

**BEFORE THE
NATIONAL FUTURES ASSOCIATION**

In the Matter of:)
)
PROFITSTARS INTL CORP.)
(NFA ID #423748),)
)
and) NFA Case No. 10-MRA-008
)
ULYSIS STARLING)
(NFA ID #419993).)

**NOTICE OF MEMBER RESPONSIBILITY ACTION AND ASSOCIATE
RESPONSIBILITY ACTION UNDER NFA COMPLIANCE RULE 3-15**

National Futures Association ("NFA") hereby gives notice to Profitstars Intl Corp. ("PSI"), a commodity trading advisor ("CTA") and commodity pool operator ("CPO") Member of NFA and Ulysis Starling ("Starling") who is a principal and an associated person ("AP") of PSI, that, pursuant to NFA Compliance Rule 3-15, the President of NFA, with the concurrence of NFA's Executive Committee, has taken a Member Responsibility Action ("MRA") against PSI and an Associate Responsibility Action ("ARA") against Starling, whereby:

1. PSI and Starling are prohibited from soliciting or accepting any funds from customers or investors, soliciting investments for any pools or other investment vehicles, or placing any trades on behalf of customers, pools, or investors except liquidating or risk reducing trades;
2. PSI and Starling are prohibited from disbursing or transferring any funds of customers, investors or pools over which they exercise control, or participants in any such pools, without prior approval from NFA;
3. PSI is required to provide an NFA approved Disclosure Document ("DD") to its customers or investors; and
4. PSI and Starling are required to provide copies of this MRA and ARA via overnight courier to all customers and pool participants in any pool which any of them operates or exercises control over.

These actions are effective immediately and are deemed necessary to protect customers of PSI because PSI is doing business with an unregulated forex counterparty, PSI's customers have not been provided with a DD approved by NFA, and Starling and PSI are unable to produce to NFA adequate books and records regarding

their forex business and other information which would demonstrate that the firm is in compliance with NFA Requirements.

In support of these actions, NFA attaches the affidavit of Diane Spreadbury, who is a Manager in NFA's Compliance Department, and based thereon alleges as follows:

1. PSI became a registered CTA and NFA Member on August 16, 2010 and became an NFA Member CPO on October 26, 2010. PSI is located in Dallas, Texas. Starling has been the sole AP and principal of PSI since the firm's inception.
2. On October 13, 2010, five days before Commodity Futures Trading Commission ("CFTC" or "Commission") rules regarding retail forex trading were to become effective, PSI listed a forex pool called Profitstars with NFA. PSI also filed an exemption notice with NFA pursuant to CFTC Regulation 4.7 for Profitstars on October 13, 2010. CFTC Regulation 4.7 provides relief, in part, to a CPO from providing an approved DD to pool participants for any pool all of whose participants meet the definition of a qualified eligible person ("QEP").
3. In late November 2010, NFA learned that PSI was using an unregulated, non-NFA Member entity, PargonFX Enterprises LLC ("PGFX"), as the counterparty to its forex transactions. NFA commenced an unannounced examination of PSI on November 30, 2010.
4. PSI would be authorized to use PGFX as a counterparty for its forex trading if, in fact, Profitstars is a commodity pool with over \$5 million in assets and thus meets the definition of eligible contract participant ("ECP"). In fact, however, PSI has been unable to provide NFA with information to establish that Profitstars is a commodity pool at all. To the contrary, it appears that Profitstars is not a commodity pool, is not an ECP and is a fiction designed to allow PGFX to act as a counterparty to retail forex accounts and another unregistered firm to act as a solicitor for those accounts after the CFTC rules became effective.
5. At the time NFA commenced its exam, NFA reviewed a trading account statement titled "*pgfx MAM Master 5*", account number 2089000350, which showed this account had just under \$16 million in a net liquidating value. NFA requested that Starling provide evidence that this account was for either PSI or Profitstars. Starling provided NFA with a December 2, 2010 e-mail from PGFX to Starling indicating that "the balance of the master account reflects the balance of all the slave accounts....In reference to the group name on the slave accounts. Profitstars took over AJCM's group. We did not rename the group as it is a lot of work." Neither PSI nor Starling provided NFA with any evidence that PGFX had an account in the name of Profitstars.

