Release Number 8882-24

Federal Court Orders Florida Forex Trader to Pay $3.4 Million for Futures, Forex, Options Scheme

March 21, 2024

Washington, D.C. — The Commodity Futures Trading Commission today announced the U.S. District Court for the Southern District of Florida entered a consent order on March 20 imposing a permanent injunction, civil monetary penalty, restitution, and equitable relief against **Joseph Carvajales** (Carvajales), a resident of Florida.

The order requires Carvajales to pay $2.4 million in restitution to defrauded customers and a $1 million civil monetary penalty. The order also imposes permanent trading and registration bans and a permanent injunction prohibiting the defendant from further violations of the Commodity Exchange Act (CEA) and CFTC regulations, as charged.

The order finds, among other things, Carvajales, an employee of The W Group (WTG), willfully or recklessly made numerous false statements to WTG customers and prospective customers in connection with futures, retail foreign currency contracts (forex), and options. The order resolves the CFTC's case filed on February 7, 2022. [See CFTC Press Release No. 8493-22]

Case Background

The order finds from June 2013 through June 2020, Carvajales, among other things, made false claims to prospective WTG customers about where WTG traded; that WTG would use a commodity trading algorithm to trade futures, forex, and/or options on behalf of customers; that individual trading accounts were opened, that customer funds were deposited into trading accounts, and that trading was conducted; and the profit potential that could be made and the risks of trading. In reality, individual trading accounts were never opened, customer funds were not deposited into trading accounts, and no trading was conducted.

Previously, the U.S District Court for the Southern District of Florida entered a default order against co-defendants **WTG** and **Larry Ramos Mendoza** (Ramos) of Miami, Florida. That order found WTG and Ramos misappropriated over $24 million from at least 220 customers, fraudulently solicited customers and sent them false account statements showing purported profits and trading activity when none existed. The order required WTG and Ramos to pay $7,482,680 in restitution and a civil monetary penalty of $22,448,040. It also imposed permanent trading and registration bans and a permanent injunction prohibiting the defendants from further violations of the CEA and CFTC regulations, as charged.

The CFTC cautions restitution orders may not always result in the recovery of money lost because the wrongdoers may not have sufficient funds or assets. The CFTC will continue to fight vigorously for the protection of customers and to ensure wrongdoers are held accountable.

The Division of Enforcement thanks the U.S. Attorney's Office for the Southern District of Florida for its assistance in this matter.

The Division of Enforcement staff responsible for this case are Kevin Samuel, Eugenia Vroustouris, Erica Bodin, Alison B. Wilson, and Rick Glaser.

CFTC Fraud Advisories

The CFTC has issued several customer protection Fraud Advisories and Articles that provide information about how customers can detect, avoid, and report scams.

The CFTC also strongly urges the public to verify a company's registration with the CFTC before committing funds. If unregistered, a customer should be wary of providing funds to that company. A company's registration status can be found using NFA BASIC.

Customers and other individuals can report suspicious activities or information, such as possible violations of commodity trading laws, to the Division of Enforcement via a toll-free hotline 866-FON-CFTC (866-366-2382), file a tip or complaint online, or contact the Whistleblower Office. Whistleblowers may be eligible to receive between 10 and 30 percent of the monetary sanctions collected paid from the CFTC Customer Protection Fund financed through monetary sanctions paid to the CFTC by violators of the CEA.

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RELATED LINKS
Consent Order: Joseph Carvajales, et al
Statement of Commissioner Kristin N. Johnson