



**COMMODITY FUTURES TRADING COMMISSION
QUARTERLY PERFORMANCE REVIEW**

**FOURTH QUARTER, FY 1999
FIRST QUARTER, FY 2000**



QUARTERLY PERFORMANCE REVIEW
FOURTH QUARTER, FY 1999

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***Purpose:** The Quarterly Performance Review provides narrative and statistical information regarding how well the CFTC is performing its mission to protect market users and the public from fraud, manipulation, and abusive trading practices related to the sale of commodity futures and options, and to foster open, competitive, and financially sound commodity futures and option markets.*

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Part I: Commission Resources

Summary of FY 1999 Commission Funding
By Agency Goal & Outcome Objective

Outcome Objective by CFTC Goal	FY 1999 \$ (000)
GOAL ONE: Protect the economic functions of the commodity futures and option markets.	
Outcome Objectives	
1.1 Foster futures and option markets that accurately reflect the forces of supply and demand for the underlying commodity and are free of disruptive activity.	\$11,712
1.2 Oversee markets which can be used effectively by producers, processors, financial institutions and other firms for the purposes of price discovery and risk shifting.	1,346
Subtotal Goal One	\$13,058
GOAL TWO: Protect market users and the public.	
Outcome Objectives	
2.1 Promote compliance with and deter violations of federal commodities laws.	\$15,098
2.2 Require commodities professionals to meet high standards.	1,811
2.3 Provide a forum for effectively and expeditiously handling customer complaints against persons or firms registered under the Act.	1,378
Subtotal Goal Two	\$18,288
GOAL THREE: Foster open, competitive, and financially sound markets.	
Outcome Objectives	
3.1 Ensure sound financial practices of clearing organizations and firms holding customer funds	\$2,407
3.2 Promote and enhance effective self-regulation of the commodity futures and option markets.	7,901
3.3 Facilitate the continued development of an effective, flexible regulatory environment responsive to evolving market conditions.	2,649
3.4 Promote markets free of trade practice abuses.	2,887
Subtotal Goal Three	\$15,844
Unallocated	
Unallocated & Prorated	13,810
Subtotal Unallocated	\$13,810
TOTAL	\$61,000

Division Staffing Distribution by Outcome Objective
FY 1999
in Full-Time Equivalent (FTE) Hours

Outcome Objective by CFTC Goal	FY 1999 FTEs
<i>GOAL ONE: Protect the economic functions of the commodity futures and option markets.</i>	
Outcome Objectives	
1.1 Foster futures and option markets that accurately reflect the forces of supply and demand for the underlying commodity and are free of disruptive activity.	115.35
1.2 Oversee markets which can be used effectively by producers, processors, financial institutions and other firms for the purposes of price discovery and risk shifting.	13.75
Subtotal Goal One	129.10
<i>GOAL TWO: Protect market users and the public.</i>	
Outcome Objectives	
2.1 Promote compliance with and deter violations of federal commodities laws.	140.00
2.2 Require commodities professionals to meet high standards.	17.50
2.3 Provide a forum for effectively and expeditiously handling customer complaints against persons or firms registered under the Act.	13.00
Subtotal Goal Two	170.50
<i>GOAL THREE: Foster open, competitive, and financially sound markets.</i>	
Outcome Objectives	
3.1 Ensure sound financial practices of clearing organizations and firms holding customer funds	23.05
3.2 Promote and enhance effective self-regulation of the commodity futures and option markets.	69.40
3.3 Facilitate the continued development of an effective, flexible regulatory environment responsive to evolving market conditions.	26.00
3.4 Promote markets free of trade practice abuses.	27.25
Subtotal Goal Three	145.70
<i>Unallocated</i>	
Unallocated & Prorated	134.70
Subtotal Unallocated	134.70
TOTAL	580.00

Part II: Priorities & Accomplishments

Summary of Priorities by Agency Goal: Upcoming First Quarter, FY 2000

<i>Goal One: Protect the economic functions of the commodity futures and option markets.</i>	
Division/Office	Priority Items
Trading & Markets	Contract Markets' Section 4(c) Petition Cantor Financial Futures Exchange Block Trading Proposal FutureCom
Economic Analysis	Large Trader Reporting Agricultural Trade Options Rule Change Procedures Designation Process
General Counsel	Regulatory and Legislative Matters
Executive Director	Systems Reengineering Projects
International Affairs	Memorandum of Understanding with UK Market Authorities
Legislative & Intergov'tal Affairs	Legislative Support Activities Liaison Activities

<i>Goal Two: Protect market users and the public.</i>	
Division/Office	Priority Items
General Counsel	Opinions Litigation
Enforcement	Due to the confidential nature of its work, the Division of Enforcement does not list its priorities for the upcoming quarter. See the <i>Accomplishments</i> section for recent work completed by the Division of Enforcement.

<i>Goal Three: Foster open, competitive, and financially sound markets.</i>	
Division/Office	Priority Items
Trading & Markets	Regulatory Reform: <ul style="list-style-type: none"> - Denomination of Customer Funds and Location of Depositories - Noncompetitive Transactions Concept Release Audit Trail and Dual Trading Exemptions Proposed Amendments to Rule 1.59 Automated Trading Systems CPOs and CTAs Hedge Fund Reporting Year 2000 Contingency Planning Over-the-Counter (OTC) Derivatives Study Griffin Trading Company Bankruptcy
International Affairs	International Organization of Securities Commissions (IOSCO) International Initiatives Technical Assistance

<i>All Goals</i>	
Division/Office	Priority Items
Executive Director	Intranet Systems Reengineering Projects Procurement/Contracting Long Range IRM Planning Technology Advances Special Events and Training Human Resources Initiatives Reporting

Division Priorities by Agency Goal: *Upcoming First Quarter, FY 2000*

Goal One: Protect the economic functions of the commodity futures and option markets.

Division of Trading & Markets—Goal One Priorities:

Contract Markets' Section 4(c) Petition – The Division is currently considering a June 25, 1999, joint petition for exemptive relief submitted to the Commission by the Chicago Board of Trade (CBOT), the Chicago Mercantile Exchange (CME), and the New York Mercantile Exchange (NYMEX), pursuant to Section 4(c) of the Act. The petition requested an exemption for all boards of trade that have been designated by the Commission as contract markets from certain statutory requirements in three areas: (1) the contract market designation procedures for new contract submissions; (2) the contract market rule review procedures; and (3) pertinent provisions of the Act that would otherwise prevent the immediate adoption and implementation of trading rules and procedures for a contract listed by a contract market that are comparable to those of a competing foreign exchange. On August 25, 1999, the Commission published the petition for a 45-day public comment period in the *Federal Register* (64 FR 46356). The Division is currently reviewing comments received in response to the release.

Cantor Financial Futures Exchange Block Trading Proposal – The Division is currently considering a proposal from the Cantor Financial Futures Exchange, Inc. (CX) to establish block trading procedures at CX. Under the proposed procedures, qualified market participants would be allowed to negotiate and arrange futures transactions of a minimum size bilaterally away from the centralized, competitive market. Once the specific terms of the block transaction had been agreed to, the counterparties would report the relevant details of the transaction to the Exchange for clearing and settlement. CX's proposal is the first contract market proposal that the Commission has received that would allow block trading. The Commission published CX's proposal for public comment in the *Federal Register* on October 7, 1999 (64 FR 54620). The comment period for the proposal closes on October 22, 1999.

FutureCom – FutureCom's application for designation as a new contract market for the automated Internet-based trading of live cattle and stock index futures and option contracts is pending. The Division formally stayed this matter on March 24, 1998, and informed FutureCom by letter dated December 22, 1998, that consideration of its application can resume only when the Division receives all information requested, including a demonstration of the satisfactory completion of beta testing of FutureCom's system. Staff visited FutureCom's facility on June 23-24, 1999, to, among other things, participate in a mock trading session of the trading system. Based upon a request from the Division, the Exchange had an independent third-party, AuditForce, conduct a review of FutureCom's trading system. Division staff is currently reviewing AuditForce's report on its review. Staff also continues to work with FutureCom to resolve outstanding issues.

Division of Economic Analysis—Goal One Priorities:

Large Trader Reporting – Staff will continue to work with the Office of Information Resources Management to convert the current mainframe surveillance system to client-server technology. This will remain a significant resource commitment for the remainder of the calendar year. Division staff will rewrite software to produce all public reports.

Agricultural Trade Options – The Division will prepare a notice of final rulemaking.

Rule Change Procedures – The Division will recommend that the Commission reconsider its proposal in light of a broader notice of proposed rulemaking.

Designation Process – The Division will recommend final rules to the designation process for Commission consideration to further enable exchanges to better compete.

Office of the General Counsel—Goal One Priorities:

Regulatory and Legislative Matters – As the Commission's chief legal advisor, OGC will advise the Commission concerning proposed legislation to amend the CEA and other legislative and regulatory matters.

Office of the Executive Director—Goal One Priorities:

Systems Reengineering Projects – OIRM will deploy the reengineered Surveillance System for use by DEA. OIRM will deploy the ported Exchange Database System for use by T&M and DOE. OIRM will initiate construction of the reengineered Exchange Database System.

Office of International Affairs—Goal One Priorities:

Memorandum of Understanding with UK Market Authorities – OIA will continue to work on an MOU with relevant United Kingdom (UK) market authorities that will facilitate the sharing of warehouse information.

Office of Legislative and Intergovernmental Affairs—Goal One Priorities:

Legislative Support Activities – Staff will monitor legislative initiatives and advise the Commission and its staff about proposals that may affect the Commission, the Commodity Exchange Act, or the administrative responsibilities of the agency. OLIA staff will pay particular attention to: (1) issues, hearings, and legislation related to the reauthorization of the Commission and reform of the CEA; (2) pending financial services reform bills currently being considered in the U.S. Senate and House of Representatives; and (3) other legislation which may affect the agency in the performance of its mission.

Liaison Activities – OLIA will continue to meet with Congressional staff to keep them informed of Commission actions. Where appropriate, staff will organize briefings for Congressional staff. OLIA will continue to help the Commission respond to requests from the General Accounting Office and other Federal agencies.

Division Priorities by Agency Goal: Upcoming First Quarter, FY 2000

Goal Two: Protect market users and the public.

Office of the General Counsel—Goal Two Priorities:

Opinions – OGC will advise the Commission on the resolution of pending administrative enforcement and reparations appeals and appeals from disciplinary decisions of self-regulatory organizations.

Litigation – OGC will defend the Commission's decisions in at least three appeals to the United States Courts of Appeals in enforcement cases that may be briefed or argued during the quarter, including *Miller v. CFTC*, No. 98-70360 (9th Cir.); *R & W Technical Services, Ltd., et al. v. CFTC*, No. 99-60182 (5th Cir.); and *Slusser v. CFTC*, No. 99-2947 (7th Cir.). OGC will defend the Commission in at least four other appeals to the United States Courts of Appeals, including *First American Discount Corp. v. CFTC*, No. 99-1098 (D.C. Cir.); *Great Plains Coop v. CFTC*, No. 99-2268 (8th Cir.); *CFTC v. Taucher*, No. 99-5293 (D.C. Cir.); and *Tucker, et al. v. CFTC*, Nos. 99-4084, 4085, 4086 and 4087 (2d Cir.). OGC also will defend the Commission on a motion for summary judgment and a motion for reconsideration, respectively, in two cases pending in United States District Court which raise First Amendment issues in connection with registration requirements for commodity trading advisors (CTAs), *Agora, Inc. v. Born*, No. 98-3453 (D. Md.) and *Commodity Trend Service v. CFTC*, No 97 C 2362 (N.D. Ill.).

OGC also will continue its representation of the Commission in bankruptcy proceedings involving Commission registrants, including *In re Griffin Trading Company*, No. 98-41742 (Bankr. N.D.Ill.).

Division Priorities by Agency Goal: *Upcoming First Quarter, FY 2000*

Goal Three: Foster open, competitive, and financially sound markets.

Division of Trading & Markets—Goal Three Priorities:

Regulatory Reform – The Division will evaluate regulatory reform proposals identified by the Commission, the industry, and other interested persons and will identify additional areas where regulations can be modernized and streamlined. Some of the specific issues the Division will address are:

- **Denomination of Customer Funds and Location of Depositories** – The Commission published a concept release on December 30, 1997, to obtain the views of the public on how to address the risks related to holding segregated funds offshore or in foreign currencies (62 FR 67841). Division staff are engaged in informal discussions with industry participants concerning a proposed rule.
- **Noncompetitive Transactions Concept Release** – On January 26, 1998, the Commission published a concept release in the *Federal Register* for public comment concerning the regulation of noncompetitive transactions executed on or subject to the rules of a contract market (63 FR 3708). Staff are continuing to follow up on that release. Specifically, the Division is working on a possible proposed Commission rulemaking that would prohibit contingent Exchanges for Physicals (EFPs) transactions.

Audit Trail and Dual Trading Exemptions – The Division completed its analysis of NYMEX's audit trail test along with other information relating to NYMEX's pending statutory dual trading petition and staff is drafting a memorandum and Order.

Proposed Amendments to Rule 1.59 – Staff are developing proposed amendments to Rule 1.59, which sets forth trading prohibitions on self-regulatory organization employees, governing board members, and members of committees on the basis of material nonpublic information. The amendments will address technical issues and industry practices that have developed since the rule originally was promulgated.

Automated Trading Systems – The staff will evaluate requests for no-action filed by IPE, OMLX, the Hong Kong Futures Exchange, and Simex with respect to access to their automated trading systems from within the U.S.

CPOs and CTAs – The staff intends to recommend to the Commission amendments to Rule 4.7 that would add categories of persons to the definitions of the terms "qualified eligible participant" (QEP) and "qualified eligible client" (QEC). CPOs operating pools with only QEPs as participants are subject to fewer requirements in the areas of disclosure, recordkeeping, and reporting than is the case for pools with non-QEP participants and CTAs have fewer disclosure and recordkeeping requirements with respect to accounts of QECs than for accounts of non-QECs.

The staff also intends to recommend adding to those entities considered not to constitute commodity pools under Rule 4.5 employee benefit plans defined as "church plans" under the Employee Retirement Income Security Act of 1974 (ERISA).

Hedge Fund Reporting – Staff is drafting a proposed rule which would require all persons trading commodity interests in certain large pools to file quarterly reports and reports of material events affecting such pools. This is in response to a recommendation of the President's Working Group on Financial Markets in its Hedge Fund Study.

