U.S. COMMODITY FUTURES TRADING COMMISSION
Three Lafayette Centre
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ATUL MEHTA,	)	
Complainant	)	
	)	
v.	)	CFTC Docket
	)	No. 97-R145
LFG, L.L.C.,	)	
Respondent	)	
	)	

INITIAL DECISION

Complainant and respondent have both submitted this proceeding on the initial pleadings, neither taking discovery nor filing verified statements. The case is relatively simple, and does not require an oral hearing or the submission of any additional evidence. Except where noted, the facts discussed in this decision are as presented in the complaint.

In August of 1997 complainant decided use an electronic order-entry computer program marketed by LFG. The program allowed traders to place trades directly to the trading floor and to receive e-mail confirmation of the filled trades. He contends that simulated trading using the program worked fine, but on his second day of real trading, August 22, 1997, he suffered losses due to what he describes as a software "bug" for which he claims LFG should take responsibility. On each of two trades that day, complainant alleges, he first used the program to enter a market order that he then immediately tried to cancel. According to complainant, the program reflected a notation immediately after each cancellation order showing that the order was being cancelled ("CXL"), and then changed to show that cancellation had occurred ("CXLD"). Complainant contends that he did not discover that the orders actually had been *filled* until he spoke with personnel at the LFG order desk some two hours later, too late to avoid losses. Complainant contends he did not receive e-mail confirmation of both orders until the next day. He seeks his losses totaling $4,750, contending that the program improperly allowed him to cancel market orders that had already been filled and that LFG failed to e-mail timely confirmations of the filled orders as promised.

Respondent LFG contends that complainant knew or should have known that he could not try to cancel an electronic market order with any expectation of stopping the trade from occurring. In its answer, LFG specifically denies that the "CXLD" designation meant the order was in fact cancelled. Instead, according to LFG, "CXL" simply showed that the selected order on the screen

was a cancellation order, while "CXLD" meant only that the order had been accepted in the electronic order-entry system -- it was not a confirmation of cancellation. LFG further claims that since complainant tried to cancel his market orders immediately after placing them, it would have been impossible for the order-entry system to reflect the filled status of those market orders before the fills had even been reported back from the floor and entered into the system.

Finally, respondent have also submitted copies of fill reports allegedly e-mailed to complainant showing the fills of both market orders. These fill reports contains time and date designations that respondent argues prove that e-mail confirmations were sent to complainant within an hour. Furthermore, respondents' evidence demonstrates that both positions were in fact *liquidated* by complainant less than an hour of being initiated, tending to belie his contention that he did not learn of the fills for two hours.

Complainant never responded to or rebutted LFG's documentary evidence and therefore it is determined that these documents are accurate (particularly when contrasted with complainant's generalized narrative that omits any specific times). The documents suggest that complainant has substantially distorted facts regarding his discovery of his open positions, the timing of which is central to any claim that he was damaged by inaccurate or untimely reporting of trading results. The "CXLD" designation may have tended to cause confusion, but it is not likely that complainant actually was misled into thinking that his orders cancelling open market orders were, in just a few seconds at most, accepted into the system, transmitted to the floor, reported back from the floor, and confirmed into the reporting system. Complainant's misrepresentations undercut his ability to show that he suffered any actual delay in learning the truth. Under the circumstances, therefore, it is determined that complainant has not proven that the software program was defective in any fashion that could be considered misrepresentation or fraud.

Accordingly, the complaint is DISMISSED.

Dated: October 13, 1998

Joel R. Maillie

JOEL R. MAILLIE
Judgment Officer