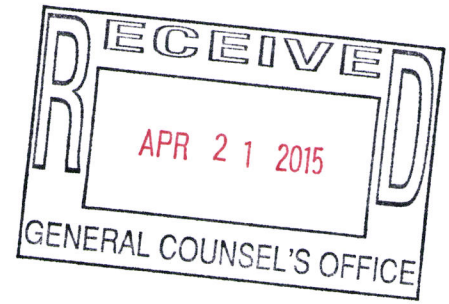


NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE



In the matter of

PRIMARY ASSETS MANAGEMENT)
CORPORATION #365192)

ACCREDITED INVESTMENT)
MANAGEMENT CORP #195408)

PETER G. CATRANIS #97678)

Respondents)

NFA case No. BCC-003

RESPONDENTS REPLY TO COMPLAINANT

Respondent PETER G. CATRANIS (“Catranis”) ACCREDITED INVESTMENT MANAGEMENT

(AIM) AND PRIMARY ASSETS MANAGEMENT PAMCO replies to the First Set of Requests to Admit

1) *At all times relevant to this Complaint, AIM was an introducing broker (IB) NFA Member. As such, AIM was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.*

Admitted

2) *At all times relevant to this Complaint, PAMC was a commodity trading advisor (CTA) and commodity pool operator (CPO) NFA PAMC Member. As such, PAMC was and is required to comply with NFA requirements and is subject to disciplinary proceedings for violations thereof.*

Admitted

3) *At all times relevant to this Complaint, Catranis was a principal and associated person (AP) of both AIM and PAMC and an NFA Associate. As such, Catranis was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof. AIM and PAMC are liable for violations of NFA Requirements committed by Catranis during the course of his Activities on behalf of AIM and PAMC*

Admitted

BACKGROUND

4) *Catranis and AIM (formerly known as Catranco) were named in a Complaint issued by this Committee in 1995 which charged them with failing to observe high standards of commercial honor, failing to maintain adequate books and records and using misleading promotional.*

Admitted with no finding

Catranis and Catranco settled the 1995 Complaint by agreeing to pay \$33,000 in restitution to customers and \$15,000 fine to the NFA

Admitted with no finding

Relevant "Background" information

D-1) I'd like to NFA to confirm Accredited investment Management (formerly known as Catranaco) was approved for NFA membership October 27, 1986,

D-2) I'd like the NFA to confirm during this 28+ year period Accredited Investment Management traded well over ½ million futures contracts with ZERO adverse findings by the NFA and ZERO NFA customers arbitrations.

D-3) I'd like the NFA to confirm Primary Asset Management was approved for NFA membership on January 5, 2006

D-4) I'd like the NFA to confirm during the past 9+ years there have been ZERO adverse findings by the NFA against Primary Asset Management and zero arbitrations.

D-5) I'd like the NFA to confirm this is the posting on their site from the alleged violations that took place nearly a ¼ of a century ago.

ON FEBRUARY 16, 1995, NFA'S BUSINESS CONDUCT COMMITTEE ("BCC") ISSUED A COMPLAINT TO CATRANACO INCORPORATED ("CATRANACO"), PETER CATRANIS ("CATRANIS") AND MICHAEL WALKER ("WALKER")

DECISION - CATRANACO, INC. AND PETER G. CATRANIS

ON DECEMBER 17, 1997, NFA'S BCC ISSUED A DECISION ACCEPTING CATRANACO AND CATRANIS' SETTLEMENT OFFER IN WHICH THEY NEITHER ADMITTED NOR DENIED THE ALLEGATIONS OF THE COMPLAINT. THE BCC ORDERED CATRANACO AND CATRANIS TO ESTABLISH A BANK ACCOUNT WITH A CASH DEPOSIT OF \$33,050. FROM THIS ACCOUNT, CATRANACO AND CATRANIS ARE TO DISTRIBUTE \$1,836.11 TO EACH OF THE 18 CUSTOMERS WHO WERE ADVERSELY AFFECTED BY THE TRANSACTIONS WHICH ARE THE SUBJECT OF THIS CASE. CATRANACO AND CATRANIS ARE TO PROVIDE NFA WITH AN ACCOUNTING OF THIS ACCOUNT AND REMIT TO NFA ANY BALANCE REMAINING IN THE ACCOUNT. THE BCC ALSO ORDERED CATRANACO AND CATRANIS TO PAY A JOINT FINE IN THE AMOUNT OF \$15,000 WITHIN THIRTY DAYS OF THE DATE OF THIS DECISION. THIS DECISION BECOMES EFFECTIVE JANUARY 2, 1998

D-6) I'd like the NFA to provide any written records, tapes, notes and transcriptions of tapes, telephone or in-person conversations between all parties including but not limited to the NFA, Catranis, Walker, any and all customers of Catranaco during NFA 95BCC00003

D-7) I'd like the NFA to provide the names of Catranaco customers that the NFA attempted to contact or contacted during NFA 95BCC00003, the number of contacts for each, the staff members who made these contacts and hours expended during this process including any and all correspondence, audio recordings, NFA scripts used to question these clients and any and all answers these clients provided to the NFA.

D-8) Please list the customers that filed arbitrations from the NFA's repeated contacts and during NFA 95BCC00003, please include any and all notes the NFA has from Catranis, Walker or the customers or any information the NFA has from any sources including my attorneys at the time Joel Bellows and/or Bill Bolotin about this complaint or for the NFA to confirm there were no arbitrations or customer complaints.

D-9) Any memoranda, notes or other correspondence between the parties relating to the matters for NFA 95BCC00003

5) *AIM currently maintains offices in Tortola, British Virgin Islands. The firm has been an NFA Member IB at most times since 1987. It was also registered as a CTA from 1993 through November 2012. AIM has been guaranteed number of futures commission Merchants (FCMs) over the years. It was guaranteed by Peregrine Financial Group, Inc. (PFG) from August 2008 through July 2012*

Admitted

6. *Catranis and an individual named Russell Tanner (Tanner) were the only APs and principals of AIM at all times relevant to this Complaint. Tanner was based in AIM's former main office in Chicago while Catranis was based in AIM's former branch office in California.*

Admitted

Tanner's sole responsibility at AIM was completing order tickets and placing trades requested by Catranis.

Admitted

S/B requested by Catranis after Catranis thoroughly reviewed trades with clients using interactive risk/reward spreadsheets that allowed any client to experiment with any potential outcome for any trades.

