



**U.S. COMMODITY FUTURES TRADING COMMISSION**

Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W., Washington, DC 20581

Office of Proceedings

JANICE and RALPH ADKINSON,  
Complainants

v.

JAMES EDWARD STEPHENS III and  
TRENDSYSTEMS, INC.,  
Respondents

CFTC Docket  
No. 01-R092

Served by Federal Express

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**REPARATIONS AWARD ON DEFAULT**

As recounted in the "Notice to Parties" dated November 8, 2001, respondent Stephens was served with the complaint originally in September 2001. When that service was returned with a forwarding address indicated, he was served again at the new address on October 11. Shortly thereafter, mail service to the CFTC was suspended to address mail contamination concerns in light of the October 2001 anthrax incidents. As the November 8 Notice discussed, whether Stephens had filed an answer could not be determined because any answer might have been misplaced, destroyed, or delayed in the mail. Therefore, that Notice (served by Federal Express) granted Stephens another opportunity to file his answer provided it was sent to the CFTC by private overnight courier no later than November 30 and received here by December 3, 2001. Stephens and an attorney who had represented him in other legal matters were both contacted by telephone and the mail problems and new schedule, and the consequences of not filing, were fully explained.

On January 4, 2002, Stephens' attorney was contacted again to determine whether he knew if Stephens had filed an answer (Stephens had not responded to messages himself). That attorney stated that he had not been retained to represent Stephens in this matter and that he would try to leave Stephens new messages about the need to contact the undersigned immediately.

Despite these additional opportunities, Stephens apparently has chosen not to file any answer and thus is in default, as is his company, respondent Trendsystems, Inc. Therefore, this matter will be decided as a default proceeding pursuant to CFTC Rule 12.22 and the Commission's default precedents.

As provided in the rule, the allegations of the complaint are deemed true and both respondents are deemed to have waived the opportunity to file evidence on their own behalf. Based

solely on the allegations of the complaint and the documents submitted by complainants, it is concluded that: respondents accepted a total of \$6,615.95 from complainants during 1997 and 1998 to trade options on futures accounts; that respondents fraudulently misrepresented that the funds sent by complainants were deposited into an account for futures trading when in fact they were not; that respondents sent to complainants false statements showing profits of over 100% and that these statements continued to be sent as late as June 2000; and that respondents failed to return complainants' funds and stopped communicating with complainants entirely after respondents' fake trading scheme was shut down by the CFTC in a federal court action. These actions by respondents violated, among other laws, Sections 4b(a)(2), 4c(b), 4o and 4d(2) of the Commodity Exchange Act, as well as CFTC regulation 33.9, and proximately caused the total loss of complainants' funds.

Violations having been found, respondents James Edward Stephens III and Trendsystems, Inc., are ORDERED to pay reparations to complainants Janice Adkinson and Ralph Adkinson in the amount of \$6,615.95, plus costs of \$50.00 representing the filing fee paid in reparations.

No motion to vacate this default under Rule 12.23 will be granted unless it fully complies with all requirements of that Rule, including submission of a complete answer to the complaint.

Dated: January 17, 2002

  
Joel R. Maillie  
Judgment Officer