383	51%	\$655,035
2007	\$2,407,288	28%	\$674,040
2008	\$3,451,947	42%	\$1,449,817
2009	\$1,820,759	0.4%	\$7,283
<b>TOTAL of Reyftmann's Ill-gotten Gains</b>			<b>\$3,181,068</b>

*Id.* *See also* Reyftmann OIP at § II(F) ¶¶ 1-2.

Under this bonus structure, Reyftmann was incentivized not only to drive up the amounts he billed to his own clients through fraudulent means, but also to encourage others on his team to do the same. His personal profits from the fraud grew as he successfully enlisted others to defraud their customers.

#### **D. The Injunction Against Reyftmann**

Reyftmann defaulted in the district court action that the Commission filed against him for the same underlying conduct. *See* Certificate of Default, *Leszczynski*, No. 1:12-cv-7488 at Dkt. 47 (Nov. 13, 2014). *See also* Reyftmann OIP at § II(C) ¶¶ 1-3. As such, the district court entered a default judgment against Reyftmann enjoining him from violations of Section 17(a) of the

Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. *See* Reyftmann Judgment, *id.* at Dkt. 51 (Feb. 9, 2015). Pursuant to Rule 323 of the Commission's Rules of Practice, an Administrative Law Judge may take official notice of the docket, judgment, pleadings, and orders in the related district court action, including the default judgment enjoining Reyftmann from violations of the federal securities laws. *See* 17 C.F.R. § 201.323.

**E. Reyftmann Continues to Work in the Finance Industry**

Reyftmann continues to work in the finance industry and is currently a manager at AGR Investments in France. *See* Second Declaration of John V. Donnelly III Regarding Service of Process on Gregory Reyftmann, *In the Matter of Gregory Reyftmann*, File No. 3-17959 (June 23, 2017).

**III. REYFTMANN SHOULD BE HELD IN DEFAULT AND THE PROCEEDING DETERMINED AGAINST HIM.**

Reyftmann has been found to have been properly served with the Order Instituting Proceedings, as of May 24, 2017. Gregory Reyftmann, Admin. Proc. Rulings Release No. 4896, 2017 SEC LEXIS 1970, at \*2. Reyftmann has not filed an answer or responded in any way. Nor has he responded to the Order to Show Cause by July 28, 2017 why he should not be held in default. Therefore, based on the prior order, Reyftmann is in default and the proceedings should be determined against him. Based on the facts set forth herein, including those from the OIP, which may be deemed true because of Reyftmann's default, the sanctions requested below should be imposed. *See* 17 C.F.R. § 201.155(a).

**IV.e REYFTMANN SHOULD BE BARRED FROM ASSOCIATION WITH ANY  
BROKER OR DEALER AND FROM PARTICIPATING IN ANY PENNY STOCK  
OFFERING**

**A. Reyftmann Was Associated with a Broker-Dealer at the Time of His  
Misconduct and Is Enjoined From Further Violations of the Securities Laws.**

The Division is entitled to the relief it seeks under the Exchange Act.<sup>4</sup> Specifically, Reyftmann should be barred from association with any broker or dealer and from participating in any penny stock offering.<sup>5</sup> Exchange Act Section 15(b)(6) authorizes the Commission to determine whether a sanction is in the public interest if two statutory requirements are met: (i) the respondent is associated, is seeking to become associated, or, at the time of the alleged misconduct, was associated or was seeking to become associated with a broker or dealer, and (ii) the respondent meets at least one of several potential bases for a proceeding, including that respondent has been enjoined from engaging in or continuing any conduct or practice in connection with acting as a broker or dealer, or in connection with the purchase or sale of any security. These requirements are met for Reyftmann. First, Reyftmann was associated with Linkbrokers during the time of his misconduct. Second, the district court entered an order of default judgment against Reyftmann, enjoining him from future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which is sufficient basis to institute administrative proceedings. *See, e.g., Gary L. McDuff*, Securities Exchange Act Release No. 74803, 2015 WL

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<sup>4</sup> A penny stock bar is authorized under Exchange Act Section 15(b)(6) even when misconduct did not involve penny stocks if the respondent was associated with a broker at the time of the misconduct. *See George Louis Theodule*, Initial Decision Release No. 607, at \*6 n.6, 2014 WL 2447731 (June 2, 2014).

<sup>5</sup> The requested relief is consistent with the Court of Appeals for the D.C. Circuit's decision in *SEC v. Bartko*, 845 F.3d 1217 (D.C. Cir. 2017) (holding that, with respect to misconduct that occurred prior to the enactment of the Dodd-Frank Act in 2010, the SEC could not impose a collateral bar, banning a market participant from associating with classes of participants in the securities markets with which the individual was not associated at the time of the misconduct).

1873119 (Apr. 23, 2015) (Commission Order Remanding for Additional Proceedings) (noting that district court order enjoining respondent from violating the securities laws entered upon default meets one of several potential bases for instituting administrative proceedings).

**B. A Bar Against Reyftmann is in the Public Interest.**

A sanction is appropriate and in the public interest. The appropriateness of a remedial sanction is guided by the public interest factors set forth in *Steadman v. SEC*: (1) the egregiousness of the respondent's actions; (2) the isolated or recurrent nature of the infraction; (3) the degree of scienter involved; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his conduct; and (6) the likelihood that the respondent's occupation will present opportunities for future violations. 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981); *See also Gary M. Kornman*, Exchange Act Release No. 59403, 2009 WL 367635, at \*6 (Feb. 13, 2009) (Commission Opinion). Here, all the factors articulated in *Steadman* support finding that the requested sanction is appropriate and in the public interest.

**1. Reyftmann's Conduct was Egregious and the Violations Were Recurrent.**

In this case, it is beyond question that the public interest would be served by imposing a broker-dealer bar and a penny stock bar on Reyftmann. "[C]onduct that violates the antifraud provisions of the securities laws is especially serious and is subject to the severest of sanctions under the securities laws." *Marshall E. Melton*, Advisers Act Release No. 2151, 2003 WL 21729839, at \*9 (July 25, 2003).

Reyftmann's conduct was egregious, persistent, and purposeful. He conducted this fraud over the course of five years and induced others to participate so that he could profit from their

participation in the scheme. They defrauded customers of \$18.7 million on over 36,000 transactions. Reyftmann himself reaped over \$3 million in personal profits from the scheme.

## **2. Reyftmann Acted with a High Degree of Scierter.**

Reyftmann's scierter is shown by his persistent and intentional conduct. Intentional conduct demonstrates a high degree of scierter. *See Toby G. Scammell*, Release No. 3961, 2014 WL 5493265 (Oct. 29, 2014). Reyftmann was a licensed securities professional and knew precisely what he was doing. Reyftmann was a party to emails ensuring him that systems were in place to ensure that customers would not learn of the actual price that Reyftmann was achieving and would only learn of the fabricated price that he decided upon. As noted in the example above, Reyftmann intentionally concealed his fraud by confirming false prices to the customers that failed to disclose the hidden markups and markdowns that he was charging them. He knew the actual execution prices and chose to report false execution prices to his customers for years.

## **3. Reyftmann Has Provided No Assurances Against Future Violations And Has Not Recognized the Wrongful Nature of His Conduct.**

Reyftmann did not admit to any wrongdoing or provide any assurances that his illegal conduct would cease. He has been the subject of allegations in the district court action and in this administrative proceeding, but has refused to appear at either to take responsibility for his actions. Even when permitted to appear by telephone for a hearing, Reyftmann failed to participate. He has not paid any of the disgorgement or penalties ordered against him. He has provided no assurances that he won't repeat this illegal conduct nor has he acknowledged the wrongfulness of his actions.

## **4. Reyftmann is Likely to Commit Future Violations.**

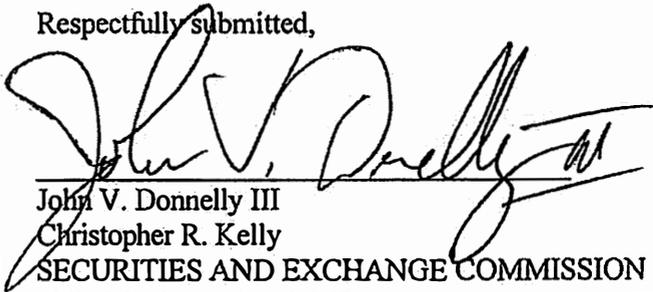
Reyftmann has demonstrated "an attitude toward regulatory oversight that is fundamentally incompatible with the principles of investor protection and with association in any capacity

covered by the collateral bar.” *John W. Lawton*, Investment Advisers Act of 1940 Release No. 3513, 2012 WL 6208750, at \*12 (Dec. 13, 2012). Reyftmann’s complete disregard for these proceedings combined with his continued employment in the finance industry show that he is likely to commit future violations. Reyftmann is clearly unfit for association with a broker or dealer or participation in penny stock offerings.

## V. CONCLUSION

In light of his default and for the foregoing reasons, the Division requests that an Order be entered against Reyftmann under Exchange Act Section 15(b)(6) barring him from association with any broker or dealer, or from participating in any offering of penny stock.

Respectfully submitted,



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Dated: August 11, 2017

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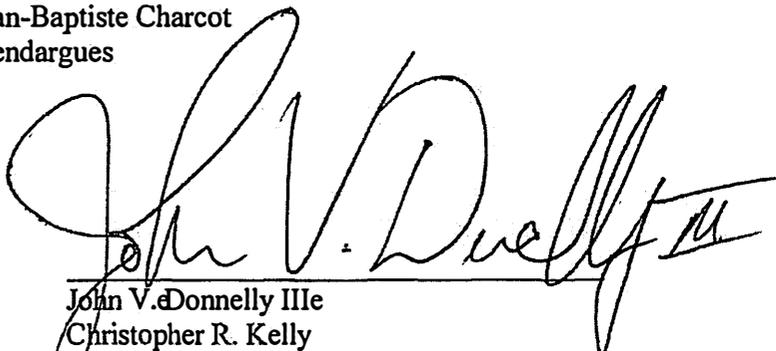
**CERTIFICATE OF SERVICE**

I hereby certify that, on this 11<sup>th</sup> day of August, 2017, with respect to In the Matter of Gregory Reyftmann, Administrative Proceeding File No. 3-17959, I caused a true and correct copy of the Division of Enforcement's Motion and Memorandum of Law Supporting Entry of Default and Sanctions Against Respondent Gregory Reyftmann to be served by facsimile:

Honorable Brenda P. Murray  
Administrative Law Judge  
Securities and Exchange Commission  
100 F St., N.E.  
Washington, DC 20549

and by First Class mail upon:

Gregory Reyftmann  
9 Rue Jean-Baptiste Charcot  
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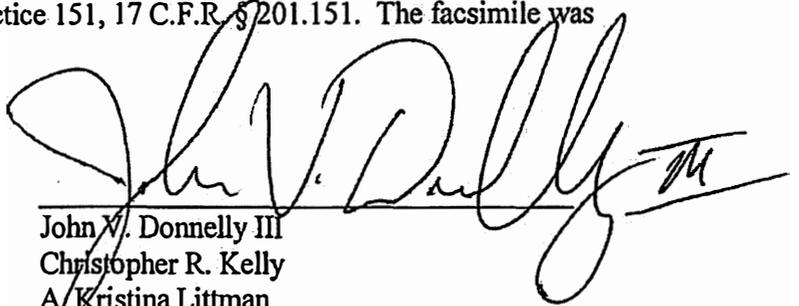
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Dated: August 11, 2017

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**STATEMENT OF FILING BY FACSIMILE**

I hereby certify that, on this 11<sup>th</sup> day of August, 2017, with respect to In the Matter of Gregory Reyftmann, Administrative Proceeding File No. 3-17959, I caused a true and correct copy of the Motion for Default and Sanctions Pursuant to Rule 155 of the Commission Rules of Practice to be filed via facsimile with the Office of the Secretary of the U.S. Securities and Exchange Commission pursuant to SEC Rule of Practice 151, 17 C.F.R. §201.151. The facsimile was transmitted to (202) 772-9324.



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**EXHIBIT 1**



**BrokerCheck Report**  
**GREGORY REYFTMANN**  
CRD# 4645588

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
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## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

### • What is included in a BrokerCheck report?

• BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

• Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

### • Where did this information come from?

• The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:  
• information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and  
• information that regulators report regarding disciplinary actions or allegations against firms or brokers.

### • How current is this information?

• Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

### • What if I want to check the background of an investment adviser firm or investment adviser representative?

• To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

### • Are there other resources I can use to check the background of investment professionals?

• FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment advisers representatives doing business in your state.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

[brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

For more information about FINRA, visit [www.finra.org](http://www.finra.org).

Thank you for using FINRA BrokerCheck.

**GREGORY REYFTMANN**  
**CRD# 4645588**

This broker is not currently registered.

### Report Summary for this Broker



This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

#### Broker Qualifications

This broker is not currently registered.

#### This broker has passed:

- 1 Principal/Supervisory Exam
- 2 General Industry/Product Examse
- 1 State Securities Law Exam

#### Registration History

This broker was previously registered with the following securities firm(s):

**LINKBROKERS DERIVATIVES CORPORATION**  
CRD# 123000  
JERSEY CITY, NJ  
02/2005 - 07/2010

**REFCO SECURITIES, LLC**  
CRD# 14094  
NEW YORK, NY  
05/2003 - 02/2005

#### Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	1
Investigation	1
Civil Event	1

## Broker Qualifications



### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.

## Broker Qualifications



### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

This individual has passed 1 principal/supervisory exam, 2 general industry/product exams, and 1 state securities law exam.

#### Principal/Supervisory Exams

Exam	Category	Date
General Securities Principal Examination	Series 24	01/20/2009

#### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	04/29/2003
Limited Representative-Equity Trader Exam	Series 55	11/20/2008

#### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	05/22/2003

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).

## Registration and Employment History



### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
02/2005 - 07/2010	LINKBROKERS DERIVATIVES CORPORATION	123000	JERSEY CITY, NJ
05/2003 - 02/2005	REFCO SECURITIES, LLC	14094	NEW YORK, NY

### Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment Dates	Employer Name	Employer Location
02/2005 - Present	LINKBROKERS DERIVATIVES CORP.	NEW YORK, NY

### Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

No information reported.

## Disclosure Events



### What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. Certain thresholds must be met before an event is reported to CRD, for example:
  - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - o A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
3. Disclosure events in BrokerCheck reports come from different sources:
  - o As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. There are different statuses and dispositions for disclosure events:
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - o A "pending" event involves allegations that have not been proven or formally adjudicated.
    - o An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - o A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - o An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - o A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - o A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

Regulatory Event	Pending	Final	On Appeal
	1	0	0

[www.finra.org/brokercheck](http://www.finra.org/brokercheck)

User Guidance



Civil Event	0	1	0
Investigation	N/A	N/A	N/A



### Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

#### Regulatory - Pending

This type of disclosure event involves a pending formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory agency such as the Securities and Exchange Commission, foreign financial regulatory body) for alleged violations of investment-related rules or regulations.

#### Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Bar
Date Initiated:	05/01/2017
Docket/Case Number:	3-17959
Employing firm when activity occurred which led to the regulatory action:	Linkbrokers
Product Type:	Other: unspecified securities
Allegations:	SEC Admin Release 34-80568 / May 1, 2017: The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") against Gregory Reyftmann ("Respondent" or "Reyftmann"). Division of Enforcement alleges that on October 5, 2012, the Commission filed a complaint in the United States District Court for the Southern District of New York against Reyftmann and others in Civil Action Number 1:12-cv-7488. On February 9, 2015, a final judgment by default was entered against Reyftmann, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Exchange Act and Rule 10b-



5 thereunder.

The allegations in the Commission's complaint covered the same conduct as the allegations contained herein. Reyftmann failed to appear in the civil action and has not acknowledged any wrongdoing or offered any assurances against future violations of the securities laws.

From at least 2005 through at least February 2009 (the "relevant period"), Reyftmann and others perpetrated a fraudulent markup/markdown scheme by falsifying trade execution prices and embedding hidden markups or markdowns on over 36,000 customer transactions. Through this fraudulent scheme, Reyftmann and other Linkbrokers employees involved in the scheme defrauded customers of \$18.7 million. Reyftmann and the others involved in the fraud ensured the scheme was difficult for customers to detect by selectively engaging in it only when the volatility in the market was sufficient to conceal the fraud.

At times during the relevant period, Reyftmann and some of his colleagues employed a second scheme to defraud customers. Specifically, at times, when a customer placed a limit order and there was a favorable intraday movement in the price of the security, Reyftmann instructed others to take advantage of favorable intraday price movements to steal a piece of a profitable customer trade.

Reyftmann and the other participants in the scheme knew that they were making misstatements to the customer when they represented, either orally or in writing, that they had been unable to fill a particular limit order in its entirety, since they were aware that the order had initially been fully executed.

Reyftmann and the other Linkbrokers' employees involved in the fraud used these two fraudulent schemes to steal from customers on over 36,000 customer transactions placed through the Cash Desk over a period of more than four years. Overall, approximately 40% of the revenue generated from trading on the Cash Desk during the relevant period was attributable to the fraudulent schemes, for a total of \$18.7 million in fraudulent profits.

**Current Status:**

Pending

**Regulator Statement**

IT IS ORDERED that the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of the following events, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice: (1) the completion of post-hearing briefing in a proceeding where the hearing has been completed; or (2) the completion of briefing on a § 201.250 motion in the event the hearing officer has determined that no hearing is necessary; or (3) the determination by the hearing officer that, pursuant to § 201.155, a party is deemed to be in default and no hearing is necessary.



### Investigation

This type of disclosure event involves any ongoing formal investigation by an entity such as a grand jury state or federal agency, self-regulatory organization or foreign regulatory authority. Subpoenas, preliminary or routine regulatory inquiries, and general requests by a regulatory entity for information are not considered investigations and therefore are not included in a BrokerCheck report.

#### Disclosure 1 of 1

Reporting Source:	Firm
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Notice Date:	04/01/2011
Details:	THE INVESTIGATION AROSE FROM ALLEGATIONS THAT REYFTMANN PERPETRATED A FRAUDULENT SCHEME BY WHICH HE CHARGED CUSTOMERS FALSE PRICES WITH EMBEDDED HIDDEN MARKUPS AND MARKDOWNS.
Is Investigation pending?	Yes



**Civil - Final**

This type of disclosure event involves (1) an injunction issued by a court in connection with investment-related activity, (2) a finding by a court of a violation of any investment-related statute or regulation, or (3) an action brought by a state or foreign financial regulatory authority that is dismissed by a court pursuant to a settlement agreement.

**Disclosure 1 of 1**

**Reporting Source:** Regulator  
**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
**Relief Sought:** Civil and Administrative Penalty(ies)/Fine(s)  
Disgorgement  
Injunction  
Monetary Penalty other than Fines  
**Date Court Action Filed:** 10/05/2012  
**Product Type:** Penny Stock  
Other: unspecified securities  
**Type of Court:** Federal Court  
**Name of Court:** United States District Court for the Southern District of New York  
**Location of Court:** New York, NY  
**Docket/Case #:** 1:12-cv-07488  
**Employing firm when activity occurred which led to the action:** Linkbrokers  
**Allegations:**

Securities and Exchange Commission (the "Commission") alleges that matter arises from a fraudulent scheme perpetrated at a New York-based interdealer broker ("Interdealer Broker"), to unlawfully take secret profits of at least \$18.7 million at the expense of Interdealer Broker's customers. From at least 2005 through at least February 2009 (the "relevant period"), Gregory Reyfirmann, and three others (collectively "Defendants") perpetrated the scheme by falsifying execution prices and embedding hidden markups or markdowns on over 36,000 customer transactions. Defendants worked on Interdealer Broker's "Cash Desk, executing orders to purchase and sell securities on behalf of their customers, typically institutions, and purportedly charging small commissions-typically pennies or fractions of pennies per share. The scheme was devious and difficult to detect because Defendants selectively engaged in it when the volatility in the market was sufficient to conceal the fraud. The \$18.7 million Defendants wrongfully took from Interdealer Broker's customers represented 40% of the Cash Desk's earnings generated for Interdealer Broker during the relevant period.



