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DISTRICT OF UTAH
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

ROBERT G. WING, Receiver for
4NExchange, L.L.C.,

Plaintiff,

v.

LEO GRANT and AMY GRANT,

Defendants.

COMPLAINT

2-02-CV-1069

Case No. _____

Judge _____

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Robert G. Wing, as receiver for 4NExchange, complains against defendants as follows:

STATEMENT OF THE CASE

1. This action arises out of a Ponzi scheme. Ronald Bassett and Paul Grant began a business known as 4NExchange, L.L.C., (hereafter "4NExchange"). 4NExchange solicited money from investors, telling them that the money would be pooled and used to engage in foreign currency trading. In fact, 4NExchange used only a very small portion of the pooled money in currency trading. Rather, money from new investors was used to pay old investors, to pay salaries and commissions, and to invest in other fraudulent schemes.

2. On May 2, 2002, the United States Securities and Exchange Commission filed suit against 4NExchange, Paul R. Grant and Ronald K. Bassett alleging violations of the Federal securities laws. On that same date, the United States Commodity Futures Trading Commission and the State of Utah Commercial Enforcement Division filed a lawsuit against the same parties alleging violations of the Federal Commodity Exchange Act and of Utah's securities laws.

3. On May 30, 2002, this Court appointed Robert G. Wing as Receiver for 4NExchange. In this action, the Receiver seeks to recover from 4NExchange investors who received more than their investment from 4NExchange.

PARTIES, JURISDICTION AND VENUE

4. 4NExchange LLC is a Utah Limited Liability Company. Robert G. Wing ("the Receiver") is the Receiver for 4NExchange.

5. Leo Grant is a resident of Utah and is the father of Paul R. Grant.

6. Amy Grant is a resident of Utah and is the mother of Paul R. Grant.

7. Jurisdiction is proper in this Court pursuant to 28 U.S.C. Section 1367.

8. Venue is proper in this Court pursuant to 28 U.S.C. Section 754.

FIRST CLAIM FOR RELIEF

(Fraudulent Conveyance)

9. Plaintiff incorporates by reference paragraphs 1 through 8 above as if fully set forth herein.

10. From February 2000 to January 15, 2002, over a series of payments, 4NExchange transferred to Amy and/or Leo Grant \$222,000.00 of money received from investors of 4NExchange, allegedly as return on an \$8,000.00 investment made by Amy Grant on or about November 30, 2000.

11. As these payments were made as part of a Ponzi scheme these transfers were, by definition, made to hinder, delay or defraud creditors and or investors of 4NExchange.

12. 4NExchange, as a Ponzi scheme was insolvent or became insolvent at the time it transferred its assets to Storms in that some or all of its debts were greater than all of its assets and/or it was not paying its debts or interest on investments as they became due.

13. 4NExchange has been damaged as a direct result of fraudulent conveyances to the Grants in that it did not receive equivalent value in exchange for its transfer of assets to the Grants.

SECOND CLAIM FOR RELIEF

(Unjust Enrichment)

14. Plaintiff incorporates by reference paragraph 1 through 8 above as if fully set forth herein.

15. The Grants received \$222,000.00 from 4NExchange in return for its \$8,000.00 investment with appreciation or knowledge of the benefit they have received.

16. The defendants have received and/or retained the money which, in justice and

equity, belong to another, 4NExchange and/or its investors.

17. It would be inequitable under the circumstances described above for the Grants to retain the benefits of the \$222,000.00 less their \$8,000.00 investment to the detriment of 4NExchange and its investors.

18. The defendants have been unjustly enriched to the detriment of 4NExchange in an amount to be proven at trial but not less than \$214,000.

THIRD CLAIM FOR RELIEF

(Disgorgement)

19. Plaintiff incorporates by reference the paragraphs listed above as if fully set forth herein.

20. 4NExchange gave \$220,000.00 to the Grants, in return for the \$8,000.00 investment.

21. The money given to the defendants was ill-gotten. It was derived from investors who were told that they were investing in a foreign currency trading enterprise.

22. The funds were not invested in a foreign currency trading enterprise but rather were used as part of a Ponzi scheme.

23. None of the defendants have a claim to the funds received from 4NExchange, or derivatively, from its investors above and beyond the amount that they personally contributed to the scheme.

24. Therefore all moneys received above and beyond amounts contributed by

defendants should be disgorged to the plaintiff for the benefit of 4NExchange and its investors.

WHEREFORE, plaintiff prays for relief as follows:

A. Pursuant to plaintiff's first claim for relief that the plaintiff be awarded damages of \$214,000.00, together with interest and costs and attorneys fees to the Receiver for and on behalf of the investors of 4NExchange as a result of the fraudulent transfer.


B. Pursuant to plaintiff's second cause of action, that the court award damages to the plaintiff in the amount of not less than \$214,000.00 together with interest and costs.

C. Pursuant to plaintiff's third cause of action that the defendants be ordered to return all of the money which they have received from 4NExchange, in an amount not less than \$214,000.00 together with interest and costs to the Receiver for and on behalf of the investors of 4NExchange.

D. For such other relief as the Court may allow.

Dated this 25 day of September, 2002.

PRINCE, YEATES & GELDZAHLER

By 

Roger J. McConkie
Attorneys for Receiver Robert G. Wing

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