Year 2000 Contingency Planning – Staff will monitor developments in the futures industry over the Year 2000 transition period, gather and dispense pertinent information, and take action as may be necessary. The Commission's Y2K Command Center, manned by essential staff, will be

located at CFTC headquarters in Washington. The SROs will provide information from their designated members and a health check on themselves as utilities. The Commission also will receive reports from the two major FCM back office bookkeeping service providers concerning their operations and the overall status of their customer firms. Based on this information, as well as real time communications with the SROs, the Commission will be able to determine what action, if any, is warranted. Staff will use this information in participation with the Information Coordination Center which is being developed to dispense information on all sectors of the U.S. economy.

Over-the-Counter (OTC) Derivatives Study – Staff will continue to work with staff of the President's Working Group on Financial Markets on the OTC derivatives study.

Griffin Trading Company Bankruptcy – The Division is continuing to assist in the resolution of the Griffin Trading Company bankruptcy and to review the audit, control, and other issues raised by these events. The Division will begin preparing appropriate regulatory responses.

Office of International Affairs—Goal Three Priorities:

International Organization of Securities Commissions (IOSCO) – OIA will continue to coordinate Commission activities within IOSCO and its Technical Committees, including: completion of Working Party 2 (WP2) on Secondary Markets report to IOSCO's Hedge Fund Task Force; completion of collation and summary of responses to WP2 survey on regulation of electronic markets; completion of work on regulatory survey measuring international compliance with IOSCO Core Regulatory principles; and contributing to IOSCO Hedge Fund Task Force final report.

International Initiatives – OIA will continue to provide comment and guidance upon request to U.S. Treasury staff regarding initiatives to strengthen the world financial architecture.

Technical Assistance – OIA will organize the annual training seminar for foreign regulators.

Division Priorities by Agency Goal: *Upcoming First Quarter, FY 2000*

All Goals

Office of the Executive Director—All Goals:

Intranet – OED will continue development and implementation of new features of the Commission's Intranet. Development of the Commission's new document management system will continue throughout the quarter.

Systems Reengineering Projects – OIRM will work with OFM to select a firm to deliver systems development support. OFM and OIRM will complete the migration of the agency's Financial Management System (FMS) to the Department of the Interior's Reston Data Center.

Procurement/Contracting – The agency will select a contractor to support its needs for real estate brokerage services. A CFTC Simplified Acquisition Policy will be issued and training conducted for all procurement and administrative staff involved with the CFTC's credit card program. An agency-wide acquisition plan for FY 2000-2001 will be developed.

Long Range IRM Planning – OIRM will complete the CFTC Five Year Plan for Information Resources Management.

Technology Advances – OIRM will deploy equipment to upgrade the Washington, New York, and Chicago local area networks to 100,000,000 bit per second capacity.

Special Events and Training – OHR will continue development and implementation of the Commission's FY 2000 Training Plan, including the Management, Professional, Personal, Health, and Wellness segments and the Nuts and Bolts Program. The Advanced WriteThinking course will be presented during the first quarter. Arrangements will be made with the Public Health Service for additional on site screenings and clinics for Commission staff.

Human Resources Initiatives – OHR will finalize the CFTC-wide recruitment plan for FY 2000 and will complete the Commission's new employee orientation program. OHR will update the agency's Merit Promotion Plan and Grievance Procedures, the CFTC Supervisory and Employee Handbooks, and the agency's Grievance, Alternative Dispute Resolution, and Merit Promotion instructions. OHR will continue to incorporate alternative dispute resolution in the early stages of conflict and expand its use in agency programs. OHR will implement the Commission's new Employee Assistance Program including employee orientation and supervisory training in Washington, Chicago, Los Angeles, and New York.

Reporting – OHR will provide reports to the Office of Personnel Management regarding the agency's Delegated Examining Unit authority; the CFTC's Interagency Career Transition Assistance Program; and the distribution of 1998-1999 SES performance awards.

Summary of Accomplishments by Agency Goal: Fourth Quarter, FY 1999

<i>Goal One: Protect the economic functions of the commodity futures and option markets.</i>	
Division/Office	Areas of Accomplishment
Economic Analysis	Contract Market Designations Agricultural Trade Options Speculative Limits Large Trader Reporting Guideline No. 1 Designation Process Rule Change Procedures
Office of the Executive Director	Systems Reengineering Projects Technology Improvements
Legislative & Intergov'tal Affairs	Legislative Support Activities Liaison Activities
Enforcement	Trade Practice Fraud

<i>Goal Two: Protect market users and the public.</i>	
Division/Office	Areas of Accomplishment
General Counsel	Commission Opinions and Orders Litigation
Enforcement	Unregistered Activity and/or Fraud Quick Strike Cases Illegal Instruments Cooperative Enforcement Statutory Disqualification Cases

<i>Goal Three: Foster open, competitive, and financially sound markets.</i>	
Division/Office	Areas of Accomplishment
Trading & Markets	Proposed Amendments to Part 30 CTA and CPO Performance Reporting Disclosure Issues Electronic Signature Delegation of Regulation 9.11 Responsibilities Automated Trading Systems Commodity Exchange, Inc. Rule Enforcement Review Chicago Mercantile Exchange Rule Enforcement Review Coffee Sugar and Cocoa Exchange Rule Enforcement Review National Futures Association Rule Enforcement Reviews Year 2000 Contingency Planning Year 2000 Auditor Reports Over-the-Counter (OTC) Derivatives Study Electronic Filing of Financial Reports
Enforcement	Trade Practice Fraud Supervision and Compliance Cases International Matters
International Affairs	Research International Organization of Securities Commissions (IOSCO) International Initiatives

COMMODITY FUTURES TRADING COMMISSION: QUARTERLY PERFORMANCE REVIEW

<i>All Goals</i>			
Division/Office	Areas of Accomplishment		
Executive Director	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> Year 2000 Preparedness Intranet Technology Advances Migration of CFTC Financial Management System Budget and Annual Performance Plan (APP) </td> <td style="width: 50%; vertical-align: top;"> Special Events and Training Records Management OPM Report Human Resources Initiatives Procurement/Contracting Policies and Procedures </td> </tr> </table>	Year 2000 Preparedness Intranet Technology Advances Migration of CFTC Financial Management System Budget and Annual Performance Plan (APP)	Special Events and Training Records Management OPM Report Human Resources Initiatives Procurement/Contracting Policies and Procedures
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Division Accomplishments By Agency Goal: Fourth Quarter, FY 1999

Goal One: Protect the economic functions of the commodity futures and option markets.

Division of Economic Analysis—Goal One Accomplishments:

Contract Market Designations – The Commission approved 29 designation applications this quarter and 73 in the fiscal year, the second largest number in any year. Designations this quarter included the Chicago Mercantile Exchange degree days index futures and options representing ten cities in the U.S., the Chicago Mercantile Exchange E-mini Euro and Japanese yen currency futures and options, the Chicago Mercantile Exchange Eurodollar FRA (forward rate agreement) future and option, and the New York Mercantile Exchange crude oil, heating oil, and unleaded gasoline options. Four of the applications were deemed approved under the fast-track procedures.

Agricultural Trade Options – The Commission, on August 29, 1999, published a notice of proposed rulemaking in the *Federal Register*. The comment period ended on September 30, 1999.

Speculative Limits – On May 5, 1999, the Commission published in the *Federal Register* a notice of final rulemaking increasing Commission speculative position limits and making other related amendments. The final rules became effective July 6, 1999.

Large Trader Reporting – The Division continued testing new client-server software as it was developed and regional staff were trained in its use. Division staff continued preparations with the exchanges for sharing with them the large trader data collected by the Commission.

Guideline No. 1 – On June 1, 1999, the Commission published in the *Federal Register* a notice of final rulemaking on Guideline No. 1 to streamline further the process of reviewing contract market designation applications. The final rules became effective on August 2, 1999.

Designation Process – The Commission published in the *Federal Register* on July 17, 1999, a proposed rule permitting exchanges to list for trading contracts whose applications for designation are pending. The comment period ended on August 26, 1999.

Rule Change Procedures – The proposed revisions to the expedited rule review procedures were published in the *Federal Register* on July 15, 1999. The comment period ended on August 16, 1999.

Office of Executive Director—Goal One Accomplishments:

Systems Reengineering Projects – OIRM completed the Task Order Requirements Package to continue systems analysis and programming efforts in the reengineering of the Exchange Database System. OIRM worked with OFM in the issuance of a solicitation for this effort.

Technology Improvements – OIRM established a connection to the BridgeStation market information system to replace the Knight-Ridder Moneycenter service.

Office of Legislative & Intergovernmental Affairs—Goal One Accomplishments:

Legislative Support Activities – OLIA coordinated the testimony of Acting Chairman Spears and the other Commissioners before the House Subcommittee on Risk Management, Research, and Specialty Crops on August 5, 1999.

Liaison Activities – OLIA provided staff support to the nominee for Chairman through the confirmation process. OLIA continued to provide information to members of Congress and their

staffs about the mission and operations of the CFTC on an ongoing basis. OLIA organized another seminar for Congressional staff on the programs of the Commission which was held at the Commission on September 13, 1999. OLIA continued to coordinate communications with the General Accounting Office on behalf of the Commission.

Division of Enforcement—Goal One Accomplishments:

Trade Practice Fraud – The Division has continued to pursue actions that address specific types of fraudulent trade practices that affect the interests of customers and the integrity of futures markets.

In re Mitsopoulos, et al., CFTC Docket No. 99-17 (CFTC filed Sept. 30, 1999). In September 1999, the Commission filed a four-count administrative complaint against Constantine Mitsopoulos, alleging that Mitsopoulos committed fraud while handling customer orders. The complaint also alleged that Margaret Dull, Lisa Budicak, and Richard Marisie violated order-taking and recordkeeping requirements. Mitsopoulos was also charged with order-taking and recordkeeping violations and failing to supervise diligently Dull, Budicak, and Marisie. The charges against Mitsopoulos, a registered floor broker (FB), and Dull, Budicak, and Marisie, phone clerks who worked for Mitsopoulos, arise out of an alleged fraudulent trade allocation scheme undertaken by a registered introducing broker (IB) over an approximate two-year period. From at least January 1994 through December 1995, the IB allegedly entered orders for thousands of treasury bond futures and options contracts per day for its customers through Mitsopoulos's floor desk at Refco, Inc. on the CBOT and, for a substantial number of the orders, did not provide account identification until after the trades were executed. As a result, the IB was allegedly able to allocate trades at better prices to certain customer accounts and trades at worse prices to other customer accounts. The IB also allegedly allocated trades by instructing one of the phone clerks to transfer executed and already assigned trades from one customer account to another by changing the account numbers on the executed trades. The complaint alleged that Mitsopoulos routinely allowed the IB to delay giving account numbers for trades until after they were executed and to transfer trades between customer accounts after the trades were executed. By such actions, Mitsopoulos allegedly committed fraud by breaching his duty to pursue the best possible price for customers, failing to inform customers that he routinely accepted orders from the IB without account identification, and allowing trades to be moved from one account to another after execution, in violation of the Act and Commission regulations. The complaint further alleged that Mitsopoulos, Dull, Budicak, and Marisie violated Commission order-taking and recordkeeping requirements by not placing account identification on order tickets immediately upon receipt of the orders from the IB in violation of the Act and Commission regulations. Mitsopoulos is also charged with failing to supervise diligently the activities of Dull, Budicak, and Marisie, and failing to design, implement, monitor, and follow a program of supervision and compliance designed to detect and deter violations of the Act and Commission regulations. On May 24, 1999, the Commission filed and settled a related action against Refco, Inc. *In re Refco, Inc.*, CFTC Docket No. 99-12 (CFTC filed May 24, 1999).

Enforcement Results: During the fourth quarter of FY 1999, the Division obtained a result in *In re Fisher, et al.*, CFTC Docket No. 93-2, Order Making Findings and Imposing Remedial Sanctions as to Michael Singer (CFTC entered Aug. 23, 1999). In August 1999, the Commission issued an order accepting an offer of settlement from Michael Singer, a FB on the Coffee, Sugar & Cocoa Exchange (CSCE), in connection with an administrative complaint alleging trade practice fraud filed by the Commission on October 19, 1992. The order, filed on August 23, 1999, found that Singer violated the Act by cheating and defrauding his customers in the handling of their orders while trading on the CSCE. According to the order, Singer noncompetitively executed trades with other brokers and local traders to enable him to indirectly bucket his own customer orders; illegally took the opposite side of his customers' orders; illegally offset two customer orders opposite the same floor trader at advantageous prices to that trader; benefited from changes to execution prices on customer orders while trading for himself; and aided and abetted another floor broker to indirectly bucket that broker's customers' orders. Without admitting or denying the findings, Singer consented to the entry of the order which, among other things: directed Singer to cease and desist from violating the Act and regulations as alleged in the complaint; prohibited Singer from trading for five years; revoked Singer's registration with the Commission; and assessed Singer a civil monetary penalty of \$75,000. Singer also agreed never

to apply for registration or claim exemption from registration with the Commission or to act in any capacity requiring registration or for which exemption from registration may be claimed. The litigation continues as to the remaining respondents found liable by a Commission Administrative Law Judge (ALJ) in his Initial Decision issued on May 5, 1999, which is now on appeal to the Commission.

Division Accomplishments By Agency Goal: Fourth Quarter, FY 1999

Goal Two: Protect market users and the public.

Office of the General Counsel—Goal Two Accomplishments:

Commission Opinions and Orders – OGC assisted the Commission in significant adjudicatory matters including a case involving violations of the antifraud provisions of the CEA, *In re Slusser*, CFTC Docket No. 94-14 (CFTC July 19, 1999).

Litigation – During the quarter, the Commission prevailed in appeals to the U.S. Courts of Appeals in challenges to the Commission's choice of sanctions in two cases involving charges of fraud, noncompetitive trading, and other violations of the CEA against various traders and brokers, *Mayer, et al. v. CFTC*, No. 98-4099(L) and *Reddy and Sorkvist v. CFTC*, No. 98-407(L) (2d Cir. Sept. 3, 1999); in challenges involving fraudulent solicitation practices, *Commonwealth Financial Group, Inc. v. CFTC*, No. 97-4506 (11th Cir. July 16, 1999); in a challenge to the Commission's dismissal of an unperfected appeal from an ALJ's initial decision, *Bergamo v. CFTC*, No. 98-4254 (2d Cir. Sept. 10, 1999); and in a challenge involving the collateral order exception to the final judgment rule, *Arnold v. CFTC*, No. 97-5713 (11th Cir. Sept. 20, 1999).

