

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,)	Case Number:
)	
Plaintiff,)	ECF CASE
)	
v.)	<u>COMPLAINT</u>
)	
MAREK LESZCZYNSKI,)	
BENJAMIN CHOUCANE,)	
GREGORY REYFTMANN,)	
And HENRY A. CONDRON,)	
)	
Defendants.)	

Plaintiff Securities and Exchange Commission (the “Commission”) alleges as follows:

SUMMARY

1. This 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”), Marek Leszczynski, Benjamin Chouchane, Gregory Reyftmann, and Henry Condron (collectively “Defendants”) perpetrated the scheme by falsifying execution prices and embedding hidden markups or markdowns on over 36,000 customer transactions.

2. 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.

3. After receiving and executing orders on behalf of customers, Reyftmann, Chouchane, or Leszczynski 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, Chouchane, or Leszczynski—with the assistance of Condrón 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, Chouchane, or Leszczynski instructed Condrón 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, Chouchane, or Leszczynski, with assistance from Condrón or Middle-Office Assistant 1, embedded in the price they reported to the customer.

4. For example, on September 29, 2012, Interdealer Broker executed an order to sell 90,000 shares of Citigroup, Inc. at an average price of \$19.1311 per share. Middle-Office Assistant 1 confirmed the trade to the customer at a false execution price of \$17.7500 per share and failed to disclose the additional fraudulent markdown of \$124,299 profit to Interdealer Broker.

5. 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.

6. For example, on April 26, 2007, Interdealer Broker executed an order to sell shares of Qualcomm, Inc. at a limit price of \$45.7500. Interdealer Broker sold 22,576 shares on the customer's behalf, but then bought back 3,000 shares when the price decreased to \$45.3500 per share. Interdealer Broker kept the \$1,200 profit on the 3,000 shares for itself. Interdealer Broker passed along the execution of only 19,576 shares to the customer and falsely reported that it was unable to sell any more shares at the limit price.

7. By knowingly or recklessly engaging in the conduct described in this Complaint, Defendants Reyftmann, Chouchane, Leszczynski, and Condron violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

8. Defendants Reyftmann, Chouchane, Leszczynski, and Condron are also liable, under Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], for aiding and abetting the violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder.

JURISDICTION AND VENUE

9. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] to enjoin such transactions, acts, practices, and courses of business and to

obtain disgorgement, prejudgment interest, civil penalties, and such other and further relief as the Court may deem just and appropriate.

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

11. Venue in this district is proper under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within the Southern District of New York, including telephone calls, emails and written communications in which Defendants made material misrepresentations and omissions.

DEFENDANTS

12. Gregory Reyftmann, (“Reyftmann”) age 38, was a sales broker and supervisor at Interdealer Broker from February 2005 until June 2010. His current residence is unknown.

13. Benjamin Chouchane, (“Chouchane”) age 37, of New York, New York is an equity sales broker at a broker dealer (“Broker Dealer 1”). From February 2005 until December 2010, Chouchane was a sales broker at Interdealer Broker.

14. Marek Leszczynski, (“Leszczynski”) age 43, of Coral Gables, Florida is the Managing Director of Equity Sales and Trading at a broker dealer (“Broker Dealer 2”). From March 2005 until December 2010, Leszczynski was a sales broker at Interdealer Broker.

15. Henry A. Condrón, (“Condrón”) age 33, of Yorktown Heights, New York is the Vice President of Equity Trading at Broker Dealer 2. From February 2005 until October 2010 he was a sales trader and middle-office assistant at Interdealer Broker.

FACTS

Background Of Interdealer Broker

16. During the relevant time period, Interdealer Broker acted as an interdealer broker predominately for institutional customers dealing in equities and fixed income products, both cash and derivatives. Typically, interdealer brokers operate only as agents and execute large volumes of securities trades on behalf of customers for low commissions.

17. Interdealer Broker established its Cash Desk in February 2005. The Cash Desk executed trades in U.S. and Canadian stocks. Its customers were primarily large foreign institutions and foreign banks.

