UNITED STATES OF AMERICA
before the
COMMODITY FUTURES TRADING COMMISSION

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In the Matter of:	)	
U. S. SECURITIES & FUTURES CORP. et al.,	)	**Docket No. 01-01**
Respondents.	)	

DEFAULT ORDER AGAINST RESPONDENT HUAYA LU TUNG

The Commission's complaint against Respondent Tung and others was served on or about October 26, 2000. Respondent Tung filed her Answer on or about December 5, 2000. By Notice issued in March 2002 this matter was scheduled to be heard on July 29, 2002. Respondent Tung filed a notice indicating that she would participate. On or about July 18, 2002, attorneys Koch and Kelly entered their appearance as counsel for Tung, and attorney Konigsberg withdrew. A subpoena *ad testificandum* for her appearance at the hearing was served on her attorney in July 2002. Respondent Tung failed to appear, thus depriving the Division of Enforcement and the other Respondents of the opportunity

to propound questions concerning, *inter alia,* her Answer to the Complaint. Accordingly, her Answer is struck from the record.

On or about November 4, 2002, the Division of Enforcement moved for the entry of default judgment against Respondent Tung, and recommended that specific findings of fact and conclusions of law be adopted, and that sanctions be imposed against Respondent Tung. Respondent Tung has filed nothing in response to the Division's motion. On November 13, 2002 Respondent Tung's attorney filed a motion for an extension of time for all Respondents to file their post hearing brief, including recommendations as to findings of fact and conclusions of law. The motion for time makes no reference to the Division's Motion for default judgment against Respondent Tung.

The Division's Motion for default as to Respondent Tung is **GRANTED**. The allegations in the complaint against Respondent Tung are deemed true. The findings of fact and conclusions of law proposed by the Division of Enforcement are consistent with the evidence adduced at trial, and they are adopted and incorporated herein by reference only, and are applicable solely to Respondent Tung.

ORDER

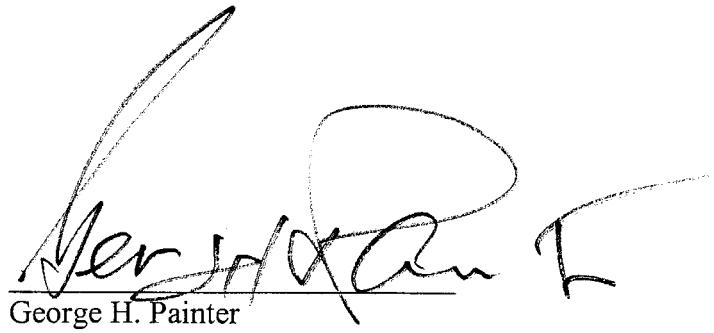
Respondent Huaya Lu Tung was at all relevant times a controlling person of USSFC. Pursuant to section 13(b) of the Act, 7 U.S.C. 13c(b), it is determined that she violated Commission Regulations 1.12(b) and 1.12(g), 17 C.F.R. 1.12(b) & 1.12(g), as alleged in Count V of the Complaint, and Commission Regulation 166.3, 17 C.F.R. 166.3, as alleged in Count VI of the Complaint.

Respondent Tung's misconduct was extremely serious and deliberate, and resulted in a flawed compliance system that failed to detect fraud, dangerously under-margined accounts, and unauthorized trading in USSFC's Retail Division. Misconduct of the magnitude described in the Complaint and the adopted findings of fact warrants the imposition of the maximum civil monetary penalties.

Accordingly, pursuant to Sections 6(c) and 6(d) of the Act, Respondent Tung is hereby **ORDERED** to pay a civil monetary penalty of $110,000 for her violations of Commission Regulations 1.12(b) and 1.12(g), and a civil monetary penalty of $110,000 for her violations of Commission Regulation 166.3. The total civil monetary penalty of $220,000 shall be paid within 30 days after this decision becomes final. In addition, Respondent Tung is **ORDERED TO CEASE AND DESIST** from further violations of the aforementioned Commission Regulations.

So Ordered.

Issued November 22, 2002



George H. Painter

Administrative Law Judge