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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Commodity Act by:

CLAIRMONT CAPITAL CORP., a Colorado
Corporation, GEOFFREY L. MANN, CHARLES
W. TRENCH, and SHANNON D. STAATS,

Respondents.

SDO - 86 - 01

CONSENT ORDER TO CEASE AND DESIST
AND VACATING SUMMARY ORDER 016 - 01
AS TO RESPONDENTS CLAIRMONT
CAPITAL CORP., GEOFFREY L. MANN, and
CHARLES W. TRENCH

Case No. 00 - 08 - 318

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THE STATE OF WASHINGTON TO: Clairmont Capital Corp.
c/o Dill Dill Carr Stonbraker & Hutchings
455 Sherman Street, Suite 300
Denver, Colorado 80203

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Pursuant to the Commodity Transaction Act of Washington, RCW 21.30, the Securities Division of the
Department of Financial Institutions, State of Washington, and Respondent Clairmont Capital Corp., do
hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents wish to obtain
final disposition of this matter without invoking any rights to a hearing before the Securities Division.

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FINDINGS OF FACT

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I. Respondent

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1. Respondent Clairmont Capital Corp. ("Clairmont") is an inactive Colorado for-profit corporation
authorized to do business on June 16, 1998. The firm offered and sold off-exchange foreign currency
options contracts. The firm had its principal place of business in Denver, Colorado.

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II. Nature of Respondents' Conduct

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2. On or about April 15, 2000, a salesperson with Clairmont cold-called a Washington resident, Yujin Ko.
The salesperson described Clairmont as a professional currency exchange broker helping people invest on

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**DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760**

1 the foreign currency exchanges. He claimed that Clairmont knew the foreign markets very well, and that
2 Mrs. Ko could depend on Clairmont to make her money. The salesperson encouraged Mrs. Ko to invest in
3 options contracts in Japanese Yen, claiming that the Yen was going down in value due to the economic
4 conditions in Japan. He said that for a \$5,000 investment, Mrs. Ko could receive \$20,000 or more. Mrs.
5 Ko, who had no experience investing on option contracts of foreign currency, refused his solicitation and
6 told him that she would think about it. The salesperson said that he would send her information by mail.

7 3. On or about April 22, 2000, the salesperson called Mrs. Ko again. He repeated his promises of high
8 returns, and encouraged her to purchase options contracts in Japanese Yen. He stated that the Japanese
9 government was going to devalue the Yen to help the Japanese economy. When Mrs. Ko expressed
10 reservations, the salesperson assured her there was little risk in the investment, and repeated his claims that
11 the Japanese government would devalue the Yen and that Mrs. Ko could earn \$20,000 or more on a \$5,000
12 investment. He further claimed that in the event the Japanese Government did not take such action, that
13 Japan would go bankrupt, the value of the Yen would decrease, and she would still make money.

14 4. On May 5, 2000, Mrs. Ko invested \$5,000 for five put option contracts against the Japanese Yen at a
15 strike price of \$89.25. The contracts were to expire on July 7, 2000.

16 5. Clairmont retained \$1,250 in un-disclosed commissions. The balance of Mrs. Ko's investment was
17 entered on the books of Clairmont. By June 12, 2000, the liquidation value of her account was \$312.50. By
18 July 10, 2000, the account value was \$0.00.

19 6. Respondent Clairmont was not registered with Commodity Futures Trading Commission to sell
20 commodity contracts or commodity options, had not previously been so registered, and did not qualify for
21 an exemption from registration.

22 7. Respondent Clairmont was not registered as a commodity broker-dealer in the state of Washington, had
23 not previously been so registered, and was not exempt from the prohibition of RCW 21.30.020.

1 Furthermore, Clairmont was not registered as a securities broker-dealer with the National Association of
2 Securities Dealers or with the state of Washington, had not previously been so registered, and did not
3 qualify for an exemption from registration.

