UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of Northstar International Group, Inc. and James M. Peister Respondents.	)	CFTC Docket No. 11-06

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ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT, AS AMENDED, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS

I.

The Commodity Futures Trading Commission ("Commission") has reason to believe that Northstar International Group, Inc. ("Northstar") and James M. Peister (collectively, "Respondents") have violated: (i) Section 4b(a)(2)(i)-(iii) of the Commodity Exchange Act (the "Act" or the "CEA"), 7 U.S.C. § 6b(a)(2)(i)-(iii) (2006); (ii) Sections 4b(a)(1)(A)-(C), 4o(1), and 4m(1) of the Act, as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 ("CRA")), §§ 13101-13204, 122 Stat. 1651 (enacted June 18, 2008), to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), 6o(1), and 6m(1); and (iii) Commission Regulation ("Regulation") 4.21(a), 17 C.F.R. § 4.21(a) (2010). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

II.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (the "Offer"), which the Commission has determined to accept. Without admitting or denying the findings herein, Respondents acknowledge service of this

Order Instituting Proceedings Pursuant to Sections 6(c) And 6(d) Of The Commodity Exchange Act, As Amended, Making Findings And Imposing Remedial Sanctions ("Order").[1]

III.

The Commission finds the following:

A. Summary

Beginning in 2001 and continuing through early 2009 (the "relevant period"), Northstar, an exempt commodity pool operator ("CPO"), and Peister, acting as an associated person ("AP") of Northstar, operated a commodity pool, the North American Globex Fund, LP (the "Globex Fund"). Peister, acting as an unregistered CPO, operated another commodity pool, the North American Globex Group, Inc. ("Globex Group"). Peister controlled all three entities – Northstar, the Globex Fund, and Globex Group. Peister conducted or supervised the trading on behalf of both the Globex Fund and Globex Group. The purpose of both pools was to trade a variety of instruments, including commodity futures contracts.

During the relevant period, Respondents solicited more than $19 million from approximately 72 individuals to participate in the Globex Fund. Peister transferred substantial Globex Fund monies to Globex Group, for investment by the Globex Group.

Beginning in late 2001, Respondents sustained substantial trading losses with the Globex Group, and failed to fully and accurately disclose all the losses to the Globex Fund pool participants. Respondents concealed those losses by issuing or causing to be issued false monthly account statements and audit reports for the Globex Fund. Peister, through Northstar, used approximately $1 million of Globex Fund/Group participants' monies to pay "salary" and other compensation as he was concealing the mounting losses. Moreover, Respondents solicited prospective pool participants and additional investment from existing pool participants based on false representations of profitable performance that ignored the unreported losses.

Peister failed to register with the Commission as a CPO as required under the Act with respect to the Globex Group. Peister also failed to provide participants with required disclosure documents for the Globex Group.

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[1] Respondents consent to the entry of this Order and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; *provided, however*, that Respondents do not consent to the use of the Offer, or the findings consented to in this Order, as the sole basis for any other proceeding brought by the Commission, other than a proceeding in bankruptcy or to enforce the terms of this Order. Nor do Respondents consent to the use of the Offer or this Order, or the findings consented to in the Offer or this Order, by any other party in any other proceeding.

B. Respondents

Northstar International Group, Inc. is a Nevada corporation formed in 2000. Northstar filed with the National Futures Association ("NFA") a notice of exemption from registration as a CPO for Globex Fund pursuant to Regulation 4.13(b)(1), 17 C.F.R. § 4.13(b)(1) (2010). Peister serves as President, Director, Secretary and Treasurer of Northstar.

James M. Peister resides in St. James, New York. He serves as, *inter alia*, President of Northstar, which is the General Partner of the Globex Fund, and President of Globex Group.

C. Facts

In the fall of 2000, Respondents formed the Globex Fund. Northstar, a CPO and the General Partner of the Globex Fund, exercised full and exclusive control of the management, conduct, and trading of the Globex Fund. Peister owned and controlled Northstar. According to the Globex Fund's Offering Memorandum, Northstar would receive as compensation both management and performance fees (representing 1% of assets under management and 20% of the net gains of the limited partnership, respectively).

