

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

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Office of Proceedings
Proceedings Clerk

12:38 pm, Sep 30, 2014

In the Matter of)
)
)

Zero Chaos Advisors, LLC and)
Ronald Edward Fisher)

Respondents.)
)
)

CFTC Docket No. SD 14-04

**NOTICE OF INTENT TO DENY REGISTRATION PURSUANT
TO SECTIONS 8a(3)(D), 8a(3)(G), 8a(3)(M), AND 8a(3)(N)
OF THE COMMODITY EXCHANGE ACT**

I.

The Commodity Futures Trading Commission (“Commission”) has received information from its staff that tends to show, and the Commission’s Division of Enforcement (“Division”) alleges and is prepared to prove, that:

1. Zero Chaos Advisors, LLC (“Zero Chaos”) is a Georgia limited liability corporation with its principal place of business at 4095 Shawnee Lane, Brookhaven, Georgia 30319. Zero Chaos provides investment advice in a number of areas including the futures markets. On March 2, 2014, Zero Chaos applied for registration with the Commission as a commodity trading advisor (“CTA”). Zero Chaos previously applied for registration with the Commission in March 2010.

2. Ronald Edward Fisher (“Fisher”) is a Georgia resident. Fisher is Zero Chaos’s founder, sole shareholder, and president. On March 2, 2014, Fisher applied for registration with the Commission as a principal and associated person (“AP”) of Zero Chaos. Fisher previously applied for registration with the Commission in March 2010.

3. On September 16, 1997, the U.S. Attorney's Office for the Southern District of New York filed a criminal complaint charging Fisher with felony bank fraud, a violation of 18 U.S.C. § 1344. See *United States v. Ronald Fisher*, 1:97-cr-01081-SS, Docket No. 1 ("criminal complaint"). The criminal complaint alleged that an internal investigation conducted by his employer, Citibank N.A. ("Citibank"), revealed that Fisher had embezzled \$1,126,284.90 from a Citibank account on May 2, 1997 by wire transferring its funds to an account he controlled at another bank. The criminal complaint alleged that Fisher confessed after being confronted by Citibank personnel. Fisher was fired by Citibank for his conduct.

4. On October 15, 1997, the U.S. Attorney's Office filed an indictment in the United States District Court for the Southern District of New York charging Fisher with two counts of felony bank fraud, 18 U.S.C. § 1334. *United States v. Ronald Fisher*, 1:97-cr-01081-SS, Docket No. 5 ("indictment"). Fisher was charged in the indictment with "unlawfully, willfully, and knowingly" embezzling, abstracting, purloining, and misapplying money, funds, and credits of Citibank of approximately \$1,126,284 for the May 2, 1997 wire transfer. An additional count in the indictment added allegations that that Fisher "unlawfully, willfully, and knowingly did embezzle, abstract, purloin and misapply" 980,000 American Depositary Shares of Imperial Tobacco Group PLC with a market value of \$12,295,080 by transferring the shares into an account in his own name.

5. On February 17, 1998, Fisher pled guilty to two counts of felony bank embezzlement, 18 U.S.C. § 656. *United States v. Ronald Fisher*, 1:97-cr-01081-SS, Docket No. 13. During his plea, Fisher admitted the allegations in the indictment and stated, under penalty of perjury, that he knew his conduct was wrongful or illegal when he stole Citibank's money and securities. *United States v. Ronald Fisher*, 1:97-cr-01081-SS, Docket No. 12, pp.15-16.

6. On June 3, 1998, Fisher was sentenced to sixty-three months in prison and five years of supervised release, and he was ordered to pay restitution of \$74,000, the amount Citibank failed to recover from him. *United States v. Ronald Fisher*, 1:97-cr-01081-SS, Docket No. 14 (“criminal judgment”). In sentencing Fisher to the maximum allowed under the sentencing guidelines, the Court found that Fisher had abused his position of trust at the bank and that his crime was “particularly heinous” due to the large amount of money he stole from Citibank. *United States v. Ronald Fisher*, 1:97-cr-01081-SS, Docket No. 21, p. 8.

