

FILED

**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**

MAR 16 2009

**NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING**

In the Matter of:)
)
PRINCETON TRADING ADVISORS)
(NFA ID #374693),)
)
and) NFA Case No. 09-BCC-002
)
DAMION GOPAUL)
(NFA ID #314872),)
)
Respondents.)

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association ("NFA"), and having found reason to believe that NFA Requirements are being, have been or are about to be violated and that the matter should be adjudicated, NFA's Business Conduct Committee issues this Complaint against Princeton Trading Advisors ("Princeton") and Damion Gopaul ("Gopaul").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Princeton was a guaranteed introducing broker ("IB") in West Palm Beach, Florida, guaranteed by Peregrine Financial Group, Inc.
2. At all times relevant to this Complaint, Gopaul was a principal and associated person ("AP") of Princeton.

BACKGROUND

3. In April 2008, NFA received information that Todd Marshall ("Marshall"), a former principal of Sterling International Commodities, had provided the start-up capital for Princeton and another IB, but that neither firm listed Marshall as a principal. Based on this information, NFA commenced an investigation of Princeton and the other IB to determine if Marshall was an undisclosed principal of these firms.
4. On May 28, 2008, NFA staff visited Princeton's offices. As part of the visit, NFA reviewed the firm's personnel roster and cash records to determine if Princeton was including in its personnel roster "ghost APs" – i.e., individuals who did not work for Princeton but were listed as APs of the firm because they had never worked for a Disciplined Firm – to avoid NFA's Enhanced Supervisory Requirements.
5. After reviewing Princeton's roster and cash records, NFA determined that several APs who were listed as current employees had not received any commission income for some time and were, in fact, inactive and should have been terminated by the firm.
6. NFA advised Princeton of its findings, whereupon the firm terminated inactive APs, Ellena Caselli ("Caselli"), Douglas Brackett ("Brackett"), and Richard Mendez ("Mendez"), all of whom had "clean" employment histories, i.e., they had not previously worked at a Disciplined Firm and, therefore, did not count against Princeton in calculating the percentage of the firm's APs who had tainted employment backgrounds for purposes of NFA's Enhanced Supervisory Requirements.

7. NFA requested that Princeton produce a number of financial records, including Gopaul's personal bank records. NFA sought Gopaul's personal bank records so it could determine if Gopaul had received any money from Marshall. At first Princeton balked at producing Gopaul's personal bank records. However, when NFA advised the firm that it would regard its failure to produce Gopaul's personal bank records as a failure to cooperate with NFA in its investigation, the firm relented and produced such records.
8. After reviewing Gopaul's personal bank records, NFA noted a counter deposit to Gopaul's bank account on August 28, 2006 in the amount of \$51,500. (Princeton had applied for registration as an independent IB just six days earlier on August 22, 2006.) Princeton's attorney later acknowledged that the \$51,500 came from a company called Owen Resources, which was owned and operated by Marshall.
9. In reviewing Princeton's financial records and bank statements, NFA noted a number of checks payable to Gopaul and withdrawals made by him from Princeton's bank account. NFA asked Gopaul about these checks and withdrawals, but he claimed not to recall writing these checks or making these withdrawals and he could not explain what they were for. Moreover, none of these checks or withdrawals was deposited in Gopaul's personal bank account.
10. NFA sent Princeton and Gopaul's attorney a letter inquiring about Gopaul's relationship with Owen Resources, any loans or other funds Gopaul received from Owen Resources or Marshall, when those funds were added to the capital of Princeton, the nature of Owen Resources' interest in Princeton, and who was

authorized to write checks on and make withdrawals from Princeton's bank accounts.

11. Princeton and Gopaul's attorney advised NFA that Princeton and Gopaul did not want to answer the questions set forth in NFA's letter and that they did not dispute that Marshall was an unlisted principal of Princeton.
12. Princeton and Gopaul subsequently admitted that Marshall provided all of the capital for Princeton, that Marshall was the de facto owner of Princeton, that Marshall had the power to exercise a controlling influence over Princeton's futures activities – and did in fact exercise a controlling influence over Princeton's futures activities by, among other things, approving the employment and termination of firm personnel, recommending trading strategies, making and implementing management decisions, and overseeing the firm's operations; that Princeton and Gopaul knew that Marshall should have been listed as a principal of Princeton – based on the above activities – but that they failed to list Marshall as a principal to avoid the imposition of NFA's Enhanced Supervisory Requirements, and instead listed Gopaul as the sole principal of Princeton.

APPLICABLE RULES

13. NFA Registration Rule 208(a) provides, in pertinent part, that an applicant for registration as a commodity pool operator (“CPO”) must list with NFA, at the time it files its application, all individuals that are principals of the applicant. Further, within twenty days after an individual becomes a principal of a CPO applicant or registrant, the CPO must list such individual with NFA as a principal.

14. NFA Compliance Rule 2-2(f) provides that no Member or Associate shall willfully submit materially false or misleading information to NFA or its agents.
15. NFA Compliance Rule 2-4 provides that Members and Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their commodity futures business.
16. NFA Compliance Rule 2-5 provides, in pertinent part, that each Member and Associate shall cooperate with NFA in any NFA investigation, inquiry, audit, examination or proceeding regarding compliance with NFA requirements or any NFA disciplinary or arbitration proceeding.

COUNT I

VIOLATION OF NFA REGISTRATION RULE 208: FAILING TO LIST MARSHALL AS A PRINCIPAL.

