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NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE

In the Matter of:	)	
	)	
TIGER FINANCIAL GROUP	)	
(NFA ID #288015),	)	
	)	
BRIAN O. OZKAN	)	
(NFA ID #243528),	)	
	)	
ERIC M. GOLUB	)	
(NFA ID #316740),	)	
	)	
RAMON CHALIS	)	
(NFA ID #310927),	)	
	)	
AMEET ANDHARI	)	NFA Case No. 08-BCC-017
(NFA ID #369165),	)	
	)	
DUSTIN S. SMITH	)	
(NFA ID #314073),	)	
	)	
MICHAEL A. PATTON	)	
(NFA ID #363980),	)	
	)	
JAMES A. SPEAR	)	
(NFA ID #312680),	)	
	)	
DARCUS O. YOUNG	)	
(NFA ID #357789),	)	
	)	
and	)	
	)	
CHRISTOPHER BRUECK	)	
(NFA ID #373426),	)	
	)	
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 ("Committee" or "BCC") issues this Complaint against Tiger Financial Group ("Tiger"), Brian O. Ozkan ("Ozkan"), Eric M. Golub ("Golub"), Ramon Chalis ("Chalis"), Ameet Andhari ("Andhari"), Dustin S. Smith ("Smith"), Michael A. Patton ("Patton"), James A. Spear ("Spear"), Darcus O. Young ("Young"), and Christopher Brueck ("Brueck").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Tiger was an independent introducing broker ("IB") NFA Member located in Los Angeles, California.

2. At all times relevant to this Complaint, Ozkan was the chief executive officer, a principal, and an associated person ("AP") of Tiger and an NFA Associate.

3. At all times relevant to this Complaint, Golub was a principal, and an AP of Tiger and an NFA Associate.

4. At all times relevant to this Complaint, Chalis, Andhari, Smith, Patton, Spear, Young, and Brueck were APs of Tiger and NFA Associates.

BACKGROUND

5. Tiger has been an IB Member of NFA since October 1998. Its main office is in Los Angeles. Tiger currently operates five branch offices, which are located in

Atlanta; Lawrenceville, Georgia; Chicago; New York City; and Woodland Hills, California. The firm employs approximately 70 APs.

6. Tiger's chief executive officer is Ozkan, who has been a listed principal and AP sponsored by Tiger since its inception. Tiger is wholly owned by Tiger Financial Holdings LLC, which in turn is owned by the Brian Ozkan Trust (the "Trust"). Ozkan is the Trust's only trustee. Ozkan is also a principal and former AP of Puma Financial LLC ("Puma"), which is a Chicago-based futures commission merchant. Puma is also owned entirely by the Trust.

7. Golub has been an AP and principal of Tiger since early 2005. He and Ozkan have primary responsibility for supervising Tiger's main office in Los Angeles as well as certain company-wide functions.

8. Tiger was guaranteed by Alaron Trading Corporation ("Alaron") from October 1998 through January 2004 and has been an independent IB since that time. Tiger is also a notice registered broker dealer and was registered as a commodity trading advisor from June 1998 until February 2004.

9. Tiger's customers trade almost exclusively in exchange traded options in non-discretionary accounts. The firm had approximately 3,300 customers during 2005 and 2,900 during 2006. Eighty-four percent of its customers suffered net losses in 2005 and 91% of them experienced net losses in 2006. Collectively, those customers experienced net losses of $39.7 million during that two-year period while the firm generated $23.7 million in commissions.

10. During NFA's most recent visits to Tiger's offices, auditors overheard some of the APs making claims about the likelihood of achieving substantial profits. Those

claims bore no resemblance to the significant overall losses experienced by Tiger's customers. For example, NFA staff heard Tiger APs in the Los Angeles main office and in the New York City and Chicago offices tell prospective customers that they were looking for $7,000 to $9,000 returns on a $5,000 investment. Tiger APs in the Woodland Hills branch told prospects that they were looking for $3,000 to $4,000 profits on a $5,000 investment. Despite these profit claims, NFA never heard a Tiger AP disclose the fact that the vast majority of the firm's customers lost money overall.

11. As a result of the problematic solicitations NFA staff overheard during their visits to Tiger's offices, NFA expanded its review of the firm's sales practices. NFA obtained a list of all Tiger customers who closed their accounts in 2007 and conducted interviews with a sample of those customers as well as with some individuals who had filed complaints or NFA Arbitration claims during 2007 and early 2008.

