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J. DAVID NAVARRO Clerk
By SUZANNE ROBERTS
DEPUTY

ALAN G. LANCE
ATTORNEY GENERAL
STATE OF IDAHO

SCOTT B. MUIR
Deputy Attorney General
State of Idaho
P.O. Box 83720
Boise, Idaho 83720-0031
Telephone: (208) 332-8091
Facsimile: (208) 332-8099
Idaho State Bar # 4229

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

STATE OF IDAHO, Department of Finance, Plaintiff, vs. INTERNATIONAL CURRENCY MANAGEMENT, L.L.C. and HOWARD W. NEEDLE, an individual, Defendants.	Civil No. CV OC 9906785D **VERIFIED COMPLAINT** Fee Category: Exempt

Comes now the State of Idaho, Department of Finance, Gavin M. Gee, Director, by and through counsel, to complain and allege as follows:

JURISDICTION

1. This action is brought under the provisions of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code, and the Idaho Commodity Code, Title 30, Chapter 15, Idaho Code, and in particular Idaho Code §§30-1442 and 1510, wherein the Director of the Idaho Department of Finance ("Department") is empowered to bring actions seeking

injunctive and other relief against defendants who have either violated or are about to violate provisions of the Idaho Securities Act, the Idaho Commodity Code or any rule or Order thereunder.

VENUE

2. The act and practices alleged herein comprising violations of law by the above-named Defendants occurred in the conduct of trade and commerce in Ada County, and elsewhere in the State of Idaho.

BACKGROUND

3. Defendant International Currency Management, L.L.C. (ICM) is a limited liability company organized or qualified with the State of Florida on August 20, 1997. At all relevant times, ICM operated from 3900 Hollywood Boulevard, Penthouse East, Hollywood, Florida, 33021.

4. At all relevant times, Defendant Howard W. Needle was the President and C.E.O. of ICM. At all relevant times, Needle oversaw and directed the operations of ICM at 3900 Hollywood Boulevard in Hollywood, Florida.

5. According to ICM's marketing materials, ICM purports to be engaged in the "Next Evolution in Investments", that is, the active trading of foreign currencies through the FOREX InterBank Currency Market. According to the marketing materials:

> *When a signal is triggered an alarm sounds and all trade details are displayed on our screens. Our software program generates clean and concise signals to buy and where to place protective limits to minimize loss and maximize profits. All decisions are computer controlled.*

6. Beginning on a date uncertain, but a least since February 1998, Defendants have "cold call" solicited, or directed cold call solicitations to, Idaho residents to invest through Defendants and to allow Defendants to trade in off exchange foreign currencies on a discretionary basis.

7. The currency trading markets alleged to be utilized by Defendants are not regulated under the federal Commodity Exchange Act or by the Commodity Futures Trading Commission (CFTC). ICM and Needle were not registered with the CFTC or the National Futures Association during the period of time pertinent to this Complaint.

COUNT ONE

The allegations contained in paragraphs 1 through 7 are hereby realleged as if fully set forth.

8. The discretionary foreign currency investment/trading programs offered and sold by Defendants, their agents, or their employees are securities in the form of investment contracts as defined in Idaho Code §30-1402(12).

9. The securities offered and sold by Defendants, their agents, or their employees have not been registered with the Idaho Department of Finance as required pursuant to Idaho Code §30-1416.

10. Defendants have violated Idaho Code §30-1416.

COUNT TWO

The allegations contained in paragraphs 1 through 10 are hereby realleged as if fully set forth.

11. At no time have Defendants been licensed by the Department of Finance as broker-dealers or salesmen for a broker-dealer to sell or offer for sale securities as required by Idaho Code §30-1406.

12. Defendants have violated Idaho Code §30-1406.

COUNT THREE

The allegations contained in paragraphs 1 through 12 are hereby realleged as if fully set forth.