After receiving and executing orders on behalf of customers, Reyftmann and two others routinely evaluated each transaction to determine whether they could make an additional or "secret" profit above the commission rate to be charged to the customer. Reyftmann and two co-defendants - with the assistance of the third co-defendant or another individual (hereinafter "Middle-Office Assistant 1")-considered the market transactions in the relevant security in the seconds to minutes before and after the actual execution. Where the price fluctuated sufficiently to conceal the fraud from customers, Reyftmann instructed the other defendant or Middle-Office Assistant 1 to record, on Interdealer Broker's internal records, a false execution price that included a secret profit for Interdealer Broker. Then, Interdealer Broker reported the false execution price to the customer as the actual execution price and tacked on the actual commission. In that way, Interdealer Broker received not only the actual commission charged, but also the fraudulent secret profit that Reyftmann embedded in the price they reported to the customer. In other instances, Defendants took advantage of a customer's limit order and a move in the price of the security to steal a piece of a profitable customer trade for Interdealer Broker.

By knowingly or recklessly engaging in the conduct described in this Complaint, Reyftmann violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. Reyftmann is also liable for aiding and abetting the violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

<b>Current Status:</b>	Final
<b>Resolution:</b>	Judgment Rendered
<b>Resolution Date:</b>	02/09/2015
<b>Sanctions Ordered or Relief Granted:</b>	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
<b>Capacities 1 of 1</b>	
<b>Capacities Affected:</b>	n/a
<b>Duration:</b>	permanent
<b>Start Date:</b>	02/09/2015
<b>End Date:</b>	
<b>Monetary Sanction 1 of 3</b>	
<b>Monetary Sanction:</b>	Monetary Fine



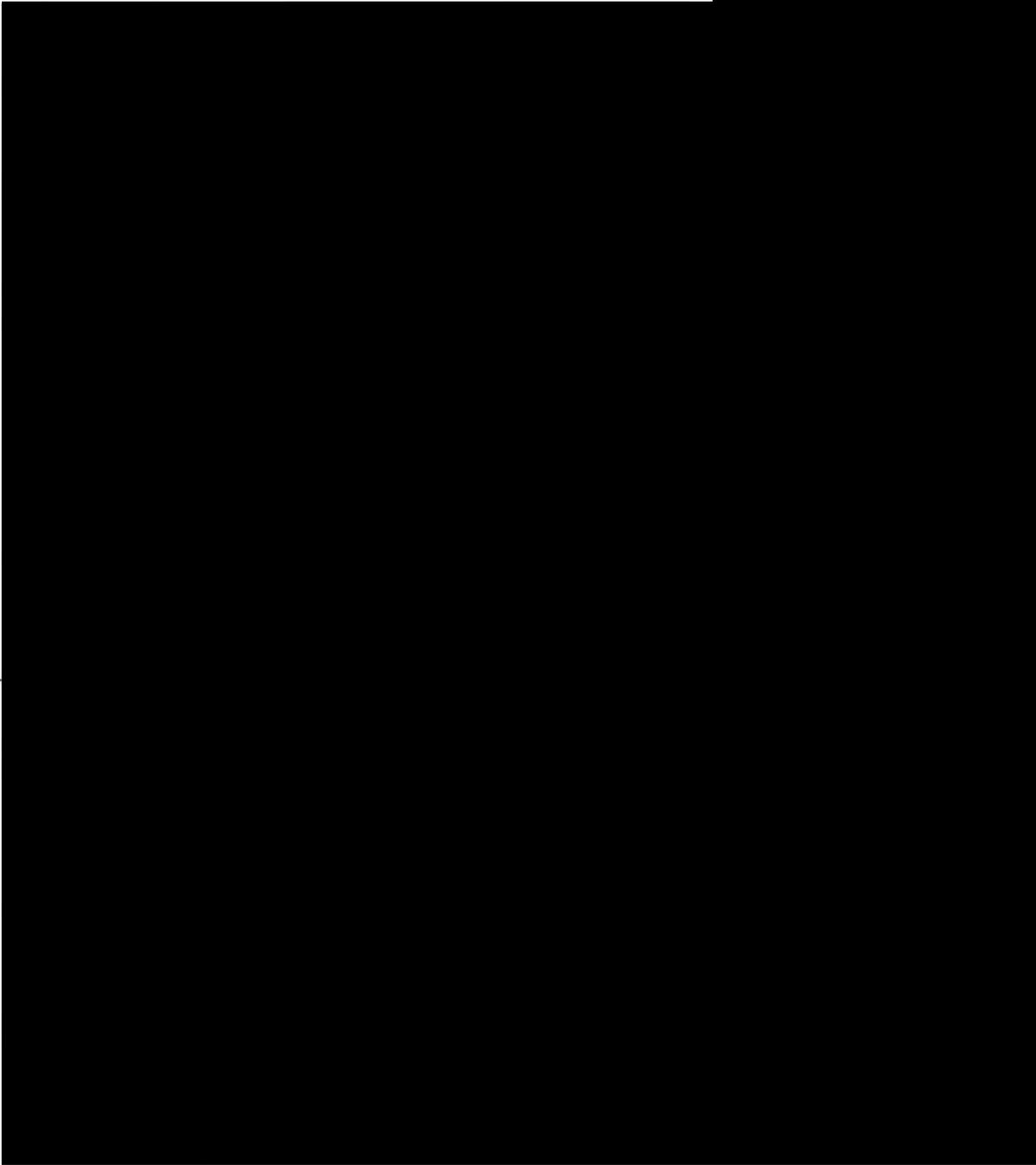
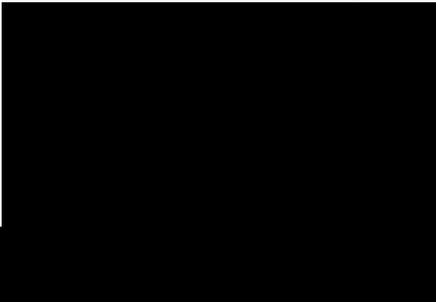
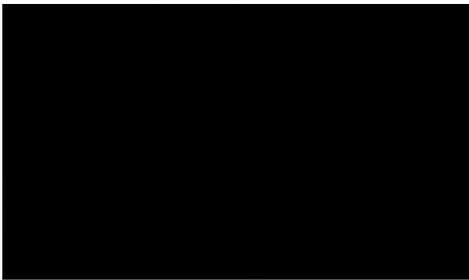
**Total Amount:** \$4,550,000.00  
**Portion against Individual:** 4550000  
**Date Paid:**  
**Portion Waived:** No  
**Amount Waived:**  
**Monetary Sanction 2 of 3**  
**Monetary Sanction:** prejudgment interest on disgorgement  
**Total Amount:** \$989,072.00  
**Portion against Individual:** 989072  
**Date Paid:**  
**Portion Waived:** No  
**Amount Waived:**  
**Monetary Sanction 3 of 3**  
**Monetary Sanction:** Disgorgement  
**Total Amount:** \$3,181,068.00  
**Portion against Individual:** 3181068  
**Date Paid:**  
**Portion Waived:** No  
**Amount Waived:**  
**Regulator Statement** On February 9, 2015, a default judgment was entered against Reyftmann wherein he was permanently restrained and enjoined from violating, directly or indirectly, Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. Reyftmann was also ordered to pay disgorgement of \$3,181,068 representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$989,072, and a civil penalty in the amount of \$4,550,000.

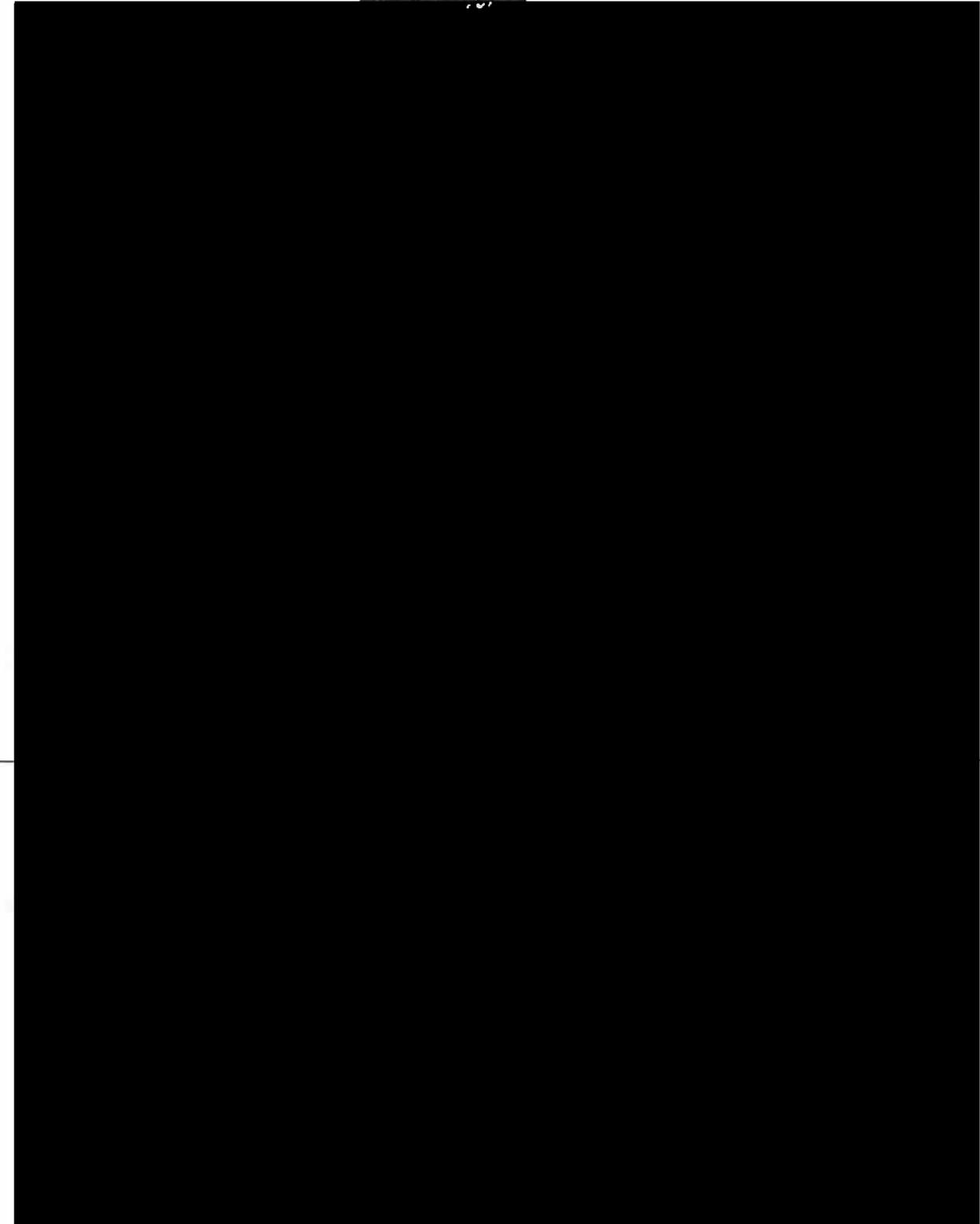
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## EXHIBIT 2





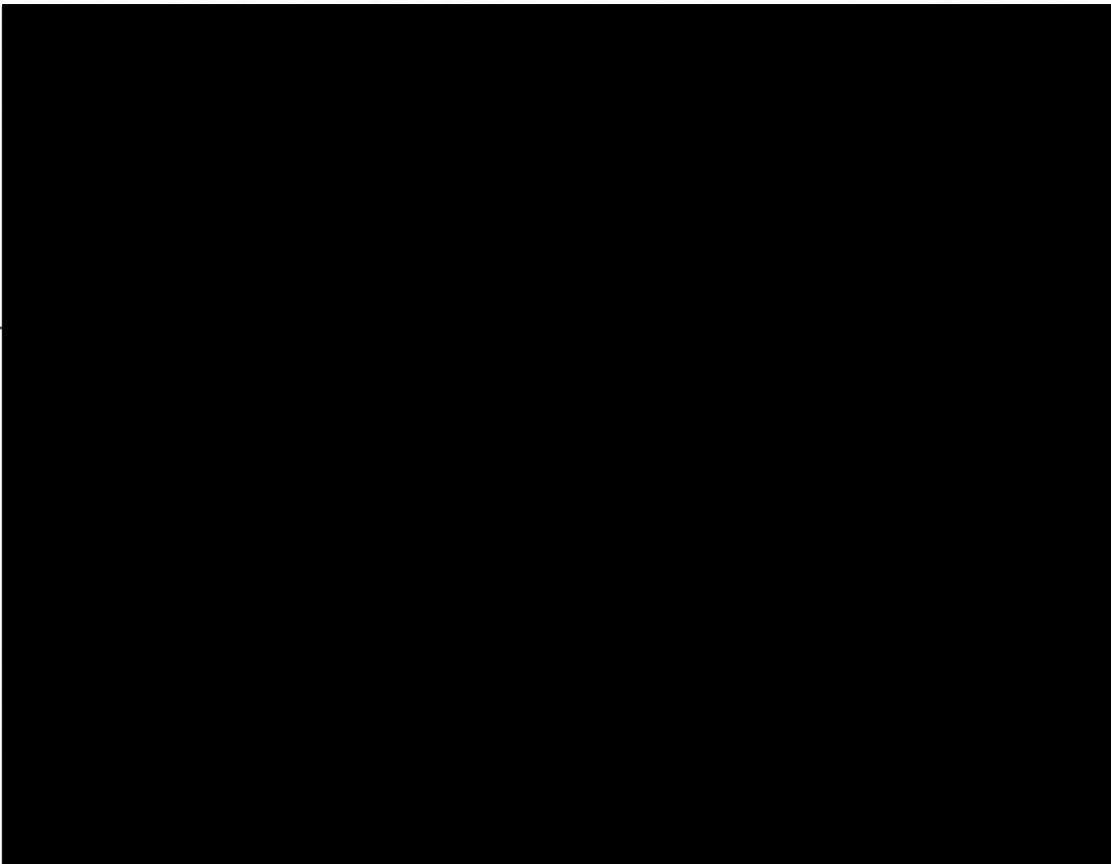
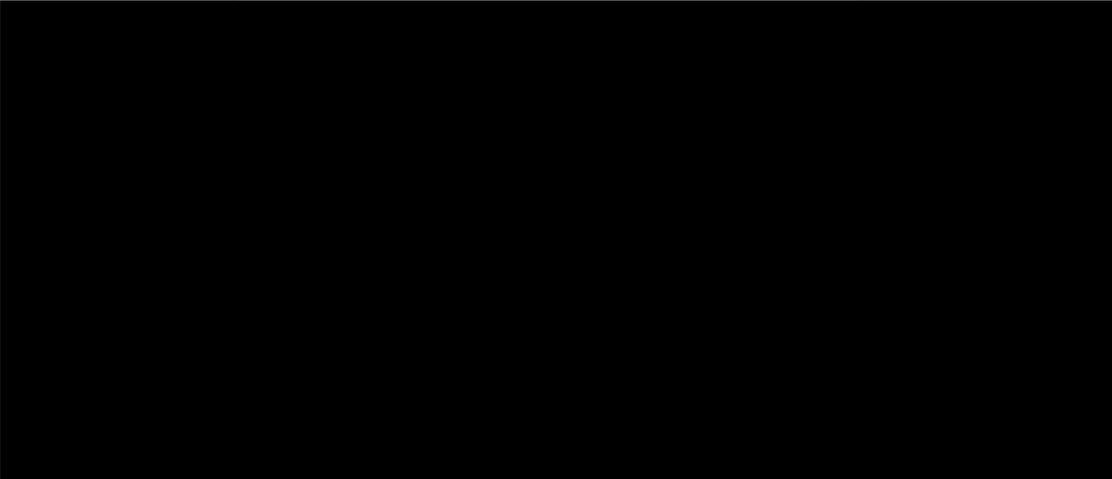
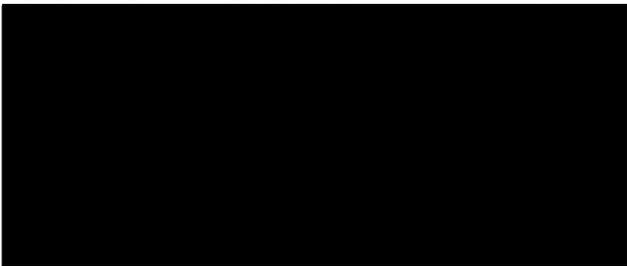
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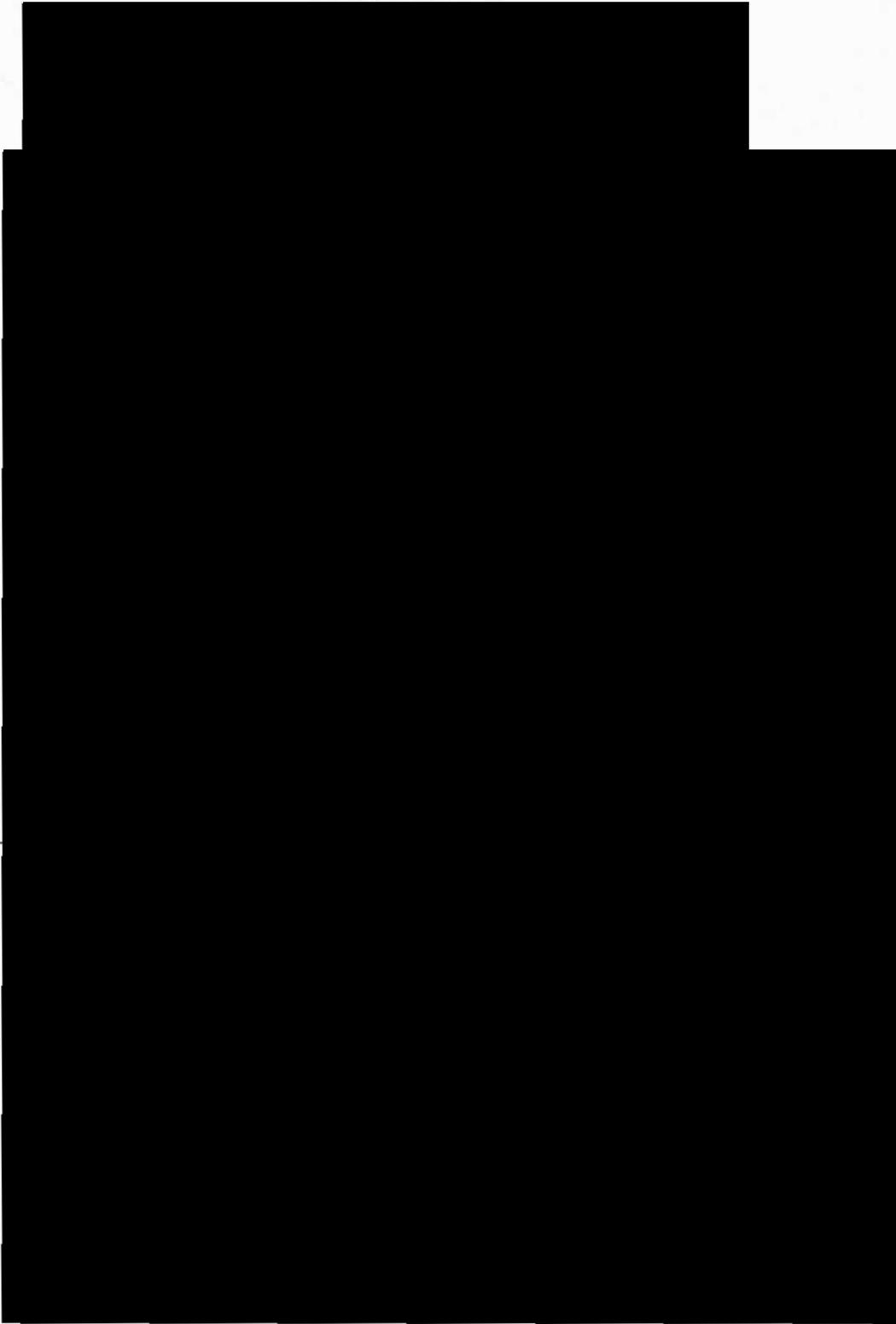
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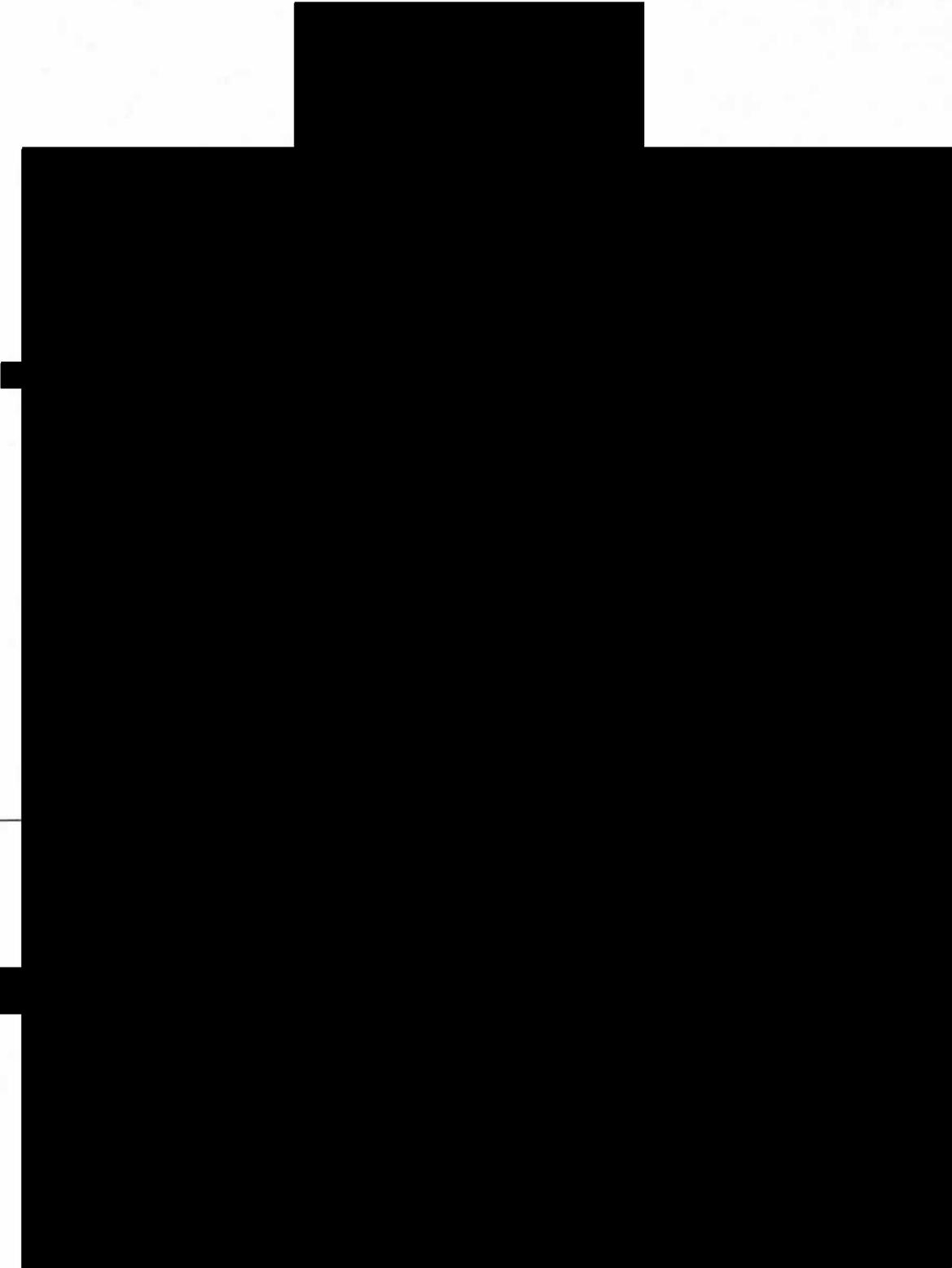