Peister had previously formed and controlled a second commodity pool, Globex Group. Peister was the President, Director, Secretary, and Treasurer of Globex Group and controlled the bank accounts and trading accounts on behalf of Globex Group. Peister never registered with the Commission as the CPO of Globex Group and never provided participants with a disclosure document for the Globex Group.

During the relevant period, Respondents successfully solicited approximately $19 million from approximately 72 individuals and or entities to participate in the Globex Fund.

Peister transferred a substantial part of the Globex Fund participants' money to the Globex Group, and from there into trading and operating accounts held in the name of Globex Group. For example, according to its 2005 audit, the Globex Fund held approximately $15.4 million in assets. Approximately $10.8 million of those funds was described as "[d]ue from North American Globex Group," including notes and interest. Some trading of futures also occurred in the name of Globex Fund.

Through the use of the Globex Group, which was never audited and failed to issue account statements, Respondents hid substantial trading losses from the Globex Fund participants. Beginning in late 2001, Respondents began sustaining trading losses through Globex Group. Throughout the relevant period, Respondents did not fully and accurately account for those trading losses in calculating the monthly account value of each participant's investment in the Globex Fund. Monthly statements issued to participants did not accurately reflect trading losses sustained by the Globex Fund. Likewise, the annual audits provided to Globex Fund participants did not reflect actual losses sustained by the Globex Fund via Globex Group.

As Respondents were concealing these losses, they continued to solicit new participants and for additional investment by existing participants in the Globex Fund. In their solicitations, Respondents did not disclose the Globex Fund's true performance resulting from the Globex Group losses.

Despite the significant trading losses, Respondents made redemptions to Globex Fund participants totaling approximately $10 million throughout the relevant period. In June 2009, Peister notified the Globex Fund participants that Respondents were dissolving the Globex Fund and that, as of 2003, the financial statements provided participants may have contained material inaccuracies and should not be relied upon for any purpose.

Throughout the relevant period, while concealing the true value of the Globex Fund from participants, Peister used Globex Fund/Globex Group participants' monies to pay business and personal expenses.

IV. LEGAL DISCUSSION

A. Sections 4b(a)(2)(i)-(iii) of the Act, and Sections 4b(a)(1)(A)-(C) of the Act, as amended by the CRA: Fraud by Misrepresentations, Omissions, Misappropriation and False Statements

It is a violation of the Act for any person, in or in connection with any order to make, or the making of, any on-exchange futures contract, for or on behalf of any other person: (i) to cheat or defraud or attempt to cheat or defraud such other person; (ii) willfully to make or cause to be made to such other person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record thereof; or (iii) willfully to deceive or attempt to deceive such other person by any means whatsoever in regard to any such order or contract or the disposition or execution of any such order or contract, or in regard to any act or agency performed with respect to such order or contract for such person. Sections 4b(a)(2)(i)-(iii), 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006) (with respect to conduct before June 18, 2008); and Sections 4b(a)(1)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C) (with respect to conduct on or after June 18, 2008 through early 2009).[2]

Respondents, through misrepresentations, omissions, misappropriation, and the issuance of false account statements, violated both Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006), and Sections 4b(a)(1)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C).

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[2] The June 2008 legislation reauthorizing the Commission revised Section 4b of the Act, among other things. *See* Section 1302 of the CRA. The objective of the revision was to "clarify that the CEA gives the Commission the authority to bring fraud actions in off-exchange 'principal-to-principal' futures transactions." H.R. REP. NO. 110-627, at 981 (2008) (Conf. Rep.). While the CRA did not change the Act's prohibition on misconduct such as that at issue here, it reorganized Section 4b so that similar misconduct occurring on or after June 18, 2008 would be in violation of Sections 4b(a)(1)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C).

1. Fraud by Misrepresentations and Omissions

To prove that a respondent has violated Sections 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006), and Sections 4b(a)(1)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), by misrepresentations or omissions, the Commission need show only that: 1) the respondent misrepresented or deceptively omitted certain information regarding commodity futures trading; 2) the misrepresentation or omission was "material;" and 3) the respondent knew the information was false and calculated to cause harm or recklessly disregarded the truth or falsity of the information (in other words, that he acted with "scienter"). *Hammond v. Smith Barney Harris Upham & Co., Inc.*, [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 24,617 at 36,659 (CFTC Mar. 1, 1990); *In re JCC*, [1992-1994 Transfer Binder] Comm. Fut. L Rep. (CCH) ¶ 26,080 at 41,568 (CFTC May 12, 1994), *aff'd sub nom. JCC, Inc. v. CFTC*, 63 F.3d 1557 (11th Cir. 1995); *CFTC v. R.J. Fitzgerald & Co., Inc.*, 310 F.3d 1321, 1328 (11th Cir. 2002), *cert. denied*, 543 U.S. 1034 (2004).