D-10) I'd like the NFA to confirm that these spreadsheets included all required disclosures including all fees,

D-11) I'd like the NFA to confirm from the time of the PFG BK in July 2012 to the time AIM withdrew its membership there we're less than 10 accounts on the AIM books with less than \$300,000 in total equity.

D-12) I'd like the NFA to confirm Catranis has provided many of these spreadsheets to NFA auditors and reviewed these risk/reward spreadsheets with NFA auditors during the 9 month audit lasting from June 2014 through March 2015.

Catranis was responsible for all other operations of AIM including, but not limited to, trading and monitoring customer accounts, maintaining books and records and preparing and distributing promotional material.

Admitted

7. *PAMC currently shares offices with AIM in Tortola, British Virgin Islands. It has been registered as a CTA since January 2006 and as a CPO since September 2011. Catranis is PAMC's only AP and principal.*

Admitted

8. *NFA commenced an examination of AIM and PAMC in June 2014 based on questions NFA had concerning the December 31, 2013 Certified Pool Financial Statement (PFS) of Primary Assets Fund LLC (Primary Assets Fund), which was a pool operated by PAMC. Such questions related to the qualifications of the certified public accountant (CPA) firm that performed the audit of the pool and several material errors that NFA noted in the PFS which required correction and resubmission to NFA*

Admitted

D-13) I'd like the NFA to confirm 2014 was the first year that required audited financial statements for small pools.

D-14) I'd like to NFA to make full and specific disclosure of their statement "several material errors that NFA noted in the PFS which required correction and resubmission to NFA". Please include the total amounts and the exact impact on the NAV.

D-15) I'd like the NFA to define and provide the exact qualifications of a CPA to audit the pool's statements

D-16) I'd like the NFA to confirm that a CPA needs to be licensed in Illinois in order to perform a pool audit

D-17) I'd like the NFA to confirm that Catranis on multiple occasions made the NFA aware because of the PFG-BK resulting in the loss of clients, income and equity that he needed the NFA's help in preparing the annual statement for this small pool (less than 100K in actual equity less than 600K in nominal balance)

D-18) I'd like the NFA to confirm Catranis contacted the NFA self help center on multiple occasions to ensure what he was providing what was in line with NFA requirements.

D-19) I'd like the NFA to confirm the dates and the time Catranis spent on the phone with the NFA's self help center trying to gather information making sure any and all questions were answered and/or corrections made.

D-20) I'd like the NFA to confirm that had PFG been subjected to the exact same audit procedures that both AIM and PAMCO went through during this 9 month audit the PFG short fall in customer funds would have been caught far sooner than 2012.

D-21)) I'd like the NFA to confirm that Catranis made the NFA aware that out of \$500,000 in actual funds deposited in this pool that over \$250,000 was lost directly as a result of regulatory oversight causing the PFG bankruptcy and fraud which occurred over a 20 year period and Jefferies liquidation loss on offset of positions.

D-22) I'd like the NFA to confirm Catranis made multiple calls to the NFA as to how to show and value these losses with no specific NFA response and/or procedure on how to do so.

D-23) I'd like the NFA to confirm that -\$358,965 was lost directly as a result of Jefferies "omnibus" liquidation of positions for all accounts.

D-24) I'd like the NFA to confirm that positions were liquidated at nearly the worst possible prices for both long, short futures and option positions over a 1 week period with complete disregard to what was in the best interest of any AIM or PAMCO client.

D-25) I'd like the NFA to fully disclose any liquidation procedures that we're in place at the time of

the PFG fraud and Bankruptcy that ensured liquidation of positions were done in the best interest of the client.

D-26) I'd like the NFA to fully disclose any and current procedures in place and/or changes in procedure since the PFG BK and fraud that would ensure another -358,965 loss would not occur on liquidations to protect mine or other investors the next time a fraud like PFG occurs.

D-27) I'd like the NFA to confirm that an additional loss of -\$642,200 of my customers funds were lost directly as a result of the PFG Bankruptcy and fraud.

D-28) I'd like the NFA to confirm that as a direct result of the Jefferies liquidation and PFG fraud and bankruptcy that a total of -\$1,001,166 was lost out of \$1,510,665 in customer funds and this loss provided no economic benefit to my customers.

D-29) Can the NFA confirm that there was no official investigation into the Jefferies liquidation loss for my clients of -\$358,965.

D-30) Can the NFA confirm there was absolutely no explanations provided to myself or any clients after more than 30 requests as to why this loss occurred, despite Jefferies being charged and Jefferies principles being convicted of abuses after the PFG BK.

D-31) Can the NFA confirm as a direct result of regulatory oversight during a 20 year period that the PAMCO fund by itself lost -\$1333,330 as a direct result of the Jefferies liquidation and an additional -\$117,025 for from the PFG BK for a total of -\$250,355 out of \$500,000 deposited.

D-32) Can the NFA confirm that I requested all commission for forced liquidation in July 2012 for all accounts as a direct result of the PFG fraud and BK to be put through at cost and the remaining rebated back to my customer accounts yet all requests we're ignored.

D-33) Can the NFA please confirm that over 30 requests for time and sales on my customer liquidation losses were ignored.

D-34) Can the NFA confirm that over \$100,000 in monies on the books with PFG, for Catranis, AIM and PAMCO was nearly wiped out with less than 10K recovered as direct result of the PFG fraud and BK,

D-35) Can the NFA confirm that Catranis lost hundreds of thousands in income over the last 3 years as a direct result of the PFG fraud and BK.

D-36) Can the NFA please confirm I answered several hundred email requests and provided thousands of pages of documents during the 9 month audit that lasted from June 2014 through March 2015 for the less than 10 accounts on the books since the PFG fraud and BK in July 2012 representing total equity of less than \$300k.

D-37) Can the NFA confirm that the PFG BK/Jefferies liquidation cost my clients over 1M Catranis personally over 100K and the NFA provided no explanation other than "there is plenty in the press" and "I have nothing on Jefferies" after more than 30 requests which negated my ability to provide an accurate explanation to my clients that were reviewed during this audit .

D-38) Can the NFA confirm despite this lack of and official NFA explanation as to the cause of the PFG fraud and BK, what regulatory agency was responsible and the Jefferies liquidation loss not one customer filed an arbitration.