18. Interdealer Broker consistently marketed and advertised itself as an agency-only business. For example, its marketing materials represented that “[Interdealer Broker] acts as a fiduciary in all transactions. [Interdealer Broker] trades on an agency basis in transactions with the sole purpose of providing best execution.” The marketing materials further stated that Interdealer Broker provides “unparalleled execution without the conflicts of investment banking and proprietary trading.”

19. Interdealer Broker acted as an agent on behalf of its customers.

20. Interdealer Broker’s internal records show that it was to charge its customers flat commission rates between \$0.005 per share and \$0.02 per share.

21. Reyftmann, Chouchane, Leszczynski, and Condron were employees of Interdealer Broker and were acting in the course and scope of their respective employment when they committed the violations set forth in this Complaint.

22. Reyftmann, Chouchane and Leszczynski were “sales brokers” on the Cash Desk and were responsible for finding customers, developing relationships, and taking orders from customers. Reyftmann also supervised the Cash Desk during the relevant period.

23. Condrón and Middle-Office Assistant 1 were “sales traders” on the Cash Desk who entered orders they received from the sales brokers and ensured that those orders were executed.

24. Condrón and Middle-Office Assistant 1 also served as “middle-office assistants.” As middle-office assistants, Condrón and Middle-Office Assistant 1 maintained and updated Interdealer Broker’s internal “trade blotter” (hereafter “trade blotter”) through Interdealer Broker’s proprietary software program that was used to carry out the fraud. Specifically, Interdealer Broker’s proprietary software program tracked all aspects of the customer order, including the actual execution price, false execution price, net price, undisclosed markups/markdowns, and agreed-upon commissions, and it had the functionality to allow the Cash Desk team to print trade confirmations and recaps with false information.

25. The “trade blotter” is a spreadsheet generated from Interdealer Broker’s proprietary software program; it contains detailed information about trades executed by the Cash Desk, such as the name of the customer, execution prices, markups/markdowns and commissions.

26. In addition, the trade blotter contained three price fields: (1) the actual execution price received by Interdealer Broker; (2) the gross price – the price that included the undisclosed markup/markdown; and (3) the net price – the gross price plus the agreed upon commission rate. Defendants used the trade blotter to generate trade recaps and to record profits from the unlawful scheme.

27. Interdealer Broker's proprietary software program stored transaction data and automatically transferred that data to the clearing firm.

28. In addition, Condron and Middle-Office Assistant 1 reported customer trades to Interdealer Broker's clearing firm (either through an automatic transfer via Interdealer Broker's proprietary software program or directly), ensured that trades were settled by the clearing firm, calculated daily profit and loss, and sent trade recaps and/or trade confirmations via email to customers.

29. Depending on the customer's preference, Interdealer Broker, Reyftmann, Chouchane and Leszczynski accepted customer orders by telephone, instant message, or email. Interdealer Broker, Reyftmann, Chouchane, Leszczynski, Condron and Middle-Office Assistant 1 also confirmed trades to customers by telephone, instant message, email or mail, depending on the customer's preference.

Defendants Generated Significant Profits Through The Fraudulent Scheme

30. During the relevant period, Defendants generated at least \$47 million in gross revenue from trading on the Cash Desk for Interdealer Broker. Approximately 40% of that revenue—\$18.7 million—was attributable to the fraudulent scheme. Defendants fattened Interdealer Broker's coffers by perpetrating their scheme on over 36,000 customer transactions placed through the Cash Desk over a period of at least four years.

31. Defendants' long-running scheme enriched themselves as well. Reyftmann, Chouchane, and Leszczynski each received substantial performance bonuses due to the fraudulent earnings generated by the Cash Desk.

- a. Reyftmann received bonuses totaling approximately \$2,199,960 in 2007, \$2,774,310 in 2008, and \$1,776,312 in 2009.

- b. Chouchane received bonuses totaling approximately \$1,268,293 in 2007, \$2,060,598 in 2008, and \$1,514,634 in 2009.
 - c. Leszczynski received bonuses totaling approximately \$604,437 in 2007, \$2,448,406 in 2008, and \$692,087 in 2009.
32. Condrón also received discretionary bonuses for his work on the Cash Desk.
- a. Condrón received bonuses totaling \$100,000 in 2007, \$160,000 in 2008, and \$50,000 in 2009.

