

FILED

**NATIONAL FUTURES ASSOCIATION
BEFORE THE HEARING PANEL**

NOV 13 2007

In the Matter of:)

AMERICAN ATLANTIC FINANCIAL CORP.)

(NFA ID #318055), et. al.)

(H. Tony Cantillo, NFA ID #356829))

Respondent.)

**NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING**

NFA Case No. 07-BCC-012

DECISION

Having reviewed the Complaint issued by the Business Conduct Committee ("BCC") of National Futures Association ("NFA") in the above-captioned case, and having considered the Offer of Settlement ("Offer") submitted by H. Tony Cantillo ("Cantillo") and having accepted his Offer, the Hearing Panel hereby issues this Decision as to Cantillo.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

In April 2007, the BCC issued a sales practice Complaint against American Atlantic Financial Corp ("American Atlantic"), an independent introducing broker ("IB") Member of NFA located in Ft. Lauderdale, Florida. In addition to American Atlantic, the Complaint also named a number of American Atlantic's associated persons ("AP"), including former American Atlantic AP Cantillo.

The Complaint alleged that Cantillo, while an AP of American Atlantic, made misleading sales solicitations to an NFA Compliance staff member, posing as a prospective customer, which exaggerated profit potential, downplayed the risk of loss of trading options, suggested that well-known current events would move the market in

one direction or another when the market had already factored in this information, and failed to disclose that 90% of American Atlantic's customers lost money. The Complaint charged Cantillo with violations of NFA Compliance Rules 2-2(a) and 2-29(a)(1).

II

OFFER OF SETTLEMENT

Without admitting or denying the allegations of the Complaint, Cantillo submitted an Offer to the Hearing Panel in which he agreed to settle the charges against him on the following terms:

- a) Cantillo agreed that a Decision issued by the Hearing Panel accepting his Offer of Settlement shall include findings that he committed the violations alleged against him in the Complaint;
- b) Cantillo agreed that he would not apply for NFA membership or associate membership or act as a principal of an NFA Member for a period of one year, commencing on the effective date of a Decision accepting his Offer of Settlement. During the one year membership bar, Cantillo shall not act in any capacity requiring registration, nor act as a principal of an NFA Member;
- c) Cantillo agreed that, if after expiration of the one year membership bar, described above, he is granted NFA membership or associate membership, then in such event, he shall pay a fine of \$5,000 to NFA, due and payable thirty days after he is granted NFA membership or associate membership;
- d) Cantillo agreed that, in the event that he again becomes an NFA Member or Associate, he shall tape record, for six months, all conversations between himself and existing or potential customers; retain such tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six month taping requirement shall commence on the date that Cantillo again becomes an NFA Member or Associate and continue thereafter for a period of six months. In calculating the six months taping period, only periods of time when Cantillo is registered and actively soliciting customers, on a full time basis, shall be counted in such calculation;
- e) Cantillo agreed that, in the event that he becomes a principal of an NFA Member, he shall cause all APs of that firm – and any other firm of which

he is a principal – to tape record, for a period of six months, all conversations that occur between them and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six month taping requirement shall apply to each and every firm of which Cantillo becomes a principal and commence on the date that he becomes a principal of each firm, respectively. In calculating the six month taping period as to each firm, only periods of time when Cantillo is a principal of that particular firm and that firm is actively soliciting customers shall be counted in such calculation. In any and all events, the taping requirements set forth in this paragraph shall expire on December 31, 2010; and

- f) Cantillo stipulated that his Offer of Settlement was expressly contingent upon the following terms and conditions: (1) the Hearing Panel's acceptance of his Offer of Settlement shall operate to bar any future MRAs or BCC Complaints against him for any conduct occurring, of which NFA had corporate knowledge, up to the date of his Offer of Settlement; (2) the Hearing Panel's acceptance of his Offer of Settlement shall resolve and terminate all complaints, investigations and audits relating to Cantillo, of which NFA had corporate knowledge and were pending as of the date of the Hearing Panel's acceptance of his Offer of Settlement; and (3) his Offer of Settlement and any Decision accepting his Offer of Settlement shall not be used as a sole basis for any other action or proceeding by NFA against Cantillo, including any registration matter, except his Offer of Settlement and any Decision accepting his Offer of Settlement may be used in an action to enforce their terms or in a subsequent disciplinary action or regulatory action, where they may be considered as evidence in aggravation.

III

FINDINGS

Having considered the matter and having accepted the Offer submitted by Cantillo, the Hearing Panel finds that Cantillo, while an AP of American Atlantic, violated NFA Compliance Rules 2-2(a) and 2-29(a)(1) by making misleading sales solicitations to an NFA Compliance staff member, posing as a prospective customer, which exaggerated profit potential, downplayed the risk of loss of trading options, suggested that well-known current events would move the market in one direction or

another when the market had already factored in this information, and failed to disclose that 90% of American Atlantic's customers lost money.

