



**U.S. COMMODITY FUTURES TRADING COMMISSION**  
ENSURING THE INTEGRITY OF THE FUTURES & OPTIONS MARKETS

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March 31, 2014

**Federal Court Orders St. Augustine, Florida Couple and Their Company to Pay \$5.76 Million for Defrauding Customers in Foreign Currency Scheme**



**Queen Shoals Consultants, Gary D. Martin, and Brenda K. Martin Charged in March 2011 CFTC Anti-Fraud Action**

**Washington, DC** – The U.S. Commodity Futures Trading Commission (CFTC) obtained federal court supplemental consent Order requiring Defendants **Gary D. Martin** and **Brenda K. Martin** of St. Augustine, Florida, and their company, **Queen Shoals Consultants, LLC** (QSC) of Charlotte, North Carolina, to jointly pay a total of \$5.76 million in civil monetary penalties for defrauding customers through a retail foreign currency (forex) trading scheme (see CFTC Press Release and Complaint [6004-11](#), March 17, 2011). None of the Defendants has ever been registered with the CFTC.

Specifically, the supplemental Order, entered on May 14, 2013, by Chief Judge Robert Conrad, Jr., of the U.S. District Court for the Western District of North Carolina, requires QSC and Gary Martin to pay a civil monetary penalty (CMP) of \$4,320,000 and Brenda Martin to pay a \$1,440,000 CMP. The Defendants' CMP obligation and post-judgment interest shall be joint and several, according to the supplemental Order.

**In 2011, the Court Entered a Consent Order of Permanent Injunction**

Earlier, on August 1, 2011, Judge Conrad entered a consent Order of permanent injunction against the Defendants (see CFTC Press Release and Order [6090-11](#)), finding that the Defendants defrauded customers in the forex scheme. The Order requires that the Defendants make full restitution "to all persons who gave funds, either directly or indirectly, to Defendants as a result of the course of the illegal conduct" charged in the CFTC Complaint. The Order also required the Defendants to pay a CMP to be determined at a later date.

According to the Order, a website created by the Martins "lured customers by claiming QSC and the Martins had a 'vast background in financial services' with over 20 years of experience in financial services and a staff of experts ready to assist customers." In reality, however, the Defendants had no expertise or experience in trading forex, and all of the representations concerning trading, guaranteed profits, and profitable accounts were false. Furthermore, Gary Martin admitted under oath that the Defendants never engaged in any forex trading or investing on behalf of customers and that there were no forex accounts, according to the Order.

The CFTC's Complaint charged, among other things, that the Martins, unknown to customers, turned over all customer funds to **Sidney S. Hanson** of Charlotte, North Carolina, an undisclosed third party, in return for a referral fee of up to five percent of each customer's initial and subsequent investment. Hanson allegedly paid the Martins at least \$1.44 million in such undisclosed referral fees. On August 4, 2009, the CFTC charged Hanson and other Defendants with operating a Ponzi scheme involving more than \$22 million in connection with off-exchange forex trading (see CFTC Press Releases [5689-09](#), August 7, 2009, and [6133-11](#), November 1, 2011). Hanson pleaded guilty to securities fraud and mail fraud in the criminal matter (United States v. Sidney Stanton Hanson, Case No. 09-CR-09CR139-RJC (U.S. District Court for the Western District of North Carolina)) for acts arising out of his operation of the Queen Shoals Group, among other entities. Hanson was sentenced on April 1, 2011, to 22 years in prison and ordered to pay \$33 million in restitution to victims of the Ponzi scheme.

The CFTC appreciates the assistance of the State of North Carolina Department of the Secretary of State, Securities Division.

CFTC Division of Enforcement staff members responsible for this case are Timothy J. Mulreany, Michael Amakor, and Paul Hayeck.

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**CFTC's Foreign Currency (Forex) Fraud Advisory**

The CFTC has issued several customer protection [Fraud Advisories](#) that provide the

9/4/2014 Federal Court Orders St. Augustine, Florida Couple and Their Company to Pay \$5.76 Million for Defrauding Customers in Foreign Currency Scheme warning signs of fraud, including the [Foreign Currency Trading \(Forex\) Fraud Advisory](#), which states that the CFTC has witnessed a sharp rise in Forex trading scams in recent years and helps customers identify this potential fraud.

Customers can report suspicious activities or information, such as possible violations of commodity trading laws, to the CFTC Division of Enforcement via a Toll-Free Hotline 866-FON-CFTC (866-366-2382) or [file a tip or complaint](#) online.

**Media Contacts**

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