

Special Investigation:

The Ken Willey commodities trading case



by Lee Hicks,
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Valley News
1994-2001

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In early 1996, a Methow Valley man sat in a Spokane jail as the result of a commodities trading pool he operated. While Ken Willey of Twisp remained a federal prisoner, the Methow Valley News began an investigation to describe Willey's mysterious investment scheme and the reactions of investors. Some remained hopeful that they could recover part of their investmet, even reap profits. Others were resigned to the loss of childrens' college funds and a steep climb back up the financial ladder.

[Twisp man pioneers \\$17 million telecommuting venture](#)

In a small pioneer cabin seven miles up Twisp River Road federal investigators say a UW math graduate has been playing international commodities markets with high tech equipment but may have left his investors with false hopes of trading riches.

[.Willey's intelligence impressed investors and others](#)

Ken Willey's intelligence is not in question. And he still has supporters who believed he had unlocked a system to create wealth in commodities. But faced with uncertainty over whether they're winners or losers in Willey's allegedly illegal commodities scheme, some investors are skeptical they'll ever get all their investment back. "It's been just pretty damn devastating.." says one investor.

[Ken Willey remains a mystery](#)

Living in a small rented cabin, driving a old pickup--but also owning a \$55,000 SUV, Ken Willey left the impression at times of a hermit not interested in material wealth. But he was also not averse to lavish displays, some investors say.

[Any way you cut the cards... commodities are risky](#)

Commodities trading is the turf where rumor or fact, catastrophe or bonanza can move highly leveraged and volatile markets. Most investment advisers and brokers say it's a place for "mad money," not for a retirement nest egg or junior's college fund.

[Twisp man pioneers \\$17 million telecommuting venture](#)

Investors in limbo while feds seek funds

Part One

For the past several weeks, the Methow Valley News has extensively researched a federal court case involving Twisp resident Ken Willey. Since spring of this year, Willey has been a federal prisoner after refusing to cooperate with investigators in a allegedly illegal commodities trading venture. Part One of this series discusses the case against Willey and the potential fallout for investors, many of them from the Valley. In next week's issue, the News reports comments from investors and others who know Ken Willey as a highly intelligent and meticulous person and were surprised at his arrest.

by Lee Hicks

A little more than seven miles up Twisp River Road is a small pioneer cabin only a short walk from the banks of the river.

Except for a satellite dish and some later model vehicles parked nearby, the place recently appeared from outside much as it might have in the time it was built.

Inside the rustic home, though, federal investigators allege that a Twisp man has displayed the pioneer ingenuity of early settlers, tilling a new frontier of telecommuting by deploying

commodities trading	as much as \$17 million of investors' fund in high risk commodities trading.
case	Investigators and some who knew Ken Willey say that with a few strokes of the keyboard, he could summon commodities quotes from trading floors via satellite and display them on a bank of eight computer monitors.
The Ken Willey commodities trading	Since May 8 of this year, Willey, a 1975 University of Washington graduate with a BS in mathematics, has been a federal prisoner in the Spokane County Jail. He continues to violate a federal judge's order to cooperate with investigators who have charged him with violating commodities trading regulations.
case	The nature of the charges against Willey, 46, raise serious and puzzling questions for investigators and investors alike.
The Ken Willey commodities trading	Is Willey a financial wizard with the vision and genius to create a trading system based on "complexity theory " that blunts the the volatility risk of commodities trading? Some investors are convinced he discovered the secret to trading success.
case	Could he be a scam artist running a notorious Ponzi scheme, paying off some investors with contributions from others. Is he simply a bright and well-intentioned unregistered trader who got in over his head and has left scores of investors with trading losses?
The Ken Willey commodities trading	Investigators for the Commodities Futures Trading Commission, a federal agency, and Willey's investors would all like to answer those questions.
case	In a series of court appearances since April, Willey has allegedly failed to divulge the whereabouts of as much as \$12 million in a commodities pool managed for 274 clients.
The Ken Willey commodities trading	Included are about 200 investors from Washington State, many from the Methow Valley, and others from as far away as Mexico and Albania, the federal complaint alleges.
case	Investigators say Willey has been reporting trading profits of as much as 6 percent a month on client accounts.
The Ken Willey commodities trading	Thus far, Willey has led investigators to about \$5.5 million in eight bank accounts, all of which has been been frozen by federal court order. If the allegedly missing \$12 million in fact exists, as Willey has said, investigators want to see it.
case	"He alleges that there is an additional amount. And that's the question we have. If it's there, where is it," says CFTC counsel Edwin Yoshimura of the agency's Los Angeles office.
The Ken Willey commodities trading	If the money doesn't exist, there is the prospect that investors who for some time believed they had a superbly performing investment could be left holding an empty bag.
case	The specific complaint against Willey is a civil action in U. S. District Court, Spokane, by the Commodities Futures Trading Commission (CFTC) alleging he violated the Commodity Exchange Act on several counts in pool trading that began as early as January of 1991.
The Ken Willey commodities trading	A commodities pool includes funds obtained from multiple investors to be traded in commodities ranging from agricultural and livestock products to precious metals and currencies. Willey, according to one investor, concentrated on currencies and occasionally precious metals.
case	Federal law requires that pool funds be maintained in the name of a pool account. Anyone operating the pool using the mails, such as for soliciting accounts and issuing statements, must be registered, which involves successfully completing an exam.

