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VYACHESLAV SHAMILOV, Complainant	)	
v.	)	CFTC Docket No. 99-R149
ALARON TRADING CORPORATION and SEAN PATRICK BAKER, Respondents	)	

INITIAL DECISION

This reparations complaint stems from complainant's dissatisfaction with account services provided to him by Alaron and Baker during a short period in the spring of 1999 in which complainant traded futures and lost $788.65 on several day trades.[1] All findings in this decision are based on the complaint, the addendum, and the account statements attached to both. All dates are in 1999.

Shamilov opened the account with a $6,500 deposit credited on March 19, but he did not trade at first because he wanted to monitor Alaron's price quoting system and the personal Web page created for him by Alaron to access his account.[2] Although he originally opened the account as a discount account that would have resulted in very low commission charges, Shamilov's review of the system led him to decide to change to a "broker-assisted" program (with $50 round-turn commission charges per contract) so that he could monitor the account more closely and be better informed.

[1] The complainant sought a total of $2,000, including damages associated with miscellaneous costs incurred by complainant to monitor his trading account on-line, including a telephone line, internet fees, a modem for his computer, a television, transportation, unspecified health damages, and even electricity charges (addendum to complaint). Complainant was informed that if he prevailed his damages in reparations would be limited to his trading losses, plus interest and the filing fee (Lenz letter dated July 28, 1999).

[2] Although he had not begun trading actively, Shamilov nevertheless was charged the $15 quarterly service fee he had agreed to when he opened the account (April monthly statement). He objects to this fee in his complaint, but there does not seem to be anything improper about it, and as noted in the text, Shamilov then changed to an account-type that resulted in paying higher commissions.

Trading began at the end of April with profitable one-contract day trades on each of the 28th and 29th that resulted in a net increase in Shamilov's account value to $6,732.50 (April monthly statement). On May 4, a T-bond day trade lost money, lowering the account value to $6,521.95. Another losing trade on May 5 left the account at $6,071.65. According to Shamilov, he ordered the account closed when he saw on his Website that his account had fallen to this level (Addendum). He claims that this occurred on Friday, May 7, but on May 10 saw (again on the Web) that an additional trade occurred after the account was supposed to be closed. That trade left the final account balance of $5,711.35, which was returned to Shamilov at his request.

Complainant generally alleges misrepresentation and complains of improper account services, but he does not explain how the services provided failed to live up to their billing. Furthermore, even if he was dissatisfied with the recommendations provided by Baker and Alaron, he has not provided even a hint of evidence suggesting that those recommendations were without a reasonable foundation. The losses suffered by Shamilov in his account were easily within the parameters of risk disclosed when he opened his account, and there are no allegations that Shamilov failed to understand those risks.

The only contention by Shamilov meriting comment is his claim that trading occurred after he wanted trading to stop. He contends in the addendum to his complaint that his order to stop trading occurred after he viewed the $6,071.65 account balance on his Web site, which Shamilov says took place on Friday May 7. However, the account statements attached to the complaint show that the balance was at that level on May 5, two days before. The losing trade that lowered the value to its final amount of $5,711.35 occurred on May 6, the day before Shamilov says he ordered the account closed. There is thus no reason to believe that respondents failed to heed Shamilov's order to stop trading the account. Instead, it is altogether more likely that after closing the account on May 7 Shamilov received the final (May 6) trading statement on May 10 and became confused as to when he had reviewed the balances on line. Much more is needed to carry the burden of proving fraud or other violations of the Commodity Exchange Act.

For the reasons stated, the complaint is DISMISSED.

Dated: February 24, 2000

Joel R. Maillie

JOEL R. MAILLIE
Judgment Officer