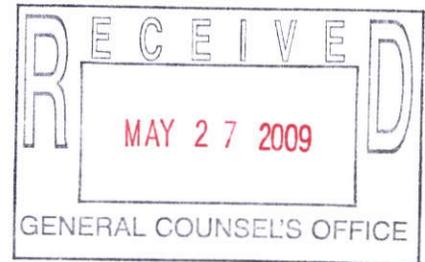


Case No. 08-BCC-026 In the matter of Global Trading and Harris Shapiro, NFA.

Answer Respectfully submitted pro se by Harris Shapiro.



2. At all times relative to this complaint Shapiro was the sole owner and the principle GTC. Furthermore there is no relevance to the claim that there Shapiro worked for two firms that were permanently barred from the futures industry for engaging in fraudulent sales practices. In those two firms Mr. Shapiro was never mentioned nor cited for engaging in any fraudulent sales practices or found to be responsible for any violations of NFA. NFA is claiming guilt by association and drawing on prior bad acts of other firms.

3. Ricardo Garcia Junior and Kaye Simone Webster were a AP's of GTC and NFA Associates.

4. For NFA claims that they started their investigation in order to determine if GTC continued to list an individual as an AP that no longer worked GTC. Upon contact with GTC, NFA abandoned its investigation of GTC's AP roster and found no evidence of GTC trying to avoid NFA's enhanced supervisory requirements by misrepresenting its AP roster. Furthermore Joseph Valko and Frank DeSantis were not involved behind the scenes in GTC's operation and NFA failed to prove any such accusation. Any such accusation is leading information by NFA trying to damage Harris Shapiro's credibility. The two reasons for NFA's initial investigation both proved to be erroneous.

NFA's investigation found that GPC brokers included the President Harris Shapiro was responsible over the supervision of GTC's sales force engaged in deceptive sales practices while soliciting prospective customers to open accounts and trade with GTC. Mrs. Shapiro denies this accusation.

This statement is unfounded. By NFA's own admission there are many factors that determine deceptive sales practices. NFA chooses only to site one of such factors. Further by NFA's own admission they clarified that many factors will be used to make such determination. "Deceptive sales practices" fails to be proven By NFA.

NFA's investigation claims that GTC had any inexperienced brokers solicit customers to recommend initial trades, however once they became customers in the door. Brokers recommended Schapiro as their mentor at GTC and as the company's most experienced broker and pass the customers up to him. In response to this it is common practice to have inexperienced brokers recently licensed recommend initial trades and then have been transferred to senior brokers for more advanced trading strategies. Furthermore brokers licensed by the NFA are deemed experienced enough to recommend trades to any customer. Sharing commissions with junior brokers on customer accounts is standard operating procedure found in most commodity firms.

Response to paragraph 7: The complaint states that GTC brokers failed to disclose to customers that in 2006, 90% of Shapiro's customers lost money and in 2007, 100% of Shapiro's customers as well as those

who are transferred to Schapiro lost money. GTC brokers did not have 2007 figures in 2006, they were not available. Furthermore 2006 figures were not available because they were in progress. This claim is inconclusive due to the fact that 90% of Shapiro's customers lost money which is in fact 8% better than the standard average NFA claims that most options trading customers lose per annual. The fact that Schapiro's customers in 2007, lost 100% of their money, can be construed differently if you were to combine the two years, showing that Schapiro has a 95% loss average as opposed to the 98% loss average acknowledged on most risk disclosures issued as part of most account documentation for options trading customers.

In response to paragraph 8: Regarding Kaye Simone White Webster, Although all but one customer lost money in 2006 and all but four customers lost money in 2007, all customers that read and signed the risk disclosure issued by GTC clearly state that options trading is a high risk venture and that 98% of all customers that engage in option trading lose their money. This explains the risk and falls right in line with Kaye Simone White Webster's statistics along with Mr.'s hair Shapiro statistics.