The CFTC has charged that Willey operated a pool without being registered, co-mingled client funds in accounts in his own name, rather than one for the pool, and distributed account statements that misrepresented net asset value and profits and losses.

In addition to halting Willey's trading activity and forcing him to disclose records of his accounts, the CFTC has asked that the court direct Willey to give up any of his "benefits" from trading and to "make whole" all investors in the pool. The agency also requested a civil penalty of \$100,000 or triple any gains Willey made, whichever amount is greater.

Included in the funds frozen by the court is \$380,000 in an account in Willey's name at commodities dealer Lind Waldock & Co. It's the only commodities trading account identified by the CFTC.

The CFTC says that Willey initially agreed to cooperate by providing information on his managed accounts and the location of all funds. After Willey allegedly reneged on the agreement the CFTC filed its "civil injunctive complaint" on April 9 and that same day U. S. District Judge William Nielsen entered a "consent order" freezing Willey's assets.

The judge also ordered an accounting of his trading, along with "other equitable relief" to prevent him from "dissipating assets under his control and from concealing records related to commodities trading."

Willey was given until April 23 to cooperate and then was ordered jailed in "coercive confinement" after a court appearance May 8. He refused again at June 8 and July 26 appearances. In the last appearance, Judge Nielsen named a receiver, Gilardi & Sons of Larkspur, CA, to locate and give an accounting of investor funds in the pool.

A woman who identified herself as working on the Willey file for Gilardi refused to comment other than to say names of the investors would "absolutely not" be released. She referred the News to her supervisor who did not return the call.

The CFTC's case against Willey apparently developed from a tip far away from the Methow Valley.

According to a federal investigator, the discovery of Willey's trading activities was "quite accidental."

A CFTC investigator told the Methow Valley News the agency received a call earlier this year from an accountant representing a Willey investor in New Mexico.

The accountant noticed something "strange" about substantial profits reported in his client's account statements from Willey,

Contacted by the CFTC, the Willey client told investigators he opened an account with Willey after hearing of him through a relative in the Methow Valley.

The pursuit of Willey quickened over Easter weekend this year, only days before the CFTC civil complaint was filed. A CFTC investigator traveled to the Methow from Los Angeles, booked a room at Sun Mountain Lodge and headed up Twisp River Road for a meeting with Willey.

The trader's reaction, according to the investigator, was surprise at, "why it had taken so long," for his activities to be discovered.

He found Willey, "fully cooperative. As an investigator I had very little to do."

"He certainly comes across as an informed and educated person," the investigator added.

Since his arrest by federal marshals for defying Nielsen's order, Willey has acted "pro se" as his own attorney while maintaining silence.

Even a member of the US Attorney's office in Spokane, which is so far only monitoring the CFTC civil case, raises the possibility that by keeping mum Willey may win a waiting game with the court. It could be a question of winning a skirmish only to face another, bigger army of lawyers, however.

The attorney told the News in late September that "theoretically he (Willey) could be there (in jail) for years. But, he added, that the court may conclude that jail, "is not going to produce the desired results and it is a futile effort." The attorney cautioned that the Justice Department is not involved in the investigation at this point and that his office was only monitoring the case.

The Methow Valley News attempted to discuss the case with Willey in a call to the Spokane County jail last Thursday, Nov. 1. According to jail Sgt. Mike Rohrschweib, Willey said, "I'm going to decline" when informed of the call.

The judge's consent order stipulates that Willey could be released immediately if he agrees to cooperate with the CFTC.

