

NATIONAL FUTURES ASSOCIATION  
BEFORE THE  
MEMBERSHIP COMMITTEE

FILED

JUL 22 2009

NATIONAL FUTURES ASSOCIATION  
LEGAL DOCKETING

In the Matter of: )  
)  
SG COMMODITIES LLC ) NFA Case No. 09-REG-004  
(NFA ID #384687), )  
)  
Registrant. )

**FINAL ORDER REVOKING REGISTRATION**

Pursuant to National Futures Association (NFA) Registration Rule 504(b)(4), a designated Subcommittee of NFA's Membership Committee hereby issues this Final Order Revoking Registration (Final Order) to SG Commodities LLC (SG Commodities) for the reasons set forth below.

I

**FACTUAL FINDINGS**

SG Commodities is registered with the Commodity Futures Trading Commission (CFTC or Commission) as a commodity trading advisor (CTA) pursuant to Section 4m of the Commodity Exchange Act ("Act"), 7 U.S.C. § 6m (2000). James S. Gossett (Gossett) is the sole principal of SG Commodities.

On April 29, 2009, NFA issued a Notice of Intent to Suspend and thereafter Revoke Registration (Notice of Intent) to SG Commodities. The Notice of Intent alleged that on December 11, 2008, the Financial Industry Regulatory Authority (FINRA) barred Gossett from association with any FINRA member in any capacity, in connection with FINRA Case No. 2007008653501.

The Notice of Intent also alleged that the fact that FINRA barred Gossett from association with any FINRA member in any capacity disqualifies Gossett from

registration under Section 8a(3)(J) of the Act, 7 U.S.C. § 8a(3)(J) (2000), pursuant to which his registration may be suspended, conditioned, or revoked under Section 8a(4) of the Act, 7 U.S.C. § 12a(4) (2000).

The Notice of Intent charged that the fact that Gossett is a principal of SG Commodities and his registration may be suspended, conditioned, or revoked under Section 8a(4) of the Act, disqualifies the firm from registration under Section 8a(3)(N) of the Act, 7 U.S.C. § 12a(3)(N) for having an unfit principal.

Moreover, the Notice of Intent alleged that Gossett willfully failed to update his registration record while a principal of SG Commodities to disclose the material fact that FINRA had barred him from association with any FINRA member in any capacity.

The Notice of Intent also alleged that the fact that Gossett willfully failed to update his registration record to disclose the material fact that FINRA barred him from association with any FINRA member in any capacity disqualifies Gossett from registration under Section 8a(2)(G) of the Act, 7 U.S.C. § 12a(2)(G) (2000), pursuant to which his registration may be revoked.

Therefore, the Notice of Intent charged that because Gossett is a principal of SG Commodities and his registration may be suspended, conditioned, or revoked under Section 8a(2)(G) of the Act, the firm is disqualified from registration under Section 8a(2)(H) of the Act, 7 U.S.C. § 12a(2)(H), for having an unfit principal.

NFA served the Notice of Intent on SG Commodities and informed the firm of its right to file within twenty days a written response thereto, and to submit written evidence challenging the accuracy of the allegations set forth therein. The Notice of Intent also informed SG Commodities that failure to timely file a written response to the Notice of Intent shall be deemed a waiver of the right to submit such a response, and the facts stated in the Notice of Intent shall be deemed true for the purpose of finding

that SG Commodities is disqualified from registration under Sections 8a(3) and 8a(2) of the Act.

The Notice of Intent further advised SG Commodities that based upon a finding that the Notice of Intent was properly served in accordance with NFA Registration Rule 502 and upon evidence of the statutory disqualifications alleged in the Notice of Intent, NFA's Membership Committee or its designated Subcommittee shall enter a Final Order revoking the firm's registration. To date, however, SG Commodities has failed to file a written submission in response to the Notice of Intent.

After reviewing the Notice of Intent, the affidavit of service, the affidavit of Myra Lewis concerning service of the Notice of Intent and the evidence establishing SG Commodities' statutory disqualifications, this Subcommittee finds that SG Commodities was properly served with the Notice of Intent in accordance with NFA Registration Rule 502.

## II

### CONCLUSIONS OF LAW

Section 8a(3)(N) of the Act, in pertinent part, authorizes NFA to refuse to register or to register conditionally any person, if it is found, after opportunity for hearing, that any principal of such person has been or could be refused registration.

After reviewing the undisputed evidence in the record, the Subcommittee finds that the fact that FINRA barred Gossett from association with any FINRA member in any capacity in FINRA Case No. 2007008653501 disqualifies SG Commodities from registration under Section 8a(3)(N) of the Act, pursuant to which its registration may be revoked.

Section 8a(2)(H) of the Act authorizes NFA to revoke the registration of any person because of a statutory disqualification listed in Section 8a(2) of the Act.

After reviewing the undisputed evidence in the record, the Subcommittee finds that the fact that Gossett willfully failed to update his registration record to disclose the material fact that FINRA barred him from association with any FINRA member disqualifies SG Commodities from registration under Section 8a(2)(H) of the Act for having an unfit principal.

Despite the fact that SG Commodities was properly served with the Notice of Intent in accordance with NFA Registration Rules, SG Commodities has failed to respond. Consequently, the record contains no evidence to rebut the presumption of unfitness arising from its statutory disqualifications. This Subcommittee therefore finds that SG Commodities has failed to prove by a preponderance of the evidence that its registration would pose no substantial risk to the public. Under such circumstances, based upon the uncontroverted evidence of SG Commodities' disqualifications and upon a finding that the Notice of Intent was properly served, this Subcommittee hereby orders that SG Commodities' CTA registration be revoked.

### III

#### APPEAL

This Final Order shall be effective thirty days after it is served on SG Commodities as prescribed by Commission Regulation 171.9. SG Commodities may appeal this Final Order to the Commission under Commission Regulation 171.23 by filing a Notice of Appeal with the Commission within 35 days after this Final Order is mailed. Under Commission Regulation 171.22, SG Commodities may petition the Commission to stay the effective date of this Final Order by filing a petition with the Commission within fifteen days after this Final Order is mailed.

Dated: 7/22/09

By: Mark J. Hawley  
Chairman of the Subcommittee

## AFFIDAVIT OF SERVICE

I, Myra Lewis on oath state that on July 22, 2009, I served copies of the attached Final Order Revoking Registration, by placing such copies in the United States mail, postage prepaid, certified mail, return receipt requested, and by regular mail, first-class delivery, in envelopes addressed as follows:

David Stawick, Secretariat  
Office of the Secretariat  
Commodity Futures Trading  
Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Richard Foelber, Chief  
Office of Cooperative Enforcement  
Commodity Futures Trading  
Commission  
Three Lafayette Centre  
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Washington, DC 20581

William Penner, Deputy Director  
Compliance & Registration  
Commodity Futures Trading  
Commission  
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Tempest Thomas  
Office of Proceedings  
Commodity Futures Trading  
Commission  
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1155 21st Street, NW  
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James S. Gossett  
6916 Crystal Falls Drive  
Plano, TX 75024


SG Commodities LLC  
6860 N. Dallas Parkway  
Suite 200  
Plano, TX 75024

James S. Gossett  
6860 N. Plano Parkway  
Plano, TX 75024

Attn: James S. Gossett  
President

  
\_\_\_\_\_  
Myra Lewis

Subscribed and sworn to before me  
on this 22<sup>nd</sup> day of July 2009.

  
\_\_\_\_\_  
Notary Public