9. *The Primary Assets Fund ceased trading on July 31, 2014*

Admitted

and all money was distributed to pool participants and, according to Catranis,

Denied

all powers of attorney (POAs) were revoked

Admitted

The fund ceased trading July 31, 2014, as liabilities exceeded assets no monies were distributed except to creditors, power of attorney was revoked for trading and there are outstanding invoices that Catranis now is personally responsible for.

*10. In addition to the Primary Assets Fund, **AIM had three active customer accounts** at the time of NFA's June 2014 exam. Although these three accounts were not fully managed by AIM and Catranis, Catranis did have time and price discretion with respect to the trading in these.*

Admitted

*11. All but one of the AIM/PAMC accounts were introduced by AIM. The only exception was the Primary Assets Fund, which NFA IB Member Index Fx LLC (Index) introduced. Catranis represented that he personally solicited **the only Primary Assets Fund participant** and that Index became the Fund's IB after Vision Financial Markets LLC took over the Fund's account after PFG's bankruptcy.*

Admitted

The Fund was introduced by AIM to PFG, when PFG went Bankrupt and Jefferies liquidated positions through the "omnibus" account at non competitive prices the combined losses for the fund were over 250K out of the 500K start balance in actual funds what was left was transferred to Vision with Index being the IB.

12. Catranis represented further that each PAMC and AIM customer account, including Primary Assets Fund, had the same commission/fee split breakdown as follows: Catranis -68%, Tanner - 12% and the FCM - 20%.

Admitted, this was an average

Also, like AIM, the PAMC managed accounts were all charged commissions, rather than management and incentive fees as is more typical for CTAs.

Denied the managed accounts we're set up as follows

The managed clients we're charged on average \$15.00 per side, 0.00% management and 10% of net new high profits.

Although the Primary Assets Fund's account was eligible to be charged an incentive fee there were no profits to trigger any such payments.

Admitted

The PFG fraud and BK, the Jefferies liquidation coupled with extreme economic fundamentals that kept rates at historic lows for longer than any other period in history including the great depression does not work well for a program that was represented, sold and traded to benefit from rates moving higher. Interest rates remained near historic lows, and made new lower lows for the life of the program and customers that we're trading them higher lost money.

The only way an incentive fee could have been charged is if the Federal Reserve decided to repeat the last tightening cycle from June 2004 through June 2006 when they raised rates from 1.25% contract value = \$5,208 to 5.25% contract value \$21,875. [Click here](#) for confirmation and [here](#) for additional confirmation on the Fed's website

13. Catranis provided NFA with notional funding agreements for several customers and told the NFA exam team that any commission to equity ratio issues or perceived high commissions were a result of notional funding.

Admitted,

D-39) Can the NFA please confirm the margins and positions valuations we're low, there was no reason not to notionally fund as the excess funds would not be committed to maintaining positions.

D-40) Can the NFA please confirm there was only one instance where a customer (the pool) was on call yet this call was managed by a position reduction.

D-41) Can the NFA please confirm there was never an instance at PFG, Vision or Straits Financial where a customer was forced to send in additional funds for a margin call or debit balance.

D-41) Can the NFA please confirm even with the Jefferies liquidation loss and PFG bankruptcy not one client had a resulting debit balance for which the client had to send in additional funds.

D-42) Can the NFA please confirm had clients fully funded their accounts their losses would have been far greater than the actual losses as a direct result of the Jefferies liquidation and PFG fraud and Bankruptcy.

Below is the commission to equity ratio for all accounts at PFG. In 2011 the commission to equity ratio averaged 1.6357% per month on the nominal balance, in 2012 1.7933% on the nominal balance per month. During this time frame not one customer complained about "high commissions" out of more than 50.

[Click here to enlarge the table below](#)

M-5671	Total Fees and	Margin excess	Total account	Commission to	Liquidating value of	Commission to	Nominal balance	Commission to
Month	commissions	on actual	balances	equity ratio on	actual funds	equity ratio on		equity ratio on
		balance		actual balance		liquidating value		nominal balance
01/2011	\$22,006.99	\$1,103,724.00	\$1,194,259.00	1.9939%	\$1,359,171.00	1.6191%	\$2,859,171.00	0.7697%
02/2011	\$35,211.30	\$946,193.21	\$1,394,834.48	3.7214%	\$1,202,071.45	2.9292%	\$2,702,071.45	1.3031%
03/2011	\$30,670.10	\$1,008,431.10	\$1,719,046.07	3.0414%	\$1,318,328.34	2.3264%	\$2,818,328.34	1.0882%
04/2011	\$26,052.50	\$803,140.95	\$1,869,797.81	3.2438%	\$1,280,178.72	2.0351%	\$2,780,178.72	0.9371%
05/2011	\$50,853.50	\$638,078.94	\$2,031,952.23	7.9698%	\$1,421,016.99	3.5787%	\$2,921,016.99	1.7410%
06/2011	\$56,459.50	\$392,031.38	\$1,570,051.36	14.4018%	\$1,399,086.46	4.0355%	\$2,899,086.46	1.9475%
07/2011	\$47,086.30	\$1,297,649.19	\$2,237,037.07	3.6286%	\$1,524,777.89	3.0881%	\$3,024,777.89	1.5567%
08/2011	\$84,885.25	\$978,110.07	\$1,935,378.84	8.6785%	\$1,310,913.34	6.4753%	\$2,810,913.34	3.0198%
09/2011	\$58,901.84	\$923,362.45	\$1,847,708.38	6.3791%	\$1,427,954.05	4.1249%	\$2,927,954.05	2.0117%
10/2011	\$70,762.50	\$788,388.06	\$1,685,142.39	8.9756%	\$1,430,833.34	4.9455%	\$2,930,833.34	2.4144%
11/2011	\$26,841.00	\$812,687.78	\$1,863,328.81	3.3027%	\$1,336,116.78	2.0089%	\$2,836,116.78	0.9464%
12/2011	\$48,352.50	\$507,188.49	\$1,518,588.11	9.5334%	\$1,109,142.67	4.3594%	\$2,609,142.67	1.8532%
Total	\$558,083.28							
Averages	\$46,506.94	\$849,915.47	\$1,738,927.05	2.6745%	\$1,343,299.25	3.4621%	\$2,843,299.25	1.6357%
M-5671	Total Fees and	Margin excess	Total account	Commission to	Liquidating value of	Commission to	Nominal balance	Commission to
Month	commissions	on actual	balances	equity ratio on	actual funds	equity ratio on		equity ratio on
		balance		actual balance		liquidating value		nominal balance
01/2012	\$46,191.00	\$955,137.67	\$2,191,103.72	4.8361%	\$1,398,501.01	3.3029%	\$2,898,501.01	1.5936%
2/1012	\$90,945.00	\$1,044,255.04	\$1,466,742.54	8.7091%	\$1,495,369.04	6.0818%	\$2,995,369.04	3.0362%
03/2012	\$47,127.18	\$893,105.11	\$1,389,451.90	5.2768%	\$1,383,142.61	3.4073%	\$2,883,142.61	1.6346%
04/2012	\$40,577.50	\$1,125,199.21	\$1,418,206.66	3.6063%	\$1,537,571.21	2.6391%	\$3,037,571.21	1.3359%
05/2012	\$39,245.00	\$738,281.57	\$1,694,981.43	5.3157%	\$1,512,168.25	2.5953%	\$3,012,168.25	1.3029%
06/2012	\$56,876.10	\$816,531.90	\$1,344,535.18	6.9656%	\$1,570,664.95	3.6211%	\$3,070,664.95	1.8522%
Total	\$320,961.78							
Averages	\$53,493.63	\$928,751.75	\$1,584,170.24	3.3768%	\$1,482,902.85	3.6074%	\$2,982,902.85	1.7933%
07/2012	\$51,748.59	\$1,211,699.00	\$1,211,699.00	4.2707%	\$1,211,699.00	4.2707%	\$2,893,896.80	1.7882%
Jefferies unexplained liquidation loss					-\$358,965.95			
PFG unexplained Bankruptcy loss					-\$642,200.47			
Total client losses as a direct result of the PFG 20+ year fraud and BK					-\$1,001,166.42			