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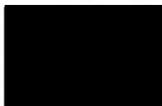


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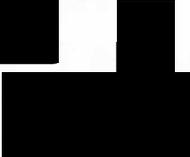
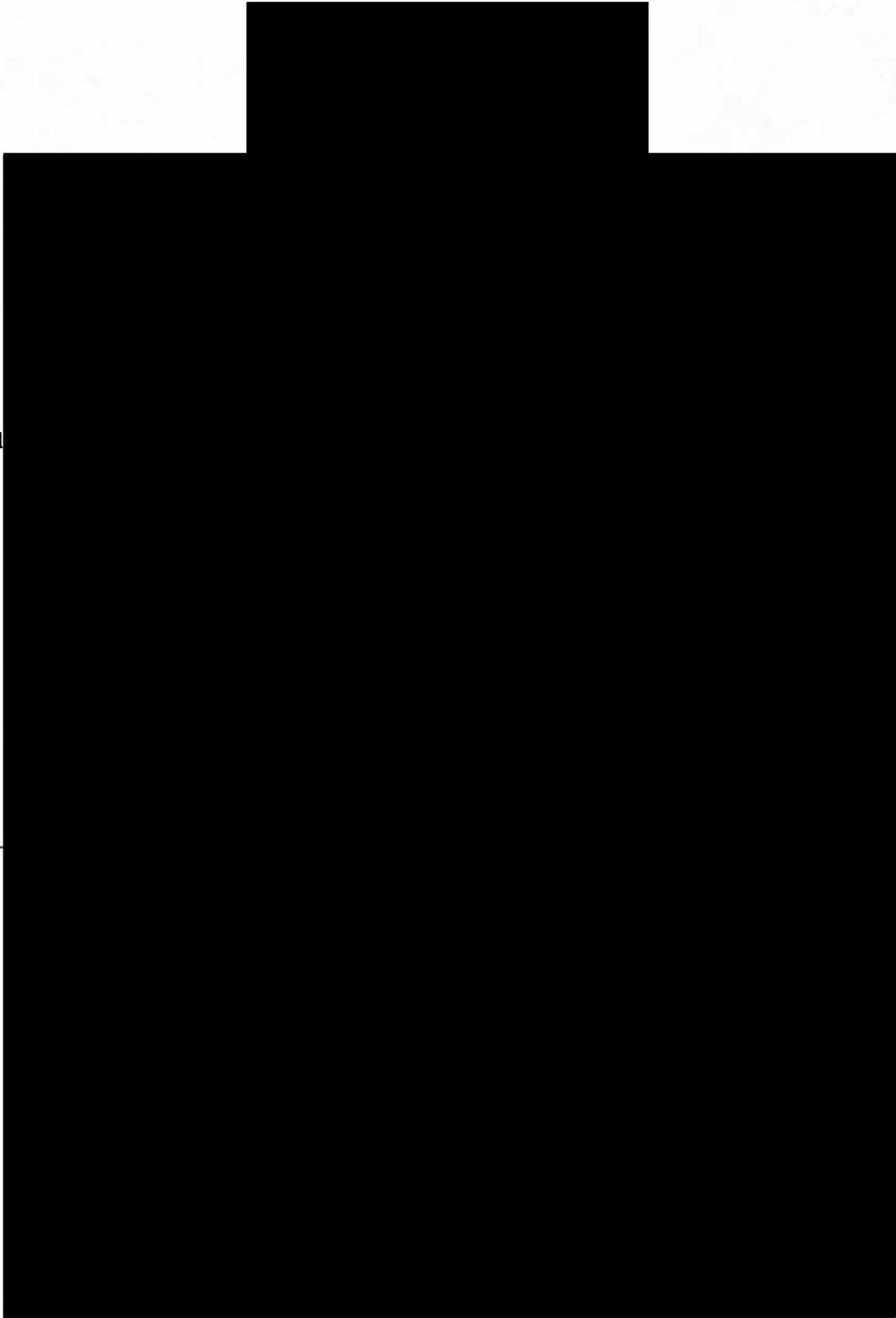
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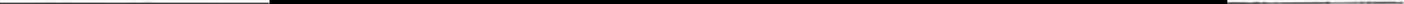
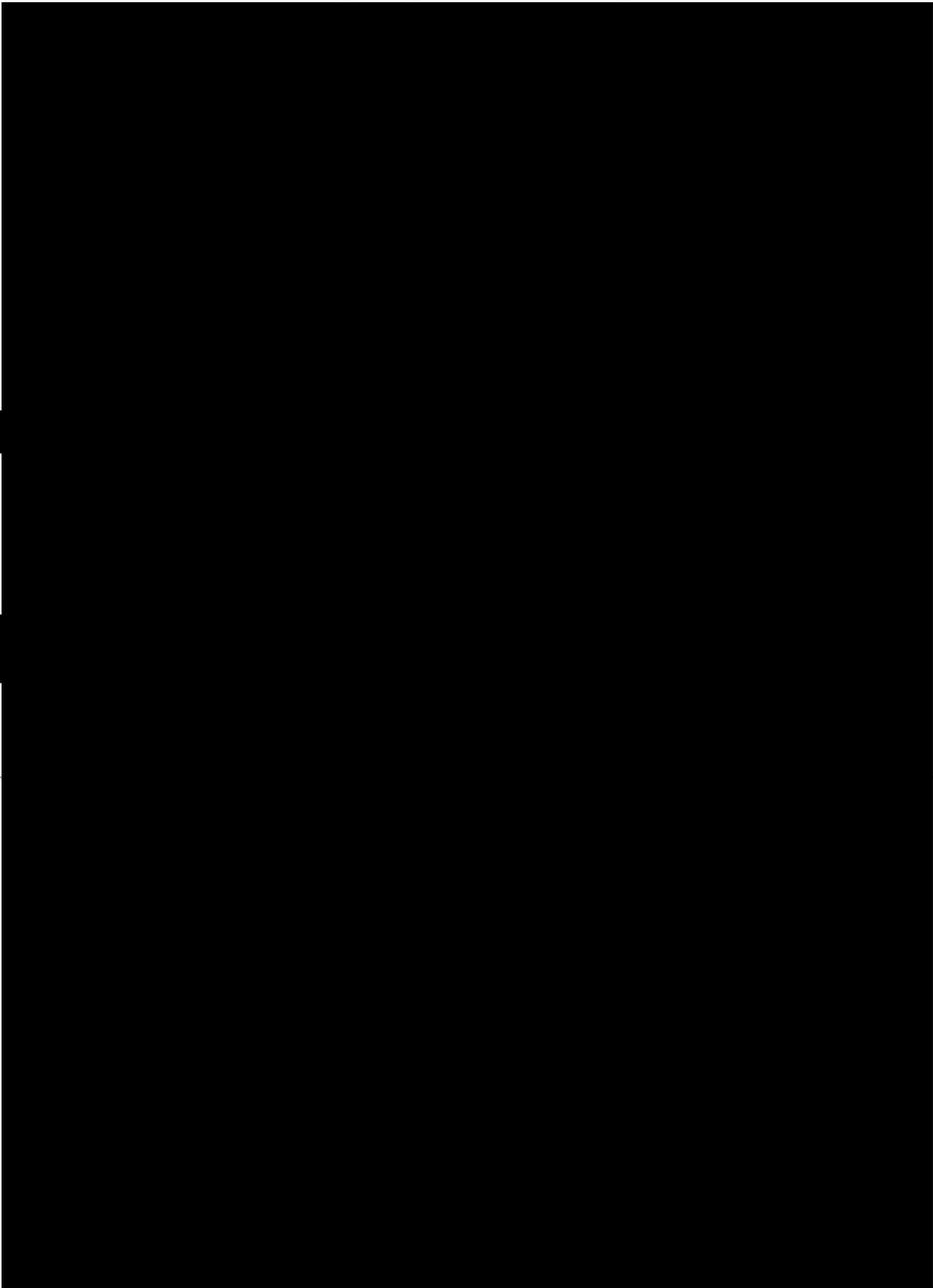


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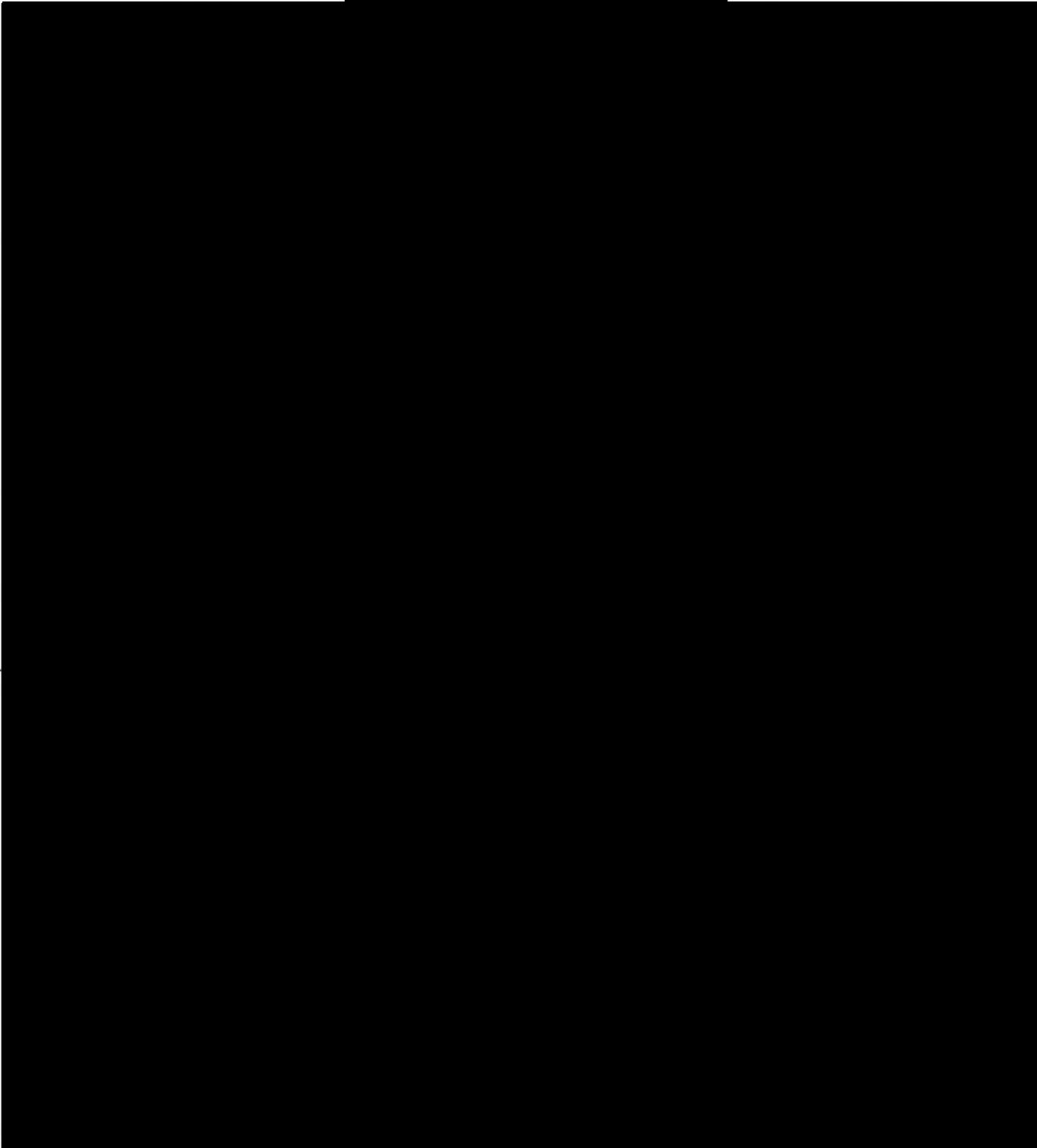
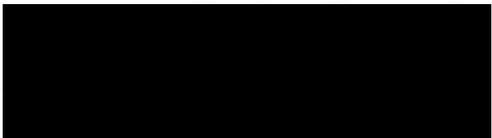




