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NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE

In the Matter of:	)	
	)	
MAJESTIC COMMODITY CORPORATION (NFA ID #347183),	)	
	)	
IAN F. BETTY (NFA ID #333605),	)	
	)	
RYAN EHRHART (NFA ID #371313),	)	NFA Case No. 07-BCC-044
	)	
THOMAS E. KLINE (NFA ID #352929),	)	
	)	
MICHAEL H. SIMS (NFA ID #367281),	)	
	)	
and	)	
	)	
MICHAEL J. VALLEE (NFA ID #328639),	)	
	)	
Respondents.	)	

DECISION

Having reviewed all matters relevant to the Complaint issued by this Committee against Majestic Commodity Corporation ("Majestic"), Ian F. Betty ("Betty"), Ryan Ehrhart ("Ehrhart"), Thomas E. Kline ("Kline"), Michael H. Sims ("Sims") and Michael J. Vallee ("Vallee") in the above-captioned proceeding, and having found that Majestic, Betty, Ehrhart, Kline, Sims and Vallee were duly served with the Complaint and that they did not file an Answer to the Complaint, the Committee hereby issues the following Decision as to Majestic, Betty, Ehrhart, Kline, Sims and Vallee.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

On November 29, 2007, this Committee issued a Complaint against Majestic, Betty, Ehrhart, Kline, Sims and Vallee. The Complaint alleged that Majestic, Betty, Ehrhart, Kline and Vallee made deceptive, misleading and high-pressure sales solicitations, in violation of NFA Compliance Rules 2-2(a) and 2-29(a)(1). The Complaint also alleged that Majestic conducted futures business with a suspended associate, in violation of NFA Compliance Rule 2-6. Finally, the Complaint alleged that Majestic and Sims failed to supervise, in violation of NFA. Compliance Rule 2-9(a).

II

FAILURE TO RESPOND

The Complaint was served on Majestic, Betty, Ehrhart, Kline, Sims and Vallee by first-class and overnight mail at the last addresses they provided to NFA. In addition, on January 14, 2008, NFA sent another copy of the Complaint to Majestic, Betty, Ehrhart, Kline, Sims and Vallee along with a letter that advised them that they had not yet filed an Answer and that, under NFA Compliance Rule 3-4, their failure to file an Answer would be deemed to be an admission by them of the allegations of the Complaint. The letter further advised Majestic, Betty, Ehrhart, Kline, Sims and Vallee that if they intended to file an Answer, they should do so by January 22, 2008. However, to date, Majestic, Betty, Ehrhart, Kline, Sims and Vallee have not filed an Answer to the Complaint.

III

FINDINGS AND CONCLUSIONS

The Committee finds that Majestic, Betty, Ehrhart, Kline, Sims and Vallee were duly served with the Complaint at the last addresses they had provided to NFA. The Committee further finds that Majestic, Betty, Ehrhart, Kline, Sims and Vallee failed to answer the Complaint. Pursuant to NFA Compliance Rule 3-6(b), Majestic, Betty, Ehrhart, Kline, Sims and Vallee are, therefore, deemed to have admitted the facts and legal conclusions alleged against them in the Complaint and to have waived their right to a hearing.

By reason of the foregoing, the Committee finds that Majestic, Betty, Ehrhart, Kline, Sims and Vallee committed each and every violation alleged against them in the Complaint. Specifically, the Committee finds that Majestic, Betty, Ehrhart, Kline and Vallee made deceptive, misleading and high-pressure sales solicitations, in violation of NFA Compliance Rules 2-2(a) and 2-29(a)(1); that Majestic conducted futures business with a suspended associate, in violation of NFA Compliance Rule 2-6; and that Majestic and Sims failed to supervise, in violation of NFA Compliance Rule 2-9(a).

IV

PENALTY

The Committee deems the making of deceptive statements to members of the public during the course of sales solicitations to constitute serious misconduct which warrants equally severe sanctions. This is necessary not only to punish those who engage in deceptive sales practices but to deter others from engaging in similar

misconduct. Therefore, the Committee orders the following sanctions for the serious sales practice violations committed by the Respondents in the present case:

1. Majestic shall be permanently barred from NFA membership and from being a principal of any NFA Member as of the effective date of this Decision.
2. Sims shall be permanently barred from NFA membership and associate membership and from being a principal of any NFA Member as of the effective date of this Decision.
3. Vallee shall be permanently barred from NFA membership and associate membership and from being a principal of any NFA Member as of the effective date of this Decision.
4. Betty shall be barred from NFA membership and associate membership and from being a principal of an NFA Member for a period of three years, commencing on the effective date of this Decision. Should Betty, after expiration of the three-year membership bar, again become an NFA Member or Associate, or become a principal of an NFA Member, he shall a) pay a fine of $5,000, due and payable thirty days after he is granted NFA membership or associate membership, or becomes a principal of an NFA Member; and b) tape record, for a period of one year, all conversations between himself 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. In calculating the one-year taping period, only periods of time when Betty is registered and actively soliciting customers shall be counted in such calculation.

5. Kline and Ehrhart shall each be barred from NFA membership and associate membership and from being a principal of an NFA Member for a period of four years, commencing on the effective date of this Decision. Should Kline or Ehrhart, after expiration of the four-year membership bar, again become an NFA Member or Associate, or become a principal of an NFA Member, he shall a) pay a fine of $15,000, due and payable thirty days after he is granted NFA membership or associate membership, or becomes a principal of an NFA Member; and b) tape record, for a period of one year, all conversations between himself 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. In calculating the one-year taping period, only periods of time when Kline or Ehrhart is registered and actively soliciting customers, on a full-time basis, shall be counted in such calculation.

V

INELIGIBILITY

Pursuant to the provisions of Commodity Futures Trading Commission ("CFTC") Regulation 1.63, this Decision and the sanctions imposed herein render Betty, Ehrhart, Kline, Sims and Vallee ineligible, for a period of three years or until all of the sanctions and conditions imposed on them have been fulfilled, whichever is later, 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.

VI

APPEAL

Majestic, Betty, Ehrhart, Kline, Sims and Vallee may appeal this Decision to the Appeals Committee of NFA by filing a written notice of appeal with NFA's Secretary within fifteen days of the date of this Decision. Pursuant to NFA Compliance Rule 3-13(a), the notice must describe those aspects of the disciplinary action to which exception is taken and must contain any request to present written or oral argument. This Decision shall be final after the expiration of the time for appeal or review, unless it is appealed or reviewed.

NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE

Dated: 03-26-08

By: _____
Chairman

jac(Decision\Majestic Default)

AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on March 26, 2008, 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:

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Nancy Miskovich-Raschen

Nancy Miskovich-Raschen

Subscribed and sworn to before me
on this 26th day of March 2008.

Mary A. Patton

Notary Public

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