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ZANE GREY,
Complainant,

v.

LMB TRADING GROUP, INCOPORATED,
THOMAS RUDEL GLOVER, and
PATRICK J. CAVANAGH,
Respondents.

CFTC Docket No. 99-R45

INITIAL DECISION

Zane Grey alleges that respondents fraudulently solicited his account by distorting the relative risks and profit potential of trading options with LMB, by failing to provide a fair and accurate disclosure of LMB's heavy commission structure, and by misrepresenting that LMB customers could readily realize large and certain profits by purchasing options on futures contracts in commodities that are subject to predictable price movements related to seasonal and cyclical fluctuations in supply and demand forces. Grey also alleges that respondents recommended option spread strategies in order to generate excessive commission income. Grey seeks to recover his out-of-pocket losses totaling $16,253.10. Respondents deny any violations and base their defense chiefly on the fact that they gave Grey a standard written risk disclosure, and that they adequately disclosed the costs during the "compliance review" for each trade.

The findings and conclusions below are based on the parties' documentary submissions and oral testimony, and reflect the determination that, although Grey's recollection was spotty at times, his testimony was generally more credible and plausible than the testimony of Glover.[1] As explained below, it has been concluded that the evidence establishes that respondents made numerous material misrepresentations and omissions during the solicitation and trading of Grey's account, that the written risk disclosures and the taped compliance review did not cure these misrepresentations and omissions or otherwise bar recovery, and that the option spread trading strategy recommended by respondents was principally designed to generate excessive commissions, and thus that Grey is entitled to a reparations award of $15,278.10.

Factual Findings

The parties

1. Complainant Zane Grey is a resident of Big Fork, Montana. Grey resided in Spokane, Washington when he opened his LMB account on April 17, 1998, but

[1] Respondent Patrick Cavanagh did not testify at the hearing. Cavanagh did not contact my office before the hearing to confirm his intention to participate in the hearing as directed by the Hearing Notice dated August 24, 1999. That Notice stated that failure to provide such notification would be treated as a waiver of the opportunity to participate in the hearing. Despite Cavanagh's failure to confirm his intention to participate, his telephone number was called three times during the first fifteen minutes of the hearing– twice by the conference operator and once by my office – and each time Cavanagh's phone was not answered. Cavanagh now claims that he called the co-respondents during the hearing, but that assertion is belied by the fact that respondents never mentioned Cavanagh's call during the course of the hearing. By failing to notify the CFTC of his intent to participate in the hearing and by failing to be available to testify at the time of the hearing, Cavanagh has waived the opportunity to testify about his dealings with Grey and the opportunity to cross-examine Grey.

moved to Kalispell, Montana by late July 1998 when he funded the account and began trading. When he opened the account, Grey had been unemployed for nine months, having last worked as a letter carrier for the U.S. Postal Service. Grey has a high school education and had no previous experience with commodity futures or options. [See pages 5-8, and 12-13 of hearing transcript; and account application.]

2. Respondent LMB Trading Group, Incorporated ("LMB"), located in Palm Beach Gardens, Florida, became a registered non-guaranteed introducing broker in September 1997. LMB's request to withdraw its registration has been pending since July 8, 1999. LMB's principals and associated persons withdrew their registrations in May 1999. [NFA records.]

LMB introduced customer accounts to futures commission merchant Vision Limited Partnership. LMB compensated its account executives with a percentage of the commissions charged to customer accounts.

3. Robert John Paci contacted Grey after Grey had responded to a television commercial. Paci regularly spoke to Grey over several months until just before Grey opened the LMB account by signing the account-opening documents. Grey did not name Paci as a respondent; and neither side called Paci as a witness. Paci was a registered associated person with LMB from August 4, 1997, to May 12, 1998. Paci was a registered associated person with American Futures Group before working for LMB; and is not currently registered. [NFA records.]

4. Respondent Patrick J. Cavanagh succeeded Paci as Grey's LMB account executive. In that capacity, Cavanagh: one, convinced Grey in mid-April of 1998 to sign the account-opening documents even though Grey lacked the funds to begin

trading; two, reviewed the account-opening documents signed by Grey; three, continuously promoted buying heating oil options throughout the spring and summer of 1998; and four, convinced Grey to make the initial investment of $5,000 in late July of 1998. Although Thomas Glover, not Cavanagh, specifically recommended two spread trades in late July 1998, Cavanagh continued to advise Grey about both spreads until the spreads expired worthless in late November and early December.