The Undisclosed Markups/Markdowns

33. During the relevant period, Interdealer Broker and Defendants charged undisclosed markups/markdowns on over 36,000 transactions placed through the Cash Desk. More than 3,300 of those transactions were marked up or down by 1,000% or more above the disclosed commission.

34. Interdealer Broker and Defendants concealed the markups/markdowns from Interdealer Broker's customers by, among other things, misrepresenting execution prices and gross costs and proceeds to the customers, and omitting information relating to markups/markdowns.

35. In order to effectuate the scheme, Interdealer Broker and Defendants marked the price of a customer's stock up or down and then allocated the stock to the customer's account at the revised price. The undisclosed markups/markdowns ranged anywhere from a few dollars to \$228,822 per transaction.

36. Interdealer Broker's undisclosed markup/markdown scheme worked in the following way:

- a. A sales broker received a customer order either by telephone, instant message, or email.
- b. The sales broker gave the order to a sales trader to execute.
- c. The sales trader executed the trade.
- d. 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.
- e. Shortly after the trade was executed, the sales broker examined other market executions in or around the time of the actual execution, to determine whether the stock price fluctuated. If the stock price's fluctuation was favorable to Interdealer Broker and sufficient to conceal the fraud from Interdealer Broker's customer, the sales broker instructed the middle-office assistant to record a false execution price in the gross price field on their internal trade blotter.
- f. The middle-office assistant and/or the sales broker reported the false execution price and the commission to the customer.

37. Frequently, Interdealer Broker and Defendants provided the false information through trade recaps communicated to customers by telephone, instant message or email. Defendants also sent, or caused to be sent, formal trade confirmations containing the false information to some customers.

Examples Of The Markups/Markdowns

38. On September 29, 2008 at 3:54 p.m., a customer placed an order by telephone with Leszczynski to sell 90,000 shares of Citigroup, Inc. ("C"). Interdealer Broker executed

the trade at 3:56 p.m., selling 90,000 shares of C on the customer's behalf at an average price of \$19.1311 per share. The trade blotter reflects an execution price of \$19.1311, a gross price of \$17.7500, and a net price of \$17.7435. At 5:01 p.m., Middle-Office Assistant 1 generated, and emailed to the customer, a trade confirmation containing the false execution price of \$17.7500 per share. The commission for this transaction was \$0.0065 per share, resulting in a total commission of \$585 for the trade, which Interdealer Broker charged and disclosed to the customer. However, Middle-Office Assistant 1 failed to disclose the additional fraudulent markdown of \$124,299.

39. On September 18, 2008 at 2:22 p.m., a customer sent Reyftmann an email placing an order to sell 152,000 shares of EMC Corp. ("EMC"). From 2:22 p.m. until 2:24 p.m., Interdealer Broker executed the trade, selling 152,000 shares of EMC on the customer's behalf at \$11.8670 per share. The trade blotter reflects an execution price of \$11.8670, a gross price of \$11.8603, and a net price of \$11.8503. At 2:28 p.m., Reyftmann emailed the customer a trade recap confirming the trade at the false execution price of \$11.8503 per share. The commission for this transaction was \$0.01 per share, resulting in a total commission of \$1,520 for this trade, which Interdealer Broker charged the customer. However, Reyftmann failed to disclose the additional fraudulent markdown of \$1,018.40.

40. On October 2, 2008, Interdealer Broker executed a customer's order to sell 59,000 shares of Nucor Corp. ("NUE") at an average price of \$34.3037 per share. The trade blotter reflects an execution price of \$34.3037, a gross price of \$34.2892, and a net price of \$34.2842. At 4:28 p.m., Reyftmann emailed the customer a trade recap confirming the trade at the false execution price of \$34.2892 per share. The commission for this transaction was \$0.005 per share, resulting in a total commission of \$295 for this trade, which Interdealer

Broker charged the customer. However, Reyftmann failed to disclose the additional fraudulent markdown of \$855.50.

