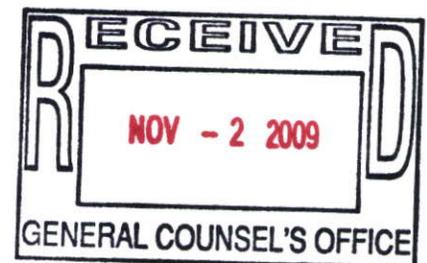


NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE

In the matter of:)
)
Charles Mitchell)
Respondent)
NFA ID 387833)
)

NFA Case No. 09-BCC-038

1. Answering paragraph 1, admits the same.
2. Answering paragraph 2, requires no answer.
3. Answering paragraph 3, admits the same.
4. Answering paragraph 4, respondent denies that only six accounts were disclosed to NFA during the full course of the NFA audit. - See Exhibit 1, showing that the NFA received a list of 31 accounts (after fieldwork was completed) that were managed by the CTA. Respondent admits the same, in regards to the allegation referencing disclosure documents filed.
5. Answering paragraph 5, respondent denies the allegation that he failed to disclose the existence of the number of managed accounts that were managed to the NFA during the full course of the NFA audit. - See Exhibit 1, showing that the NFA received a list of 31 accounts that were managed by the CTA. Respondent admits the same, in regards to the allegation of the disclosure of the performance within the disclosure document. Respondent admits the same, in regards to the website and the allegation that it appeared to be misleading (after the respondent was fully aware of the requirements of NFA Rule 2-29).
6. Answering paragraph 6, requires no answer.
7. Answering paragraph 7, requires no answer.
8. Answering paragraph 8, requires no answer.
9. Answering paragraph 9, requires no answer.
10. Answering paragraph 10, requires no answer.
11. Answering paragraph 11, requires no answer.
12. Answering paragraph 12, requires no answer.



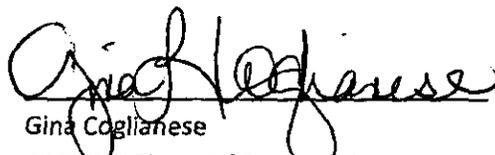
13. Answering paragraph 13, respondent admits the same. Once the respondent fully understood the NFA request, additional account information was provided. - See Exhibit 1, showing that NFA received a list of 31 accounts that were managed by the CTA, and see answer to paragraph 5.
14. Answering paragraph 14, respondent admits the same. See answer to paragraph 13.
15. Answering paragraph 15, respondent admits the same. At the time of the respondent's statement to the NFA, he was not aware that said conversations with the customer in question qualified as a *customer complaint*.
16. Answering paragraph 16, respondent admits the same. See answer to paragraph 15.
17. Answering paragraph 17, respondent denies each and every allegation contained therein. The respondent submitted additional promotional material for review to NFA in June 2008. - See Exhibit 2, including submission for promotional material review and following correspondence, copies of e-mails to cancel *konnects.com* service, cancellation confirmation and screen shot confirming cancellation.
18. Answering paragraph 18, respondent admits the same. The *konnects.com* profile was deleted prior to using for any active solicitation.
19. Answering paragraph 19, requires no answer.
20. Answering paragraph 20, requires no answer.
21. Answering paragraph 21, respondent denies that the *konnects.com* web page was used to actively solicit business. The respondent admits that the web page contained said statement(s).
22. Answering paragraph 22, respondent admits the same.
23. Answering paragraph 23, respondent admits that said web site was inaccurate but denies intentional deceptiveness.
24. Answering paragraph 24, respondent admits the same.
25. Answering paragraph 25, respondent admits the same.
26. Answering paragraph 26, respondent admits the same.

27. Answering paragraph 27, respondent admits the same. The respondent did provide the commission rate to the preparer of the disclosure document but failed to see the typo upon final review.
28. Answering paragraph 28, respondent admits the same.
29. Answering paragraph 29, requires no answer.
30. Answering paragraph 30, respondent admits the same.
31. Answering paragraph 31, requires no answer.
32. Answering paragraph 32, requires no answer.
33. Answering paragraph 33, requires no answer.

AS AND FOR ITS AFFIRMATIVE DEFENSES, RESPONDENT STATES:

From the time the respondent began operations in the futures industry, the respondent lacked sufficient knowledge of the NFA rules. The respondent has since educated themselves on the NFA rules and now holds sufficient knowledge to assess the third party vendors used for both compliance and accounting services. Additionally, the respondent is no longer operating in the futures industry and will continue to cease operations until this complaint is resolved. Therefore, we ask for a timely settlement.