7. On March 21, 2010, Fisher submitted an individual application through the National Futures Association (“NFA”) online system in order to become a principal and AP of Zero Chaos. In his application, Fisher failed to disclose that he had violated “any statute, rule, regulation or order which involves embezzlement, theft, extortion, fraud, fraudulent conversion . . . or misappropriation of funds, securities or property.” NFA Individual Application Verified March 21, 2010, Regulatory Disclosures E (p. 15). He also failed to disclose that he had been discharged from his job as the result of allegations of “embezzlement, theft, extortion, fraud, fraudulent conversion . . . or misappropriation of funds, securities or property.” NFA Individual Application Verified March 21, 2010, Employment Disclosures L (p. 18).

8. On March 30, 2010, Fisher submitted a statement to NFA in response to a request from NFA for additional information on his felony conviction. In the statement, Fisher denied facts that he had admitted during his plea allocution, including that he knew his conduct was wrongful or illegal at the time he stole from Citibank, and he failed to inform NFA that he spent at least \$650,000 of the \$1.1 million in cash that he stole on himself and his family. *United States v. Ronald Fisher*, 1:97-cr-01081-SS, Docket No. 21, pp. 12-13.

9. In that statement, Fisher attempted to negate the intentional *mens rea* of his guilty plea by claiming that he only temporarily took the cash and securities to reduce the number of

unreconciled items that he and his superior had to deal with while he and his colleagues attempted to locate the owner of the cash and securities. He stated that his reason for taking the cash and securities was simply to get his “superior off my back” and that it was his “intention to leave it there until someone claimed it.” Fisher claimed that he was guilty of bank embezzlement only because he “did not obtain the express authorization from a banking officer [at Citibank] before transferring securities and cash” into his own name. Statement dated March 30, 2010 by Ronald Fisher to NFA.

10. In the statement dated March 30, 2010, Fisher also mischaracterized how Citibank discovered his wrongdoing. The criminal complaint alleged that Citibank learned of Fisher’s embezzlement when an internal investigation determined that Fisher had fraudulently transferred over \$1.1 million to an account he controlled. *United States v. Ronald Fisher*, 1:97-cr-01081-SS, criminal complaint ¶ 7. In his statement, however, Fisher claimed that he notified his superior in September 1997 when a Citibank customer inquired about his missing cash and securities. Statement dated March 30, 2010 by Ronald Fisher to NFA.

11. Zero Chaos’s application for registration and Fisher’s individual application for registration filed March 21, 2010 were subsequently withdrawn.

12. In March 2014, using NFA’s online system, Fisher again submitted a registration application for Zero Chaos and an individual application to become a principal and AP of Zero Chaos. In his application, Fisher again failed to disclose that he violated “any statute, rule, regulation or order which involves embezzlement, theft, extortion, fraud, fraudulent conversion . . . or misappropriation of funds, securities or property.” NFA Individual Application Verified March 2, 2014, Regulatory Disclosures E (p. 15).

13. Further, Fisher’s employment history is inconsistent on the two applications he submitted for registration with the Commission. The application Fisher submitted to NFA on

March 21, 2010 listed Zero Chaos as his employer from January 2002 until March 2010 and stated that he was unemployed from January 2000 to December 2002 (thus he was both unemployed and employed by Zero Chaos during 2002). The application Fisher submitted to NFA on March 2, 2014 listed the Ritz Carlton Hotel Company as his sole employer from January 2004 to December 2006 – not Zero Chaos as listed on his March 21, 2010 application – and listed Zero Chaos as his employer from January 2007 until March 2014. Although he provided conflicting information, Fisher certified that the answers and information provided in both applications are “true, complete and accurate,” that “the answers and statements . . . are not misleading in any material respect,” and that he was aware that he could be “subject to the imposition of criminal penalties under Section 9(a) of the Act and 18 U.S.C. § 1001 for any false statement or omission.”

