



1 **TENTATIVE FINDINGS OF FACT**

2 Respondents

- 3 1. Premium Income Corp (“PIC”) is a Wyoming corporation with a business address of  
4 2470 Westlake Ave N. Ste. 104, Seattle, Washington 98109. PIC maintained a website,  
5 www.premiumincomecorp.com and www.premiumincomebrokers.com.
- 6 2. Inforex, Ltd. (“Inforex”) is a corporation formed in the State of Nevada on December 2,  
7 2002. In May 2004, Inforex registered with the Department of Revenue in the State of  
8 Washington to do business at 2470 Westlake Ave. N. Ste. 104, Seattle, Washington,  
9 98109.
- 10 3. Tri-Forex International, Ltd. (“Tri-Forex”) represents that it is a company located in  
11 London, England, with offices in Sydney, Tokyo, and Seattle. Tri-Forex represents that  
12 PIC is a wholly owned subsidiary of Tri-Forex.
- 13 4. Gerald Leo Rogers, also known as Jay Rogers, (“Rogers”) is the chief operating officer of  
14 Inforex’s business operations in the United States and is a signatory on PIC bank  
15 accounts.
- 16 5. Alexander Igor Shevchenko (“Shevchenko”) maintains a residence in Shoreline,  
17 Washington. Shevchenko is the manager of PIC’s Seattle business operations and is an  
18 authorized signatory on PIC bank accounts.

19 Nature of Respondents’ Conduct

- 20 6. Beginning on or about January 2004 and continuing at least to February 2005,  
21 Respondents, through their agents and/or employees, and in concert with one another,  
22 offered and/or sold more than \$8.5 million in investments involving the purported writing  
23 of foreign currency calls.

- 1 7. PIC represented that under the covered call, an investor deposits currency (U.S. dollars)  
2 with PIC, and is paid upfront premiums by a speculator who receives a call option  
3 granting him the right, but not the obligation, to buy the investor's currency deposit in  
4 exchange for a foreign currency at the prevailing exchange rate at the expiration date of  
5 the call. PIC represented that it would never place investor funds at risk.
- 6 8. PIC, through its seminars, brochure, and websites, offered three investment vehicles. The  
7 first investment vehicle was a "90 Day Currency Call" which allegedly earned 2% per 90  
8 day period. The second investment vehicle was an "Installment Leap Currency Call"  
9 which allegedly earned 10% per annum on 5 year investments and 12% per annum on 10  
10 year investments. The third investment vehicle was a "10 Year Value Added Currency  
11 "I-Leap" Call" which allegedly earned 13.2% per annum.
- 12 9. Based in part on the representations above, investors wired funds to PIC's bank account  
13 in Seattle, Washington with the expectation of a return based solely on the efforts of  
14 Respondents.
- 15 10. PIC received investor funds and allegedly wired the funds to Tri-Forex, which allegedly  
16 wrote covered calls in monetary units equal to U.S. \$1,000.

17 Misrepresentations and Omissions

- 18 11. Respondents failed to provide investors with material information about the investment  
19 opportunity described above, including, but not limited to, financial statements for  
20 Premium Income Corp. and Gerald Rogers's parole and criminal convictions. Rogers has  
21 a three decade history of committing white collar offenses. In part, Rogers has been  
22 convicted of counts of mail fraud, wire fraud, tax fraud, and securities fraud as a result of  
23 multiple criminal actions. Rogers was paroled from federal prison in December, 2003.

1 One of Rogers's conditions of parole was that he would not provide financial advice to  
2 any person or solicit financial investments of any kind from any person for any purpose.

3 12. Respondents represented on the PIC website and in offering materials that writing  
4 covered currency calls presents no currency exchange risk. Respondents further  
5 represented that the advertised returns were guaranteed. Covered calls produce  
6 substantial risk and cannot produce a guaranteed rate of return. As a covered call  
7 requires the purchase and sale of foreign currencies in the client's account, the value of  
8 the investor's deposit will decline in value if the currency purchased with investor funds  
9 declines. Moreover, the potential decline in principal poses the risk of a decline in the  
10 premiums that the customers deposit will demand. Accordingly, the entire investor  
11 deposit is at risk.

