

BACKGROUND

3. Petra introduces the trading accounts for Last Atlantis Partners LLC (the "Fund") to a broker/dealer ("BD") futures commission merchant. Last Atlantis Capital Management LLC ("LACM"), a commodity pool operator Member of NFA, operates the Fund. LACM is located in St. Charles, Illinois, in the same building, on the same floor, and next door to Petra's offices. Allamian is also an AP of LACM.
4. The Fund has numerous share classes, including LACM Proprietary Options, Share Class O ("Share Class O").
5. Share Class O's 2007 unaudited Pool Financial Statement ("PFS"), and other financial records, showed a net asset value ("NAV") of approximately \$4 million at the end of calendar year 2007, of which approximately 60% was comprised of a receivable listed in the amount of \$2.4 million. (As of January 31, 2008, LACM listed this receivable as \$2.7 million.) LACM represented to NFA that this receivable represented order flow rebate payments due to Share Class O from brokers through which Petra executed the Fund's trades. LACM represented that one BD, Interactive Brokers ("Interactive"), owed the vast majority of this receivable. According to LACM, Interactive and other executing brokers would pay the order flow rebates to Petra, which in turn would pay them to LACM, which then would pay them to Share Class O.
6. Although LACM reflected the above receivable on its 2007 PFS and other financial records for Share Class O, Petra did not reflect any receivable from Interactive, or payable to LACM, on its own financial statements. In fact, Petra

could not provide NFA with any support for the amounts it and LACM claimed Interactive owed them for order flow rebates.

7. Share Class O had a trading loss of approximately \$3.5 million in 2007, but its PFS showed a gain of \$526,385 for 2007 from securities trading. When NFA asked Allamian and Irwin M. Berger ("Berger"), a principal, and like Allamian an AP, of LACM, why Share Class O's 2007 PFS showed a trading gain, they indicated that, although Share Class O experienced a trading loss in 2007, the amount received from Petra for order flow rebates plus the unpaid receivable, exceeded Share Class O's trading loss and resulted in a gain of \$526,385.
8. In August 2007, Interactive filed a FINRA arbitration claim against Petra, LACM, and Allamian alleging that LACM and Petra had entered into wash trades for the sole purpose of generating order flow rebates. Interactive further alleged that it paid over \$9.7 million in rebates because of such wash trades and that it ceased executing trades for Petra in May 2007. Interactive is seeking, among other things, to recover the rebates that it paid to Petra.
9. Petra filed a counterclaim against Interactive in the FINRA arbitration claiming that Interactive still owes it approximately \$5.1 million for trades that Petra directed to Interactive. Petra's counterclaim states that "much of Petra's order flow came from Last Atlantis, a hedge fund engaged in short term-trading."
10. Despite Interactive's arbitration claim (which seeks to recover order flow rebates already paid to Petra and LACM and which denies liability for any additional rebates) and the fact that Petra, by May 2007, had ceased using Interactive as an executing broker, LACM continued to accrue amounts for the above receivable. Consequently, the receivable increased significantly throughout 2007

and January 2008. According to LACM's calculations, LACM accrued \$1.1 million for the receivable from May 2007 through January 2008, after Petra had stopped using Interactive to execute trades.

11. Further, LACM included this receivable in calculating the value of each participant's investment in both the monthly participant statements and the 2007 PFS sent to participants, thus misleading participants as to the actual value of their investment in the Fund. LACM also charged performance fees totaling approximately \$230,000 based on an NAV that included this receivable.
12. The amount of the order flow rebates that LACM accrued on its internal records is suspiciously similar to the trading losses experienced by Share Class O. For example, in 2007, based on the trading statements of the BD through which Share Class O traded, Share Class O suffered approximately \$3.5 million in trading losses. For this same period, LACM accrued, on the books of Share Class O, a little over \$3.5 million as order flow rebate payments, of which only approximately \$1.8 million was actually paid. Thus, by showing this receivable, LACM was able to masquerade the significant trading losses suffered by Share Class O's investors.
13. NFA repeatedly requested that LACM provide documentation to support the \$2.7 million receivable. However, all that Berger provided to NFA as support was a one-page sheet that included the purported number of trades that had been executed in the account of Share Class O for each month from January 2007 through January 2008 and the corresponding amount of money LACM expected to recover for these trades as payment for order flow rebates. When NFA asked how LACM calculated the amount of money it would receive for these payments,

Berger represented that Petra and Petra's former chief executive officer ("CEO"), Mark Ramos ("Ramos"), provided this information to LACM. (Ramos is also named as a respondent in the FINRA arbitration claim). When NFA asked Allamian how Petra had calculated the amount of money LACM would receive he stated that this was what Ramos had told him was owed.

