

II. FINDINGS

The Commission finds the following:

A. SUMMARY

Since at least June 2017 through the present (the “Relevant Period”), LegionFX has acted as an unregistered Commodity Trading Advisor (“CTA”) by, for compensation or profit, engaging in the business of advising customers as to the value of or the advisability of trading in off-exchange foreign exchange (“forex”) transactions and held itself out generally to the public as a CTA, in violation of Sections 2(c)(2)(C)(iii)(I)(bb) and 4m(1) of the Commodity Exchange Act, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(bb) and 6m(1) (2012), and Commission Regulation 5.3(a)(3), 17 C.F.R. § 5.3(a)(3) (2017).

B. RESPONDENT

LegionFX, LLC, is a Nevada limited liability company, headquartered in Las Vegas, Nevada. LegionFX has never been registered with the Commission in any capacity.

C. FACTS

During the Relevant Period, LegionFX owned and operated www.legionfx.com, a website that provided specific commodity trading advice, including providing trading signals and educational services, to some of its customers who were not Eligible Contract Participants (“ECPs”).² LegionFX directed customers to open individual trading accounts at specific forex brokerage firms. Customers had the option to either trade their accounts on their own behalf, or link their individual trading accounts to LegionFX’s master percentage allocation money management (“PAMM”) account. Those customers that linked their accounts to the PAMM account signed a limited power of attorney (“LPOA”) document, which authorized the company to trade the individual customers’ funds and thereafter LegionFX executed forex trades on behalf of customers.

III. LEGAL DISCUSSION

By Failing to Register as a Commodity Trading Advisor, Respondent Violated Sections 2(c)(2)(C)(iii)(I)(bb) and 4m(1) of the Act and Commission Regulation 5.3(a)(3)

Section 1a(12) of the Act, 7 U.S.C. § 1a(12) (2012), defines a CTA as “any person who (i) for compensation or profit, engages in the business of advising others, either directly or through publications, writings, or electronic media, as to the value of or the advisability of trading in . . . any contract of sale of a commodity for future delivery.” For purposes of retail forex

² In relevant part, Section 1(a)(18)(xi) of the Act, 7 U.S.C. § 1(a)(18)(xi) (2012), defines an ECP as an individual who has amounts invested on a discretionary basis, the aggregate of which exceeds \$10 million, or \$ 5 million if the individual enters into the transaction to manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred, by the individual.

transactions, Regulation 5.1(e)(1), 17 C.F.R. § 5.1(e)(1) (2017), defines a CTA as “any person who exercises discretionary trading authority . . . over any account for or on behalf of any person that is not an eligible contract participant . . . in connection with retail forex transactions.” Section 1a(18) of the Act, 7 U.S.C. § 1a(18) (2012), defines “eligible contract participant” as an individual who, acting for his own account, has \$10 million invested on a discretionary basis or \$5 million invested on a discretionary for the purpose of hedging.

Section 2(c)(2)(C)(iii)(I) of the Act states in relevant part that, “[a] person, unless registered in such capacity as the Commission by rule, regulation, or order shall determine... shall not –

(bb) exercise discretionary trading authority or obtain written authorization to exercise written trading authority over any account for or on behalf of any person that is not an eligible contract participant in connection with [retail forex transactions] entered into with or to be entered into with a person who is not described in item (aa), (bb), (ee) or (ff) of subparagraph (B)(i)(II)....

Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2012) states in relevant part that:

[i]it shall be unlawful for any commodity trading advisor . . . unless registered under the Act, to make use of the mails or any means or instrumentality of interstate commerce in connection with his business as such commodity trading advisor: *Provided*, That the provisions of this section shall not apply to any commodity trading advisor who, during the course of the preceding twelve months, has not furnished commodity trading advice to more than fifteen persons and who does not hold himself out generally to the public as a commodity trading advisor.

Regulation 5.3(a)(3), 17 C.F.R. § 5.3(a)(3) (2017), states that any person who meets the definition of a CTA set forth in Regulation 5.1(e)(1) must register with the Commission as a CTA.