13. Defendants violated an antifraud provision of the Idaho Securities Act, Idaho Code §30-1403(2), in that they omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in connection with the offer and sale of securities. The omissions of Defendants include, but are not limited to, the following:

a. Defendants failed to inform investors as to Needle's disciplinary history while engaged in the federally regulated commodities industry including, but not limited to the following:

1) Defendants failed to inform investors that since 1988, Defendant Needle has been named in 13 "reparations" incidents filed with the Commodity Futures Trading Commission. Reparations can be generally described as proceedings initiated by customers to address allegations of wrongdoing by individuals or entities registered with the CFTC. The 13 complainants in these actions have claimed damages in excess of $1 million and have alleged various misconduct including a) breach of fiduciary duty, b) churning, c)

fraud, d) failure to supervise, e) misrepresentation, f) mismanagement, and g) non-disclosure of pertinent information.

2) Defendants failed to inform investors that Needle was the subject of at least two actions by the National Futures Association (NFA) and that he was alleged to have engaged in deceptive and misleading practices in the commodities business.

3) Defendants failed to inform investors that in a settlement with the NFA, Defendant Needle agreed to withdraw a pending registration application with the NFA and not to reapply for membership with the NFA for eighteen (18) months.

4) Defendants failed to inform investors that the NFA had permanently barred Needle from supervising any NFA member or associate and from being a principal of any NFA member which sponsors associates other than himself.

b. Defendants failed to advise Idaho investors that the Idaho Commodity Code regulates the offer and sale of certain commodity contracts in Idaho and that the nature of the Defendants' business was such that the Defendants could not legally conduct their foreign currency trading/investment offering in Idaho.

c. Defendants failed to disclose to Idaho investors that the securities were not registered with the Idaho Department of Finance as required under Idaho Code §30-1416.

d. Defendants failed to disclose to Idaho investors that they are not licensed with the Idaho Department of Finance to sell securities as required under Idaho Code §30-1406.

e. Defendants failed to inform investors of the mechanics of its foreign currency trading program and that trades would be executed through third parties.

f. Defendants failed to disclose to investors the identity of ICM's trading partners and how long they had been in business.

14. Defendants have violated Idaho Code §30-1403(2).

COUNT FOUR

The allegations contained in paragraphs 1 through 14 are hereby realleged as if fully set forth.

15. Defendants violated an antifraud provision of the Idaho Securities Act, Idaho Code §30-1403(2), in that they made untrue statements of material facts in connection with the offer and sale of securities. The misrepresentations of Defendants include, but are not limited to, the following:

a. Defendants or their agents or employees represented to investors that ICM and its personnel were experienced professionals in trading commodities, including foreign currencies.

b. Defendants or their agents or employees represented to investors that ICM and its personnel had a history of profitable trading of foreign currencies and had made people a lot of money.

16. Defendants have violated Idaho Code §30-1403(2).

COUNT FIVE

The allegations contained in paragraphs 1 through 16 are hereby realleged as if fully set forth.

17. Defendants violated an antifraud provision of the Idaho Securities Act, Idaho Code §30-1403(3), in that they engaged in acts, practices, and courses of business which operated as a fraud or deceit upon other persons in connection with the offer or sale of securities. Defendants' acts, practices, and courses of business which operated as a fraud or deceit include, but are not limited to, the following:

a. The pattern of misrepresentations and omissions referred to in Count Three and Count Four, above.

18. Defendants have violated Idaho Code §30-1403(3).

COUNT SIX

The allegations contained in paragraphs 1 through 18 are hereby realleged as if fully set forth.

19. The foreign currencies traded on behalf of Idaho investors are commodities as defined at Idaho Code §30-1501(3).

20. The means through which these commodities were sold were "commodity contracts" as defined in Idaho Code §30-1501(4).

21. Pursuant Idaho Code §30-1502, no person shall sell or purchase or offer to sell or purchase any commodity under any commodity contract or under any commodity option except as provided under §30-1503 or §30-1504.

22. The commodity transactions offered and sold by Defendants are not exempt pursuant to Idaho Code §30-1504.

23. The Defendants and their employees and/or agents are not exempt as provided under Idaho Code §30-1503.

24. Defendants have violated Idaho Code §30-1502.

COUNT SEVEN

The allegations contained in paragraphs 1 through 24 are hereby realleged as if fully set forth.