A statement is material if "it is substantially likely that a reasonable investor would consider the matter important in making an investment decision." *Sudol v. Shearson Loeb Rhoades, Inc.*, [1984-1986 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 22,748 at 31,119 (CFTC Sept. 30, 1985) (*citing TSC Indus. Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976)); *R.J. Fitzgerald*, 310 F.3d at 1328 (same); *CFTC v. Rosenberg*, 85 F. Supp. 2d 424, 447 (D. N.J. 2000) (same); *see also Saxe v. E.F. Hutton & Co., Inc.*, 789 F.2d 105, 110 (2d Cir. 1986) ("material misrepresentations about the nature of the organization handling [an] account, the people [dealt] with, and the type of trading [the] funds were used for would be sufficient to state a cause of action pursuant to the CEA") (quoting *Psimenos v. E.F. Hutton & Co. Inc.*, 722 F.2d 1041 (2d Cir. 1986) (internal quotations omitted)); *CFTC v. Commonwealth Fin. Group, Inc.*, 874 F. Supp. 1345, 1353-54 (S.D. Fla. 1994) (misrepresentations regarding the trading record of a firm or broker are fraudulent because past success and experience are material factors to reasonable investors).

The scienter requirement is met when "highly unreasonable omissions or misrepresentations [are made]...that present a danger of misleading [customers] which is either known to the Defendant[s] or so obvious that Defendant[s] must have been aware of it." *R.J. Fitzgerald*, 310 F.3d at 1328 (citation omitted).

As set forth above, Peister and Northstar, through Peister, failed to disclose substantial trading losses to the Globex Fund's participants. Instead, Respondents provided those participants with false and misleading monthly statements and annual audits that did not reflect actual trading losses through the Globex Group. In addition, as found above, promotional materials used by Respondents to solicit new investors did not disclose the Globex Fund's true performance. The results touted by Respondents simply ignored numerous large losing trades through the Globex Group.

Peister knew he failed to disclose trading losses, misrepresented the trading results, misappropriated participant funds to make redemptions to other participants and to pay business

and personal expenses, and provided false statements. Accordingly, Respondents violated Sections 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006), and Sections 4b(a)(1)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C).

2. Fraud by Misappropriation

Peister and Northstar, through Peister, used Globex Fund/Group participants' monies to make redemptions to other participants, and to pay personal and business expenses. Accordingly, Respondents misappropriated pool participant funds in violation of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2006), and Sections 4b(a)(1)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C). *CFTC v. Noble Wealth Data Info. Serv., Inc.*, 90 F. Supp. 2d 676, 683-87 (D. Md. 2000) (defendants defrauded investors by diverting investor funds for operating expenses and personal use), *aff'd in part, vacated in part, sub nom. CFTC v. Baragosh*, 278 F.3d 319 (4th Cir. 2002); *In re Slusser*, [1998-1999 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 27,701 at 48,315 (CFTC July 19, 1999), *aff'd in relevant part sub nom. Slusser v. CFTC*, 210 F.3d 783, 784-85 (7th Cir. 2000) (respondents violated Section 4b by surreptitiously retaining money in their own bank accounts that should have been traded on behalf of participants); *CFTC v. Skorupskas*, 605 F. Supp. 923, 932 (E.D. Mich. 1985) (defendant violated Section 4b(a) of the Act by misappropriating customer funds entrusted to her for trading commodity futures contracts).

3. Fraud by Issuance of False Statements

Issuing or causing to be issued false statements to participants concerning the profitability of commodity futures trading conducted on their behalf violates Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii) (2006), and Section 4b(a)(2)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(2)(B). *Rosenberg*, 85 F. Supp. 2d at 447-48 (defendant violated Section 4b(a) of the Act by falsely stating that he would set up account in customer's name, among other misrepresentations); *Skorupskas*, 605 F. Supp. at 932-33 (defendant violated Section 4b(a) of the Act by issuing false monthly statements to customers); *CFTC v. Sorkin*, [1982-1984 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 21,855 at 27,585 (S.D.N.Y. Aug. 25, 1983) (distribution of account statements that falsely report trading activity or equity is a violation of Section 4b of the Act).