In *Lachmund v. ADM Investor Services, Inc.*, No. 98-3467 (7th Cir.), a case involving challenges to "hedge-to-arrive" contracts, the Commission was invited to file an *amicus* brief. While the Seventh Circuit found against the plaintiff, the court adopted the Commission's proposal and methodology. OGC also filed an *amicus* brief in the Seventh Circuit in support of the Chicago Board of Trade's (CBOT) position that the SEC erred in denying the applications of the CBOT for designation to trade futures contracts on the Dow Jones Transportation Average and the Dow Jones Utility Average, *Board of Trade of the City of Chicago v. SEC*, 187 F.3d 713 (7th Cir. 1999), *petition for reh'g denied*. In a decision issued this quarter, the court agreed with the Commission's interpretation of the Shad-Johnson Accord that the well-capitalized stocks comprising each of the two Dow Jones averages did indeed reflect a substantial market segment.

OGC also successfully defended the Commission in the U.S. District Courts in a case involving the Commission's September 4, 1998 approval of the Cantor Financial Futures Exchange as a contract market in four United States Treasury bond futures contracts, *Chicago Board of Trade, et al. v. CFTC*, No. 98cv5631 (N.D. Ill. Sept. 23, 1999); and in a challenge to block use of administrative enforcement subpoenas, *Monex Credit Company v. CFTC*, No. 99cv7824 (C.D. Cal. Sept. 20, 1999).

During the quarter, OGC handled a number of cases involving First Amendment constitutional issues, including *Commodity Trend Service, Inc. v. CFTC*, No. 97-C-2362 (N.D. Ill. Sept. 28, 1999), in which the district court held that the registration requirements of the CEA with respect to CTAs were unconstitutional as applied to publishers of wholly impersonal commodity trading advice. The court, however, rejected the plaintiff's arguments that publishers of impersonal advice fall outside the statutory definition of CTA and that the statutory definition would be unconstitutional if applied to such publishers. The court further held that publishers of impersonal commodity trading advice fall within the scope of the anti-fraud provisions of Section 4o of the CEA and Commission Regulation 4.41, and that the Commission was entitled to investigate whether the plaintiff had violated these provisions.

On September 13, 1999, OGC argued an appeal to the U.S. Court of Appeals for the Second Circuit in *CFTC v. Vartuli*, Nos. 98-6280 and 98-6281 (2d Cir.), a case involving First Amendment issues as well as issues relating to the scope of Sections 4b and 4o of the Act, the definition of CTA, and the proper method for determining the amount of profits to be disgorged by fraudulent enterprises as a remedy for violations of the CEA. Other cases involving First Amendment issues handled by OGC included *Agora, Inc. v. Born*, No. 98-3453 (D. Md.), in which cross motions for summary judgment are pending and *R&W Technical Services, Ltd. v. CFTC*, No. 99-60182 (5th Cir.), awaiting scheduling of oral argument.

Division of Enforcement—Goal Two Accomplishments:

Unregistered Activity and/or Fraud – These cases involve unregistered CTAs, commodity pool operators (CPOs), and/or futures commission merchants (FCMs) acting in a capacity that requires registration with the Commission and violating the anti-fraud provisions of the Act in connection with these activities. Cases filed in this area during the fourth quarter of FY 1999 include:

CFTC v. Benun, No. 99 Civ. 4822 (S.D.N.Y. filed July 2, 1999). In July 1999, the Commission filed a six-count civil injunctive complaint against Morris J. Benun, who had been registered with the Commission as an IB from 1989 through 1990 and as a CTA and CPO from 1989 until 1996. The complaint alleged that Benun violated the anti-fraud provisions of the Act and Commission regulations in his operation of two commodity pools, Benun Futures Fund and Aspen Capital Management Fund, L.P. Specifically, the complaint alleged that Benun falsely represented through oral and written statements to pool participants and prospective participants that the pools were profitable when, in fact, they were losing almost all of the approximately \$3.6 million invested. The complaint further alleged that Benun converted for his own use at least \$49,531 in participant funds and commingled property of the pool with the property of others. Four days after the complaint was filed, the court entered a consent order of permanent injunction. Benun consented to the order without admitting or denying the allegations of the complaint. Under the terms of the consent order, Benun is: permanently enjoined from committing further violations of the Act and Commission regulations as charged; permanently banned from seeking registration with the Commission; barred from any activity in the futures industry on behalf of himself or others; and ordered to pay \$1,046,516 in restitution, of which \$49,531 also constitutes disgorgement to participants.

CFTC v. R.J. Fitzgerald & Co., Inc., et al., No. 99-1558 Civ-T-23F (M.D.Fla. filed July 6, 1999). In July 1999, the Commission filed a six-count civil injunctive complaint against R.J. Fitzgerald & Co., Inc. (RJFCO), Raymond Fitzgerald (R.Fitzgerald), Leiza Fitzgerald (L.Fitzgerald), Greg Burnett, Al Coringrato, and Chuck Kowalski. RJFCO is a registered IB whose obligations are guaranteed by Iowa Grain Company, and whose president and sole shareholder is R.Fitzgerald. R.Fitzgerald, L.Fitzgerald, and Kowalski are registered APs of RJFCO. Burnett and Coringrato were registered as associated persons (Aps) of the firm between January 1997 and August 1998 and between June 1997 and July 1998, respectively. The complaint alleged that the defendants violated the anti-fraud provisions of the Act and Commission regulations in connection with the solicitation and offer or sale of commodity futures and options contracts to customers or prospective customers. Specifically, the complaint alleged that, from January 1996 through July 1998, RJFCO and R.Fitzgerald made misrepresentations and omissions of material fact to customers including claims about the likelihood of high profits in the grain markets due to the effects of El Niño and about the limited risk of loss in trading commodity options contracts. The complaint further alleged, among other things, that: R.Fitzgerald and Burnett churned customer accounts; R.Fitzgerald, Burnett, and Kowalski operated RJFCO to cheat, defraud or deceive customers; and R.Fitzgerald, L.Fitzgerald, Coringrato, and Burnett failed to properly supervise RJFCO and its employees.

CFTC v. Belz, et al., No. 3:99-CV-378 (E.D. Tenn. filed July 19, 1999). In July 1999, the Commission filed a five-count injunctive action against Richard G. Belz d/b/a Safetrak Group, Ltd., Andrew E. Cafferky, and Blue Chip Information Corporation (Blue Chip). Blue Chip publishes a daily newsletter about market trends in stocks and stock indices called Options Fastrak Newsletter. Cafferky was Blue Chip's owner and president, and Belz was a Blue Chip agent and corporate secretary. While Belz had been registered as an AP of various FCMs from 1979 until 1991, neither Cafferky nor Blue Chip has ever been registered. The complaint alleged that the defendants violated the Act and Commission regulations by, among other things, fraudulently soliciting customers to participate in an unregistered commodity pool, Safetrak Group, Ltd. (Safetrak), failing to register as APs of Safetrak, operating an unregistered commodity pool, and failing to comply with CPO record keeping and disclosure requirements. Specifically, the complaint alleged that, from April 1994 through at least July 1997, Belz, Cafferky, and Blue Chip participated in a fraudulent scheme to solicit and misappropriate commodity pool funds. The complaint alleged that during the relevant time period, the defendants fraudulently solicited 12 individuals to invest \$56,581. The complaint further alleged that Belz and Cafferky misrepresented to Safetrak participants the profitability of pool investments, the trading activity in

the pool, and the total amount of funds in the pool. These deceptions masked Safetrak's actual trading losses of over \$137,000 and the misappropriation of approximately \$459,581 in customer funds. In September 1999, the court entered a consent permanent injunction against the defendants, who neither admitted nor denied the allegations in the complaint. Among other things, the order: finds that they committed the violations as alleged in the CFTC's complaint and enjoins them from such further violations of the Act and Commission regulations; prohibits them from acting as unregistered CPOs or unregistered APs of CPOs; permanently bans them from seeking registration with the CFTC or acting in any capacity requiring CFTC registration and from trading on any futures market on behalf of themselves or others; and requires Belz, Cafferky, and Blue Chip, jointly and severally, to disgorge \$596,581, plus post-judgment interest, to defrauded investors by making annual payments based on a percentage of their future income over a five-year period. Civil monetary penalties were not ordered based on defendants' sworn financial statements. *CFTC v. Belz, et al.*, No. 3:99-CV-378, Consent Order of Permanent Injunction (E.D. Tenn. entered Sept. 3, 1999).

CFTC v. Pelton Street Publishing, Inc., et al., No. 99-CV-1184 (D. Minn. filed Aug. 2, 1999). In August 1999, the Commission filed a four-count civil injunctive complaint against Pelton Street Publishing, Inc. (Pelton), and its president and principal, Roger Martin Hoy a/k/a/ Roger Martin. The complaint alleged that Pelton and Hoy fraudulently solicited members of the public to purchase a 90-day commodity trading "course" called "The Keys to the Marvelous Money Machine" (the Money Machine). Pelton was registered as a CTA since October 1998. The complaint specifically charged that from at least October 1998 until the complaint was filed, in mail solicitations sent nationwide, Pelton and Hoy falsely claimed that Hoy had personally made substantial profits through futures trading, that purchasers of the Money Machine were likely to achieve substantial profits with minimal or no risk, and that specific commodity traders had made extravagant profits by using the Money Machine. According to the complaint, the defendants' mail solicitations also include testimonials that falsely purported to be from customers who purchased the Money Machine and make false claims of huge profits achieved by using the course. Defendants' commodity trading course consists, the complaint alleged, of a manual and audiotapes that describe basic information about futures and options trading, provide a trading strategy, and purport to teach how to use stop loss orders and options to trade in a manner described as "virtually risk free." It is also alleged that the course includes 90-day access to messages recorded by the defendants that can be retrieved through an automated telephone system. The complaint alleged, among other things, that by making false and misleading statements about the Money Machine, Pelton and Hoy violated the anti-fraud provisions of the Act and Commission regulations. On September 1, 1999, defendants, without admitting the allegations in the complaint, entered into a Consent Order of Preliminary Injunction which was filed with the federal court. They were ordered, among other things, to cease violating the Act and Commission regulations, and are prohibited from marketing the "Money Machine" course.

In re Walters, CFTC Docket No. 99-15 (CFTC filed Aug. 9, 1999). In August 1999, the Commission filed a two-count administrative complaint against Max E. Walters, alleging that as general partner in a limited partnership he defrauded both the limited partnership and the limited partner out of more than \$1 million in connection with commodity futures and options trading. The complaint against Walters alleged that from August 1993 through October 1996, Walters violated the anti-fraud provisions of the Act and Commission regulations. Specifically, the complaint alleged that Walters misrepresented to the limited partner, both orally and in writing, that the limited partnership was earning constant trading profits that eventually exceeded \$945,000 when, in fact, it was accumulating trading losses that exceeded \$800,000 by September 1996. Further, the complaint alleged, Walter misappropriated limited partnership funds for his own personal trading and other personal uses.

CFTC v. Marantette, et al., No. CV99-00653 SOM/LEK (D. Haw. filed Sept. 22, 1999). In September 1999, the Commission filed a five-count civil injunctive complaint in the U.S. District Court for the District of Hawaii against David T. Marantette, III and Troubadour, Inc. The complaint alleged that Marantette and Troubadour fraudulently solicited members of the public to invest in commodity pools and to use their commodity trading advisory services by making material misrepresentations about profitable trading and failing to disclose the material fact that Marantette had been barred from the securities industry. The complaint also alleged that Marantette and Troubadour operated the pools without being registered as commodity pool

operators. As alleged, Marantette appears to be the president, treasurer, director, and primary shareholder of Troubadour. Specifically, the complaint alleged that the defendants violated the anti-fraud provisions of the Act and Commission regulations. The complaint also alleged that Marantette and Troubadour violated the Act by failing to register as commodity pool operators. The complaint further alleged that: Marantette and Troubadour, through private offering memoranda and over the Internet, fraudulently solicited members of the public to purchase commodity trading advisory products, including the defendants' weekly commodity trading advisory newsletters; Marantette and Troubadour fraudulently solicited customers to invest in two commodity pools; and Marantette fraudulently solicited customers to invest in a third commodity pool by falsely representing that Marantette and Troubadour had made substantial profits over the past 12 years using a cyclic analysis program, when, in fact, the profits were based on hypothetical trading results, and by failing to disclose that Marantette had been permanently barred from the securities industry in 1992.

CFTC v. Monte, et al., No. 99-8750 CIV-RYSKAMP (S.D. Fla. filed Sept. 29, 1999). In September 1999, the Commission filed a three-count civil injunctive complaint in the U.S. District Court for the Southern District of Florida against Fred Monte (Monte), Jeanne H. Monte (JMonte), and Comp Tech Ltd., Inc. (Comp Tech). Monte and JMonte are the president and the secretary, respectively, of Comp Tech. According to the complaint, the defendants solicited investors to purchase Comp Tech's trading system for foreign currency futures contracts by falsely stating in various advertisements that defendants earn \$300 per day through currency trading and that prospective customers could earn \$300 per day through currency trading. The complaint further alleged that, among other things, defendant Monte falsely told investors that Comp Tech's trading system had been successful 83 percent of the time and that Monte had many years of experience as a broker or trader in the futures industry. In the complaint, the Commission alleged that Comp Tech received at least 45 deposits of \$6,000 (totaling at least \$270,000) into its bank account for the sale of its trading system.

