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## U.S. charges 47 in forex probe

**U.S. Attorney says losses from trades are in the millions. SEC charges trader in separate case.**

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**NEW YORK (CNN/Money) - Authorities announced charges Wednesday against 47 people, including traders from some of Wall Street's best-known firms, in a foreign currency trading scandal that officials say defrauded investors of millions of dollars.**

Meanwhile, the Securities and Exchange Commission also filed separate charges of fraud in federal court against Wall Street currency trader United Currency Group Inc. and its CEO, Adam Swickle, Wednesday.

In relation to the first set of charges by the federal government, James Comey, the U.S. attorney for the Southern District of New York, told reporters that employees of J.P. Morgan Chase, UBS, Societe Generale and Dresdner Kleinwort were among those arrested as the result of an 18-month undercover probe titled "Operation Wooden Nickel."

The defendants, he said, were part of the multimillion-dollar scheme that spanned all levels of the currency-trading market, from top traders down to "boiler-room operations," where financial professionals make phone calls to solicit individual investors.

The charges include money laundering, conspiracy, securities fraud, and wire fraud.

The scheme, known among the defendants as "the game" or "points for cash," involved bogus currency trades that included kickbacks paid to those who arranged them, Comey said.

In some cases the improper trades were converted into cash that would be delivered to people in diners, he said.

The charges allege that thousands of investors were ripped off. The Securities and Exchange Commission and the Commodity Futures Trading Commission also are expected to file charges.

UBS said in a statement: "This matter involves a single individual at UBS working at the foreign exchange area in Stamford, Conn. There is no suggestion that any of UBS's businesses are being investigated in connection with this matter. UBS has currently no evidence of any material financial impact to the firm."

J.P. Morgan Chase declined to comment. Societe Generale and Dresdner Kleinwort could not be reached.

### **A run of two decades?**

Over six months, the investigation uncovered 123 fraudulent trades, Comey said. But he added that the alleged illegal activity has been occurring for more than 20 years.

Late Tuesday afternoon, the FBI swarmed in on New York City's Two World Financial Center and led dozens of traders away in handcuffs.

"It's currency fraud, securities fraud," an agent at the scene of the arrests told Reuters. "It's been a long investigation." The agent asked not to be identified.

NBC reported the defendants scammed retail investors into thinking they were buying multimillion-dollar foreign-exchange trades when it is not possible for those types of investors to participate in such deals.

A Reuters reporter on the 36th floor of Two World Financial Center witnessed FBI agents removing about 10 boxes from one company's office.

Others arrested included three brokers at the inter-dealer brokerage ICAP, which operates at a

different location, one individual told Reuters. And an employee of currency broker Madison Deane and Associates Inc. said that seven employees at that firm were also arrested.

### **SEC alleges worthless-stock sale**

Also Wednesday, the SEC charged United Currency Group Inc. and its chief executive officer, Adam Swickle, of raising the money by selling \$700,000 of worthless stock the firm to 21 investors, then pocketing the proceeds.

"In selling these investments, Swickle misrepresented his background, the identity of other officers and directors of United Currency Group," read the SEC statement. "He used a substantial part of the money for his personal benefit."

In court papers, the SEC accused Swickle, 36, of tricking investors into buying stock in the company through an unregistered security offering, claiming the shares would soon go public.

He set up the "purported currency trading firm" in January 2001, the complaint said.

The SEC said Swickle also lied about his own qualifications and experience in a private placement memoranda which "described (him) as a sophisticated businessman with experience in mergers and acquisitions and in building a major marketing organization."

"In fact, Swickle had no such experience," the papers said. Swickle could not be reached for comment. ■

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-- *Reuters contributed to the story.*