The written account statements and audits that Peister and Northstar, through Peister, intentionally sent or caused to be sent to pool participants misrepresented the performance of the Globex Fund and the fees and performance allocation due from each limited partner of the Globex Fund. By knowingly issuing such false statements, Respondents violated Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii) (2006), and Section 4b(a)(2)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(2)(B).

B. Section 4o(1) of the Act, as amended by the CRA: Fraud by Commodity Pool Operators and Their Associated Persons

Section 4o(1) of the Act, in relevant part, makes it unlawful for a CPO or an AP of a CPO, by using the mails or any means or instrumentality of interstate commerce, directly or indirectly: (a) to employ a device, scheme or artifice to defraud pool participants, or (b) to engage in a transaction or course of business that operated as a fraud or deceit upon pool participants. Section 4o(1) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6o(1). This section of the Act applies to all CPOs and their APs whether registered, required to be registered, or exempt from registration. *See Skorupskas*, 605 F. Supp. at 932; Regulation 4.15, 17 C.F.R. 4.15 (2010). Although scienter must be proved to establish violations of Sections 4b and 4o(1)(A) of the Act, it is not necessary to prove scienter to establish a violation of Section 4o(1)(B) of the Act. *See Messer v. E.F. Hutton & Co.*, 847 F.2d 673, 677 (11th Cir. 1988); *accord In re Kolter*, [1994-1996 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 26,262 at 42,198 (CFTC Nov. 8, 1994) (Commission cited *Messer* for this proposition with approval).

By operating a business in the nature of an investment pool, syndicate or similar form of enterprise and by soliciting, accepting or receiving funds for the purpose of trading commodity futures or options, Northstar was acting as a CPO and Peister was acting as an AP with respect to the Globex Fund. Peister likewise acted as a CPO with respect to Globex Group. Section 1a(5) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 1a(5) (defining CPO), and Regulation 1.3(aa)(3), 17 C.F.R. 1.3(aa)(3) (2010) (defining AP of a CPO); *see, e.g., Slusser*, ¶ 27,701 at 48,310 (respondent acted as a CPO when it accepted investment funds from individual investors who deposited funds in respondent's bank account for the purpose of trading in a commodity pool); *SEC v. Princeton Econ. Int'l*, 73 F. Supp. 2d 420, 424 (S.D.N.Y. 1999) (defendant acted as a CPO by commingling proceeds derived from sale of notes to customers in a commodity pool).

The same fraudulent conduct that violates Section 4b(a) of the Act as set forth above, including the fraudulent solicitations, the misappropriations, and the issuance of false statements, also violates Section 4o(1). *Skorupskas*, 605 F. Supp. at 932-33. Accordingly, Respondents violated Section 4o(1) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6o(1).

C. Section 4m(1) of the Act, as amended by the CRA: Failure to Register as a Commodity Pool Operator

The Act defines a CPO as "any person engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts, or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market...." Section 1(a)(5) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 1a(5). Section 4m(1) of the Act provides that it is unlawful for any CPO, unless registered under the Act, to make use of the mails or any instrumentality of interstate commerce in connection with its CPO business. Section 4m(1) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6m(1).

Peister, acting as a CPO for Globex Group, accepted funds from individuals for purposes of participating in a pool. Those funds were transferred through interstate commerce by wire from the bank accounts controlled by Respondents to Globex Group, and from there to commodity trading accounts maintained at a futures commission merchant. *See CFTC v. Wall St. Underground, Inc.*, 281 F. Supp. 2d 1260, 1270 (D. Kan. 2003) (commodity trading advisors used mails and other instrumentalities of interstate commerce by making "extensive use of telephones, facsimile transmissions and emails in the course of marketing their trading systems"). Therefore, Peister violated Section 4m(1) of the Act by using an instrumentality of interstate commerce while failing to register with the Commission as a CPO.