14. Section 8a(3)(D) of the Commodity Exchange Act, as amended (the “Act”), 7 U.S.C. § 12a(3)(D) (2012), provides that the Commission may deny registration to any person if it is found, after opportunity for a hearing, that such person was convicted of a felony involving embezzlement, theft, extortion, fraud, fraudulent conversion, misappropriation of funds, securities, or property more than ten years prior to the filing of the application for registration.

15. Section 8a(3)(G) of the Act, 7 U.S.C. § 12a(3)(G) (2012), provides that the Commission may deny registration to any person if it is found, after an opportunity for a hearing, that such person has willfully made any material false or misleading statement or willfully omitted to state any material fact in that person’s application.

16. Section 8a(3)(M) of the Act, 7 U.S.C. § 12a(3)(M) (2012), provides that the Commission may deny registration to any person if it is found, after an opportunity for a hearing, that there is other good cause.

17. Section 8a(3)(N) of the Act, 7 U.S.C. § 12a(3)(N) (2012), provides that the Commission may refuse to register or register conditionally any person if it is found, after

opportunity for a hearing, that any principal of such person has been or could be refused registration.

18. The facts set forth above constitute a valid basis for the Commission to deny Zero Chaos's registration as a CTA and Fisher's registration as a principal and AP of Zero Chaos.

II.

19. Pursuant to Commission Regulation 3.60(a), 17 C.F.R. § 3.60(a) (2013), Zero Chaos and Fisher are hereby notified that a public proceeding shall be conducted on the following questions:

(a) Whether Fisher is subject to statutory disqualification from registration under Sections 8a(3)(D), (G), and (M), 7 U.S.C. § 12a(3)(D), (G), and (M) (2012), as set forth in Section I above;

(b) Whether Zero Chaos is subject to statutory disqualification from registration under Section 8a(3)(N), 7 U.S.C. § 12a(3)(N) (2012), as set forth in Section I above;

(c) If the answer to question (a) or (b) is affirmative, then whether the registration of Zero Chaos as a CTA and the registration of Fisher as a principle and AP should be denied.

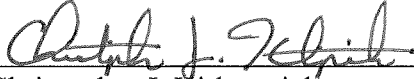
20. Such proceeding shall be held before an Administrative Law Judge in accordance with Commission Regulations 3.60 and 10.8, 17 C.F.R. §§ 3.60 and 10.8 (2013), and all post-hearing procedures shall be conducted pursuant to Commission Regulations 3.60(i)-(j), 17 C.F.R. §§ 3.60(i)-(j) (2013).

21. In accordance with the provisions of Commission Regulation 3.60(a)(3), 17 C.F.R. § 3.60(a)(3) (2013), Zero Chaos and Fisher are entitled to file a response challenging the evidentiary bases of the statutory disqualification or show cause why, notwithstanding the accuracy of the allegations, their registrations should not be revoked, suspended, or restricted.

Such response must be filed with the Proceedings Clerk, Office of Proceedings, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and served upon Karin N. Roth, Senior Trial Attorney, Division of Enforcement, 140 Broadway, 19th Floor, New York, NY, 10005, within thirty (30) days after the date of service of this Notice upon Zero Chaos and Fisher, in accordance with the provisions of Commission Regulation 3.60(b), 17 C.F.R. § 3.60(b) (2013). If Zero Chaos and Fisher fail to file a timely response to this Notice, the allegations set forth herein shall be deemed to be true, and the Administrative Law Judge or the Presiding Officer may issue an Order of Default in accordance with the provisions of Commission Regulation 3.60(g), 17 C.F.R. § 3.60(g) (2013).

III.

22. The Proceedings Clerk shall serve this Notice of Intent to Deny the Registration of Zero Chaos Advisors, LLC and Ronald Edward Fisher in accordance with Commission Regulation 3.50, 17 C.F.R. § 3.50 (2013), or by any other means permitted under the Act or Commission Regulations.



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

Dated: September 30, 2014