Dated: October 30, 2009



Gina Coglianese
CEO, ECS Financial Services, Inc.

Compliance Consultants for Charles Mitchell

Richard Workman	52502036	09/24/2007	Alaron
Brian Smith	50052334	11/16/2007	Alaron
Dominique Felder	50051361	11/13/2007	Alaron
David Strider	50052180	11/19/2007	Alaron
Melvin Etheridge	52503191	04/21/2008	Alaron
Joyce Cunningham	50053780	11/16/2007	Alaron
Micheal Moore	50051338	11/15/2007	Alaron
Rodney Goosby	50054099	03/06/2008	Alaron
Omar Williams	52502041	11/13/2007	Alaron
Eric Smith	52502067	11/16/2007	Alaron
Product GroupLLC	50054448	04/18/2008	Alaron
John Higginbotham	50054072	02/14/2008	Alaron
Metro Staffing Inc	50054088	02/20/2008	Alaron
Antoine Lawrence	50052148	11/08/2007	Alaron
Jackie Stitt	52502318	11/08/2007	Alaron
H & H Enterprise of Matthews	50052359	11/20/2007	Alaron
Clinton James	50042461	12/07/07	Alaron
Melvin Etheridge	28104	5/21/2008	Dorman
Metro Staffing Inc	28105	5/21/2008	Dorman
Product Group	28106	5/21/2008	Dorman
H&H Enterprise	28107	5/21/2008	Dorman
Rodney Goosby	28108	5/21/2008	Dorman
John Higginbotham	28109	5/21/2008	Dorman
Maxito Pean	55501	7/24/2008	PFG
Sal Shehub	55502	7/28/2008	PFG
Fulton Williams	55504	10/08/2008	PFG
Ariel Charles	55506	11/03/2008	PFG
Antonio Johnson	55507	11/03/2008	PFG
Rene Nicolas	55508	12/01/2008	PFG
Christine Wong-Sang	55509	12/03/2008	PFG
Estin Valentin	55510	12/15/2008	PFG

Exhibit 1 (page 2 of 2)

Main Identity

From: "Charles Mitchell" <TMITCHEL1@carolina.rr.com>
To: "Todd Maines" <tmaines@NFA.Futures.Org>
Sent: Tuesday, January 27, 2009 1:42 PM
Subject: Re: Monday, January 26, 2009

The account Richard Workman was not an managed account. I was opened in Sept. and closed a wekk later. I just put all the accounts I had on the list. It was added by mistake. Trading started in November as the statements I've sent you show.

----- Original Message -----

From: Todd Maines
To: Charles Mitchell
Sent: Tuesday, January 27, 2009 10:40 AM
Subject: RE: Monday, January 26, 2009

Mr. Mitchell,

Thank you for providing me with the documents. From the list of clients you provided me with it looks like one of your clients opened an account in September 2007. You provided me with the carrying broker statements for November 2007, December 2007, January 2008, March 2008, April 2008, and May 2008. So I am missing September 2007, October 2007, February 2008, and May 2008. Could you please provide me with these.

In regards to the Maxito Pean letter, you indicated the "this account owner was a very aggressive trader implementing his own trades to suit his aggressiveness." Since you maintained Power of Attorney over this account, you have to prove that he was making his own trades in order to make a statement like this. The time frame that we reviewed for this account was July 2007 to November 2007. Therefore, before we can accept this letter, you must provide proof that the client was making these trades. Otherwise, you will have to amend the letter.

Again, let me know if you have any questions.

Todd

Todd A. Maines
Field Supervisor, Compliance Department
National Futures Association
300 S. Riverside Plaza
Suite 1800
Chicago, IL 60606
Phone (312) 781-1560
Fax (312) 559-3448
Email: tmaines@nfa.futures.org

This message (including attachment(s)) is confidential and intended for the addressee only. If you received this e-mail in error, please notify the sender immediately. Unauthorized distribution, disclosure or copying of this e-mail is prohibited.