During the Relevant Period, LegionFX acted as a CTA by making use of the mails or any means of interstate commerce by engaging, for compensation or profit, in the business of advising customers as to the value or advisability of trading in off-exchange forex transactions. LegionFX exercised discretionary trading authority, or obtained or solicited written authorization to exercise discretionary trading authority over accounts of customers who were not ECPs. By failing to register as a CTA, LegionFX violated Sections 2(c)(2)(C)(iii)(I)(bb) and 4m(1) of the Act and Regulation 5.3(a)(3).

IV. FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that, since at least June 2017 through the present, LegionFX violated Sections 2(c)(2)(C)(iii)(I)(bb) and 4m(1) of the Act, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(bb) and 6m(1) (2012), and Regulation 5.3(a)(3), 17 C.F.R. § 5.3(a)(3) (2017).

V. OFFER OF SETTLEMENT

Respondent has submitted the Offer in which it, without admitting or denying the findings and conclusions herein:

- A. Acknowledges receipt of service of this Order;
- B. Admits jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waives:
 - 1. The filing and service of a complaint and notice of hearing;
 - 2. A hearing;
 - 3. All post-hearing procedures;
 - 4. Judicial review by any court;
 - 5. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
 - 6. Any and all claims that it may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2017), relating to, or arising from, this proceeding;
 - 7. Any and all claims that it may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-74 (codified as amended in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this proceeding; and
 - 8. Any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief, including this Order;
- D. Stipulates that the record basis on which this Order is entered consists solely of the findings contained in this Order to which Respondent has consented to in the Offer;

E. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:

1. Makes findings by the Commission that Respondent violated Sections 2(c)(2)(C)(iii)(I)(bb) and 4m(1) of the Act, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(bb) and 6m(1) (2012), and Regulation 5.3(a)(3), 17 C.F.R. § 5.3(a)(3) (2017);
2. Orders Respondent to cease and desist from violating Sections 2(c)(2)(C)(iii)(I)(bb) and 4m(1) of the Act, and Regulation 5.3(a)(3).
3. Orders Respondent to pay a civil monetary penalty in the amount of one hundred and twenty five thousand dollars (\$125,000), plus post-judgment interest; and
4. Orders Respondent and its successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VI of this Order.

Upon consideration, the Commission has determined to accept Respondent's Offer.

VI. ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondent shall cease and desist from violating Sections 2(c)(2)(C)(iii)(I)(bb) and 4m(1) of the Act, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(bb) and 6m(1) (2012), and Regulation 5.3(a)(3), 17 C.F.R. § 5.3(a)(3) (2017);
- B. Respondent shall pay a civil monetary penalty of one hundred and twenty five thousand dollars (\$125,000) ("CMP Obligation"), plus post-judgment interest. Post-judgment interest shall accrue on the CMP 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 (2012).

Respondent shall pay the CMP 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, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
Division of Enforcement
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
(405) 954-6569 office
(405) 954-1620 fax

If payment is to be made by electronic funds transfer, Respondent shall contact Marie Thorne or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondent shall accompany payment of the CMP 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 the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

- C. Respondent and its successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:
1. Public Statements: Respondent agrees that neither it nor any of its successors and assigns, nor agents or employees under its 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 Respondent's: (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondent and its successors and assigns shall undertake all steps necessary to ensure that all of its agents and/or employees under its authority or control understand and comply with this agreement.
 2. Partial Satisfaction: Respondent understands and agrees that any acceptance by the Commission of partial payment of Respondent's CMP Obligation shall not be deemed a waiver of its obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.
 3. Change of Address/Phone: Until such time as Respondent satisfies in full its CMP Obligation as set forth in this Consent Order, Respondent shall provide written notice to the Commission by certified mail of any change to its telephone number and mailing address within ten (10) calendar days of the change.

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

By the Commission.



Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: September 14, 2018