



U.S. COMMODITY FUTURES TRADING COMMISSION

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Received
C.F.T.C.

CHARLES PENNINGTON,
Complainant,

v.

WILLIAM MATTHEW KENNEY, and
KNOX CAPITAL MANAGEMENT LLC,
Respondents.

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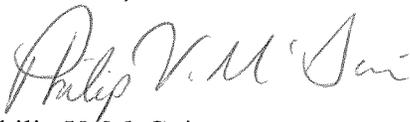
CFTC Docket No. 11-R018

DEFAULT ORDER

Respondents William Kenney and Knox Capital Management have failed to file answers to the complaint and are in default. Respondents' defaults constitute, among other things, admissions of the allegations in the complaint and waivers of any affirmative defenses. Accordingly, it is concluded: that William Kenney fraudulently converted Charles Pennington's \$100,000 investment and concealed that conversion with a series of deceptions and misrepresentations in violation of Section 4o(1) of the Commodity Exchange Act and CFTC rule 4.30;¹ that these violations proximately caused \$100,000 in damages; and that Knox Capital Management is liable for Kenney's violations pursuant to Section 2(a)(1)(B) of the Act. Accordingly, William Kenney and Knox Capital Management are ordered to pay to Charles Pennington reparations of \$100,000, plus interest on that amount at 0.13%, compounded annually from June 7, 2007, to the date of payment, plus \$250 in costs for the filing fee. Liability is joint and several.

Any motion to vacate this default order must meet the appropriate standards set out in CFTC rule 12.23.

Dated December 8, 2011.


Philip V. McGuire,
Judgment Officer

¹ Although not specifically plead, Kenney generated what appear to be bogus reports of profitable trading results. Thus, in the absence of any reliable evidence establishing lost profits, the damage award must be limited to Pennington's actual out-of-pocket losses.