

revoked, suspended, conditioned, or restricted under Section 8a(4) of the Act, 7 U.S.C. §12a(4) (2002).³

Accordingly, the Commission **HEREBY ORDERS** that Kaulentis' registration as a floor broker shall be suspended and restricted as follows:

1. Kaulentis' registration as a floor broker shall be suspended for six weeks beginning on the Monday following the entry of this Opinion and Order ("Order");
2. At the end of Kaulentis' six-week suspension, Kaulentis' registration as a floor broker shall be restricted as follows:
 - a. Kaulentis shall not serve on any disciplinary committee, arbitration panel, oversight panel or governing board of any self-regulatory organization ("SRO") registered or required to be registered with the Commission;
 - b. Kaulentis shall not directly or indirectly act in any supervisory capacity over anyone registered or required to be registered with the Commission and shall not directly or indirectly act as a principal, partner, officer, or branch office manager of any entity registered or required to be registered with the Commission;
 - c. Kaulentis shall send written notification to the Membership Department of all exchanges where he has floor trading privileges that his registration is subject to restrictions and conditions. Such written notification shall include a copy of this Order;
 - d. Kaulentis acknowledges that failure to comply with this Order shall constitute a violation of this Order and may subject him to administrative or injunctive proceedings pursuant to the Act; and
 - e. The restrictions set forth in this Order shall remain in effect for three years from the date on which Kaulentis' six-week suspension of his registration as a floor broker is lifted.
3. Additionally, Kaulentis' registration as a floor broker shall be subject to the following conditions for the duration of Kaulentis' six-week suspension and three-year restricted registration:
 - a. If the Commission, the NFA, or any other SRO or a law enforcement agency or regulatory agency institutes a proceeding charging Kaulentis

³ In his Offer, Kaulentis agrees to the use of these findings in this proceeding and in any proceeding in bankruptcy or other proceeding to which the Commission is a party.

with violation of the Act, the Regulations, the rules or requirements of the NFA or any other SRO, the terms of this Order, or a disciplinary offense as defined by Section 1.63(a)(6) of the Regulations, 17 C.F.R. §1.63(a)(6) (2004), Kaulentis shall notify the Commission and NFA immediately in writing of such action;

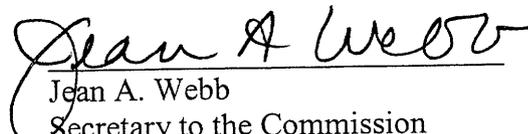
- b. Kaulentis' registration shall be automatically suspended if he is charged with violating the terms of a Commission order, violating the terms of a Federal Court order enjoining violations of the Act or Regulations, or a disciplinary offense as defined in regulation 1.63(a)(6), 17 C.F.R. §1.63(a)(6) (2004), except that as to offenses defined in Regulation 1.63(a)(6)(i)(c), suspension shall occur if fines aggregating \$5,000 or more are imposed during the period of these restrictions rather than during a calendar year; and
- c. If Kaulentis' registration is automatically suspended pursuant to Paragraph 3(b) of this section, the period of suspension shall terminate six-weeks after the date of the suspension, unless the Commission files within that period a Notice of Intent to Revoke, Suspend, Condition, or Restrict Registration pursuant to Regulation 3.60(a), 17 C.F.R. §3.60(a) (2004), or a Complaint in either an administrative or injunctive action. If such Notice or complaint is filed within the six-week period, Kaulentis' registration shall be suspended until a final order is entered resolving all issues arising under such Notice or Complaint.

Neither Kaulentis nor any of his agents or employees under his authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Notice or findings or conclusions in the Order, or creating or tending to create, the impression that the Notice or the Order is without a factual basis; provided, however, that nothing in this provision shall affect Kaulentis' (i) testimonial obligations, or (ii) right to take legal positions in other proceedings to which the Commission is not a party.

Unless otherwise specified, the provisions of this Order shall be effective on this date.

The Office of Proceedings shall serve a copy of this Order upon Kaulentis, upon the National Futures Association, and upon all contract markets.

By the Commission


Jean A. Webb
Secretary to the Commission
Commodity Futures trading Commission

Dated: August 1, 2005

UNITED STATES DISTRICT COURT
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of

DEAN KAULENTIS,

Registrant.

CFTC DOCKET NO.

SD 05-05

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**NOTICE OF INTENT TO REVOKE, SUSPEND OR
CONDITION REGISTRATION AS A FLOOR BROKER**

I.

