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Office of Proceedings

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In the Matter of:	*	
JOSEPH A. DAWSON, and STRATEGIC RESEARCH, LLC,	*	CFTC Docket No. SD 12-03
Registrants.	*	

INITIAL DECISION ON DEFAULT

Before: Philip V. McGuire,
Judgment Officer

Appearance: Stephanie Reinhart, Esq.,
CFTC Division of Enforcement
Chicago, Illinois

Background

By motion filed June 20, 2012, the Commission's Division of Enforcement has moved for entry of a default judgment against respondents Joseph A. Dawson and Strategic Research, LLC ("SR"), pursuant to Sections 3.60(g) and 10.93 of the Commission's Regulations, 17 C.F.R. §§ 3.60(g) and 10.93 (2012), for Dawson's and SR's failure to answer or otherwise appear or respond to the Notice of Intent to Suspend, Revoke, or Restrict the Registration of Joseph A. Dawson and Strategic Research, LLC ("Notice"), issued by the Commission and filed by the Division on March 28, 2012.

Soon after the Division filed the Notice, the Commission's Office of Proceedings properly served the Notice on Dawson and SR. The Notice and accompanying documents were served via certified mail to Dawson's current residential address at the Duluth, Minnesota Federal Prison Camp, provided by the Federal Bureau of Prisons. The Notice and accompanying documents were also served via certified mail to Dawson's listed address in Fox Lake, Illinois address, and to SR's listed address in McHenry, Illinois.[1]

Dawson and SR failed to respond to the Notice. Thus, they are in default. Dawson and SR similarly failed to respond to the Division's motion for entry of a default judgment.

As a result of Dawson's and SR's defaults, Dawson and SR have waived a hearing on all of the issues and are precluded from introducing evidence of mitigation and rehabilitation necessary to overcome the presumption of unfitness for registration. In addition, the allegations in the Notice, as supplemented by the proposed findings and conclusions in the Division's motion, are deemed true and conclusive for purposes of finding that Dawson is statutorily disqualified from registration under Sections 8a(2)(C), (D) and (E) of the Commodity Exchange Act ("Act"), and that SR is statutorily disqualified from registration under Section 8a(2)(H) of the Act. Thus, the Division's motion has been granted, Dawson and SR have been found to be

[1] Pursuant to CFTC rule 3.30(a), 17 C.F.R. § 3.30(a) (2012), the address of each registrant as submitted on its application for registration or as submitted on the biographical supplement shall be deemed to be the address for delivery to the registrant for any communications from the Commission, including any summons, complaint, notice and other written documents or correspondence, unless the registrant specifies another address for this purpose. CFTC rule 3.30(b), 17 C.F.R. § 3.30(b) (2012), provides that each registrant, while registered and for two years after the termination of registration, must notify the National Futures Association of any change of address, and that failure to do so may result in an order of default in any Commission or NFA proceedings. Moreover, pursuant to CFTC rule 3.50, 17 C.F.R. § 3.50 (2012), for purposes of an action for the denial, suspension or revocation of registration, service upon a registrant will be sufficient if mailed by registered mail or certified mail return receipt requested properly addressed to the registrant at the address shown on his application or any amendment thereto, and will be complete upon mailing. In this connection, the Division attached to its motion a copy of the registration records for Dawson, which include the address that Dawson provided for purpose of delivery of communications from the Commission or the NFA, and an affidavit by Sandra Jung, Deputy Record Custodian for the National Futures Association certifying that the copy of those records is true, correct and accurate. *See* Declaration of Sandra Jung, Deputy Record Custodian National Futures Association, Exhibit 3, Division's motion for entry of a default judgment.

statutorily disqualified from registration, and Dawson's and SR's registrations have been revoked.

Findings of Fact

1. Strategic Research LLC ("SR"), a Delaware limited liability company, has been registered with the Commission as a Commodity Pool Operator ("CPO") since December 12, 2008, pursuant to Section 4m of the Commodity Exchange Act (the "Act"), as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 ("CRA")), §§ 131021-13204, 122 Stat. 1651 (enacted June 18, 2008), to be codified at 7 U.S.C. § 6m. SR was first registered as a CPO under the name Strategic Research Corporation., a Delaware corporation, from December 12, 2008, until May 2, 2009, and has been registered as a CPO since then under the name Strategic Research LLC.

2. Joseph A. Dawson ("Dawson") is a Minnesota resident and has been registered as an Associated Person ("AP") of SR since February 13, 2009. Dawson is the president and sole principal of SR, and owns a 10% or more financial interest in SR.

3. On December 17, 2009, the U.S. Attorney's Office for the Northern District of Illinois filed a federal criminal complaint against Dawson alleging that he had committed wire fraud in violation of 18 U.S.C. § 1343. *United States v. Dawson*, Case No. 09-CR-1037 (N.D. Ill. filed Dec. 17, 2009) ("*U.S. v. Dawson*").

On March 8, 2011, the Honorable Judge William J. Hibbler of the U.S. District Court for the Northern District of Illinois entered a Judgment in a Criminal Case ("Judgment") against Dawson in *U.S. v. Dawson*. According to the Judgment, Dawson pled guilty to three felony counts of wire fraud in violation of 18 U.S.C. § 1343 and was sentenced to serve 54 months of

imprisonment and pay $3,330,874 in restitution to his victims. *See* Exhibit 1, Division's motion for entry of a default judgment.