25. Defendants violated an antifraud provision of the Idaho Commodity Code, Idaho Code §30-1506(1)(b), in that they omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in connection with a commodity contract. The omissions of Defendants include, but are not limited to, the following:

a. While Defendants held themselves out to be experts at trading off exchange foreign currencies, they failed to inform investors as to Needle's disciplinary history while engaged in the federally regulated commodities industry including, but not limited to the following:

1) Defendants failed to inform investors that since 1988, Defendant Needle has been names in 13 "reparations" incidents filed with the Commodity Futures Trading Commission. Reparations can be generally described as proceedings initiated by customers to address allegations of wrongdoing by individuals or entities registered with the CFTC. The 13 complainants in these actions have claimed damages in excess of $1 million and have alleged various misconduct including a) breach of fiduciary duty, b) churning, c) fraud, d) failure to supervise, e) misrepresentation, f) mismanagement, and g) non-disclosure of pertinent information.

2) Defendants failed to inform investors that Needle was the subject of at least two actions by the National Futures Association (NFA) and that he was

alleged to have engaged in deceptive and misleading practices in the commodities business.

3) Defendants failed to inform investors that in a settlement with the NFA, Defendant Needle agreed to withdraw a pending registration application with the NFA and not to reapply for membership with the NFA for eighteen (18) months.

4) Defendants failed to inform investors that the NFA had permanently barred Needle from supervising any NFA member or associate and from being a principal of any NFA member which sponsors associates other than himself.

b. Defendants failed to advise Idaho investors that the Idaho Commodity Code regulates the offer and sale of commodities in Idaho and that the nature of the Defendants' business was such that the Defendants could not legally conduct their foreign currency trading/investment offering in Idaho.

c. Defendants failed to disclose to Idaho investors that the securities were not registered with the Idaho Department of Finance as required under Idaho Code §30-1416.

d. Defendants failed to disclose to Idaho investors that they are not licensed with the Idaho Department of Finance to sell securities as required under Idaho Code §30-1406.

e. Defendants failed to inform investors of the mechanics of its foreign currency trading program and that trades would be executed through third parties.

f. Defendants failed to disclose to investors the identity of ICM's trading partners and how long they had been in business.

26. Defendants have violated Idaho Code §30-1506(1)(b).

COUNT EIGHT

The allegations contained in paragraphs 1 through 26 are hereby realleged as if fully set forth.

27. Defendants violated an antifraud provision of the Idaho Commodity Code, Idaho Code §30-1506(1)(b), in that they made untrue statements of material facts in connection with a commodity contract. The misrepresentations of Defendants include, but are not limited to, the following:

a. Defendants or their agents or employees represented to investors that ICM and its personnel were experienced professionals in trading commodities, including off exchange foreign currencies.

b. Defendants or their agents or employees represented to investors that ICM and its personnel had a history of profitable trading of off exchange foreign currencies and had made people a lot of money.

28. Defendants have violated Idaho Code §30-1506(1)(b).

COUNT NINE

The allegations contained in paragraphs 1 through 28 are hereby realleged as if fully set forth.

29. Defendants violated an antifraud provision of the Idaho Commodities Code, Idaho Code §30-1506(1)(c), in that they engaged in transactions, acts, practices and courses of business which operated as a fraud or deceit upon other persons in connection with a commodity contract. Defendants' transactions, acts, practices, and courses of business which operated as a fraud or deceit include, but are not limited to, the following:

a. The pattern of misrepresentations and omissions referred to in Count Seven and Count Eight, above.

30. Defendants have violated Idaho Code §30-1506(1)(c).

COUNT TEN

The allegations contained in paragraphs 1 through 30 are hereby realleged as if fully set forth.

31. The Director of the Department of Finance issued a Cease and Desist Order against the Defendants on July 30, 1998 ordering them to cease and desist from violations of the Idaho Commodity Code and assessing a $50,000 civil penalty pursuant to Idaho Code §30-1510. Defendants requested a hearing to object to the Cease and Desist Order, which was held in December 1998. A Preliminary Order was issued by the presiding officer on April 23, 1999. Following the Preliminary Order, a Final Order was issued on August 27, 1999, which ordered Defendants to cease and desist from violations of the Idaho Commodity Code and pay a civil penalty in the amount of $25,000 pursuant to Idaho Code §30-1510. A true and correct copy of the Final Order is attached hereto as Exhibit A.

