

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of

PETITION FOR ORDER

TREVOR G. COOK, PATRICK J. KILEY,  
OXFORD GLOBAL PARTNERS, LLC,  
OXFORD GLOBAL ADVISORS, LLC, and  
UNIVERSAL BROKERAGE FX MANAGEMENT, LLC,

File No. S-210123(EX)

Respondents.

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The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, has conducted an investigation in this matter pursuant to §551.56, Wis. Stats.,<sup>1</sup> and as a result thereof alleges as follows:

1. Trevor G. Cook (“Cook”) (CRD # 11026730 and 11023106)(NFA # 307343) is an individual born in June, 1972, with a last known home address of 1900 LaSalle Avenue, Minneapolis, Minnesota 55403 and business address of 12644 Tiffany Court, Burnsville, Minnesota 55337.
2. Patrick J. Kiley (“Kiley”) (CRD # 1690302)(NFA # 0349625) is an individual born in June, 1938, with a last known home address of 12644 Tiffany Court, Burnsville, Minnesota 55337-3487, and business address at 225 South Sixth Street, Suite 3200, Minneapolis, Minnesota 55402-4639.
3. Oxford Global Partners, LLC (NFA # 0416990) is a Minnesota limited liability company with no manager or registered agent, but with a last known business address of 1900 LaSalle Avenue, #201, Minneapolis, Minnesota 55403.
4. Oxford Global FX, LLC is a Minnesota limited liability company with no manager or registered agent, but with a last known business address of 1900 LaSalle Avenue, #202, Minneapolis, Minnesota 55403.
5. Oxford Global Advisors, LLC (NFA # 0413431) is a Delaware limited liability company whose manager is Jason Bo-Alan Beckman, with a last known home office address of 2711 Centerville Road, #400, Wilmington, Delaware 19808, and a business address of 1900 LaSalle Avenue, Minneapolis, Minnesota 55403.
6. Universal Brokerage FX Growth, L.P. (NFA# 0416992) is a Minnesota limited partnership with a registered agent of Patrick J. Kiley, and designated office address at 12644 Tiffany Court, Burnsville, Minnesota 55337.
7. UBS Diversified Growth, LLC is a Minnesota limited liability company whose manager is Patrick J. Kiley, with a last known business address of 12644 Tiffany Court, Burnsville, Minnesota 55337.

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<sup>1</sup> Unless otherwise noted, all statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to § 551.703, Wis. Stats. (2007-08).

8. Upon information and belief, Cook is an owner, manager and/or controlling person of Oxford Global Partners, LLC, Oxford Global Advisors, LLC, and UBS Diversified Growth, LLC (collectively with other affiliated entities containing Oxford in the name, "the Oxford entities").

9. Upon information and belief, Kiley is an owner and/or controlling person of Universal Brokerage FX Management, LLC and UBS Diversified Growth, LLC (collectively with other affiliated entities containing Universal Brokerage or UBS in the name, "the UBS entities").

10. According to information and documents a person in Wisconsin provided to Division Staff, the person in Wisconsin ("Wisconsin investor") invested \$201,000 in Universal Brokerage FX Growth LP through Kiley in November 2007, after hearing Kiley talk about the investment during his national radio program entitled "Follow the Money."

11. According to information and documents the Wisconsin investor provided to Division Staff, the Wisconsin investor received information from Kiley prior to his investment stating that the investment money was to be invested in the currency and banks of various countries, that each investor's money would be put in a segregated account in the name of the investor, and that the investment would be "liquid" and available to the investor 24 hours each day, and seven days each week.

12. According to information and documents the Wisconsin investor provided to Division Staff, the Wisconsin investor requested a return of his investment proceeds in July 2009, but instead received a response from the IRA custodian that UBS Brokerage FX Growth LP was no longer responding to its requests.

13. On October 7, 2010, an Amended Judgment in a Criminal Case was filed in federal court in the District of Minnesota, USA v. Trevor Gilson Cook, Case No. 10-cr-75 (01)(MJD), which adjudged that Cook pleaded guilty to one count each of mail fraud and tax evasion on April 13, 2010, and sentenced to a total of 300 months in prison with restitution ordered in the total amount of \$155,359,411.77.

14. The Amended Judgment referred to in the previous paragraph was based on the Information filed on March 30, 2010, which alleged the same course of misconduct of Cook as the allegations of the Wisconsin investor.

15. On July 19, 2011, Kiley was indicted in the District of Minnesota, USA v. Patrick Joseph Kiley, et al., Case No. 11-cr-228(MJD)(JJK). The indictment included the following allegations against Kiley, which were admitted in Kiley's answer:

a. Cook controlled the Oxford and UBS entities, although Kiley was listed as owner of some. While he was listed on some bank accounts, Kiley states he never wrote any checks or transferred funds in any of the accounts of the Oxford and UBS entities.

b. Cook prepared the offering documents representing past returns of 10.5% to 12% and that the principal was "fully protected," that the trading strategy eliminated all currency fluctuation risk and market exposure, that the long position was always fully insured by a bond at Deutsche Bank, that the funds were fully liquid and could be withdrawn at any time.

c. Kiley taped a weekly radio show analyzing political, social and economic issues, and recommended foreign currency trading as an alternative to the stock market.

d. Through his radio show, his websites, and in person from at least July 2006 through July 2009, Kiley offered and sold Cook's foreign currency

programs, particularly through the UBS entities, including to at least one Wisconsin investor.

