

Commodity Futures Trading Commission (CFTC) Settles Fraudulent Trading Violations with Forex Trader

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The Commodity Futures Trading Commission accepted an offer of settlement submitted by the owner of **Peak Capital Group, Inc., Scott Beatty**, in anticipation of an administrative proceeding resulting from Beatty's alleged violations of the **Commodity Exchange Act (CEA)** and other CFTC regulations. According to the CFTC, Beatty solicited foreign investors and received \$825,000 from at least 49 different Japanese citizens to trade leveraged, margined or financed foreign currency contracts (forex). Beatty purportedly misrepresented his earnings to customers, claiming returns as high as 43.9 percent when, in fact, Beatty had been using the submitted funds for personal use. Additionally, to facilitate his ongoing fraud, Beatty made false statements to the CFTC, stating that Peak Capital had been out of business since 2010, and that the company's website was only a template copy of the website for his construction company.

Under **Sections 4b(a)(2)(A) and (C) of the CEA**, it is unlawful to engage in all manner of fraud in connection with forex transactions, including solicitation and misappropriation. To prove a CEA violation under these sections, the CFTC must show that the violator knowingly made a material misrepresentation.

In contrast to the recent push by the Securities and Exchange Commission and court scrutiny of similar settlements, the CFTC allowed Beatty to neither admit nor deny its findings, perhaps recognizing the important tool regulators have in offering such settlements. Beatty agreed to settle for \$1,641,000 in combined restitution and civil penalties, and additionally agreed to: (i) cease and desist from any ongoing violations and (ii) be permanently prohibited from engaging in trading under any registered entities.

[In the Matter of Beatty](#), No. 14-34 (CFTC Sept. 30, 2014).

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