In response to paragraph 9: It is accusatory that NFA would accuse White Webster of being guilty of deceptive sales practices because she was formerly working for a firm that was barred from the futures industry and found guilty of deceptive sales practices. Guilt by association is not conclusive. Mrs. Webster was never named any NFA action at the other employment. Also Mrs. Webster in her answer denies making any exaggerated profit potential claims and denies downplaying the risk of trading with GTC.

In response to paragraph 10: As for the investigation into Ricardo Garcia Junior and Cynthia Jean Morris. There is no foundation to prove that Mr. Garcia or Mrs. Morris made misleading sales so licitations to customers.

In response to paragraph 11: There is no foundation for the accusation that GTC engages in trading practices designed to maximize commissions for the firm without regard for its customer's best interest. Due to the fact that most trades resulted in profitable commissions to the firm does not automatically mean that these trades are designed to maximize commissions for the firm nor does it automatically assumed that customer's best interests were not considered. NFA is making assumptions in order to bolster their claims and further discredit Mr. Shapiro.

In response to paragraph 12: NFA claims that their "Interpreted notice of titled Commissions, fees and other charges has been violated to the fact that trades presented by GTC to customers maximized commissions and increased fees without regard to the economic or any other purpose beneficial for the customers. Customers were informed at length a description of every trade and every commission involved. Due to the fact that there was increased commissions there were also increased number of positions purchased for the customer giving the customer an economic advantage in some situations to increase their profitability.

In response to paragraph 13: Paragraph 13 is ambiguous "vague" Council fails to include the amount of trades that were necessary in order to generate 3.3 million in commissions and fees during 2006 and 2007 counsel only offers information that is beneficial to Council's position. Although counsel with total

losses at 4.5 million, Council fails to incorporate each individual trade transaction on its own merits to determine whether or not each and every trade transaction placed by GTC was profitable. Council fails to provide documentation as to the cumulative total of all profits earned by customers whether realized or withdrawn.

Response to paragraph 14: Paragraph 14 is a misstatement which further leads to an improper statement. Paragraph 14 is improper due to the fact that it states personal opinion or belief of counsel. This statement of personal belief or opinion leads to a mischaracterization of the respondent. This paragraph is accusatory in nature and lacks foundation for the claims brought forth by counsel.

Response to paragraph 15: Paragraph 15 is ambiguous in nature due to the fact that although commissions were generated in equivalence to commissions generated when \$250 was the round turn price. Paragraph 15 fails to include the amount of customers, trades, or trading strategies that were necessary in order for GTC to increase its commission revenue. Paragraph 15 fails to determine whether or not more or less customers were responsible for GTC's increases in commission and a revenue. Further although trading strategies, spread options, strangles and other complicated trading strategies may be complicated for NFA to understand, nonetheless the trading strategies exist on the exchange market and are therefore able to be traded and placed with recognized exchanges around the world. GTC did not invent each trading strategies, they been around for numerous years. Although NFA may not agree with strategies recommended by GTC they are still viable trading strategies.

In response to paragraph 16: Most commodity firms changed their commission structure to be under \$99 commission round turn when NFA initiated its requirement to tape-record all procedures of any firm charging more than \$100 per trade. Therefore the claim in paragraph 16 that GTC's high commission is irrelevant to the fact because the commissions are within the standards set by the NFA. Whether a customer chooses to return to the market and make additional trades after receiving profits from the initial trade recommendations is entirely the soul basis of a non-discretionary account. It is the goal of most commodity brokers in this capitalist society to continue to recommend viable trades to customers resulting in commissions for the commodity broker and at the same turn increased profits for the customer.

Response to paragraph 17: answered

Response to paragraph 26: allegations in paragraph 23 and 24 are dependent on allegations 1 through 19 being found to be accurate.

Response to paragraph 27: *GTC customer Kimball experienced modest trading gains. This non-discretionary account Mrs. Kimball had the option to redraw her funds at any time. Mrs. Kimball continued to accept more trade recommendations subsequently losing any profits earned. The*

nondiscretionary account is the responsibility of the account holder as to determine when and if they choose to refrain from accepting trades or withdraw their funds to record their profits.