CFTC v. Nickolaou, et al., No. 99-C-6425 (N.D.Ill. filed Sept. 30, 1999). In September 1999, the Commission filed a four-count civil injunctive complaint in the U.S. District Court for the Northern District of Illinois against Ca-Ni Industries, Ltd. (Ca-Ni), and its owner and principal, Nicholas J. Nickolaou. Ca-Ni has been registered with the Commission as a CTA since 1991. Nickolaou has never been registered with the Commission in any capacity. The complaint alleged that, from at least 1995 to the date it was filed, Ca-Ni and Nickolaou fraudulently solicited members of the public to purchase a computerized commodity trading program and methodology called Wisdom of the Ages and to allow their commodity accounts to be managed by Nickolaou. Specifically, the complaint alleged that Ca-Ni and Nickolaou fraudulently solicited customers by falsely presenting a simulated track record as if it were based on real trading and fraudulently guaranteed the profits to be made using Wisdom of the Ages. It is alleged that, at the same time, the defendants downplayed the risks of commodity trading, falsely represented Nickolaou's trading experience, including suggesting that he used the program to trade, and included testimonials in their advertisements that falsely purported to be from customers who had purchased Wisdom of the Ages. The complaint further alleged that, based on the same misrepresentations and omissions of material fact, Nickolaou fraudulently solicited Ca-Ni customers to allow him to direct trading for their commodity futures accounts and did so without the required registration and disclosures. The complaint alleged that, by making these false and misleading statements, Ca-Ni and Nickolaou violated the anti-fraud provisions of the Act and Commission regulations. The complaint also charged Nickolaou with violating the Act and regulations by failing to register with the Commission and failing to provide required disclosures to clients before undertaking to manage their accounts.

Enforcement Results: During the fourth quarter of FY 1999, the Commission obtained results in the following cases previously filed in this area: *In re Dunhill Financial Group, Inc., et al.*, CFTC Docket No. 99-7, Order Making Findings and Imposing Remedial Sanctions as to Respondent Kevin Jackam (CFTC entered July 29, 1999); *In re Dunhill Financial Group, Inc., et al.*, CFTC Docket No. 99-7, Order Making Findings and Imposing Remedial Sanctions as to Respondents Michael Thomas and New Millennium Productions (CFTC entered July 29, 1999); *CFTC v. Michael Indihar, et al.*, No. 96-8202-CIV-GONZALEZ, Order of Permanent Injunction and Ancillary Equitable Relief by Default Against Defendant Robert Hoffman (S.D. Fla. entered Sept.

29, 1999); and *CFTC v. Calhoun*, No. SA99CA0684, Consent Order of Preliminary Injunction (W.D. Tex. entered Aug. 6, 1999).

Further results achieved in this area during the past quarter include *CFTC v. Klitin, et al.*, No. CV 97 4973 (SJ), Order of Permanent Injunction Against Oscar A. Klitin and Klitin Associates II, L.P. (E.D.N.Y. entered Aug. 4, 1999). In August 1999, the U.S. District Court for the Eastern District of New York entered a consent order of permanent injunction against Oscar A. Klitin and Klitin Associates II, L.P., a New York limited partnership operated by Klitin as a commodity pool. The court's order stems from a three-count complaint filed by the CFTC on August 26, 1997. The complaint charged the defendants with, among other things, fraudulently operating a commodity pool by misappropriating more than \$200,000 in customer funds and by misrepresenting the pool's financial condition to pool participants. Without admitting or denying the charges in the complaint, the defendants consented to the entry of the order which, among other things: permanently enjoins them from further violations of the Act and Commission regulations; orders Klitin to disgorge \$115,772.86 (including prejudgment interest totaling \$31,983.17); prohibits the defendants from soliciting or accepting new clients or participants for commodity futures or options trading; and prohibits the defendants from trading on any contract market subject to Commission regulation. By entry of the consent order, the district court appointed the NFA as the court's Monitor and directed it to make an interim distribution to the investors in Klitin Associates II, L.P. of the more than \$100,000 in an account frozen by a court order issued on the filing of the Commission's complaint.

CFTC v. Lamar, No. 98-70169, Consent Order of Permanent Injunction and Other Equitable Relief Against Defendant Thomas W. Lamar (E.D. Mich. entered Aug. 5, 1999). In August 1999, the U.S. District Court for the Eastern District of Michigan entered a consent order permanently enjoining Thomas Lamar from, among other things, violating the anti-fraud, registration, disclosure, and reporting provisions of the Act and Commission regulations. The entry of the consent order of permanent injunction stems from a five-count complaint against Lamar filed on February 13, 1998, which alleged that Lamar defrauded at least 85 investors who had invested at least \$2 million in the Lamar Investments Group (LIG), a commodity futures trading pool operated by Lamar. Specifically, the complaint alleged that, among other things, from approximately March 1989 through October 1996, Lamar made misrepresentations to investors concerning the status and performance of LIG, reported fictitious profits to customers through fraudulent monthly account statements, and misappropriated funds received from investors. Lamar was also charged with acting as a CPO and CTA without being registered as such with the Commission. In the consent order, Lamar admits the allegations of the complaint and agrees to pay \$2,838,169 as disgorgement and restitution to customers; agrees to be permanently enjoined from violating the Act and Commission regulations; consents to be permanently banned from seeking registration with the Commission or acting in any capacity that requires registration or is exempt from registration, and to a permanent prohibition on trading commodity interests for himself or others, or otherwise engaging in any business activities relating to commodity interest trading. In addition, the day before the Commission filed its complaint, Lamar was indicted for fraud and money laundering violations in connection with the operation of the LIG pool. He subsequently pled guilty to one count of mail fraud and one count of fraud, false reporting, and deception in commodity futures trading. The court sentenced Lamar in May 1999, ordering that he pay restitution to pool customers in the amount of \$2,838,169. The court's order that Lamar pay restitution in the criminal proceeding will satisfy the restitution and disgorgement obligations of the consent order with the Commission.

CFTC v. Schenk, No. 2:98CV00216J, Consent Order of Permanent Injunction and Other Equitable Relief Against Douglas Foster (D. Utah entered Aug. 18, 1999); *CFTC v. Schenk*, No. 2:98CV00216J, Consent Order of Permanent Injunction and Other Equitable Relief Against Robert Moncur (D. Utah entered Aug. 25, 1999). In August 1999, the U.S. District Court for the District of Utah entered separate consent orders of permanent injunction against Robert Moncur and Douglas Foster. The six-count complaint was filed by the CFTC on March 27, 1998, against Foster, Moncur, and six others. The complaint charged Foster and Moncur, among other defendants, with fraudulently soliciting investors, issuing false statements, and misappropriating customer funds in connection with three commodity pools, Capital Advantage Group II, L.L.C., Brighton Fund, L.L.C., and Augusta Fund, L.L.C. According to the complaint, 23 pool participants invested approximately \$325,000 in these three pools. Foster was also charged with fraudulently

soliciting investors in connection with a fourth commodity pool, Sunrise Fund, L.L.C. Sunrise Fund allegedly received approximately \$127,000 from 18 investors. The investors in all four of the pools resided in Utah. Without admitting or denying the allegations in the complaint, Foster and Moncur consented to be, among other things: permanently enjoined from further violations of the Act and Commission regulations, as charged; prohibited from soliciting or accepting new clients or participants for commodity futures or options trading and seeking registration or exemption from registration in any capacity; and prohibited from trading any commodity futures contracts or options on commodity futures contracts for their own personal accounts or having any such contracts traded on their behalf for a ten-year period. In addition, the court ordered Moncur to disgorge \$21,505, representing his gross profits from the conduct alleged in the Commission's complaint. The order acknowledges that Moncur has already satisfied this obligation. The case was filed as the result of a joint investigation with the State of Utah, Division of Securities. As a result of this investigation, over \$850,000 was returned to victims of this fraudulent scheme and a related securities scheme. Litigation continues against the other remaining defendants in the case.

Quick-Strike Cases – The Enforcement program uses its quick-strike capability effectively to prosecute those engaged in ongoing fraud where customer funds are at risk. In quick-strike cases, the Enforcement program prosecutes injunctive actions against wrongdoers as soon as possible after violative conduct is detected. Quick-strike cases filed during the fourth quarter of FY 1999 include:

CFTC v. Berzins, No. 3:99cv592 (E.D. Va. filed Aug. 24, 1999). In August 1999, the Commission filed an injunctive complaint against Peter Berzins alleging that he violated anti-fraud provisions of the Act and Commission regulations by fraudulently soliciting and accepting from investors in excess of \$500,000 to participate in a commodity pool to trade commodity futures contracts and options on futures contracts. Specifically, the complaint alleged that, in order to induce additional investments, Berzins misrepresented to prospective investors the performance record of the pool he had been trading and provided investors with written statements which falsely represented that investors were making significant monthly profits. The complaint further alleged that Berzins continuously represented to investors that their investments were earning double-digit returns, when, in fact, Berzins's trading accounts all lost money in 1995-1998. The complaint alleged that Berzins minimized the risk of investing in the commodity pool when soliciting investors. Further, in March 1998, Berzins represented to investors that their investments, and the profits purportedly earned earlier, had been lost in trading the previous month, and provided one or more investors with falsified documents, reflecting a purported margin call from a FCM to support the claim of recent large trading losses. No such margin call was ever made. The complaint also alleged that Berzins failed to register as a CPO, failed to provide investors with periodic account statements, commingled investor funds with his own funds, failed to operate the commodity pool as an entity separate from himself, and accepted trading funds in his own name, in violation of the Act and Commission regulations. Two days after the complaint was filed, the federal district court entered an *ex parte* statutory restraining order against Berzins, prohibiting him, among other things, from altering or destroying books, records, and documents and from transferring assets. *CFTC v. Berzins*, No. 3:99cv592 (E.D. Va. entered Aug. 26, 1999). On September 17, 1999, the court entered a preliminary injunction against Berzins, enjoining him, among other things, from violating the Act and regulations; soliciting or accepting funds from prospective and current investors in connection with commodity futures or options; and trading commodity futures contracts or options on any exchange. *CFTC v. Berzins*, No. 3:99cv592 (E.D. Va. entered Sept. 17, 1999).

CFTC v. Princeton Global Management Ltd., et al., No. 99CIV9669 (S.D.N.Y. filed Sept. 13, 1999). In September 1999, the Commission filed a three-count injunctive complaint against Princeton Economics International, Ltd. ("PEI"), its wholly owned subsidiary, Princeton Global Management, Ltd. ("PGM"), and their chairman Martin A. Armstrong. The complaint alleged that defendants defrauded customers by misrepresenting the value of customer interests in a commodity pool in connection with an investment scheme involving the trading of commodity futures and the operation and management of the commodity pool. Specifically, the complaint alleged that from at least 1996 to the filing of the complaint, the defendants sold billions of dollars worth of fixed-term promissory notes issued by PEI and its subsidiaries to companies located in Japan. The complaint also alleged that the principal amount of the notes has been used to fund the purchase of derivative instruments, bonds and/or currencies, including futures contracts and

options (collectively, "the Fund"). Armstrong is the Fund's primary trading advisor. Further, the assets of the fund were held at a FCM in sub-accounts for the purpose of trading futures contracts and options. Since 1996, Armstrong allegedly arranged for the FCM to issue over 200 letters to PGM, which inflated the net asset value of the assets held in those sub-accounts and which Armstrong and PGM then transmitted to customers in Japan. The complaint alleged that the current principal amount of outstanding notes is approximately one billion dollars, while the assets currently in the Fund total no more than approximately \$46 million dollars. The day the action was filed, the court entered a temporary restraining order freezing all of the defendants' assets pending a hearing on the request for a preliminary injunction. The court order also appoints a temporary receiver with the power to, among other things, take immediate possession, custody, and control of all assets and property and the books and records of PEI and PGM and take all steps necessary to secure and protect the assets and property of PEI and PGM. *CFTC v. Princeton Global Management Ltd., et al.*, No. 99CIV9669 (S.D.N.Y. entered Sept. 13, 1999). The Commission coordinated its enforcement efforts in this matter with the Securities and Exchange Commission (SEC) and the U.S. Department of Justice, both of which filed related actions, and the Japanese Financial Supervisory Authority.

Illegal Instruments – The Enforcement program also investigates and prosecutes the sale of illegal futures and option contracts to the public. Cases filed during the fourth quarter of FY 1999 include:

In re Cargill, Inc., CFTC Docket No. 99-16 (CFTC filed Aug. 26, 1999). In August 1999, the Commission filed a one-count administrative complaint against Cargill, Inc. Cargill is an international marketer, processor and distributor of agricultural, food, financial, and industrial products, operates grain elevators in at least 21 states, and is a Delaware corporation with headquarters in Minnesota. Cargill's Grain Division purchases corn, soybeans, and wheat, among other agricultural products, from producers and sells or merchandises grain to processors. The complaint alleged that from January 1998 to the date the complaint was filed, Cargill's commercial grain marketing program offered certain grain contracts, called Premium Offer Contracts ("POCs"), that operate as call options. The terms of Cargill's POC are set forth in an addendum to Cargill's standard grain contracts. Under the POC, Cargill pays a non-refundable premium to a producer, which is added to the nearby grain delivery price, in exchange for the producer's "firm offer" to sell Cargill grain for deferred delivery if, at a specified date, the futures price is at or above a specified strike price. The complaint alleged that Cargill's POC is an agricultural trade option that is prohibited by the Act and Commission regulations.

CFTC v. Clairmont Capital Corp., et al., No. 99-S-1874 (D. Colo. filed Sept. 27, 1999). In September 1999, the Commission filed a three-count injunctive complaint in the U.S. District Court for the District of Colorado against Clairmont Capital Corp. (Clairmont), a Colorado corporation with offices in Denver, and its principals: Geoffrey L. Mann, president, and Charles W. Trench, vice president. The complaint charged defendants with, among other things, making material misrepresentations and omitting material facts in connection with the sale of illegal foreign currency option contracts. Mann is not currently registered with the Commission and Trench has never been registered with the Commission. The complaint alleged that defendants violated the anti-fraud provisions of the Act and Commission regulations in connection with the solicitation and offer or sale of commodity option contracts to customers or prospective customers. The complaint also alleged that defendants sold illegal commodity options and failed to give required disclosures to customers, in violation of the Act and Commission regulations. According to the complaint, from July 1998 until its filing, Clairmont, Mann, and Trench, among other things, cheated, defrauded, and deceived customers by making misrepresentations of material fact regarding the likelihood of profit and the limited risk of loss in trading foreign currency option contracts; by failing to provide customers with material information concerning fees; and by failing to disclose to customers that Clairmont was the grantor of the options it recommended to customers. Specifically, among other things, the Commission charged that Clairmont represented to potential customers that they could earn as much as 100 to 200 percent trading options on Japanese Yen, when in fact virtually all customers lost a substantial portion of their money investing with Clairmont. Clairmont was also charged with omitting to tell customers that it routinely charges a \$250 "mark up" on each option in addition to a \$250 commission. The complaint also alleged that Clairmont offered to enter into, and entered into, commodity option transactions not conducted on, or subject to, the rules of a board of trade that has been

designated by the Commission as a contract market. Mann and Trench were charged individually with directly violating the anti-fraud provisions of the Act and being a controlling person responsible for Clairmont's illegal acts under the Act.

