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NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

NATIONAL FUTURES ASSOCIATION
BEFORE THE HEARING PANEL

In the Matter of:	)	
	)	
AMERICAN NATIONAL TRADING CORP.,	)	
ET AL., NFA ID #219265,	)	
(Guy Zummo, NFA ID #101860,	)	NFA Case No. 06-BCC-034
Don Varden, NFA ID #100430,	)	
Stephen T. Roy, NFA ID #191767),	)	
	)	
Respondents.	)	

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 American National Trading Corp. ("ANTC"), Don Varden ("Varden"), Guy Zummo ("Zummo"), and Stephen Roy ("Roy"), and having accepted their Offer, the Hearing Panel hereby issues this Decision as to ANTC, Varden, Zummo, and Roy.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

On November 16, 2006, the BCC issued a sales practice Complaint against American National Trading Corp. ("ANTC"), a futures commission merchant Member of NFA located in Century City, California. In addition to ANTC, the Complaint also named a number of ANTC's associated persons ("APs") and principals, including former ANTC APs and principals, Varden, Zummo, and Roy.

The Complaint alleged that ANTC, acting through its sales force, violated NFA Compliance Rules 2-2(a) and 2-29(a)(1) by making misleading sales solicitations

to NFA Compliance staff members, posing as prospective customers, which, among other deficiencies, exaggerated the profit potential of trading options, downplayed the substantial risk of loss, failed to disclose that 80% of ANTC's customers lost money in 2004 and 2005, and also downplayed the effect of commissions on profit potential. The Complaint also alleged that ANTC – as well as Varden, Zummo, and Roy – violated NFA Compliance Rule 2-9(a) by failing to supervise ANTC's sales force.

II

OFFERS OF SETTLEMENT

ANTC, Varden, Zummo, and Roy have submitted settlement offers in which they propose to settle the charges against them on the following terms:

a) ANTC, Varden, Zummo, and Roy – without admitting or denying the allegations in the Complaint – stipulate that the Decision issued by the Hearing Panel accepting their Offers of Settlement shall include findings that they committed the violations alleged against them in the Complaint;

b) ANTC agreed to be permanently barred from NFA membership and from acting as a principal of an NFA Member;

c) Varden agreed to pay a fine of $40,000 which shall be due and payable 30 days after the issuance of a Decision accepting his Offer of Settlement;

d) Zummo agreed to pay a fine of $20,000 which shall be due and payable 30 days after the issuance of a Decision accepting his Offer of Settlement;

e) Roy agreed to pay a fine of $20,000 which shall be due and payable 30 days after the issuance of a Decision accepting his Offer of Settlement;

f) Varden and Zummo agreed that each of them shall be barred from acting as a principal of an NFA Member until May 11, 2009, commencing on the date of a Decision accepting their Offer of Settlement; if, after May 11, 2009, Varden or Zummo becomes a principal of an NFA Member, then during the time he is a principal of such Member, he shall cause such Member to be subject to the enhanced supervisory requirements of NFA Compliance Rule 2-9. However, after a Member, of which Varden and/or Zummo is a principal, has been subject to the enhanced supervisory requirements of NFA Compliance Rule 2-9 for a period of at least eighteen

months, then Varden and/or Zummo shall be permitted to make an application with the NFA Waiver Committee for a waiver of the enhanced supervisory requirements with respect to such Member;

g) Subject to the conditions and exceptions set forth in Roy's offer, Roy agreed that, in the event that, after May 11, 2009, he becomes a principal of a Member, he will be counted as having been a principal and AP of a Disciplined Firm, viz., ANTC, which had also been subject to NFA's Enhanced Supervisory Requirements; and

h) ANTC, Varden, Zummo, and Roy agreed that their Offers of Settlement and any Decision accepting their Offers of Settlement shall be expressly contingent upon the following terms and conditions: (1) the Hearing Panel's acceptance of their Offers of Settlement shall operate to bar any future MRA or BCC Complaints against ANTC, Varden, Zummo, and/or Roy, for any conduct occurring prior to the date of their Offers of Settlement, of which NFA had corporate knowledge, including but not limited to any net capital deficiencies caused by the loss of customer segregated funds held at Sentinel Financial Group; (2) the Hearing Panel's acceptance of their Offers of Settlement shall resolve and terminate all complaints, investigations and audits relating to ANTC, Varden, Zummo, and/or Roy, which were pending as of the date of their Offers of Settlement; and (3) their Offers of Settlement and any Decision accepting their Offers of Settlement shall not be used as a sole basis for any other action or proceeding by NFA against ANTC, Varden, Zummo, and/or Roy, including any registration matter, except their Offers of Settlement and any Decision accepting their Offers 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 disciplinary history and evidence in aggravation on the issue of sanctions.