Response to paragraph 28: Shapiro was Kimball's primary broker. Shapiro did recommend Kimball buy heating oil and gold options contracts. Shapiro did have other clients buying the same products.

In response to paragraph 29: Paragraph 29 includes hearsay on behalf of the NFA. Shapiro denies claiming that heating oil was a "sure thing". Harris Shapiro does not deny the recommendation that the price of heating oil usually increases during the winter.

In response of paragraph 30: NFA is providing expert testimony in which they are not qualified to do so. The fact that they are not commodity traders and just a regulatory agency prohibits them from providing opinion on whether or not trading strategies should be or should not be recommended

In response to paragraph 31: This is hearsay testimony on behalf of NFA. Harris Shapiro denies making this claim. Shapiro did recommend Kimball buy puts and calls simultaneously as a protection mechanism. NFA's claim that not discussing intrinsic value time decay etc. is irrelevant. Intrinsic value and time decay are characteristics of options and have nothing to do with the protection mechanism for puts and calls.

Response to paragraph 32: accurate

Response to paragraph 33: Shapiro denies the claim that he told Kimball that her heating oil options did not work the way they anticipated

Response to paragraph 34: paragraph 34 clearly states that Campbell was at a \$5000 profit.

Response to paragraph 35 through paragraph 88: due to the fact that Harris Shapiro is representing himself pro se respondent would like the opportunity to review the records for paragraph 35 to paragraph 88 to perform an audit of all accounts in order to provide proper defense for counts 34 through count 88. These counts were solicited by NFA without respondents knowledge. These customers were contacted by NFA and solicited to give information to NFA without the presence of Mr. Shapiro or counsel. Therefore an NFA has been given ample time to prepare an accusation against Mr. Shapiro requiring Mrs. Shapiro to investigate each and every one of these customers in order to provide an accurate defense.

Response to paragraph 90, 91, 92, 93 NFA fails to clarify whether or not in the bold section they consider themselves third-party, government agency, individual, Corporation, competitor or any other group or

individual. NSA is neither an individual, group, government agency or corporation. They are however a third-party better identified as a private agency. At no time to GTC attempt to block NFA when they proceeded to contact each and every individual that had signed a confidentiality settlement agreement.

Response to paragraph 95, 96,97,98,99,100: This argument is cumulative stretching from 2005 at 2008. NFA is giving expert testimony in the fact that they are an accounting firm and have expertise in the accounting principles of accruing operating expenses.

Response to paragraph 101, 102, 103, 104, 105, 106,: By NFA's own admission they visited and conducted audits of GTC on several different occasions. The fact that GTC may have been conducting meetings, presentations, sales meetings or in the art of conducting business at a particular time is reason enough to request that the NFA be patient in the lobby until the offices are accessible. NFA makes mention of articles that were put in garbage cans that were torn off the wall but fails to determine whether or not the articles or scripts or presentations were in any way a violation of NFA code of conduct. Whether or not individuals chose not to provide identification to NFA staff members is not within the control of GTC or GTC management. As for Shapiro Enterprises Inc. it is not regulated by NFA and is a private corporation owned by Harris Shapiro. NFA has no jurisdiction in requesting records of a corporation not within their jurisdiction or under their supervision. Furthermore, NFA fails to reveal who on one occasion in which Shapiro used Shapiro Enterprises to pay a GTC employee and whether or not payment to the GTC employee was for commissions from GTC Trades or whether or not that payment was for some other purpose.

Response to paragraph 107, 108, 109, 110, 111, 112, 113, 114, 115, the claim is made and the subsequent paragraphs are accusatory and lack foundation. Shapiro requested additional time to refute the claims made and provide adequate defenses to such claims. Shapiro claims insufficient knowledge or information regarding these paragraphs