12. The Tiger customers whom NFA interviewed reported that Tiger's brokers routinely touted profits, made representations that the customers were likely to reap substantial profits trading through Tiger, downplayed the risk of loss, and failed to provide adequate risk disclosure. The customers also confirmed to NFA that they were never told that the vast majority of Tiger's customers lost money.

13. Tiger's practice of highlighting substantial profit opportunities in the face of a history of substantial customer losses without disclosing those losses to their customers or prospective customers has been specifically held to be misleading by NFA's Appeals Committee in <u>In the Matter of Siegel Trading Company, Inc.</u>,

NFA Case No. 01-BCC-011 (App. Comm., Oct. 6, 2003); and In the Matter of Barkley Financial Corporation, NFA Case No. 05-BCC-020 (App. Comm., July 6, 2007). In addition, as early as 1996, NFA's Board of Directors made it clear to the membership that dramatic profit claims that were not comparable to the performance of a Member's customers' accounts were deemed to be deceptive. (See, Interpretive Notice, NFA Compliance Rule 2-29: Deceptive Advertising, NFA Manual ¶9033, June 4, 1996.

14. In the Siegel case, NFA's Appeals Committee cited the 2002 decision of the United States Court of Appeals for the 11th Circuit in CFTC v. R.J. Fitzgerald & Co., in holding that a Member cannot tout substantial and likely profits if their customers are generally suffering losses without disclosing that the vast majority of the Member's customers have lost money.

15. NFA's Appeals Committee reiterated its position when it considered the Barkley case in 2007. It stated that:

> In Siegel, this Committee specifically held that it was misleading for Siegel APs to imply that profits were almost inevitable without also disclosing that most of Siegel's customers lost money. Although this Committee emphasized that there is no general duty to disclose customer performance, such a duty arises when a firm's APs make profit projections that are contradicted by actual customer performance.

16. Ozkan expressed surprise that NFA took issue with the fact that Tiger's standard solicitation touted substantial profits without disclosing the fact that the vast majority of its customers lost money. In fact, he took NFA to task for not giving Tiger notice that it deemed such a sales approach to be misleading, thereby revealing his ignorance of or disregard for the principles enunciated in In the

Matter of Siegel Trading Company, Inc.; In the Matter of Barkley Financial Corporation; NFA Interpretive Notice, NFA Compliance Rule 2-29: Deceptive Advertising, NFA Manual ¶9033, June 4, 1996, and CFTC v. R.J. Fitzgerald & Co.

17. NFA's investigation found that Tiger and its APs not only made misleading sales solicitations but also recommended trades that maximized Tiger's commissions with little or no regard for whether the customer had a fighting chance of achieving a profit.

18. Tiger routinely recommended bull call spreads to its customers. This strategy involves purchasing a call option at one strike price while simultaneously selling a call option at a higher strike price. Commissions and fees on each option were approximately $115 and, therefore, amounted to about $230 per spread. (Tiger subsequently lowered its total commissions and fees to approximately $95 per option just before NFA's Enhanced Supervisory Procedures began being imposed on Members charging total transaction expenses of $100 or more beginning on November 1, 2007.)

19. NFA's analysis of Tiger's customer accounts indicates that the firm chose the strike prices for their spreads simply because they equaled approximately $1,000 in total costs, with commissions and fees included. This one-size fits all approach to recommending option trades appears to be far more geared toward maximizing commissions than toward giving Tiger's customers a reasonable chance to experience a profit.

20. Tiger's trading approach of purchasing option spreads with a total cost of around $1,000 meant that option premiums per spread were in the range of $750 and that they were virtually all out of the money. This had a substantial negative impact on the likelihood of Tiger's customers experiencing profits since they had to make a 30% return simply to break even. In addition, Tiger's APs sometimes recommended combinations of trades for which the same strategic results could have been achieved with a different combination that involved fewer commission charges.

21. To make matters worse, Tiger routinely placed trades in customer accounts even though the customer had insufficient equity in the account to cover them. This created immediate margin calls, which, in some cases, were not met for more than a week.

22. NFA asked Tiger customers what they were told regarding the nature of the trading strategy being recommended by Tiger and the risk of loss inherent in that strategy, particularly in view of the fact that, in most instances, they had to experience a return of around 30% simply to overcome commissions. Their responses made it clear that Tiger did not explain its trading strategy or disclose the risk of loss inherent in trading through Tiger in any meaningful way.

23. The pervasive violations committed by Tiger and its personnel evidence a gross failure on the part of the firm, Ozkan and Golub to supervise Tiger's employees to ensure compliance with NFA Requirements.

