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Futures scandal snares 2 Tampa brokerages

By Michael Sasso

A scandal at a Chicago commodities trading company could put at risk investor dollars overseen by at least two Tampa investment companies.

This week, regulators froze the assets of a Chicago company called Peregrine Financial Group. Among its duties, Peregrine processed, or "cleared," the trades of brokers across the country who trade in oil futures and other commodity futures.

The industry's regulatory group, the National Futures Association, alleges that Peregrine misappropriated millions of customer dollars that it was holding. For example, the company reported that it had \$225 million of customer money deposited in a bank, but the NFA discovered it had only \$5 million on deposit there.

Peregrine's founder, Russell Wasendorf Sr., unsuccessfully attempted suicide amid the controversy.

The NFA ordered Peregrine to freeze its accounts, and a federal regulatory agency, the Commodity Futures Trading Commission, has filed a federal lawsuit against the company asking a judge to appoint a receiver over it and freeze its assets.

The mystery over the missing \$200 million likely will affect brokerages nationwide in the obscure business of commodities futures and options. Locally, at least two Tampa companies used Peregrine to process trades, Transworld Futures and Liberty Trading Group.

There was no evidence Tuesday that either Tampa company committed any wrongdoing. It also was unclear how much financial exposure either company has to the Chicago scandal.

Liberty Trading is controlled by James Cordier, who regularly speaks about commodities investing on national business news shows. He did not return calls from the Tribune on Tuesday.

A Fort Lauderdale-based securities lawyer, Darren Blum, said a client from Texas fears he may have lost at least \$700,000 that he invested with Liberty Trading because of the Peregrine scandal.

Robert Rutger, an executive at Transworld Futures, said nearly all of his clients' money is tied up with Peregrine. He was trying to assess the damage Tuesday.

"It's kind of a difficult situation to even comment on," he said.

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