Cooperative Enforcement – Cooperative enforcement is an important element in promoting compliance with, and deterring violation of, federal commodities laws. Cooperative enforcement enables the Commission to maximize its ability to detect, deter, and sanction wrongdoing involving U.S. markets, registrants, and customers. Examples of the Division's domestic and international cooperative enforcement efforts during the fourth quarter of FY 1999 include:

- **Domestic**

United States v. Edward W. Schroeder and Carl Hermans, No. Cr 99-742 ABC (C.D. Cal. filed July 22, 1999). In July 1999, the U.S. Attorney's Office for the Central District of California indicted commodities trader Edward W. Schroeder on 26 counts of mail fraud, contempt of court, and money laundering. Carl Hermans was also indicted on 11 counts of mail fraud and money laundering. Hermans is an ex-financial advisor and insurance agent who solicited investors for Schroeder. The indictment alleged that Schroeder and Hermans solicited people to invest in a "managed spread program" that purportedly invested in treasury bond futures. Schroeder told investors that he would purchase futures in different types of bonds to take advantage of "price-yield disparities" that would guarantee profits to the investors. Schroeder claimed that his investment program had never had a losing month and that it generated returns of up to 36 percent a year. In fact, Schroeder lost more than \$1.5 million of his investors' money in the commodities market. Schroeder and Hermans operated a Ponzi scheme, and Schroeder allegedly also siphoned off funds for his own benefit. The CFTC sued Schroeder in 1996. As a result of that suit, Schroeder was, among other things, barred from trading commodities for two years. The indictment alleged that during the CFTC's investigation and lawsuit, Schroeder continued to engage in illegal trading by laundering money through hidden accounts set up with Hermans's assistance. The CFTC filed a related action against Hermans in 1997, and obtained a default judgment against him. *CFTC v. Schroeder, et al.*, No. 96-4563 HLH (CTx), Judgment (C.D. Cal. entered August 19, 1997); *CFTC v. Schroeder, et al.*, No. 96-4563 HLH (CTx), Order of Appointment of Receiver (C.D. Cal. entered November 10, 1997); and *CFTC v. Hermans*, No. 97-0777 HLH (CTx), Judgment by Default for Permanent Injunction, Ancillary and Monetary Relief (C.D. Cal. entered June 24, 1997).

United States v. Martin A. Armstrong, No. 99 Cr 997 (S.D.N.Y. filed Sept. 30, 1999). In September 1999, the U.S. Attorney's Office for the Southern District of New York unsealed a 14-count indictment charging Martin A. Armstrong, the founder and chairman of Princeton Economics International, Ltd. ("PEI"), with conspiracy, securities fraud, and wire fraud in connection with the sales of approximately \$3 billion of so-called "Princeton Notes" to foreign investors. The indictment also charges that at least \$1 billion or more of "Princeton Notes" were sold while Armstrong concealed the fact that he had suffered hundreds of millions of dollars in trading losses. The criminal action is related to the Commission case *CFTC v. Princeton Global Management Ltd., et al.*, No. 99CIV9669 (S.D.N.Y. filed Sept. 13, 1999) (for a more complete case description, see **Quick Strike Cases**). The Commission coordinated its enforcement efforts with the U.S. Department of Justice, the SEC (which has also filed a related action), and the Japanese Financial Supervisory Authority.

CFTC v. Berzins, No. 3:99cv592 (E.D. Va. filed Aug. 24, 1999). In August 1999, the Commission filed an injunctive complaint against Peter Berzins alleging that he violated anti-fraud provisions of the Act and Commission regulations by fraudulently soliciting and accepting from investors in excess of \$500,000 to participate in a commodity pool to trade commodity futures contracts and options on futures contracts. The CFTC's action against Berzins arose from a referral by the State Securities Board of the State of Texas (for a more complete case description, see **Quick Strike Cases**).

Securities and Commodities Fraud Working Group provides a vehicle for public and private sector participants to discuss current trends in financial crime in the securities, futures, and

options industries and to exchange ideas about enforcement techniques. The group, organized by the Fraud Division of the Department of Justice, meets on a quarterly basis and its members include criminal and regulatory authorities from state and federal agencies and representatives from various exchanges and other self-regulatory organizations. In September 1999, the Division hosted a meeting of the group in Washington, which included a presentation concerning the recent Princeton/Armstrong cooperative enforcement action, as well as an update on retail foreign exchange fraud.

- **International**

As discussed above, in September, the Commission filed a three-count injunctive complaint against Martin A. Armstrong and entities he controlled. The complaint alleged that defendants defrauded commodity pool investors in Japan. The Division coordinated its enforcement efforts with other authorities, including the Japanese Financial Supervisory Authority (for a more complete case description, see **Quick Strike Cases**).

Statutory Disqualification Cases – The Enforcement program investigates and prosecutes administrative registration cases based on statutory disqualification (SD). While most SD actions are commenced by the NFA as part of its delegated authority to handle registration functions for the Commission, the Commission has retained authority to act directly in appropriate cases. Examples of the cases filed in this area during the fourth quarter of FY 1999 include:

In re Connolly, CFTC Docket No. SD 99-7 (CFTC July 29, 1999). In July 1999, the Commission filed a Notice of Intent to Suspend, Revoke or Restrict Registrations against James L. Connolly and simultaneously accepted his offer of settlement. Connolly has been a member of the Index and Options Market division of the CME and has been registered as a floor broker. During the relevant time period, June 1992 to June 1993, Connolly was a member of the Linco Futures Group, Inc. Broker Association. The notice alleged that on eight instances Connolly allocated profitable customer trades to his own trading account, and then to fill the customer order and offset the position taken into his personal account bucketed his customer's order against another floor trader or broker. The notice further alleged that he violated record-keeping rules in connection with the preparation and time-stamping of his customer orders. Finally, the notice alleged that Connolly settled the CME disciplinary action that arose from these incidents resulting in cumulative sanctions of \$25,000 in fines, \$7,952 in restitution, and a six-month suspension. Connolly, without admitting or denying the allegations in the notice, consented to the entry of a Commission order which imposed a lifetime dual-trading restriction on his floor broker registration.

In re Rhee, et al., CFTC Docket No. SD 99-8 (CFTC September 20, 1999). In September 1999, the Commission filed a Notice of Intent to Suspend, Restrict or Revoke Registrations against Andrew David Rhee and Reflex Asset Management Corporation (Reflex). Reflex has been registered as a CPO and CTA. Rhee is a principal, sole owner, and AP of Reflex. On July 23, 1998, the U.S. Attorney's Office for the Southern District of New York filed a criminal information against Rhee and Thomas Edmund Kelly, charging that they conspired to commit wire fraud by misappropriating confidential proprietary information from John W. Henry & Co. (JWH), a registered CPO and CTA, and used that information to place commodity futures trades ahead of JWH's futures trades, for the benefit of Rhee, Reflex, and Kelly, and to JWH's detriment. The same day, Rhee pled guilty to the felony charge of conspiring to commit wire fraud in federal district court. In December 1998, a judgment order of conviction was entered against Rhee concerning the felony charge in the U.S. District Court for the Southern District of New York. Also on July 23, 1998, the Commission filed a two-count civil injunctive complaint in the same court against Rhee, Reflex, and Kelly, charging them with fraud under the Act in connection with their scheme to trade ahead of JWH's futures orders. On November 3, 1998, the U.S. District Court for the Southern District of New York entered a consent order of permanent injunction against Rhee and Reflex in the civil action which permanently enjoins them from, among other things, directly or indirectly engaging in or continuing activity involving fraud and activity involving transactions in or advice concerning contracts of sale of a commodity for future delivery. The Notice alleged that the facts set forth above constitute grounds for disqualifying Rhee from registration under Sections 8a(2)(C) and (D) of the Act. In addition, according to the Notice, the facts constitute grounds for the statutory disqualification of Reflex from registration under Sections 8a(2)(C) and (H).

Division Accomplishments By Agency Goal: Fourth Quarter, FY 1999

Goal Three: Foster open, competitive, and financially sound markets.

Division of Trading & Markets—Goal Three Accomplishments:

Proposed Amendments to Part 30 – The Commission approved the issuance of proposed amendments to Regulations 30.1, 30.4, and 30.10 on August 26, 1999 which will codify and clarify the relief granted to foreign futures and options brokers (FFOBs) pursuant to Rule 30.10 through no-action and interpretative letters (64 FR 46613). These amended rules will permit FFOBs to carry the foreign futures and options account of a U.S. affiliate, the foreign futures and options customer omnibus, proprietary, and house accounts of a U.S. FCM, and U.S. accounts of the FFOB that are proprietary to the FFOB. The Commission also proposed new Rule 30.12 (64 FR 46618) that will codify and clarify the circumstances in which an unregistered FFOB may accept orders directly from certain sophisticated U.S. foreign futures and options customers for execution for or on behalf of such customers through the customer omnibus account of the carrying U.S. FCM.

CTA and CPO Performance Reporting and Disclosure Issues – On August 2, 1999, the Commission published a proposed rulemaking regarding CTA and commodity pool rate-of-return and disclosure issues (64 FR 41845). Comments on the proposed rule are under review.

Electronic Signature – On August 30, 1999, the Commission published a proposed rule to permit customers to use an electronic signature in lieu of a handwritten signature whenever the latter is now required under the Commission's rules on August 30, 1999 (64 FR 47151).

Delegation of Regulation 9.11 Responsibilities – To reduce the exchange regulatory reporting burden, the Commission approved the delegation to NFA of certain regulatory responsibilities associated with Regulation 9.11. The Commission issued an advisory informing the exchanges that they can directly file Regulation 9.11 disciplinary and access denial actions with NFA, rather than with the Commission, either electronically or in writing. The Advisory encourages the use of electronic filings as they are faster and more cost-effective for both the exchanges and the NFA. The Commission also issued an order that delegates to NFA the responsibility of collecting all Regulation 9.11 notices.

Automated Trading Systems – The Division issued no-action letters to LIFFE, Eurex, MATIF, and Sycom in connection with the placement of terminals in the U.S. to provide access to the automated trading systems operated by these foreign boards of trade.

Commodity Exchange, Inc. Rule Enforcement Review – The Division completed a review of COMEX's trade practice surveillance and disciplinary programs, and certain aspect of its audit trail. Although the Division found that COMEX generally maintains adequate trade practice and disciplinary programs, and generally maintains an adequate program for conducting order ticket and trading card recordkeeping reviews, the Division made some recommendations that it believes will further improve these programs.

Chicago Mercantile Exchange Rule Enforcement Review – The Division completed a review of the CME's market surveillance, trade practice surveillance, and disciplinary programs, and certain aspects of its audit trail. The Division found that the CME generally maintains adequate market surveillance and trade practice surveillance programs, and generally maintains an adequate program for conducting back office audits to review clearing firms' and members' compliance with order ticket and trading card recordkeeping requirements. The Division also found that the CME maintains an effective disciplinary program. However, the Division made several recommendations with respect to the CME's market surveillance and trade practice surveillance programs, and its program for enforcing order ticket and trading card recordkeeping requirements.

Coffee Sugar & Cocoa Exchange Rule Enforcement Review – The Division completed a review of the CSCE's market surveillance, trade practice surveillance, and disciplinary programs.

While the Division found that the CSCE maintains an adequate market surveillance program and generally maintains adequate trade practice surveillance and disciplinary action programs, the Division made several recommendations that it believes will further improve each of these programs.

National Futures Association Rule Enforcement Reviews – The Division completed reviews of the telemarketing supervision program and commodity pool operator and commodity trading advisor disclosure document review program of NFA. While the Division found that both programs generally meet the Commission's requirements, some enhancements were recommended to NFA.

Year 2000 Contingency Planning – Division staff proceeded with final Year 2000 preparations, including event management and contingency planning. Conference calls have been held with self-regulatory organizations to confirm that all remaining planned system changes are completed and tested satisfactorily. A transition questionnaire has been developed that FCMs will be required to file with their designated examining authority over the transition period according to a pre-established schedule. Concurrently and in cooperation with the Joint Audit Committee, staff has developed a reporting template that will be used by the SROs to provide the Commission a health check on themselves as utilities and a summary health check on their members, periodically, during the transition period. A similar template was developed for FCM back office bookkeeping service providers. These health checks will form the basis for the CFTC's reports to the Information Coordination Center that is being developed at the cabinet level to dispense information on all sectors of the U.S. economy.

Year 2000 Auditor Reports – Division staff reviewed and addressed the results of Agreed-Upon Procedure Reports concerning Year 2000 preparedness filed by certified public accountants in accordance with Commission Advisory 42-98 and the American Institute of Certified Public Accountants' Statement of Position 98-8.

Over-the-Counter (OTC) Derivatives Study – Division staff worked with the President's Working Group on Financial Markets staff on the OTC derivatives study.

Division of Enforcement—Goal Three Accomplishments:

Trade Practice Fraud – As noted in **Goal One Accomplishments**, during the fourth quarter of FY 1999 the Commission filed *In re Mitsopoulos, et al.*, CFTC Docket No. 99-17 (CFTC filed Sept. 30, 1999). Results were achieved in case *In re Fisher, et al.*, CFTC Docket No. 93-2, Order Making Findings and Imposing Remedial Sanctions as to Michael Singer (CFTC entered Aug. 23, 1999).

Supervision and Compliance Cases – In its efforts to promote sound practices of firms handling customer funds, the Enforcement program investigates and prosecutes registrants' failures to supervise diligently the handling of customer accounts and failures to establish adequate compliance systems to prevent fraud or market abuse. During the fourth quarter of FY 1999, the Commission filed and achieved an enforcement result in *In re Wolcott & Lincoln Futures, L.L.C. f/k/a Wolcott & Lincoln Futures, Inc., et al.*, CFTC Docket No. 99-14 (CFTC filed Aug. 9, 1999). In August 1999, the Commission issued an order simultaneously instituting and settling an administrative proceeding against Wolcott & Lincoln Futures, L.L.C, a FCM, and David Gibson, Wolcott & Lincoln's manager. The CFTC order finds that Wolcott & Lincoln, formerly known as Wolcott & Lincoln Futures, Inc., mishandled customer funds; willfully filed inaccurate and improperly executed reports with the CFTC; violated CFTC recordkeeping requirements; and breached its duty to supervise diligently the handling of customer funds. The order also finds Gibson liable for Wolcott & Lincoln's violations. The Commission's order, among other things, directs both respondents to cease and desist from further violations of the Act and Commission regulations; orders them to pay jointly and severally a civil monetary penalty in the amount of \$50,000; revokes Wolcott & Lincoln's FCM registration; and requires Gibson to comply with extensive undertakings. The respondents consented to the issuance of the order without admitting or denying the findings contained therein.