APPLICABLE RULES

24. NFA Compliance Rule 2-2(a) provides that no Member or Associate shall cheat, defraud or deceive, or attempt to cheat, defraud or deceive, any commodity futures customer.

25. NFA Compliance Rule 2-4 provides that Members and Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their commodity futures business.

26. NFA Compliance Rule 2-29(a)(1) provides that no Member or Associate shall make any communication with the public which operates as a fraud or deceit.

27. NFA Compliance Rule 2-9(a) provides that each Member shall diligently supervise its employees and agents in the conduct of their commodity futures activities for or on behalf of the Member. Each Associate who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's commodity futures activities on behalf of the Member.

COUNT I

VIOLATION OF NFA COMPLIANCE RULES 2-2(a), 2-4 AND 2-29(a)(1): MAKING DECEPTIVE, AND MISLEADING SALES SOLICITATIONS AND FAILING TO UPHOLD HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE.

28. The allegations contained in paragraphs 1 and 4 through 26 are realleged as paragraph 28.

29. James Quisenberry ("Quisenberry") is 54 years old and owns a small construction business in Granberry, Texas. He had an account through Tiger from September 2005 through February 2007, although it had no positions or equity after March 2006.

30. Quisenberry was solicited to open his account by Tiger AP Chalis. During his solicitations to Quisenberry, Chalis told Quisenberry that they'd make big money and that he should invest in heating oil and natural gas because, as soon as the big frost hit, Quisenberry's investment would skyrocket. Chalis told Quisenberry that his investment would grow to at least $50,000. On another occasion, Chalis told Quisenberry that his profit potential was at least $20,000 to $25,000. Chalis also told Quisenberry that even if the bottom fell out of the market, Quisenberry would still profit since he was buying long and short — which was untrue.

31. Chalis never discussed risk of loss with Quisenberry or made any reference to the importance of the risk disclosure statement. In addition, whenever Quisenberry asked Chalis to explain futures and options, Chalis quickly ended the conversation. Chalis also never explained bull call spreads, the time value of options, or strike prices to Quisenberry. When Quisenberry asked about his break even point, Chalis avoided answering the question and told Quisenberry not to worry since he would make money. At no time did Chalis ever tell Quisenberry that Tiger's approach (i.e., recommending options in the range of $1,000, including commissions and fees of $230) meant that Quisenberry would have to experience a 30% return in order to break even.

32. Chalis' solicitations to Quisenberry were misleading in that they exaggerated the profit potential and downplayed the risk of trading in the options markets through Tiger, made numerous profit claims that were not representative of the returns experienced by Tiger's customers, failed to explain the characteristics and fundamentals of options and bull call spreads, failed to explain the impact of

commissions on profit potential, and failed to disclose that the majority of Chalis' and Tiger's customers lost money.

33. Chalis continued to deceive Quisenberry even after all of Quisenberry's positions had expired. Chalis called Quisenberry and told him that his account had lost money, but that he would allow Quisenberry to participate in an outside "investment deal" to make it up to him. In reality, the "deal" was a scam that Chalis used to steal more than $9,600 from Quisenberry.

34. Chalis told Quisenberry that his friend was "giving away" silver contracts for $6 and that Quisenberry could get in on the deal for $5,000. Chalis told Quisenberry not to send a check because it would take too long to clear, but to wire the $5,000 directly into Chalis' bank account. Chalis also urged Quisenberry to invest in an outside gold deal and persuaded Quisenberry to wire an additional $4,700 to Chalis. Later, Chalis told Quisenberry that he was only able to get $3,800 for the silver contracts and he sent Quisenberry a check for $3,800, but the check bounced and Chalis has never repaid Quisenberry.

35. In addition to making misleading and deceptive sales solicitations to Quisenberry and converting Quisenberry's funds, Chalis also recommended trades to Quisenberry that were not in Quisenberry's best interest and were apparently motivated solely to maximize commissions for Tiger and Chalis.

36. Quisenberry opened his account with Tiger on September 22, 2005 with an initial deposit of $5,000. The very next day, Quisenberry purchased five heating oil bull call spreads based on Chalis' recommendation. All of the initial equity in Quisenberry's account was used to acquire these bull call spreads.

37. On September 30, 2005, Chalis purchased two ten lot April 2006 natural gas bull call spreads on behalf of Quisenberry. The first bull call spread had strike prices of 13.00 and 13.40. The second bull call spread had strike prices of 14.30 and 14.90. The second bull call spread made no financial sense in terms of providing Quisenberry with more upside potential, as that could have been accomplished by simply widening the strikes prices on the first bull call spread rather than adding the second bull call spread with higher strikes. The second bull call spread generated $4,558 in commissions and fees and resulted in a margin call of nearly $20,000 as there was insufficient equity in Quisenberry's account to cover the second bull call spread. This margin call was ultimately satisfied by Quisenberry on October 3, 2005.

