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FEDERAL COMMODITY REGULATOR AND STATE OF NEW HAMPSHIRE BRING SALES FRAUD CLAIMS AGAINST FLORIDA TRADING FIRM CROMWELL FINANCIAL SERVICES, INC. AND OTHERS

Complaint by U.S. Commodity Futures Trading Commission and the New Hampshire Secretary of State, Bureau of Securities Regulation, Charges Cromwell Financial Services, Inc. and Certain Employees With Defrauding Customers and Failure to Supervise

WASHINGTON, D.C. -- The U.S. Commodity Futures Trading Commission (CFTC) and the New Hampshire Secretary of State, Bureau of Securities Regulation (New Hampshire) announced today that the United States District Court for the District of New Hampshire, acting on a complaint filed on June 12, 2005, issued an order on June 13, 2005, preventing the destruction of the books and records of defendants Cromwell Financial Services, Inc., Phillip Tuccelli, Michael Staryk III, Dennis Gee, Richard Peluchette and Richard Astern.

The complaint by the CFTC and New Hampshire alleges that, from at least January 1, 2002 through at least December 2003, using false and misleading sales presentations, Cromwell employees solicited at least 900 members of the public to trade options on commodity futures contracts in accounts held at two futures commission merchants. The complaint charges Cromwell with fraud in connection with its employees' solicitations. The complaint further charges Tuccelli with liability for fraud as a controlling person of Cromwell, and Tuccelli, Staryk, Gee, Peluchette and Astern with failure to supervise other Cromwell employees.

As alleged, in soliciting these customers and potential customers, Cromwell employees made false and materially misleading statements and omissions by: (a) exaggerating the magnitude and likelihood of potential profits; (b) representing that their trade recommendations could result in large profits

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Related Documents Complaint Order within short periods of time; (c) downplaying the risks of loss from trading options on commodity futures contracts; and (d) in light of the profit representations they were making, failing to advise customers that over 85 percent of Cromwell's customers lost money trading. The complaint alleges that Cromwell's employees acted knowingly or recklessly by making these representations and omitting material facts. As a result, the complaint alleges that Cromwell customers collectively incurred approximately \$19 million in trading losses.

New Hampshire joined in the complaint to protect the interests of New Hampshire residents solicited by Cromwell. CFTC Enforcement Director Gregory Mocek had this comment:

The public is well-served when the CFTC works with a state regulatory authority to protect local victims. We greatly value the role played by the New Hampshire Bureau of Securities Regulation in investigating Cromwell's fraudulent activities and joining us in suing the firm in federal court. We encourage the public to be skeptical of "pie in the sky" profit claims and to bring any suspicious activity to the attention of the CFTC or their state regulators.

In its continuing litigation, the CFTC and New Hampshire are seeking a permanent injunction against each defendant, the disgorgement of ill-gotten gains, repayment to injured customers, and an award of civil monetary penalties. A copy of the CFTC complaint and restraining order may be obtained at www.cftc.gov.

The following CFTC Division of Enforcement staff members are responsible for this case: Joseph Konizeski, Grant Collins, Timothy Mulreany, Mary Kaminski, Paul Hayeck, and Joan Manley. The responsible staff members from the New Hampshire Secretary of State, Bureau of Securities Regulation are Melanie Bell and Jeffrey Spill. The CFTC and New Hampshire thank the Florida Department of Financial Services, the Broward County Sheriff's Office, the Boca Raton Sheriff's Office, the Fort Lauderdale Police Department and the National Futures Association for the substantial assistance they provided in this matter.

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