CFTC attorney Yoshimiura says he continues to talk with Willey in his role as the opposing attorney while Willey represents himself.

"I do confer with him. I keep him advised. That's basically it." As of Nov. 1, no further court appearances had been scheduled, Yoshimura said.

"As soon as he's willing or able or for any reason he tells us where it (the additional \$12 million) is then he's out of there (jail), Yoshimura said. "But there's no change at this point."

Yoshimura said the CFTC could continue to press its civil case if Willey is released. Also hanging over Willey is the prospect of a criminal action that could be brought by the Justice Department.

For now, though, Yoshimura said, "...it's our (the CFTC's) case. That's our violation that we have to prove in court with respect to being unregistered. Any issue that we could raise..those issues would go to trial unless they get resolved one way or the other."

As Willey stonewalls federal investigators and the court, investors are left to play a mostly passive role in the waiting game. Faced with little information, other than their account statements, investors who agreed to talk with the News seemed concerned about the fate of their investment. But they also acknowledge respect for Willey's intelligence, thoroughness and generosity.

The Methow Valley News series on the Willey case continues next week . One investor raises the possibility that Willey may be holding out with federal investigators for fear of revealing his trading strategy based on an arcane scientific theory. A veteran trader discusses the pitfalls of commodities pools and the inherent volatility and unpredictability of the market.

Willey's intelligence impressed investors and others

"It's been just pretty damn devastating.." says one investor

Part Two

The Methow Valley News series on the Ken Willey case continues this week with Part Two. One investor says Willey's trading was based on an arcane scientific theory. Some commodities experts discuss the pitfalls of commodities pools and the inherent volatility and unpredictability of the market. Willey has been charged by federal investigators with operating a commodities pool without being registered and co-mingling investor funds.

by Lee Hicks

Many people don't like to talk about money or their personal finances. That may be especially true with money lost, as well as in the case of profits they'd rather not make public.

The problem for Ken Willey's many investors is not knowing for sure if they're winners or losers in a high stakes and high volatility commodities trading pool.

Willey sits in Spokane County jail refusing to point the Commodities Futures Trading Commission to about \$12 million he says he managed for investors. A U. S. District Court Judge in Spokane has frozen \$5.5 million from a number of accounts in Willey's name.

As the Twisp River Road resident continues an impasse with investigators his reasons for silence are the subject of much speculation.

At least one investor believes Willey wants to protect a special trading strategy from being revealed. Another investor says she has heard that Willey, said to be a deeply religious man, is awaiting a signal from a "guardian angel."

For these investors and others who have known Willey, the whole scenario seems improbable both for the large amount of money and the generally low-key lifestyle of the 1975 University of Washington mathematics graduate.

They generally remember Willey as intelligent, meticulous and likeable. Although described by most who knew him as a very private person, one investor says Willey's "other side" was one who could show off with \$100 tips at the Valley's most expensive restaurants.

Willey appears to have been in and out of the Methow Valley for nearly 20 years, at one time managing a construction crew and leaving for a time to run an orchard in the Chelan area. One person called him a superb craftsman who helped build on the Lou Tice ranch and managed the large operation for a time. Members of his church congregation remember his generosity in contributing to youth events.

The UW provost office would only confirm Willey's age, 46, major and graduation year and that he lived in Wenatchee before enrolling.

For the past few years Willey has lived in a small, picturesque cabin on property owned by a part-time resident. The cabin and property appear well-kept from the outside, even though Willey has been in jail since early May.

And for the seven months since early April when Willey first went to court, his investors have been left hanging with little information except for calls from a court-appointed receiver and talk among themselves.

The impact for many Methow Valley residents has been, in the words of one investor, "...pretty damn devastating. There's just no other way to describe it."

According to this investor, whom the News identifies as investor C, an individual Willey investor might later bring in family and friends. In some cases children's college funds were at stake.

Asked if there was a common link among Willey investors, C said, "I'd say that there is a lot of Christians involved in it. But I don't think that it's that solely. There's also a lot of New Age people...so I think he had friends in all different realms."

"I think that the economic impact on this Valley has already been horrendous. I mean if you pull even just \$5 million in a little valley like this, it has just devastating effects."

This investor is also puzzled at the wish for secrecy by many investors, some of whom "C" has known for "18 to 20 years."

"I was speaking with...(an investor) the other morning, and I said I thought the article in the newspaper (Methow Valley News, Nov. 14) was very good and he said, 'I don't see why people need to know that.'"

