

SEC Halts Ponzi Scheme Targeting Deaf Investors

Washington, D.C., Feb. 19, 2009 — The Securities and Exchange Commission has obtained a court order halting a Ponzi scheme that specifically targeted members of the Deaf community in the United States and Japan.

Additional Materials

Litigation Release No. 20906

SEC Complaint

The SEC alleges that Hawaii-based Billion Coupons, Inc. (BCI) and its CEO Marvin R. Cooper raised \$4.4 million from 125 investors since at least September 2007 by, among other things, holding investment seminars at Deaf community centers. The SEC also alleges that Cooper misappropriated at least \$1.4 million in investor funds to pay for a new home and other personal expenses. The order obtained by the SEC freezes the assets of BCI and Cooper.

"This emergency action shows that the Commission will act quickly and decisively to help victims of affinity fraud," said Linda Chatman Thomsen, Director of the SEC's Division of Enforcement.

"A Ponzi scheme targeting members of the Deaf community is particularly reprehensible," said Rosalind R. Tyson, Regional Director of the SEC's Los Angeles Regional Office. "This case is an example of successful coordination between federal and state agencies to protect vulnerable investors."

The SEC's complaint, filed yesterday in federal court in Honolulu, alleges that BCI and Cooper represented to the investors that their funds would be invested in the foreign exchange (Forex) markets, that investors would receive returns of up to 25 percent compounded monthly from such trading, and that their investments were safe. According to the complaint, BCI and Cooper actually used only a net \$800,000 (cash deposits minus cash withdrawals) of investor funds for Forex trading, and they lost more than \$750,000 from their Forex trading. The complaint further alleges that BCI and Cooper failed to generate sufficient funds from their Forex trading to pay the promised returns, and instead operated as a Ponzi scheme by paying returns to existing investors from funds contributed by new investors.

The SEC alleges that BCI and Cooper have violated the registration and antifraud provisions of the federal securities laws. In its lawsuit, the SEC obtained an order temporarily enjoining BCI and Cooper from future violations of these provisions. The SEC also obtained an order: (1) freezing the assets of BCI and Cooper; (2) appointing a temporary receiver over BCI; (3) preventing the destruction of documents; (4) granting expedited discovery; and (5) requiring BCI and Cooper to provide

accountings. The Commission also seeks preliminary and permanent injunctions, disgorgement, and civil penalties against both defendants. A hearing on whether a preliminary injunction should be issued against the defendants and whether a permanent receiver should be appointed is scheduled for March 2, 2009, at 9 a.m. HST.

The Commodity Futures Trading Commission (CFTC) also filed an emergency action yesterday against BCI and Cooper, alleging violations of the antifraud provisions of the Commodity Exchange Act. The State of Hawaii's Department of Commerce and Consumer Affairs (DCCA), Office of the Commissioner of Securities, issued a preliminary order to cease and desist against BCI and Cooper.

The Commission acknowledges the assistance of the Hawaii DCCA's Office of the Commissioner of Securities and the assistance of the CFTC in this matter.

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<http://www.sec.gov/news/press/2009/2009-30.htm>