NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE

FILED

JUN 28 2007

NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:	)	
	)	
BACERA CORPORATION (NFA ID #330263),	)	
	)	
ANTHONY K. WONG (NFA ID #331436),	)	
	)	
HUGO C. VALDIVIA (NFA ID #365281),	)	NFA Case No. 07-BCC-022
	)	
and	)	
	)	
ELTON HSU (NFA ID #365285),	)	
	)	
Respondents.	)	

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association ("NFA"), and having found reason to believe that NFA Requirements are being, have been or are about to be violated and that the matter should be adjudicated, NFA's Business Conduct Committee issues this Complaint against Bacera Corporation ("Bacera"), Anthony K. Wong ("Wong"), Hugo C. Valdivia ("Valdivia") and Elton Hsu ("Hsu").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Bacera was a commodity pool operator and a futures commission merchant ("FCM") Forex Dealer Member ("FDM") of

NFA. As such, Bacera was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

2. At all times relevant to this Complaint, Wong, Valdivia and Hsu were principals and associated persons ("APs") of Bacera and Associate members of NFA. Wong was chief financial officer ("CFO"); Hsu was chief operating officer; and Valdivia was compliance officer. Yat Chun Sung was Bacera's president but he was never registered as an AP of Bacera. As NFA Associates, Wong, Valdivia and Hsu were and are required to comply with NFA Requirements and are subject to disciplinary proceedings for violations thereof. Bacera is liable for violations of NFA Requirements committed by Wong, Valdivia and Hsu during the course of their activities on behalf of Bacera.

BACKGROUND

3. Bacera is located in Monrovia, California and has been an NFA Member since August 2003. It offers trading in off-exchange foreign currency ("forex") futures to retail customers. At the time of NFA's audit of Bacera in October 2006, the firm had approximately 170 customers, approximately 50 of whom were U.S. customers, and approximately $1 million in customer liabilities. In 2006, Bacera had gross revenues on forex transactions of approximately $335,000.

4. During its 2006 examination of Bacera, NFA determined that the firm failed to maintain required net capital for at least six months during 2006 and that it used promotional material that included misleading representations regarding commissions, leverage and the safety of customer funds that have been specifically prohibited by NFA's Board of Directors. These violations

demonstrate a failure by Bacera, Wong, Hsu and Valdivia to supervise the firm's operations.

APPLICABLE RULES

5. NFA Compliance Rule 2-10 provides, in pertinent part, that each Member shall maintain adequate books and records necessary and appropriate to conduct its business including, without limitation, the records required to be kept under Commodity Futures Trading Commission ("CFTC") Regulations 1.18 and 1.32 through 1.37 for the period required under CFTC Regulation 1.31.

6. NFA Compliance Rule 2-36(b) provides, in pertinent part, that no FDM shall cheat, defraud or deceive, or attempt to cheat, defraud, or deceive any other person.

7. NFA Compliance Rule 2-36(c) provides that FDMs and their Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their forex business.

8. NFA Compliance Rule 2-36(e) provides that each FDM shall diligently supervise its employees and agents in the conduct of their forex activities for or on behalf of the FDM. Each Associate of an FDM who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's forex activities for or on behalf of the FDM.

9. NFA Financial Requirements Section 4 provides that any Member FCM who violates any of CFTC Regulations 1.10, 1.12, 1.16, 1.17 or 1.20 through 1.30 shall be deemed to have violated an NFA requirement.

10. NFA Financial Requirements Section 11(a), in pertinent part, requires each FDM to maintain Adjusted Net Capital ("ANC"), as defined in CFTC Regulation 1.17, equal to or in excess of $1,000,000.

11. NFA Financial Requirements Section 11(b), in pertinent part, requires each FDM to take a concentration charge on transactions with an unaffiliated, unregulated counterparty if the FDM's net open position with the unregulated counterparty exceeds 10% of the FDM's total long or short position in a particular currency. The amount exceeding 10% will be subject to the CFTC's haircut for uncovered positions regardless of the FDM's overall position.

COUNT I

VIOLATION OF NFA FINANCIAL REQUIREMENTS SECTIONS 4, 11(a) AND 11(b) AND NFA COMPLIANCE RULE 2-10: FAILURE TO GIVE REQUIRED NOTICE; FAILURE TO MAINTAIN REQUIRED ADJUSTED NET CAPITAL; FAILURE TO TAKE REQUIRED CHARGES; AND FAILURE TO MAINTAIN ACCURATE RECORDS.

12. The allegations contained in paragraphs 1, 3, 5 and 9 through 11 are realleged as paragraph 12.

13. Bacera entered into forex transactions with customers and was required to take certain concentration charges against its ANC as well as charges for any uncovered foreign currency positions the firm held as a result of those transactions.

14. Bacera's financial records as of September 30, 2006 reflected that its charges for uncovered foreign currency positions and its required concentration charges totaled approximately $100,000.

15. Bacera's financial records as of September 30, 2006 were inaccurate in that the charges for uncovered foreign currency positions and required concentration charges were not $100,000 as reported in Bacera's financial accounts but

actually almost $1.5 million – $644,000 for the uncovered positions and an additional $832,000 for the concentration charge. Bacera also incorrectly reported a non-current receivable as a current asset and failed to accrue for certain liabilities which were incurred, but not yet paid, as of September 30, 2006. The mishandling of these receivables and accrued liabilities resulted in an additional overstatement of Bacera's capital of almost $24,000.

16. All told, Bacera was below its minimum required ANC level by nearly $1.2 million as of September 6, 2006. In fact, Bacera was under its required ANC level for the entire period extending from May through October 2006.