32. Defendants have not paid the civil penalty in the amount of $25,000 as directed in the Final Order.

33. Defendants have violated an order of the Director, and the court may grant appropriate legal or equitable remedies for this violation pursuant to Idaho Code §30-1511.

PRAYER FOR RELIEF

Wherefore, Plaintiff prays for a Judgment in favor of Plaintiff and against Defendants as follows:

A. That Defendants be adjudged to have violated the Idaho Securities Act, the Idaho Commodity Code and Rules thereunder.

B. That Defendants be permanently enjoined from engaging in any acts, practices or omissions which would constitute violations of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code, the Idaho Commodity Code, Title 30, Chapter 15, Idaho Code, and in particular, that they be permanently enjoined from:

1. Selling or offering for sale nonexempt securities in any form in the State of Idaho until such time as the securities have been registered with the Idaho Department of Finance in accordance with Title 30, Chapter 14, Idaho Code;
2. Selling or offering for sale nonexempt securities in any form in the State of Idaho until such time as Defendants have registered as broker-dealers or salesmen for a broker-dealer or issuer with the Idaho Department of Finance, in accordance with Title 30, Chapter 14, Idaho Code;
3. Selling or offering for sale nonexempt commodities in the State of Idaho.
4. While engaged in or in connection with the offer, sale or purchase of any security or commodity:
    (a) Employing any device, scheme or artifice to defraud any investors in the securities or commodities;

(b) Making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

(c) Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

4. Aiding, abetting, counseling, inducing or causing any other person to engage in any of the types of conduct described in paragraphs 1, 2, 3, or 4, above.

C. That Defendants be prohibited from claiming the availability of, using, or offering or selling securities or commodities, under any exemptions under the Idaho Securities Act or the Idaho Commodity Code without receiving the prior written consent of the Director.

D. That Defendants be ordered to restore to each person in interest any consideration which may have been acquired or transferred in violation of the Idaho Securities Act or the Idaho Commodity Code.

E. That Defendants be ordered to pay the civil penalty in the amount of $25,000 as directed by the Final Order entered by the Director on August 27, 1999.

F. That Defendants be ordered to pay a civil penalty to Plaintiff in an amount of $10,000 for each violation of the Idaho Securities Act or the Idaho Commodity Code.

G. That Plaintiff be awarded attorney's fees and costs incurred in the preparation and the prosecution of this action, and if judgment is taken by default herein, that $5,000 is a reasonable attorney's fee.

H. Such other and further relief as this Court may deem equitable and just.

DATED this 15th day of December, 1999.

Scott B. Muir
Deputy Attorney General
Department of Finance

VERIFICATION

STATE OF IDAHO)
) ss:
County of Ada)

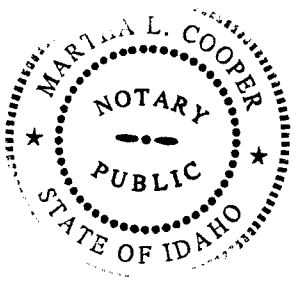
MARILYN T. SCANLAN, Bureau Chief of the Securities Bureau of the Idaho Department of Finance, being first duly sworn, deposes and says:

That she has read the foregoing verified complaint; that she knows the contents thereof, and that the same are true to the best of her knowledge.

DATED this 15TH day of December, 1999.

MARILYN T. SCANLAN

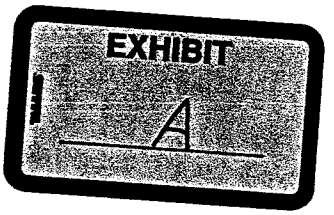
SUBSCRIBED AND SWORN to before me this 15TH day of December, 1999.