38. Over the next two weeks the price of the underlying natural gas futures contract moved away from the 13.00 strike price. On October 14th, rather than simply selling the 13.00 calls and buying a lower strike, Chalis recommended that Quisenberry acquire a third bull call spread, which allowed Tiger to collect an additional $1,139 in commissions and fees. The third bull call spread was a ten lot April 2006 natural gas bull call spread with strike prices of 12.20 and 12.60. At that point, Quisenberry had three April 2006 natural gas bull call spreads at different levels. The third bull call spread resulted in another margin call of nearly $10,000 that was not satisfied for twelve days. Ultimately, all of Quisenberry's positions expired worthless, resulting in losses of over $34,000 on his total investment of $35,000, including nearly $8000 in commissions and fees.

39. Chalis and Tiger's conduct in recommending trades to Quisenberry that maximized commissions for Tiger without regard for the best interests of Quisenberry constituted a gross breach of their obligation to uphold high standards of commercial honor and just and equitable principles of trade.

40. Doyle Eakin ("Eakin") is a 68-year-old small business owner from Fresno, California. He had no prior experience with commodity futures or options before investing with Tiger in June 2006. Eakin's account was open from June through November 2006. Eakin invested a total of $15,000 in total and lost more than $14,700, including commissions of approximately $3,400.

41. Eakin was solicited to invest with Tiger by Tiger AP Andhari. Eakin told Andhari that he had never invested in commodities and didn't know anything about the market. Andhari said that he would manage Eakin's account and, therefore, Eakin didn't need to understand the market.

42. Andhari recommended that Eakin invest in heating oil options and claimed that Eakin could make between $6,000 and $8,000 on his investment. Andhari told Eakin that, "you're going to thank me when I send you a check for $8,000."

43. Eakin told Andhari that he was not comfortable with the risk but Andhari assured Eakin that he would make $3,000 on a $5,000 investment and would not lose money.

44. After Eakin invested $5,000 in November heating oil, Andhari called and insisted that Eakin sell $50,000 worth of stock to make an additional investment. Andhari said that Eakin would make $30,000 or more on a $50,000 investment by

purchasing more heating oil and be thankful when he received a check for $30,000 in November.

45. Andhari told Eakin that heating oil prices were going to go through the roof due to the Canadian oil pipeline being shut down for repairs. Andhari said that since the pipeline was going to be closed, oil would be in short supply causing the price of heating oil to skyrocket. Ultimately, Eakin invested an additional $10,000, almost all of which he ended up losing.

46. Although Andhari recommended that Eakin purchase bull call spreads, he never explained what a bull call spread was to Eakin and never discussed the impact of commissions on Eakin's profit potential. Nor did Andhari ever disclose to Eakin that the vast majority of Tiger's customers lost money during the prior year. In fact, despite the overall losing performance in Tiger's customer accounts, Andhari told Eakin that an investment in the heating oil market was a sure thing, that there was no way Eakin would lose money, and that Andhari knew the market and it was the best it had ever been.

47. Andhari's solicitations to Eakin were misleading in that they exaggerated the profit potential and downplayed the risk of trading in the options markets through Tiger; included profit claims and projections that were not representative of the returns experienced by Tiger's customers; suggested that well-known current events would move the market, when such information had already been factored into the market; failed to explain the characteristics and fundamentals of options and bull call spreads; failed to explain the impact of commissions on

profit potential; and failed to disclose that the majority of Tiger's customers lost money.

48. Andhari not only made misleading sales solicitations to Eakin but he also recommended trades to Eakin which were not in Eakin's best interest and only served to maximize Tiger's and Andhari's commissions. Eakin's account made a total of two trades, both of which were bull call spreads. On the first day that Eakin's account was open, Andhari used Eakin's $5,000 initial deposit to purchase five December 2006 heating oil bull call spreads. Six weeks later, Andhari acquired an additional 10 December 2006 heating oil bull call spreads for Eakin which had much higher strike prices. Because Eakin had little equity in his account, he was immediately faced with a margin call of nearly $10,000 that he was unable to satisfy for almost three weeks.

49. Andhari and Tiger's conduct in recommending trades to Eakin that maximized commissions for Tiger without regard for the best interests of Eakin constituted a gross breach of their obligation to uphold high standards of commercial honor and just and equitable principles of trade.