Cavanagh was principally compensated by LMB with a percentage of commissions charged to customer accounts. He received a commission cut of about $1,350 for soliciting and handling the Grey account.

Cavanagh became a registered associated person with LMB on February 1998 to May 1999, and became a registered principal of LMB on August 20, 1998. He withdrew his registration with LMB on May 6, 1999, and is not currently registered. [NFA records; *see* page 21 of hearing transcript.]

5. Respondent Thomas Rudel Glover selected and recommended both option spread trades for Grey's account, and convinced Grey to invest an additional $10,530. Glover also received a commission cut of about $1,350 for soliciting additional funds and recommending the trades in the Grey account.

Glover was a registered associated person with LMB from August 11, 1997, to May 21, 1999. He was registered as an associated person with American Futures Group, Incorporated and American Financial Trading Services, Incorporated before he worked for LMB. He is currently registered as an associated person with First

Financial Trading, Incorporated. [NFA records; see pages 59-62, and 75-76 of hearing transcript.]

The solicitation and account-opening

6. In the summer of 1997, Grey called a toll-free telephone number after viewing a television infomercial. Grey credibly testified that the infomercial made only a fleeting reference to risks, and claimed that customers could make large profits trading options on futures by taking advantage of seasonal trends, weather conditions, and other supply and demand factors. Representatives from three firms called Grey, including Robert Paci of LMB. Grey told Paci that he was interested, but could not then open an account because he was currently unemployed and would have no available funds until he sold his house in Spokane, Washington. Nonetheless, from late summer 1997, to mid-April 1998, Paci regularly called Grey to urge him to open an account with LMB. Grey credibly testified that Paci principally spoke about the profits that LMB's customers were purportedly making, without mentioning losses or the risk of loss, without explaining LMB's option spread trading strategy, and without disclosing LMB's commission structure.

7. Paci sent Grey an account-opening package which consisted of a standard futures and options risk disclosure statement; a Vision Limited Partnership ("Vision") account application; a Vision customer contract; an addendum to the Vision customer contract which included an acknowledgment of the risks involved in futures trading (*i.e.*, principally that losses can exceed margin); a Vision

additional risk disclosure statement; an LMB promotional brochure; and an LMB "Dear Prospective Client letter."

The prominent message in the LMB literature was that LMB would put its clients' interests first and that LMB specialized in option trading strategies with limited risk and unlimited profit potential. The LMB literature did not mention anything about spreads or its option spread trading strategy, and did not disclose LMB's commission structure.

8. In mid-April, 1998, Patrick Cavanagh became Grey's main contact at LMB, and convinced Grey to sign the account-opening documents even though he did not yet have the necessary funds. On April 17, 1998, Grey followed Cavanagh's instructions on where to sign, and filled out and signed the account-opening documents.[2] [Account-opening documents (exhibit to addendum to complaint and exhibit to answer); and pages 9-13 and 48-50 of hearing transcript.] Grey would not send in any funds, however, until July 28, 1998.

On its face, the account application raised more questions than it answered about Grey's financial fitness to trade options. Grey wrote "N/A" in the box for employer; wrote that his "business telephone number" was the same as his home number; wrote that his annual income was "$0 - $100,000"; wrote that his net

[2] Respondents produced a copy of the telephone log which contains entries by Cavanagh (beginning April 20, 1998) and by Glover, but which contains no entries by Paci. [Exhibit to Answer; see pages 22-27 of hearing transcript.]

worth was $115,000 and that his liquid net worth was $125,000;[3] and indicated that he was 31 years old and had a high school education but no investment experience. The account application did not include a blank for reporting marital status or number of dependents. [Emphasis added; see pages 10-13,16-20, 33-34 and 67-70 of hearing transcript.]

