

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WENGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 MICHELLE LIPTON (CA BAR NO. 178078)
Senior Corporations Counsel
5 Department of Corporations
320 West 4th Street, Suite 750
6 Los Angeles, CA 90013
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7

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of THE CALIFORNIA) FILE NO. ALPHA
CORPORATIONS COMMISSIONER,)
12)
13 Complainant,) STIPULATION TO FINAL ORDER THAT
14 vs.) STEVEN ERIC MILSTEIN-ROTH DESIST
AND REFRAIN FROM VIOLATIONS OF
15) CORPORATIONS CODE SECTIONS 29520
STEVEN ERIC MILSTEIN-ROTH, A.K.A.) and 29536
16 STEVE E. MILSTEINROTH, STEVEN E.M.)
ROTH, AND STEVE ROTH)
17)
18 Respondent.)
19)
20)
21)
22)
23)
24)

25 IT IS HEREBY STIPULATED BY AND BETWEEN RESPONDENT STEVEN ERIC
26 MILSTEIN-ROTH, A.K.A. STEVE E. MILSTEINROTH, STEVEN E.M. ROTH AND STEVE
27 ROTH ("ROTH"), AND PRESTON DuFAUCHARD, THE CALIFORNIA CORPORATIONS
28 COMMISSIONER (COMMISSIONER), AS FOLLOWS:

WHEREAS, on August 30, 2005, the COMMISSIONER issued a Desist and Refrain Order

1 against Tradex, Ltd., Steven Eric Milstein-Roth, Susan Lok, and Arthur Ferdig for: 1) the offer and
2 sale of commodity contracts that were in the opinion of the COMMISSIONER in violation of
3 Corporations Code section 29520; and 2) the omission of material facts in connection with the offer
4 and sale of commodity contracts that were in the opinion of the COMMISSIONER in violation of
5 Corporations Code section 29536. Attached hereto as **Exhibit A** and incorporated by reference is a
6 true and correct copy of the Desist and Refrain Order dated August 30, 2005.

7 On October 15, 2007, pursuant to this Stipulation, the COMMISSIONER issued a Revised
8 Desist and Refrain Order ("REVISED ORDER") pertaining to ROTH. Attached hereto as **Exhibit**
9 **B** and incorporated by reference is a true and correct copy of the REVISED ORDER.

10 WHEREAS, Respondent, without admitting or denying the charges in the Desist and Refrain
11 Order dated August 30, 2005 and the REVISED ORDER, seeks to resolve the concerns of the
12 COMMISSIONER by entering into this Stipulation regarding such Orders.

13 NOW, THEREFORE, the parties hereby stipulate and agree as follows:

14 1. Respondent voluntarily waives his right to a hearing in relation to the REVISED
15 ORDER for violations of Corporations Code sections 29520 and 29536;

16 2. In return, the COMMISSIONER rescinds the Desist and Refrain Order dated August
17 30, 2005, as it pertains to ROTH but not for the other respondents;

18 3. It is further stipulated that this agreement does not preclude the COMMISSIONER
19 from seeking additional remedies against Respondent should Respondent violate the REVISED
20 ORDER or any law under the COMMISSIONER'S jurisdiction not related to this investigation.
21 These remedies include, but are not limited to, administrative actions, civil injunctive and ancillary
22 relief and making a criminal referral pursuant to California law;

23 4. Respondent acknowledges that nothing in this Stipulation shall preclude the
24 COMMISSIONER, or his agents or employees, to the extent authorized by law, from assisting or
25 cooperating in any investigation and/or action brought by any other federal, state or county agency.
26 Respondent further agrees that this Stipulation shall not bind or otherwise prevent any other federal,
27 state or county agency from the performance of its duties;

28 5. Respondent stipulates that the delivery by certified mail of the executed Revised

1 Desist and Refrain Order issued by the Commissioner to his counsel, Steven Mark Klugman, Esq.,
2 shall constitute valid service of the Order.

3 6. Respondent enters into this Stipulation voluntarily and without coercion and
4 acknowledges that no promises, threats or assurances have been made by the COMMISSIONER or
5 any officer, or agent thereof, about this Stipulation; and

6 7. Respondent and the COMMISSIONER agree that this Stipulation may be executed in
7 one or more separate counterparts, each of which when so executed, shall be deemed an original.
8 Such counterparts shall together constitute and be one and the same instrument.

