

5. This scheme involved the fraudulent assignment of hundreds of natural gas futures contracts and ultimately caused Proctor to wrongfully suffer losses.

6. Through the conduct described above, Defendant has violated Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2002).

7. Unless restrained and enjoined by this Court, Defendant is likely to continue to engage in the acts and practices alleged in this Complaint and in similar acts and practices, as more fully described below.

8. Accordingly, pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1 (2002), Plaintiff U.S. Commodity Futures Trading Commission (the "Commission") brings this action to enjoin the unlawful acts and practices of Defendant, and to compel his compliance with the provisions of the Act. In addition, the Plaintiff seeks a civil monetary penalty, a permanent trading prohibition, and such other equitable relief as the Court may deem necessary or appropriate.

II.

JURISDICTION AND VENUE

9. The Commodity Exchange Act, as amended, 7 U.S.C. § 1 et. seq. (2002) (the "Act"), prohibits fraud in connection with the trading of commodity futures contracts and establishes a comprehensive system for regulating the purchase and sale of such futures contracts. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which authorizes the Commission to seek injunctive relief against any person whenever it shall appear that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation or order thereunder.

10. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), in that defendant was found in, inhabited, or transacted business in this district, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this district, among other places.

III.

THE PARTIES

A. Plaintiff

11. The U.S. Commodity Futures Trading Commission is an independent federal regulatory agency that is charged with responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1 *et seq.* (2005).

B. Defendant

12. Matthew Doyle resides in Lynbrook, New York.

IV.

STATUTORY BACKGROUND

13. Section 4b(a)(2) of the Act, 7 U.S.C. § 6b(a)(2), provides, in pertinent part, that it is unlawful for any person, in or in connection with any sale of any futures contract of any commodity that is or may be used for hedging or determining the price basis of any transaction or for delivering any commodity in interstate commerce for or on behalf of any other person (i) to cheat or defraud or attempt to cheat or defraud such other person; and (iii) willfully to deceive or attempt to deceive such other person by any means whatsoever in regard to any such order or contract.

14. Section 1a(29) of the Act, 7 U.S.C. § 1a(29), provides in pertinent part that the term “registered entity” means (A) a board of trade designated as a contract market under Section 5 of the Act; (B) a derivatives transaction execution facility registered under Section 5a of the Act; (C) a derivatives clearing organization registered under Section 5b of the Act; and (D) a board of trade designated as a contract market under Section 5f of the Act.

V.

FACTS

A. Background

15. During the relevant time period, NFL, a floor brokerage operation, was located in New York, New York.

16. Proctor owned NFL with another registered floor broker (“other NFL broker”). Proctor was primarily responsible for executing natural gas and other futures contracts on the New York Mercantile Exchange (“NYMEX”) on behalf of NFL customers as well as for himself.

17. Doyle worked as a telephone clerk for NFL. Doyle’s duties, in part, consisted of soliciting customer business, taking customer orders and preparing or helping to prepare order tickets on which he placed or caused to be placed unique customer account identification.

18. Doyle communicated orders primarily to Proctor for execution, confirmed executed orders with customers and assigned trades executed on behalf of customers, Proctor and the other NFL broker. Doyle shared some of his duties with other NFL staff.

B. The Scheme

19. During the relevant time period, Doyle engaged in a scheme in which he fraudulently attempted to assign losing trades to the accounts of The Customers and when that failed, he caused these losing trades to be assigned to Proctor's account.

20. During the relevant time period, Doyle prepared or assisted in the preparation of order tickets for hundreds of natural gas future contracts.

21. Doyle wrote or caused to be written customer account identification for The Customers on each of these tickets.

22. None of The Customers placed any of these orders with NFL, and none gave Doyle or anyone else permission or authority to enter their customer account identification on any of these tickets.

23. If any of these trades had been profitable, Doyle did not intend to assign them to The Customers.

24. Doyle intended for Proctor to execute each of these trades, and Proctor did, in fact, execute each of these trades

25. In giving these orders to Proctor to execute, Doyle knew that Proctor, as the executing broker, would ultimately be responsible for all trades that were not properly assigned to a customer account.

26. After he discovered that offsetting these trades would result in significant losses, Doyle unsuccessfully attempted to assign these losing trades to The Customers.

27. Since the rules of the NYMEX hold the executing broker responsible for all trades that cannot properly be attributed to particular accounts, all of these losing trades that Doyle tried unsuccessfully to assign to the accounts of The Customers ultimately were, in fact, assigned to Proctor's account.

28. Since these losing trades were placed into Proctor's account, Proctor suffered millions of dollars in losses as a result of this scheme.

VI.

VIOLATION OF THE COMMODITY EXCHANGE ACT AND COMMISSION REGULATIONS

COUNT I

Fraud in the Sale of Futures Contracts

29. Paragraphs 1 through 28 are re-alleged and incorporated herein.

30. During the relevant time period, Doyle attempted to cheat, defraud and willfully deceive The Customers and also cheated, defrauded and deceived Proctor, all in violation of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2002).

31. Each material misrepresentation or omission made during the relevant period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2002).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), and pursuant to the Court's own equitable powers:

A. Find that Defendant violated Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i) and (iii) (2002);

B. Enter an order of permanent injunction prohibiting Defendant and any other person or entity associated with him, including any successor thereof, from:

1. engaging in conduct, in violation of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6(a) and 6b(a)(2)(i) and (iii) (2002);

2. soliciting funds for, engaging in, controlling, trading or directing the trading of any commodity futures or options accounts for or on behalf of any other person or entity, or for himself as well, whether by power of attorney or otherwise on any registered entity as defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29) (2002); and

3. applying for registration or seeking exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration, except as provided in Regulation 4.14(a)(9) or acting as an agent or officer of any person registered, exempted from registration or required to be registered with the Commission, except as provided in Regulation 4.14(a)(9).

C. Enter an order directing Defendant to make full restitution plus pre and post-judgment interest to Proctor and/or any other victim who suffered loss as a result of Defendant's acts and practices which constituted violations of the Act, as described herein;

D. Enter an order assessing a civil monetary penalty plus post-judgment interest against Defendant in the amount of not more than the higher of \$130,000 or triple the monetary gain to the Defendant for each violation by the defendant of the Act; and


E. Order such other and further remedial ancillary relief as the Court may deem appropriate.

Dated: August 10, 2006
New York, New York

Respectfully submitted,

ATTORNEYS FOR PLAINTIFF
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COMMISSION

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