9. Cavanagh regularly spoke to Grey until he finally invested $5,000 on July 28, 1998. Grey credibly testified that he reminded Cavanagh that he was unemployed and could not invest until he sold his house. Cavanagh's unmistakable message was that heating oil prices were at a seasonal low and would soon begin to rise in anticipation of increased demand during the winter heating season, and that LMB's customers could take advantage of this information and realize large and virtually guaranteed certain profits by purchasing heating oil options recommended by LMB. Cavanagh minimized the related risks of following LMB's advice by claiming that most or all of LMB's clients were successfully trading options, by claiming that several of his clients were actually "making a substantial living at it," by barely mentioning risk, and by claiming that risks could be managed with knowledge of seasonal price moves. In late July 1998, Grey told Cavanagh that he had sold his house and was ready to invest $5,000. [Pages 13-16, 20-24, and 48-52 of hearing transcript.]

[3] The account-application stated that the net worth figure should not include the primary residence, but otherwise did not define the terms net worth or liquid net worth. Grey testified that neither Paci nor Cavanagh explained the terms to him.

Trading activity

10. Grey would deposit a total of $16,370 ($5,000 on July 28, 1998; $840 on July 30, 1998; and $10,530 on August 4, 1998); receive back $116.90 on October 9, 1998; and thus lose a total of $16,253.10.

11. Grey would accept Thomas Glover's recommendation to make two option spread trades: the first a December heating oil call spread initiated on July 27, 1998; and the second a December Yen put spread initiated on July 31, 1998.

The costs for the heating oil spread (net premium paid, commissions and fees) totaled $5,743.80; and the costs for the Yen spread totaled $10,509.30. Both spreads would expire worthless.

The short legs of these trades two trades involved the sale of far out-of-the money options, and generated a total of $13,360 in credits, which was totally consumed in purchasing additional options. These trades generated a total of $5,842.60 in commissions and brokerage fees,[4] which was split among LMB, Glover and Cavanagh.

The commissions consumed approximately 36% of the total amount invested by Grey.

The commission-to-premiums-paid ratio for the heating oil spread was 36% and the commission-to premiums-paid ratio for the Yen spread was 20%.[5]

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[4] The commissions for the short legs totaled $3,466, which represented about 60% of the total commissions.

[5] The commission-to-premiums-paid ratio for a bull strategy spread reflects the rate at which the long option leg must appreciate to recover the costs and break-even. Thus, a higher ratio corresponds to a trade with reduced likelihood of realizing a net profit and a greater risk of loss.

The spread trades generated three times as much in commissions and fees as would have the purchase of the straight options.[6]

Respondents' various attempts to justify the spread trades were internally inconsistent and ultimately unconvincing. In their joint answer, LMB, Glover and Cavanagh made contradictory assertions. On one hand, they claimed that they recommended spreads because Grey "wanted to be somewhat protected." On the other hand, they asserted that "in any conversation with Cavanagh and Glover [Grey's] only concern was 'large' profits." [Page 2 of Joint Answer.] Glover produced yet another contradictory explanation when he testified that he recommended spreads because "we were looking to get, on the buy side, the highest quality option possible." When asked why he did not just recommend that Grey make a straight purchase of a smaller quantity of the identical "highest quality" options, Glover was unable to provide any explanation for the spread trade other than that it enabled Grey to buy more "good" options. [Page 64 of hearing transcript.] Respondents otherwise offered no proof that the spread strategy had actually resulted in profits for their customers.

12. On July 27, 1998, Glover called Grey and told him that Cavanagh was unavailable. Glover advised Grey to sell twelve December heating oil 49 calls at 120 or better, and to buy six December heating oil 420 calls at 320 or better. Grey

[6] With the same amount of funds, Grey could have paid $1,760 in commissions and fees by purchasing three identical heating oil calls for a total cost of $5,550 ($4,905 in premiums and $495 in commissions and fees), and purchasing five identical yen puts for a total cost of $9,515 ($8,250 in premiums and $1,265 in commissions and fees). For these straight option purchases, the heating oil calls would have needed to appreciate 10% to recover the costs of commissions, versus 34% for the heating oil spread recommended by Glover; and the Yen puts would have needed to appreciate 15%, versus 20% for the Yen spread recommended by Glover.

credibly testified that when he told Glover that he could not afford to lose money which was designated for the purchase of a new house, Glover reassured him by repeating Cavanagh's message that he could make large and virtually guaranteed profits if he followed Glover's advice and bought heating oil options. Grey also credibly testified that Glover did not explain that he was recommending a spread trade, did not explain why he was recommending a spread trade, and did not disclose the amount of the total commissions.

