

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 65391 / September 23, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14562

In the Matter of

MANUEL LOPEZ-TARRE,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Respondent Manuel Lopez-Tarre (“Respondent” or “Lopez-Tarre”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

1. These proceedings arise out of Lopez-Tarre's failure reasonably to supervise Guillermo Clamens ("Clamens"), the sole owner of FTC Capital Markets, Inc. ("FTC"), a registered broker-dealer, and Lina Lopez, an FTC employee, with a view towards preventing and detecting their violations of the federal securities laws. From at least April 2008 through November 2008, Clamens fraudulently engaged in tens of millions of dollars of unauthorized trading in the brokerage accounts of two FTC customers, ultimately causing those customers to lose over \$20 million. Lina Lopez assisted Clamens by, among other things, creating and sending the customers fake account statements to help conceal the fraud. Lopez-Tarre, FTC's chief compliance officer, was specifically charged with responsibility for supervising Clamens' handling of customer accounts and for reviewing correspondence, including email correspondence. Lopez-Tarre failed to follow the established procedures for reviewing Clamens' customer accounts and did not review email correspondence. In addition, Lopez-Tarre failed to respond to several "red flags" that should have alerted him to Lina Lopez's participation in the fraud. Had Lopez-Tarre followed the established procedures and reviewed Clamens' customers' accounts and correspondence, it is likely he would have prevented and detected Clamens' violations of the securities laws. In addition, had Lopez-Tarre reviewed the correspondence of Lina Lopez or responded to red flags raised by wire transfers, it is likely that he would have prevented and detected her violations of the federal securities laws.

RESPONDENT

2. **Lopez-Tarre**, age 39, is a permanent resident of the United States who maintains a residence in Brooklyn, New York. At all relevant times, Lopez-Tarre was FTC's chief compliance officer who was specifically tasked with supervising Clamens and Lina Lopez.

OTHER RELEVANT PERSONS AND ENTITIES

3. **FTC** was registered as a broker-dealer with the Commission from August 7, 2003 until June 15, 2009. At all relevant times, the firm was headquartered in midtown Manhattan and had an office in Miami, Florida.

4. **Clamens**, age 47, was, throughout the relevant period, the sole owner, chairman and chief executive officer of FTC, as well as the president of FTC Emerging Markets. Throughout the relevant period, Clamens was a Venezuelan citizen, and a permanent resident of the United States who maintained a residence in New York, New York.

¹ The findings made herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

5. **Lina Lopez (a/k/a Nazly Cucunuba Lopez)**, age 36, is a citizen of Columbia who maintains a residence in Miami, Florida. During the relevant period, Lopez worked out of FTC's office in Miami, Florida.

6. **FTC Emerging Markets, also d/b/a FTC Group, (collectively "Emerging Markets")** is a Panamanian-based FTC affiliate. During the relevant period, Clamens was the president of Emerging Markets. Emerging Markets purported to advise non-U.S. entities and individuals on investments in securities and maintained brokerage accounts at several U.S. broker-dealers, through which it engaged in securities transactions.

7. **Citgo Petroleum Corporation** is a Delaware corporation, headquartered in Houston, Texas that is wholly owned by PDV Holding, a Delaware corporation owned by the Bolivarian Republic of Venezuela. Citgo is a refiner and marketer of gasoline and petroleum products.

FACTS

A. The Underlying Violations

8. Throughout the relevant period, FTC engaged in a general securities business, transacting in debt and equity securities on behalf of mostly South American institutional customers. The firm was relatively small; it had thirteen employees, twelve of whom were registered, and served as introducing broker for approximately 110 customer accounts, which cleared through BNP Paribas Securities Corporation ("BNP") or Penson Financial Services, Inc.

