



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581

OFFICE OF
PROCEEDINGS

DAVID B. ARCHIBALD,
Complainant,

v.

JAMES EDWARD STEPHENS, III, and
TRENDSYSTEMS, INCORPORATED,
Respondents.

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CFTC Docket No. 02-R012

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FUTURES AND OILS
CLERK

DEFAULT ORDER

James Edward Stephens, III, and Trend Systems, Incorporated have failed to file answers and are in default. By defaulting, respondents are deemed to have admitted the allegations in the complaint. Accordingly, it is concluded: one, that James Edward Stephens, III, and Trend Systems, Incorporated committed multiple acts of fraud by misappropriating customer funds, by making misrepresentations and omissions of material facts, by issuing false commodity statements when no profits had been realized and no trades had been made, and by soliciting and directly receiving rather than having funds sent to the futures commission merchant where the customer account was to be opened and traded, in violation of Sections 4b(a)(i)-(iii), 4c(b), and 4o(1) of the Commodity Exchange Act, as amended, 7 U.S.C. §§ 6b(a)(i)-(iii), 6c(b), and 6o(1) (1994), and CFTC rules 4.30 and 33.10; two, that these violations, separately and together, caused \$9,615 in damages; three, that Stephens is liable for Trend Systems' violations of Sections 4b(a)(i)-(iii) of the Act pursuant to Section 13(b) of the Act, 7 U.S.C. §13(b) (1994); and four, that Trend Systems is liable for Stephens' violations pursuant to Section 2a(1)(A)(iii) of the Act, 7 U.S.C. §2a(1)(A)(iii) (1994). Accordingly, James Edward Stephens, III, and Trend Systems, Incorporated are ORDERED to pay to David B. Archibald reparations of \$9,615, plus interest on that amount at 2.58%, compounded annually from August 1, 2000, to the date of payment, plus \$50 in costs for the filing fee. Liability is joint and several.

Dated March 20, 2002.


Philip V. McGuire,
Judgment Officer