



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
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Office of Proceedings

In the Matter of:

South Coast Commodities, Inc.,

Respondent

CFTC Docket No. SD 07-01

NOTICE OF EFFECTIVE DATE

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On February 9, 2007, the Administrative Law Judge issued an Initial Decision on Default in the above-entitled proceeding. The time for filing a Notice of Appeal has expired and the Commission has declined to review the proceeding on its own initiative. Therefore, pursuant to §10.84 of the Commission's Rules of Practice, 17 C.F.R. §10.84, the decision became the Final Order of the Commission as to respondent South Coast Commodities, Inc. on March 12, 2007.

Tempest S. Thomas
Proceedings Clerk

Dated: 3-15-07

UNITED STATES OF AMERICA
before the
COMMODITY FUTURES TRADING COMMISSION

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OFFICE OF PROCEEDINGS
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In the Matter of
South Coast Commodities, Inc.,

Respondent.

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CFTC Docket No. SD 07-01

INITIAL DECISION ON DEFAULT

The Commission issued a Notice of Intent to Revoke the Registration of South Coast Commodities, Inc., ("South Coast") on December 7, 2006, directing that a public hearing be conducted to determine whether South Coast is subject to statutory disqualification pursuant to Section 8a(2)(C) of the Commodity Exchange Act, as amended, and, if so, whether the registration of South Coast as an Introducing Broker should be revoked. South Coast was directed to file an answer to the Notice within 30 days after issuance of its Notice.

South Coast did not file an answer, and on January 16, 2007, this court ordered South Coast to Show Cause on or before January 26, 2007, why the allegations in the Notice should not be deemed true. South Coast did not respond to the Order to Show Cause. By Order issued February 2, 2007, this Court deemed the allegations set forth in the Notice to be true, and directed the Division of Enforcement to file proposed findings of fact and conclusions of law based on the deemed truth of the allegations set forth in the Notice, and to recommend sanctions to be imposed. On February 7, 2007, the Division of Enforcement filed proposed findings, conclusions of law, and recommended sanctions to be imposed. This Court finds and concludes as follows:

I. FINDINGS OF FACT

1. South Coast Commodities, Inc. (South Coast) is a Florida corporation with its principal place of business at 700 N. Hiatus Road, #203, Pembroke Pines, Florida, 33026.

2. Since January 31, 2005 South Coast has been registered with the Commission as an Introducing Broker (IB) pursuant to Section 4d and in accordance with Section 4f of the Commodity Exchange Act, as amended (Act), 7 U.S.C. §§ 6d and 6f (2002).

3. On August 2, 2004, the Commission filed a Complaint, and on October 28, 2005 filed an Amended Complaint, alleging that, beginning in January 2003 and continuing through at least 2005, South Coast's predecessor corporation, Worldwide Commodity Corporation (Worldwide) fraudulently solicited prospective customers to open accounts to trade options on

futures contracts by knowingly misrepresenting and failing to disclose material facts concerning, among other things: (i) the likelihood that a customer would realize large profits from trading commodity options; (ii) the risk involved in trading commodity options; and (iii) Worldwide's poor trading record, in light of the profit representations made, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Commission Regulation (Regulation) 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2004). The Commission's Amended Complaint charged, among other things, that South Coast was liable for Worldwide's illegal conduct as a successor corporation.

4. On September 19, 2006, the United States District Court for the Eastern District of Pennsylvania entered a Consent Order of Permanent Injunction and Equitable Relief against Worldwide and South Coast (Consent Order) in the federal civil injunctive action styled *Commodity Futures Trading Commission v. Worldwide Commodity Corporation., et al.*, No. CV 2-04-cv 3461 (E.D. Pa.).

5. The Consent Order found that, beginning no later than January 2003 and continuing through January 2005, Worldwide, through its Associated Persons (APs), solicited members of the general public to open accounts to trade commodity options. In telephone sales calls, Worldwide's APs made uniform and consistent misrepresentations regarding the risks and rewards of trading commodity options. In particular, Worldwide's APs engaged in fraudulent sales solicitations by knowingly misrepresenting and failing to disclose material facts concerning, among other things: (i) the profit potential of commodity options; (ii) the risk involved in trading commodity options; and (iii) Worldwide's poor trading record. The Consent Order found that Worldwide's customers relied on these material misrepresentations in making their decisions to purchase commodity options.

6. The Consent Order concluded that Worldwide, through its APs, in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of commodity options transactions, defrauded, deceived, or attempted to defraud or deceive, other persons by making false, deceptive, or misleading representations of material facts and by failing to disclose material facts necessary to make other facts disclosed not misleading to customers, all in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c). The Consent Order also determined that as a successor corporation to Worldwide, South Coast was liable for the fraudulent acts, misrepresentations, and omissions of Worldwide's APs, which occurred within the scope of their employment with Worldwide. South Coast agreed to the entry of the Consent Order that made these findings of fact and conclusions of law.

7. As a result, the Consent Order, among other things, permanently enjoins South Coast from violating Section 4c(b) of the Act and Regulation 33.10(a) and (c), and specifically from engaging in any commodity sales solicitations to customers that: i) misrepresent the profit potential in commodities trading; ii) omit to state that the commodities market already factors into the price of commodities any seasonal trends and other well-known market events; iii) omit material facts necessary to make other facts disclosed not misleading to a customer; iv) omit to provide the actual track record of the broker or firm if the potential for profit is discussed; and v) omit or downplay the risks involved in commodity trading, regardless of whether the customer has signed a standard risk disclosure statement.

II. CONCLUSIONS OF LAW

8. Pursuant to Section 8a(2)(C) of the Act, 7 U.S.C. § 12a(2)(C), the Commission may revoke the registration of any person "if such person is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction, including an order entered pursuant to an agreement of settlement to which the Commission or any Federal or State agency or other governmental body is a party, from ... engaging in or continuing any activity where such activity involves ... fraud."

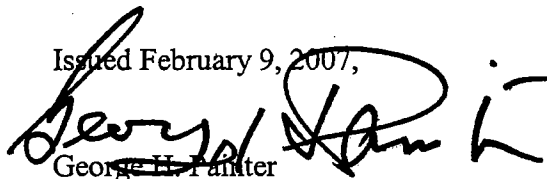
9. Furthermore, under Section 8a(2)(E) of the Act, 7 U.S.C. § 12a(2)(E), the Commission may revoke the registration of any person "if such person, within ten years ... has been found in a proceeding brought by the Commission or any Federal or State agency or other governmental body, or by agreement of settlement to which the Commission or any Federal or State agency or other governmental body is a party [] to have violated any provision of this chapter ... where such violation involves ... fraud."

10. As discussed above, South Coast entered into the Consent Order, which contained findings of fact and conclusions of law that South Coast is liable for the sales solicitation fraud committed by Worldwide in violation of the Act and Regulations, and which permanently enjoins South Coast from continuing such activity. Thus, pursuant to Section 8a(2)(C) and (E) of the Act, cause exists for revocation of South Coast's registration as an IB.

ORDER

Pursuant to Section 8a(2)(C) of the Commodity Exchange Act, South Coast Commodities, Inc., is statutorily disqualified from registration with this Commission. Accordingly, its registration as an Introducing Broker is REVOKED effective the date this decision becomes final.

Issued February 9, 2007,


George H. Painter
Administrative Law Judge