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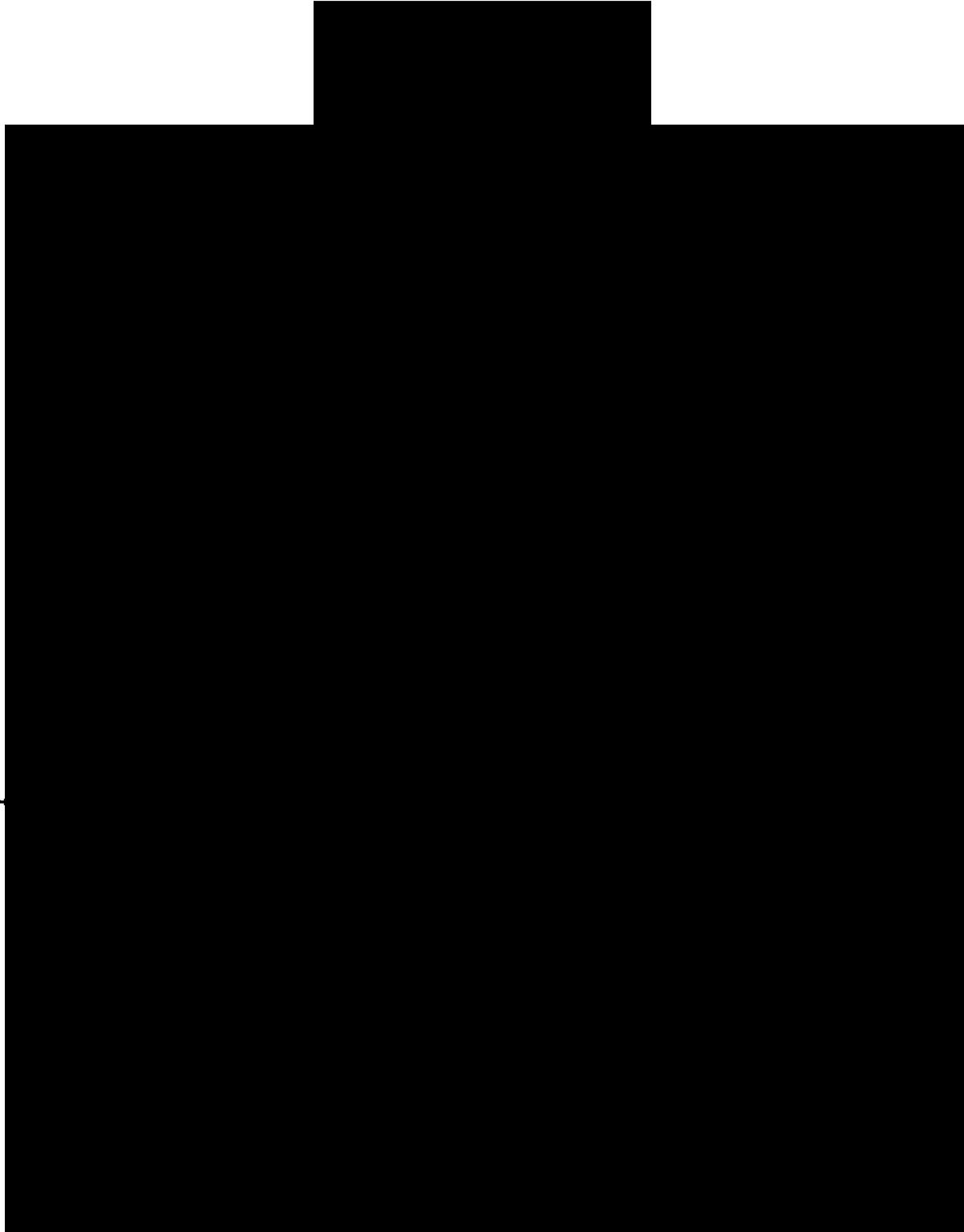
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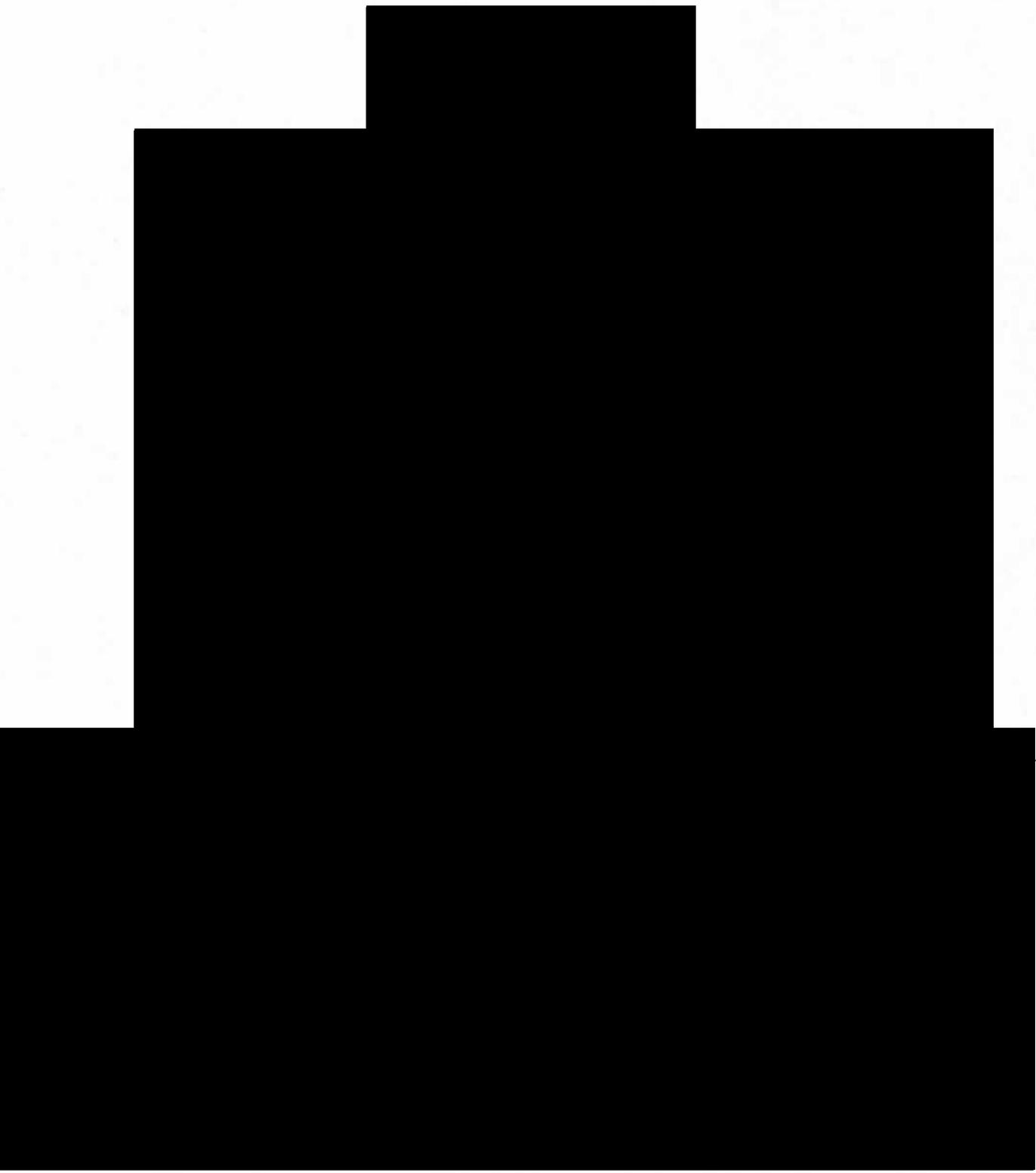


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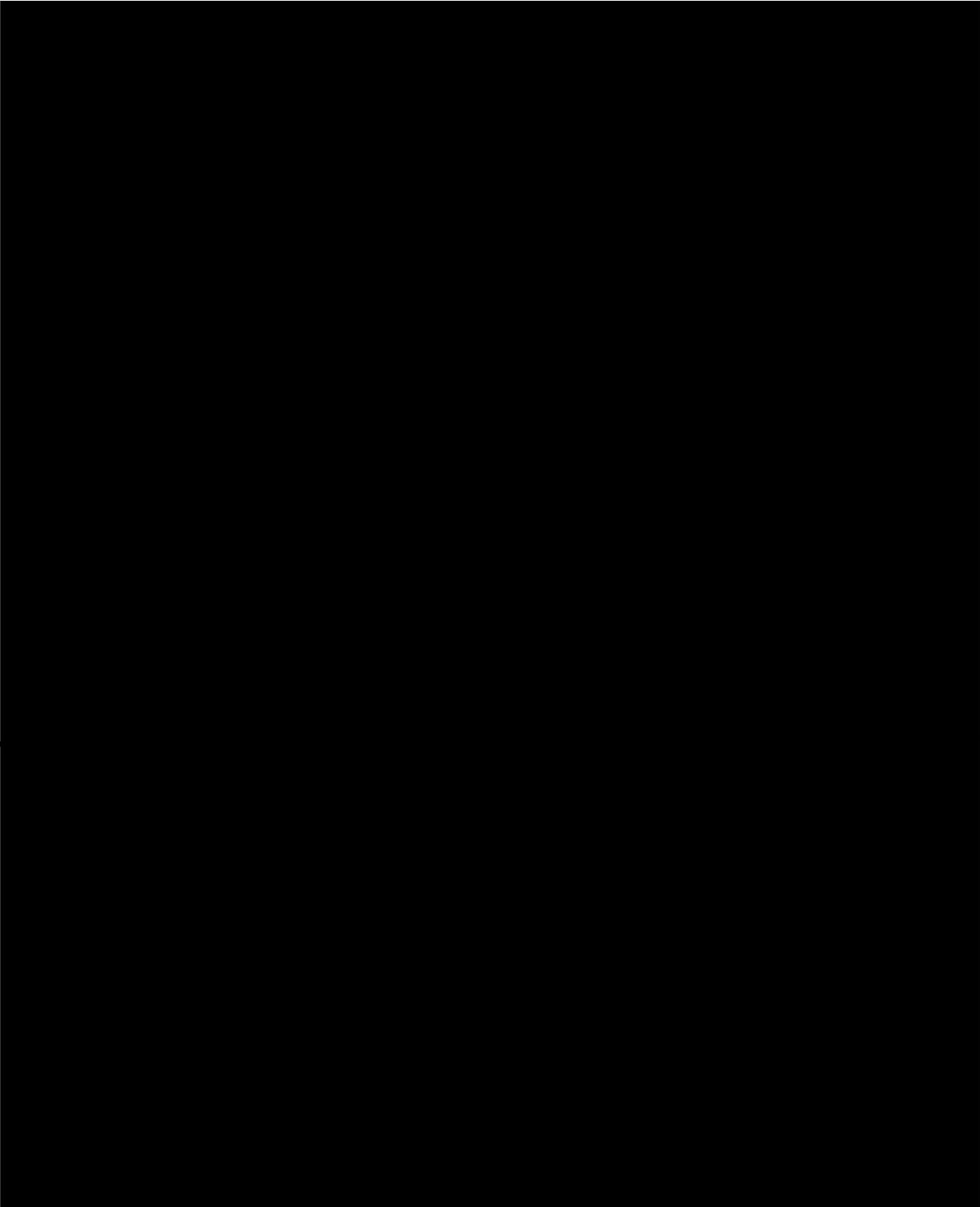
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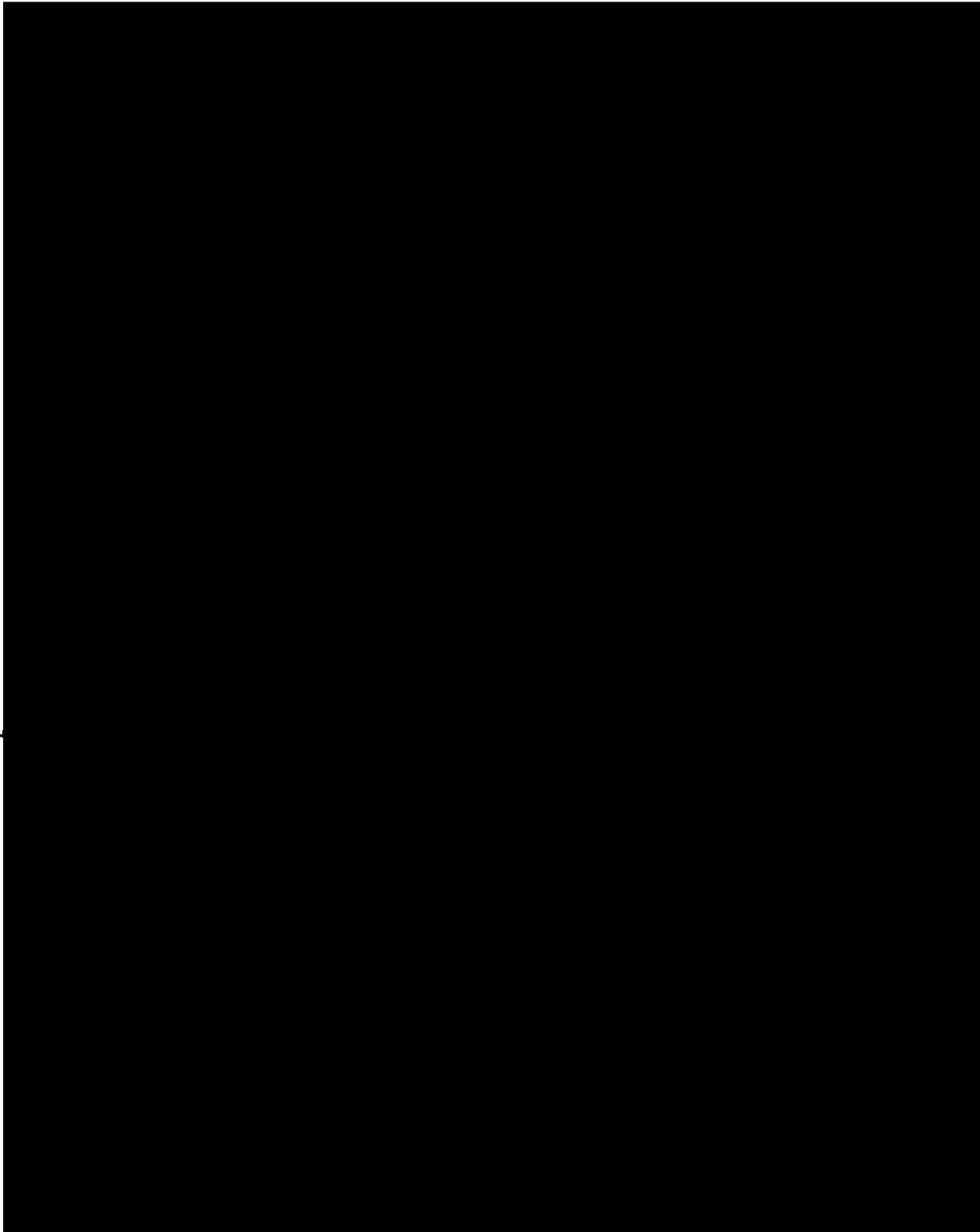