I said I think everybody in the whole country needs to know that..people need to know that these things can happen."

I said I don't know what the big secrecy thing is....I'm real concerned with why so many of the investors don't want anything said about it, why they're being so secret, why there's such a secrecy pact."

One problem investor C foresees is that "...quite a few people took out more than they put in so that comes to the point of do they make them pay that back, or how do they do that?"

And that part of it makes me wonder if it's just another Ponzi scheme. Did we just get flattened.?"

(Editor's note: A Ponzi scheme generally involves an investment pool in which some investors receive distributions paid from funds of other investors, often those who invested later)

INVESTOR "X" BELIEVED WILLEY HAD A SYSTEM (this can be a subhead for transition and to break it up)

Another Willey investor is more confident in Willey and believes his reluctance to talk with federal investigators may arise from a fear of disclosing a unique trading strategy.

He began investing with Willey in August or September of 1994, initially with \$1,500 and increasing his stake to about \$100,000 by the time Willey was jailed.

"I entered into it not on blind faith. I went to see Ken and spent several hours with him trading. He was showing me how he conducted business."

This investor, whom the News will refer to as investor X, says that he had withdrawn \$20,000 from his account. But investor X said he is aware of other investors who have a much larger amount of their net worth at stake.

"People's lives have been changed dramatically, and in some cases disastrously so," he said.

But investor X seems to hold hope that Willey did not attempt to defraud investors.

An East Coast investor, according to X, hired a "world class" investigative firm to look into

the accusations. The firm concluded that Willey, "does not seem to fit the profile of a scam artist."

Among the reasons for their conclusion, X said, is that Willey didn't live lavishly, was a generous person and "always had much cash on hand."

Further reinforcing X's opinion that Willey was not attempting fraud was his reluctance to expand the commodities pool.

"He did not seem to be overly interested in expanding it. That is something that absolutely would not happen if this were a scam."

Willey notified investors by letter about six months before he was arrested that he was limiting the pool, X said. He said essentially, 'I don't want any more clients,'" X recalled.

Apparently Willey felt the pool was becoming too large and demanding too much of his time to be effectively managed, X concluded.

Corroborating other observations, including those of the federal investigator, investor X said Willey would close out positions each day rather than risk unpredictable events that could move trading in a commodity overnight.

"He was always protecting himself by being defensive, rather than going for the big hit," X said, adding that he had been at Willey's home when he closed positions at the end of the trading day.

X estimated his statements indicate profits of about 80%. He has been contacted by the receiver, Gilardi & Sons, and his records are close to those Willey turned over to investigators and "to my knowledge" the same is true of other investors.

COMPLEXITY THEORY: WAS IT WILLEY'S TRADING TOOL?

In his visits with Willey, X learned Willey was basing his trading strategy on what is known in scientific circles as "complexity theory." As the name implies, it's a theoretical field of research that, in a simplistic layman's definition, relies on mathematical algorithms to predict patterns of events and behavior.

Complexity theory is gaining cachet as a management tool, according to a recent article in US News and World Report. Among the proponents are Nobel prize winner Murray Gell-Mann of the Sante Fe Institute.

According to the magazine, corporations are using complexity theory to predict such things as peak customer call times and the effect of price increases to "everything from playing the stock market to increasing the efficiency of assembly plants.

"That was basically his method of trading," Investor X noted.

As with others who knew Willey, investor X was impressed with his intelligence.

"He was a genius from an IQ standpoint," X observed.

"I firmly believe he had it (the trading system) figured out."

Another Valley resident knew Willey from a construction project trusted him with about \$5,000 that "Investor Y" thought might grow into a good college fund for a grade school child.

Now investor Y joins the other 274 estimated investors to wonder if and how much of the money she'll recover. Or even if she might stand to realize the sizeable profits Ken Willey had been reporting on her statements.

Another non-investor, a prominent businessman, says that at least one of his employees invested with Willey. The businessman said he was convinced that Willey "...is not a cheat."

VETERAN BROKER IS SKEPTICAL

But a veteran commodities trader with a major national brokerage is by nature more skeptical of traders "on a roll" with a new system to beat the market.

While not familiar with the Willey case, the trader said one concern for investors is that thus far the CFTC has located only a small amount of funds actually in a trading account --\$380,000 at Lind Waldock & Co. -- in relation to the \$5.5 million in frozen accounts and the additional \$12 million Willey's records indicate.