4 8. Respondent Clairmont offered and sold its foreign currency option contracts in reliance on the Treasury
5 Amendment to the CEA, the Supremacy Clause of the U.S. Constitution, and the Preemption Doctrine, any
6 of which, if applicable, would exempt Clairmont from the provisions of the Commodities Transactions Act.
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8 Based upon the above Findings of Fact, the following Conclusions of Law are made:

9 **CONCLUSIONS OF LAW**

10 The offer and/or sale of foreign currency option contracts constitute the offer and/or sale of a
11 commodity contract or commodity option as defined in RCW 21.30.080 and RCW 21.30.010.
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13 The offer and/or sale of said commodity contracts or options constitute a violation of the
14 prohibition, under RCW 21.30.020, against such offers and/or sales because the offer or sale was made by a
15 person not exempt under RCW 21.30.030 and the transaction was not exempt under RCW 21.30.040.
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17 **CONSENT ORDER**

18 The Securities Division and Respondent Clairmont Capital Corp. have agreed upon a basis for the
19 resolution of the matters alleged above. Respondent agrees to the entry of this Order pursuant to the
20 Commodity Transactions Act of Washington and acknowledges the Securities Division's jurisdiction over
21 this matter and its authority to enter this order. Based on the foregoing:

22 IT IS AGREED AND ORDERED that Respondent, its officers, directors, employees, partners,
23 agents, affiliates, subsidiaries, predecessors, and successors, shall each cease and desist from offering and/or
24 selling commodity contracts or options in any manner in violation of the Commodity Transactions Act.
25

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1 It is further AGREED AND ORDERED that Respondents shall pay Five Thousand Dollars
2 (\$5,000.00) as restitution to Yujin Ko. Said payment is to be made directly to Mrs. Ko prior to the entry of
3 this Order, and shall be (a) made by U.S. postal money order, certified check, bank cashier's check, or bank
4 money order; (b) made payable to Mrs. Yujin Ko; (c) delivered by certified mail to Yujin Ko, 5416 147th
5 Street SE, Everett, Washington 98208; and (d) submitted with a cover letter that identifies this matter by
6 caption, order number, and case number. A copy of said check and letter shall be delivered to the Securities
7 Division with the signed Consent Order.

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9 It is further AGREED AND ORDERED that Respondents shall be jointly and severally liable for
10 and shall pay the Securities Division the amount of One Thousand Dollars (\$1,000.00) for partial
11 reimbursement of its costs of the investigation into this matter. Said payment is to be made to the Division
12 prior to the entry of this Order, and shall be (a) made by U.S. postal money order, certified check, bank
13 cashier's check, or bank money order; (b) made payable to the Washington State Treasurer; (c) delivered by
14 certified mail to Deborah R. Bortner, Securities Administrator, Department of Financial Institutions, PO
15 Box 9033, Olympia, Washington 98507-9033; and (d) submitted with a cover letter that identifies this
16 matter by caption, order number, and case number.

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19 It is further AGREED AND ORDERED that pursuant to RCW 21.30.120, and based on violations of
20 the Commodity Transactions Act of Washington, Respondents shall be jointly and severally liable for and
21 shall pay the Securities Division a civil penalty of Ten Thousand Dollars (\$10,000). The entire amount
22 shall be suspended contingent upon future compliance with this Consent Order.

1 It is further AGREED that in consideration of the foregoing, the State of Washington, Department of
2 Financial Institutions, Securities Division, vacates Summary Cease and Desist Order SDO-016-01 as to all
3 Respondents named therein, and that Respondent Clairmont waives its right to a hearing on this matter and
4 to judicial review of this Order.

5
6 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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8 SIGNED this _____ day of _____, 2001.

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10 Signed by:

Approved as to form by:

11 _____
12 Geoffrey L. Mann, as President of
13 Clairmont Capital Corp.

14 _____
15 John A. Hutchings, Esq.
16 Dill Dill Carr Stonbraker & Hutchings
17 Attorneys for Respondent Clairmont Capital Corp.

18 _____
19 Charles W. Trench, as Vice President of
20 Clairmont Capital Corp.

21
22 ENTERED this 8th day of January 2002.

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26 DEBORAH R. BORTNER
27 Securities Administrator

28 Approved by:

Presented by:

29 _____
30 Michael E. Stevenson

31 _____
32 Anthony W. Carter

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Securities Division
PO Box 9033
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Chief of Enforcement

Securities Examiner

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