17. The allegations contained in paragraphs 1 through 13 are realleged as paragraph 17.
18. Princeton failed to list Marshall as a principal of the firm even though Marshall provided all of the firm's capital, was the firm's de facto owner, and had the power to exercise – and did, in fact, exercise – a controlling influence over the firm's futures activities.
19. Princeton and Gopaul knew that Marshall should be listed as a principal of Princeton – based on the above activities – but they failed to list Marshall as a principal to avoid the imposition of NFA's Enhanced Supervisory Requirements, and instead listed Gopaul as the sole principal of Princeton.
20. By reason of the foregoing acts and omissions, Princeton is charged with violations of NFA Registration Rule 208.

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-5: FAILING TO ANSWER QUESTIONS POSED BY NFA AS PART OF ITS INVESTIGATION OF THIS CASE.

21. The allegations contained in paragraphs 1 through 12 and 16 are realleged as paragraph 21.
22. Princeton and Gopaul refused to answer the questions posed by NFA in its letter to their attorney, which is described in paragraph 10, above, concerning Gopaul's relationship with Owen Resources, any loans or other funds Gopaul received from Owen Resources or Marshall, when those funds were added to the capital of Princeton, the nature of Owen Resources' interest in Princeton, and who was authorized to write checks on and make withdrawals from Princeton's bank accounts.
23. By reason of the foregoing acts and omissions, Princeton and Gopaul are charged with violations of NFA Compliance Rule 2-5.

COUNT III

VIOLATION OF NFA COMPLIANCE RULES 2-2(f) AND 2-4: MISREPRESENTING TO NFA THAT GOPAUL WAS THE SOLE PRINCIPAL OF THE FIRM; FAILING TO DISCLOSE TO NFA THAT MARSHALL WAS THE REAL PRINCIPAL OF THE FIRM; AND FAILING TO FILE WITHDRAWAL NOTICES FOR SEVERAL APS, WHO WERE NO LONGER EMPLOYED BY THE FIRM, SO AS TO INFLATE THE NUMBER OF THE FIRM'S APS WHO HAD NOT PREVIOUSLY WORKED AT A DISCIPLINED FIRM, IN ORDER TO AVOID TRIGGERING NFA'S ENHANCED SURVEILLANCE REQUIREMENTS.

24. The allegations contained in paragraphs 1 through 12, 14, and 15 are realleged as paragraph 24.

25. Princeton and Gopaul misrepresented to NFA, in registration filings and other documents submitted to NFA, as well as during audits of Princeton, that Gopaul was the sole principal of the firm, which Princeton and Gopaul knew was untrue.
26. Princeton and Gopaul knew that Marshall was the real principal of the firm but they failed to disclose this to NFA.
27. Princeton also included in its roster of active APs several "ghost APs," viz., Caselli, Brackett, and Mendez, none of whom was still employed by the firm.
28. Princeton listed Caselli, Brackett, and Mendez as APs to avoid NFA's Enhanced Supervisory Requirements, as none of them had previously worked at a Disciplined Firm and, therefore, did not count against Princeton in calculating the percentage of the firm's APs who had tainted employment backgrounds for purposes of the Enhanced Supervisory Requirements.
29. By reason of the foregoing acts and omissions, Princeton and Gopaul are charged with violations of NFA Compliance Rules 2-2(f) and 2-4.

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty days of the date of the Complaint. The Answer shall respond to each allegation in the Complaint by admitting, denying or averring that you lack sufficient knowledge or information to admit or deny the allegation. An averment of insufficient knowledge or information may only be made after a diligent effort has been made to ascertain the relevant facts and shall be deemed to be a denial of the pertinent allegation.

The place for filing an Answer shall be:

National Futures Association
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org
Facsimile: 312-781-1672

Failure to file an Answer as provided above shall be deemed an admission of the facts and legal conclusions contained in the Complaint. Failure to respond to any allegation shall be deemed an admission of that allegation. Failure to file an Answer as provided above shall be deemed a waiver of hearing.

POTENTIAL PENALTIES, DISQUALIFICATION AND INELIGIBILITY

At the conclusion of the proceedings conducted as a result of or in connection with the issuance of this Complaint, NFA may impose one or more of the following penalties:

- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$250,000 for each violation found; and
- (e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

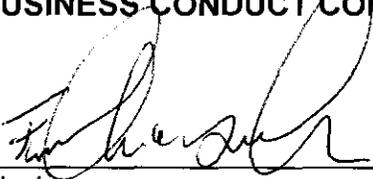
The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respondents in this matter who apply for registration in any new capacity, including as an

associated person with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of Commodity Futures Trading Commission ("CFTC") Regulation 1.63 penalties imposed in connection with this Complaint may temporarily or permanently render Respondents who are individuals ineligible to serve on disciplinary committees, arbitration panels and governing boards of a self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Dated: 3-16-09

By: 
Chairperson

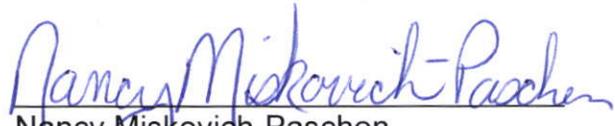
m/rvh/Princeton(Complaint)

AFFIDAVIT OF SERVICE

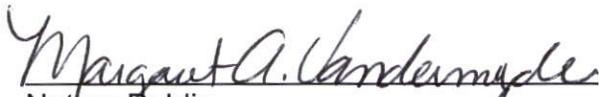
I, Nancy Miskovich-Paschen, on oath state that on March 16, 2009, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

Damion Gopaul
1321 West Indies Way
Lantana, FL 33462

Princeton Trading Advisors
224 Datura Street
#915
West Palm Beach, FL 33401
Attn: Ari Cohen


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 16th day of March 2009.


Notary Public

