



U.S. COMMODITY FUTURES TRADING COMMISSION

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SOLOMON LIU,
Complainant,

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CFTC Docket No. 12-R024

ELKTON INVESTMENTS LLC,
and XIN WANG,
Respondents.

INITIAL DECISION

Introduction

Solomon Liou claims \$4,612 in damages, based on allegedly improper allocations of profits and losses and improper incentive fee charges, in connection with two accounts managed by Xin Wang, who denies any violations. As explained below, after carefully reviewing the parties' documentary submissions and considering their oral testimony, I have determined that Liou has failed to establish any violations of the Commodity Exchange Act or Commission regulations.

Amounts are round to the nearest dollar.

Factual Findings

1. Solomon Liou, a resident of Gaithersburg, Maryland, has a master's degree in electronic engineering and works in IT.
2. Elkton Investments LLC, located in Bethesda, Maryland, has been a registered commodity pool operator since 2007. Xin Wang, President and Chief Investment Officer of

Elkton, is a listed principal and registered associated person with Elkton. Wang conducted biomedical research at Celera Genomics until 2003, when he started a new career trading commodity futures. I found Wang's testimony generally more convincing and plausible than Liou's testimony.

Elkton is the manager of the Helix Fund, LLC, a single advisor investment fund continuously offered for sale pursuant to Regulation D of the Securities Act of 1933. The objective of the Helix Fund is to achieve better than average capital growth while attempting to control risks with disciplined money management. The Helix Fund principally writes options on S&P 500 futures contracts pursuant to the Elkton Trading Program. [See Helix Fund private placement memorandum and CPO disclosure document dated April 11, 2007 (Attachment 1, Liou's complaint.)]

3. Starting in September of 2007, Liou opened two accounts. For account #H1028, Liou invested \$200,000, and would receive back a total of about \$268,357: \$100,000 on or about February 28, 2011, \$163,843 on or about March 31, 2011, and two checks for \$3,824 and \$690 on or about April 26, 2011. For account #H1071, Liou invested \$49,450, and would receive back about \$58,982 on or about April 26, 2011. Thus, both accounts were profitable.

4. After a sequence of events caused Liou and Wang to lose trust in each other, on January 31, 2011, Liou executed redemption requests for both accounts. After some back and forth about restrictions on redemptions imposed by the Helix Fund private placement memorandum, Wang told Liou that he would begin the redemption process with monthly installments of about \$100,000. Liou replied "ok," advised Wang that he could continue trading any remaining funds until the end of March, and indicated that he preferred to get all of funds back by April 8th which represented a modest acceleration of the anticipated redemption process.

Wang then redeemed the funds as set out above. As can be seen, Wang redeemed over 90% of the funds due Liou before April 8, 2011.

5. Several months later, Liou began complaining that, for January, February and March 2011, he should have received greater profits and he should not have been charged any incentive fees.

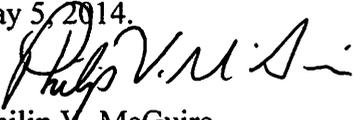
Conclusions

In order to establish any violations by Xin Wang, Solomon Liou must show by a preponderance of the evidence that the allocations of profits and losses or incentive fee charges in the two accounts managed by Xin Wang were somehow improper. After carefully reviewing the documentary evidence, including the relevant monthly account statements and e-mail exchanges between Liou and Wang, and considering the testimony of Liou and Wang, it is clear that Liou's allegations are based more on conjecture than reliable evidence. Moreover, Liou significantly undermined his calculation of damages by relying on routine monthly e-mails from Wang where Wang reported obviously estimated approximate profits or losses before delivery of the formal monthly account statements which more precisely reported profits or losses. Thus, Liou has failed to carry his evidentiary burden.

ORDER

Solomon Liou has failed to establish any violations of the Commodity Exchange Act or Commission regulations. Accordingly, the complaint against Xin Wang and Elkton Investments LLC is dismissed.

Dated May 5, 2014.


Philip V. McGuire,
Judgment Officer