D. Regulation 4.21(a): Failure to Provide Disclosure Documents

Regulation 4.21(a) provides that each CPO registered or required to be registered under the Act must deliver or cause to be delivered to a prospective participant in a pool that it operates or intends to operate a "Disclosure Document" for the pool by no later than the time it delivers to the prospective participant a subscription agreement for the pool. 17 C.F.R. § 4.21(a) (2010). Peister, acting as the CPO of Globex Group, failed to provide a disclosure document concerning Globex Group to prospective pool participants and therefore violated Regulation 4.21(a).

E. Sections 2(a)(1)(B) and 13(b) of the Act, as amended by the CRA: Respondents' Derivative Liability for Each Other's Violations

The acts, omissions, and failures of Peister in violation of the Act, as discussed above, occurred within the scope of his employment with Northstar. Therefore, Northstar is liable for Peister's acts, omissions, and failures, on behalf of Northstar, in violation of the Act and Regulations, pursuant to Section 2(a)(1)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 2(a)(1)(B).

Peister, as President of Northstar, controlled Northstar and did not act in good faith, and knowingly induced, directly or indirectly, the acts constituting Northstar's violations of the Act and Regulations, as discussed above. Consequently, pursuant to Section 13(b) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §13c(b), Peister is liable for Northstar's violations of the Act and Regulations to the same extent as Northstar.

V.

FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that Respondents violated: (i) Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006) (with respect to conduct before June 18, 2008), and Sections 4b(a)(1)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C) (with respect to conduct on or after June 18, 2008 through early 2009); and (ii) Sections 4o(1), and 4m(1) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6o(1), and 6m(1). The Commission also finds that Peister violated Regulation 4.21(a), 17 C.F.R. § 4.21(a) (2010).

VI.

OFFER OF SETTLEMENT

Respondents have submitted the Offer in which, without admitting or denying the findings herein, and prior to any adjudication of the issues of fact or law by the Commission, they each:

A. Acknowledge service of this Order;

B. Admit to the jurisdiction of the Commission with respect to the matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based upon violation of or enforcement of this Order;

C. Waive: service and filing of a complaint and notice of hearing; a hearing; all post-hearing procedures; judicial review by any court; any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer; any claim of Double Jeopardy based on the institution of this proceeding or the entry of any order imposing a civil monetary penalty or other relief; any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or Part 148 of the Commission's Regulations, 17 C.F.R. §§ 148.1 *et seq.* (2010), relating to, or arising from, this proceeding; and any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this proceeding;

D. Stipulate that the record basis on which this Order is entered consists solely of this Order, including the findings in this Order;

E. Consent, solely on the basis of the Offer, to entry of this Order that:

1. makes findings, including findings that Respondents violated: (a) Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) (2006) (with respect to conduct before June 18, 2008), and Sections 4b(a)(1)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C) (with respect to conduct on or after June 18, 2008 through early 2009); and (b) Sections 4o(1), and 4m(1) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6o(1), and 6m(1);

2. makes findings, including findings that Peister violated Regulation 4.21(a), 17 C.F.R. § 4.21(a) (2010);

3. orders Respondents to cease and desist from violating: Sections 4b(a)(1)(A)-(C), 4o(1), and 4m(1) of the Act, as amended by the CRA and the Dodd-Frank Wall Street Reform and Consumer

Protection Act of 2010 ("Dodd-Frank Act"), Pub. L. No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010), §§701-774, 124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), 6o(1), and 6m(1);

4. orders Peister to cease and desist from violating Regulation 4.21(a), 17 C.F.R. § 4.21(a) (2010);

5. orders Respondents to pay, jointly and severally, restitution in the amount of $10,323,159.23 plus post-judgment interest;

6. orders Respondents to pay, jointly and severally, a civil monetary penalty in the amount of One Million Dollars ($1,000,000) plus post-judgment interest;

7. permanently prohibits Respondents from trading on or subject to the rules of any registered entity, as that term is defined in Section 1a(40) of the Act, as amended by the CRA and Dodd-Frank Act, to be codified at 7 U.S.C. § 1a(40), for their own account, for any account in which either of them has a direct interest or indirect interest, or for any other account for or on behalf of any other person or entity, whether by power of attorney or otherwise, and all registered entities shall refuse them all privileges; and

6. orders Respondents to comply with their undertakings consented to in the Offer and set forth below in Section VII of this Order

Upon consideration, the Commission has determined to accept the Offer.

VII.