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10 Dated: 10/15/07

PRESTON DUFAUCHARD
California Corporations Commissioner

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12
13 By _____
ALAN S. WEINGER
Lead Corporations Counsel

14 Dated: 10/15/07

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16 By _____
STEVEN ERIC MILSTEIN-ROTH, an individual

17
18 APPROVED AS TO FORM AND CONTENT:

19 By _____
20 STEVEN MARK KLUGMAN, Esq.
Attorney for Steven Eric Milstein-Roth

21 Dated: 10/15/07

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS

4 TO: Steven Eric Milstein-Roth, a.k.a.
5 Steve E. Milsteinroth, Steven E.M. Roth,
6 and Steve Roth
7 1448 Queens Road
8 West Hollywood, CA 90069
9 and
10 13700 Marina Pointe Drive, #1010
11 Marina del Rey, CA 90292

12 Susan Lok, a.k.a.
13 Susan Kheng Loc and Susan Kheng-Loc
14 1265 Indian Springs Drive
15 Glendora, CA 91741

16 Arthur Ferdig, Founder
17 Tradex, Ltd., f.k.a. International
18 Bright Investments, a.k.a. Richwell, Ltd., and
19 Richwell Financial, Inc.
20 15902 Halliburton Road, Suite 184A
21 Hacienda Heights, CA 91745
22 and
23 91 Clinton, Wall House
24 P.O. Box 1437
25 Rosseau Dominica, West Indies

26 **DESIST AND REFRAIN ORDER**

27 (For violations of sections 29520 and 29536 of the Corporations Code)

28 The California Corporations Commissioner ("Commissioner") finds that:

1. At all relevant times herein, Steven Eric Milstein-Roth ("Roth"), a.k.a. Steve E. Milsteinroth, Steven E.M. Roth, and Steve Roth is or was an individual residing at 1448 Queens Road, West Hollywood, CA 90069 or 13700 Marina Pointe Drive, #1010, Marina del Rey, CA 90292.

2. At all relevant times herein, Susan Lok, a.k.a. Susan Keng Loc and Susan Kheng-Loc is or was an individual residing at 1265 Indian Springs Drive, Glendora, CA 91741.

3. At all relevant times herein, Arthur Ferdig ("Ferdig") is or was an individual and the

1 founder of Tradex, Ltd., ("Tradex").

2 4. At all relevant times herein, Tradex formerly known as International Bright
3 Investments, a.k.a. Richwell, Ltd., and Richwell Financial, Inc. is or was a trading company duly
4 registered and located in Roseau, Dominica, West Indies with its principal place of business in the
5 United States at 15902 Halliburton Road, Suite 184A, Hacienda Heights, CA 91745.

6 5. Tradex was a trading company that solicited individuals to place their money
7 with Tradex, memorializing the arrangement with a capital management agreement. The Tradex
8 capital management agreement stated that Tradex is a company that facilitates the trading of world
9 currency in the international foreign exchange market. These agreements constitute commodity
10 contracts under Section 29505 of the California Commodity Law of 1990.

11 6. Beginning in or about 1999, while Roth was employed by New York Life Insurance
12 Company, Roth solicited investments in commodities from individuals, including some of his New
13 York Life Insurance clients, in Tradex with Lok as the trader and Ferdig as the founder.

14 7. Foreign currencies are commodities under Section 29504 of the California Commodity
15 Law of 1990.

16 8. In connection with these offers and sales, Tradex, Roth, Lok and Ferdig willfully
17 failed to disclose to investors that:

- 18 a. Neither Tradex, Roth, Lok or Ferdig were licensed with the Commodity Futures
19 Trading Commission to sell commodities.
- 20 b. Tradex, Roth, Lok and Ferdig are not exempt from the California Commodities
21 Law of 1990 ("CCL").

22 9. In connection with these offers and sales, Tradex, Roth, Lok and Ferdig willfully
23 made false reports, including fabricating client account statements showing foreign currency trading
24 and profits taking place.

25 Based on the foregoing findings, the Commissioner is of the opinion that the capital
26 management agreements for trading in foreign currency offered and sold by Tradex, Roth, Lok and
27 Ferdig were commodity contracts that were offered and sold in this state, in violation of section
28 29520 of the CCL.

1 The Commissioner is also of the opinion that, in connection with the offers and sales, Tradex,
2 Roth, Lok and Ferdig willfully omitted to state material facts necessary in order to make the
3 statements made, in light of the circumstances under which they were made, not misleading and made
4 false reports in violation of section 29536 of the CCL.