14. NFA reminded Allamian and Berger that they had previously told NFA that LACM and Petra had ceased executing trades through Interactive in approximately April 2007. NFA asked Allamian why then LACM continued to accrue for order flow rebates on trades placed after April 2007 and add these accruals to the above receivable. The only answer Allamian could give was that this was what Ramos had told him to do.
15. In September 2007, LACM made a subordinated loan of \$300,000 on behalf of Share Class O to Petra. However, LACM's unaudited 2007 PFS listed the \$300,000, in the schedule of assets, as "Cash and Cash equivalents at broker" and only in the footnotes did it disclose that this was actually a subordinated loan to Petra. LACM made no other disclosure to Share Class O participants concerning the subordinated loan to Petra until April 2008, when NFA required LACM to provide such disclosure to Share Class O participants.
16. Petra represented to NFA that it needed the subordinated loan – which came from Share Class O's funds – to meet the minimum net capital requirements of FINRA and NFA. Yet, shortly after the loan was made, Petra funneled a large portion of the loan proceeds back to LACM and the remainder to its owner, Linda Allamian, the wife of Allamian. (Petra received the \$300,000 subordinated loan proceeds from Share Class O on September 1, 2007. On September 11, 2007,

Petra transferred \$250,000 back to LACM. On that same day, Linda Allamian withdrew \$60,000 from Petra.)

17. On April 24, 2008, NFA issued a Member Responsibility Action ("MRA") against LACM. After the issuance of the MRA, LACM, Berger, Allamian, and an individual named Michael Elizondo ("Elizondo"), came to NFA's offices with their attorneys and asked that the MRA be lifted. At that meeting, Elizondo, although purportedly only a consultant for LACM, answered most of the questions put to LACM by NFA. (Elizondo is also a respondent in the FINRA arbitration claim.)
18. At this meeting, NFA told LACM that it must satisfy two conditions before NFA would consider lifting the MRA. First, LACM had to liquidate Share Class O and provide NFA with a plan to distribute its remaining assets to participants. Second, LACM had to provide support for the receivable that LACM claims is owed to Share Class O as payment for order flow rebates. However, to date, LACM has failed to propose a reasonable plan of distribution for Share Class O or provide NFA with adequate support for the receivable.
19. In a subsequent letter to LACM, NFA requested that LACM give Share Class O participants an opportunity to review and comment on any distribution plan that LACM develops. NFA further advised LACM that, before NFA would approve any distribution plan, LACM must obtain the consent of all Share Class O participants to the distribution plan or court approval of the plan. It is NFA's understanding that LACM has not yet attempted to obtain the consent of the participants in Share Class O to a distribution plan, nor sought court approval of the plan.

APPLICABLE RULES

20. 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 conduct of their commodity futures business.
21. NFA Registration Rule 208(a) provides, in pertinent part, that an applicant for registration as an IB must list with NFA, at the time it files its application, all individuals that are principals of the applicant. Further, within twenty days after an individual becomes a principal of an IB applicant or registrant, the IB must list such individual with NFA as a principal.
22. 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 RULE 2-4: FAILING TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE.

23. The allegations contained in paragraphs 1 through 20 are realleged as paragraph 23.
24. Petra was directly involved in LACM's deceptive activities. Allamian is an AP of both Petra and LACM and is also listed by Petra as a principal and part owner. It is clear that Allamian was well aware of what LACM was doing and, therefore, so was Petra.

