

**Answer of Ron Larson in response to the Member Responsibility Action of the NFA sent June 4, 2009 regarding M37 and M25 Investments.**

I, Ron Larson, answer the MRA as follows:

**NOTE:** Since the CEO of M37/M25 decided not to go to a hearing no adjudication was made. As an AP of M37 Investments, I have decided to present my answers directly regarding the MRA's description of my role at M37 Investments.

**In answer to the paragraph under item number 4, page 2 of the MRA,** the section that reads "However, the principals of M25 and M37, including Farris and Larson, appear to have funneled much of the money borrowed from these persons to other entities controlled by them..."

**Answer:** I have never been at any time during my employment involved in the handling of or moving of any funds whatsoever from any account. I have never been involved in making any company financial, operational, management or personnel decisions at either M25 or M37. Neither have I been involved in any area of the company other than selling investment contracts.

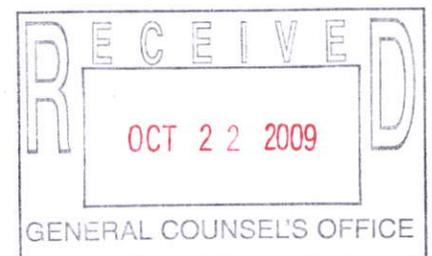
Because of the nature of M37 being a private trading company, company financials were not provided at any time to clients or to me. Only the CEO and CFO had access to company financial records. Our source of information as to the health of the company financially and trade results came directly from the CEO alone. When sales reps or clients asked for financials they were told, "This is a private company and thus does not have to provide financials." Nor was I ever informed of any funds going to any other entity other than M37.

I have never placed a trade of any kind nor provided any insight into trading at either company. I controlled no entities. I was not involved in anything other than the sale of M37 Promissory notes. Sales were the total extent of my role at M37 Investments.

Nor was I or any of the sales force told of the 3.7 million dollar shortfall as indicated in the paragraph under point 4 on page 2.

**My answer to the last sentence of the paragraph under point four on page two which states,** "Farris and Larson have used misleading promotional material that suggests that M37 has made large sums of money trading, when, in fact, M25 and M37 have lost money" is as follows, "We were given power points by the company and used them in good faith that everything stated was true. At no time was I or anyone on the sales force aware that the company had incurred a 3.7 million dollar deficit. We used this material on the understanding that M25 and M37 were earning enough to pay what the contract with the client said we would provide them during the nine month duration of the contract.

My role as described by one of the company founders, the CFO, Jeff Lyons and which can be backed up by every other founder and corporate officer was as follows



## M37 Investments

To Whom It May Concern,

Ron Larson has been employed with M37 Investments since Dec. 2007. His sole responsibility was raising capital via Promissory Notes for M37. He has had no other duties except in sales since his hiring including and up to the present.

He was given to title "President" in late 2008. This was to reflect his senior responsibilities to our growing sales force. It did not involve company decision-making, financial payments, monetary decisions, trading or any other company business.

He never has been involved in any financial decisions with the company, either M25 or M37. He has never moved funds, transferred funds to any outside companies and has had no access to company financial information. He does not sign checks or perform any financial duties for either company.

He also did not have access to company financial records, financial balance sheets, trade results, etc. He simply related trade results when asked by clients that were provided to him by company principals or traders.

In summary, Ron Larson was a sales agent. He had no knowledge or involvement in any company decisions or financial management including deposits and withdrawals or disbursements either within M25/M37 or to any outside company or person.

This letter is being provided to clarify Ron's role in light of the recent MRA of the NFA regarding M25 and M37 Investments.

Signed and dated: 6-24-09



Jeff Lyon, CFO

**Answer to point two on page 2:** My role at M37 was as an AP serving as President with duties which involved **only** the securing of new contracts and working with our growing sales force. Everyone in the company knew what my role was. Although this is perhaps atypical of the role of a president in some companies, it is the role that the CEO outlined to me when I was given the title of president and it was the only function I desired to have within the company, especially in light of the fact that I live in WV and the corporate office is in Texas.

**Answer to number eight, page three:** In the sentence which states, "A majority of the holders of the notes issued by M25 and M37 are residents of WV who were solicited by Larson at or through the churches they attend."

**Answer:** The majority of my clients are NOT in WV. Of my approximately 88 clients, 24 are in WV (about 27%). Of my clients who reside in WV 22 of the 24 clients are or were at my church which I serve as pastor. The other is my next door neighbor and the other one is my landlord at the facility our church leases.

A proper review of the client list will indicate this as true.

Additionally, I never secured any other clients in any other WV churches as inferred by the plural use of "churches" in the MRA. The statement in point number eight on page three listed above misrepresents how I obtained my WV clients.

**Number nine, page three: states** "The notes terms are similar to the promotional literature that Larson distributed which included a chart that details the growth of an initial \$100,000 investment...."

**Answer:** This chart was provided to our sales force by the corporate office. We had no reason to suspect that any of this literature was any other than truthful.

**Number twelve on page four: states,** "NFA reviewed the cash and trading activity in all M25's and M37's trading accounts and noted that only a fraction of the money M25 and M37 had borrowed had been devoted to trading, and much of that was lost..."

**Answer:** We were told as a sales force that funds secured by M37 accounts were used in trades. We were informed that trades were earning enough to cover the 2% promised monthly return on each M37 promissory note. It was never disclosed to any of our sales team, including me that M37 had incurred a 550,000 dollar trading loss.

**Number 13, page 4-5:** These paragraphs in the MRA describe several withdrawals from various brokers and deposits to other brokers. **The MRA on page five under the third bullet point states,** "By using multiple accounts at different FCMs and transferring funds among these trading accounts, M25 and M37 made it appear that they had committed more money to trading than they actually had..."

**Answer:** This information of such activity was not a part of our sales force responsibility nor as my role as president and therefore was never disclosed to us. Even though we asked to see financials from time to

time, it was never permitted. We were given the answer that this is due to the fact that we are a private company. None of us were aware of this moving of funds from broker to broker.

**Number 16, page six: states,** "M25, M37, Farris and Larson continue to solicit and accept additional loans despite the fact that their liabilities to existing note holders exceed the firm's assets by approximately \$3.7 million. Further, no disclosure has been made to note holders about this deficit."

**Answer:** Neither I, nor any of our sales force could make a disclosure of a deficit that we were completely unaware of. Never once we were told by anyone of any deficit within the company prior to the MRA coming out on June 4.

**Number seventeen, page six: states,** "Based on the foregoing, it appears that M25, M37, Farris and/or Larson used misleading promotional material that misrepresented M37's trading performance in order to induce persons to make unsecured loans to M25 and M37, that they continue to solicit loans when they know, or should know, that they were financially unable to repay such loans..."

**Answer:** Without access to financials by me or anyone else on the sales force and with the assurance from the CEO that we were earning money from trades even during the August 08 to March 09 limited trading period, we continued to write contracts with the understanding that the company was making enough money to pay the contract specifications of a 2% monthly return.

There was never any intention on my part or anyone else's that I know of to purposefully misrepresent the firm's financial status. We worked with honesty and with the information received from the company CEO. We had no evidence of or reason to suspect that the deficits alleged by the MRA were being run up. We operated with integrity with our clients regarding the financial health of M37 from the information provided by the corporate office.

I was never once interviewed by, called about, emailed or asked for any information by the authors of the MRA regarding my role at M37. Assumptions were made by the MRA regarding my role which company documents and corporate officers verify such assumptions as incorrect.

All the above information has been supplied to the NFA in order to correct the details as to my true role at M37.

Respectfully submitted by Ron Larson

Sept. 29, 2009