Similarly, during the brief and perfunctory recorded compliance review for the order the LMB "compliance representative" Sharon Jones stated that the commissions were $150 per contract but did not disclose that the commissions totaled over $2,900, and never explained that the recommended trade was a spread. Jones never mentioned risk, never asked Grey if he understood the risks, and never asked Grey to describe what he understood about the relative risks and rewards of the trade. Also, Jones stated the "commission-to-equity ratio" was twelve percent. However, as noted above, the long options needed to appreciate 36% merely to recover the costs of the commission and fees.[7]

The short leg would be filled on July 27, and the long leg would be filled on July 28. Both fills were reported in the July 28th confirmation statement, which reported the total commissions and fees. However, Grey would not receive the July 28th confirmation statement, and thus would not know the total commission costs,

[7] Jones also disclosed the break even price, the expiration date, and the total cost of the transaction.

until after he had authorized a second spread trade three days later on July 31.[8] [Pages 20-29 and 63-67 of hearing transcript.]

13. On July 31, Glover convinced Grey to invest an additional $10,530 and to buy nine December Yen 132 puts, and to sell nine December Yen 65 puts. Grey credibly testified that Glover overcame Grey's initial reluctance to commit more funds by stating that this trade was so certain to generate tremendous profits that it was a virtual "lifestyle changer," and that LMB's trading advisor had told Glover that he "should be bagging groceries if he did not pass this trade on to his customers." As with the heating oil trade, Glover barely mentioned risk, did not explain that he was recommending a spread trade, and did not disclose the amount of the total commissions. Similarly, during the compliance review for this trade, Jones did not disclose the total commissions, did not mention risk, and did not ascertain what Glover had told Grey about the trade or what Grey actually understood about the trade.

When Grey did receive the confirmation statements, he told Cavanagh that he was upset by the amount of the commissions and asked Cavanagh to explain why Glover had instructed him to sell options. Cavanagh replied that Glover had "gotten you into some good [in-the-money] contracts," that by selling far out-of the money options he could buy more of the "good" in-the-money options, and that

[8] The July 28 and 31 account statements were addressed to Grey's old Spokane address. On this record, it is not clear when Grey informed LMB of his new Kalispell address. Nonetheless, even if the correct address had been used, it is reasonable to conclude that Grey would not have received the July 28 confirmation statement before July 31, when Glover convinced Grey to invest an additional $10,000 and to authorize the Yen spread.

"anyway, it was too late to do anything about it." [See pages 29-33, 45-48 and 67-72 of hearing transcript.]

14. In mid-August, Cavanagh advised Grey to buy back the short legs. Grey credibly testified that he declined this advice because he preferred to hold out for the large profits promised by respondents, and because he understood that he would have to send in more money. [See pages 34-43, 73-85 of hearing transcript.]

15. The heating oil options expired on November 24, 1998, and the Yen options expired on December 4, 1998.

Conclusions

The preponderance of the evidence supports Grey's claim that respondents fraudulently induced him open an options account, and fraudulently induced him to authorize option spreads in order to generate excessive and unjustified commissions, in violation of Section 4c(b) of the Commodity Exchange Act and CFTC rule 33.10.

Fraudulent solicitation

Paci, Cavanagh and Glover repeated and reinforced the message in the LMB commercial that essentially guaranteed that LMB customers could make large profits by buying options on futures contracts for commodities that are subject to price movements based on easily predictable seasonal or cyclical fluctuations in supply. These representations were deceptive because well-known supply and demand forces in the cash market – such as the seasonal price movement of commodities, or precipitation, or the lack thereof, during the planting, growing and harvesting

seasons – already have been incorporated into the premiums of the options and thus confer no price advantage to retail customers. These representations also were deceptive because the price movement of the underlying cash commodity or underlying futures contract typically does not move in tandem with the price of the option. *See Bishop v. First Investors' Group of the Palm Beaches, Inc.*, [1996-1998 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶27,004 (CFTC 1997); *In re Staryk*, [1996-1998 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶27,206 (CFTC 1997); and *In re JCC, Inc.*, [1992-1994 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶27,004 (CFTC 1997), *aff'd sub nom. JCC, Inc. v. CFTC*, 63 F.3d 1557 (11th Cir. 1995). *See also* NFA Notice I-96-11 (May 16, 1996) ("Seasonality claims present a distorted and misleading view of the likelihood of customers earning dramatic profits by investing with the Member firm, and [represent] a clear violation of NFA sales practice rules").

