U.S. COMMODITY FUTURES TRADING COMMISSION
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www.cftc.gov

Office of Proceedings

MEHRIYA RAZAKI, Complainant, v. MEGHAN BATOR, ALAKESH "ALEX" DHOLAKIA, and RANDOLPH J. GINSBERG INTRODUCING BROKERAGE, INC., d/b/a R.J. GINSBERG COMMODITIES, Respondents.	*	CFTC Docket No. 10-R030

DEFAULT ORDER (R.J. Ginsberg Commodities)

R.J. Ginsberg Commodities has ceased to cooperate with its counsel Gary Sinclair,[1] and has not responded to the Default Notice dated November 15, 2011.[2] Thus, R.J. Ginsberg Commodities appears to have ceased to participate in this proceeding. Pursuant to CFTC rule 12.201(f), R.J. Ginsberg Commodities' abandonment of its defense is deemed to be a default.

R.J. Ginsberg Commodities' default constitutes an admission of the allegations in the complaint. Accordingly, it is hereby concluded:

> One, that an agent of R.J. Ginsberg Commodities violated Sections 4b(a)(2)(A) and 4c(b) of the Commodity Exchange Act, and CFTC rule 33.10(a)(B)

[1] By order dated November 10, 2011, Sinclair's request to withdraw as counsel for R.J. Ginsberg Commodities was granted. Around the time that Sinclair filed his request the National Futures Association permanently barred R.J. Ginsberg Commodities for fraudulent sales practices. *In re Ralph J. Ginsberg Introducing Brokerage, Inc., et al.*, NFA case No. 11-BCC-009, Decision (October 18, 2011). [http://www.nfa.futures.org/BasicNet/Case.aspx?entityid=0259174&case=11BCC00009&contrib=NFA]

[2] The November 15th Default Notice informed R.J. Ginsberg Commodities that its failure to cooperate with its counsel constituted an abandonment of its defense and thus was grounds for finding it in default. In addition, by separate order also dated November 15, 2011, respondents Bator and Dholakia were put on notice that the joint answer was deficient, and thus were directed to perfect their portions of deficient joint answer.

during the solicitation and trading of Razaki's account: one, by making baseless guarantees of tremendous profits and by falsely representing that R.J. Ginsberg Commodities customers typically enjoyed tremendous profits;[3] two, by grossly mischaracterizing the expertise and experience of her co-broker;[4] three, by otherwise failing to provide a fair, accurate and complete disclosure of the specific risks and costs associated with the trading strategies recommended by R.J. Ginsberg Commodities; four, by disregarding Razaki's instruction to cease trading; five, by exercising trading authority over Razaki's account without obtaining an executed power of attorney; and six, by engaging in patently aggressive trading with no discernible rationale beyond maximizing the number of trades in order to generate excessive commissions for herself, her co-broker and her employer, to the detriment of Razaki's best interests.[5]

Two, that a second agent of R.J. Ginsberg Commodities perpetuated the fraud of the first agent and violated Sections 4b(a)(2)(A) and 4c(b) of the Commodity Exchange Act, and CFTC rule 33.10(a)(B): one, by lulling Razaki into maintaining her account with a combination of deceptions, false statements and omissions of material facts about the risk and profitability associated with the trading strategies recommended by R.J. Ginsberg Commodities and about his expertise and experience; two, by disregarding Razaki's instruction to cease trading; three, by exercising trading authority over Razaki's account without obtaining an executed power of attorney; and four, by engaging in patently aggressive trading with no discernible rationale beyond maximizing the number of trades in order to generate excessive commissions for the benefit of himself, his co-broker and his employer and to the detriment of Razaki's best interests.

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[3] In 2007: 45 customer accounts were opened at R.J. Ginsberg; just 12 customer accounts realized an overall net profit; customer accounts realized aggregate net losses totaling $451,076; and $368,196 in commissions and fees were charged to customer accounts. In 2008: 92 customer accounts were opened R.J. Ginsberg accounts; just 10 customer accounts realized an overall net profit; customer accounts realized aggregate net losses totaling $558,496; and $631,183 in commissions and fees were charged to customer accounts. In 2009: 70 customer accounts were opened at R.J. Ginsberg; just one account realized an overall net profit; customer accounts realized aggregate net losses totaling $450,881; and $424,537 in commissions and fees were charged to customer accounts. In the first four months of 2010, $153,861 in commissions and fees were charged to customer accounts. [Farr Financial affidavit dated December 9, 2011, produced in reply to *sua sponte* subpoena.]

[4] At the relevant time, the second agent, Alex Dholakia: one, had been disciplined by the NFA for financial and supervisory violations (*In re First Energy Investments, Inc., et al.*, NFA case number 93-BCC-12 (Decision January 19, 1994); had been named in nine reparations cases; and since 1981, had worked for a series of firms, almost all of which had been disciplined for fraudulent sales and trading activity, including: Barkley Financial Corp., Chicago Commodities, Chilmark Commodities Corp., Concorde Trading Group, Cromwell Financial Services, Diversified Trading Systems, Dunhill Investments Corp., First Commodity Corp. of Boston, First Sierra Corp., FSG International, Universal Commodity Corp., and the Winner Group. [NFA records.]

[5] This violation is colloquially known as churning.

Three, that the principals of R.J. Ginsberg Commodities violated CFTC rule 166.3, by failing to adequately supervise the conduct of the two agents.[6]

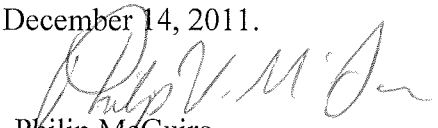
Four, that R.J. Ginsberg Commodities is liable for the violations listed above pursuant to Section 2(a)(1)(B) of the Act.

Generally, the measure of damages for churning is the amount of commissions charged, which in this case is $5,744; and the measure of damages for fraudulent solicitation and fraudulent lulling is the out-of-pocket losses, which in this case is $13,000. However, cumulative windfall damages may not be awarded. Therefore, the default award will be based on the greater of these amounts. Accordingly, R.J. Ginsberg Commodities is ordered to pay to Mehriya Razaki reparations of $13,000, plus interest on that amount at 0.13 percent compounded annually from May 6, 2010, to the date of payment, plus $50 in costs for the filing fee.

The parties should note that R.J. Fitzgerald Commodities' default, by itself, does not establish the liability of respondents Dholakia and Bator.

This default notice will be served on R.J. Ginsberg Commodities at the last address that it provided the NFA for service of reparations documents.[7] Courtesy copies of this default notice will also be served on the currently listed principal of the firm, Cynthia A. Donahue, as well as the three individuals who were listed principals during the relevant time, Brian Donahue, Randolph J. Ginsberg, and Jeffrey B. Jenkins.

Dated December 14, 2011.



Philip McGuire,
Judgment Officer

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[6] The vast majority -- 36 of 44 -- of the individuals hired to be registered associated persons with R.J. Ginsberg over the life of the firm had previously been registered as associated persons with firms, or strings of firms, that had previously been disciplined by the National Futures Association or the CFTC for fraudulent sales and trading activities. Such brokers are colloquially known as "tainted." Similarly, the vast majority --11 of 15 -- of the registered associated persons working for R.J. Ginsberg in 2010 – including, as noted above, Alex Dholakia -- were "tainted." [NFA records.]

[7] *See* CFTC rule 3.30 which requires registrants to maintain with the NFA a current address for service of documents from the CFTC, while registered and for two years after termination of registration.