

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

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In the Matter of : CFTC Docket No. 98-6
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:
JAMES WILLIAM BRADSHAW d/b/a :
NEURAL-TECH CAPITAL MANAGEMENT, :
8 Grigg Street, Suite #5 :
Greenwich, Connecticut 06830, :
:
Respondent. :
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OFFICE OF PROCEEDINGS
PROCEEDINGS CLERK

SUMMARY DISPOSITION

On March 25, 1999 the Division of Enforcement ("DOE") moved for summary disposition pursuant to Commission Regulation 10.91. Respondent, James William Bradshaw d/b/a Neutral-Tech Capital Management ("Bradshaw"), did not oppose the motion. By order dated April 14, 1999 this Court deemed that Bradshaw consented to the relief sought by the DOE. The DOE's motion is **GRANTED**.

The facts adopted by the Court are as follows:

A. Solicitation and Trading

1. Bradshaw is a commodities trading advisor ("CTA"), registered with the Commodity Futures Trading Commission ("Commission") since July 20, 1995, whose place of business is 8 Grigg Street, Suite #5, Greenwich, Connecticut 06830;
2. Bradshaw submitted to the Commission, to clients, and to prospective clients disclosure documents and other documents that did not include past performance results or that reported rates of return that did not accurately reflect rates of return achieved by Bradshaw;
3. After nine months, Bradshaw failed to amend his disclosure document and continued sending it to prospective clients;

4. Bradshaw made numerous misrepresentations to clients and prospective clients about his experience day trading, his level of expertise, his track record, and the profits that he made using a computer-based trading system, Recurrence, and his own modified version of that system;
5. Bradshaw told some clients that he would trade "conservatively" by limiting the number of trades per day, by limiting each trade to one contract, and by closely monitoring the percentage of funds lost in their futures accounts;
6. As a result of poor and excessive trading, Bradshaw's clients at DeLong, Friedman & Sukenik ("DFS") and Lunnco Futures Group ("LFG") lost at least \$427,508.62 from roughly November 1995 until July 1997;

B. Excessive Commission

7. In at least 29 accounts managed by Bradshaw from November 1995 until July 1997, there was a commission-to-equity ratio equal to or exceeding 18% for one trading month;
8. In 14 of Bradshaw's client accounts at DFS the ratio ranged between 21.03% and 69.77% and in 15 of Bradshaw's client accounts at LFG the ratio equaled or exceeded 18%;
9. During the time Bradshaw managed his clients accounts, they were charged commissions and fees totaling \$502,916.26;

C. Unauthorized Trade

10. Bradshaw purchased and sold contracts on the New York Stock Exchange Futures Index on the New York Cotton Exchange on behalf of several clients despite agreements with these clients to trade only foreign currency futures contracts;
11. These unauthorized trades resulted in loss;

D. Document Production

12. In response to the DOE's request for document production Bradshaw made a sworn statement that he had produced "all documents in [his] care, custody or control;"
13. Bradshaw did not produce, *inter alia*, monthly statements and daily confirmation records for each account, as requested by the DOE;

Based on these facts the Court concludes that during the period of time covered by the complaint:

1. Bradshaw intentionally conducted a high percentage of day-trades with a high average commission-to-equity ratio and controlled the level, frequency, and overall volume of trading in his clients' accounts and excessively traded those accounts with intent to defraud or in reckless disregard of his clients' interest, and made material misrepresentations about profitability.¹ Therefore, Bradshaw churned his clients' accounts in violation of Section 4b(a)(i) of the Act;²
2. Bradshaw, a CTA, by use of the mails or other means or instrumentalities of interstate commerce, directly or indirectly employed a device, scheme, or artifice to defraud clients and prospective clients and engaged in transactions, practices, and courses of business which operated as a fraud or deceit upon clients and prospective clients, all in violation of Sections 4o(1)(A) and (B) of the Act;³
3. Bradshaw, disseminated a Disclosure Document dated more than nine months prior to the date of its use and failed to amend the Disclosure