25. Moreover, Petra facilitated the scheme. The firm received the payments for order flow that were made by Interactive and it is to Petra that Interactive owes the purported receivable.
26. Both Berger and Allamian represented that Petra calculated the amount to be paid to LACM and Share Class O. Allamian further indicated that the amounts to be paid had been calculated by Ramos, an unlisted principal of Petra.
27. In addition to facilitating the deception of LACM's participants regarding the purported receivable, Petra also knowingly took funds from Share Class O, in the form of the subordinated loan, to benefit LACM and Allamian's wife to whom Petra funneled these funds. Moreover, because of Allamian's involvement with LACM, Petra knew that the participants in Share Class O were not aware of this loan or the relationship between Petra and LACM.
28. By reason of the foregoing acts and omissions, Petra is charged with violations of NFA Compliance Rule 2-4.

COUNT II

VIOLATION OF NFA REGISTRATION RULE 208(a): FAILURE TO LIST A PRINCIPAL.

29. The allegations contained in paragraphs 1 through 19 and 21 are realleged as paragraph 29.
30. Allamian represented to NFA that Ramos was previously the CEO of Petra. Yet, Ramos was never listed as a principal of Petra.
31. Ramos applied to be listed as a principal of Petra in August 2006, but his application was withdrawn in November when he failed to file a fingerprint card with NFA. Despite not listing Ramos as a principal, Petra permitted Ramos to continue his activities at the firm and subsequently filed another application to list

Ramos as a principal in April 2007. This application was never approved due to a past felony conviction of Ramos that constituted a statutory disqualification.

32. By reason of the foregoing acts and omissions, Petra is charged with violations of NFA Registration Rule 208(a).

COUNT III

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

33. The allegations contained in paragraphs 1 through 19, 22, 24 through 27, 30 and 31 are realleged as paragraph 33.
34. Petra played a fundamental role in the scheme to deceive the Fund participants. Since at least September 14, 2007, Petra was in violation of NFA Regulation 1.17(d) because it was below the required debt-to-equity ratio set forth in the regulation. Additionally, Petra failed to list its CEO, Ramos, as a principal of the firm. These violations evidence a failure on Petra's part to supervise its employees.
35. Allamian is listed by Petra as part owner of the firm, along with his wife. Moreover, at the time of NFA's examination, Allamian was the sole AP/principal of Petra. Accordingly, Allamian was responsible for supervising the activities of Petra and ensuring its compliance with all applicable Commodity Futures Trading Commission ("CFTC") and NFA rules. The above examples of violations at Petra evidence a failure on the part of Allamian to adequately supervise Petra's activities.
36. By reason of the foregoing acts and omissions, Petra and Allamian 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 (30) 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.

NFA staff is authorized to grant such reasonable extensions of time in which an Answer may be filed as it deems appropriate.

The place for filing an Answer shall be:

National Futures Association
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org
Facsimile: 312-781-1672

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.

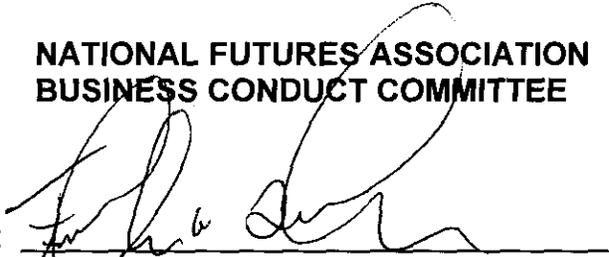
The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act.

Respondents in this matter who apply for registration in any new capacity, including as an AP with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of 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 ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Dated: 11-14-2008

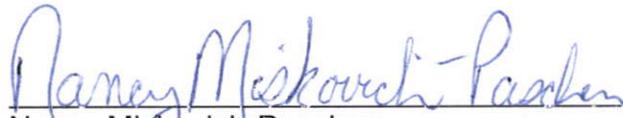
By: 
Chairperson

AFFIDAVIT OF SERVICE

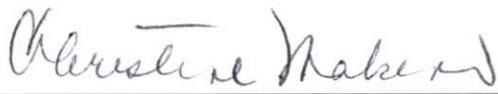
I, Nancy Miskovich-Paschen, on oath state that on November 14, 2008, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

Petra Trading Group LLC
525 Dunham Road
#20
St. Charles, IL 60174
Attn: Stephen Cass

Martin J. Allamian
5N 175 Old Lafox Road
St. Charles, IL 60175


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 14th day of November 2008.


Notary Public