12 13. Respondents represented that no commission was charged other than the spread between  
13 the bid and ask price of the call allegedly being written. Respondents actively recruited  
14 financial planners, insurance agents, and other persons to become PIC brokers.  
15 Respondents entered into agreements with brokers in which PIC agreed to pay the broker  
16 10% of the gross funds deposited by investors with PIC. The agreements further  
17 provided that PIC would pay an existing broker a 10% override commission on the gross  
18 commission of each new broker that the existing broker personally recruited.

19 14. Respondents failed to state that investor funds were not used strictly for foreign currency  
20 call writing, if any currency calls were written at all. Instead of using investor funds to  
21 solely engage in foreign currency covered call transactions as represented, Respondents  
22 appear to have used investor funds to pay commissions to individuals who solicited  
23 customers on Respondents' behalf. Respondents also transferred investor funds to

1 domestic accounts under the control of Inforex, Rogers, and Shevchenko and offshore  
2 accounts under Rogers's control via Inforex.

3 15. Respondents appear to have used investor funds in part to pay the allegedly "guaranteed  
4 return" to investors in a classic "Ponzi" scheme.

5 Registration Status

6 16. Respondents were not registered and are not currently registered as a broker/dealer and/or  
7 salesperson in the state of Washington.

8 Other Actions

9 17. On January 25, 2005, the Texas State Securities Board filed an Emergency Cease and  
10 Desist Order against Respondents in which the Board directed the respondents cease and  
11 desist from offering or selling securities in the state of Texas.

12 18. On March 2, 2005, complaints against Respondents were filed in U.S. District Courts by  
13 the U.S. Securities and Exchange Commission alleging that respondents had engaged in  
14 unregistered and fraudulent securities offerings and the U.S. Commodity Futures Trading  
15 Commission alleging that respondents had engaged in illegal foreign currency option  
16 transactions.

17 19. U.S. District Court Judge Jane J. Boyle of the Northern District of Texas issued a  
18 statutory restraining order freezing the assets of PIC, Inforex, Tri-Forex, Rogers, and  
19 Shevchenko on March 2, 2005.

20 20. On March 17, 2005, the Alabama Securities Commission entered Administrative Order  
21 No. CD-2005-0009 ordering respondents immediately cease and desist from further  
22 offers and sales of any security into, within, or from the state of Alabama.

1 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are  
2 made:

3 **CONCLUSIONS OF LAW**

- 4 1. The offer and sale of pooled foreign currency investments and profit sharing  
5 arrangements, as described above, constitute the offer and sale of securities pursuant  
6 to RCW 21.20.005(10) and (12).
- 7 2. Respondents, Premium Income Corp, Inforex, Ltd., Tri-Forex International, Ltd.,  
8 Gerald Leo Rogers, and Alexander Igor Shevchenko, through their agents and  
9 employees, have each violated RCW 21.20.140 by offering and/or selling an  
10 unregistered security.
- 11 3. Respondents, Gerald Leo Rogers, and Alexander Igor Shevchenko, through their  
12 agents and employees, have each violated RCW 21.20.040 by offering and/or selling  
13 said securities while not registered as broker-dealers or securities salespersons in the  
14 State of Washington.
- 15 4. The offer and/or sale of said securities was made in violation of RCW 21.20.010  
16 because, as set forth in the Tentative Findings of Fact, Respondents omitted to state  
17 material facts necessary in order to make the statements made, in the light of the  
18 circumstances under which they were made, not misleading.
- 19 5. The Securities Administrator finds that an emergency exists, that the continued  
20 violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140, constitute a  
21 threat to the investing public, and that summary orders to cease and desist from those  
22 violations is in the public interest and necessary for the protection of the investing  
23 public.