Cavanagh perpetuated Paci's fraud, and set up Glover's fraud, by minimizing the specific risks of LMB's trading strategy with unsubstantiated claims that most or all of LMB's clients were successfully trading options, with unsubstantiated claims that several of his clients were actually "making a substantial living at it," and with false claims that risks could be managed with knowledge of seasonal price moves. Glover perpetuated Cavanagh's fraud by making similar misrepresentations about the seasonality trading strategy, by claiming that the yen trade was a "life style changer," by failing to provide a fair and accurate disclosure of the actual amount of the commissions, and by urging Grey to triple his investment before he had received the confirmation statement that reported the actual amount of the commissions. The fact that LMB's compliance department provided a technically

true disclosure of commission costs on a per-contract basis did not free Cavanagh or Glover from making unrestrained claims of profits made by other customers or boldly predicting profits:

> Because the size of a firm's commissions and fees affects the profit potential of an investment, it affects the kinds of representations that can be made about profitability. . . . All else being equal, customers of a firm with a high commission or fee structure will have a more difficult time making a profit than those who employ a less expensive firm. As a result, the firm charging higher commissions and fees is more limited in what it can claim regarding profit potential.

Johnson v. Fleck, [1990- 1992 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶24,957, at 37,502 (CFTC 1990) (Chairman Gramm concurrence). Here, where the high commissions not only severely limited profit potential, but substantially undermined the viability of the spreads, Glover and Cavanagh not only were constrained from making the sort of profit projections that they made, but also were obligated to provide a fair and accurate disclosure of the total amount of commissions. *See Swickard v. A.G. Edwards & Sons*, [1984-1986 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶22,522, at 30,522 (CFTC 1985) ("Half of a truth may obviously amount to a lie if understood to be the whole.") *quoting* Prosser & Keeton, *The Law of Torts*, 738 (1984); *cf.* CFTC rule 33.7(f), 17 C.F.R. § 33.7(f) (requiring disclosure of all material information for an options customer). Thus, Cavanagh's and Glover's bold predictions of large profits without any meaningful disclosure of risk, and without a fair and accurate disclosure of the costs, were fraudulent. *Levine v. Refco*, [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶24,488 (CFTC 1989).

Grey's decision to invest what was for him a significant sum of money was consistent with his testimony that he relied on what he had learned from the LMB

commercial and from Paci, Cavanagh and Glover: that is, that he was likely to make quick and large profits with minimal accompanying risk. The fact that Grey acknowledged receipt of the written risk warning does not alter the conclusion that he relied on Paci's, Cavanagh's and Glover's representations, and does not otherwise bar recovery on a fraud theory, where the overall effect of the oral representations substantially outweighed and vitiated the written risk warnings. *See Scheuffler v. Stuart*, [1996-1998 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶27,171, at 45,577 (CFTC September 30, 1997); *Levine v. Refco, supra*; *Hannay v. FCCB*, [1986-1987 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 23,936 (CFTC 1987); *Dunn v. Murlas* [1986-1987 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶23,357 (CFTC 1986); *O'Hey v. Drexel Burnham Lambert, Inc.*, [1984-1986 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 22,754 (CFTC 1985); and *Chicoine v. Rosenthal*, [1980-1982 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 21,075 (CFTC 1980), *aff'd in part and remanded on other grounds sub nom. Rosenthal v. CFTC*, 678 F.2d 727 (7th Cir. 1982).

