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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

MF GLOBAL HOLDINGS LTD, et al.
Debtors

Chapter 11
Case No. 11-15059 (MG)

**COMMENTS IN SUPPORT OF MOTION OF SAPERE WEALTH MANAGEMENT
LLC, GRANITE ASSET MANAGEMENT AND SAPERE CTA FUND, L.P. TO DIRECT
THE DEBTORS' ESTATE TO BE ADMINISTERED PURSUANT TO 11 U.S.C. §§ 761-
767 AND 17 C.F.R. § 190**

Now comes the Commodity Customer Coalition, Inc. (“CCC”), an advocacy group formally representing 194 creditors of the Debtor, and informally representing over 8,000 such creditors. The CCC provides the following initial comments (a) in general support of the Motion of Sapere Wealth Management LLC, Granite Asset Management and the Sapere CTA Fund, L.P. to Direct the Debtors’ Estate to be Administered Pursuant to 11 U.S.C. §§ 761-767 and 17 C.F.R. 190 (Dkt. No. 217) “the Sapere Motion,” and (b) in response to the following document filed on January 12, 2012:

Doc 341: TRUSTEE'S OBJECTION TO THE MOTION OF SAPERE WEALTH MANAGEMENT LLC, GRANITE ASSET MANAGEMENT AND SAPERE CTA FUND, L.P.

TO DIRECT THE DEBTORS' ESTATE TO BE ADMINISTERED PURSUANT TO 11 U.S.C. §§ 761-767 AND 17 C.F.R. § 190 (“MFGH Trustee Response”)

1. The CCC believes it is imperative that the Sapere Motion be granted by the court, lest irreparable harm be done not only to Sapere and the over 8,000 MF Global Customers represented by the CCC, but to all 38,000 MF Global Customers (“Customers”).
2. It has been over two-and-a-half months since MFGI filed bankruptcy. However, the forensic accountants hired by the trustee, governmental regulators, and criminal investigators have thus far failed to identify the cause of the shortfall of customer property after spending untold millions of dollars on their respective investigations.
3. FCMs have a legal responsibility to keep customer segregated property separate from house property every second of every day. CFTC Commissioner Sommers testified before the Senate Ag committee, “While an FCM is permitted to invest customer funds, it is important to note that if an FCM does so, the value of the customer segregated account must remain intact at all times. In other words, when an FCM invests customer funds, that actual investment, or collateral equal in value to the investment, must remain in the customer segregated account at all times. If customer funds are transferred out of the segregated account to be invested by the FCM, the FCM must make a simultaneous transfer of assets into the segregated account. An FCM cannot take money out of a segregated account, invest it, and then return the money to the segregated account at some later time.” (See <http://www.ag.senate.gov/hearings/investigative-hearing-on-the-mf-global->

- bankruptcy). By definition, since there is a shortfall in customer segregated accounts, the law has been violated.
4. According to the Wall Street Journal, federal prosecutors have not even taken the basic steps of interviewing the principals of MFGI and MFGH, CEO Jon Corzine, COO Bradley Abelow, and CFO Henri Steenkamp, (see: “MF Global Inquiry Focuses on Back Office,” By Aaron Lucchetti, Julie Steinberg and Mike Spector <http://online.wsj.com/article/SB10001424052970203735304577164670090033702.html?KEYWORDS=mf+global#printMode>, provided in Exhibit A)
 5. Media reports show that there may have been improper transfers of customer property. The New York Reports that “The roughly \$200 million that JPMorgan Chase received is said to be entirely customer money.” (See “E-Mail Clues in Tracking MF Global Client Funds” By Ben Protes and Azam Ahmed, <http://dealbook.nytimes.com/2011/12/20/e-mail-clues-in-tracking-mf-global-client-funds/> provided in Exhibit A, “MF Global sold assets to Goldman before collapse-sources” by Lauren Tara LaCapra and Matthew Goldstein, http://newsandinsight.thomsonreuters.com/Legal/News/2012/01_January/MF_Global_sold_assets_to_Goldman_before_collapse-sources/ provided in Exhibit A).
 6. It is imperative, both for the sake of returning customers’ property, and for eliminating the rampant speculation that has taken place in the media in the absence of transparency in these cases, that customers be permitted to engage in 2004

discovery so the full truth may be known. Failing to permit discovery both jeopardizes the return of customers' property and risks damage to the reputations of involved parties should actual facts differ from what is reported. Once we determine where the money went and how it got there, it will be much easier to focus on expedited procedures to obtain full payback to the customers.

7. In paragraph 15 of the MFGH Trustee Response, the Trustee states the granting of the Sapere Motion and thus "subjecting the Chapter 11 Trustee to formal discovery by one MFGI customer will no doubt lead to additional MFGI customers seeking similar relief. The time and cost associated with attending to such inappropriate and unnecessary requests would be unduly burdensome."
8. However, months of discovery conducted by the Trustees have failed to shine light on the location of the missing customer property. The CCC feels that there would be less burden placed on the estate should customers be allowed to take discovery, as customers are more properly incentivized to unearth the truth quickly than the Trustees.
9. The CCC and other customers have already greatly benefited the estate by contributing the expertise of thousands of commodity customers free of charge. The original process the SIPA Trustee proposed to undertake for claims would have released approximately 60% of funds by next summer. Due in large part to the assistance customers provided the SIPA trustee, 72% of 4d funds have been restored.

10. Providing the documents requested by the Sapere Motion can be done at little or no cost to these estates. Should the court grant the Sapere Motion, the CCC agrees to conduct discovery in conjunction with Sapere and any and all other customers who wish to do so. This will help consolidate and streamline the efforts of customers to locate their missing property and minimize the burden to the estate created by the fees of the Trustees and the professionals they have engaged in an investigation that has thus far borne no fruit.
11. Customers have not been permitted involvement with 30.7 funds, and as a result, customers impacted there haven't received any distributions of funds.
12. In the MFGH Trustee Response, the Trustee continuously attempts to make a distinction about the fact that MFGH is a Chapter 11 proceeding despite the fact that it's clear that this company cannot be reorganized and it will be liquidated and sold. This proceeding exists to liquidate assets, not to reorganize a business in any meaningful way. Hiding behind the fiction of a Chapter 11 proceeding and claiming commodity liquidation rules don't apply does a disservice to customers whose property has very likely had crimes committed against it.
13. In conclusion, due to the failure of the Trustees to identify the cause of the shortfall in customer property and the aid to the estate that customer participation would provide without burden to the estate, the CCC respectfully requests that the court grant the Sapere Motion.

Dated: January 18, 2012

By: /s/ James L. Koutoulas

James L. Koutoulas, Esq. (*pro hac vice*)
**On Behalf of The Commodity
Customer Coalition, Inc.**