¹ See Hinch v. Commonwealth Financial Group, Inc. et al., [Current Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶27,056 at 45,021 (CFTC May 13, 1997), citing In re Paragon Futures, [1990-1992 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶25,266 at 38,847 (CFTC April 1, 1992); In re Commodities International Corporation, et al., [Current Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶26,943 at 44,563-4 (CFTC January 14, 1997); Knight v. First Commodity Financial Group, Inc., [Current Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶26,942 (CFTC Jan. 14, 1997); In re Murlas Commodities Inc. et al., [Current Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶26,485 at 43,155 (CFTC Sept. 1, 1995); Hammond v. Smith Barney, Harris Upham & Co., [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶24,617 (CFTC March 1, 1990); Levine v. Refco, Inc., [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶24,488 at 36,115 (CFTC July 11, 1989); Fields v. Cayman Associates et al., [1984-86 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶22,688 at 30,928 (CFTC January 2, 1985); The Evanston Bank v. Conticommodity Services, Inc. et al., 623 F. Supp. 1014, 1023 (N.D. Ill. 1985), citing McIlroy v. Dittmer et al., 732 F.2d 98 (8th Cir. 1984); In re Lincolnwood Commodities, Inc. of California, [1982-84 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶21,986 at 28,246 (CFTC January 31, 1984); In re Yorkstone Research, Inc., [1982-84 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶21,771 at 27,120 (CFTC July 7, 1983); First Commodity Corp. v. CFTC, 676 F.2d 1, 6-7 (1st Cir. 1982).

² See In re Murlas Commodities, *supra*, ¶26,485 at 43,153; McIlroy v. Dittmer et al., 732 F.2d 98 (8th Cir. 1984).

³ See Commodities International, *supra*, ¶26,943 at 44,564; Krey v. Silvers, [1992-1994 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶26,127 at 41,732 (CFTC June 30, 1994); Marcus v. Gartman, [1990-92 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶24,887 at 37,204 (CFTC July 23, 1990); In re Bentley, [1982-84 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶21,710 at 26,789 (CFTC March 9, 1983).

Document to correct material inaccuracies and omissions, in violation of Sections 4.35 and 4.36 of the Regulations;⁴

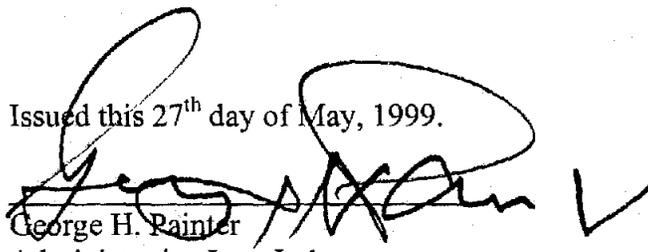
4. Bradshaw, failed to make and keep some of the documents he was required to as a CTA, in violation of Section 4n(3)(A) of the Act and Section 4.33 of the Regulations; and
5. Bradshaw, failed to produce records, in response to a request from the Division, in violation of Section 4n(3)(A) of the Act and Section 1.31 of the Regulations.

4. **IT IS HEREBY FURTHER ORDERED** that:

1. Bradshaw shall cease and desist from further violations of the Act and Regulations that he has been found to have violated;
2. Bradshaw's registration as a CTA is revoked;
3. Bradshaw is prohibited from trading on or subject to the rules of any contract market, and all contract markets are directed to refuse Bradshaw all trading privileges thereon;
4. Bradshaw is hereby assessed a civil monetary penalty of \$50,000; and
5. Bradshaw shall make restitution in the amount of \$930,424.88.

IT IS SO ORDERED.

Issued this 27th day of May, 1999.


George H. Painter
Administrative Law Judge

Legal Intern:
Christina A. Barone

⁴ See In re New York Currency Research Corporation, [Current Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶27,223 (CFTC Feb 6, 1998).