5 Pursuant to Section 29542 of the CCL, Tradex, Ltd., Steven Eric Milstein-Roth, Susan Lok,
6 and Arthur Ferdig are hereby ordered to desist and refrain from purchasing or selling, offering to sell
7 or purchase, offering to enter into, or entering into a commodity, commodity contract or commodity
8 option in the State of California involving capital management agreements or any other agreements,
9 accounts, or contracts for trading in foreign currency or other commodities, by omitting to state a
10 material fact necessary in order to make the statements made, in light of the circumstances under
11 which they were made, not misleading or by making false reports. This Order is necessary, in the
12 public interest, for the protection of investors and consistent with the purposes, policies, and
13 provisions of the CCL.

14 Dated: August 30, 2005
15 Los Angeles, California

16 WAYNE STRUMPFER
17 Acting California Corporations Commissioner

18 By _____
19 ALAN S. WEINGER
20 Acting Deputy Commissioner
21 Enforcement Division
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EXHIBIT B

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**STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS**

TO: Steven Eric Milstein-Roth, a.k.a.
Steve E. Milsteinroth, Steven E.M. Roth,
and Steve Roth
1448 Queens Road
West Hollywood, CA 90069
and
13700 Marina Pointe Drive, #1010
Marina del Rey, CA 90292

REVISED DESIST AND REFRAIN ORDER

(For violations of sections 29520 and 29536 of the Corporations Code)

The California Corporations Commissioner ("Commissioner") finds that:

1. At all relevant times herein, Steven Eric Milstein-Roth ("Roth"), a.k.a. Steve E. Milsteinroth, Steven E.M. Roth, and Steve Roth is or was an individual residing at 1448 Queens Road, West Hollywood, CA 90069 or 13700 Marina Pointe Drive, #1010, Marina del Rey, CA 90292.
2. At all relevant times herein, Susan Lok, a.k.a. Susan Keng Loc and Susan Kheng-Loc is or was an individual residing at 1265 Indian Springs Drive, Glendora, CA 91741.
3. At all relevant times herein, Arthur Ferdig ("Ferdig") is or was an individual and the founder of Tradex, Ltd. ("Tradex").
4. At all relevant times herein, Tradex formerly known as International Bright Investments, a.k.a. Richwell, Ltd., and Richwell Financial, Inc. is or was a trading company duly registered and located in Roseau, Dominica, West Indies with its principal place of business in the United States at 15902 Halliburton Road, Suite 184A, Hacienda Heights, CA 91745.
5. Tradex was a trading company that solicited individuals to place their money with Tradex, memorializing the arrangement with a capital management agreement. The Tradex capital management agreement stated that Tradex is a company that facilitates the trading of world

1 currency in the international foreign exchange market. These agreements constitute commodity
2 contracts under Section 29505 of the California Commodity Law of 1990.

3 6. Beginning in or about 1999, Roth was an investor in Tradex while he was employed
4 by New York Life Insurance Company. Roth also solicited investments in commodities from
5 individuals, including some of his New York Life Insurance clients, in Tradex with Lok as the trader
6 and Ferdig as the founder.

7 7. Foreign currencies are commodities under Section 29504 of the California Commodity
8 Law of 1990.

9 8. In connection with these offers and sales Roth willfully failed to disclose to investors
10 that:

- 11 a. Neither Tradex, Roth, Lok or Ferdig were licensed with the Commodity Futures
12 Trading Commission to sell commodities.
13 b. Tradex, Roth, Lok and Ferdig are not exempt from the California Commodities
14 Law of 1990 ("CCL").

15 Based on the foregoing findings, the Commissioner is of the opinion that the capital
16 management agreements for trading in foreign currency offered and sold by Roth were commodity
17 contracts that were offered and sold in this state, in violation of section 29520 of the CCL.

18 The Commissioner is also of the opinion that in connection with the offers and sales, Roth
19 willfully omitted to state the material facts alleged in 8 above, which were necessary in order to make
20 the statements made, in the light of the circumstances under which they were made, not misleading in
21 violation of section 29536 of the CCL.

22 Pursuant to Section 29542 of the CCL Steven Eric Milstein-Roth is hereby ordered to desist
23 and refrain from purchasing or selling, offering to sell or purchase, offering to enter into, or entering
24 into a commodity, commodity contract or commodity option in the State of California involving
25 capital management agreements or any other agreements, accounts, or contracts for trading in foreign
26 currency or other commodities, by omitting to state a material fact necessary in order to make the
27 statements made, in light of the circumstances under which they were made, not misleading.

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1 This Order is necessary, in the public interest, for the protection of investors and consistent
2 with the purposes, policies, and provisions of the CCL.

3 Dated: October 15, 2007
4 Los Angeles, California

5 PRESTON DuFAUCHARD
6 California Corporations Commissioner



By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division