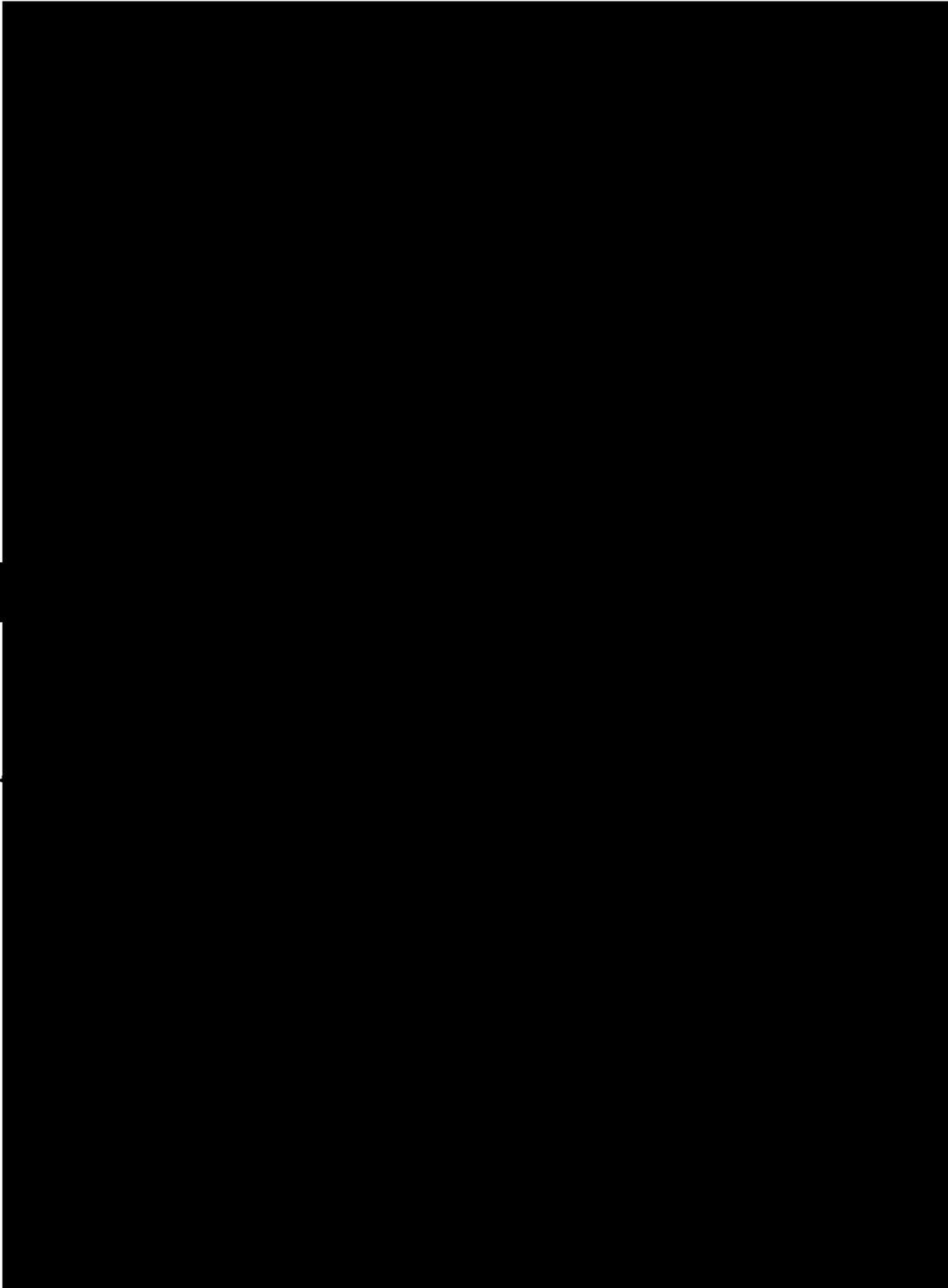
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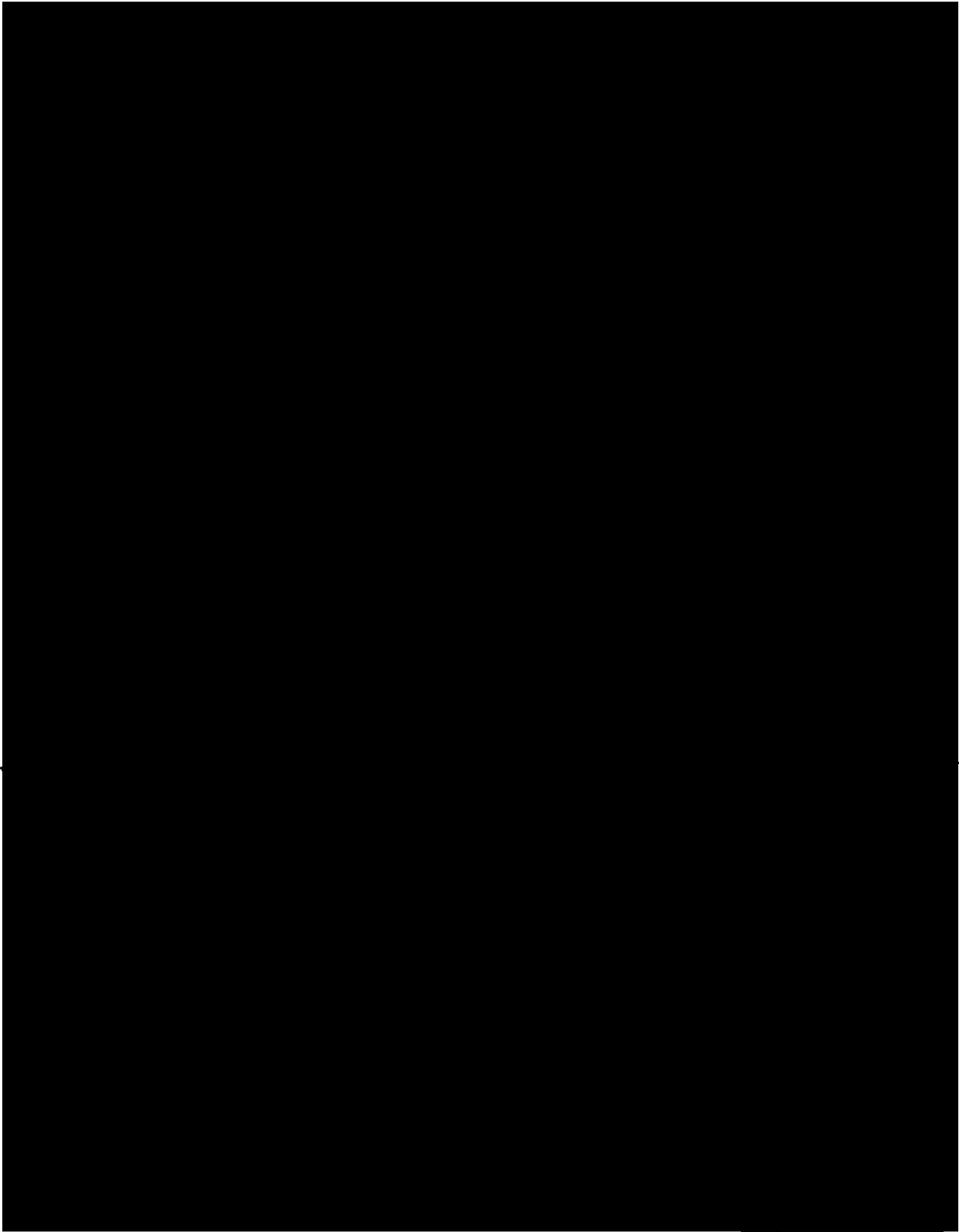
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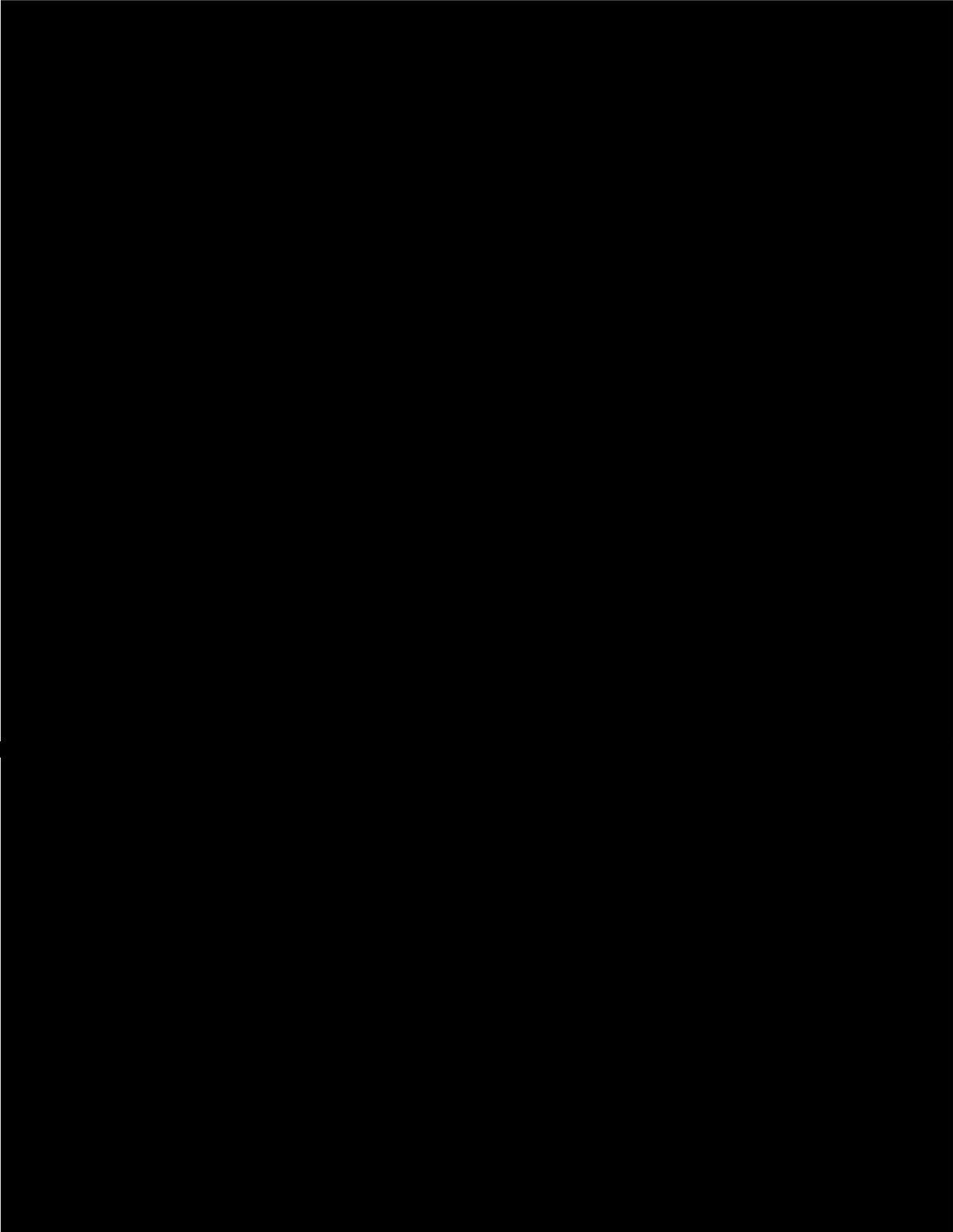
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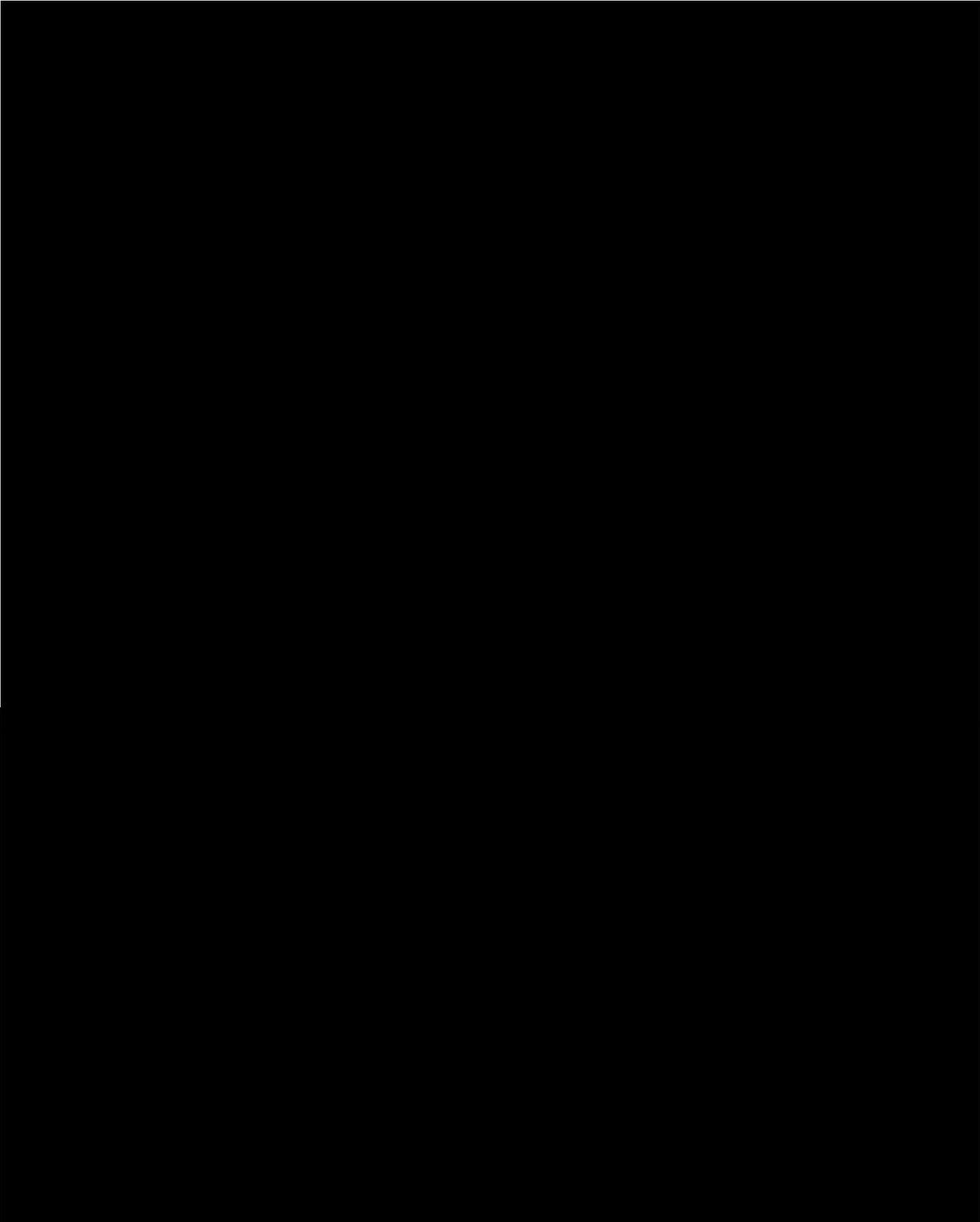




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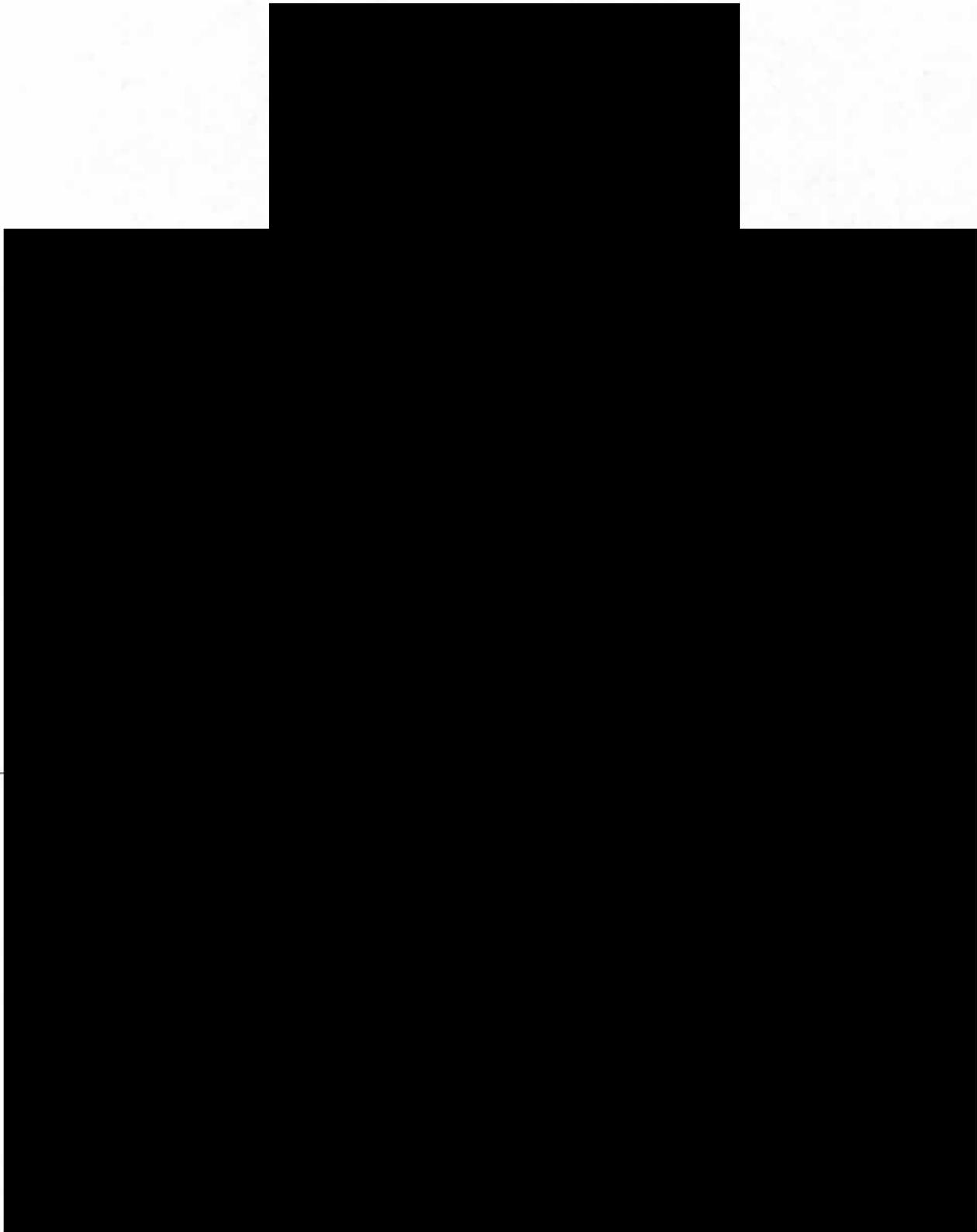
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## EXHIBIT 3



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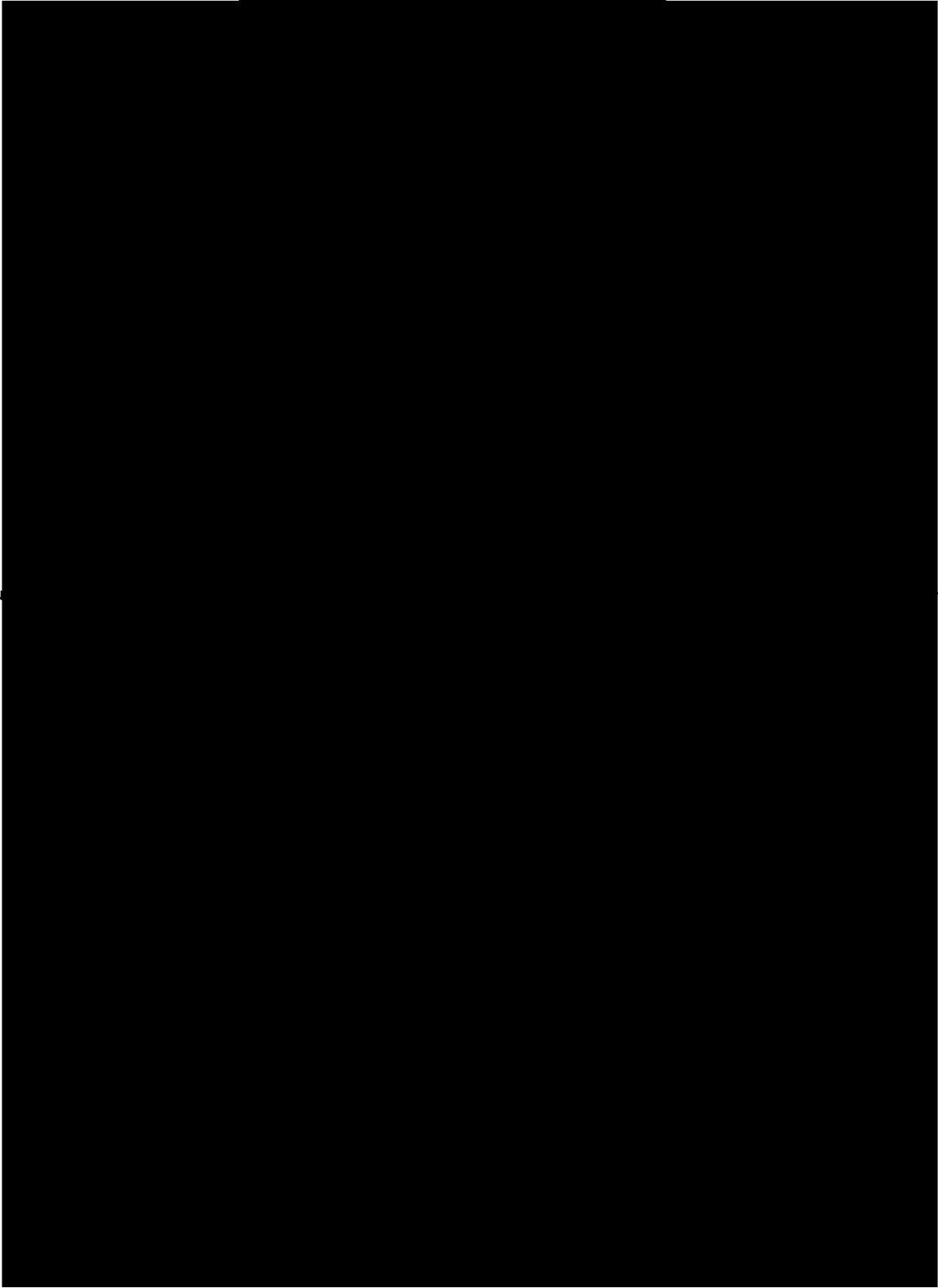
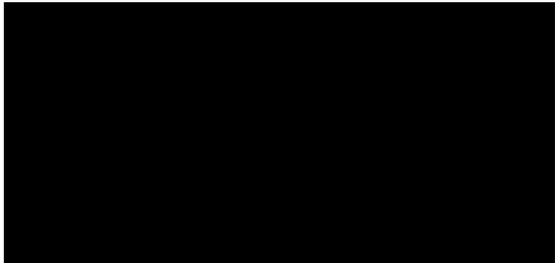
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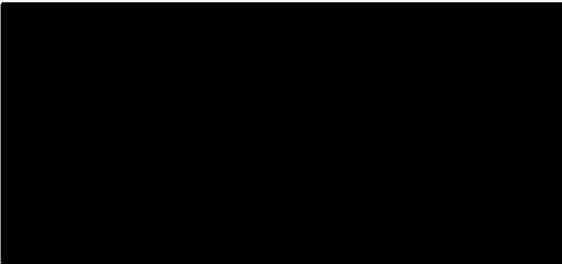
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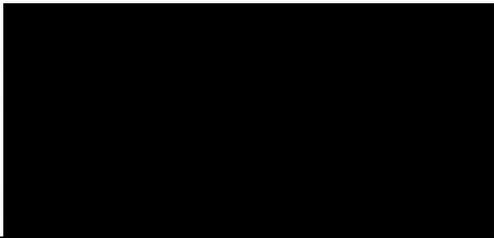
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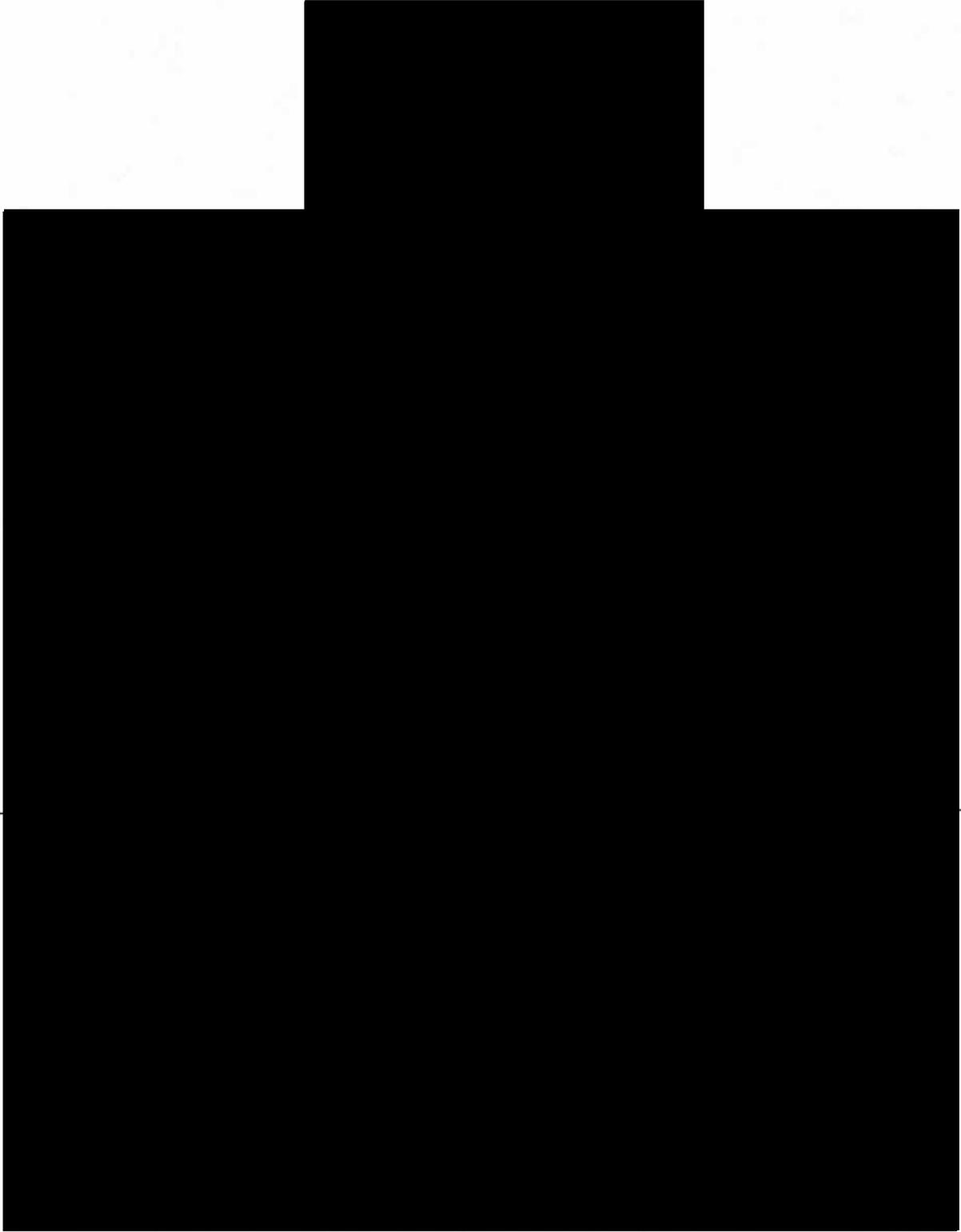