D-43) I'd like to have the NFA confirm not one arbitration has been filed against AIM in its 28 year history

D-44) I'd like the NFA to confirm not one arbitration has been filed against PAMCO in its 9+ year history

14. In addition to the problems that NFA noted with the Primary Assets Fund's PFS, NFA's exam team found that Catranis and both AIM and PAMC used misleading promotional material to solicit the public which touted the likelihood of investors achieving dramatic profits, included hypothetical trading results which were not clearly identified as hypothetical, and downplayed the risk of loss by discussing it within the context of presenting large profit examples.

Denied

D-45) I'd like to NFA to confirm not one client open an account or participated in the program that used the hypothetical record

D-46) I'd like the NFA to confirm that every webpage, every email and every spreadsheet linked and/or provided to any potential customer or customer included the required risk disclosure at the bottom of it.

D-47) I'd like the NFA to confirm these potential customers and customers could experiment with any potential outcome for any trade including the impact of commissions.

D-48) I'd like the NFA to confirm that all spreadsheets Catranis reviewed including but not limited to those reviewed with the NFA audit team enabled any potential customer or customer to experiment with any potential outcome for any trade including commission.

D-49) I'd like the NFA to confirm that all spreadsheets allowed potential customers and customers to input their own trading criteria and or experiment with the potential outcome for their trades using their own criteria including the impact of commissions

D-50) I'd like the NFA to confirm that Catranis reviewed multiple spreadsheets with NFA auditors during the 9 month audit.

D-51) I'd like the NFA to confirm that they contacted clients of both Catranaco and PAMCO multiple times asking questions and for information and only 2 exhibits have been provided.

D-52) I'd like the NFA to confirm one exhibit was from a customer Imgraben who I've had professional relationship with for 15 years the other March over 5 years.

D-53) I'd like the NFA to provide any and all information in the questioning of these clients including but not limited to email correspondence, and notes, questions and or scripts used to interact in any capacity with AIM and PAMCO clients, the number of attempted contacts with AIM and PAMCO clients, the number of actual contacts, any correspondence from clients, any audio recordings, transcripts of audio recording, notes and or ledgers included in any interaction with AIM and PAMCO clients.

D-54) I'd like the NFA to confirm not one arbitration was filed with the NFA for any of the 60+ accounts reviewed by the NFA audit team during the 9 month audit after multiple contacts by the NFA asking what I my clients described as leading questions.

D-55) I'd like the NFA to confirm that I informed the NFA that one of my customers Joe Black asked me if the NFA would stop calling him and for me to provide any and all information to the NFA on his behalf.

Further, NFA's exam found that Catranis and both AIM and PAMC routinely traded their customer accounts in a manner that maximized commissions while ignoring the best financial interests of their customers.

Denied

They were traded with the objective of achieving the highest return on risk

Based on the deficiencies noted in the examination, NFA also determined that Catranis and the firms failed to diligently supervise their operations.

Denied

Each trade was fully disclosed with the risk, reward and commission defined not only on every trade but for the duration of every trading period.

APPLICABLE RULES

15. NFA Compliance Rule 2-4 provides that Members and Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their commodity futures business.

16. NFA Compliance Rule 2-9(a) provides that each Member shall diligently supervise its employees and agents in the conduct of their commodity futures activities for or on behalf of the Member. Each Associate who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's commodity futures activities on behalf of the Member.

Accredited Investment Management had only one sales person for the majority of its 28 year lifespan from March 17, 1987 through March 24, 2015. During this 28 year period excluding this action the firm had only 1 NFA regulatory action resulting in a \$15,000 fine in 1995 with no finding and zero NFA arbitrations.

Primary Assets Management had only one salesperson for the majority of its 9 year 4 month lifespan. Excluding the current regulatory action from January 2006 to date the firm has had zero NFA regulatory actions and zero NFA arbitrations.

D-56) I'd like the NFA to confirm that zero arbitration for AIM over a 28 year period and zero arbitrations for PAMCO over a 9 year period during which time Catranis traded the equivalent of over 1/2 a million futures contracts is a good record.

17. NFA Compliance Rule 2-10 provides, in pertinent part, that each Member shall maintain adequate books and records necessary and appropriate to conduct its business.

18. NFA Compliance Rule 2-13(a) provides, in pertinent part, that any Member who violates any of Commodity Futures Trading Commission (CFTC) Regulations 4.16 through 4.41 shall be deemed to have violated an NFA Requirement.

During the 28 year lifespan of AIM and 9 year lifespan of PAMCO neither firm has ever been found in violation of either 4.16 or 4.41 or had a record keeping violation that could not be easily be corrected or had an impact on any client or the industry.

I'd like it noted the recent late filings are a direct result of loss of income from the PFG Fraud and Bankruptcy wiping out client accounts, income and the ability to retain staff or outside contractors to ensure filings were accurate and timely.