6. During NFA's exam, Starling was unable to answer even the most basic questions regarding PSI's operations. For example, Starling did not know why PSI had purportedly formed the Profitstars pool, any information about the pool's trading strategy, and why PGFX had an account associated with PSI titled "*pgfx MAM Master 5*" ("MAM Account"). Starling could not also provide NFA with any accounting records, including a balance sheet, for Profitstars or PSI. Furthermore, despite PGFX's account statement for the MAM Account showing just under \$16 million in net liquidating value, Starling did not know how PSI had solicited customers for the MAM Account. All Starling could tell NFA about the MAM Account is that its customers previously maintained individual trading accounts at PGFX, which were managed by an entity, A&J Capital Management ("A&J"), that has no registration history with either the CFTC or NFA.
7. CFTC Regulation 4.20 provides that a CPO must generally operate its pool as a legal entity separate from that of the CPO and that the assets of the pool must be held in the name of the pool. However, NFA has found no evidence that PSI actually formed a separate legal entity for the Profitstars pool and operated the pool accordingly. Moreover, NFA's examination found that to the contrary PSI actually considers itself and the Profitstars pool both operationally and legally the same entity.
8. For example, PSI submitted a DD for Profitstars to NFA for approval on October 13, 2010. This DD contained numerous deficiencies, and by letter dated November 12, 2010, NFA told Starling and PSI it would not approve the DD until it corrected all the deficiencies. For example, PSI's DD for the Profitstars pool uses the names PSI and Profitstars interchangeably, so that it is unclear whether PSI is the pool or the CPO. Although PSI indicated to NFA that the pool's name would be Profitstars, the cover page of the DD claims that the name of the pool is Profit Stars Intl Corp., which according to NFA's registration records, is actually the name of the NFA Member CPO. Starling never responded to NFA's letter and has not submitted a revised DD.
9. In addition, NFA has not found any evidence that PSI attempted to establish a separate legal entity for Profitstars. While PSI was incorporated in the state of Texas on July 29, 2010, the Texas Secretary of State has no corporate formation records for the pool, Profitstars.
10. Furthermore, from an operating perspective, PSI clearly is not treating Profitstars as a pool. As already mentioned, the PGFX account statement is not in the name of Profitstars. The account is actually traded as a Percentage Asset Allocation Method ("PAAM") account. In this type of account structure, each individual customer maintains a sub-account under a master account. PGFX has also told NFA that these existing sub-accounts contain the same identification numbers as the individually managed accounts traded formerly by A&J.

11. In light of this information, which strongly suggests that PSI neither formed nor operates the Profitstars pool and that PSI is in fact managing individual retail forex customer accounts at an unregulated counterparty, NFA asked Starling to provide evidence that PSI had actually formed a pool. However, Starling could not provide NFA with any documentation, and Starling also did not appear to understand that the pool would have to be a separate entity from the CPO.
12. Moreover, PSI had filed an exemption notice with NFA for its CTA business pursuant to CFTC Regulation 4.7 on October 11, 2010. However, again based upon the financial information NFA reviewed for the A&J customers who opened accounts at PSI, many, if not all, of the customers did not meet the QEP *net worth and income requirements*. Since PSI was not entitled to claim the 4.7 exemption for most if not all of its customers, the firm should have provided its non-QEP customers with a DD that had been previously approved by NFA. However, none of the participants received such an approved document.
13. Since most, if not all, of PSI's individual customers do not qualify as ECPs, PSI cannot continue to trade customer accounts at PGFX, an unregulated entity. Furthermore, based upon Starling's lack of adequate knowledge about PSI's business operations and NFA's books and records production request, NFA has serious concerns regarding Starling's ability to effectively operate PSI. In addition, since the vast majority of PSI's customers do not qualify for the CFTC 4.7 exemption, PSI was required to provide these customers with a DD approved by NFA. As discussed above, PSI did not, and cannot do this since it does not even have an approved DD on file with NFA. Overall, it appears as though PSI's operations are critically deficient. For all these reasons, NFA has serious concerns with respect to PSI's ability to manage the \$16 million in customer funds held in over 200 sub-accounts of the PAAM account.

The MRA and ARA will remain in effect until such time as PSI and Starling can demonstrate to the satisfaction of NFA that they are in complete compliance with all NFA Requirements.

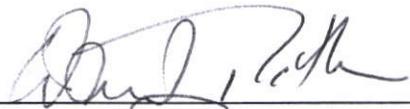
NFA Members receiving notice of this MRA and ARA by service or otherwise who carry accounts in the name of, or controlled by, Profitstar or PSI, are prohibited from disbursing or transferring funds to PSI or any entity controlled by Sterling for any reason without prior approval of NFA.