50. Navid Djamshidkhah ("Djamshidkhah") is 42 years old and operates an internet based limousine dispatch service in the Los Angeles area. Djamshidkhah had no experience with commodity futures or options prior to investing with Tiger.

51. During April and May 2006, Tiger AP Smith solicited Djamshidkhah to open an account with Tiger. Djamshidkhah told Smith that he did not have any previous futures or options experience but Smith assured him that he didn't have to watch the markets as the firm would watch the markets for him. Djamshidkhah also

told Smith that because the money he was using to invest was from his business, and some was from business loans, he could not afford to lose this money. Smith assured Djamshidkhah that he would make more money investing with Tiger than he would by operating his business and that his business partners would be happy.

52. Smith indicated to Djamshidkhah that he was likely to achieve substantial profits and could make a 20 to 30% profit on each trade in the unleaded gas market. Smith said that for every $.01 move, Djamshidkhah would make $2,000 per contract. Smith told Djamshidkhah that Tiger knew what it was doing and that he was an expert with a great deal of experience, so Djamshidkhah wouldn't lose money.

53. Smith also told Djamshidkhah that his other customers were happy and that their money had doubled or tripled. Yet, the truth was that the vast majority of Tiger's and Smith's customers lost money in 2005, which Smith never disclosed to Djamshidkhah.

54. Smith also made no attempt to educate Djamshidkhah on the nature and risks of options trading in general or, more specifically, on the risk of loss inherent with trading options through Tiger. Smith never discussed the time value of options or the concepts of extrinsic and intrinsic value with Djamshidkhah. Further, Smith never discussed in and out of the money options with Djamshidkhah. Moreover, Smith never explained bull call spreads to Djamshidkhah even though that was the trading strategy that Smith recommended to Djamshidkhah.

55. In addition, Smith failed to explain to Djamshidkhah the impact that commissions would have on his likelihood of making a profit or the fact that Djamshidkhah would have to make a 30% return just to break even. Smith never even told Djamshidkhah that options had an expiration date until the day when all of Djamshidkhah's contracts expired worthless.

56. Smith's solicitations to Djamshidkhah were misleading in that they exaggerated the profit potential and downplayed the risk of trading in the options markets through Tiger; included profit claims and projections that were not representative of the returns experienced by Tiger's customers; failed to explain the characteristics and fundamentals of options and bull call spreads; failed to explain the impact of commissions on profit potential; and failed to disclose that the majority of Tiger's and Smith's customers lost money.

57. In addition to making misleading sales solicitations to Djamshidkhah, Smith further deceived Djamshidkhah by recommending trades to Djamshidkhah that were designed primarily to maximize commissions for Tiger and Smith rather than benefit Djamshidkhah. For example, on the day that Djamshidkhah initially funded his account with $5,000, Smith purchased 40 September 2006 unleaded gas bull call spreads for Djamshidkhah. Each option spread cost approximately $1,000. Because Djamshidkhah had only deposited $5,000, he was immediately faced with a margin call of more than $34,000. Subsequently, more bull call spreads were acquired for Djamshidkhah's account at Smith's recommendation. Overall, Djamshidkhah invested over $61,500 and lost almost $48,000, of which approximately $41,750 went to commissions and fees.

58. Smith and Tiger's conduct in recommending trades to Djamshidkhah that maximized commissions for Tiger without regard for the best interests of Djamshidkhah constituted a gross breach of their obligation to uphold high standards of commercial honor and just and equitable principles of trade.

59. Allan Miller ("Miller") is a retiree from Mount Pleasant, Iowa. He opened an account through Tiger in December 2006 after being solicited by Tiger AP Patton.

60. Patton initially solicited Miller to trade gasoline, telling him that the price of gas was going to go higher and higher. Patton also recommended that Miller invest in cotton. Patton told Miller that farmers were planting more corn and that this would affect the cotton market because less cotton would be planted.

61. Patton claimed that there was no way Miller was going to lose money on his investment because the market wasn't going to go down. Patton said that May futures were going to go higher after the "reports" came out at the first of the year, which would cause prices to rise. Patton told Miller that if he invested $5,000 he could build it up to $100,000. Patton never disclosed to Miller that his other customers (he only had four) had all lost money and that a large majority of Tiger's customers had also lost money.

62. Patton also never explained to Miller the risks involved in trading in options or the characteristic and fundamentals of options (e.g., strike price, in and out of the money, intrinsic value, etc.) or bull call spreads. In addition, Patton never explained the impact of commissions on Miller's likelihood of making a profit.