19. *NFA Compliance Rule 2-29(bX1) provides that no Member or Associate shall use any promotional material which is likely to deceive the public.*

During the 28 year lifespan of Accredited investment Management has always objectively defined risk and reward. Excluding this action the firm had only 1 regulatory action resulting in a \$15,000 fine in 1995 with no finding and zero arbitrations. During the 28 year lifespan of the firm it was never found in violation 2-29(bX1).

Primary Assets Management excluding the current regulatory action from January 2006 to date had zero regulatory actions and zero arbitrations.

20. *NFA Compliance Rule 2-29(bX3) provides that no Member or Associate shall use any promotional material mentions which the possibility of profit unless accompanied by an equally prominent statement of the risk of loss.*

All trades mentioned in any promotional material were accompanied by corresponding risk/reward spreadsheets which allowed any client or potential potential client to experiment with any outcome for any trade including to but not limited to the impact of commission.

D-57) I'd like the NFA to confirm that the spreadsheet links are in all promotional material and all spreadsheet have the required risk disclosure, all spreadsheets allow any potential client to experiment with any potential outcome for any trade including the impact of commissions.

D-58) I'd like the NFA to provide an explanation as to why these risk/reward spreadsheets that were reviewed with the NFA in detail and are one of the most important factors as to how I represented risk are never omitted and never mentioned in this complaint.

21. *NFA Compliance Rule 2-29(c) provides, in pertinent part, that any Member or Associate who uses promotional material which includes a measurement or description of or makes any reference to hypothetical performance results which could have been achieved had a particular trading system of the Member or Associate been employed in the past must include in the promotional material a disclaimer that is set out in the Compliance Rule.*

COUNT I

VIOLATION OF NFA COMPLIANCE RULES 2-29(b)(1) AND (bX3), 2-29(c1,2-10 AND 2.13: USING MISLEADING AND UNBALANCED PROMOTIONAL MATERIAL WHICH INCLUDED HYPOTHETICAL PERFORMANCE RESULTS THAT WAS NOT IDENTIFIED AS HYPOTHETICAL AND FAILING TO MAINTAIN REQUIRED RECORDS RELATING TO PROMOTIONAL MATERIAL.

Denied

D-59) I need the NFA to provide the exact emails, examples, web pages in their entirety that would result in a violation.

D-60) I'd need the NFA to re confirm that all promotional material reviewed contained links to corresponding risk/reward spreadsheets. These easy to use spreadsheets of which several Catranis reviewed with NFA auditors enabled potential clients and/or clients the ability to experiment with any potential outcome for any trade, their own risk/reward criteria including but not limited to the impact of commissions.

D-61) I'd need the NFA to re confirm that any and all promotional material including but not limited to spreadsheets, emails and web pages contained the required risk disclosure statement at the bottom.

D-62) I need the NFA to confirm out of the thousands of pages reviewed during the 9 month audit all contained the required risk disclosure at the bottom.

23. Former AIM customer Andres M. provided NFA with a promotional e-mail he received from AIM and Catranis prior to his opening an account through AIM

Admitted

Mr. March received many emails from his initial contact with Catranis March 30, 2006 until the time he opened his account over 5 years later on July 9, 2011. During this 5 year and 3 month period risk/reward was objectively reviewed multiple times using scores of interactive risk/reward spreadsheets..

D-63) I need the NFA to provide any and all promotional material provided by Mr. March, any NFA correspondence with Mr. March including emails, statements, any recorded conversations, scripts used by the NFA to question Mr. March in their entirety, number of NFA attempted contacts and contacts with Mr. March both written and verbal.

D-64) I need the NFA to confirm that Mr. March has not filed an arbitration proceeding against Accredited Investment Management or Catranis and that March had a minimum of 5 years trading experience prior to opening his account with AIM and Catranis.

24. This promotional e-mail indicated that tremendous profits would result from projected price moves that were characterized as having a high probability of occurring.

Denied

D-64) I'd like the NFA to support this statement and provide specific examples with the complete email, all links and corresponding linked risk/reward spreadsheets

However, the only mention of risk came at the end of the long e-mail after Catranis' signature.

Denied

There are multiple links and spreadsheets linked throughout each email, each has the required disclosure, many have multiple.

D-65) I need the NFA to provide me the exact reason for the PFG bankruptcy and fraud

and Jefferies liquidation losses so I can relay it to Mr. March and the 50+ other customers that are included in this audit.

D-66) I need the NFA to provide what regulatory organization was in charge to ensure situations like the Jefferies liquidation and PFG BK would not occur so I can relay this information to Mr. March and the 50+ other customers included in this audit.

D-67) I need the NFA to provide what regulatory organization let it this 200+ million dollar fraud occur and why it occurred over a 20+ year period costing clients over 200 million dollars so I can relay this information to Mr. March and the 50+ other customers included in this audit. This is my 36th request on behalf of my clients and myself the previous 35 all have all gone unanswered expect "there is plenty in the press"

25. *The subject line of the e-mail stated, "+471% is the increase in contact value for the Dec Fed Funds interest rate contact on a move in rates from the current 0.1750 to 1.00% -From Peter Catranis US+949-376-8020*

Admitted

D-68) I Need the NFA to explain how one anonymous NFA complaint author has the ability and experience to question my representation of a move to 1.00% and explain how this anonymous NFA complaint author has more creditability and experience than the Federal Reserve and the chair of the Federal Reserve. Below is an example of how a potential move in rate was qualified to clients using the Feds website.

[Click here](#) for where the Fed sees rates and when



D-69) I need the NFA to provide explanation and provide any objective supporting documentation as to why the math on this representation is misleading or incorrect.