An enforcement result was achieved in *In re Reifler Trading Corp., et al.*, CFTC Docket No. 98-2, Default Judgment (as to Respondents Hany Labib, Syed Hussain, and Liberty Futures, Inc.)(ALJ entered May 28, 1999). Because the ALJ's decision was not appealed, it became a final order of the Commission on July 1, 1999.

International Matters – The Division's cooperative efforts include participation in international organizations and contribution to several international initiatives. In September 1999, the Division attended a meeting of IOSCO's Working Party on Enforcement and the Exchange of Information (WP4) at which the members focused their discussions on two existing mandates--price manipulation and cooperation between law enforcement and regulatory authorities. Work on both of these mandates is nearing conclusion. WP4 also discussed various proposals for new mandates. The September meeting also featured an Internet Roundtable during which members discussed evolving Internet-based fraud and the ways they had developed to combat it. The Division made a presentation to the group on an Internet-based case it has recently filed.

Office of International Affairs – Goal Three Accomplishments:

Research – OIA completed a survey in August 1999, Futures Exchange and Contract Authorization Standards and Procedures in Selected Countries. The Report summarized the standards and procedures in selected countries regarding exchange authorization procedures, rule amendment, the admission of contracts to trading on an exchange, and the amendment of existing contracts. The survey is posted on the Commission's website.

International Organization of Securities Commissions (IOSCO) – OIA staff represented the Commission on the IOSCO Technical Committee's Hedge Fund Task Force, which has been considering recommendations that would strengthen risk management processes, improve information flows and identify areas where it may be advisable to cooperate with other interested international organizations such as the Basle Banking Committee. OIA staff also actively engaged in the IOSCO Task Force on the implementation of the IOSCO report Objectives and Principles of Securities Regulation (Core Principles) that was adopted last year as a statement of regulatory principles against which effective regulation can be measured. OIA staff has been participating in drafting groups that are preparing surveys for a high level self assessment on the extent to which the Core principles have been implemented. OIA also coordinated the Commission's activities within the Technical Committee's working group on secondary markets. OIA staff took a leading role in encouraging the working party to consider the impact of hedge fund trading from an organized market's perspective.

International Initiatives – OIA provided comment to the U.S. Department of the Treasury regarding its work with G-7 and G-22 countries on international financial stability activities, including its representation in the Financial Stability Forum. OIA similarly provided comment to the U.S. SEC regarding its participation in the Financial Stability Forum.

Division Accomplishments By Agency Goal: *Fourth Quarter, FY 1999*

All Goals

Office of the Executive Director— All Goals Accomplishments:

Year 2000 Preparedness – The Business Continuity Contingency Plan (BCCP), which outlines the measures the agency will take to prepare for possible Year 2000 problems, was revised. As part of the BCCP, OIRM ordered equipment to extend Remote Access capability to key staff in the regional offices and equipment for a Year 2000 compliant telephone system in the New York office.

Intranet – OIRM continued the development and implementation of new features for the Commission's Intranet. Development of the Commission's new document management system continued throughout the quarter.

Technology Advances – OIRM implemented a capability to remotely upgrade applications and deploy new applications to desktop computers. OIRM began conversion of historic image data to allow use with CFTC's standard office applications.

Migration of CFTC Financial Management System – In preparation for shifting processing of the CFTC Financial Management System (FMS) to the U.S. Department of the Interior, agency users of the FMS received training in September at the Department of the Interior. This is another step in ensuring that all internal agency systems are Year 2000 compliant.

Budget and Annual Performance Plan (APP) – Revisions to the APP, reflecting many of the recommendations made by the General Accounting Office and the Office of Management and Budget (OMB), were reviewed by the Commission's Strategic Planning Task Force and Division Directors and incorporated in the FY 2001 budget request, which was submitted to Congress in September. The FY 2001 budget hearing was held at OMB on September 28 and OMB expects to issue the passback on November 23. The FY 1999 budget was executed with an estimated lapse of \$2,000 out of \$61 million. The Quarterly Performance Review (QPR) for third quarter accomplishments and fourth quarter 1999 priorities was issued in September. The QPR tracks performance under the agency's APP.

Special Events and Training – The Office of Human Resources and the agency's Training Advisory Group finalized a FY 2000 training program for management training and industry, technical, and legal training. Management training components include basic human resource knowledge and tools, and leadership effectiveness. The industry, legal, and technical training components consist of 16 courses to be taught by in-house experts in 90-minute segments. The first sessions of the programs will be offered in the first quarter. In the fourth quarter, OHR provided training opportunities to Commission staff including Planning and Organizing Work, Communications, Effective Leadership, and Introduction to Futures. The Federal Women's Program (FWP) sponsored a Communications in the Workplace workshop in July. The Advanced WriteThinking course, developed in conjunction with the FWP, began in September. CPR and First Aid training was provided for Commission employees in Kansas City and Los Angeles. OHR presented an orientation session for the Commission's summer interns. Through the Public Health Service, OHR provided on site screenings and clinics for Commission staff.

Records Management – CFTC records stored at Federal Records Centers in Washington, Chicago, Los Angeles, and Kansas City were transferred to Iron Mountain, a private records management contractor. Use of the Iron Mountain facilities will provide more cost-effective storage, better retrieval service, and improved records management reporting tools.

OPM Report – The Commission received from OPM a final report on OPM's February 1999 review of CFTC's human resources management program. OPM found no regulatory violations and the presence of many programs encouraging an effective, merit-based system. OPM recommended building on current efforts in human resources accountability to further strengthen OHR's contribution to organizational strategy and performance.

Human Resources Initiatives – OHR implemented an Employee Assistance Program (EAP) for Commission staff, effective October 1. The EAP is a professional counseling and referral service that provides confidential counseling and educational outreach to employees. The EAP is designed to help with problems on and off the job. OHR developed a CFTC-wide recruitment plan for FY 2000. Responding to issues identified through a teleconference, OHR conducted training in the Los Angeles office on topics such as employee relations, supervision, staffing, and recruitment.

Procurement/Contracting – A Procurement Opportunities section was posted on the Commission's Internet Home Page. The section includes CFTC procurement points of contact, current business opportunities, recurring CFTC requirements, and procurement links.

Policies and Procedures – OAS issued an Advisory detailing policy standards for office equipment and furniture to ensure uniformity and provide guidance to Commission staff. An updated emergency preparedness manual was distributed to all Headquarters staff. An Advisory was issued implementing Executive Order 13059 which requires establishment of a smoke-free working environment. OHR updated the Commission's Grievance Procedures to incorporate alternative dispute resolution.

Part III: Annual Performance Statistics

Summary of Commission Outreach Efforts

Fourth Quarter, FY 1999

Non-Recurring Outreach Efforts:

Quarterly meetings of Chairman Rainer and leaders of Exchanges
 Congressional briefings with OLIA staff

Recurring/Established Outreach Efforts:

Advisory

Agricultural Advisory Committee
 Financial Products Advisory Committee
 Global Market Advisory Committee

Federal and State Working Relationships

President's Working Group on Financial Markets
 U.S. Department of Agriculture
 Securities and Exchange Commission
 Department of the Treasury
 Board of Governors of the Federal Reserve System
 New York Federal Reserve Bank
 Federal Deposit Insurance Corporation
 Department of Energy
 Department of Labor's Bureau of Labor Statistics
 Department of Justice
 Federal Bureau of Investigation
 Federal Trade Commission
 U.S. Postal Inspection Service

Self-Regulatory

National Futures Association quarterly meetings

International

Foreign regulatory authorities
 International Organisation of Securities Commissions (IOSCO)

List of Interested Parties

All Exchanges and Self-Regulatory Organizations
 Public
 Congress
 The Administration
 Market Professionals
 Market Users
 Foreign Authorities
 Federal Departments and Agencies

FY 1999 Cumulative Outreach Statistics

<i>Activity 1.2.1: Participate in the President's Working Group on Financial Markets to ensure coordination of information and efforts among US financial regulators</i>	
Number of Steering Committee meetings attended.	16
Number of President's Working Group meetings attended	3
<i>Activity 1.2.3: Provide materials and information on the functions and utility of the markets to the public.</i>	
Roundtables	1
Advisory Committee Meetings	4

Summary of Commission Performance and Results
Fourth Quarter, 1999

(To be developed)

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.1: Foster futures and option markets that accurately reflect the forces of supply and demand for the underlying commodity and are free of disruptive activity. (Activities 1.1.1 through 1.1.7)

Activity 1.1.1: Collect US futures and option large trader and exchange-generated data for all actively trading contracts to support market surveillance, enforcement of speculative limits, dissemination of information to the public, and futures market studies and research by Commission staff and others.

Performance Goals:

Ensure the timeliness and accuracy of data submitted by reporting firms and the exchanges. Identify ownership and control of futures positions, relationships that exist between traders, and commercial and speculative types of traders.

Study and implement measures designed to reduce paper work burdens on exchanges and reporting firms.

Activity 1.1.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of large trader reports from firms.	24,000,000	2,000,000	1,950,000	2,090,000	2,083,000	8,123,000	34%	NA
Number of account and large trader identification reports from firms and traders.	18,000	3,457	3,319	3,355	3,506	13,637	76%	NA
Number of reports from exchanges.	25,000	7,716	7,078	7,572	7,582	29,948	120%	NA
Number of reporting firm compliance audits.	110	10	12	10	6	38	35%	NA
Number of information letters to traders.	6,000	707	821	783	1092	3,403	57%	NA
Number of compliance and warning letters sent on reporting requirements.*	2,950	554	655	660	836	2,705	92%	NA
Projects to change regulations, enhance support for data processing or others that are intended to reduce reporting burdens on the industry or processing cost for the exchanges.	8	0	1	7	0	8	100%	NA
Reports provided to the exchanges. (Begins in FY 2000)	500	0	0	0	0	0	--	NA
* Qtr 3 actual - revised								

Activity 1.1.2: Monitor the markets to detect and respond quickly to potentially disruptive situations such as market congestion and/or potential price manipulation.

Performance Goals:

Identify traders, or groups of traders acting in concert, who have the capacity to influence futures prices. Determine whether traders are acting to influence futures prices and whether futures prices accurately reflect cash market fundamental supply and demand conditions.

Respond to emergencies and disruptive activities in a timely and appropriate manner

Activity 1.1.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of active futures and option markets.								
F= Futures	179	154	160	160	157	NA	NA	NA
O= Options	120	90	84	87	94	NA	NA	NA
Number of market surveillance reports prepared on expiring contracts for indications of price manipulation or other market disruptions.	2,950	613	597	678	679	2,567	87%	NA
Number of special surveillance reports prepared on market disturbances.	70	12	10	20	10	52	74%	NA
Number of market surveillance analyses prepared and presented at Commission briefings.	250	62	63	62	82	269	108%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.1 (Cont'd.)

Activity 1.1.3: Conduct timely review of contract market designation applications and changes to applications to determine if they are economically viable and do not pose a likelihood of disruption in the cash, futures, and option markets.

Performance Goal:

Review every designation application and rule change request, with the exception of stock index futures which require SEC approval, within 10-45 days and respond to exchange with approval or deficiency letter.

Activity 1.1.3 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of designation applications processed.								
F = Futures	28	5	13	7	13	38	136%	NA
O = Options	32	5	8	6	16	35	109%	NA
Number of contract market rule changes processed.								
F = Futures	128	30	31	30	35	126	98%	NA
O = Options	15	1	2	5	9	17	113%	NA

Activity 1.1.4: Identify possible manipulation and other abusive trading practices for investigation and possible enforcement or criminal action

Performance Goal: TBD

Activity 1.1.4 Performance Indicators: *Not currently tracked.*

Activity 1.1.5: Investigate possible manipulation and other abusive trading practices.

Performance Goal: Conduct important investigations (including matters involving ongoing conduct and complex transactions) in a thorough and timely manner, and refer potential violations to other authorities, as appropriate.

Activity 1.1.5 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of investigations initiated concerning manipulation or other abusive trading practices.*	10	2	2	6	2	12	120%	NA
Number of investigations in progress.	22	23	20	25	20	NA	NA	NA
Number of documents obtained through subpoena or inspection.**	90,000	NR	8,538	4,608	14,309	27,455	31%	NA
Number of witnesses from whom testimony was taken.	25	NR	0	3	1	4	16%	NA
Number of witnesses interviewed.	12	NR	8	6	1	15	125%	NA
Number of subpoenas and statutory requests issued.	80	NR	16	13	13	42	53%	NA
Number of subpoena enforcement actions initiated.	1	0	0	0	0	0	0%	NA
Number of investigations closed or resulting in enforcement action within one year.	5	0	2	0	0	2	40%	NA
Number of enforcement investigations conducted, with other authorities, including SROs, state, federal and international.	5	NR	1	1	1	3	60%	NA
Number of investigations referred to other authorities, including SROs, state, federal, and international.	2	NR	0	0	0	0	0%	NA

*Individual Enforcement investigations and cases frequently concern issues that span more than one strategic goal. Accordingly, all performance indicators are reflected in each outcome objective achieved throughout the course of a matter. So, for example, if a case is filed which contains allegations of trade practice violations as well as supervision failures, that case will be reflected in the appropriate places under Goals One, Two, and Three.

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.1 (Cont'd.)

Activity 1.1.6: Institute enforcement cases concerning manipulation and other abusive trading practices.

Performance Goal: Bring important cases (including matters involving ongoing conduct and complex transactions) aggressively.