Similarly, LMB's perfunctory compliance review cannot be used as "advance exoneration" of respondents' fraud, especially where Cavanagh and Glover, and the LMB compliance representative, failed to provide a fair and accurate disclosure of the total amount of the commissions, and where the compliance review was obviously not designed to cure or to discover the sort of misrepresentations made in the LMB commercial and by Paci, Cavanagh and Glover. *JCC, Incorporated v. CFTC, supra*.

Fraudulent Breach of Fiduciary Duty

To prove that respondents fraudulently traded his options account in order to generate commissions – a fraudulent fiduciary violation colloquially known as "churning" – Grey must prove that: (1) respondents controlled the level and frequency of trading activity; (2) the overall volume of trading was excessive in light of Grey's trading objectives;[9] and (3) respondents acted with intent to defraud or with reckless indifference to Grey's interests. *Hinch, supra.*; and *Johnson v. Don Charles*, [1990-1992 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 24,986 (CFTC 1991). The fact that Grey was an unsophisticated, novice trader with a high school education and reposed a high degree of trust in respondents to select trading strategies and to provide trading advice supports the conclusion that respondents controlled the level of trading in Grey's account. *See Hinch, supra.* The following factors support the conclusion that the level of trading was excessive: (1) the fact that the commissions consumed 36% of Grey's total investment in the first three days of trading; (2) the fact that the spread trades generated three times as much in commissions as would have a straight option purchase of the same options; (3) the fact that the commission-to-premium-paid ratios for the spread trades were significantly larger than the commission-to-premium-paid ratios would have been

[9] The term "churning" conjures up the image of numerous day trades and short-term trades gradually but inexorably decimating a securities or futures account. However, as the Commission has noted: "Owing to differences in the mechanics and principals underlying futures and options contracts, precedent analyzing excessive trading in the context of futures may be of limited relevance in determining whether excessive trading has occurred in the context of an options account." *Hinch v. Commonwealth Financial Group, Inc.*, [1996-1998 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 27,056 (CFTC 1997). Put differently, where a churned futures account may be consumed by dozens or hundreds of piranha bites, a churned options account can be effectively consumed by just one or two large shark bites.

for straight option purchases; (4) the fact that respondents' distorted message of near certain profits without any balancing risk disclosure did not fairly reflect the reality that LMB's oppressive commission structure presented a substantial impediment to profit potential; and (5) the fact that respondents failed "to show a reasoned application of their recommendations to the particular needs and desires of [their client.]" *See Hinch*, at 45,021-45,022, *supra*.

Scienter

The deliberate nature of Cavanagh's and Glover's fraud is established by their blatant disregard of Grey's dire financial condition and Grey's stated desire to limit his investment; by their knowledge of Grey's patent lack of sophistication and inability to understand the basic matters such as the mechanics of trading options; by their failure to provide a fair and accurate disclosure of LMB's oppressive commission structure; and by the fact that they rushed Grey into investing additional funds and authorizing a second spread before he had received the written account statement that accurately and fairly reported the total commissions and fees.

Damages

The proper measure of damages for churning coupled with fraudulent profit guarantees, fraudulent omissions, and exposure to greater market risk, is Grey's out-of-pocket losses: $16,253.10. *Hinch, supra*, at 45,022. This amount shall be reduced by the $975 paid by Glover pursuant to his settlement agreement with Grey, which yields an award of $15,278.10.

ORDER

Patrick J. Cavanagh and Thomas Rudell Glover violated Section 4c(b) of the Commodity Exchange Act and CFTC rule 33.10, proximately causing $16,253.10 in damages. LMB is liable for the violations of Paci, Cavanagh and Glover pursuant to the *respondeat superior* provisions of section 2(a)(1)(A) of the Commodity Exchange Act.

Since Glover has satisfied his $975 obligation to Grey under their separate settlement agreement, the award shall be reduced to $15,278.10, and the complaint against Thomas Rudell Glover is hereby DISMISSED.

Respondents LMB Trading Group, Incorporated and Patrick Cavanagh are ORDERED to pay to Zane Grey reparations of $15,278.10, plus interest on that amount at 6.287% compounded annually from August 4, 1998, to the date of payment, plus $125 in costs for the filing fee. Liability is joint and several.

Dated February 24, 2000.

Philip V. McGuire,
Judgment Officer