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2 **CONTINUING INVESTIGATION**

3 The Securities Division is continuing to investigate the offer and sale of securities by  
4 Premium Income Corp, Inforex, Ltd., Tri-Forex International, Ltd., Gerald Leo Rogers, and  
5 Alexander Igor Shevchenko to determine the full extent of any securities violations.  
6

7 **SUMMARY ORDER**

8 Based on the foregoing,

9 NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondents,  
10 Premium Income Corp, Inforex, Ltd., Tri-Forex International, Ltd., Gerald Leo Rogers, and  
11 Alexander Igor Shevchenko, and their agents and employees, each shall cease and desist from  
12 offering or selling securities in any manner in violation of RCW 21.20.140, the securities  
13 registration provision of the Securities Act of Washington.

14 It is further SUMMARILY ORDERED that, Gerald Leo Rogers, and Alexander Igor  
15 Shevchenko and their agents and employees, each shall cease and desist from violation of RCW  
16 21.20.040, the securities broker-dealer and salesperson registration provision of the Securities  
17 Act of Washington.

18 It is further SUMMARILY ORDERED that Respondents, Premium Income Corp,  
19 Inforex, Ltd., Tri-Forex International, Ltd., Gerald Leo Rogers, and Alexander Igor Shevchenko,  
20 and their agents and employees, each shall cease and desist from violation of RCW 21.20.010,  
21 the anti-fraud provision of the Securities Act of Washington.  
22

23 **NOTICE OF INTENT TO IMPOSE FINES**

24 SUMMARY ORDER TO CEASE AND DESIST AND 7  
NOTICE OF INTENT TO IMPOSE FINES AND  
RECOVER COSTS

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

1 Based on the foregoing Tentative Findings of Fact and Conclusions of Law, the Securities  
2 Administrator finds that Respondents have knowingly and recklessly violated the registration  
3 provisions of the Securities Act, and that the imposition of fines under RCW 21.20.395 is  
4 appropriate in light of the severity of violations. A fine, in an amount of not less than  
5 \$20,000, should be imposed jointly and severally against Respondents, Premium Income  
6 Corp, Inforex, Ltd., Tri-Forex International, Ltd., and Gerald Leo Rogers. A fine, in an  
7 amount of not less than \$10,000 should be imposed against Respondent, Alexander Igor  
8 Shevchenko.

#### 9 10 **NOTICE OF INTENT TO RECOVER COSTS**

11 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact  
12 and Conclusions of Law, the Securities Administrator intends to order that Respondents,  
13 Premium Income Corp, Inforex, Ltd., Tri-Forex International, Ltd., Gerald Leo Rogers, and  
14 Alexander Igor Shevchenko shall be jointly and severally liable for and pay costs of not less  
15 than \$1,000 incurred in the conduct of the administrative investigation and hearing of this  
16 matter.

#### 17 18 **AUTHORITY AND PROCEDURE**

19 This Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395, and  
20 is subject to the provisions of Chapter 34.05 RCW. Respondents, Premium Income Corp,  
21 Inforex, Ltd., Tri-Forex International, Ltd., Gerald Leo Rogers, and Alexander Igor Shevchenko,  
22 may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY  
23 TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.



1 If a respondent does not make a timely hearing request, the Securities Administrator intends  
2 to adopt the above Tentative Findings of Fact and Conclusions of Law as final and make the  
3 Summary Order to Cease and Desist permanent and impose the fine and costs as to that  
4 respondent. The Securities Administrator may also file a certified copy of the order in Superior  
5 Court and proceed to collect the fine and costs sought against the respondents in accordance with  
6 RCW 20.21.395.

7 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

8 Dated and Entered this 29th day of July, 2005.

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11 \_\_\_\_\_  
Michael E. Stevenson  
Securities Administrator

12 Approved by:

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14 Martin Cordell  
15 Chief of Enforcement

Presented by:

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17 Dylan Waits  
18 Enforcement Attorney  
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