Nor did Patton ever tell Miller that he would have to experience a 30% profit just to overcome commission expenses.

63. Patton's solicitations to Miller were misleading in that they exaggerated the profit potential and downplayed the risk of trading in the options markets through Tiger; included profit claims and projections that were not representative of the returns experienced by Tiger's customers; failed to explain the characteristics and fundamentals of options and bull call spreads; suggested that well-known current events would move the market, when such information had already been factored into the market; failed to explain the impact of commissions on profit potential; and failed to disclose that the majority of Tiger's customers lost money.

64. In addition to making misleading sales solicitations to Miller, Patton also deceived Miller by making trade recommendations that advantaged Tiger and Patton but were not in the best interest of Miller. For example, the very day Miller opened his account with Tiger with a $4,000 initial deposit, Patton purchased 10 May 2007 cotton calls for Miller, which generated $1,200 in commission and fees for Tiger and, at the same time, subjected Miller to a margin call of nearly $1,000. Miller's cotton calls eventually lost money and overall, Miller ended up losing almost all of his $5,000 investment.

65. Patton and Tiger's conduct in recommending trades to Miller that maximized commissions for Tiger without regard for the best interests of Miller constituted a gross breach of their obligation to uphold high standards of commercial honor and just and equitable principles of trade.

66. Michael Clark ("Clark") is a 58-year-old rancher from Clyde Park, Montana. Clark had no prior futures or options experience when he opened an account through Tiger in February 2007 after being solicited by Tiger AP Spear.

67. Spear told Clark that it was a good time to invest and that gasoline was "going crazy." Spear urged Clark to get in as soon as possible. Spear said that gasoline had cyclical patterns — it goes up in the spring, peaks in the summer, and then goes down in the winter.

68. Spear told Clark that he was 'pretty sure' that Clark could make $27,000 on a $10,000 investment. On another occasion, Spear told Clark that if he invested in gasoline he would double his money by early summer and then he could relax with his lemonade.

69. Spear claimed that he had never seen the gas market this high this early. Spear told Clark that he was crazy if he didn't invest more money. Spear urged Clark to quickly get as much money as possible because gasoline was going to go nuts in the next month or two. Spear told Clark that he makes more money when Clark makes more money.

70. Spear never disclosed to Clark that the vast majority of his and Tiger's customers suffered overall losses in 2005 and 2006 and that his customers, alone, lost more than $700,000 in those two years.

71. In addition, Spear never explained to Clark the characteristics and fundamentals of options, such as time decay and intrinsic and extrinsic value, other than to tell Clark that "there were deadlines with futures, and he would tell Clark when the deadlines came." Spear also never explained the mechanics of bull call spreads

to Clark or the impact commissions would have on Clark's ability to make a profit in his account.

72. Spear's solicitations to Clark were misleading in that they exaggerated the profit potential and downplayed the risk of trading in the options markets through Tiger; included profit claims and projections that were not representative of the returns experienced by Tiger's customers; suggested that well-known trading trends would move the market, when such information had already been factored into the market; failed to explain the characteristics and fundamentals of options and bull call spreads; failed to explain the impact of commissions on profit potential; and failed to disclose that the vast majority of Spear's and Tiger's customers lost money.

73. Overall, Clark invested $10,000 with Tiger and lost more than $9,250, including almost $8,900 in commission and fee expenses.

74. Bruce Sarlin ("Sarlin") is a 75-year-old psychiatrist from the New York City area. Sarlin had no experience trading futures or options before he invested with Tiger through its New York City branch office in June 2006.

75. Sarlin was solicited to open his account by Tiger AP Young, who was also the branch manager of Tiger's New York City branch office.

76. Young urged Sarlin to invest in the unleaded gas market and assured Sarlin that there was nothing to worry about because oil would continue to go up and Sarlin would make a lot of money. Young told Sarlin not to worry about the downside because his account was going to go up.

77. Young claimed that he had connections with oil big shots who told him that oil prices were going to go through the roof. Young told Sarlin that he had never had a customer who lost his entire investment and that there was no way that Sarlin could lose his investment. Young never disclosed to Sarlin that the vast majority of Tiger's customers lost money in 2005 or that 99% of his own customers also lost money in 2005, and that their losses totaled more than $213,000.

78. Sarlin also spoke to an individual at Tiger who identified himself as Tiger's president and told Sarlin that Tiger's goal was to make a 50% return on their customers' accounts and then close them.

79. Sarlin's account traded heavily in bull call spreads. Yet, Young never mentioned the term bull call spread to Sarlin let alone explain the term to Sarlin. Young also never discussed the time value of options or intrinsic and extrinsic value with Sarlin.