41. On April 10, 2007 at 3:06 p.m., a customer sent Chouchane an email placing an order to buy shares of Dow Chemical Co. (“DOW”). Interdealer Broker executed the trade, purchasing 39,600 shares of DOW on the customer’s behalf at \$45.4335 per share. The trade blotter reflects an execution price of \$45.4335, a gross price of \$45.4535, and a net price of \$45.4635. At 4:11 p.m., Chouchane emailed the customer a trade recap confirming the trade at the false execution price of \$45.4535 per share. The commission for this transaction was \$0.01 per share, resulting in a total commission of \$396 for this trade, which Interdealer Broker charged the customer. However, Chouchane failed to disclose the additional fraudulent markup of \$792.

42. On February 27, 2007 at 3:36 p.m., a customer emailed Chouchane an order to buy shares of Bristol-Myers Squibb Co. (“BMY”). Interdealer Broker executed the trade, purchasing 32,100 shares of BMY stock on the customer’s behalf at an average price of \$26.3956 per share. The trade blotter reflects an execution price of \$26.3956, a gross price of \$26.4356, and a net price of \$26.4456. At 7:02 p.m., Chouchane emailed the customer a trade recap confirming the trade at the false execution price of \$26.4356 per share. The commission for this transaction was \$0.01 per share, resulting in a total commission of \$321 for this trade, which Interdealer Broker charged the customer. However, Chouchane failed to disclose the additional fraudulent markup of \$1,284.

43. On September 16, 2008 at 3:23 p.m., a customer placed an order by telephone with Leszczynski to sell 350,000 shares of American International Group, Inc. (“AIG”). Interdealer Broker executed the trade, selling 350,000 shares of AIG at an average price of

\$4.3709 per share. The trade blotter reflects an execution price of \$4.3709, a gross price of \$4.3629, and a net price of \$4.3554. At 3:26 p.m., Leszczynski confirmed the trade by telephone to the customer at the false price of \$4.3629 per share. The commission for this transaction was \$0.0075 per share, resulting in a total commission of \$2,625 for this trade, which Interdealer Broker charged the customer. Leszczynski failed to disclose the additional fraudulent markdown of \$2,800.

44. On September 17, 2008 at 8:35 a.m., a customer placed an order by telephone with Leszczynski to buy 50,000 shares of Citigroup, Inc. (“C”). Interdealer Broker partially filled the order, purchasing 20,000 shares of C at an average price of \$15.2120 per share. The customer then cancelled the remaining portion of the order by telephone at 8:42 a.m. The trade blotter reflects an execution price of \$15.2120, a gross price of \$15.2240, and a net price of \$15.2315. During the 8:42 a.m. telephone call, Leszczynski confirmed the trade to the customer at the false execution price of \$15.2240 per share. The commission for this transaction was \$0.0075 per share, resulting in a total commission of \$150 for this trade, which Interdealer Broker charged the customer. However, Leszczynski failed to disclose the additional fraudulent markup of \$240.

45. On April 2, 2008 from 11:33 a.m. until 11:34 a.m., Interdealer Broker executed a customer’s order to sell shares of Target Corp. (“TGT”) at an average price of \$53.7545 per share. The trade blotter reflects an execution price of \$53.7545, a gross price of \$53.7241, and a net price of \$53.7066. At 4:37 p.m., Condron generated, and emailed to the customer, a trade confirmation containing the false execution price of \$53.7241 share. The commission for this transaction was \$0.0175 per share, resulting in a total commission of \$262.50, which

Interdealer Broker charged and disclosed to the customer. However, Condrón failed to disclose the additional fraudulent markdown of \$456.

46. On October 8, 2007 from 9:36 a.m. until 9:45 a.m., Interdealer Broker executed a customer's order to sell 40,000 shares of Apple, Inc. ("AAPL") at an average price of \$164.1475 per share. The trade blotter reflects an execution price of \$164.1475, a gross price of \$164.1225, and a net price of \$164.1160. At 4:26 p.m., Condrón generated, and emailed to the customer, a trade confirmation containing the false execution price of \$164.1225 per share. The commission for this transaction was \$0.0065 per share, resulting in a total commission of \$260 for the trade, which Interdealer Broker charged and disclosed to the customer. However, Condrón failed to disclose the additional fraudulent markdown of \$1,000.

