

**UNITED STATES OF AMERICA**  
*before the*  
**UNITED STATES COMMODITY FUTURES TRADING COMMISSION**

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**In the Matter of**

**Liberty Financial Trading Corp.,  
Inc., and Liberty Real Assets  
Investment Corp.,**

**Registrants.**

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CFTC Docket No. SD 08-02

**Administrative Law Judge**  
**George H. Painter**

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**INITIAL DECISION ON DEFAULT**

The Commission issued a Notice of Intent to Revoke the Registration of Liberty Financial Trading Corp., Inc., and Liberty Real Assets Investment Corp. ("Registrants") on January 23, 2008, directing that a public hearing be conducted to determine whether Registrants are subject to statutory disqualification pursuant to Section 8a(2)(C) and (E) and of the Commodity Exchange Act, as amended, and, if so, whether their registrations should be revoked. Registrants were directed to file an answer to the Notice within 30 days after issuance of the Commission's notice.

Registrants did not file an answer, and on March 6, 2008, this Court deemed the allegations set forth in the Notice to be true, and directed the Division of Enforcement to file proposed findings of fact and conclusions of law based on the deemed truth of the allegations set forth in the Notice, and to recommend sanctions to be imposed. The Court granted the registrant the opportunity to file, by April 16, 2008, an answer to the Division's proposed findings and sanctions. Pursuant to its request for an enlargement of time, the Division made its filing on March 28, 2008. Respondents have not filed an answer. This Court finds and concludes as follows:

**I.**

**FINDINGS OF FACT**

1. Liberty Financial Trading Corp., Inc. ("LFTC") is a Florida corporation with its principal place of business at 3500 Gateway Drive, Pompano Beach, Florida 33069.
2. Liberty Real Assets Investment Corp. ("LRAIC") is a Florida corporation with its principal place of business at 3500 Gateway Drive, Pompano Beach, Florida 33069.

3. Since December 28, 2001, LFTC has been registered with the Commission as an Introducing Broker (IB) pursuant to Section 4d and in accordance with Section 4f of the Commodity Exchange Act, as amended (Act), 7 U.S.C. §§ 6d and 6f (2002).

4. Since July 22, 2002, LRAIC has been registered with the Commission as an Introducing Broker (IB) pursuant to Section 4d and in accordance with Section 4f of the Commodity Exchange Act, as amended (Act), 7 U.S.C. §§ 6d and 6f (2002).

5. On September 21, 2004, the Commission filed a Complaint alleging that, from approximately early 2002, LFTC, and from approximately June or July 2004, LRAIC, operating as a common enterprise with LFTC, fraudulently solicited customers to open and maintain commodity trading accounts to trade commodity options contracts by knowingly misrepresenting and failing to disclose material facts concerning, among other things: (i) the likelihood that a customer would realize large profits from trading commodity options; (ii) the risk involved in trading commodity options; (iii) the excessively poor performance record of LFTC customers; and (iv) the actual performance record of customers' accounts, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Commission Regulation ("Regulation") 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2004).

6. On April 24, 2007, the United States District Court for the Southern District of Florida entered a Consent Order of Permanent Injunction and Equitable Relief against LFTC and LRAIC ("Consent Order") in the federal civil injunctive action styled *Commodity Futures Trading Commission v. Liberty Financial Trading Corp., Inc., et al.*, Case No. 04-61235-CIV-Lenard/Torres (S.D. Fl.).

7. The Consent Order found that, LFTC, from at least early 2002, and LRAIC, from approximately June or July 2004, operating as a common enterprise (together, the "Liberty Common Enterprise"), through its Associated Persons ("APs"), solicited at least 930 customers through telephone calls to open and maintain commodity trading accounts. In telephone sales calls, Liberty Common Enterprise APs made false and misleading material misrepresentations regarding the risks and rewards of trading commodity options. In particular, Liberty Common Enterprise APs engaged in fraudulent sales solicitations by knowingly or recklessly: i) misrepresenting the likelihood that customers would profit from the purchase of commodity options; ii) misrepresenting the risk of trading commodity options; iii) failing to disclose, in light of the profit representations they were making, the Liberty Common Enterprise's dismal performance record trading commodity options for customers; and iv) misrepresenting the actual performance record of customers' accounts. The Consent Order found that Liberty Common Enterprise customers relied on these material misrepresentations in making their decisions to purchase commodity options through the Liberty Common Enterprise.

8. The Consent Order concluded that, in so doing, LFTC and LRAIC committed fraudulent acts and thereby violated 4c(b) of the Act, 7 U.S.C. § 6c(b) (2002), and Commission Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2004). LFTC and LRAIC agreed to the entry of the Consent Order that made these findings of fact and conclusions of law.

9. As a result, the Consent Order, among other things, permanently enjoins LFTC and LRAIC from violating Section 4c(b) of the Act and Regulation 33.10(a) and (c).

## II.

### CONCLUSIONS OF LAW

10. Pursuant to Section 8a(2)(C) of the Act, 7 U.S.C. § 12a(2)(C), the Commission may revoke the registration of any person "if such person is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction, including an order entered pursuant to an agreement of settlement to which the Commission or any Federal or State agency or other governmental body is a party, from ... engaging in or continuing any activity where such activity involves ... fraud."

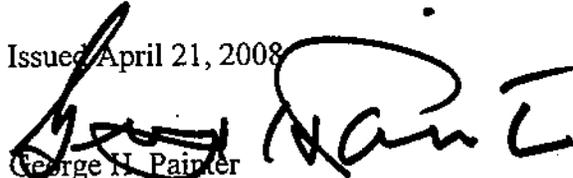
11. Furthermore, under Section 8a(2)(E) of the Act, 7 U.S.C. § 12a(2)(E), the Commission may revoke the registration of any person "if such person, within ten years ... has been found in a proceeding brought by the Commission or any Federal or State agency or other governmental body, or by agreement of settlement to which the Commission or any Federal or State agency or other governmental body is a party [] to have violated any provision of this chapter ... where such violation involves ... fraud."

12. As set forth above, LFTC and LRAIC entered into the Consent Order, which contains findings of fact and conclusions of law that LFTC and LRAIC committed fraud in violation of the Act and Regulations, and which permanently enjoins LFTC and LRAIC from continuing such activity. Thus, pursuant to Section 8a(2)(C) and (E) of the Act, cause exists for revocation of the IB registrations of LFTC and LRAIC.

### ORDER

Pursuant to Sections 8a(2)(C) and (E) of the Commodity Exchange Act, Respondents are statutorily disqualified from registration with this Commission. Accordingly, their registrations as Introducing Brokers are REVOKED effective the date this decision becomes final.

Issued April 21, 2008

  
George H. Painter  
Administrative Law Judge