Activity 1.1.6 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of cases filed alleging manipulation and abusive trading practices.	2	0	0	1	0	1	50%	NA
Number of respondents and defendants charged with manipulation and abusive trading practices.	4	0	0	6	0	6	150%	NA
Number of counts.	6	0	0	1	0	1	17%	NA
Number of trials and evidentiary hearings conducted.*	3	NR	3	0	0	3	100%	NA
Number of dispositive motions filed.*	6	NR	0	0	0	0	0%	NA
Number of other filings.*	70	NR	10	1	5	16	23%	NA
Number of investigative reports.	0	0	0	0	0	0	--	NA
Number of cases completed.	7	0	1	0	0	1	14%	NA
Number of settlements.	2	1	0	1	1	3	150%	NA
Number of cases in progress.	12	12	11	12	12	NA	NA	NA
Number of cases involving cooperation from other authorities, including SROs, state, federal, and international.*	4	NR	0	1	1	2	50%	NA

*Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Activity 1.1.7: Sanction violators.

Performance Goal: Assess sanctions that are remedial and deter violators.*

Activity 1.1.7 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Amount of money ordered to be paid as disgorgement or restitution.	\$60,000	0	0	0	0	\$0	0%	NA
Amount of civil penalties.	\$1,000,000	\$325,000	\$0	\$15,000,000	\$1,825,000	\$17,150,000	1715%	NA
Number of cease and desist orders.	13	1	0	1	3	5	38%	NA
Number of registration sanctions.	11	0	0	0	8	8	73%	NA
Number of trading prohibitions.	13	0	0	0	8	8	62%	NA

* This Quarterly Performance review only reflects sanctions which have become final by the close of the reporting quarter. Thus, the performance indicators reported here include only sanctions in settled matters; unappealed decisions of the Commission, US District Courts, or US Circuit Courts of Appeals; and decisions of the US Supreme Court.

Outcome Objective 1.2: Promote compliance with and deter violations of federal commodities laws. (Activities 1.2.1 through 1.2.3)

Activity 1.2.1: Participate in the President's Working Group on Financial Markets to ensure coordination of information and efforts among US financial regulators.

Performance Goals: Contribute to performance of President's Working Group on Financial Markets.

Activity 1.2.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of Steering Cmte meetings attended.	22	4	5	7		16	73%	NA
Number of President's Working Group meetings attended.	2	1	1	1		3	150%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal One: Protect the economic functions of the commodity futures and option markets.

Activity 1.2.2: Maintain a current understanding of market functions and developments through studies and research.
Performance Goals: Complete research projects timely.

Activity 1.2.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of research projects.	18	4	4	4	2	14	78%	NA

Activity 1.2.3: Provide materials and information on the functions and utility of the markets to the public through public Commission meetings, public roundtables, advisory committee meetings, symposia, US Department of Agriculture publications, press releases, advisories, routine reports on large trader activity, etc.
Performance Goal: TBD

Activity 1.2.3 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Roundtables	1	0	0	1	0	1	100%	NA
Advisory Committee Meetings	3	1	0	2	1	4	133%	NA
Number of reports published concerning large trader activity.	8,600	2,027	2,055	2,132	2,114	8,328	97%	NA
Number of requests for substantial amounts of data from universities or other private sources.	10	1	2	2	2	7	70%	NA
Number of routine and special reports on large trader activity provided to other US financial regulators.	28	7	7	7	7	28	100%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Two: Protect market users and the public.

Outcome Objective 2.1: Promote compliance with and deter violations of federal commodities laws. (Activities 2.1.1 through 2.1.10)

Activity 2.1.1: Identify and investigate possible fraudulent and other illegal activities relating to the commodity futures and option markets and their registrants.*

Performance Goal: Conduct important investigations (including matters involving ongoing conduct and complex transactions) in a thorough and timely manner, and refer potential violations to other authorities, as appropriate.

Activity 2.1.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of investigations initiated concerning fraud or other illegal activities relating to futures and options markets and their registrants.	101	22	18	20	24	84	83%	NA
Number of investigations in progress.	143	152	145	134	114	NA	NA	NA
Number of documents obtained through subpoena or inspection.**	500,000	NR	140,700	48,190	48,159	237,049	47%	NA
Number of witnesses from whom testimony was taken.**	154	NR	78	21	24	123	80%	NA
Number of witnesses interviewed.**	800	NR	432	401	209	1042	130%	NA
Number of subpoenas or statutory requests issued.**	713	NR	543	331	119	993	139%	NA
Number of subpoena enforcement actions initiated.	2	1	1	0	1	3	150%	NA
Number of investigations closed or resulting in enforcement action within one year.	53	11	5	14	9	39	74%	NA
Number of enforcement investigations conducted, with other authorities, including SROs, state, federal and international.**	42	NR	10	10	1	21	50%	NA
Number of investigations referred to other authorities, including SROs, state, federal, and international.**	5	NR	0	1	0	1	20%	NA

*Individual Enforcement investigations and cases frequently concern issues that span more than one strategic goal. Accordingly, all performance indicators are reflected in each outcome objective achieved through the course of a matter. So, for example, if a case is filed which contains allegations of trade practice violations as well as supervision failures, any performance indicators associated with the case will be reflected in the appropriate places under Goals One, Two, and Three.

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Activity 2.1.2: Bring injunctive actions, including using "quick-strike" efforts to protect assets and to stop egregious conduct.

Performance Goal: Bring important cases (including matters involving ongoing and complex transactions) aggressively, quickly bringing a halt to conduct that violates the Act.

Activity 2.1.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of injunctive actions filed alleging fraud or other illegal activities relating to futures and options markets and their registrants.	18	3	1	6	10	20	111%	NA
Number of injunctive actions filed within four months of initiation of investigation.	5	2	1	3	2	8	160%	NA
Number of defendants charged with fraud or other illegal activities relating to futures and options markets and their registrants.	70	9	1	25	26	61	87%	NA
Number of counts.	91	13	6	34	45	98	108%	NA
Number of trials and evidentiary hearings.**	20	NR	4	1	1	6	30%	NA
Number of dispositive motions filed.**	47	NR	4	10	4	18	38%	NA
Number of filings.**	218	NR	70	91	110	271	124%	NA
Number of cases completed.	17	6	3	5	5	19	112%	NA
Number of settlements entered.	19	4	4	0	5	13	68%	NA
Number of cases in progress.	50	45	43	44	48	NA	NA	NA
Number of cases involving cooperation from other authorities, including SROs, state, federal, and international.**	35	NR	6	3	4	13	37%	NA

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Two: Protect market users and the public.

Outcome Objective 2.1 (Cont'd.)

Activity 2.1.3: Bring administrative cases involving fraud and other violations.

Performance Goal: Bring important cases (including matters involving ongoing conduct and complex transactions) aggressively.

Activity 2.1.3 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of cases filed alleging fraud or other illegal activities relating to futures and options markets and their registrants.	11	2	6	1	4	13	118%	NA
Number of respondents charged with fraud or other illegal activities relating to futures and options markets and their registrants.	29	5	14	1	9	29	100%	NA
Number of counts.	47	6	18	3	12	39	83%	NA
Number of trials and evidentiary hearings conducted.**	5	NR	4	1	1	6	120%	NA
Number of dispositive motions filed.**	15	NR	10	3	1			NA
Number of other filings.**	138	NR	81	27	25	133	96%	NA
Number of cases completed.	8	1	6	1	5	13	163%	NA
Number of settlements.	8	2	5	3	2	12	150%	NA
Number of cases in progress.	29	33	34	33	32	NA	NA	NA
Number of cases involving cooperation from other authorities, including SROs, state, federal and international.**	4	NR	1	3	0	4	100%	NA
Number of investigative reports.	0	0	0	0	0	0	--	NA

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Activity 2.1.4: Hear administrative cases.

Performance Goal: Process cases timely.

Activity 2.1.4 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Beginning Balance	25	25	22	25	20	NA	NA	NA
Number of cases received.	24	4	10	6	6	26	108%	NA
Number of cases settled.	3	1	1	2	0	4	133%	NA
Number of decisions issued.	20	6	6	9	5	26	130%	NA
Ending Balance	26	22	25	20	21	NA	NA	NA

Activity 2.1.5: Sanction violators.

Performance Goal: Assess sanctions that are remedial and deter violators.*

Activity 2.1.5 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of ex parte restraining orders entered.	8	3	1	5	2	11	138%	NA
Number of temporary restraining orders entered.	0	0	0	0	0	0	--	NA
Number of preliminary injunctions entered.	12	2	3	2	3	10	83%	NA
Number of permanent injunctions entered.	25	8	4	1	7	20	80%	NA
Amount of money ordered to be paid as disgorgement or restitution.	26,000,000	12,448,232	61,180,430	2,109,908	1,836,315	77,574,885	298%	NA
Amount of civil penalties.	6,500,000	7,167,337	32,747,000	2,894,852	820,000	43,629,189	671%	NA
Number of cease and desist orders.	22	3	6	6	2	17	77%	NA
Number of registration sanctions.	12	2	2	2	2	8	67%	NA
Number of trading prohibitions.	8	1	4	5	1	11	138%	NA

*Previous budget documents have reflected sanctions obtained at any and all stages of a matter. So, for example, if an ALJ imposed a \$100,000 civil monetary penalty in a particular case in FY 1997, and on appeal the Commission imposed a penalty of \$150,000 in the same case in FY 1998, each figure was reflected in the year it was imposed. In order to more accurately reflect sanctions obtained, this year's budget will reflect only sanctions which become final during FY 1998. Thus, the sanctions projected for FYs 1998, 1999, and 2000 reflect only settled matters; unappealed decisions of the Commission, US District Courts, or US Circuit Courts of Appeals; and decisions of the US Supreme Court.

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Two: Protect market users and the public.

Outcome Objective 2.1 (Cont'd.)

Activity 2.1.6: Inform the public and the industry concerning allegations of wrongdoing and associated legal actions, including through publications and through Commission orders and reports describing the alleged violations and the Commission's legal and policy analysis.

Performance Goal: TBD

Activity 2.1.6 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of published opinions of Commission regarding enforcement cases.	10	3	2	4	1	10	100%	NA
Number of initial decisions of ALJs regarding enforcement cases.	13	6	6	9	5	26	200%	NA
Number of press releases regarding enforcement cases.	65	19	18	16		53	82%	NA

Activity 2.1.7: Collect sanctions and civil monetary penalties against violators.

Performance Goal: Collect and deposit civil monetary penalty receivable in accordance US Treasury regulations.

Activity 2.1.7 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Amount of civil monetary penalty assessments collected.	\$1,500,000	347,000	262,000	6,002,000	15,554,000	22,165,000	1478%	NA

Activity 2.1.8: Cooperate with the exchanges, the National Futures Association, other federal agencies, state governments and law enforcement entities, and foreign authorities to gain information for law enforcement purposes and to provide enforcement assistance as necessary and appropriate.

Performance Goal: To maximize the effectiveness of the Enforcement program by cooperating with domestic and foreign authorities in the gathering of information for enforcement purposes.

Activity 2.1.8 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of enforcement investigations conducted with other authorities, including SROs, state, federal and international.**	51	NR	15	14	8	37	73%	NA
Number of matters referred to other authorities, including SROs, state, federal, and international.**	7	NR	0	0	0	0	0%	NA
Number of cases filed jointly with other law enforcement or regulatory agencies (state and federal).**	1	NR	0	0	0	0	0%	NA
Number of requests for assistance from foreign authorities.	43	10	5	4	6	25	58%	NA
Number of requesting authorities.	25	9	5	4	5	23	92%	NA
Number of requests for assistance made to foreign authorities.	21	10	5	3	8	26	124%	NA
Number of authorities to which requests are made.	10	6	3	2	5	16	160%	NA

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Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Two: Protect market users and the public.

Outcome Objective 2.1 (Cont'd.)

Activity 2.1.9: Monitor the Internet and other communication media for fraudulent activities and other possible violations of the Act.
Performance Goal: To aggressively identify, investigate and take action against individuals and entities engaged in Internet or other media activities which are fraudulent or otherwise violative of the Act.

Activity 2.1.9 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of referrals generated from Internet and media monitoring.	42	9	14	12	11	46	110%	NA

Activity 2.1.10: Resolve appeals in administrative enforcement matters and self-regulatory organization adjudicatory actions.
Performance Goal: TBD

Activity 2.1.10 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of administrative enforcement appeals resolved.	13				2	2	15%	NA
Number of SRO adjudicatory action appeals resolved.	8				1	1	13%	NA

Outcome Objective 2.2: Require commodities professionals to meet high standards. (Activities 2.2.1 through 2.2.3)

Activity 2.2.1: Oversee the National Futures Association (NFA) registration program, including testing, licensing, and ethics training for commodities professionals.

Performance Goal: TBD

Activity 2.2.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of meetings of CFTC-NFA Registration Working Group.	4	1	1	1	1	4	100%	NA

Activity 2.2.2: Oversee NFA's document disclosure review program.

Performance Goal: TBD

Activity 2.2.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of CPO and CTA disclosure documents reviewed.	300	28	21	11	9	69	23%	NA
Number of CPO and CTA comment letters issued.	10	4	0	1	2	7	70%	NA
Number of CPO and CTA biennial review reports issued.	1	0	0	0	1	1	-	NA
Number of CPO/CTA interpretations, advisories, and proposed rule changes.	7	0	9	4	3	16	229%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Two: Protect market users and the public.

Outcome Objective 2.2 (Cont'd.)

Activity 2.2.3: Investigate and bring administrative registration cases arising out of alleged statutory disqualification and obtain suspensions, revocations, conditions, or restrictions of registration.

Performance Goal: To preserve market integrity and protect market participants by investigating and prosecuting cases which can result in the denial, revocation, conditioning, or restriction of registrations.

Activity 2.2.3 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of statutory disqualifications investigations initiated.	5	0	1	2	0	3	60%	NA
Number of investigations in progress.	10	15	12	6	2	NA	NA	NA
Number of documents obtained through subpoena or inspection.**	7,000	NR	57	2,200	622	2,879	41%	NA
Number of witnesses from whom testimony was taken.	1	0	0	3	1	4	400%	NA
Number of witnesses interviewed.	7	0	0	2	25	27	386%	NA
Number of subpoenas and statutory requests issued.**	10	NR	4	0	21	25	250%	NA
Number of subpoena enforcement actions initiated.	1	0	0	0	0	0	0%	NA
Number of investigations closed or resulting in enforcement action within one year.	6	1	0	1	2	4	67%	NA
Number of enforcement investigations conducted, with other authorities, including SROs.	2	0	0	0	0	0	0%	NA
Number of investigations referred to other authorities including SROs.	1	0	0	0	0	0	0%	NA
Number of cases filed alleging statutory disqualification.	5	0	4	2	2	8	160%	NA
Number of respondents charged with statutory disqualification.	5	0	5	3	3	11	220%	NA
Number of adverse registration actions.	5	0	2	4	1	7	140%	NA

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Outcome Objective 2.3: Provide a forum for effectively and expeditiously handling customer complaints against persons or firms registered under the Act. (Activity 2.3.1)

Activity 2.3.1: Provide a reparations program for commodities market users to make claims relating to violations of the Act.