**Defendants Generated Additional Fraudulent Profits
By Stealing Portions Of Trades From Their Customers**

47. In addition to the markups/markdowns, at times, Defendants used a second method to line Interdealer Broker's pockets at the expense of its customers. Specifically, where a customer placed a limit order and there was a favorable intraday price movement in the price of the security, Defendants would sometimes take advantage of that movement to steal a portion of a favorable trade for Interdealer Broker.

48. A "limit order" refers to an order to buy or sell a security at a specific price or better. For example, a customer could place a limit order to buy 100 shares of ABC stock at a price not greater than \$10.00 per share. If the broker can fill the order at that price or better, it should do so. But if the price of ABC stock is above the price specified by the customer in the limit order, the shares will not be purchased.

49. After accepting and executing a customer's limit order, Defendants did not immediately report the transaction to the customer. Rather, the sales broker then looked for an opportunity to buy or sell that same stock at a lower or higher price than the price at which the customer's trade was executed. If the opportunity to get a superior execution price existed, the sales broker instructed a middle-office assistant to buy the stock at a lower price than the execution price, or to sell the stock at a higher price than the execution price,—taking the difference (or spread) between the two execution prices for Interdealer Broker.

50. The middle-office assistant, rather than properly recording the actual execution price and quantity of the customer's original transaction in the trade blotter, knowingly entered a partial fill into the trade blotter.

51. Afterwards, the sales broker and/or the middle-office assistant reported to the customer that only part of the order was executed.

52. In this way, Defendants were able to use the customer's funds to conduct a risk-free transaction profiting Interdealer Broker, without the customer being aware of what Defendants were doing.

Example Of A Partially Stolen Trade

53. On April 26, 2007 from 2:48 p.m. until 2:49 p.m., Interdealer Broker executed a customer's order to sell 22,576 shares of Qualcomm, Inc. ("QCOM") at an average price of \$45.7500. At 3:41 p.m., Interdealer Broker bought back 3,000 shares—shares that should have been allocated to the customer—for an average price of \$45.3500. At 4:30 p.m. Leszczynski falsely reported to the customer that Interdealer Broker was only able to sell 19,576 shares for the customer and was not able to fill the remaining shares ordered by the customer. Specifically, Leszczynski stated: "Remaining balance cancelled as stock didn't

trade @ the limit.” At 4:40 p.m., despite having sold 22,576 shares, Interdealer Broker allocated sell executions representing only 19,576 shares of QCOM to its customer for a gross execution price of \$45.7500 per share. Interdealer Broker recognized an additional secret profit of approximately \$1,200 on the purchase of the 3,000 shares. In total, Interdealer Broker recognized approximately \$1,335 in profits from the transaction while only disclosing a commission of \$135.07 to the customer.

Deceptive Conduct To Facilitate The Scheme

54. In order to perpetuate the scheme described above, Interdealer Broker, the sales brokers and middle-office assistants engaged in a range of deceptive conduct. For example, at the inception of the Cash Desk, Condrón and Reyftmann coordinated with employees of the IT staff to create a function within Interdealer Broker’s proprietary software to facilitate the deceptive scheme. On February 7, 2005, only days after the inception of the Cash Desk, an IT employee wrote, in an email to Condrón, Reyftmann, and other IT specialists:

I know you had a question about the ‘Extra’ field on the ticket – we can call this whatever we want, but this field is necessary somewhere on the ticket 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.)

55. Also on February 7, 2005, an IT specialist emailed the same group of people informing them that he named the “Extra” field, the “gross price” field, and warned them that if they wanted to enter in a different gross price than execution price that the gross price field would have to be populated after the execution price field was populated.

56. In other emails, an IT specialist described to Condrón and Reyftmann, among others, that Interdealer Broker’s 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.