e. Representing himself as “managing partner” of UBS, Cook worked with Kiley in soliciting investors, and they met investors together on several occasions.

f. The UBS website claimed UBS was a “registered financial advisory firm” and that it was a “leader in international foreign exchange markets” and that the program had earned significant returns.

g. Cook and Kiley described the program as involving extremely high speed mathematical technology that eliminates any high form of risk, so that the transactions would either be profitable or zero gain.

h. Cook described the program as a “fully hedged carry trade,” realizing a profit because the account with the long position collected more interest than the interest paid by the account holding the short position.

i. Cook and Kiley represented to investors that the funds would be placed in individual segregated accounts in the investor’s name, that foreign currency trading would generate returns of 10-12% using sophisticated financial computer software monitored by Cook, and that funds could be withdrawn or accounts closed as desired.

j. Cook and Kiley represented to investors that their foreign currency program involved little or no risk and that the investor’s principal would be safe and liquid, and could be withdrawn at any time.

k. Cook and Kiley consistently represented that they would use investor funds to engage in foreign currency trading that would generate annual returns of 10% or more for the investors.

l. Cook and Kiley represented to investors that their compensation for the sales would be based on the investors’ principal and profits.

m. Cook and Kiley represented that Cook would be in charge of all contacts with the foreign currency trading companies who would invest the funds, and that the success of the fund hinged on these traders, but if there were losses of 20%, the program had the option to liquidate and return the remaining 80% of the funds to investors.

n. Cook and Kiley represented that the investors’ principal would be exposed to little or no risk.

o. Cook and Kiley represented to investors that they could withdraw their money at any time.

p. Cook and Kiley represented to investors that their money would be placed in a segregated account in each investor’s name.

q. Cook did not place the investors’ money into segregated accounts in the investors’ names, but instead pooled them into common accounts in the names of entities affiliated with Cook at several banks and trading firms, particularly Crown Forex, S.A. (“Crown”), a firm in which Cook was a majority shareholder.

- r. Cook provided phony account statements to Kiley's clients, which reported fictitious substantial, continuing gains of between .08% and 1% per month from foreign currency trading in segregated investor accounts.
  - s. The high-end custom-made computers Cook installed and maintained at the UBS and Oxford locations displayed transactions on a loop so that it would appear that it was displaying thousands of real-time, legitimate trades at banks all over the world.
  - t. Cook made the decisions regarding the use of the investor money, and diverted approximately \$51 million to make lulling payments and pay withdrawal requests of other investors, in the nature of a Ponzi scheme.
  - u. Cook misappropriated \$42.8 million of investor funds into personal ownership interests in trading firms, to finance a casino in Panama, for gambling expenses, for real estate purchases, and other personal expenses.
  - v. Cook converted another \$108 million to fund banking and trading accounts in the names of his affiliated shell companies (including the Oxford and UBS entities).
  - w. To the extent that the investors' money had been used to trade foreign currency, Cook employed high risk trading strategies and lost at least \$48 million in risky foreign currency trades.
  - x. On December 24, 2008, the Swiss Financial Market Supervisory Authority ("FINMA"), ordered that Crown customers would not be able to withdraw funds without FINMA's consent and that Crown could no longer accept new clients.
  - y. After the FINMA Order of December 28, 2008, Cook and Kiley continued to solicit investments, but the investor money was deposited into accounts at local banks Cook opened in the name of Crown.
  - z. On February 9, 2009, FINMA ordered liquidation of Crown, and declared Crown insolvent and bankrupt on May 18, 2009.
  - aa. Neither Cook nor Kiley disclosed these orders to the new investors they solicited into the trading programs involving accounts to be opened at Crown subsequent to the December 24, 2008 FINMA Order.
16. The representations made by Cook and Kiley set forth in the allegations above were not true, and they also omitted to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
17. From in or about July 2006 through July 2009, Cook and Kiley raised at least \$190 million through the fraudulent offer and sale of investments in a foreign currency trading venture.
18. Cook and Kiley's victims number at least 1,000 and reside in numerous states throughout the United States. Many of the victims are senior citizens who are unsophisticated and inexperienced in financial matters, some of whom liquidated their retirement accounts to invest in Cook and Kiley's venture.
19. Cook and Kiley structured the investments in the foreign currency trading programs sold by through the Oxford and UBS entities so that the investors play a

passive role with no duties, responsibilities or involvement in the day-to-day management of the trading program.

20. Since the investors were involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the investments offered and sold by the Respondents are investment contracts as defined by DFI-Sec. §1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by § 551.02(13), Wis. Stats.

21. Neither the investment contracts of the UBS entities nor the Oxford entities have ever been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

22. All Respondents have violated § 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin.

23. By engaging in the conduct described above in connection with the offers and sales of securities to the Wisconsin investors, Kiley and Cook violated § 551.41(2), Wis. Stats., by making misrepresentations of material fact and omitting to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading

24. Division staff requested specific information and documents from the Kiley and Cook about their securities-related transactions, but to date have received no response, despite the due date for the response having passed.

Therefore, the Division staff petitions the Administrator of the Division of Securities for the issuance of the attached Orders pursuant to Ch. 551, Wis. Stats.

Dated this 27<sup>th</sup> day of January, 2012.

  
Mark E. Dorman  
Examiner

  
Leslie M. Van Buskirk  
Attorney Supervisor