Contract price 99.8250, rate the price represents = 0.1750%, contract value = \$729.15
Contract price 99.0000, rate the price represents = 1.0000%, contract value = \$4.166.67

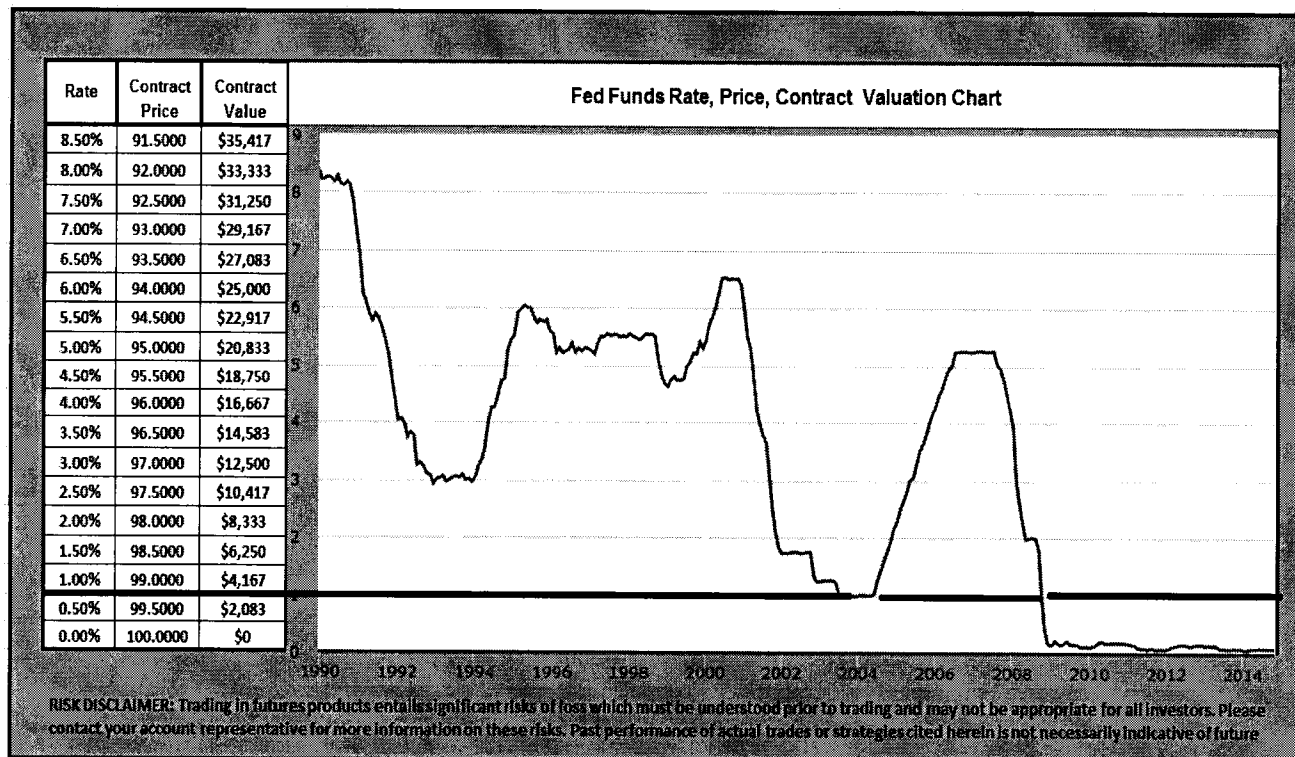
[Click here](#) to enlarge the rate, contract price valuation chart below.

[Click here](#) for a current chart and historical data from the St. Louis Fed site

[Click here](#) for the last tightening cycle from 1.25% to 5.25%

[Click here](#) for additional history on the Fed's last tightening cycle with supporting links

[Click here](#) for where the Fed sees rates and when.



[Click here](#) for the corresponding risk/reward spreadsheet

Enter any contract price in cell D-4 (99.00 = 1.00%)

Rate the contract price shows in cell F-4

Net profit or loss after all commissions and fees shows in cell D-10

Liquidating value shows in cell D-9

Roundturn commission shows in cell D-12

Total commissions and fees shows in cell F-12

26. In addition, the e-mail stated: Short term interest rates can only have a major market move in one direction up

Admitted

D-70) I request the NFA to please explain and provide any objective supporting documentation as to why this is a false or misleading statement about the Fed funds rate.

In order for the Fed Funds rate to go negative it would require one member bank to pay another member bank to borrow from it. [Click here](#) for what the Fed Funds rate is and how it's set.

In this email the contract price was 99.8250, the rate this price represents = 0.1750%, contract value = \$729.15

1954-2015 Historical range for the Fed funds rate.

All time low for the Fed funds rate 1954-2015, 7/01/2011 0.07% contract value = \$291.67

At 0.1750% when this statement was made the contract value = \$729.16

All time high for the Fed funds rate 1954-2015, 6/01/1981 19.10% contract value = 79,583.32

or at the time I made this representation the Fed funds rates was

\$437.48 or 0.0055% from the Fed funds 1954-2011 all time historic low

\$79,291.65 or 99.9945% from the Fed funds 1954-2011 all time historic high

D-71) I request the NFA to confirm and agree with these ranges

Below are links to supporting data on the St. Louis Fed site.

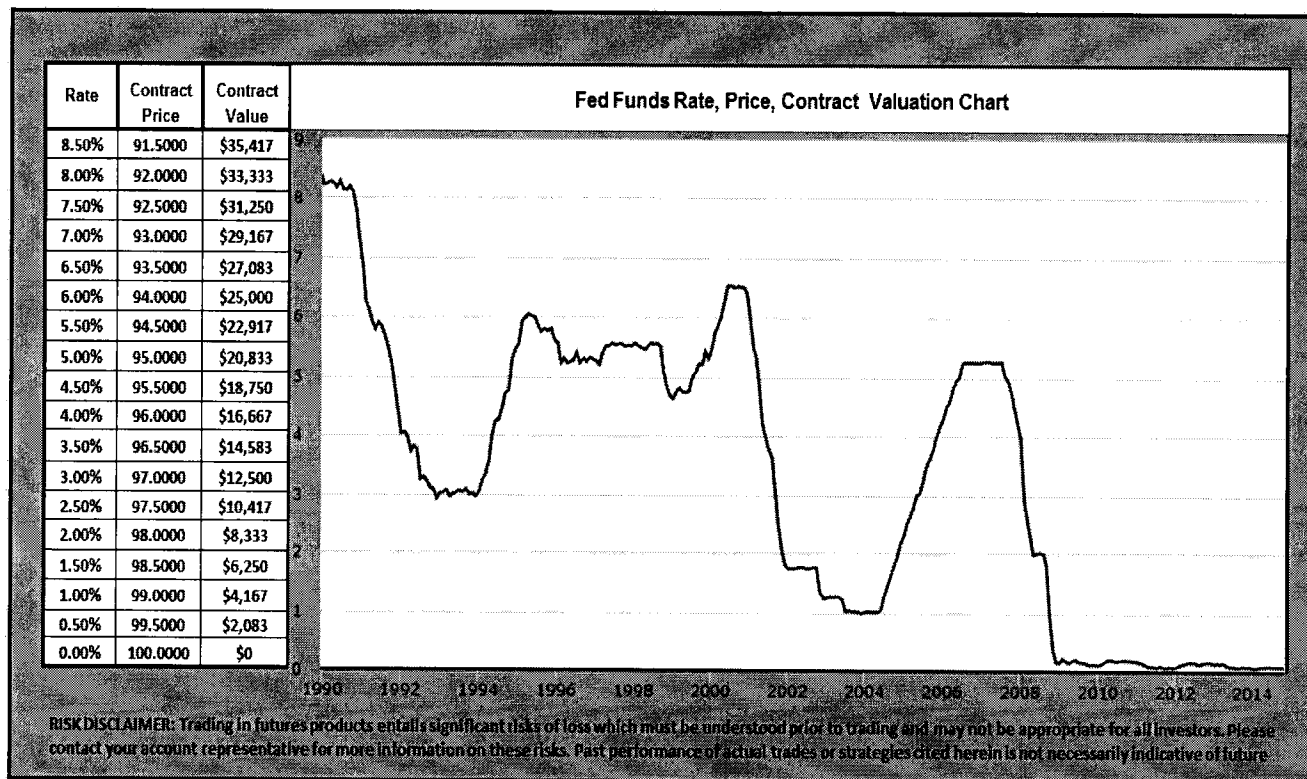
[Click here](#) to enlarge the rate, contract price valuation chart below.