57. Condron also emailed the IT Specialist to ask him to fix Interdealer Broker's proprietary software system to ensure that the customer will "never see the execution price" on any customer statements or trade confirmations. The IT Specialist responded to Condron's email, which included Reyftmann, Middle-Office Assistant 1, the Chief Compliance Officer and another IT specialist, and explained that he "unchecked" the execution price field, but left a check box next to the field "in case you ever might want" to disclose the execution price.

58. Each Defendant played an integral role in the scheme. In connection with the markups/markdowns, the sales brokers, Reyftmann, Chouchane, and Leszczynski, were responsible for taking the customer order, identifying the false execution price, adding the undisclosed markup/markdown, and in many instances confirming that false execution price and/or misleading commission to the customer. In connection with the theft of part of a customer's trade, Defendants decided when and how much of the customer's trade to steal and, in many instances, made false representations to the customer about only being able to fill part of the order.

59. In connection with the fraudulent scheme, Condron and Middle-Office Assistant 1 were responsible for entering the false price into the internal trade blotter, printing the false price and misleading commission to the trade confirmation, marking and reporting a false trade capacity into the trade blotter, and sending the confirmation to the customer.

**Interdealer Broker, Reyftmann, Chouchane, Leszczynski,
And Condron Acted With Scierter**

60. Reyftmann, Chouchane, and Leszczynski knew that the prices and/or commissions that they and Interdealer Broker confirmed to their customers, either orally or in

writing, were false because they knew the prices at which the transactions were actually executed and they created the fictitious prices. And, where they directed that Interdealer Broker steal part or all of the customer's trade, they knew that they were making misrepresentations to the customer when they represented, either orally or in writing, that Interdealer Broker had been unable to fill a particular limit order in its entirety.

61. Condrón knew or was reckless in not knowing that the confirmations he, the sales brokers, and Interdealer Broker sent to customers contained false information and omitted the markups/markdowns. Condrón received the false prices from the sales brokers and input them into Interdealer Broker's internal database and then printed the confirmations or emailed the trade recaps that contained the false prices and intentionally omitted the markups/markdowns. And, where Interdealer Broker stole part or all of the customer's trade, Condrón knew that he was making misrepresentations to the customer when he represented, either orally or in writing, that Interdealer Broker had been unable to fill a particular limit order in its entirety.

62. Interdealer Broker also created, and Reyftmann, Chouchane, Leszczynski, and Condrón used, an internal trade blotter specifically designed to assist them in tracking their fraudulent misstatements to the customers.

Interdealer Broker, Reyftmann, Chouchane, Leszczynski, And Condrón Made Material Misrepresentations And Omissions Regarding Customer Executions

63. Interdealer Broker, through trade confirmations sent to customers, disclosed false execution prices, false order fills, and inaccurate fees charged to customers and omitted to disclose significant markups/markdowns embedded in the execution price disclosed to the customers and that Interdealer Broker stole portions of the customers' trades for itself.

64. In addition, contrary to express and implied representations that it would provide its customers with best execution, Interdealer Broker failed to provide its customers with best execution because Interdealer Broker did not provide its customers with the best available prices. Interdealer Broker knew or was reckless in not knowing that it failed to provide its customers with best execution. While Interdealer Broker executed the trades in the marketplace, it then gave its customer a worse price than it had obtained. In short, by adding in the undisclosed markup/markdown to the price it obtained in the market, Interdealer Broker necessarily violated its duty of best execution. Not only did Reyftmann, Chouchane, and Leszczynski know that there were better prices available, they had obtained them. But they gave the fictitious and inferior prices to their customers to steal the difference between actual and better execution and the fictitious execution price.

65. Interdealer Broker also misrepresented Interdealer Broker's "capacity" in executing the relevant trades on its internal books and records, to customers, and to its clearing broker. The reported capacity was not a function of the actual capacity in which the trade was executed, *i.e.*, whether Interdealer Broker acted as principal, agent, or riskless principal. Rather, it was based upon whether the sales brokers decided to take a markup/markdown on the trade.

66. Finally, Interdealer Broker accepted and executed customer orders, then misappropriated a portion of the trade for Interdealer Broker's own secret profit. Rather than reporting the full transaction to the customer, the sales brokers looked for an opportunity to buy or sell that same stock at a lower or higher price than the execution. After executing another transaction for Interdealer Broker's benefit, the sales brokers and the middle-office assistants falsely reported to the customer that only part of the order was executed.