Accordingly, IT IS HEREBY ORDERED THAT:

1. Respondents shall cease and desist from violating: Sections 4b(a)(1)(A)-(C), 4o(1), and 4m(1) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), 6o(1), and 6m(1). In addition, Peister shall cease and desist from violating Regulation 4.21(a), 17 C.F.R. § 4.21(a) (2010).

2. Respondents shall pay, jointly and severally, restitution in the amount of $10,323,159.23 plus post-judgment interest pursuant to Section 6(c) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 9 (the "restitution obligation"). Post-judgment interest shall accrue on the restitution obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006).

3. To effect payment of the restitution obligation by Respondents and the distribution of restitution to Globex Fund/Group participants, the Commission appoints the NFA

as "Monitor." The Monitor shall collect restitution payments from Respondents and make distributions to the Globex Fund/Group participants indentified in Appendix A of the Offer. Because the Monitor is not being specially compensated for these services, and these services are outside the normal duties of the Monitor, it shall not be liable for any action or inaction arising from its appointment as Monitor other than actions involving fraud. Respondents shall make their required restitution payments under this Order in the name of the "North American Globex Settlement Fund" and shall send such payments by electronic funds transfer, or U.S. postal money order, certified check, bank cashier's check, or bank money order to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, under a cover letter that identifies the paying Respondent and the name and docket number of the proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to: (a) Director, Division of Enforcement, Commodity Futures Trading Commission, 1155 21st Street, N.W., Washington, D.C. 20581; and (b) Chief, Office of Cooperative Enforcement, Division of Enforcement at the same address. The Monitor shall oversee Respondents' restitution obligation and shall have the discretion to determine the manner of distribution of funds in an equitable fashion to Globex Fund/Group participants, or the Monitor may defer distribution until such time as it may deem appropriate. To the extent that any funds accrue to the U.S. Treasury as a result of Respondents' restitution obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth in this paragraph.

4. Respondents shall execute any documents necessary to release funds held by or due to the Globex Fund, Globex Group or Northstar, including any funds held in escrow by Respondents' counsel, in order to make partial or total payment toward the restitution obligation.

5. Respondents shall pay, jointly and severally, a civil monetary penalty of One Million Dollars ($1,000,000) plus post-judgment interest pursuant to Section 6c of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 13a-1 (the "civil monetary penalty obligation"). Post-judgment interest shall accrue on the civil monetary penalty obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006).

6. Respondents shall pay the civil monetary penalty obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
Attn: Marie Bateman – AMZ-300
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, Oklahoma 73169
Telephone: 405-954-6569

If payment is to be made by electronic funds transfer, Respondents shall contact Marie Bateman or her successor at the above address to receive payment instructions and shall fully comply with

those instructions. Respondents shall accompany payment of the civil monetary penalty obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to: Director, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581; and Chief, Office of Cooperative Enforcement, Division of Enforcement, at the same address.

7. Respondents are permanently prohibited from trading on or subject to the rules of any registered entity, as that term is defined in Section 1a(40) of the Act, as amended by the CRA and Dodd-Frank Act, to be codified at 7 U.S.C. § 1a(40), for their own account, for any account in which they have a direct interest or indirect interest, or for any other account for or on behalf of any other person or entity, whether by power of attorney or otherwise, and all registered entities shall refuse them all privileges.

8. Respondents shall comply with the following conditions and undertakings as specified:

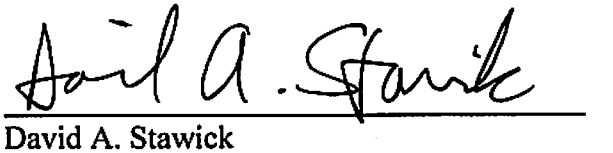
(a) Respondents shall never apply for registration or claim exemption from registration with the Commission, in any capacity, and shall never engage in any activity requiring such registration or exemption from registration with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2010).

(b) Respondents shall never act as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2010)), agent, officer, or employee of any person registered, required to be registered, or exempted from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R § 4.14(a)(9) (2010).

(c) Respondents agree that neither they nor any of their agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order, or creating, or tending to create, the impression that this Order is without a factual basis; *provided, however*, that nothing in this provision shall affect Respondents' (i) testimonial obligations or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement.

The provisions of this Order shall be effective as of this date.

By the Commission.



David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: February 3, 2011