

**Written Testimony of Carmen Margala  
before the  
United States Senate  
Permanent Subcommittee on Investigations**

**February 24, 2000**

My name is Carmen Margala. I reside in Oceanside, just north of San Diego, California and am a former client of All-Tech Investment Group. Prior to my experiences at All-Tech, I had bought and sold some stocks, mostly on a long term basis, but had never engaged in day-trading of securities.

In approximately August 1998, I saw an All-Tech television commercial which made it appear quite easy to make money and achieve financial independence as a "day-trader" at All-Tech. The commercial featured Barry Parish, the manager of All-Tech's San Diego office, and the ad stated that I could start with "as little as \$10,000."

At the time, I was not employed, had no income and was looking for a new profession so I contacted Mr. Parish by telephone and then met him at the All-Tech office. Mr. Parish explained that people make money by trading and scalping the difference between the bid and the ask price of a stock and then demonstrated this on a computer program. When I asked whether people were making money doing this he told me that they were.

Mr. Parish provided me with forms to open an account at All-Tech and when I returned with the forms, Mr. Parish told me that I needed \$20,000 to open the account. Neither Mr. Parish nor anyone else ever discussed risk, or my tolerance for risk, my background, goals or objectives, past experiences, my financial position or anything else other than how much money could I deposit in the All-Tech account. Since I did not have much money or a significant net worth, I opened the account with \$20,000. I "paper" traded my account for one month and then began live trading so that I could earn an income.

I experienced problems with the trading equipment that All-Tech provided to us. For example, I repeatedly experienced inaccurate quotes. At times, the quotes appeared to have been delayed by as much as 13 minutes. All-Tech set up a special computer line for Mr. Parish which would at least provide him with accurate quotes but even these sometimes were behind the market. The inaccurate quotes resulted in losses in my All-Tech account.

The trading software or system also allowed the purchase of any amount of stock, regardless of what was in my account. Without knowing it, I generated a number of margin calls which Mr. Parish then arranged for other clients to cover. Further, during much of the time I was at All-Tech, the system could not even show me status or balances of my accounts. To encourage trading, the upgraded computers were given to those persons that executed the highest number of trades.

The atmosphere in the trading room at All-Tech was like a circus. Mr. Parish would sometimes play games directing clients to buy or sell; if there were losses, Mr. Parish would cover the losses, if there were gains, they would end up as a "credit" for the benefit of Mr. Parish.

Mr. Parish allowed one All-Tech client to trade other All-Tech clients' accounts. A fellow All-Tech client told me that Mr. Parish personally provided him with clients's accounts to trade. Neither of these people had a broker's license of any kind.

Mr. Parish would sometimes stand in front of his computer in the All-Tech trading room and shout out to the room or to individual clients "load to buy." Other times Mr. Parish would give instructions to "get ready to sell" stocks which he had picked.

All-Tech applied enormous pressure to trade our accounts. Mr. Parish would sometimes stand next to me or other All-Tech clients who were seated in the room and tell us what to trade and when to trade. In addition to the pressure to constantly trade, Mr. Parish made it very difficult to focus upon what we were doing.

Other forms of trading pressure at All-Tech were indirect. For example, Mr. Parish oftentimes discussed other All-Tech clients and made statements such as "he just comes in to take up space. I need people that trade."

All-Tech also pressured its clients to cover other clients' margin calls. At times, Mr. Parish simply shouted the margin call requests across the trading room. These requests were not limited to clients within All-Tech's San Diego office. The added pressure of trading with margin money loaned by other clients was very stressful for me.

Eventually I realized that what All-Tech had told me about making money day-trading was false and I left All-Tech. Unfortunately, before I left All-Tech I sustained tens of thousands of dollars in losses, due in part to the commissions which All-Tech realized from my account.