

UNITED STATES OF AMERICA
before the
COMMODITY FUTURES TRADING COMMISSION

Los Angeles Trading Group, Inc.,
Complainant,

vs.

Docket No. 06-R026

Peregrine Financial Group, Inc.,
et al.,
Respondents.

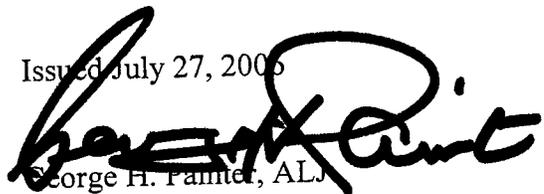
DISMISSAL FOR CAUSE

The Complainant and all of the Respondents have one thing in common: they are all members of the National Futures Association (NFA), a self regulatory entity. The NFA requires, absent circumstances not present in the instant case, that disputes between members be arbitrated pursuant to NFA arbitration rules. Complainant initially sued the Respondents in the Superior Court of Los Angeles County. The Superior Court determined that the parties were bound to arbitrate the matter, and let the parties know that the case would be dismissed. Complainant then voluntarily withdrew its complaint in the Superior Court. Rather than initiate an arbitration proceeding with NFA, Complainant filed this reparations claim.

The claim filed in this forum does not involve a customer claim against a registered entity. It does involve a contractual dispute between members of the NFA. This forum lacks jurisdiction to adjudicate private contractual disputes. In *Pal V. Reifler Trading Corporation*, Com. Fut. L. Rep (CCH) paragraph 27,273, the ALJ held that there is nothing in the Commodity Exchange Act or implementing regulations granting the Commission explicit or implicit authority to enforce private agreements. That holding has not been reviewed by the Commission.

This forum lacks jurisdiction to adjudicate disputes between members of the National Futures Association. Having failed to state a cause of action under Section 14 of the Commodity Exchange Act, this matter is DISMISSED. All motions not ruled on heretofore are DENIED.

Issued July 27, 2006


George H. Painter, ALJ

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