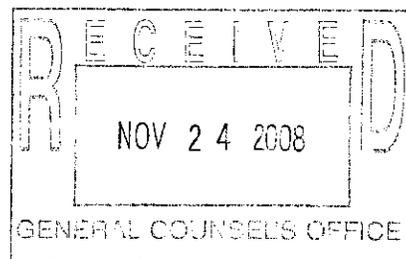


National Futures Association
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Attn: Legal Department-Docketing

Response to NFA case No. 08-BCC-026

Respondent: Kaye Simone White-Webster (NFA ID #328646)

Response to **Background** statements

Webster resigned her position as a commodities broker with Global Trading Center on December 21st 2007 and has not been made privy to or received any compensation based on any trading recommendations or sales solicitations to customers of the company since.

- i. (6) Kaye Simone White-Webster, like other brokers with insufficient trading experience and considerably limited market knowledge followed GTC's "policy" of transferring all new customers to Shapiro as the primary broker to take over the client's trading relationship from which commissions were shared with the brokers. Based on this arrangement Shapiro became the primary broker to make trading recommendations and supervise the handling of White-Webster's accounts. There was inadequate transparency in GTC's trading performance and operations disclosed to Brokers.
- ii. (7)(8) Kaye Simone White-Webster performance as a broker and all customer accounts that were either transferred and/or supervised by Shapiro were subject to Shapiro's trading recommendations and performance therefore was a direct influence and reflection on both Webster's trading and client account performance. Shapiro and GTC did not disclose Shapiro's trading performance to brokers for the purpose of informing customers. GTC defined and categorized a broker as a "top-producer" based on a statistical calculation that frequently determined and openly demonstrated the highest number of new customers obtained. Webster considers the term top-produced limited in that context and denies being labelled as the "top-producer".
- iii. (9) Webster denies working for a firm previously that was permanently barred by the CFTC. Webster denies the allegation because she had not yet obtained a work permit to legally work in the United States for any such previous company hence could not and therefore did not work for that company regardless of the 6 month registration. Webster did not receive any form of customer solicitation, sales training experience or compensation from that company. The said company, like Webster was fully aware that Webster would not have been able to work until a work permit was obtained. Regardless of this fact at the time, Webster was unaware she was

registered by the company for a period of 6 months, dating March 13th, 2003 to September 5th 2003. Webster obtained training from this company only for the sole purpose of passing the Series 3 exam. As a newly licensed broker, the company did not disclose the potential consequences of Webster's registration regardless of whether she did or did not work for the company.

It was a year later after Webster legally obtained a work permit to work in the United States on April 9, 2004 she then registered with a different sponsoring company (Gateway Trading Corporation) from January 2004 with the intent to solicit business as a commodities broker^{iv}. Webster has not received any information since indicating (GTC)S was barred by the CFTC.

Response to statements under Count I

- i. (41) Webster denies the allegation that she did not explain "anything about spreads" to Humphrey. GTC's brokers were required to follow the commission structure and trading strategies which was determined solely by the company. Webster on all occasions and under the supervision of Shapiro diligently explained the commission structure established by GTC to all her customers. Webster always explained to her customers that options lose value over time and as they get closer to their expiration date. Webster also made it explicitly clear to customers she solicited that they should not sign the account opening documentation and read the risk disclosure carefully before consenting to opening an commodities trading account with GTC.
- (47) Webster denies misleading Humphrey. To the best of Webster's knowledge and training a fair and balanced presentation was given and a well balanced description of the risk versus the profit potential of trading commodities. Webster believed that the client fully understood the trading recommendations given and had reason to believe he was satisfied with her explanations. Webster's customers under GTC's policy were mandated to go through a compliant procedure where the risk of trading commodities was further rhetoriated and it was only based upon the client's tape recorded acceptance of the risk that the client was allowed to buy or sell commodity futures and options. All of Webster's accounts were non discretionary, where the purchase and sale of commodities could only be conducted by the customer and with the clients consent. Webster denies using high pressure or deceptive sale practices to solicit customers to buy and sell commodities futures and options.
- ii. (74), (75), (76), (79), (81) Webster denies misleading pugsley. On no occasion did Webster attempt to cheat, defraud or decieve any commodity futures customer. At all times Webster presented her prospective customers with a balanced presentation without exaggerating the profit potential and to the best of her ability and under the supervision of Shapiro explained GTCs trading strategies; effects of commissions and fees on potential profitability and disclosed the risk of loss as documented in the risk disclosure documentation of GTCs client account opening documentation.

- iii. (78) Webster's denies having misled any of her customers to believe trading recommendations would guarantee profits whether small or large. Webster always stated to potential customers that investing in commodities futures and options trading although potentially profitable does carry a substantial risk of loss. Webster also pointed out to potential customers on all occasions that it was statistically determined to be over a 98% risk of loss according to the GTC client risk disclosure documentation. Webster made it clear to all her customers, including Pugsley that there would be a period of delay during which the customer account statement is actually printed and subsequently delivered by mail. Webster explained that this could evidently misrepresent the actual status of the client's account current status as market conditions can change rapidly from day to day. Webster explained clients cannot completely rely on printed statements to give them the most up to date status of their accounts. Webster always tried to be available to her client's requests, including Pugsley, in order to respond promptly and accurately with the most up to date information on their accounts.
- iv. (83) Webster denies misleading Robinson. On all occasions with prospective customers including Robinson and under the supervision of GTC and Shapiro, Webster, to the best of her ability went through all the risk disclosure documentation provided in the client account opening paperwork ensuring customers completely understood the risk before signing the documentation. Webster denies having touted her experience to her customers, including Pugsley to imply this was sufficient protection against the risk they are taking by trading commodities.

ⁱ Throughout this document the terms "client" and "customer" are used interchangeably but with the same meaning

ⁱⁱ GTC is used as an abbreviation for Global Trading Center

ⁱⁱⁱ Webster refers to Kaye Simone White-Webster

^{iv} Gateway Trading Corporation was the first company that Webster learned to solicit customers to invest in commodities trading. To date Webster does not know of any information documenting Gateway Trading Corporation as barred by the CFTC to trade commodities.