9. In April 2008, Citgo and its parent company opened brokerage accounts with FTC, with Clamens as the registered representative on the accounts. Over the next six months, until the fraud came to light, Clamens, with the assistance of Lina Lopez, engaged in tens of millions of dollars of unauthorized trades in Citgo's accounts, including purchasing millions of dollars worth of bonds issued by an FTC affiliate. Lina Lopez assisted Clamens in carrying out the fraud by communicating to Citgo fabricated rates of return on securities that FTC was not authorized to sell and by creating and emailing to Citgo false account statements showing holdings in certificates of deposit and money market funds – the investments Citgo had authorized FTC to make on its behalf, which FTC had not made – instead of the unauthorized investments.

10. As a result of this conduct, Clamens and Lina Lopez violated Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and aided and abetted FTC's violations of Section 15(c) of the Exchange Act.

11. On May 19, 2009, the Commission filed a civil enforcement action against Clamens, Lina Lopez, FTC, and Emerging Markets alleging, among other things, violations of the antifraud provisions of the federal securities laws, based on the fraud on Citgo, Securities and Exchange Commission v. FTC Capital Markets, Inc., et al., Civil Action Number 09 Civ. 4755 (S.D.N.Y.). On August 26, 2010, a final judgment was entered by consent against Clamens and Lopez, that, among other things, permanently enjoined them from violating Section 17(a) of the

Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and from aiding and abetting violations of Section 15(c) of the Exchange Act.

12. On October 16, 2009, Lina Lopez pleaded guilty to criminal charges arising out of the fraud on Citgo in a case entitled United States v. Nazly Cucunuba Lopez, 09 Cr. 985 (RPP).

B. Lopez-Tarre Was Responsible for Supervising Clamens' Dealings with Customers and Reviewing All Correspondence.

13. Lopez-Tarre, who had a background in information technology and operations, joined FTC in January 2007 as vice president of operations. In January 2008, he obtained his principal's license and was appointed FTC's chief compliance officer. In compliance with National Association of Securities Dealers Rule 3010, which requires broker-dealers to establish and implement written procedures reasonably designed to prevent violations of the securities laws and regulations, FTC maintained written procedures assigning supervisory responsibilities to specific employees. Under those procedures, Lopez-Tarre had sole responsibility for all supervisory reviews of customer account activity, including activity in the accounts of Clamens' customers. Lopez-Tarre was also responsible for reviewing correspondence, including reviewing e-mail or other electronic correspondence on a regular basis.

C. Lopez-Tarre Failed to Review Clamens' Customer Accounts and Electronic Correspondence.

14. After opening their accounts with FTC in April 2008, Citgo and its parent company collectively deposited approximately \$560 million in the accounts over the following six months, quickly becoming FTC's largest customers. As Clamens and Lina Lopez knew, Citgo's sole purpose for opening and maintaining the accounts with FTC was to invest the company's excess cash from operations in short-term, low-risk, liquid investments. Contrary to that goal and unbeknownst to Citgo, Clamens purchased for the accounts tens of millions of dollars of illiquid bonds, including \$60 million in bonds issued by FTC International, an unregistered affiliate of FTC.

15. Citgo requested on-line access to account information and needed a report immediately after month-end for internal reporting purposes. Clamens told Citgo that he was trying to arrange with FTC's technology staff for such on-line access. In the interim, he offered to have Lina Lopez, who functioned as Clamens' executive assistant, prepare and e-mail daily and monthly account statements to Citgo.

16. For approximately six months, Lina Lopez repeatedly e-mailed Citgo false information about the transactions in its accounts. Every day, she emailed the interest rates purportedly available on certain money market funds and BNP certificates of deposit, rates that she got from Clamens, who made them slightly higher than market rates, to entice Citgo to entrust more money to FTC.² In addition, Lina Lopez emailed Citgo a daily report – the "Leverage

² FTC was not authorized by BNP to offer BNP CDs.

Trades Finance Report” – that purported to show the positions in each account, including the interest rate, principal amount, and amount of accrued interest. Lina Lopez also e-mailed Citgo fake monthly account statements, which reflected the same investments in short-term CDs and money markets funds. Clamens was copied on all emails transmitting the daily reports and monthly statements.