80. Young's solicitations to Sarlin were misleading in that they exaggerated the profit potential and downplayed the risk of trading in the options markets through Tiger; included profit claims and projections that were not representative of the returns experienced by Tiger's customers; failed to explain the characteristics and fundamentals of options and bull call spreads; failed to explain the impact of commissions on profit potential; and failed to disclose that the majority of Tiger's customers lost money. The statements made to Sarlin by the individual who identified himself as Tiger's president were also misleading in that they

discussed potential returns of 50% which bore no resemblance to the actual losing performance experienced by most of Tiger's customers.

81. In addition to making misleading sales solicitations to Sarlin, Young further deceived Sarlin by recommending trades to Sarlin that were designed primarily to maximize commissions for Tiger and Young rather than to benefit Sarlin.

82. Sarlin opened his account with $5,000 and, on the same day, Young purchased a bull call spread consisting of 100 October 2006 unleaded gas contracts. The total cost for these spreads was almost $100,000, but because Sarlin had only deposited $5,000, he was immediately faced with a margin call in excess of $93,000, almost $23,000 of which was for commissions and fees. This margin call wasn't covered for seven days.

83. Sarlin's first bull call spread was sold for a profit and the proceeds were used to purchase additional unleaded gas bull call spreads at much higher strike prices. These bull call spreads were deeper out-of-the-money and, therefore, less likely to be profitable for Sarlin. However, these bull call spreads generated an additional $22,800 in commissions and fees for Tiger.

84. Young and Tiger purchased additional bull call spreads for Sarlin, including a December 2006 heating oil bull call spread which resulted in a $45,000 margin call which was not satisfied for nine days. Overall, Sarlin invested almost $154,000 with Tiger and lost all but about $200 of that amount. Sarlin paid more than $70,000 in commissions.

85. Young and Tiger's conduct in recommending trades to Sarlin that maximized commissions for Tiger without regard for the best interests of Sarlin constituted a

gross breach of their obligation to uphold high standards of commercial honor and just and equitable principles of trade.

86. Heriberto Ferrer ("Ferrer") is 46 years old and owns a small construction business in Kissimmee, Florida. Ferrer and his wife opened a joint trading account through Tiger in September 2006 after being solicited by AP Brueck of Tiger's Chicago branch office.

87. Ferrer and his wife had no prior experience investing in futures or options and Ferrer repeatedly told Brueck that he did not know anything about investing. Nevertheless, Brueck never took the time to explain to Ferrer the mechanics of options trading or even what options are.

88. Brueck encouraged Ferrer to invest in the natural gas market. Brueck told Ferrer that they weren't bringing any more natural gas to the warehouse so it was worth more money. Brueck said that Ferrer would easily make $11,000 to $15,000. Brueck told Ferrer that he would make more money investing with Tiger than by operating his construction company, and in a shorter period of time. Brueck urged Ferrer to trust him and claimed that all of his clients were making money – which was untrue.

89. Brueck told Ferrer that during the firm's tape recorded "compliance call" he would be told that he could lose money, but that he should not worry about that. Brueck assured Ferrer that they would not fail. However, Brueck never disclosed to Ferrer that the vast majority of Tiger's customers lost money in 2005 and 2006.

90. Brueck's solicitations to Ferrer were misleading in that they exaggerated the profit potential and downplayed the risk of trading in the options markets through Tiger; included profit claims and projections that were not representative of the returns experienced by Tiger's customers; suggested that well-known current events would move the market, when such information had already been factored into the market; failed to explain the characteristics and fundamentals of options and bull call spreads; failed to explain the impact of commissions on profit potential; and failed to disclose that the vast majority of Brueck's and Tiger's customers lost money.

91. Brueck not only made misleading sales solicitations to Ferrer but he also recommended trades to Ferrer which were not in Ferrer's best interest and only served to maximize Tiger's and Brueck's commissions.

92. Ferrer funded his account with $5,000 and several days later, Brueck purchased five February 2007 natural gas bull call spreads for Ferrer's account. Two weeks later, Brueck purchased three additional February 2007 natural gas bull call spreads for Ferrer's account, resulting in a margin call of nearly $3,000. These bull call spreads eventually lost money and in the end Ferrer lost nearly all of his $8,000 investment and paid commissions and fees of $1,800.

93. Brueck and Tiger's conduct in recommending trades to Ferrer that maximized commissions for Tiger without regard for the best interests of Ferrer constituted a gross breach of their obligation to uphold high standards of commercial honor and just and equitable principles of trade.