[Click here](#) for a current chart and historical data

[Click here](#) for the last tightening cycle from 1.25% to 5.25%

[Click here](#) for additional history on the Fed's last tightening cycle with supporting links

[Click here](#) for where the Fed sees rates and when.



yet many investors aren't positioned to benefit from this historic opportunity.

Admitted

D-72) I need the NFA to provide whatever objective supporting information that using "historic opportunity" would be misleading or non factual when the Fed funds rate was

Within \$437.48 or 0.0055% from its 1954-2011 all time historic low
\$79,291.65 or 99.9945% from its 1954-2011 all time historic high.

This email explains why rates will rise and walk you through one of the ways we're positioning ourselves to capture this move

Admitted

I'd like to point out "walk you through" In emails I sent to potential clients I not only walked them through how to use the risk/reward spreadsheets in the email but followed up with telephone conversations enabling them to experiment with any potential outcome for any trades or, experiment with their own trading criteria including but not limited to the impact of commissions.

D-73) I would like the NFA to provide one promotional piece that does not have a corresponding risk reward spreadsheet linked to it. One customer that did not review a risk reward spreadsheet or one customer that had less than 5 years risk investment experience prior to opening an account out of the 60+ reviewed during the 9 month audit.

The Fed's opinion and information on rates was taken from Fed Websites, exchanges and credible sources allowing potential clients to objectively qualify the potential of any move independently using the provided links for example

FOMC meeting schedule

The last tightening cycle 2004-2006 from 1.25% to 5.25%

Bloomberg interactive Fed Funds cash market chart

1954-2014 Fed funds chart and historical data

Chicago Mercantile Exchange countdown to higher rates

CME videos

CNBC

D-74) Can the NFA please provide an explanation as to why the risk/reward spreadsheets that I reviewed with all potential clients were omitted even after I provided and reviewed them with NFA auditors during the 9 month NFA audit.?

D-75) Can the NFA explain why showing a potential client how to experiment with ANY potential outcome for any trade with full disclosure of risk/reward and all fees would be misleading?

Below procedure used to objectively define the risk/reward for all representations made in the promotional emails that enabled potential customers to experiment with any potential outcome for any trade mentioned in the emails including but not limited to the impact of commission.

Click here for a Fed Funds risk/reward spreadsheet

Enter any contract price in cell B-2

The rate the contract price represents shows in cell C-2

Net profit or loss shows in cell E-2

Liquidating value shows in cell G-2

Enter any deposit amount per contract in cell G-3 (notional funding)

Commissions and fees show in cell B-26

and how to open an account to work with my team. I'd challenge anyone, to show me any trade in any regulated sector with a better reward/risk ratio or probability of eventually occurring.

D-76) Please tell me anything that is misleading about asking this question and/or provide an answer to the question as to what the NFA believes has a greater return on risk with a higher probability of occurring?

Click here for where the Fed sees rates and when with links to the Fed's website for verification and all supporting documentation.

27. The e-mail continued touting profit potential with statements such as, "Given the current economic fundamentals rates this low is an historical aberration creating one of the best trading opportunities I've seen in my 20+ year career as a professional Advisor/Broker/Trader. "

Admitted

D-77) I'd like to NFA to prove that rates at record lows for the longest period on record including the great depression is anything but an historical aberration, please include all supporting documentation and please provide any trade in any regulated sector that has the same or greater potential with the same probability of occurring.

28. Further, the e-mail compared the profit potential of Catranis' interest rate trading strategy with that of other investments:

The reward/risk of trading short term interest rates higher dwarfs the profit potential of other sectors.

Admitted

D-78) I'd like the NFA to prove asking this question is wrong, misleading or factually incorrect using any information from credible sources and/or market under their regulatory jurisdiction.

What do you think will happen first?

Short term interest rates moving from 0.20% to 5.00% for an increase in contract value of +2,400% or the same percentage moves in the following markets?

The Dow from 12,042 to 31,050

The S&P from 1,278 to 31,950,

Gold from \$1,537 to \$38,425 per ounce,

Median home price from 173K to 4,325K,

Crude from \$101 to \$2,525 per barrel,

Wholesale gasoline from \$3.00 to \$75.00 per gallon,

Wheat from \$8.00 to \$200.00 per bushel.

Admitted

D-79) Can the NFA please provide any violation and supporting information, documentation and cases that would support how asking a potential client a question of

what they believed would occur first that would generate any violation [Click here for the 1954-2014 supporting Fed funds chart and historical data](#)

29. *Furthering its emphasis on profits, the e-mail labeled the returns highlighted in the following passage as being "probable" or the "minimum expected"*

D-79) Can the NFA please provide this email in its entirety with all supporting links active

It's not if rates will rise but how quickly, when and by how much.

Based on our current Dec 30, 2011 position per 12.5K trading unit the maximum risk per on this trade is -\$3,240 (if the Fed Funds rate falls to zero on or before Dec 30, 2011) the profit potential per \$12.5 unit

On a move to 0.50% = +\$15,927,

1.00% = +\$57,592

2.50% - +\$182,587

Admitted

I also provided links to the Fed's and other credible websites for confirmation, risk/reward spreadsheets with instructions on how to use them enabling potential clients to independently verify opinions and risk/reward.