III

FINDINGS

Having considered the matter and having accepted the Offer submitted by ANTC, Varden, Zummo, and Roy, the Hearing Panel finds that ANTC violated NFA Compliance Rules 2-2(a) and 2-29(a)(1) by making misleading sales solicitations to NFA Compliance staff members, posing as prospective customers, which exaggerated the profit potential of trading options, downplayed the substantial risk of loss, failed to disclose that the bulk of ANTC's customers lost money in 2004 and 2005, and also

downplayed the effect of commissions on profit potential. The Hearing Panel also finds that ANTC, Varden, Zummo, and Roy violated NFA Compliance Rules 2-9(a) by failing to supervise ANTC's sales force.

IV

PENALTIES

Having considered the matter and having accepted the Offers submitted by ANTC, Varden, Zummo, and Roy, the Hearing Panel orders as follows:

a. ANTC is hereby permanently barred from NFA membership and from acting as a principal of an NFA Member;

b. Varden shall pay a fine of $40,000 which shall be due and payable 30 days after the issuance of this Decision;

c. Zummo shall pay a fine of $20,000 which shall be due and payable 30 days after the issuance of this Decision;

d. Roy shall pay a fine of $20,000 which shall be due and payable 30 days after the issuance of this Decision;

e. Varden and Zummo are each hereby barred from acting as a principal of an NFA Member until May 11, 2009, commencing on the date of this Decision; if, after May 11, 2009, Varden or Zummo becomes a principal of an NFA Member, then during the time he is a principal of such Member, he shall cause such Member to be subject to the enhanced supervisory requirements of NFA Compliance Rule 2-9. However, after a Member, of which Varden and/or Zummo is a principal, has been subject to the enhanced supervisory requirements of NFA Compliance Rule 2-9 for a period of at least eighteen months, then Varden and/or Zummo shall be permitted to make an application with the NFA Waiver Committee for a waiver of the enhanced supervisory requirements with respect to such Member;

f. Subject to the conditions and exceptions set forth in Roy's offer, in the event that, after May 11, 2009, Roy becomes a principal of a Member, he will be counted as having been a principal and AP of a Disciplined Firm, viz., ANTC, which was also subject to NFA's Enhanced Supervisory Requirements; and

g. the Hearing Panel's acceptance of ANTC's, Varden's, Zummo's, and Roy's Offers of Settlement shall operate to (1) bar any future MRA or BCC Complaints against ANTC, Varden, Zummo, and/or Roy, for any conduct occurring prior to the date of their Offers of Settlement, of which NFA had corporate knowledge, including but not limited to any net capital deficiencies caused by the loss of customer segregated funds held at Sentinel Financial Group; and (2) resolve and terminate all complaints, investigations and audits relating to ANTC, Varden, Zummo, and/or Roy, which were pending as of the date of their Offers of Settlement; in addition, ANTC's, Varden's, Zummo's, and Roy's Offers of Settlement and this Decision accepting their Offers of Settlement shall not be used as a sole basis for any other action or proceeding by NFA against ANTC, Varden, Zummo, and/or Roy, including any registration matter, except their Offers of Settlement and this Decision accepting their Offers 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 disciplinary history and evidence in aggravation on the issue of sanctions.

V

INELIGIBILITY

Pursuant to the provisions of Commodity Futures Trading Commission ("CFTC") Regulation 1.63, this Decision and the sanctions imposed herein render Varden, Zummo, and Roy ineligible for a period of three years from serving 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: 11-29-07

By: Stephen T. Bolt
Chairperson

m/rvh/ANTC (ANTC, Varden, Zummo, and Roy Decision)

AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on November 29, 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, in envelopes addressed as follows:

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Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 29th day of November 2007.

Margaret A. Vandermyde
Notary Public

OFFICIAL SEAL
Margaret A. Vandermyde
Notary Public, State of Illinois
MY COMMISSION EXPIRES 03-15-10