

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of)

MELROSE ASSET MANAGEMENT)
CORPORATION)

Registrant.)

CFTC DOCKET NO. SD 04-10

OFFICE OF PROCEEDINGS
PROCEEDINGS CLERK

2004 SEP 29 A 10:05

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**NOTICE OF INTENT TO SUSPEND, REVOKE, OR RESTRICT REGISTRATIONS OF
MELROSE ASSET MANAGEMENT CORPORATION AS A COMMODITY POOL
OPERATOR AND A COMMODITY TRADING ADVISOR**

I.

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

1. Melrose Asset Management Corporation ("Melrose") is an Illinois Corporation with a former address of 141 West Jackson Boulevard Chicago, Illinois 60604. It is under receivership pursuant to court order in the case *CFTC v. John M. Lofgren, et al.*, No. 02C 6222 (N.D. Ill.).

The Receiver's name and address are Stephen T. Bobo, Sachnoff & Weaver, Ltd., 30 South Wacker Drive, Suite 2900, Chicago, Illinois 60606.

2. Since 1998, Melrose has been registered with the Commission as a commodity trading advisor ("CTA") and since 1999 as a commodity pool operator ("CPO"), pursuant to Section 4m of the Act, 7 U.S.C. § 6m (2002).

3. On August 30, 2002, the Commission filed a complaint against John M. Lofgren and Melrose in the above-noted injunctive action. The Commission filed an amended complaint in that action on March 15, 2004.

4. On August 30, 2004, the court entered a *Consent Order of Permanent Injunction and Other Equitable Relief Against Defendants John M. Lofgren and Melrose Asset Management Corporation* (“Consent Order”). The Consent Order permanently enjoins Lofgren and Melrose from:

- a. violating of Sections 4b(a)(2), 4c(b), 4o(1)(B), and 6(c) of the Act, 7 U.S.C. §§ 6b(a)(2), 6c(b), 6o(1), and 9 (2002); and Commission Regulations 4.7(b)(3), 4.22(h) and 33.10 (2004).
- b. participating in the futures industry in any registered or exempt capacity except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2004);
- c. trading on or subject to any registered entity and engaging in, controlling directing or accepting funds for the trading of any futures or options accounts for or on behalf of any other person or entity, whether by power of attorney or otherwise.

5. The facts set forth in paragraphs 3 and 4 above constitute a basis for statutory disqualification from registration under Sections 8a(2)(C) and (E) of the Act, 7 U.S.C. §§ 12a(2)(C) and (E), pursuant to which the current registrations of Melrose may be suspended, restricted or revoked.

II.

Pursuant to Commission Regulation 3.60(a), 17 C.F.R. § 3.60(a) (2004), Melrose is hereby notified that a public proceeding shall be conducted in accordance with the provisions of Commission Regulation 3.60, 17 C.F.R. § 3.60 (2004), on the following questions:

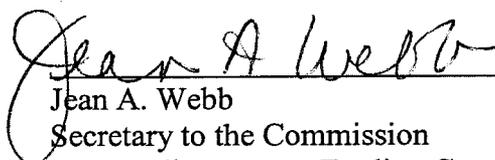
1. Whether Melrose is subject to statutory disqualification under Sections 8a(2)(C) and (E) of the Act, as set forth in Section I, above; and
2. If the answer to question 1 is affirmative, whether the registrations of Melrose as a CTA and a CPO should be conditioned, suspended, restricted or revoked. Such proceeding shall be held before an Administrative Law Judge, in accordance with Commission Regulation 3.60, and all post-hearing procedures shall be conducted pursuant to Commission Regulation 3.60(i)-(j), 17 C.F.R. § 3.60(i)-(j) (2004).

In accordance with the provisions of Commission Regulation 3.60(a)(3), 17 C.F.R. § 3.60(a)(3) (2004), Melrose is entitled to file a response challenging the evidentiary bases of the statutory disqualification or show cause why, notwithstanding the accuracy of the allegations, its registration should not be suspended, revoked, or restricted. Such response must be filed with the Hearing Clerk, Office of Hearings and Appeals, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and served upon Elizabeth Streit, Lead Trial Attorney, Division of Enforcement at 525 W. Monroe Street, Suite 1100, Chicago, Illinois 60661, within thirty (30) days after the date of service of this Notice upon Melrose in accordance with the provisions of Commission Regulation 3.60(b). If Melrose fails to file a timely response to this Notice, the allegations set forth herein shall be deemed to be true and 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) (2004).

III.

The Hearing Clerk shall serve this Notice of Intent to Suspend, Revoke, or Restrict Registrations of Melrose Asset Management Corporation by registered or certified mail pursuant to Commission Regulation 3.50, 17 C.F.R. § 3.50 (2004).

By the Commission.



Jean A. Webb
Secretary to the Commission
Commodity Futures Trading Commission

Dated: September 29, 2004