Performance Goal: TBD

Activity 2.3.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Beginning Balance	32	32	40	34	45	NA	NA	NA
Number of reparations complaints filed.	235	52	42	46	52	192	82%	NA
Number of reparation complaints dismissed or settled.	35	10	11	8	17	46	131%	NA
Number of reparations complaints forwarded.	200	34	37	27	41	139	70%	NA
Number of reparations pending (ending balance).	232	40	34	45	39			NA
Cases pending beginning of fiscal year.	106	106	95	104	80	NA	NA	NA
Number of reparations cases received.	210	36	39	28	44	147	70%	NA
Number of reparations cases dismissed for cause.	20	2	2	2	1	7	35%	NA
Number of reparations cases settled.	90	27	17	31	16	91	101%	NA
Number of reparations cases disposed of by default.	30	3	1	0	5	9	30%	NA
Number of reparations cases disposed of by initial decision.	60	15	10	19	13	57	95%	NA
Ending Balance	116	95	104	80	89	NA	NA	NA
Number of appeals resolved.	15	6	5	6	0	17	113%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.1: Ensure sound financial practices of clearing organizations and firms holding customer funds.. (Activities 3.1.1 through 3.1.5)

Activity 3.1.1: Promulgate regulations to ensure sound business, financial, and sales practices in firms participating in the commodities industry.

Performance Goal: On an ongoing basis, review regulations concerning business, financial, and sales practices to ensure a responsive, flexible and appropriate level of regulatory oversight.

Activity 3.1.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of regulations promulgated.	3	1	0	2	0	3	100%	NA
Number of regulations amended.	10	2	4	9	1	16	160%	NA

Activity 3.1.2: Review and oversee self-regulatory organization audit and financial practices.

Performance Goal: TBD

Activity 3.1.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of oversight audits.	55	7	8	7	16	38	69%	NA
Number of financial investigative reviews.	10	0	0	0	0	0	0%	NA
Number of referrals to SROs.	10	0	0	0	0	0	0%	NA
Number of referrals to Division of Enforcement.	3	6	6	5	8	25	833%	NA
Number of financial reports processed.	4,200	1,408	1,667	1,768	841	5,684	135%	NA
Number of warning and noncompliance letters issued.	325	47	46	165	50	308	95%	NA
Number of follow-up investigations on notices reporting reductions of capital.	200	46	35	43	37	161	81%	NA

Activity 3.1.3: Identify and investigate possible financial, capitalization, segregation, and supervision violations for possible prosecution.

Performance Goal: Conduct important investigations (including matters involving ongoing conduct and complex transactions) in a thorough and timely manner, and refer potential violations to other authorities, as appropriate.

Activity 3.1.3 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of investigations initiated concerning possible financial, capitalization, segregation, and supervision violations.	9	5	4	5	2	16	178%	NA
Number of investigations in progress.	20	22	25	27	24	NA	NA	NA
Number of documents obtained through subpoena or inspection.**	50,000	NR	21,935	18,262	20,314	60,511	121%	NA
Number of witnesses from whom testimony was taken.**	24	NR	13	7	24	44	183%	NA
Number of witnesses interviewed. **	47	NR	27	161	9	197	419%	NA
Number of subpoenas and statutory requests issued.**	60	NR	40	24	32	96	160%	NA
Number of subpoena enforcement actions initiated.	1	0	0	0	0	0	0%	NA
Number of investigations closed or resulting in enforcement action within one year.	2	2	0	2	3	7	350%	NA
Number of enforcement investigations conducted, with other authorities, including SROs, state, federal and international.**	3	NR	3	2	1	6	200%	NA
Number of investigations referred to other authorities.**	1	NR	0	0	0	0	0%	NA

*Individual Enforcement investigations and cases frequently concern issues that span more than one strategic goal. Accordingly, all performance indicators are reflected in each outcome objective achieved through the course of a matter. So, for example, if a case is filed which contains allegations of trade practice violations as well as supervision failures, any performance indicators associated with the case will be reflected in the appropriate places under Goals One, Two, and Three.

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.1 (Cont'd.)

Activity 3.1.4: Bring cases concerning financial, capitalization, segregation, and supervision violations.

Performance Goal: Bring important cases (including matters involving ongoing conduct and complex transactions) aggressively.

Activity 3.1.4 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of cases filed alleging financial, capitalization, segregation, and supervision violations.	6	2	1	2	6	11	183%	NA
Number of respondents and defendants charged with financial, capitalization, segregation, and supervision violations.	12	2	6	13	16	37	308%	NA
Number of counts.	18	2	4	9	30	45	250%	NA
Number of trials and evidentiary hearings conducted.**	4	NR	6	1	2	9	225%	NA
Number of dispositive motions filed.**	15	NR	5	5	1	11	73%	NA
Number of filings.**	70	NR	65	18	22	105	150%	NA
Number of cases completed.	1	0	1	1	5	7	700%	NA
Number of settlements.	5	5	2	0	4	11	220%	NA
Number of cases in progress.	24	23	23	24	25	NA	NA	NA
Number of investigative reports.	0	0	0	0	0	0	--	NA
Number of cases involving cooperation from other authorities, including SROs, state, federal and international.**	6	NR	2	3	0	5	83%	NA

Activity 3.1.5: Sanction violators.

Performance Goal: Assess sanctions that are remedial and deter violators.*

Activity 3.1.5 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Amount of money ordered to be paid as disgorgement or restitution.	0	0	0	0	1,362,289	\$1,362,289	--	NA
Amount of civil penalties.	\$1,200,000	\$325,000	\$59,033	\$7,503,000	1,350,000	\$9,237,033.00	770%	NA
Number of cease and desist orders.	18	2	2	4	3	11	61%	NA
Number of registration sanctions.	10	1	1	1	1	4	40%	NA

* This Quarterly Performance review only reflects sanctions which have become final by the close of the reporting quarter. Thus, the performance indicators reported here include only sanctions in settled matters; unappealed decisions of the Commission, US District Courts, or US Circuit Courts of Appeals; and decisions of the US Supreme Court.

Outcome Objective 3.2: Promote and enhance effective self-regulation of the commodity futures and option markets. (Activities 3.2.1 through 3.2.6)

Activity 3.2.1: Review and approve self-regulatory organization rules and rule amendments

Performance Goal: TBD

Activity 3.2.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of rules submissions reviewed.	400	58	75	72	54	259	65%	NA
Number of rules reviewed.	615	191	166	365	172	894	145%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.2. (Cont'd.)

Activity 3.2.2: Conduct rule enforcement reviews of self-regulatory organizations (financial practices, sales practices, trade practices, and audit trail).

Performance Goal: TBD

Activity 3.2.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of rule enforcement reviews.	8	0	1	0	6	7	88%	NA

Activity 3.2.3: Review and oversee self-regulatory organization audit and financial practices.

See Activity 3.1.2 for annual targets.

Activity 3.2.4: Review adequacy of self-regulatory organization disciplinary actions.

Performance Goal: TBD

Activity 3.2.4 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of SRO disciplinary actions reviewed.	610	98	136	129	120	483	79%	NA

Activity 3.2.5: Conduct direct audits of clearing organizations and firms handling customer money to ensure compliance with capitalization and segregation rules.

Performance Goal: TBD

Activity 3.2.5 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of direct audits of clearing organizations and firms handling customer money.	25	6	4	0	1	11	44%	NA

Activity 3.2.6: Promulgate regulations to ensure effective self-regulation by exchanges, clearing organizations, and registered futures associations.

Performance Goal: On an ongoing basis, review regulations concerning self-regulation for exchanges, clearing organizations, and registered futures associations to ensure a responsive, flexible and appropriate level of regulatory oversight.

Activity 3.2.6 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of regulations promulgated.	2	0	1	1	0	2	100%	NA
Number of regulations amended.	3	0	2	0	0	2	67%	NA

Outcome Objective 3.3: Facilitate the continued development of an effective, flexible regulatory environment responsive to evolving market conditions. (Activities 3.3.1 through 3.3.5)

Activity 3.3.1: Coordinate and cooperate with global financial services regulators to share vital information concerning markets, intermediaries, and regulatory structure.

Performance Goal: TBD

Activity 3.3.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of requests for information from foreign authorities.	145	55	25	44	43	167	115%	NA
Number of requests for information made to foreign authorities.	100	52	45	67	23	187	187%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.3 (Cont'd.)

Activity 3.3.2: Coordinate and cooperate with global financial services regulators to develop appropriate global standards and arrangements in the commodities industry as markets emerge and evolve.

Performance Goal:

Maintain a current understanding of foreign market regulatory developments through review of market developments and research. Communicate with US markets, firms, and market users to identify their global competitive and regulatory concerns.

Activity 3.3.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Global standards or arrangements adopted or initiatives developed.	4	0	0	0	0	0	0%	NA

Activity 3.3.3: Participate in the International Organisations of Securities Commissions and represent the Commission at international meetings concerning commodity regulation.

Performance Goal: Attend meetings of international regulators such as IOSCO in order to fully represent the US government and to protect the interests of the United States commodity futures and option markets as world standards and relationships evolve and expand.

Activity 3.3.3 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of international organizations in which participated.	As Required	1	1	1	1	4	-	NA

Activity 3.3.4: Participate in the President's Working Group on Financial Markets to ensure coordination of information and efforts among US financial regulators.

See Activity 1.2.1 for annual targets.

Activity 3.3.5: Provide exemptive, interpretive, or other relief as appropriate to foster the development of innovative transactions, trading systems, and similar arrangements.

Performance Goal: TBD

Activity 3.3.5 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of responses to written requests for relief.	300	45	51	26	47	169	56%	NA
Number of written responses to provide guidance.	50	15	62	11	9	97	194%	NA

Outcome Objective 3.4: Promote markets free of trade practice abuses. (Activities 3.4.1 through 3.4.4)

Activity 3.4.1: Identify possible trade practice violations for investigation and possible enforcement proceedings.

Performance Goal: TBD

Activity 3.4.1 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of trade practice investigations.	100	59	18	24	25	126	126%	NA
Number of referrals to SROs.	12	2	1	7	3	13	108%	NA
Number of referrals to Division of Enforcement.	5	0	2	2	2	6	120%	NA

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.4 (Cont'd.)

Activity 3.4.2: Investigate possible trade practice violations.

Performance Goal: Conduct important investigations (including matters involving ongoing conduct and complex transactions in a thorough and timely manner, and refer potential violations to other authorities, as appropriate.

Activity 3.4.2 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of investigations initiated re: possible trade practice violations.	9	2	2	6	2	12	133%	NA
Number of investigations in progress.	19	19	16	21	17	NA	NA	NA
Number of documents obtained through subpoena or inspection.**	40,000	NR	8,438	4,608	14,309	27,355	68%	NA
Number of witnesses from whom testimony was taken.**	3	NR	0	3	1	4	133%	NA
Number of witnesses interviewed.**	8	NR	6	2	1	9	113%	NA
Number of subpoenas and statutory requests issued.**	70	NR	16	13	13	42	60%	NA
Number of subpoena enforcement actions initiated.	1	0	0	0	0	0	0%	NA
Number of investigations closed or resulting in enforcement action.	9	1	5	1	0	7	78%	NA
Number of enforcement investigations conducted with other authorities including SROs, state, federal and international.**	1	NR	1	1	2	4	400%	NA
Number of investigations referred to other authorities, including SROs, state, federal, and international.**	1	NR	0	0	0	0	0%	NA
Number of Investigative reports.	0	0	0	0	0	0	0%	NA

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Activity 3.4.3: Bring cases concerning trade practice violations.

Performance Goal: Bring important cases (including matters involving ongoing conduct and complex transactions) aggressively.

Activity 3.4.3 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of cases filed alleging trade practice violations.	2	0	0	1	0	1	50%	NA
Number of respondents and defendants charged with trade practice violations.	4	0	0	6	0	6	150%	NA
Number of counts.	8	0	0	1	0	1	13%	NA
Number of trials and evidentiary hearings conducted.**	3	NR	3	0	0	3	100%	NA
Number of dispositive motions filed.	7	NR	0	0	0	0	0%	NA
Number of other filings.	69	10		0	3	13	19%	NA
Number of cases completed.	8	0	1	0	0	1	13%	NA
Number of settlements.	2	1	0	1	0	2	100%	NA
Number of cases in progress.	13	10	9	10	10	NA	NA	NA
Number of cases involving cooperation from other authorities, including SROs, state, federal and international.**	3	NR	0	0	0	0	0%	NA

**Prior to the third quarter of FY 1999, certain Enforcement performance indicators were reported on a bi-annual basis. Thus, for these indicators, the results for the first and second quarters of FY 1999 have been totalled. This total is reported in the "Qtr. 2 Actual" column and "NR" is reported in the corresponding "Qtr. 1 Actual" column.

Analysis of Annual Performance Statistics By Agency Goal: Fourth Quarter, 1999

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.4 (Cont'd.)

Activity 3.4.4: Bring enforcement proceedings against violators.

Performance Goal: Assess sanctions that are remedial and deter violators.

Activity 3.4.4 Performance Indicators:	FY 1999 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	Total To Date	% To Date	Year-End Projection
Number of ex parte restraining orders entered.	0	0	0	0	0	0	--	NA
Number of temporary restraining orders entered.	0	0	0	0	0	0	--	NA
Number of preliminary injunctions entered.	0	0	0	0	0	0	--	NA
Number of permanent injunctions entered.	0	0	0	0	0	0	--	NA
Amount of money ordered to be paid as disgorgement or restitution.	0	0	0	0	0	0	--	NA
Amount of civil penalties.	\$1,250,000	\$325,000	0	\$15,000,000	\$1,750,000	\$17,075,000	1366%	NA
Number of cease and desist orders.	12	1	0	1	1	3	25%	NA
Number of registration sanctions.	11	0	0	0	5	5	45%	NA
Number of trading prohibitions.	13	0	0	0	7	7	54%	NA