67. Reyftmann, Chouchane and Leszczynski, through telephone conversations, instant message and emailed trade recaps, disclosed false execution prices, false order fills, and inaccurate fees charged to customers and omitted to disclose significant markups/markdowns embedded in the execution price and that Interdealer Broker stole portions of the customers' trades for itself.

68. Condrón, through emailed trade recaps and/or trade confirmations, disclosed false execution prices, false order fills, and inaccurate fees charged to customers and omitted to disclose significant markups/markdowns embedded in the execution price and that Interdealer Broker stole portions of the customers' trades for itself.

69. Interdealer Broker, Reyftmann, Chouchane, Leszczynski, and Condrón obtained money for Interdealer Broker through the fraudulent scheme. Moreover, Reyftmann's, Chouchane's and Leszczynski's bonuses were directly tied to the Cash Desk's gross revenue, and comprised the majority of their overall compensation. Condrón also received bonuses for his work on the Cash Desk.

FIRST CLAIM FOR RELIEF
Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder
(Against All Defendants)

70. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 69, inclusive, as if they were fully set forth herein.

71. Defendants Reyftmann, Chouchane, Leszczynski, and Condrón, by engaging in the conduct described above, knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

- (a) employed devices, schemes or artifices to defraud;

(b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

(c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

72. By engaging in the foregoing conduct, Defendants Reyftmann, Chouchane, Leszczynski, and Condrón violated and, unless enjoined and restrained, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

SECOND CLAIM FOR RELIEF
Section 17(a) of the Securities Act
(Against All Defendants)

73. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 72, inclusive, as if they were fully set forth herein.

74. Defendants Reyftmann, Chouchane, Leszczynski, and Condrón, by engaging in the conduct described above, knowingly or recklessly, in connection with the offer or sale of securities, by the use of the means or instruments of transportation, or communication in interstate commerce or by use of the mails, directly or indirectly:

(a) employed devices, schemes or artifices to defraud;

(b) obtained money or property by means of untrue statements of material facts, or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

(c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

75. By engaging in the forgoing conduct, Defendants Reyftmann, Chouchane, Leszczynski, and Condron violated and, unless enjoined and restrained, will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM FOR RELIEF
Aiding and Abetting Liability Under Section 20(e) of the Exchange Act
(Against Reyftmann, Chouchane, and Leszczynski)

76. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 75, inclusive, as if they were fully set forth herein.

77. Interdealer Broker violated 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].

78. Defendants Reyftmann, Chouchane and Leszczynski aided and abetted the violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by Interdealer Broker.

79. Defendants Reyftmann, Chouchane and Leszczynski were aware that their roles were part of an overall activity that was improper.

80. Defendants Reyftmann, Chouchane and Leszczynski knowing and substantially assisted Interdealer Broker in its violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

FOURTH CLAIM FOR RELIEF
Aiding and Abetting Liability Under Section 20(e) of the Exchange Act
(Against Defendant Condron)

81. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 80, inclusive, as if they were fully set forth herein.

82. Interdealer Broker and Defendants Reyftmann, Chouchane and Leszczynski violated 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].

83. Defendant Condron aided and abetted the violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by Interdealer Broker, Reyftmann, Chouchane and Leszczynski.

84. Defendant Condron was aware that his role was part of an overall activity that was improper.

85. Defendant Condron knowing and substantially assisted Interdealer Broker, Reyftmann, Chouchane and Leszczynski in their violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

I.

Permanently restraining and enjoining Defendants Reyftmann, Chouchane, Leszczynski, and Condron from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder;

II.

Ordering Defendants Reyftmann, Chouchane, Leszczynski, and Condrón to disgorge any and all ill-gotten gains together with prejudgment interest thereon, derived from the activities set forth in this Complaint;

III.

Ordering Defendants Reyftmann, Chouchane, Leszczynski, and Condrón to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]; and

IV.

Granting such other and further relief as the Court may deem just and appropriate.

Respectfully submitted,

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