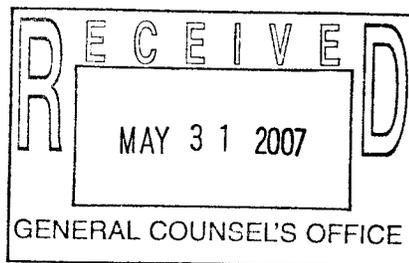


Richard Montece
7580 Stirling Rd #113-V
Davie, Florida 33024
May 21, 2007



National Futures Association
200 West Madison Street Suite 1600
Chicago, Illinois 60606

NFA

MAY 29 2007

WITHOUT PREJUDICE

In reply to: NFA Case # 07-BCC-012

REGISTRATION

I acknowledge receipt of the investigative report presented by the National Futures Association (NFA) before the Business Conduct Committee (BCC) Ref. the above mentioned Case number. Even though I have never had any previous complaints from any of my clients, I wish to extend my full cooperation with this Inquiry.

First, I respectfully ask the Committee and anyone who reads these statements to allow me to speak out openly and to take my statements without prejudice. For years I have been waiting for an opportunity to address issues concerning the futures and options industry. The issues range from abusive principals and IB's owners to complete lack of customer service. There are Associate Persons (APs) in this industry doing the right thing for clients, and others who are selfish, unscrupulous, and deceitful. But the reality is that, more often than not, the small participant is the one who pays the biggest price. By coming forward to denounce the selfish, unscrupulous, and deceitful I hope to help you rid some of them.

Second, I lack the means to pay for legal representation. Therefore I would like to state that I decided to defend myself. Although I have recently been contacted by American Atlantic Financial Corporation and/or John Menoutis himself in the filing of procedural requirement answers by their legal team, please be advised that no party is authorized to file either a verbal or written answer to this complaint on my behalf. I have declined several offers to be represented by American Atlantic Financial Corporation and/or John Menoutis' legal team as the standards of the company were never in accordance with my own values and high work ethic. I, along with my peers, suffered over time a substantial loss of wages and commissions unfairly and I ceased to be a representative of that Company in August 2006.

Finally, I would like to express my deepest support to the NFA for their effort in eradicating a modus operandi that has damaged the image of the commodities industry and the reputation of many Associate Persons (APs) who in some cases are subjected to follow unethical procedures. In 2004, I wrote a letter to the Compliance Department of the National Futures Association. In this letter I not only expressed my support for the Association but also my concern for the way some of their rulings are applied. Today I must add that the lack of a friendly atmosphere towards APs from the NFA creates a breeding setting for bad firms to operate as APs have no place where they can denounce wrongdoing.

EXPLANATION

I respectfully disagree with what the complaint states that my sales solicitations to "Wade and Dragisity were misleading and deceptive in that exaggerated profit potential and downplayed the risk of loss of trading options." The fact is that given the environment in which I was working where we followed instructions by the firm's owner in the way options trading should be sold, a 10, 20, or 30% profit potential was more realistic, reasonable, and attainable as opposed to the 200 and 300% or even 400% we were told to convey to prospects. The firm's owner conducted daily sales trainings during meetings, on one to one basis and group trainings, for new and seasoned brokers.

I was employed by American Atlantic Financial Corporation (AAFC) from August 2004 to August 2006. At the time I had first come in contact with "Wade" I have been with AAFC for not more than 90 days. It was my understanding then and throughout my employment with AAFC that they marketed futures and options through an outside or independent marketing agency which run radio and television spots. During the conversation with "Wade" I have stated that I have been in the financial industry for over 10 years meaning I worked in financial industry long before I became a Commodities Broker. However, never once I meant that I was an Associated Person (AP), or registered Commodities Broker, or Commodities Trader for ten years.

The recommendations made to "Wade and Dragisity" to buy either heating oil and/or natural gas were not my own but the firm's. American Atalntic's owner, John Menoutis, told his brokers what to buy, when to buy, and how to buy his market recommendation. Furthermore, during trading sessions when markets were moving we were told to get clients out even with as little as 10% profit on John Menoustis' orders. However, my belief that heating oil was going to make a move up and crude oil to \$55 based on the information that at that time was available to me through the financial media, The Wall Street Journal, and market movers like Texan oil tycoon T Boone Peckens. In an article written in October 2004 by Mark Shenk of *Bloomberg News*, Mr. Peckens said that "crude oil prices are likely to stay near the record \$55.53 a barrel reached in New York because global supplies of the raw material are peaking." With oil prices soaring heating oil and other derivatives prices were likely to be go higher. Therefore even when I sold a the firm's recommendation I don't believe I mislead anyone after all natural gas did go above 12 and 13 dollar and crude oil did go above \$55. In fact crude oil prices reached a record price of \$85 in the following months.