NOTARY PUBLIC FOR IDAHO
Residing at: Boise, Id
My Commission expires: 11-26-02

ALAN G. LANCE
ATTORNEY GENERAL
STATE OF IDAHO

MARY E. HUGHES
Deputy Attorney General
Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031
Telephone: (208) 332-8092
Facsimile: (208) 332-8098
Idaho State Bar # 2416



BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE

OF THE STATE OF IDAHO

STATE OF IDAHO, Department of Finance, Securities Bureau,	)	
Complainant,	)	Docket No. 1998-7-109
vs.	)	**FINAL ORDER**
INTERNATIONAL CURRENCY MANAGEMENT, L.L.C., and HOWARD W. NEEDLE,	)	
Respondents.	)	

A hearing was held in this matter in December 1998, and a Preliminary Order issued by the presiding officer on April 23, 1999. Respondents petitioned for reconsideration of the Preliminary Order, which petition was denied by the hearing officer on May 7, 1999. Respondents consequently appealed the Preliminary Order and filed an initial brief. Complainant filed a brief in opposition. An Order was issued on June 22, 1999, granting Respondents' request that further briefing and oral

argument be allowed, and a schedule was imposed for those purposes. Counsel for Respondents withdrew their appearance. A copy of the June 22, 1999, Order was served on Respondents. Respondents have not complied with the schedule imposed by that Order, and no further appearance has been made by or on behalf of the Respondents. Accordingly, the Preliminary Order having been reviewed, Respondents' appeal of the Preliminary Order is denied, and it is HEREBY ORDERED:

1. That Respondents, their directors, officers, employees, agents and successors shall be and are hereby ordered to cease and desist from, while engaged in or in connection with the offer, sale or purchase of any commodity:

   a. Making any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

   b. Engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

2. That Respondents, their directors, officers, employees, agents and successors shall be and are hereby ordered to cease and desist from offering or selling commodities or commodity contracts in violation of the Idaho Commodity Code.

3. That Respondents, their directors, officers, employees, agents and successors shall be and are hereby ordered to cease and desist from aiding, abetting, counseling, inducing or causing any other person to engage in any of the types of conduct described in paragraphs 1 or 2 above.

4. That the Respondents, and each of them, shall be and are hereby ordered, pursuant to Idaho Code § 30-1510, to pay a civil penalty in the amount of twenty five thousand dollars ($25,000.00) within thirty (30) days of the date of this Final Order.

This is a final order of the agency. Pursuant to §§ 67-5270 and 67-5272, Idaho Code, any

party aggrieved by this final order or orders previously issued in this case may appeal this Final Order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

i. A hearing was held,
ii. The final agency action was taken,
iii. The party seeking review of the order resides,
iv. The real property or personal property that was the subject of the agency action is located.

An appeal must be filed within twenty-eight (28) days of the Final Order. See § 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

Dated this 27th day of August, 1999.

GAVIN M. GEE
Director

CERTIFICATE OF SERVICE

I hereby certify that on this 27TH day of August, 1999, I caused to be served a true and correct copy of the foregoing FINAL ORDER by the method indicated below, and addressed to the following:

Howard W. Needle
Suite 2006
16711 Collins Avenue
Miami Beach, Florida 33160

✓ U.S. Mail, Postage Prepaid
____ Hand Delivered
____ Overnight Mail
____ Telecopy

International Currency Management, Ltd.
Charlotte House
Charlotte Street
Nassau, Bahamas

✓ U.S. Mail, Postage Prepaid
____ Hand Delivered
____ Overnight Mail
____ Telecopy

Martha L. Cooper
MARTHA L. COOPER

Z 269 216 435

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

HOWARD W NEEDLE

SENDER:
- ☐ Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- ☐ Print your name and address on the reverse of this form so that we can return this card to you.
- ☐ Attach this form to the front of the mailpiece, or on the back if space does not permit.
- ☐ Write *"Return Receipt Requested"* on the mailpiece below the article number.
- ☐ The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery

3. Article Addressed to: 1998-7-109

HOWARD W NEEDLE
STE 2006
16711 COLLINS AVE
MIAMI BEACH FL 33160

4a. Article Number: Z 269 216 435

4b. Service Type
☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery: AUG 30 1999

5. Received By: *(Print Name)*

6. Signature *(Addressee or Agent)*

8. Addressee's Address *(Only if requested and fee is paid)*

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994 102595-99-B-0223 Domestic Return Receipt