IV

PENALTY

Having considered the matter and having accepted the Offer submitted by Cantillo, the Hearing Panel orders as follows:

- a) Cantillo shall not apply for NFA membership or associate membership or act as a principal of an NFA Member for a period of one year, commencing on the effective date of this Decision. During the one year membership bar, Cantillo shall not act in any capacity requiring registration, nor act as a principal of an NFA Member;
- b) if after expiration of the one year membership bar, described above, Cantillo is granted NFA membership or associate membership, then in such event, he shall pay a fine of \$5,000 to NFA, due and payable thirty days after he is granted NFA membership or associate membership;
- c) in the event that Cantillo again becomes an NFA Member or Associate, he shall tape record, for six months, all conversations between himself and existing or potential customers; retain such tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six month taping requirement shall commence on the date that Cantillo again becomes an NFA Member or Associate and continue thereafter for a period of six months. In calculating the six months taping period, only periods of time when Cantillo is registered and actively soliciting customers, on a full time basis, shall be counted in such calculation;
- d) in the event that Cantillo becomes a principal of an NFA Member, he shall cause all APs of that firm – and any other firm of which he is a principal – to tape record, for a period of six months, all conversations that occur between them and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six month taping requirement shall apply to each and every firm of which Cantillo becomes a principal and commence on the date that he becomes a principal of each firm, respectively. In calculating the six month taping period as to each firm, only periods of time when Cantillo is a principal of that particular firm and that firm is actively soliciting customers shall be counted in such

calculation. In any and all events, the taping requirements set forth in this paragraph shall expire on December 31, 2010; and

- e) the Hearing Panel's acceptance of Cantillo's Offer of Settlement shall operate to 1) bar any future MRAs or BCC Complaints against Cantillo for any conduct occurring, of which NFA had corporate knowledge, up to the date of his Offer of Settlement, and 2) resolve and terminate all complaints, investigations and audits relating to Cantillo, of which NFA had corporate knowledge and were pending as of the date of the Hearing Panel's acceptance of his Offer of Settlement; furthermore, Cantillo's Offer of Settlement and this Decision accepting his Offer of Settlement shall not be used as a sole basis for any other action or proceeding by NFA against Cantillo, including any registration matter, except his Offer of Settlement and this Decision accepting his Offer of Settlement may be used in an action to enforce their terms or in a subsequent disciplinary action or regulatory action, where they may be considered as evidence in aggravation.

V

INELIGIBILITY

Pursuant to the provisions of Commodity Futures Trading Commission ("CFTC") Regulation 1.63, this Decision and the sanctions imposed herein render Cantillo ineligible, for a period of three years, to serve on a disciplinary committee, arbitration panel, oversight panel or governing board of any self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION
HEARING PANEL**

Date: 11/13/07

By:


Chairperson

AFFIDAVIT OF SERVICE

I, Myra Lewis, on oath state that on November 13, 2007, I served copies of the attached Decision, by sending such copies in the United States mail, postage prepaid, certified mail, return receipt requested, and by regular mail, first-class delivery, in envelopes addressed as follows:

David Stawick, Secretariat
Office of the Secretariat
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Richard Foelber
Division of Enforcement
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Lawrence B. Patent, Deputy Director
Compliance & Registration
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Tempest Thomas
Proceedings Clerk
Office of Proceedings
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Julie Wieliczko, Esq.
Spiegel & Utrera, P.A.
1840 Coral Way
Miami, FL 33145

John Menoutis
American Atlantic Financial Corp.
4801 S. University Drive, Suite 131
Ft. Lauderdale, FL 33328

American Atlantic Financial Corp.
4801 S. University Drive
Suite 131
Ft. Lauderdale, FL 33328

David S. Godnick
American Atlantic Financial Corp.
4801 S. University Drive, Suite 131
Ft. Lauderdale, FL 33328

Thaddeus H. Nathaniel
American Atlantic Financial Corp.
4801 S. University Drive
Suite 131
Ft. Lauderdale, FL 33328

Nathaniel Walker
5760 Rick Island Road
Apt. 334
Tamarac, FL 33319

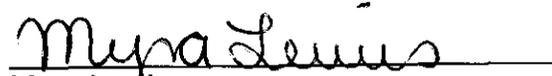
James A. Ward
1314 East Las Olas Boulevard
Apt. 176
Ft. Lauderdale, FL 33301

Tephny Petit Jeune
1090 NW 21st Street
Ft. Lauderdale, FL 33311

Richard J. Montece
7580 Stirling Road #113-V
Davie, FL 33024

And by hand delivery to:

Ronald V. Hirst, Esq.
National Futures Association
200 West Madison Street
Suite 1600
Chicago, IL 60606


Myra Lewis

Subscribed and sworn to before me
on this 13th day of November 2007.


Notary Public

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