RELEASE: PR7444-16

September 14, 2016

CFTC Wins Jury Verdict in Commodity Pool Fraud Case

Defendant Grace Elizabeth Reisinger Is Found Responsible for Futures Fraud, Options Fraud and CPO Fraud, as well as Registration Violations

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) announced today that a jury in the U.S. District Court for the Northern District of Illinois found **Grace Elizabeth Reisinger** of Grand Island, Nebraska, liable for operating a fraudulent commodity pool scheme between 2005 and 2008. The CFTC charged that Reisinger and her company, **ROF Consulting, LLC** (ROF), fraudulently solicited and accepted at least $2.75 million from participants in the NCCN commodity pool, operated by Reisinger. The jury deliberated for less than 90 minutes before returning a liability verdict on all charges. The trial capped off years of contentious litigation, beginning with the filing of a Complaint on June 29, 2011. (See CFTC Complaint and Press Release **6065-11**, June 30, 2011.)

Aitan Goelman, Director of the CFTC's Division of Enforcement, said: "The CFTC takes its mission of protecting consumers from fraud and ensuring market integrity very seriously. This case is another demonstration that we will be relentless in pursuing this mission, including successfully prosecuting cases through trial where necessary."

Specifically, the jury found that Reisinger operated the NCCN commodity pool without being registered as a Commodity Pool Operator (CPO) as required under the Commodity Exchange Act and CFTC regulations. The jury also found that Reisinger was a controlling person for ROF, and therefore liable for ROF's violations of the federal commodities laws. ROF failed to answer the complaint. On September 2, 2015, the Court entered a default judgment against ROF and permanently enjoined it from engaging in any activity related to commodity trading.

The evidence at trial established that Reisinger made fraudulent misrepresentations and omissions to actual and prospective pool participants, including that she was exempt from the CFTC's registration requirement, that the pool only solicited and accepted funds from participants who met the definition of a "qualified eligible person" (QEP), and that the minimum required investment in the pool was $5 million.

The jury also found Reisinger liable for operating a commodity pool without registering or filing a valid exemption from CFTC registration, with failing to provide pool participants with required monthly account statements and annual reports, and with failing to amend an invalid exemption.

The evidence at trial showed that the National Futures Association received a notice of exemption from Reisinger almost seven weeks after she first accepted funds for trading. The jury found Reisinger was not eligible for the exemption that she claimed, as she had no reasonable basis to believe that NCCN pool participants were QEP's and, therefore, should have been registered as a CPO. At no time during the relevant period did Reisinger amend her claimed notice of exemption from the requirement to register as a CPO, despite knowledge that her claimed exemption was invalid.

In its continuing litigation, the CFTC will petition the Court, the Honorable Joan B. Gottschall, to order Reisinger to pay restitution to defrauded customers, disgorge ill-gotten gains, and pay a civil monetary penalty, and also to impose permanent trading and registration bans and a permanent injunction against further violations of the federal commodities laws against Reisinger.

The CFTC thanks the Australian Securities and Investment Commission (ASIC) and National Futures Association for their assistance.

CFTC Division of Enforcement staff members responsible for this case are George H. Malas, Hillary Van Tassel, Danielle Karst, Elizabeth N. Pendleton, Timothy J. Mulreany, and Paul Hayeck.

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CFTC's Commodity Pool Fraud Advisory

The CFTC has issued several customer protection **Fraud Advisories** that provide the warning signs of fraud, including the **Commodity Pool Fraud Advisory**, which warns customers about a type of fraud that involves individuals and firms, often unregistered, offering investments in commodity pools.

Customers can report suspicious activities or information, such as possible violations of commodity trading laws, to the CFTC Division of Enforcement via a Toll-Free Hotline 866-FON-CFTC (866-366-2382) or **file a tip or complaint** online.

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Last Updated: September 14, 2016