The Commodity Futures Trading Commission ("Commission") has received information from its staff which tends to show, and the Commission's Division of Enforcement alleges and is prepared to prove that:

1. Dean Kaulentis ("Kaulentis") resides in Lake Forest, Illinois.
2. Kaulentis has been continuously registered as a floor broker pursuant to Sections 4e and 4f of the Commodity Exchange Act, as amended (the "Act"), 7 U.S.C. §§ 6e and 6f (2002), since July 1982.
3. Kaulentis has held trading privileges at the Chicago Mercantile Exchange ("CME") and owned a CME membership since July 1974, which entitled him to full trading privileges at the CME for himself and customers.
4. During at least June 2001 through October 2002 ("the relevant time period"), Kaulentis was the registered principal of the Dean J. Kaulentis Broker Association Group, Inc. and he executed trades in the Live Cattle futures pit at the CME.
5. On June 18, 2003, the CME's Probable Cause Committee issued a three-count disciplinary action against Kaulentis alleging the following: (a) on eight separate instances in

2001, Kaulentis traded Live Cattle futures contracts opposite other exchange members on the CME's floor other than by open outcry (b) Kaulentis assigned buys to his error account at a lower price than that of a customer order and that was uncommercial conduct; and (c) the pre-arranged trades affected the integrity of the markets and were substantially detrimental to the interest and welfare of the CME.

6. As a result of the misconduct alleged in paragraph 5, the Probable Cause Committee charged Kaulentis with violating the following CME Rules: CME Rule 539, in that he engaged in pre-arranged trades which is conduct that demonstrates that trades are executed by other means other than open outcry; CME Rule 433.b, in that he engaged in uncommercial conduct; and CME Rule 432.q, in that he committed acts that were substantially detrimental to the interest and welfare of the CME. The Probable Cause Committee referred the matter, No. 01-18993-BC, to the CME's Business Conduct Committee for disposition of the charges.

7. On November 17, 2003, after conducting a hearing, the CME's Business Conduct Committee accepted Kaulentis' offer of settlement, submitted without admitting or denying the allegations against him, found that on seven instances he pre-arranged trades and assigned a buy to his error account and ordered that Kaulentis make full restitution to the affected customer in the total amount of \$4,200. The CME also fined Kaulentis \$75,000, suspended his trading privileges for thirty business days and ordered him to cease and desist from further violations of CME Rule 539.

8. The facts underlying the disciplinary action set forth in Paragraphs 4 through 7 constitute a basis for statutory disqualification from registration under Section 8a(3)(M) of the Act, 7 U.S.C. §§ 12a(3)(M) (2002), pursuant to which Kaulentis' registration as a floor broker may be suspended, conditioned or revoked.

II.

Pursuant to Section 3.60(a), 17 C.F.R. § 3.60(a) (2004), Kaulentis is hereby notified that a public proceeding shall be conducted in accordance with the provisions of Commission Regulation 3.60, 17 C.F.R. § 3.60 (2004), on the following questions:

1. Whether Kaulentis is subject to statutory disqualification under Sections 8a(3)(M) of the Act, as set forth in Section I, above; and
2. If the answer to question 1 is affirmative, whether the registration of Kaulentis as a floor broker should be suspended, restricted or revoked. Such proceeding shall be held before an Administrative Law Judge, in accordance with Commission Regulation 3.60, and all post-hearing procedures shall be conducted pursuant to Commission Regulation 3.60(i)-(j), 17 C.F.R. § 3.60(i)-(j) (2004).

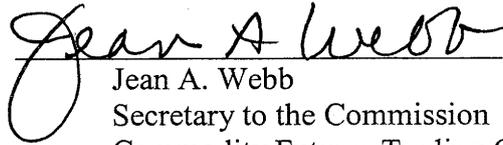
In accordance with the provisions of Commission Regulation 3.60(a)(3), 17 C.F.R. § 3.60(a)(3) (2004), Kaulentis is entitled to file a response challenging the evidentiary basis of the statutory disqualification or show cause why, notwithstanding the accuracy of the allegations, his registration should not be suspended, revoked, or restricted. Such response must be filed with the Hearing Clerk, Office of Hearings and Appeals, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and served upon Rocell J. Cyrus, Trial Attorney, Division of Enforcement at 525 W. Monroe Street, Suite 1100, Chicago, Illinois 60661, within thirty (30) days after the date of service of this Notice upon Kaulentis in accordance with the provisions of Commission Regulation 3.60(b). If Kaulentis fails to timely file a response to this notice, the allegations set forth herein shall be deemed to be true and the presiding officer may issue an Order of Default in accordance with the provisions of Commission Regulation 3.60(g), 17 C.F.R. § 3.60(g) (2004).

III.

The Hearing Clerk shall serve this Notice of Intent to Suspend, Revoke, or Restrict Registration by registered or certified mail pursuant to Commission Regulation 3.50, 17 C.F.R. § 3.50 (2004).

By the Commission.

Date: August 1, 2005

A handwritten signature in cursive script that reads "Jean A. Webb". The signature is written in black ink and is positioned above a horizontal line.

Jean A. Webb
Secretary to the Commission
Commodity Futures Trading Commission