4. On July 20, 2010, the Commission filed a federal civil injunctive action against Dawson and Dawson Trading LLC ("DT"), an unregistered CPO managed by Dawson. *CFTC v. Joseph A. Dawson and Dawson Trading LLC*, Case No. 10-cv-4510 (N.D. Ill. filed July 20, 2010) ("*CFTC v. Dawson*"). The Commission's complaint alleged, *inter alia*, that Dawson and DT fraudulently misappropriated approximately $2.1 million of DT pool participant funds, fraudulently solicited prospective pool participants, and made material false statements to pool participants in violation of the Act.

On April 26, 2011, the Honorable Judge Virginia M. Kendall of the U.S. District Court for the Northern District of Illinois entered a Consent Order for Permanent Injunction and Other Ancillary Relief against Defendant Joseph A. Dawson ("Consent Order") in *CFTC v. Dawson*. In the Consent Order, Dawson admitted that he had fraudulently misappropriated approximately $2.1 million of DT pool participant funds, fraudulently solicited prospective pool participants, and made material false statements to pool participants. The Consent Order found that by engaging in this conduct, Dawson violated Section 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii) (2006), with respect to acts occurring before June 18, 2008; Section 4b(a)(l)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(l)(A)-(C), with respect to acts occurring on or after June 18, 2008; and Section 4o(l)(A) and (B) of the Act, 7 U.S.C. § 6o(l)(A) and (B) (2006).

Based on these fraud findings, the Consent Order permanently restrained Dawson from directly or indirectly engaging in fraudulent conduct in violation of Sections 4b(a)(l)(A)-(C) or 4o of the Act, as amended by the CRA and the Dodd-Frank Wall Street Reform and Consumer

Protection Act of 2010 (the "Dodd-Frank Act"), Pub. L. No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010), §§ 701-774, 124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. §§ 6b(a)(l)(A)-(C) and 6o. *See* Exhibit 2, Division's Motion.

Conclusions of Law

Joseph A. Dawson

Pursuant to Section 8a(2)(C) of the Act, as amended by the CRA and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), Pub. L, No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010), §§701-774,124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. § 12a(2)(C), the Commission may revoke the registration of any person "if such person is permanently . . . enjoined by order, judgment, or decree of any court of competent jurisdiction ... including an order entered pursuant to an agreement of settlement to which the Commission ... is a party, from . . . (ii) engaging in or continuing any activity when such activity involves ... fraud ...."

Furthermore, under Section 8a(2)(D) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. § 12a(2)(D), in relevant part, the Commission may revoke the registration of any person "if such person has been convicted within ten years preceding the filing of the application for registration or any time thereafter of any felony that.. . (iv) involves the violation of section . . . 1343 ... of title 18, United States Code . ..."

Finally, under Section 8a(2)(E) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C, § 12a(2)(E), the Commission may revoke the registration of any person "if such person, within ten years preceding the filing of the application [for registration] or any time thereafter, has been found in a proceeding brought by the Commission ... (i) to have

violated any provision of [the] Act ... where such violation involves ... fraud [or] misappropriation of funds ...."

The United States District Court for the Northern District of Illinois is a court of competent jurisdiction.

On March 8, 2011, the U.S. District Court for the Northern District of Illinois entered a Judgment against Joseph A. Dawson in *U.S. v. Dawson* in which Dawson pled guilty to three felony counts of wire fraud in violation of 18 U.S.C. § 1343. The Judgment therefore constitutes a valid basis for revoking Dawson's registration pursuant to Section 8a(2)(D) of the Act, as amended.

In addition, on April 26, 2011, the U.S. District Court for the Northern District of Illinois entered a Consent Order against Dawson in *CFTC v. Dawson* finding that, by misappropriating pool participant funds, fraudulently soliciting prospective pool participants, and making material false statements to pool participants, Dawson violated Section 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii) (2006), with respect to acts occurring before June 18, 2008; Section 4b(a)(l)(A)-(C) of the Act as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(l)(A)-(C), with respect to acts occurring on or after June 18, 2008; and Section 4o(l)(A) and (B) of the Act, 7 U.S.C. § 6o(l)(A) and (B) (2006). As a result of these findings, the Consent Order permanently enjoined Dawson from directly or indirectly engaging in fraudulent conduct in violation of the Act. The Consent Order therefore constitutes a valid basis for revoking Dawson's registration pursuant to Sections 8a(2)(C) and (E) of the Act, as amended.

Strategic Research, LLC

Under Section 8a(2)(H) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. § 12a(2)(H), in relevant part, the Commission may revoke the registration

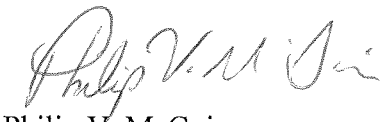
of any person if "revocation of the registration of any principal of such person would be warranted because of a statutory disqualification listed in this paragraph." Section 8a(2)(H) of the Act further provides that the term "principal," as used in Section 8a(2) of the Act, includes a general partner of a partnership or a person who owns more than 10% of the voting shares of a corporation.

Because Dawson is listed with the Commission as SR's sole principal, owns a more than 10% financial interest in SR, and is subject to the revocation of his registration pursuant to Sections 8a(2)(C), (D), and (E) of the Act, as amended, SR's registration is subject to revocation pursuant to Section 8a(2)(H) of the Act, as amended.

ORDER

Joseph A. Dawson is statutorily disqualified from registration under Sections 8a(2)(C), (D) and (E) of the Act, and Strategic Research, LLC is statutorily disqualified from registration under Section 8a(2)(H) of the Act. Accordingly: Joseph A. Dawson and Strategic Research, LLC are unfit for registration; the Division's motion for entry of a default judgment is hereby GRANTED; and the registration of Joseph A. Dawson and the registration of Strategic Research, LLC are hereby REVOKED.

Dated July 10, 2012.



Philip V. McGuire,
Judgment Officer