17. CFTC Regulation 1.12, in pertinent part, requires that any FCM that knows or should have known that its ANC at any time is less than the minimum required by CFTC Regulation 1.17 or by the capital rule of any self-regulatory organization to which such FCM is subject, if any, must make immediate telephonic notice of that fact to the CFTC and to NFA.

18. Bacera failed to make immediate telephonic notice to NFA and the CFTC when it knew or should have known that its ANC fell below its minimum requirement for the period of May through October 2006.

19. By reason of the foregoing acts and omissions, Bacera is charged with violations of NFA Financial Requirements Sections 4, 11(a) and 11(b) and NFA Compliance Rule 2-10.

COUNT II

VIOLATION OF NFA COMPLIANCE RULES 2-36(b)(1) AND (c): CHEATING, DEFRAUDING OR DECEIVING ANOTHER PERSON OR ATTEMPTING TO DO SO AND FAILURE TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE.

20. The allegations contained in paragraphs 1, 2, 6 and 7 are realleged as paragraph 20.

21. During or about September 2006, Bacera made representations on a website that it maintains at www.bacera.com and in a brochure which it distributed to prospective customers which were misleading and deceptive in their descriptions of commissions and leverage and which falsely implied that customer funds enjoyed special protection. In particular, Bacera's website and/or brochure included the following statements:

- Commission Free Trading: Commission-free trading is one of the most attractive features of Bacera, unlike stocks and futures.
- Here are some benefits of trading with Bacera Corp: Trading: Leverage as high as 200:1.
- The protection of our clients' assets with a segregated account system for the clients so that their funds are frequently updated to match their statement value.
- We are in compliance with the new capital requirements set forth by the NFA and clients' funds are separated as required by the rules and regulations of the NFA.
- The protection of our clients' assets with a separated account system for the clients so that their funds are frequently updated to match their statement value.

22. By reason of the foregoing acts and omissions, Bacera is charged with violations of NFA Compliance Rules 2-36(b)(1) and 2-36(c).

COUNT III

VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILURE TO SUPERVISE.

23. The allegations set forth in paragraphs 1 through 3, 8, 13 through 18 and 21 are realleged as paragraph 23.

24. The diligent supervision of employees and agents in the conduct of their foreign currency futures and options activities for or on behalf of an FDM requires, in part, FDMs and their Associates who have supervisory duties to supervise the content and use of promotional material to ensure that it is in compliance with all NFA Requirements.

25. Wong, Hsu and Valdivia were responsible for the supervision of, among other matters, the content and use of Bacera's promotional material to ensure that it was in compliance with all NFA Requirements. In addition, Hsu prepared Bacera's website.

26. Wong, as Bacera's CFO at all times relevant to this Complaint, was responsible for supervising the preparation of Bacera's financial records to ensure that they were accurate and that the firm was in compliance with all applicable financial requirements.

27. Valdivia, Bacera's compliance officer, was responsible for accurately calculating the concentration charge on Bacera's forex positions.

28. As evidenced by the financial recordkeeping and promotional material violations alleged in Counts I and II, Bacera, Wong, Hsu and Valdivia failed to adequately supervise the preparation and use of Bacera's promotional material and/or the preparation of Bacera's financial records and capital computations and concentration charge calculations.

30. By reason of the foregoing acts and omissions, Bacera, Wong, Hsu and Valdivia are charged with violations of NFA Compliance Rule 2-36(e).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty days of the date of the Complaint. The Answer shall respond to each allegation in the Complaint by admitting, denying or averring that you lack sufficient knowledge or information to admit or deny the allegation. An averment of insufficient knowledge or information may only be made after a diligent effort has been made to ascertain the relevant facts and shall be deemed to be a denial of the pertinent allegation.

The place for filing an Answer shall be:

National Futures Association
200 West Madison Street
Suite 1600
Chicago, Illinois 60606-3447
Attn: Legal Department-Docketing

Failure to file an Answer as provided above shall be deemed an admission of the facts and legal conclusions contained in the Complaint. Failure to respond to any allegation shall be deemed an admission of that allegation. Failure to file an Answer as provided above shall be deemed a waiver of hearing.

POTENTIAL PENALTIES, DISQUALIFICATION AND INELIGIBILITY

At the conclusion of the proceedings conducted as a result of or in connection with the issuance of this Complaint, NFA may impose one or more of the following penalties:

(a) expulsion or suspension for a specified period from NFA membership;

(b) bar or suspension for a specified period from association with an NFA Member;

(c) censure or reprimand;

(d) a monetary fine not to exceed $250,000 for each violation found; and

(e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respondents in this matter who apply for registration in any new capacity, including as an AP with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of CFTC Regulation 1.63 penalties imposed in connection with this Complaint may temporarily or permanently render Respondents who are individuals ineligible to serve on disciplinary committees, arbitration panels and governing boards of a self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE

Dated: 06-28-07

By: _____
Chairperson

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AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on June 28, 2007, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

Bacera Corporation
100 E. Huntington Drive
Suite 222
Pasadena, CA 91016
Attn: Hugo Valdivia
Compliance Officer

Anthony K. Wong
215 S. Madison Avenue
Apartment 301
Pasadena, CA 91101

Hugo C. Valdivia
1012 W. 22nd Street
#2
Los Angeles, CA 90007

Elton Hsu
11952 Darlington Avenue
#4
Los Angeles, CA 90049

Nancy Miskovich-Paschen

Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 28th day of June 2007.

Mary A. Patton

Notary Public

OFFICIAL SEAL
Mary A. Patton
Notary Public, State of Illinois
MY COMMISSION EXPIRES 7-17-09