17. According to FTC’s written supervisory procedures, Lopez-Tarre was responsible for reviewing incoming and outgoing e-mail or other electronic correspondence on a regular basis and for reviewing the activity in Clamens’ customers’ accounts at least monthly for suitability. Lopez-Tarre did not adequately review electronic correspondence or the activity in Clamens’ customers’ accounts. Had Lopez-Tarre fulfilled these responsibilities, it is likely that he could have detected or prevented the fraud perpetrated by Clamens and Lopez.

18. Moreover, if Lopez-Tarre had reviewed Lina Lopez’s email correspondence, he would have seen that she was sending confirmations and account statements, which was not customary given that Citgo could have had on-line access to its accounts through the clearing broker, BNP. Had Lopez-Tarre reviewed those confirmations and statements in accordance with the firm’s supervisory guidelines, he likely would have discovered the discrepancy between the actual activity in the accounts and the activity reflected on the confirmations and statements that Lina Lopez was creating and sending to Citgo. In addition, had he reviewed the transactions in the Citgo accounts for suitability in accordance with the supervisory guidelines, he likely would have discovered the discrepancy between the actual activity in the accounts and the activity that Lopez was reporting.

D. Lopez-Tarre Failed to Respond to Red Flags Raised by Wire Transfers.

19. In October 2008, Citgo began to deposit funds in its account for overnight investment and request that those funds – and the interest that the funds had purportedly earned – be wired to its bank account the following day. Because Clamens was quoting inflated daily money market rates to Citgo, the account did not generate enough interest to send the entire amount that Citgo requested. As a result, on six occasions, Lina Lopez wired the shortfall to Citgo’s bank account from Emerging Markets’ bank account. Each time, she sent an e-mail to Clamens, informing him that Citgo had submitted a withdrawal request and the amount of funds available Citgo’s account and expressly stating that she was going to send the difference from Emerging Markets’ account. On two of the emails, Lina Lopez copied Lopez-Tarre.

20. FTC’s written supervisory procedures specifically charged Lopez-Tarre with reviewing the transmittal of funds between customers and FTC representatives. Lopez-Tarre never questioned why there were insufficient funds in Citgo’s account to cover its withdrawal requests or why the shortfall was being paid from the account of Emerging Markets, an FTC affiliate. Had he followed up on these red flags, Lopez-Tarre would have discovered that the shortfall in the account was due to Clamens’ inflating the interest rate and unauthorized trading and would have further discovered Clamens’ and Lina Lopez’s violations of the federal securities laws.

**LOPEZ-TARRE FAILED REASONABLY TO SUPERVISE
CLAMENS AND LINA LOPEZ**

21. Lopez-Tarre was responsible for supervising Clamens in Clamens' dealings with customers and for reviewing incoming and outgoing email correspondence and wire transfers. Yet he failed to review the email correspondence between Lina Lopez and Citgo. In addition, he failed to respond to the red flags raised by the transfers of funds from the FTC affiliate Emerging Markets to Citgo. Had he fulfilled his assigned supervisory responsibilities with respect to the firm's two largest customer accounts, Lopez-Tarre would likely have discovered that Clamens and Lina Lopez were reporting transactions to the customer that had not in fact occurred in the accounts.

22. As a result of the conduct described above, Lopez-Tarre failed reasonably to supervise Clamens and Lina Lopez, persons subject to his supervision within the meaning of Section 15(b)(4)(E) of the Exchange Act, with a view to preventing and detecting their violations of the federal securities laws.

CIVIL PENALTIES

23. Respondent has submitted a sworn Statement of Financial Condition dated May 30, 2011 and other evidence and has asserted his inability to pay a civil penalty.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 15(b)(6) of the Exchange, it is hereby ORDERED:

Respondent be, and hereby is, barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization in a supervisory capacity, with a right to reapply for association after one year to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

Based upon Respondent's sworn representations in his Statement of Financial Condition dated May 30, 2011 and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondent.

The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Elizabeth M. Murphy
Secretary