



U.S. COMMODITY FUTURES TRADING COMMISSION

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EMAD MASADEH,

Complainant

v.

SUKHMEET DHILLON a/k/a MICKY
DHILLON, MAIN STREET TRADING
COMPANY, NEWHALL DISCOUNT
FUTURES & OPTIONS, INC., THE KEN
ROBERTS COMPANY, and ALAN
DAVID YEE,

Respondents

CFTC Docket
No. 99-R019

FINAL DECISION AND REPARATION AWARD

Complainant initiated this reparations case selecting a voluntary decisional proceeding, a choice concurred in by all respondents. In a voluntary proceeding, the parties submit their dispute on the papers only, waiving their right to present oral testimony. In addition, the judge is not authorized to conduct discovery on his own motion (see Rule 12.34), leaving the parties solely responsible for the development of the record. When the record is closed, the judge issues a Final Decision containing only a conclusion whether any violations have been proven, and, if so, a reparation award for any damages caused by such violations (see Rule 12.106(b)). The decision does not contain findings of fact or other evidentiary evaluations by the judge. The Final Decision is not appealable either to the Commission or to any U.S. Court of Appeals (see Rule 12.106(d)).

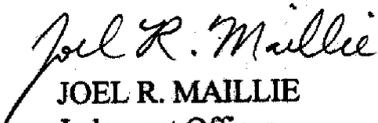
Upon consideration of the record made by the parties, it is concluded that complainant has established that respondent The Ken Roberts Company fraudulently emphasized the possibility of profits and of the likelihood of success in trading commodity futures, and that the same company categorically downplayed the risks associated with futures investing, in order to induce complainant to purchase the company's so-called training materials and to open a futures account. These activities by this registered commodity trading advisor violated, among other provisions, Section 40 of the Commodity Exchange Act. It is further found that respondents Newhall Discount Futures & Options, Inc., and Alan David Yee, fraudulently induced complainant to open, and continue to make deposits to, a commodity futures trading account by knowingly capitalizing on the previous misrepresentations of The Ken Roberts Company and by independently minimizing the risks and

by overemphasizing the potential profitability of opening an account. These activities by these respondents violated, among other provisions, Section 4b of the Commodity Exchange Act. The Ken Roberts Company, by steering complainant to Newhall to open an account, and by knowingly aiding and abetting and by acting in concert and combination with Newhall in that company's violations, is liable for the Newhall/Yee violations under Section 13(a) of the Commodity Exchange Act. Respondent Dhillon is liable as a principal under Sections 2(a)(1)(a)(iii) and 13(a) of the Commodity Exchange Act for the violations of the company Newhall which he, on this record, has been shown to have created for the express purpose of trading accounts steered to it by The Ken Roberts Company. All violations have been shown to have proximately led to complainant's trading losses of \$50,483.73.¹

Violations having been shown, respondents The Ken Roberts Company, Sukhmeet Dhillon, Newhall Discount Futures & Options, Inc., and Alan David Yee are ORDERED to pay reparations to complainant Emad Masadeh in the amount of \$50,483.73, plus the filing fee of \$50.00. LIABILITY IS JOINT AND SEVERAL.

Complainant has not demonstrated any violations by Main Street Trading Company, and therefore the complaint against that firm is DISMISSED.

Dated: June 9, 1999


JOEL R. MAILLIE
Judgment Officer

¹ As noted in the first paragraph, the type of proceeding selected by the parties does not allow for explanations of the conclusions that violations have been shown. A comment must be made, however, with regard to The Ken Roberts Company's assertions both in its answer and in its verified statement that prior investigations of the company by the CFTC and by NFA have not led to any charges against the company. Simply put, prior regulatory investigations and subsequent failures to prosecute are of no consequence whatsoever in this matter, which is limited to the facts and documents presented by the parties.