



U.S. COMMODITY FUTURES TRADING COMMISSION

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

OFFICE OF
PROCEEDINGS

ESSAM R. KHAFAGY,
Complainant

v.

JON RICHARD SLACK and
WATERFORD FINANCIAL GROUP, INC.,
Respondents

CFTC Docket
No. 00-R079

OFFICE OF PROCEEDINGS
PROCEEDINGS CLERK

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DEFAULT ORDER AND REPARATION AWARD

Respondents have not answered the complaint despite having accepted delivery of the complaint served upon them at their last-known registered addresses (*see* U.S.P.S. Return Receipts).

Under the CFTC Rules, both respondents are in default and have waived their right to contest the evidence presented by complainant or to file affirmative defenses. The allegations of the complaint are deemed true. See Rule 12.22 and Rule 12.23.

Based solely on the complaint, it is determined that respondents Slack and Waterford fraudulently solicited complainant for the purpose of funding and trading a commodity options on futures account by misrepresenting the likelihood of profit and by dissuading complainant from understanding the true risks, and that Slack and Waterford churned complainant's account by trading excessively to maximize commissions in disregard of complainant's financial interests. These acts violated, among other provisions, Sections 4c(b) of the Commodity Exchange Act, and CFTC regulation 33.10. The violations are found to have proximately caused damages to complainant in the amount sought in the complaint, \$23,283.45.

Violations having been found, respondents Jon Richard Slack and Waterford Financial Group, Inc., are ORDERED to pay reparations to the complainant in the amount of \$23,283.45, plus prejudgment interest compounded annually at the rate of 6.241 % from March 11, 1999, to the date of payment, plus costs of \$125.00.

Dated: November 9, 2000

Joel R. Maillie
JOEL R. MAILLIE
Judgment Officer