

REPLY TO:

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- ☐ 721 FEDERAL BUILDING
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United States Senate

CHARLES E. GRASSLEY

WASHINGTON, DC 20510-1501

July 12, 2012

REPLY TO:

- ☐ 103 FEDERAL COURTHOUSE BUILDING
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- ☐ 307 FEDERAL BUILDING
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Chairman Gary Gensler
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Gensler:

The recent developments involving Peregrine Financial Group ("PFG") causes me serious concern as to whether the Commodity Futures Trading Commission ("CFTC") is properly overseeing the activities of commodity brokerage firms. With the events of MF Global fresh in everyone's memory, we now are faced with yet another incident in which farmers' and investors' money may not have been properly safeguarded.

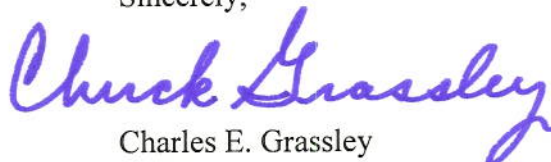
It is my understanding there was no ongoing CFTC investigation that precipitated the events of this week at PFG. This is extremely troubling given that, according to press reports, there have been red flags for some time. For example, it has been reported there were indications PFG was short of funds and/or had accounting irregularities as far back as February 2010. It is critical for Congress to know what the CFTC did to look into these red flags.

Farmers and investors trust commodities brokers to safeguard their accounts and trust the CFTC to police the commodities market. With the failure of MF Global and now PFG, the CFTC must be open and transparent with Congress and the American people to prevent the continued erosion of customer confidence in the integrity of the commodities markets.

As Congress examines the CFTC's actions regarding PFG, please provide the following information to help us with our investigation - What steps did the CFTC take to oversee PFG from the beginning of 2010 to the present? When answering this question, please include all information related to previous violations of PFG, suspicious activity by PFG, and what steps, if any, the CFTC took to respond to these red flags.

I look forward to receiving your response in a timely manner. If you have any questions, please contact me or my staff.

Sincerely,



Charles E. Grassley
United States Senator

RANKING MEMBER,
JUDICIARY

Committee Assignments:

AGRICULTURE
BUDGET
FINANCE

CO-CHAIRMAN,
INTERNATIONAL NARCOTICS
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