

UNITED STATES OF AMERICA
before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:

Kenneth Lawson,

Docket No. 02-14

Respondent.

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INITIAL DECISION ON DEFAULT

The Commission issued its complaint against Respondent Lawson and others on or about July 1, 2002. The complaint charges that from June 1986 to June 2001, while registered as a floor broker, Respondent Lawson violated section 4g of the Commodity Exchange Act and Commission regulation 1.35 in connection with the handling of customer orders.

Respondent Lawson failed to file an answer to the complaint despite several extensions of time. Efforts were made to serve Respondent Lawson by mail addressed to his registered address and to his last known home address. All mail directed to Respondent Lawson was marked undeliverable and returned to the Office of Proceedings.

By Order issued June 20, 2003 Respondent Lawson was found to be in default and each and every allegation against Respondent Lawson was deemed to be true. The Division of Enforcement was ordered to propose findings of fact, conclusions of law and sanctions as to Respondent Lawson on or before July 20, 2003.

The Division of Enforcement filed recommended findings, conclusions of law and sanctions as to Respondent Lawson on July 17, 2003. The proposed findings are supported by the record and incorporated herein by reference only. The evidence establishes that Respondent Lawson failed to enter customer account identification on over 400 orders, involving more than 3600 coffee contracts, for 19 customers. After execution, preferred customer account identification was placed on winning trades, and non-preferred customer account identification was placed on the losing trades.

Respondent Lawson violated Section 4g of the Commodity Exchange Act and Commission regulation 1.35 as charged in the complaint by failing to prepare immediately upon receipt of a customer order a written confirmation that included account identification. The violations were egregious in nature and designed to facilitate the fraudulent allocation of trades. The violations took place at intervals from March 1997 to July 1998, clearly an indicator of the likelihood of future violations. The findings in this case warrant the imposition the sanctions set out below.

ORDER

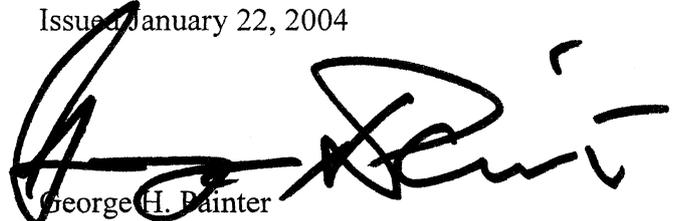
Respondent Lawson is ordered to cease and desist from violating Section 4g of the Act and Commission regulation 1.35.

Pursuant to Section 6(c) of the Act, Respondent Lawson is prohibited from trading on or subject to the rules of any designated exchange for a period of 10 years commencing the date this Initial Decision becomes final.

The gravity of Respondent Lawson's conduct warrants the imposition of a civil monetary penalty of \$110,000. Respondent Lawson shall pay this sum within 30 days after this decision becomes final.

so ordered

Issued January 22, 2004



George H. Painter
Administrative Law Judge