"It amazes me how many times these things happen. But I can say this pretty assuredly about systems--whether it's complexity theory or whatever--you can't imagine how many I've seen over the years and they all come and go. None of them last for very long. The markets figure it out. If it becomes popular enough then it ends up killing itself."

COMMODITIES TRADING: MORE GAMBLING THAN INVESTING?

One visitor to Willey's cabin recalled his first impression that the interior "was something out of science fiction."

It was a very quiet and tidy space, but in one area computer monitors displayed commodities information transmitted to a satellite dish in the yard.

Willey did not seem shy or secretive about his trading strategies, this person recalled. He showed account statements indicating substantial annual profits and attributed part of his success to never leaving trading positions open overnight.

Although intrigued by Willey's trading, the visitor decided not to invest because he felt the commodities market in principle was too much like gambling.

A CFTC investigator also made the comparison to gambling in an observation that Willey's claimed trading profits seemed unrealistic. Willey told the investigator he had been making profits of 6% per month. (The formal CFTC complaint says Willey's statements reported more than 50 percent a year profits.)

"It's much better than any (return) I've ever heard," the investigator said. "That's not possible so far as I can see in commodity trading."

In a way you can look upon it as gambling. you have losing days and winning days. Their (traders') skill is in the ability to beat the odds, to win more often than you lose."

Ken Willey remains a mystery

A hermit with a \$55,000 Land Cruiser?
July of 1997

By Lee Hicks

Ken Willey remains a puzzling personality to many of those who invested in his multi-million dollar commodities pool or otherwise came in contact with the Twisp River Road resident.

Some investors and others have provided a verbal portrait of Willey, 47, that is a composite of a complex man.

Among words used to describe Willey are meticulous, highly intelligent, kind and generous. But he's also been called arrogant and even flamboyant.

Some say he was a hermit who, until being put in the spotlight by illegal commodities trading, kept largely to himself. But others say he at times displayed large amounts of cash and tipped lavishly at finer dining establishments in the Valley.

One prominent local businessman, who says he did not invest, argues flatly, "Willey is not a crook." Another person, an investor, says he's convinced Willey "had it (commodities investing) figured out," but at the same time appears resigned to losing some of his investment.

The Commodities Futures Trading Commission has already won a federal court ruling on civil charges that Willey ran a commodities pool without being registered as required by federal law, and co-mingled investor deposits with his own. He is set to stand trial Nov. 18 on another, more serious, civil charge of fraud in soliciting investor funds and reporting pool profits.

Willey's lifestyle in one way fit a traditional Methow Valley image of resourcefulness, hard work and lack of display. He won respect of fellow workers while managing construction projects at the large Lou Tice ranch, and was noted for his craftsmanship.

He graduated from the University of Washington in 1975 with a mathematics degree after living in Seattle earlier in life and later attended high school in Wenatchee.

On the one hand, Willey fit into the Methow by living in a picturesque pioneer cabin along the Twisp River and drove an older pickup truck. But in recent years, he apparently also owned and drove a late model Toyota Land Cruiser, one of the most expensive luxury sports utility vehicles.

A review of transactions in Willey's various bank and securities accounts provides few clues to Willey's motives. But, there is a pattern that could support the contention both that Willey is a generous man, and that he had a penchant for certain luxuries.

Maybe most important, the Willey records show exchanges of substantial amounts of money for an area as small and remote as the Methow Valley, where most of his investors appear to live.

Willey's account activity in a 13-month period was reconstructed and analyzed by Bruce Gale of the Commodities Futures Trading Commission. From this are possible some conclusions:

--At least a few investors received very large distributions from Willey accounts, although it's difficult to match their withdrawals from the pool with their original contributions for activity in the 13 months. But, the court appointed receiver, Gilardi & Co. of Larkspur, Calif., has told federal judge Nielsen, that 23 investors have received more in distributions than was paid out.

Some of the larger single entries in the CFTC analysis include an investor identified as "PF" who received \$485,000 in a single transaction. Another noted as "MJ" received \$135,320.

Other single transactions larger than \$50,000 included: "BB," \$92,000; "RL," \$86,000; "JG," \$67,500; "CTS," \$66,407; "DJJ," \$54,500; "JRM," \$52,650; "JSM," \$55,000; "LWS," \$52,000; "GCS," \$51,000. However, another group of entries also list transactions with the same initials, including \$33,000 to "BB," \$28,000 to "JG," \$47,000 to "GCS," \$19,500 to "MJ" and \$2,500 to "MJ or US Bank."