PSI and Starling are entitled to a prompt hearing on this matter before NFA's Hearing Committee if they so request. The request for hearing shall be made in writing to: National Futures Association, 300 S. Riverside Plaza, Suite 1800, Chicago, Illinois 60606, Attention: Legal Docketing Department.

Aggrieved parties may petition the Commission for a stay of this MRA and ARA pending a hearing pursuant to and in conformity with the terms set forth in Commission Regulation 171.41.

NATIONAL FUTURES ASSOCIATION

Date: 12/7/2010

By: 

Daniel J. Roth, President

m\ecs\MRA\2010:PSI, Starling (12.10)

AFFIDAVIT

THE AFFIANT, DIANE SPREADBURY, BEING DULY SWORN AND UNDER OATH STATES THAT:

1. I am a Manager in National Futures Association's ("NFA") Compliance Department. On November 30, 2010, I and an NFA audit team working under my direction commenced an unannounced examination of Profitstars Intl Corp. ("PSI").
2. PSI became a registered commodity trading advisor ("CTA") and NFA Member on August 16, 2010 and became an NFA Member commodity pool operator ("CPO") on October 26, 2010. PSI is located in Dallas, Texas. Ulysis Starling ("Starling") has been the sole associated person and principal of PSI since the firm's inception.
3. On October 13, 2010, five days before Commodity Futures Trading Commission ("CFTC") rules regarding retail forex trading were to become effective, PSI listed a forex pool called Profitstars with NFA. PSI also filed an exemption notice with NFA pursuant to CFTC Regulation 4.7 for Profitstars on October 13, 2010. CFTC Regulation 4.7 provides relief, in part, to a CPO from providing an approved Disclosure Document ("DD") to pool participants for any pool all of whose participants meet the definition of a qualified eligible person ("QEP").
4. In late November 2010, NFA learned that PSI was using an unregulated, non-NFA Member entity, PargonFX Enterprises LLC ("PGFX"), as the counterparty to its forex transactions. NFA commenced an unannounced examination of PSI on November 30, 2010.
5. PSI would be authorized to use PGFX as a counterparty for its forex trading if, in fact, Profitstars is a commodity pool with over \$5 million in assets and thus meets the definition of eligible contract participant ("ECP"). In fact, however, PSI has been unable to provide NFA with information to establish that Profitstars is a commodity pool at all. To the contrary, it appears that Profitstars is not a commodity pool, is not an ECP and is a fiction designed to allow PGFX to act as a counterparty to retail forex accounts and another unregistered firm to act as a solicitor for those accounts after the CFTC rules became effective.
6. At the time NFA commenced its exam, NFA reviewed a trading account statement titled "*pgfx MAM Master 5*", account number 2089000350, which showed this account had just under \$16 million in a net liquidating value. NFA requested that Starling provide evidence that this account was for either PSI or Profitstars. Starling provided NFA with a December 2, 2010 e-mail from PGFX to Starling indicating that "the balance of the master account reflects the balance of all the slave accounts...In reference to the group name on the slave accounts. Profitstars took over AJCM's group. We did not rename the group as it is a lot of

work." Neither PSI nor Starling provided NFA with any evidence that PGFX had an account in the name of Profitstars.