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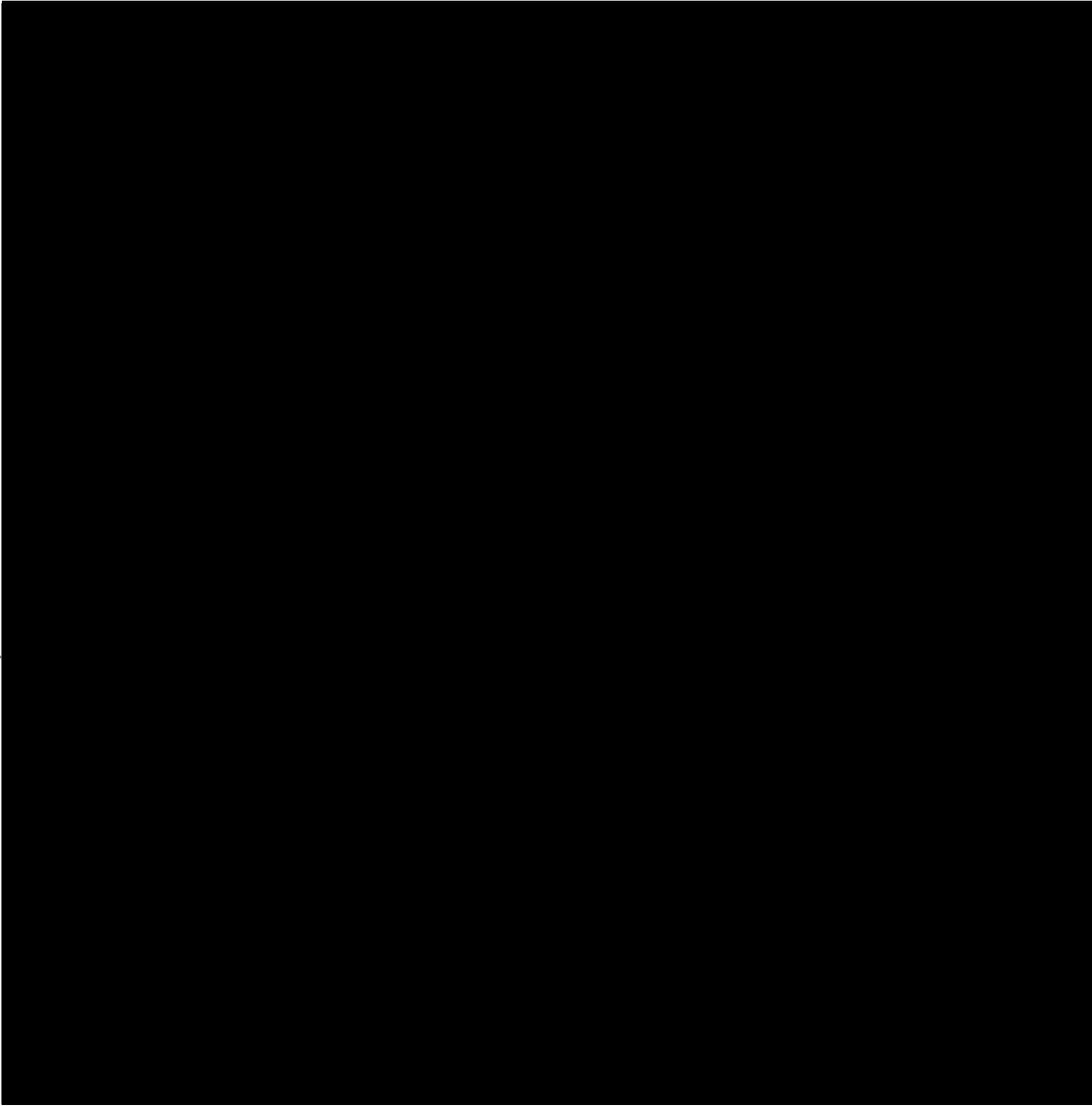


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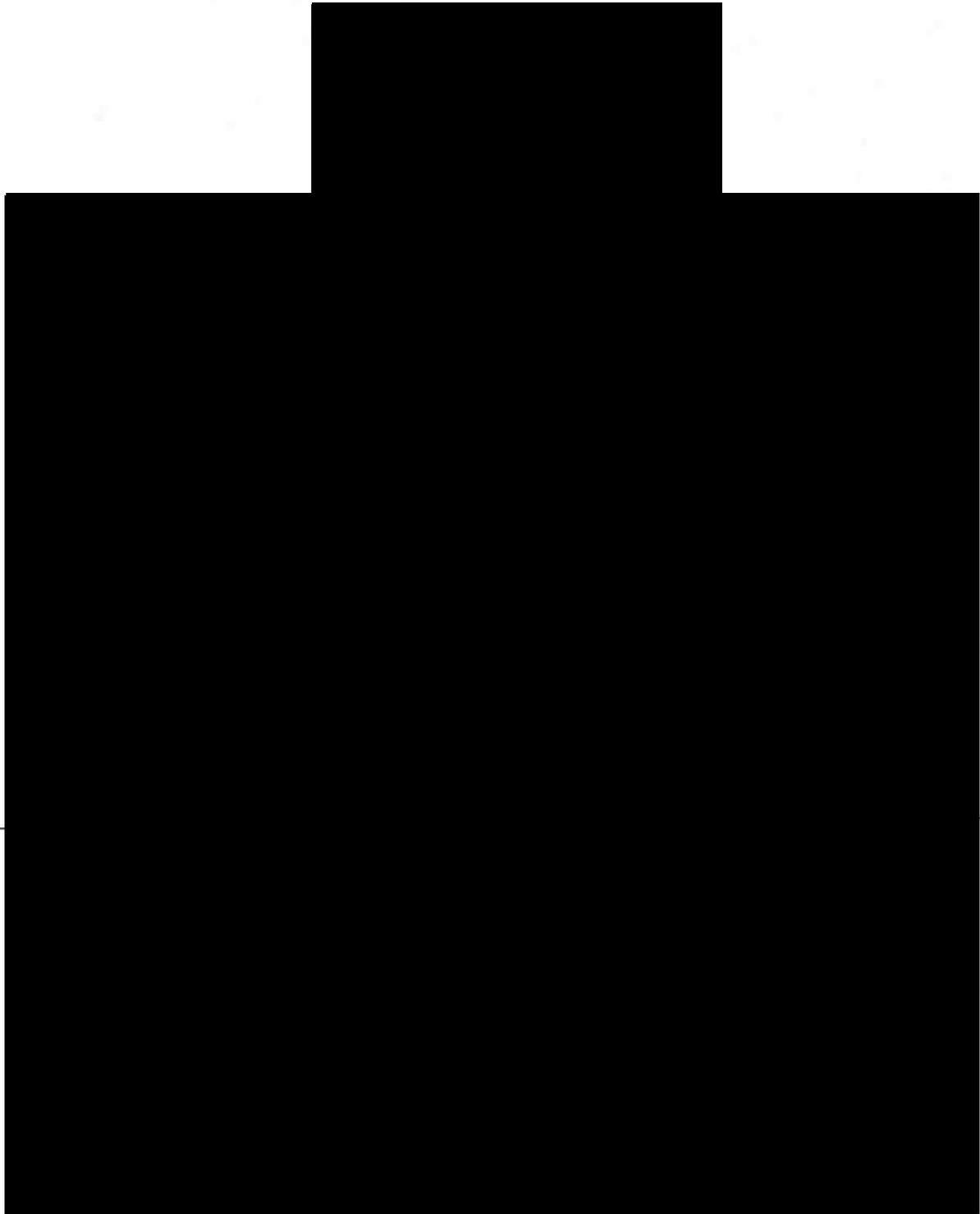


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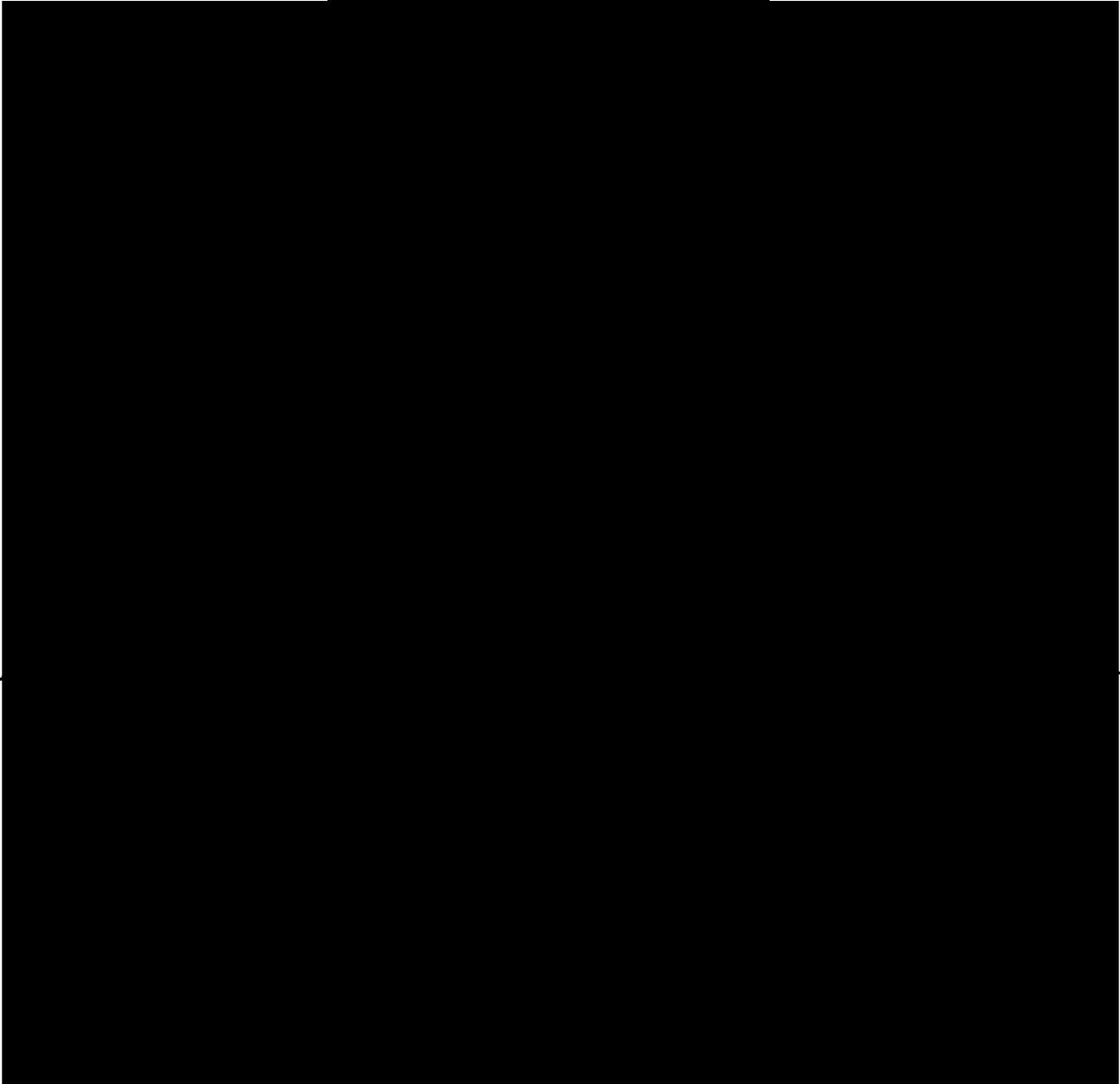
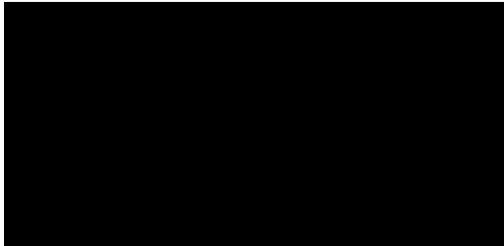


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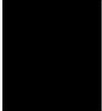


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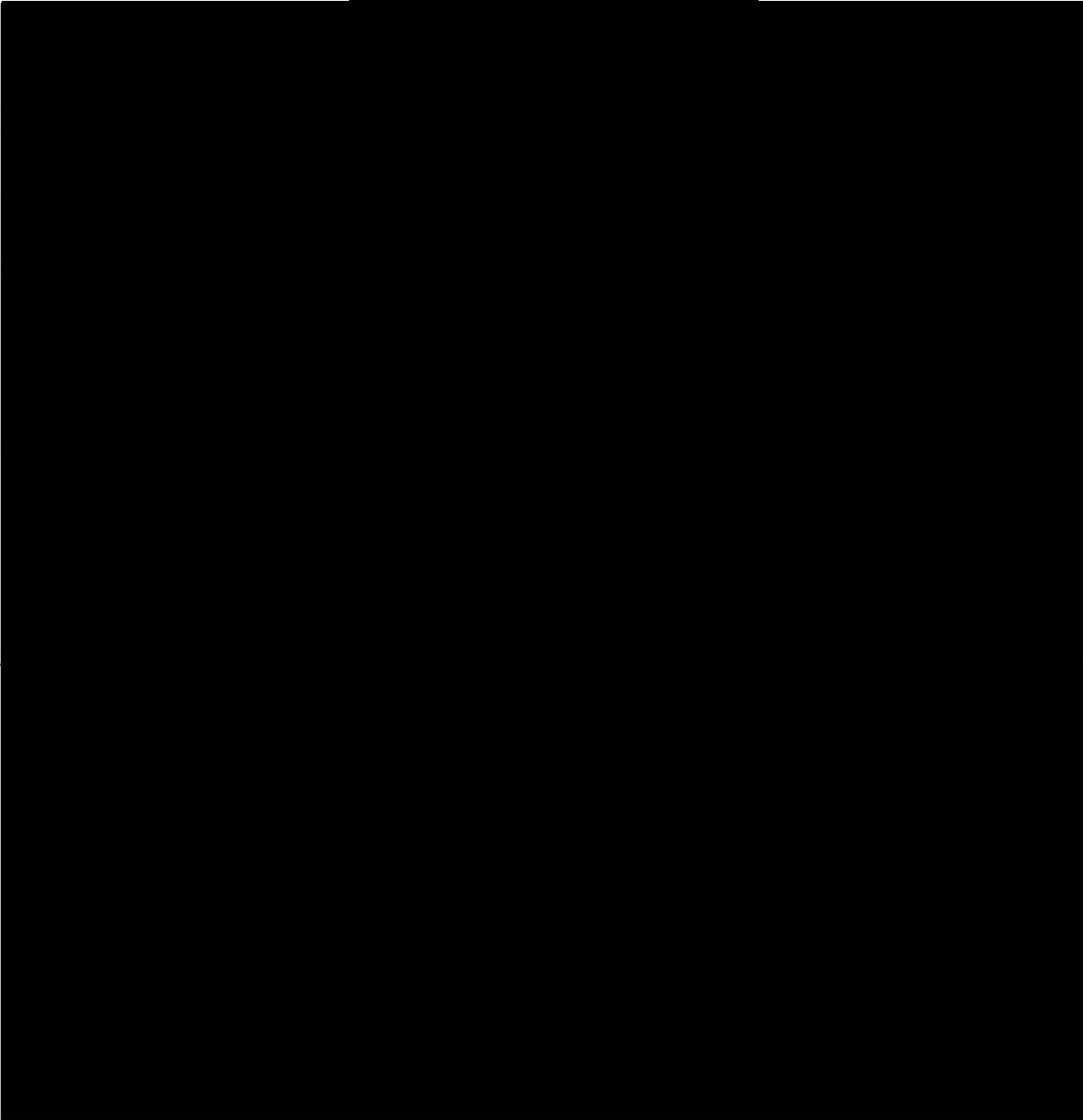
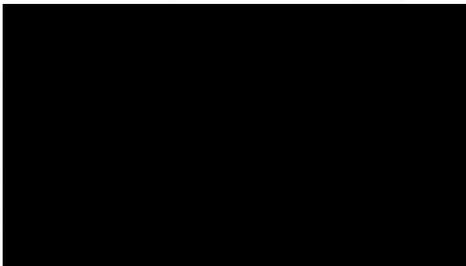


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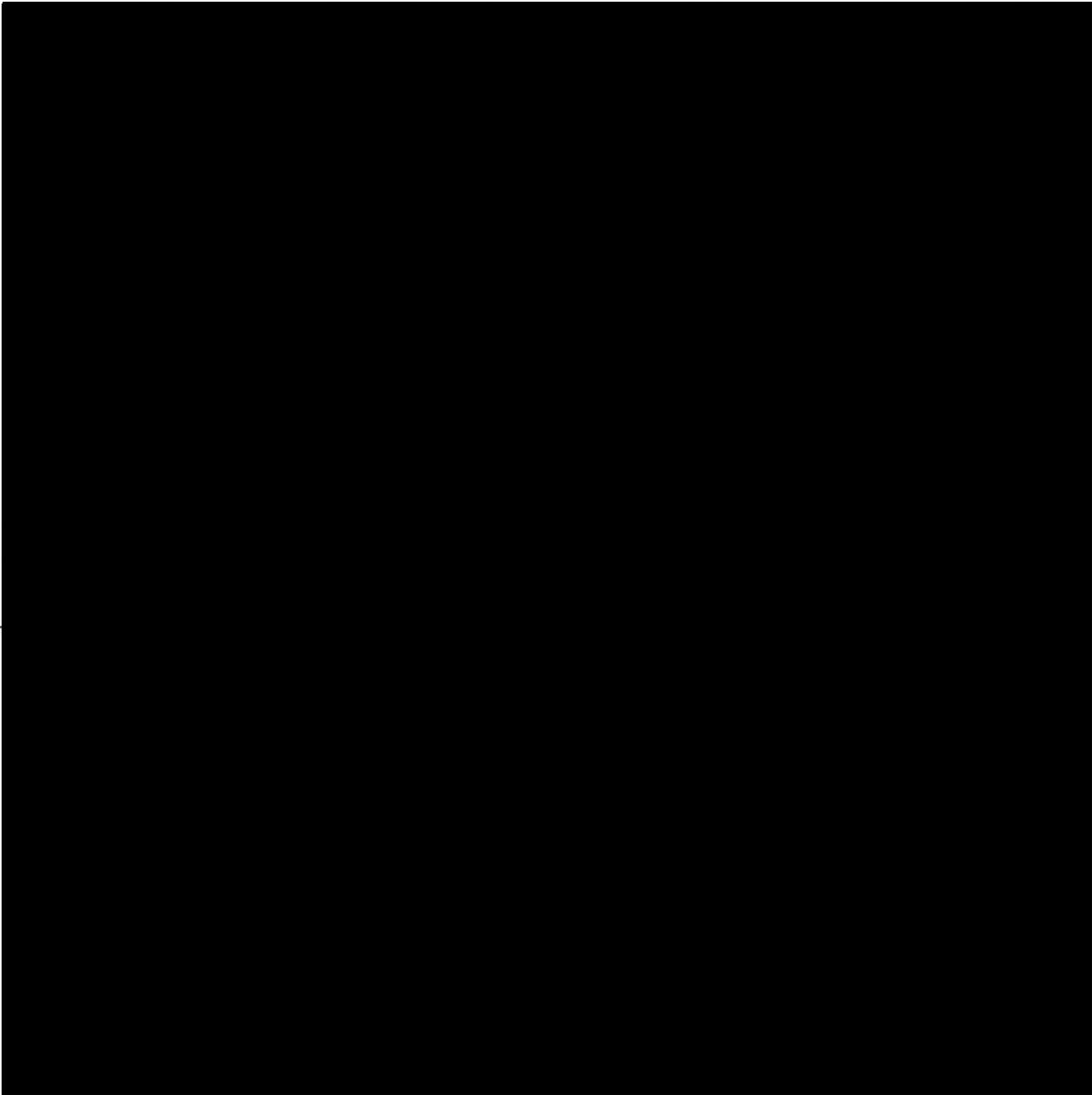