94. By reason of the foregoing acts and omissions, Tiger, Chalis, Andhari, Smith, Patton, Spear, Young and Brueck are charged with violations of NFA Compliance Rules 2-2(a), 2-4, and 2-29(a)(1).

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-9(a): FAILURE TO SUPERVISE.

95. The allegations contained in paragraphs 1 through 3, 5 through 23 and 27 are realleged as paragraph 95.

96. NFA Compliance Rule 2-9 obligates each Member and each Associate with supervisory responsibilities to diligently supervise the Member's employees in all aspects of their futures-related activities, including sales practices.

97. As of April 2007, forty-three of Tiger's seventy-seven APs worked at the firm's main office in Los Angeles, each of whom made approximately 1,000 calls per week to prospects and customers. Ozkan and Golub had primary responsibility for monitoring sales solicitations at Tiger's main office. The way in which they performed this duty was by walking around the office and listening to solicitations. Golub, in addition to monitoring solicitations, was also primarily responsible for handling Tiger's customer complaints, ethics training and branch office audits.

98. Ozkan and Golub's supervisory approach of merely walking around the office and listening to sales solicitations was inadequate to prevent sales practice abuses and ensure compliance with NFA's sales practice rules, as evidenced by the misleading sales solicitations charged in Count I, five of which were made by APs who worked at Tiger's main office, where Ozkan and Golub were located.

99. During NFA's March 2006 audit of NFA, Ozkan and Golub represented to NFA that they planned to begin using a barge phone system to monitor APs' sales solicitations, which would allow them to more effectively monitor the sales practices of Tiger APs, as the monitoring would be conducted surreptitiously and without the knowledge of the APs. However, they failed to install a barge phone by the time NFA conducted its 2007 audit of the firm and their failure to install a barge phone may have, in turn, contributed to their failure to detect some or all of the sales practice abuses alleged in Count I.

100. Ozkan also failed to inform himself of the relevant rules and case law governing sales practices as evidenced by his ignorance of the Board's 1996 Interpretive Notice which forbids a Member from making profit claims that are not comparable to actual customer performance, or the Appeals Committee's Decisions in the Siegel and Barkley cases, or the 11th Circuit's decision in CFTC v. R.J. Fitzgerald, which require a Member who touts profits to prospective customers — when the vast majority of the firm's customers lose money — to disclose that fact to prospective customers.

101. In addition to their failure to prevent misleading and deceptive sales solicitations, Tiger and Ozkan also influenced Tiger APs to recommend trades to customers — usually in the form of bull call spreads — that were designed to maximize commissions irrespective of the best interests of customers. In this regard, Ozkan made "house" trading recommendations to Tiger's brokers which the brokers typically passed on to their customers. The impact of these "house" recommendations on Tiger's customers was disastrous, as customers lost almost

$40 million during 2005 and 2006 while, at the same time, Tiger collected almost $24 million in commissions.

102. Further evidence of Ozkan's failure to adequately supervise the sales practices of Tiger APs was Ozkan's treatment of prospective customer Steven Elzholz ("Elzholz"). In September 2007. Elzholz complained to Ozkan about solicitations he had received from two Tiger APs, which Elzolz regarded as aggressive and high pressured based in part on the brokers' refusal to take "no" for an answer. However, Ozkan turned a deaf ear to Elzholz' complaint and, instead, began to press hard for Elzholz to open an account with Tiger.

103. The foregoing facts and circumstances evidence a serious failure on the part of Tiger, Ozkan and Golub to diligently supervise Tiger's APs so as to detect and prevent misleading sales practices and abusive trading practices.

104. By reason of the foregoing acts and omissions, Tiger, Ozkan and Golub are charged with violations of NFA Compliance Rule 2-9(a).

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
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
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 associated person with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of Commodity Futures Trading Commission ("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 ASSOCIAITON
BUSINESS CONDUCT COMMITTEE

Dated: 6-30-08

By: ______________________
Chairperson

AFFIDAVIT OF SERVICE

I, Myra Lewis, on oath state that on June 30, 2008, 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:

Tiger Financial Group LLC
12301 Wilshire Boulevard
Suite 650
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Attn: Jeff Koren
Controller/Human Resources

Brian O. Ozkan
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930 5th Street
#204
Santa Monica, CA 90403

Darcus O. Young
1142 Manor Avenue
Apt. 2A
Bronx, NY 10472

Myra Lewis
Myra Lewis

Subscribed and sworn to before me
on this 30th day of June 2008.

Mary A. Patton
Notary Public

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