



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

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Federal Court in Texas Orders Jeremiah C. Yancy and His Company to Pay More than \$2 Million for Foreign Currency Ponzi Scheme and Misappropriation



Court finds that defendants' customers included members of Yancy's church in Idaho where he was a pastor.

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) today announced that it obtained a federal court consent order imposing more than \$2 million in restitution and civil monetary penalties on defendants **Jeremiah C. Yancy** (*a.k.a.* Jeremiah C. Glaub) of Atoka, Okla., and his company, **Longbranch Group International LLC** (*a.k.a.* Longbranch LLC) (Longbranch) of Houston, Texas. The CFTC charged Yancy and Longbranch with operating a million dollar foreign currency (forex) Ponzi scheme and misappropriating customer funds (see CFTC Press Release 5875-10, August 19, 2010).

The consent order, entered by the Honorable Vanessa Gilmore of the U.S. District Court for the Southern District of Texas, requires the defendants jointly and severally to pay \$692,000 in restitution and each to pay a \$692,000 civil monetary penalty. The order also permanently bars the defendants from engaging in any commodity-related activity, including trading and applying for registration or claiming exemption from registration with the CFTC, and from violating the anti-fraud provisions of the Commodity Exchange Act.

The order finds that, from July 2008 to August 2010, Yancy and Longbranch solicited 64 customers, including members of Yancy's church in Idaho where he was a pastor, to open forex accounts. Defendants told prospective customers that they managed forex trading for non-profit organizations, including churches and orphanages, and solicited customers through various "fund-raising entities" to trade forex through them and to invest in their other financial schemes, according to the order. Defendants made misrepresentations to prospective customers through telephone conference calls set up by the fund-raising entities. Defendants' misrepresentations were passed along to customers via emails from the entities, the order finds.

Additionally, the order finds that Yancy and Longbranch promised customers monthly returns of 20 to 40 percent and told some customers that their principal was guaranteed. Defendants also sent prospective customers account statements showing high returns, telling customers that the statements were for forex accounts purportedly holding up to \$10 million traded by the defendants, according to the order. Defendants, however, did not inform customers that the account statements were for demonstration and/or test accounts and did not represent actual trading of any customer funds, the order finds.

Additionally, Yancy and Longbranch were running a Ponzi scheme because they told at least one customer that his funds were never actually used to trade forex, but instead went to pay another customer, according to the order.

The court found that based on defendants' misrepresentations, 64 customers opened forex trading accounts funded with a net total of \$630,000. The majority of the accounts had net losses of up to 95 percent and, on the whole, the accounts lost \$230,000, according to the order.

Yancy and Longbranch also commingled at least \$330,000 of customer funds with their own funds and deposited those funds into forex trading accounts in their names, the order finds. In total, the defendants misappropriated \$462,000 of customer funds, according to the order.

The CFTC appreciates the assistance of the State of Idaho Department of Finance, which filed a related action against Yancy and Longbranch.

CFTC Division of Enforcement staff members responsible for this case are Andrew Ridenour, Elizabeth Davis, Jessica Harris, Erica Bodin, Kenneth McCracken, Rick Glaser and Richard Wagner.

Media Contacts

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