--Willey's generosity and his reported religious interests are evident in transactions listing many charities and the Community Covenant Church in Twisp.

One transaction in the summary is for \$60,950 to the local church. More than 20 other transactions list donations in amounts ranging from \$50 to the American Institute of Cancer Research to \$3,400 to PLU (possibly Pacific Lutheran University) First Steps program.

Willey also donated at least \$14,550 to the "Kenneth Hagin Ministries." And he gave to the Carter Center; to local Nordic ski star Heidi Rinehart, Habitat for Humanity; Confluence Gallery; Union Gospel Mission and other churches or ministries.

--Willey apparently didn't favor financing major purchases such as automobiles.

One transaction dated Nov. 3, 1995 is \$23,366.47 for a 1994 Ford Explorer, with no payee listed. This is followed barely a month later, on Dec 12, 1995, by a transaction for \$55,548.98 to Michael's Toyota (presumably the Bellevue dealership). Those prices would be consistent with market values of the Explorer and a late model Toyota Land Cruiser.

There are also several entries for insurance payments, fuel and maintenance for a Land Cruiser.

--Although Willey has represented himself in the case brought against him by the CFTC, he did at one time apparently use the services of Davis Wright and Tremaine, a major Seattle law firm, as indicated by an entry of \$5,851.51.

Willey told CFTC investigator Bruce Gale in April of 1996, according a deposition by Gale, that Willey had, in Gale's words, "consulted with an attorney regarding to the procedures for individuals trading commodity pools to register with the Commission." It cannot be determined if the payment to the Seattle law firm was related to advice on commodities issues.

--Throughout the 13-month period analyzed by the CFTC, Willey used the Smith Barney account to pay many of his own personal and business expenses. The transactions include yard maintenance; cabin rent; various services and repairs; utility bills; cellular telephone and "800" number charges; a traffic ticket and carpet cleaning to name a few.

The "800" number listed in the accounts is still active but requires an access code.

Usually there are brief one word or abbreviated descriptions of expenses, and occasionally the full name of a person or business.

--Willey made credit card payments totaling more than \$98,000 in slightly more than a year. One group of payments, as compiled by the CFTC investigator, were noted as "MNK C.C. PAYOFF" and totaled \$61,608.90 to five credit card companies. The MNK initials are not further explained.

At this point federal investigators have found about \$5.5 million in various Willey accounts. A court-appointed receiver has recommended those seized assets be distributed to most investors pro-rata according to the amount of their original investments.

Within days federal judge William F. "Frem" Nielsen is expected to rule on a federal magistrate's recommendation regarding the receiver's distribution plan.

Meanwhile, Willey continues to say there is another \$12 million in pool funds, including substantial profits. But he will not say where, and investigators express doubt that it exists.

A commodities trading veteran with a major brokerage has said the Willey case has many characteristics of a classic "Ponzi" scheme. Taking its name from a convicted 1920's postal coupon investor, a Ponzi scheme involves payments to early investors from funds of those who invest later.

But this same trading pro also concedes another possibility. If the money exists, the reward for silence could be substantial even if Willey loses his next court battle and has to serve time in jail.

Any way you cut the cards... commodities are risky investments

by Lee Hicks

Maybe it's Alan Greenspan's testimony on interest rates, or the effect of a casual comment on the yen by the president of Sony. Or a freak hail storm in the midwest that sends wheat futures skyrocketing.

Commodities trading is the turf where rumor or fact, catastrophe or bonanza can move highly leveraged and volatile markets. Most investment advisers and brokers say it's a place for "mad money," not for a retirement nest egg or junior's college fund.

In their elemental forms, futures markets for currencies, agricultural products or precious metals offer government, banks, farmers, mining companies a form of insurance, or "hedge," against a variety of potential disasters -- natural and manmade.

But the execution of trading on major commodities markets may appear more chaos than a reasonable strategy to avert any calamity. Floor traders in busboy-like jackets shout and shove, waving pieces of paper and scribbling notes in a financial slam dance that sways the future price of goods around the world.

It's a world of "limit ups" and "limit downs," where a little bit of money can become a lot in the space of hours..or evaporate. Time is a friend, and the enemy. There isn't the luxury, for example, of waiting for a good company's stock price to fully reflect the quality of management and its product. By nature, futures are a deteriorating investment and "rolling out" in time may be worse than taking a loss and trying again.

Or maybe just deciding the pace is too fast and heading to the sidelines.

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