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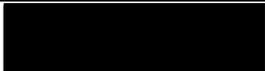


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LDC-00000517



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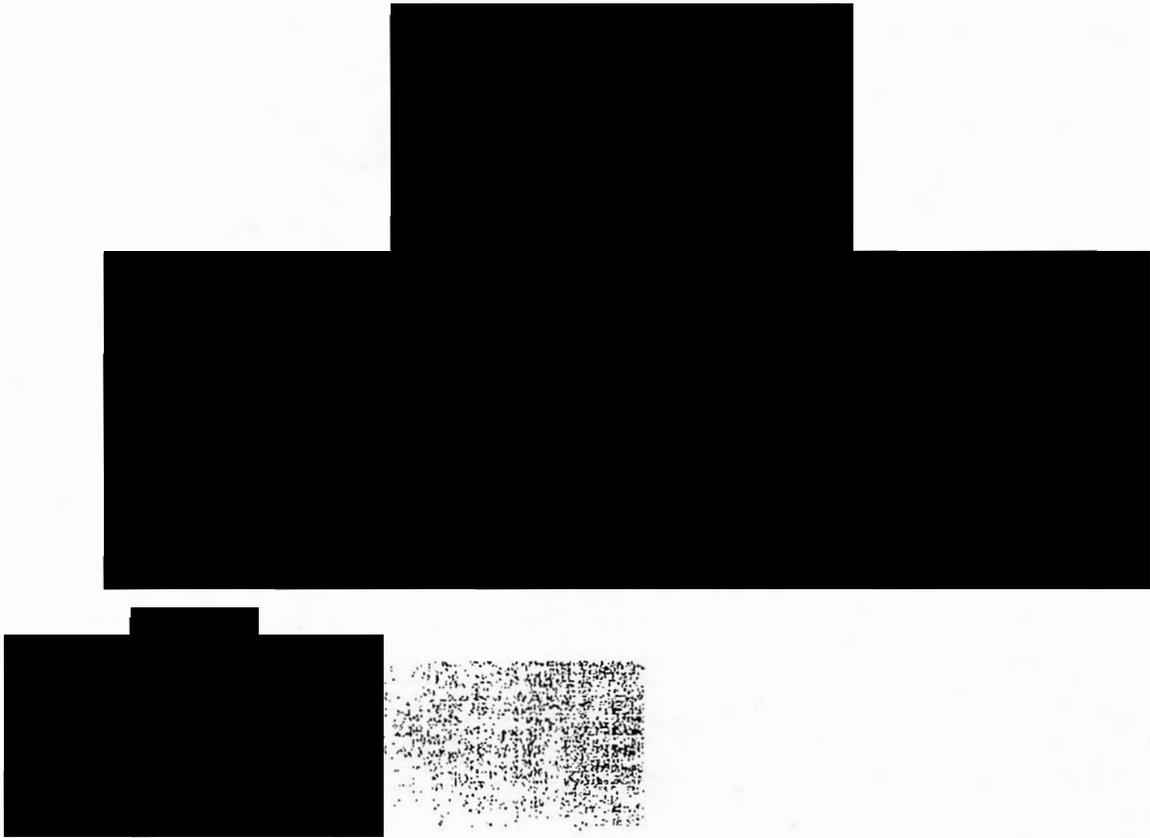
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UnkBrokers Derlvatives Corporation Inc.

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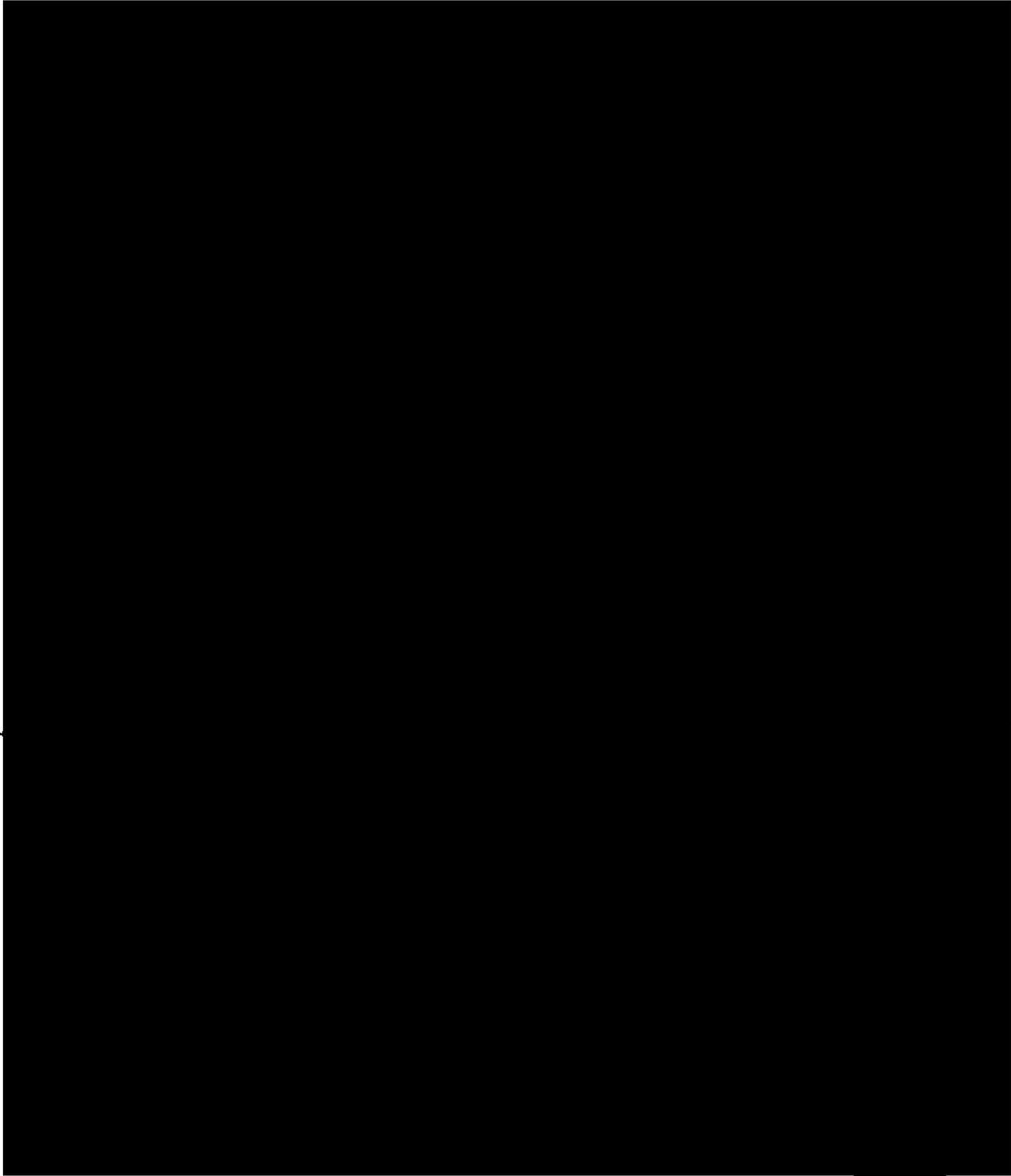
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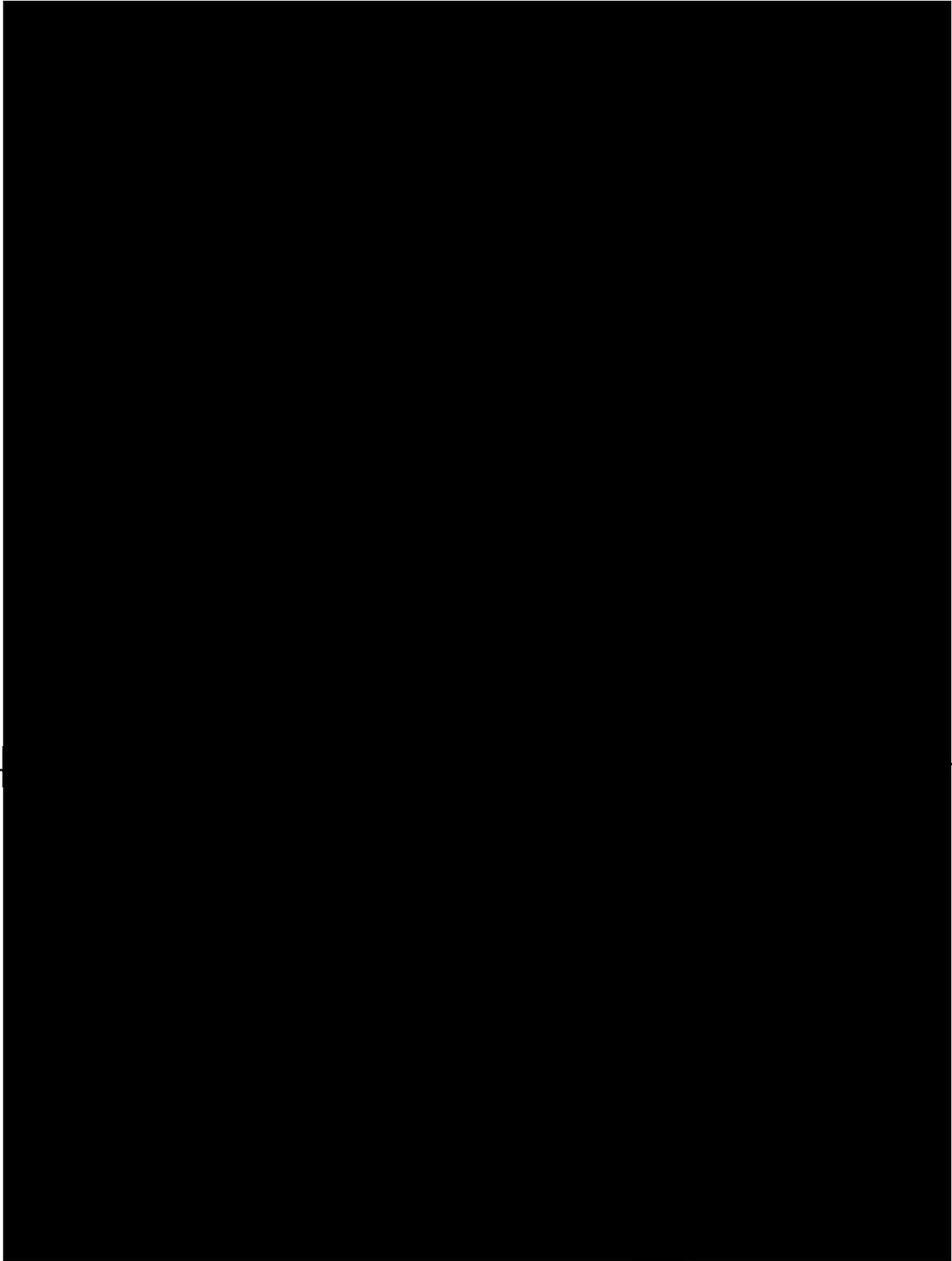
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**LDC-00000569**



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LDC-00000570

**EXHIBIT 4**

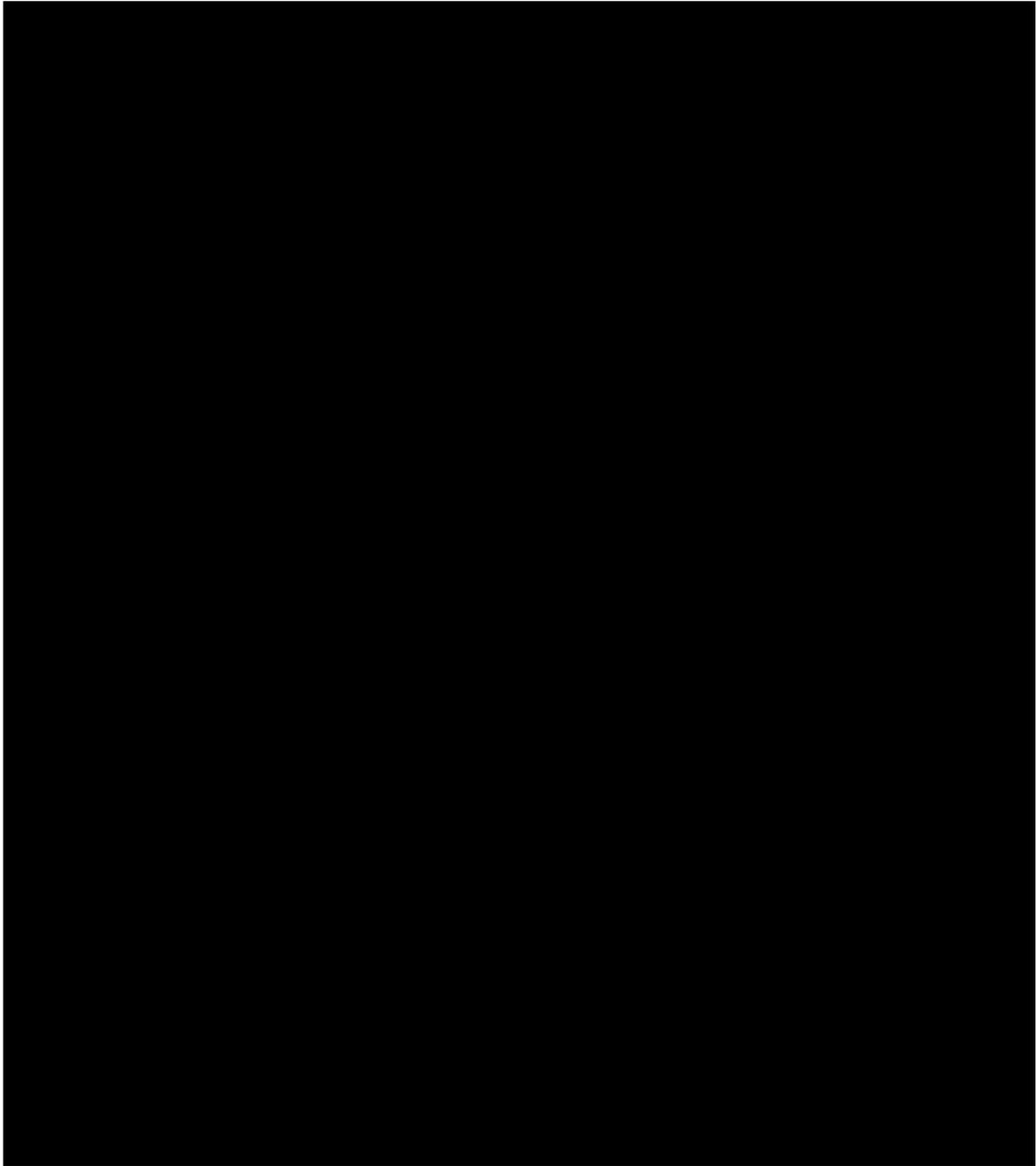


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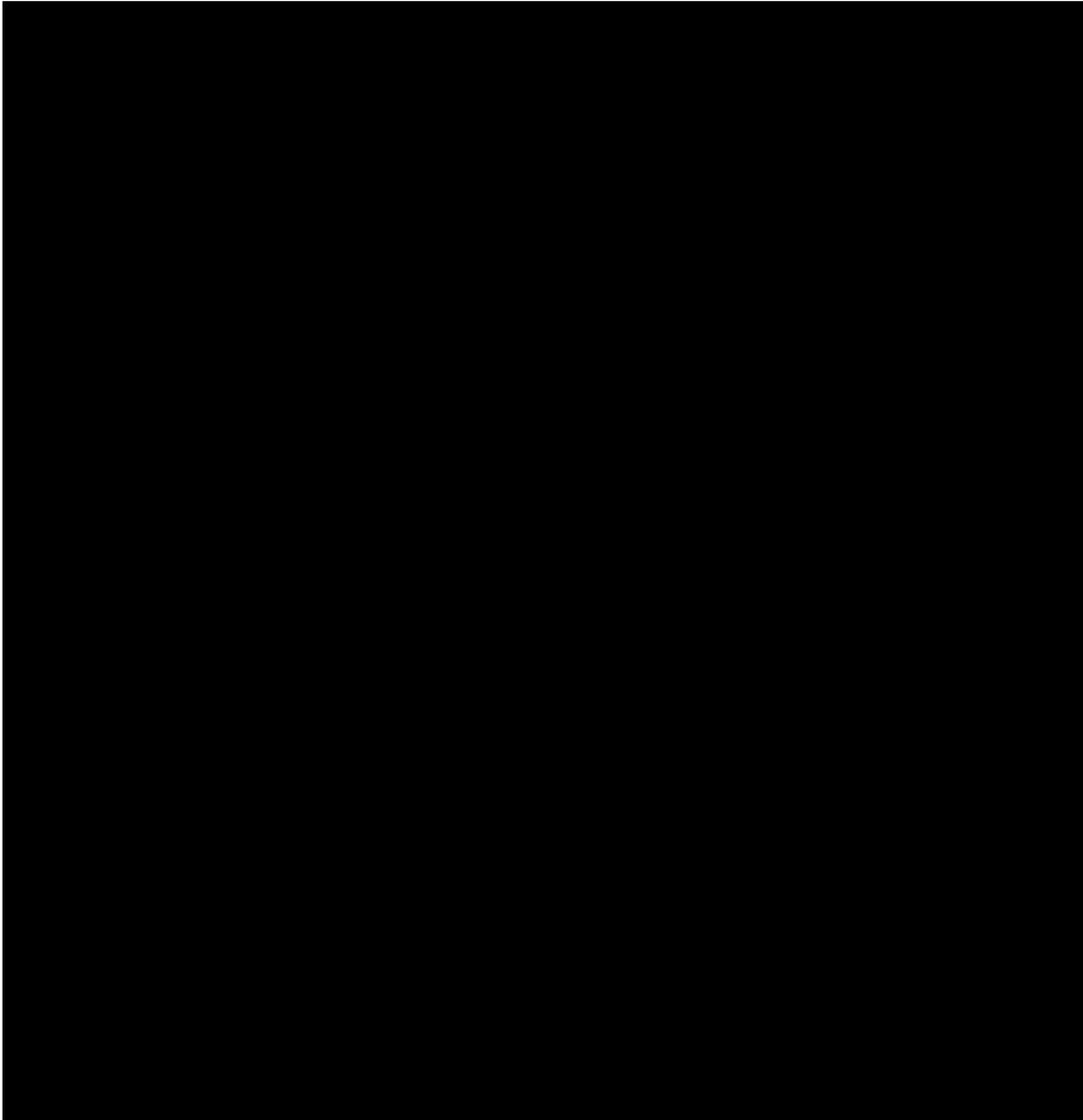




