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11 **Global Futures & Forex, Ltd., d.b.a. Global Forex Trading**

12 UNITED STATES DISTRICT COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 SOUTHERN DIVISION

15 U.S. COMMODITY FUTURES) Case No. SACV 07-1437 CJC
16 TRADING COMMISSION,)
17 Plaintiff,) **REPLY OF GLOBAL FUTURES &**
18 vs.) **FOREX, LTD. TO OBJECTIONS OF**
19) **ROBERT GRAY**
20) [Honorable District Court Judge Cormac
21) J. Carney]
22 FOREX LIQUIDITY LLC,)
23) Date: July 14, 2008
24) Time: 1:30 p.m.
25 Defendant.) Place: 9-B
26)
27)
28)

29 Global Futures & Forex, Ltd., doing business as Global Forex Trading
30 (“GFT”) has entered into a contract with the Receiver to purchase non-Asian accounts
31 of Forex Liquidity, LLC (“Forex Liquidity”). Defendant Robert Gray has objected to
32 the Court’s approval of this and other proposed transactions by the Receiver. Because
33 the contract between GFT and the Receiver is in the best interests of the Receivership

1 Estate, the Court should overrule Gray's objection and approve this transaction.

2 The contract provides for the sale of Forex Liquidity's non-Asian
3 customer accounts to GFT. GFT, which is a foreign currency dealer, as was Forex
4 Liquidity, has agreed to pay the Receiver for the accounts, based on the trading done
5 by the accounts at GFT after the sale. Moreover, there will be a minimum payment of
6 \$100,000 regardless of how much trading is done by the accounts. In addition, for
7 those accounts who wish to withdraw their funds rather than trade, GFT has agreed to
8 process the funds requests and make prompt payment of the account balances to those
9 accounts.
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12 Gray concedes that it would be a benefit to the Receivership Estate for
13 GFT to act as "paymaster" for the accounts who wish to withdraw their funds. GFT
14 believes this is a significant benefit, as it will relieve the Receiver of the considerable
15 expense of dealing with individual customers, processing payment requests, and
16 preparing and sending the checks. GFT is nevertheless willing to assume this burden
17 in exchange for having the opportunity to make trades for those customers who wish
18 to trade rather than withdraw their funds.
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22 Gray's proposal for these accounts would be far inferior to the Receiver's
23 contract with GFT, and would destroy value which the Receiver would otherwise
24 achieve for the Receivership Estate through the contract. Gray contends that the
25 Receiver should pay out the customer funds now, and sell the accounts at a later date.
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1 This proposal, however, would burden the Receivership Estate with the considerable
2 expense of dealing with individual customers, processing funds requests and preparing
3 and sending checks to the customers. More importantly, Gray's proposal makes no
4 economic sense. If the funds were paid out, there would no longer be any accounts to
5 sell, as the Receiver would be left with a mere list of names of persons who could
6 potentially be solicited to open accounts. Such a list might have some value, but it
7 would not have the value of the funded accounts that would be transferred under the
8 contract. GFT would not agree to buy such a list from the Receiver on the terms it has
9 agreed to pay for the funded accounts under the contract.
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13 For the foregoing reasons, the Court should overrule Gray's objections to
14 the sale of accounts from the Receiver to GFT, and should approve the sale.
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16 Dated: July 8, 2008

SIDLEY AUSTIN LLP
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19 By: /s/ Christine K. Son

20 Christine K. Son
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22 Futures & Forex, Ltd., d.b.a. Global
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