7. During NFA's exam, Starling was unable to answer even the most basic questions regarding PSI's operations. For example, Starling did not know why PSI had purportedly formed the Profitstars pool, any information about the pool's trading strategy, and why PGFX had an account associated with PSI titled "*pgfx MAM Master 5*" ("MAM Account"). Starling could not also provide NFA with any accounting records, including a balance sheet, for Profitstars or PSI. Furthermore, despite PGFX's account statement for the MAM Account showing just under \$16 million in net liquidating value, Starling did not know how PSI had solicited customers for the MAM Account. All Starling could tell NFA about the MAM Account is that its customers previously maintained individual trading accounts at PGFX, which were managed by an entity, A&J Capital Management ("A&J"), that has no registration history with either the CFTC or NFA.
8. CFTC Regulation 4.20 provides that a CPO must generally operate its pool as a legal entity separate from that of the CPO and that the assets of the pool must be held in the name of the pool. However, NFA has found no evidence that PSI actually formed a separate legal entity for the Profitstars pool and operated the pool accordingly. Moreover, NFA's examination found that to the contrary PSI actually considers itself and the Profitstars pool both operationally and legally the same entity.
9. For example, PSI submitted a DD for Profitstars to NFA for approval on October 13, 2010. This DD contained numerous deficiencies, and by letter dated November 12, 2010, NFA told Starling and PSI it would not approve the DD until it corrected all the deficiencies. For example, PSI's DD for the Profitstars pool uses the names PSI and Profitstars interchangeably, so that it is unclear whether PSI is the pool or the CPO. Although PSI indicated to NFA that the pool's name would be Profitstars, the cover page of the DD claims that the name of the pool is Profit Stars Intl Corp., which according to NFA's registration records, is actually the name of the NFA Member CPO. Starling never responded to NFA's letter and has not submitted a revised DD.
10. In addition, NFA has not found any evidence that PSI attempted to establish a separate legal entity for Profitstars. While PSI was incorporated in the state of Texas on July 29, 2010, the Texas Secretary of State has no corporate formation records for the pool, Profitstars.
11. Furthermore, from an operating perspective, PSI clearly is not treating Profitstars as a pool. As already mentioned, the PGFX account statement is not in the name of Profitstars. The account is actually traded as a Percentage Asset Allocation Method ("PAAM") account. In this type of account structure, each individual customer maintains a sub-account under a master account. PGFX has also told NFA that these existing sub-accounts contain the same identification numbers as the individually managed accounts traded formerly by A&J.

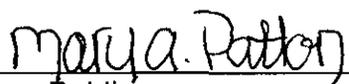
12. In light of this information, which strongly suggests that PSI neither formed nor operates the Profitstars pool and that PSI is in fact managing individual retail forex customer accounts at an unregulated counterparty, NFA asked Starling to provide evidence that PSI had actually formed a pool. However, Starling could not provide NFA with any documentation, and Starling also did not appear to understand that the pool would have to be a separate entity from the CPO.
13. Moreover, PSI had filed an exemption notice with NFA for its CTA business pursuant to CFTC Regulation 4.7 on October 11, 2010. However, again based upon the financial information NFA reviewed for the A&J customers who opened accounts at PSI, many, if not all, of the customers did not meet the QEP net worth and income requirements. Since PSI was not entitled to claim the 4.7 exemption for most if not all of its customers, the firm should have provided its non-QEP customers with a DD that had been previously approved by NFA. However, none of the participants received such an approved document.
14. Since most, if not all, of PSI's individual customers do not qualify as ECPs, PSI cannot continue to trade customer accounts at PGFX, an unregulated entity. Furthermore, based upon Starling's lack of adequate knowledge about PSI's business operations and NFA's books and records production request, NFA has serious concerns regarding Starling's ability to effectively operate PSI. In addition, since the vast majority of PSI's customers do not qualify for the CFTC 4.7 exemption, PSI was required to provide these customers with a DD approved by NFA. As discussed above, PSI did not, and cannot do this since it does not even have an approved DD on file with NFA. Overall, it appears as though PSI's operations are critically deficient. For all these reasons, NFA has serious concerns with respect to PSI's ability to manage the \$16 million in customer funds held in over 200 sub-accounts of the PAAM account.

Further Affiant sayeth naught.

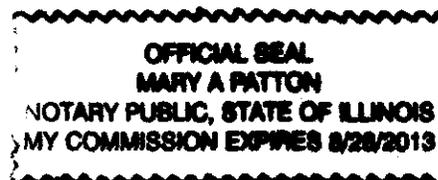


Diane Spreadbury

Subscribed and sworn to before me
on this 7th day of December 2010.



Notary Public



AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on December 7, 2010, I served copies of the attached Notice of Member Responsibility Action and Associate Responsibility Action Under NFA Compliance Rule 3-15, by sending such copies by facsimile and overnight delivery, in envelopes addressed as follows:

David Stawick
Office of the Secretariat
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
(Facsimile: 202-418-5521)

Terry Montgomery
Division of Enforcement
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
(Facsimile: 202-418-5523)

and by sending such copies by e-mail and overnight delivery, in envelopes addressed as follows:

Profitstars Intl Corp.
2695 Villa Creek
Suite 107
Dallas, TX 75234
Attn: Ulysis Starling
E-mail: ulysis.starling@profitstarsintl.com

Ulysis Starling
18383 Gallery Drive
Apt. 4304
Dallas, TX 75252
E-mail: kwesi52001@gmail.com

Nancy Miskovich-Paschen

Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 7th day of December 2010.

Mary A. Patton

Notary Public