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*G.R.*  
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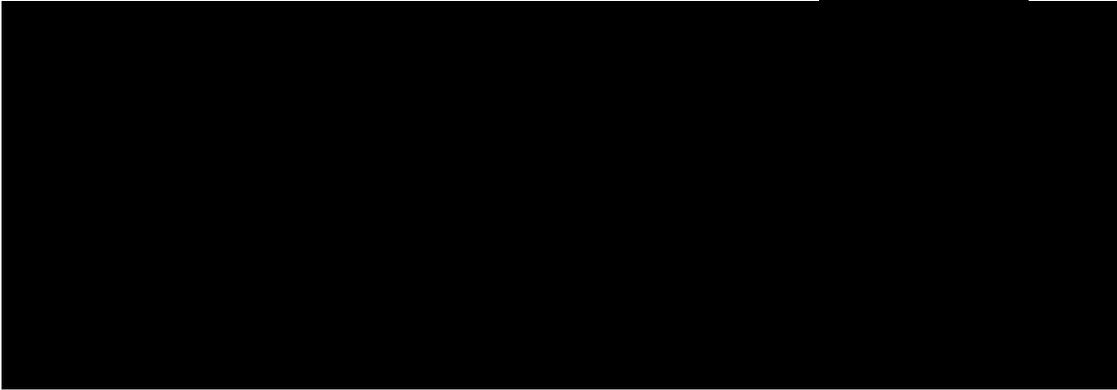


LDC-00000572



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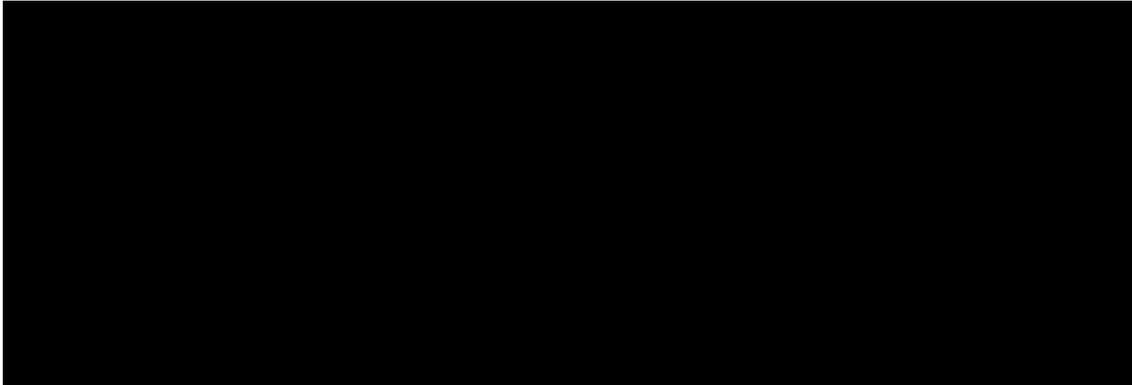
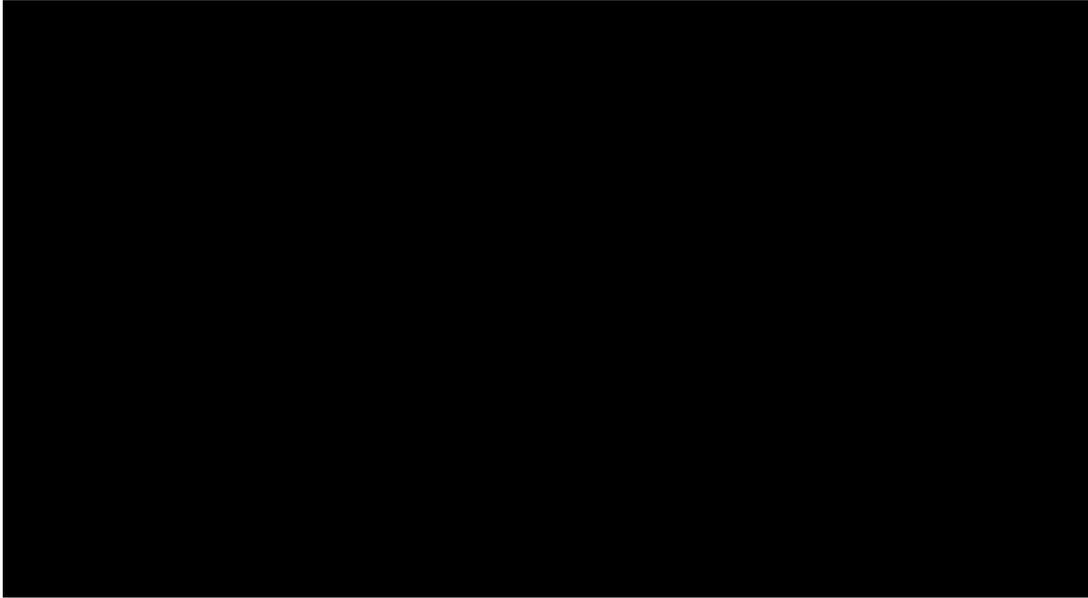




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**LDC-00000574**

**EXHIBIT 5**

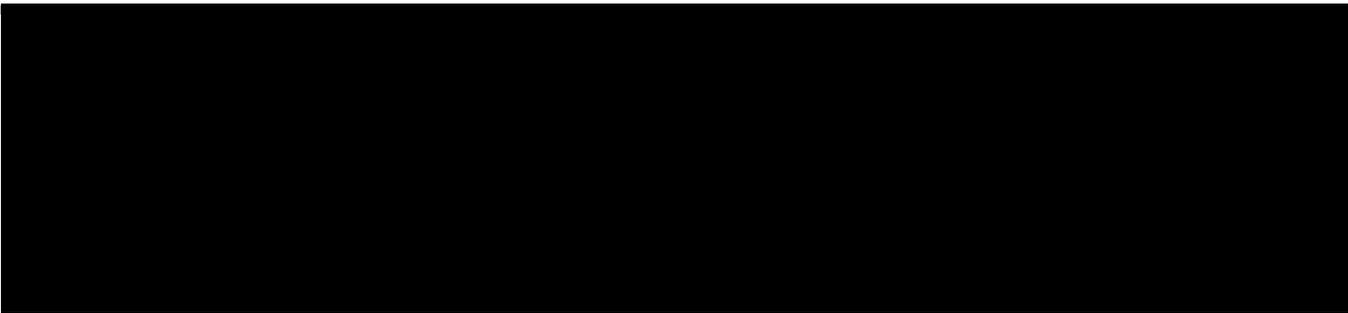


**EXHIBIT 6**

TradeLINK Blotter

Trade date	Settlement	Product range	Security	B/S	Instrument	Gross price	Net price	Execution price	Net consideration	Quantity	Currency
03 Feb 2005	08 Feb 2005	US_Cash Equity	MERQ	SELL SHORT	G (Riskless principal)	47.5390	47.5290	47.6390	\$ 23,765	500	USD
03 Feb 2005	08 Feb 2005	US_Cash Equity	MERQ	SELL SHORT	G (Riskless principal)	47.5390	47.5290	47.6390	\$ 28,517	600	USD
03 Feb 2005	08 Feb 2005	US_Cash Equity	MERQ	SELL SHORT	G (Riskless principal)	47.5390	47.5290	47.6390	\$ 327,950	6,900	USD
03 Feb 2005	08 Feb 2005	US_Cash Equity	MERQ	SELL SHORT	G (Riskless principal)	47.5390	47.5290	47.6390	\$ 380,232	8,000	USD

**EXHIBIT 7**

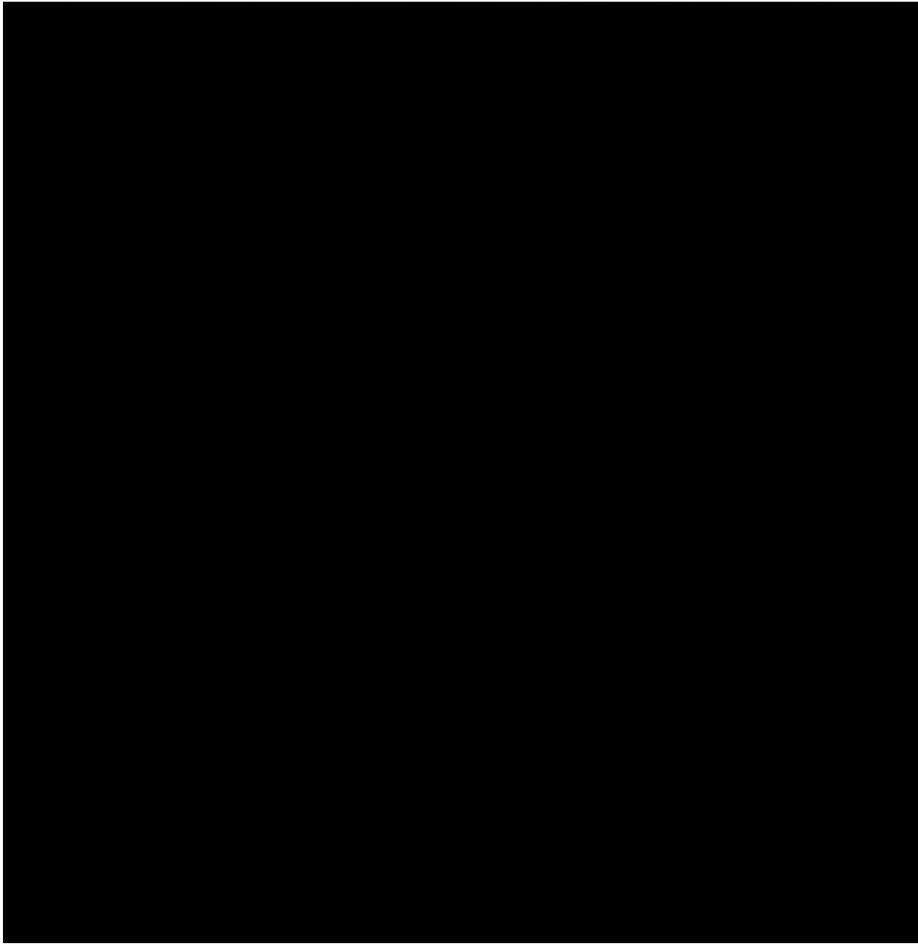


**EXHIBIT 8**

**From:** [REDACTED]  
**Sent:** Monday, February 7, 2005 10:09 AM  
**To:** [REDACTED]  
**Cc:** [REDACTED]; US-Gregory Reyftmann [REDACTED]@linkbrokers-  
usa.com>

**Subject:**

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# EXHIBIT 9



CONFIDENTIAL FOIA TREATMENT REQUESTED BY SCHIFF HARDIN LLP

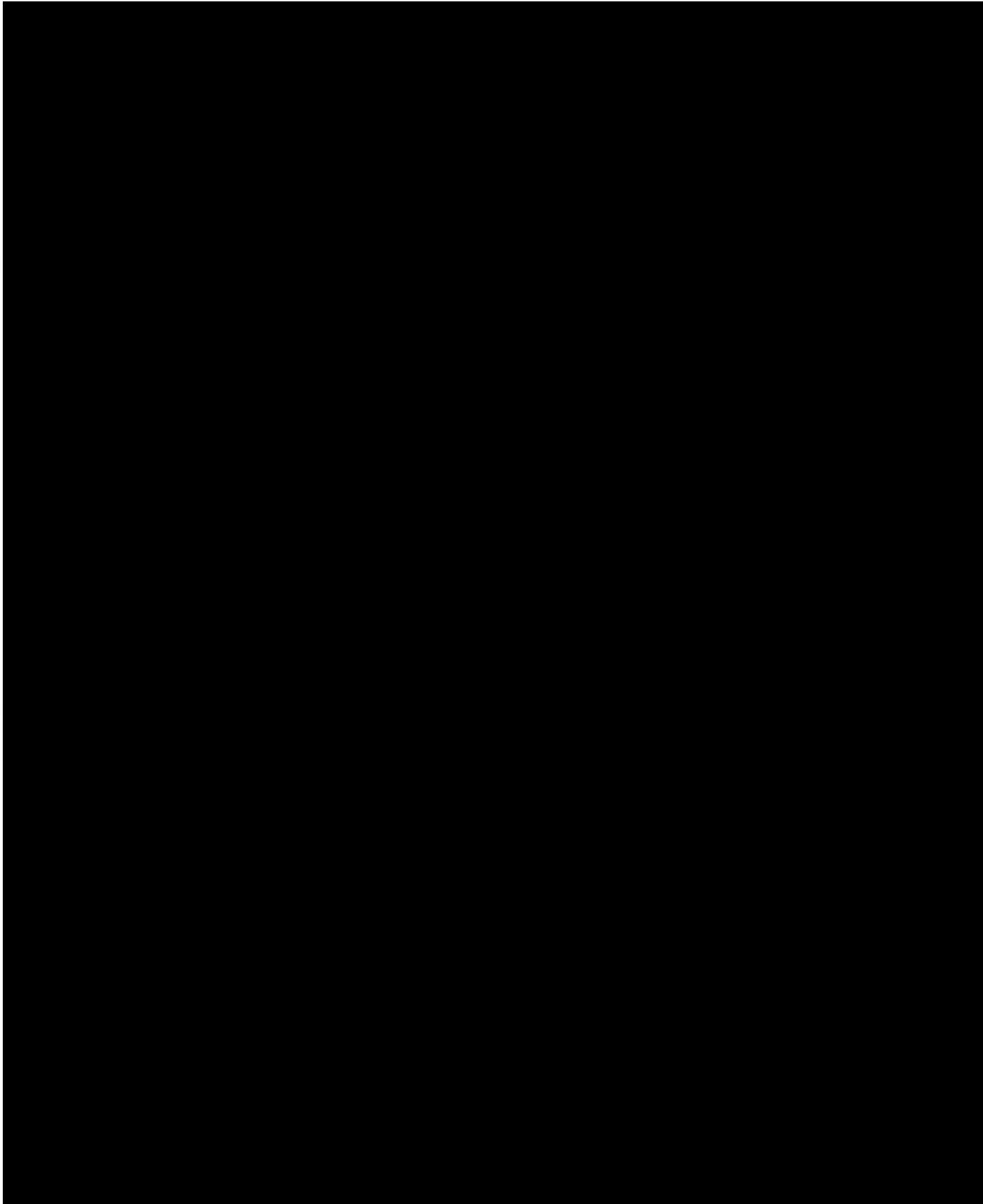
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CONFIDENTIAL FOIA TREATMENT REQUESTED BY SCHIFF HARDIN LLP

LDC000119488

**EXHIBIT 10**



CONFIDENTIAL FOIA TREATMENT REQUESTED BY SCHIFF HARDIN LLP

LDC0000803585

**EXHIBIT 11**



4. On October 5, 2012, the Commission filed a complaint naming Reyftmann as a defendant in this action (“Complaint”). A copy of the Complaint is attached hereto as Exhibit 1 (Docket No. 1).

5. Reyftmann was personally served with the Summons and Complaint pursuant to Federal Rule of Civil Procedure 4(f)(1) and the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents on June 1, 2014. A true and correct copy of the Certificate of Service of the summons, complaint and other documents (in both English and French) served on Defendant Gregory Reyftmann is attached hereto as Exhibit 2 (Docket No. 45).

6. Reyftmann has failed to answer, respond, or otherwise defend against this action as provided for by the Federal Rules of Civil Procedure and the Local Civil Rules. A copy of the current docket in this case is attached hereto as Exhibit 3.

7. On November 13, 2014, the Clerk of Court signed a Certificate of Default certifying that “[t]his action was commenced on October 5, 2012, with the filing of a complaint . . . by the Securities and Exchange Commission[.]” A copy of the Clerk’s Certificate is attached hereto as Exhibit 4, ¶ 1 (Docket No. 47). The Clerk of Court certified further that “[s]ervice of a summons issued to Gregory Reyftmann and a copy of the Complaint was effected on Gregory Reyftmann on June 1, 2014 by authorities in France pursuant to Federal Rule of Civil Procedure 4(f)(1) and the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents. Proof of such service was filed with the Court on October 7, 2014.” *Id.* at ¶ 2. The Clerk of Court also certified that “the docket entries indicate that Defendant Gregory Reyftmann has not filed an answer or otherwise responded to the Complaint.” *Id.* at ¶ 3.

**The Commission's Disgorgement and Prejudgment Interest Calculations**

8. In addition to injunctive relief, in its Complaint and this motion, the Commission seeks to recover disgorgement of Reyftmann's ill-gotten gains and prejudgment interest thereon.

9. Based on my review of documents obtained during the Commission's investigation into this matter, Defendant Reyftmann received bonuses for each of the years in which he and others on the Linkbrokers' Cash Desk perpetrated the fraud. In 2005, Reyftmann received a bonus of \$992,098. In 2006, he received a bonus of \$1,284,383. In 2007, he received a bonus of \$2,407,288. In 2008, he received a bonus of \$3,451,947. And, in 2009, he received a bonus of \$1,820,759.

10. I, along with other Commission staff, reviewed Linkbrokers' financial records during the investigation and determined the amount of revenue generated by the Cash Desk and the amount of the revenue that was attributed to the mark up/mark down fraud alleged in the Complaint. We used those records to calculate the following percentage of revenue the Cash Desk generated from the fraud in this case. In 2005, 39% of the Cash Desk's revenue was derived from the fraud. In 2006, 51% of the Cash Desk's revenue was derived from the fraud. In 2007, 28% of the Cash Desk's revenue was derived from the fraud. In 2008, 42% of the Cash Desk's revenue was derived from the fraud. And, in 2009, 0.4% of the Cash Desk's revenue was derived from the fraud.

11. The Commission calculated the disgorgement owed by Reyftmann by taking his bonus for a particular year and multiplying it by the percentage of the Cash Desk's revenue attributable to the fraud for that year, and adding together the results for each year. This calculation results in a disgorgement amount of \$3,181,068.

12. In calculating prejudgment interest, I applied the IRS rate of interest on tax underpayments (accrued quarterly) to the amount due from the end of the year in which the work was done and added the amounts. This calculation results in a total of \$989,072. The prejudgment interest calculations for the disgorgement for each year are attached hereto as Exhibit 5. The IRS rate on tax underpayments is a method of calculating interest that is widely used by the SEC Division of Enforcement and has been used by numerous courts.

**The Requested Penalty**

13. For the five year period preceding the filing of the complaint in this case, Linkbrokers' Cash Desk defrauded at least 35 different customers. Of these 35 customers, 14 were customers of Gregory Reyftmann.

14. As set forth in the Complaint, Reyftmann supervised the Cash Desk and he was a sales broker on the cash desk. The statutory maximum third-tier penalty for an individual committing securities fraud during the period at issue in this case is the greater of \$130,000 per violation or the individual's gross pecuniary gain.

15. During the course of the fraud, the Cash Desk perpetrated their scheme on over 36,000 transactions, this includes thousands of transactions after October 5, 2007—five years before the Complaint was filed.

16. Treating each defrauded customer as a single violation and then multiplying the 35 customers by a penalty of \$130,000 per violation yields a penalty amount of \$4,550,000. Accordingly, the Commission seeks a penalty of \$4,550,000.

I declare under penalty of perjury that the foregoing is true and correct.

  
A. Kristina Littman

Dated: January 20, 2015