The opinions expressed in this email are based upon the representations you have made to a representative of the Compliance Department of National Futures Association ("NFA"). Any different, changed, or omitted facts or conditions might render this opinion void. Moreover, this response

10/20/2009

Exhibit 2 (page 1 of 9)

Main Identity

From: "Charles Mitchell" <TMITCHEL1@carolina.rr.com>
To: <art@nfa.futures.org>
Sent: Wednesday, June 11, 2008 10:19 AM
Subject: Promotional Material Review ID 0387833
Cover Letter

Charles Mitchell
Hindsight Commodity Traders
2101 Kings Farm Way
Indian Trail, NC 28079
NFA ID# 0387833

This is a cover letter for promotional material to be approved. These are videos of past performance. It's been stored on an internet based photo/video album. This has not been used as of yet for promotion. The material is going to be used as material linked to my website. The link is for past performance. It's to be viewed by potential clients over the web. Also, on occasion at a seminar to show past performance. All contact info should be directed to Charles Mitchell, 704-882-7544 or email response tmitchel1@carolina.rr.com.

Please find link below for video.

<http://albums.phanfare.com/isolated/pWCF8QcC/1388875/1112266>

10/20/2009

Exhibit 2 (page 2 of 9)

Main Identity

From: "Charles Mitchell" <TMITCHEL1@carolina.rr.com>
To: "Sarah Fancher" <sfancher@NFA.Futures.Org>
Sent: Friday, June 20, 2008 3:05 PM
Subject: Re: Hindsight Commodity Traders - Promotional Material

Thank you for the insight and over looks that I needed to know and how to correct. After which, I will re-submit for approval. Thank you.

----- Original Message -----

From: Sarah Fancher
To: tmitchel1@carolina.rr.com
Sent: Friday, June 20, 2008 2:58 PM
Subject: Hindsight Commodity Traders - Promotional Material

Greetings Charles,

Attached please find NFA's comments regarding the promotional material you recently submitted. Please contact me with any questions. Please send all revisions to art@nfa.futures.org.

Many thanks,

Sarah Fancher
Senior Analyst, Compliance
National Futures Association
tel: 312-781-1575
fax: 312-559-3436
sfancher@nfa.futures.org

This message (including attachment(s)) is confidential and intended for the addressee only. If you received this e-mail in error, please notify the sender immediately. Unauthorized distribution, disclosure or copying of this e-mail is prohibited. The opinions expressed in this email are based upon the representations you have made to a representative of the Compliance Department of National Futures Association ("NFA"). Any different, changed, or omitted facts or conditions might render this opinion void. Moreover, this response represents the opinions of Compliance Staff and does not necessarily reflect the views of NFA.

No virus found in this incoming message.

Checked by AVG.

Version: 7.5.524 / Virus Database: 270.4.1/1510 - Release Date: 6/19/2008 3:21 PM

10/20/2009



June 20, 2008

Sent Via Electronic Mail

Mr. Charles Mitchell
Hindsight Commodity Traders
PO Box 1975
Indian Trall, NC 28079
tmitchel1@carolina.rr.com

RE: INV# 2008-CINV-01481
NFA ID# 0387833

Dear Mr. Mitchell:

Thank you for taking advantage of NFA's promotional material pre-review program. NFA's promotional material rules were designed to support market integrity by requiring Members to observe the highest ethical standards when communicating with the public. We appreciate the opportunity to work with you to ensure your firm's compliance with these requirements.

NFA reviewed the promotional materials entitled "performance videos," which were received on June 11, 2008. Based on our review of the material, NFA has the following recommendations for the material.

1. Although the videos include spoken disclaimers and a written disclaimer at the conclusion of each video, it would be helpful to include visible written disclaimers throughout the duration of the video.
2. Please note that the risk of loss in trading commodities is substantial.
3. The overall content of the videos emphasizes profitability without giving equal discussion of the risk of loss. For example, the videos include statements including "the purpose is to show the actual probability of making profits in the market" and "Aren't these profits

Exhibit 2 (page 4 of 9)

amazing? There are just huge amounts of cash to be made here," which are not balanced by any discussion of loss and which imply that customers are likely to be profitable.

4. It is unclear whether the performance discussed in the videos is proprietary or customer. If it is customer performance, it is unclear whether it represents customers whose accounts you direct according to your CTA program, or customers who direct their own accounts but use you as their IB.
5. The videos should discuss the impact of commissions and fees on potential profitability.
6. The most recent performance discussed in the videos is from November 2007. Please note that performance information should generally be current within three months.
7. Please note that all information about past performance must be representative of the actual performance for the time period for all reasonably comparable accounts.
8. One of the videos highlights trades which took place in July 2002. Please explain what this performance represents, as you were not CFTC registered or an NFA member until September 20, 2007. Furthermore, no performance is included in the disclosure document dated November 5, 2007 that you filed with NFA, although performance of accounts you directed in 2002 would have been required in that filing.

Any revisions may be submitted to art@nfa.futures.org. Please feel free to contact me directly at 312-781-1575 with any questions you may have about this matter.