Also, the allegation that my sales presentation "suggested that well-know current events would move markets when the market had already factored in this information" is something I respectfully disagree. The fact is that the intention was to buy the dip of an up-trending market to later exit when the market reached either the previous level where it retraced from or a newer high. In today's market environment whether is the energy market or not, forces involved comprise not only of natural events or basic supply and demand, but the entering and exiting of huge market movers such as Hedge Funds. No one can say for sure that a warm or cold winter, an active or inactive hurricane year, may cause or not prices of natural gas and other derivatives like heating oil and unleaded gas to soar. I believe I have been misquoted given the fact that I was following a presentation prepared by the firm, and I tried to keep my statements to more realistic scenery.

I recall speaking to "Dragisity" who was referred to me by "Wade" as her husband and the person in charge of the financial decisions. My conversation with "Dragisity" was for the most part short and formal. He appeared to be busy every time we spoke which was not more than twice. He said he was a businessman who traveled a lot to Mexico. I don't recall in details the conversation with "Dragisity." However if he would have told me, as the complaint claims he did, that he was making 2 to 4% annually in the stock market then it would have make more sense for him an investment in Certificate Deposit which were paying about the same without the market risks. Nevertheless, I must say that a potential gain of 20 to 30% I considered it to be more reasonable and realistic given that the market will move in that direction. I never intended to mislead or deceit anyone. I simply don't do that. At the time I truly believe that natural gas was going to move up and all indications were pointing to that direction.

When a dip in the natural gas market came about a few weeks later after our initial conversation, I contacted "Dragisity" to let him know about it. He appeared to be interested in getting involved in this market, and I never suspected he was a NFA staff conducting compliance procedures. I recalled natural gas prices retracing over a dollar as the attached charts corroborate it. When up-trending markets dip or correct, options loose premium so their cost is lower and give the investor a chance to pick up a lower strike price for the same cost he would have paid before the dip. This is especially helpful in fast moving markets. Furthermore, a \$1 dollar move in the underlying futures contract could have resulted in a \$ 10,000 potential profit or loss given that the futures contract for natural gas is 10,000 mbtu. What I should have stressed more was that a dollar move comprises a \$ 10,000 gain or loss depending on the whether the market moves up or down. However, "Dragisity's" interest was not to purchase a futures contract, but an option contract. He intended to invest \$6,000 which is even lower than the required maintenance margin and far from the initial margin for a natural gas futures contract. Additionally, my projection that he could have made 10 to 12% I believed to have been fair in light of the exaggerated projection we were told to say by American Atlantic's training. What I should have stressed further is that if the market did not reach the intended goal of 10 to 12%, he was putting his entire investment at risk. Instead of saying that the most you can loose is your initial investment as we were told. Nonetheless, as an AP with AAFC I was instructed to follow a way to sell the market recommendation given by the firm. I know that options do not have a 1 to 1 ratio to the movement of the underlying future contract even if they have intrinsic value.

Last, the allegation that I "failed to disclose that approximately 80% of my customers and about 90% of American Atlantic's customers lost money in 2004" is simply not accurate. The reality is that throughout my employment with AAFC some of my clients lost money while others actually made money. However, there was no way to know what percentage of clients were making or losing money. John Menoutis kept a very tight operation with basically no access whatsoever to his financial books. Clients who had high net-worth were taken away from the APs to be given to the firm's enhancer as it is customary in this industry. All I can tell you is that in 2004 my earnings for that year with American Atlantic totaled \$ 5,995.83 from August to December, and earnings for 2005 totaled \$ 37,677.21. It was in the reading of this complaint that I learned that AAFC has charged more that \$ 3,000,000 to customers between 2004 and 2005 and 90% of clients had lost their investments.

It was impossible for me or any of my peers to have known or even disclosed those statistics to prospects or clients. Even if we knew we would have never been allowed to disclose something like that by the firm's owner, John Menoutis. To say something of that nature, it would have meant the topic of Menoutis' morning meeting, the embarrassment and mistreatment of the AP who say it, and even termination of the AP's employment without the AP's wages. John Menoutis run a one man operation. He was the judge, the jury, and executor, and no one was allowed to challenge his word. If someone by chance challenged his command, he used threats and intimidation to achieve his purpose. He lied and deceit to his own employees. Everyday, he made sure to that we understood that he was not interested in anybody's opinion about his business and the way he run it. He also made sure to that we understood that he had full control of his operation. Moreover, he repeatedly stated that our job was to open accounts and nothing more. He never told any of us what percentage of clients had lost or made money, much less how much money the company was actually making. We were forbidden to get outside our boundaries.

Finally, I would like to make sure not to be taken as a resentful employee who is looking for revenge against John Menoutis and American Atlantic. I have come forward to make a difference in this industry that I have a passion for, I have come forward because I believe in justice. This man needs to be stopped and I am more than happy and willing to help. I don't expect to be given special treatment. What I do expect is for my statements to be taken seriously, and that the NFA creates a more-friendly environment for APs to come forward concerning issues with clients and abusive IB's owners. Although I am not in the financial position to afford my own legal counsel at this time, I would like to extend my full commitment to cooperate with the NFA and the BCC. I would like to present myself at the hearing to respond to these matters personally. I am very confident that in doing so my integrity will be reinstated to its rightful position and look forward to initiating the process in a timely manner.

Richard Montece
954 588 5052