Sincerely,

Sarah Fancher
Compliance Department

Exhibit 2 (page 5 of 9)

Main Identity

From: "Charles Mitchell" <TMITCHEL1@carolina.rr.com>
To: "Sarah Fancher" <sfancher@NFA.Futures.Org>
Sent: Monday, July 21, 2008 5:35 PM
Subject: Re: Hindsight Commodity Traders - Promotional Material

Hello Sarah, I have to do some work on the video clips before they are ready. Since it is out dated material it maybe a good idea not to use it. I wouldn't want any potential problems to come about. It's on the back burner now, not being used at all. I've just signed a new gauranteeing agreement with a new FCM and I've been putting a lot of focus into learning their structure. I really appreciate the follow up.

— Original Message —

From: Sarah Fancher
To: Charles Mitchell
Sent: Monday, July 21, 2008 5:30 PM
Subject: RE: Hindsight Commodity Traders - Promotional Material

Greetings Charles,

I just wanted to follow up with you to find out what your plans are for revising the material. Have you decided not to proceed with the video clips? If you do plan to revise them, could you tell me approximately when you expect to resubmit them to NFA?

Many thanks,

Sarah Fancher
 Senior Analyst, Compliance
 National Futures Association
 tel: 312-781-1575
 fax: 312-559-3436
sfancher@nfa.futures.org

This message (including attachment(s)) is confidential and intended for the addressee only. If you received this e-mail in error, please notify the sender immediately. Unauthorized distribution, disclosure or copying of this e-mail is prohibited. The opinions expressed in this email are based upon the representations you have made to a representative of the Compliance Department of National Futures Association ("NFA"). Any different, changed, or omitted facts or conditions might render this opinion void. Moreover, this response represents the opinions of Compliance Staff and does not necessarily reflect the views of NFA.

From: Charles Mitchell [mailto:TMITCHEL1@carolina.rr.com]
Sent: Friday, June 20, 2008 2:06 PM
To: Sarah Fancher
Subject: Re: Hindsight Commodity Traders - Promotional Material

Thank you for the insight and over looks that I needed to know and how to correct. After which, I will re-submit for approval. Thank you.

— Original Message —

From: Sarah Fancher
To: tmitchel1@carolina.rr.com
Sent: Friday, June 20, 2008 2:58 PM
Subject: Hindsight Commodity Traders - Promotional Material

10/20/2009

Exhibit 2 (page 6 of 9)

Main Identity

From: "Charles Mitchell" <TMITCHEL1@carolina.rr.com>

To: <membership@konnects.com>

Sent: Tuesday, January 13, 2009 12:07 PM

Subject: I can't confirm my email address

Hello this is Charles Mitchell. I was trying to login to cancel my service but it's saying page could not be found to verify my email. Can you help.

Exhibit 2 (page 7 of 9)

Main Identity

From: "Charles Mitchell" <TMITCHEL1@carolina.rr.com>

To: <membership@konnects.com>

Sent: Wednesday, January 14, 2009 5:33 PM

Subject: I can't confirm my email address

Hello, could you please contact me as soon as possible to have this info and profile deleted from the site you have.

10/20/2009

Exhibit 2 (page 8 of 9)

Main Identity

From: "Charles Mitchell" <TMITCHEL1@carolina.rr.com>
To: "Membership" <membership@konnechs.com>
Sent: Wednesday, January 14, 2009 5:46 PM
Subject: Re: I can't confirm my email address
Thank you.

— Original Message —

From:
To:
Sent: Wednesday, January 14, 2009 4:44 PM
Subject: RE: I can't confirm my email address

Hello,

Thank you for using Konnects. We have received your request and we are in the process of removing your account. Please allow a few days for this to be completed. We are continually adding additional features and enhancements to our website. We hope in the future that you will come back and see what's new.

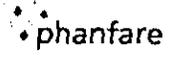
Sincerely,
Konnechs Membership

From: Charles Mitchell [mailto:TMITCHEL1@carolina.rr.com]
Sent: Wednesday, January 14, 2009 1:33 PM
To: Membership
Subject: I can't confirm my email address

Hello, could you please contact me as soon as possible to have this info and profile deleted from the site you have.

No virus found in this incoming message.
Checked by AVG - <http://www.avg.com>
Version: 8.0.176 / Virus Database: 270.10.7/1894 - Release Date: 1/14/2009 7:27 PM

10/20/2009



Access Denied

Exhibit 2 (page 9 of 9)

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