Below instructions on how to verify this representation using the same spreadsheets reviewed with clients and the NFA during the 9 month audit.

[Click here](#) and open the risk/reward spreadsheet, enable it, if you need help with it call and I can walk you through it in less than 10 minutes.

Enter any contract price in cell D-2

Cell F-2 shows the rate the contract price represents

Cell D-10 shows the net profit or loss after commissions and fees

Cell D-12 shows the roundturn including all fees

Cell F-12 shows the total commission for all contracts

[Click here](#) for Fed statements on rates during the corresponding dates to verify economic fundamentals and Fed opinion, below other links I provided potential clients to independently verify economic fundamentals and fed opinion.

FOMC meeting schedule

The last tightening cycle 2004-2006 from 1.25% to 5.25%

History of Federal Open Market Committee actions

Bloomberg interactive Fed Funds cash market chart

1954-2014 Fed funds chart and historical data

Chicago Mercantile Exchange countdown to higher rates

CME videos

CNBC

[Click here](#) for a current chart and 1954-2014 historical price data

Federal Reserve

St. Louis Fed
Boston Fed
New York Fed
Philadelphia Fed
Cleveland Fed
Richmond Fed
Atlanta Fed
Chicago Fed
Minneapolis Fed
Kansas Fed
Dallas Fed
San Francisco Fed
U.S. Treasury
Congressional Budget Office

D-80) I would like the NFA to provide an explanation as to why after reviewing the risk/reward spreadsheets and supporting links there is no mention of this review or the spreadsheets that clearly define risk and let potential clients independently verify fundamentals from multiple credible sources.

30. *In addition to reviewing the deficient e-mail that former AIM customer Andres M. received, NFA's also reviewed a promotional e-mail received by former PAMC customer David I.*

Admitted I sent David Imgraben emails

"Deficient e-mail", I object to the NFA's subjective and unfounded qualification of the correspondence I had with Mr. Andres March as "deficient"

Background on David Imgraben.

Imgraben has been a client of Catranis on and off since October 2001, during the period from 2001 - 2015 Imagraben traded the equivalent of over 2,000 futures contracts.

31. *This promotional e-mail, which was dated December 10, 2013, was entitled "Capturing the Major Market Move Higher." The e-mail was seven pages long and included hypothetical performance results but the only references to the trading results being hypothetical and/or the risk of loss were generic and appeared at the end of the long e-mail following Catranis' signature page.*

Denied

Click here for the performance representation that was linked in the email provided to and reviewed with the Imagraben and the NFA during the 9 month audit.

There we're over 15 spreadsheets linked throughout the email, each one had the required hypothetical risk disclosure, the risk disclosure itself was linked in the email prior to the end, every supporting page created by Catranis linked throughout the email had the required risk disclosure, all valuation charts contained a risk disclosure.

D-81) I request the NFA to provide a copy of the email mentioned in the statement above as I have sent David Imgraben many long emails since he first became my client in 2001. I will highlight all disclosures and pages with linked disclosures.

32. *The e-mail to David L included two highly profitable performance scenarios,*

Admitted with all supporting documentation including spreadsheets and charts linked here

which were hypothetical

Admitted and clearly labeled as such

but were not clearly identified as hypothetical.

Denied, there is a hypothetical disclosure on every spreadsheet and every page authored by Catranis. The only pages without the required disclosure were “outside” pages such as the Federal Reserve or CME websites.

Click here for the performance representation that was linked in the email which was reviewed with Imgraben and has been provided to and reviewed with the NFA auditors during the 9 month audit.

Moreover, Catranis personally assured David L that a "Fed's funds contract" trading example included in the e-mail which showed a \$25,000 investment growing to \$104,449 between September 2011 and November 2013 reflected actual performance in an existing account, when, in fact, it was hypothetical performance.

Denied

David Imgraben did not trade this strategy and was aware he was not trading this strategy, nor is there supporting documentation that I represented the labeled hypothetical performance as actual performance.

It was represented as a hypothetical on every page and on every supporting spreadsheet linked in this report and email.

in this email which I prepared for a handful of QEP's (less than 20). These QEP's all had extensive trading experience, many were pre existing clients all had previous business relationships or contact with Catranis in the case of Imgraben since 2001.

Hypothetical performance was disclosed on all 15 spreadsheets, on all pages that we're linked and at the bottom of the email. All valuations charts also had risk warnings. All people that received this email were QEP's, all had 5 or more years risk investment experience. None opened an account for this strategy.

D-82) I request the NFA provide any and all information including but not limited to written correspondence, recordings in their entirety, written questions and answers with Imgraben, NFA scripts or questions used to question David Imgraben, number of contacts and attempted contacts with David Imgraben, to support this statement with any and all NFA notes in order to gather any and all information for the BCC allowing the BCC to judge the merit of this NFA representation knowing all the facts.

33. *In addition to portraying hypothetical trading results as actual,*

Denied

D-83) I request the NFA provide any and all information including but not limited to written correspondence with Imgraben, audio recordings in their entirety, written questions, NFA scripts or questions used in questioning Imgraben, number of contacts and attempted contacts.

D-84) I'd like he NFA to explain why a sophisticated trader with over 20 years of experience who I had a relationship with for over 15 years would negate over 16 hypothetical disclosures.

the e-mail to David .I was unbalanced in its treatment of profit potential versus risk of loss.

Denied

Risk and reward we objectively defined for all 15 cycles. Any potential client (as there were no actual customers in this strategy) could experiment with any potential outcome for any position using the linked spreadsheets that have been provided to the NFA and reviewed with the NFA audit team during the 9 month audit.

D-85) I'd like he NFA to please provide why the NFA has omitted the review with NFA auditors of these spreadsheets which has created an unbalanced representation for the way I presented risk.

For example, the e-mail included the above-referenced highly profitable Fed Fund trading scenario which listed fourteen trades, of which thirteen were shown as being profitable.

Admitted

Click here for the performance representation Catranis linked in this email that has been provided to and reviewed with the NFA.

The e-mail also contained the statement, "Over the last 2 years we've had 14 opportunities to capture a 30%+ appreciation the value of a Fed's funds contract as this rate repeatedly bounces off its historic low near 0.07%

Admitted

Click here for the performance representation that has been provided to and reviewed with the NFA.

D-86) I would like the NFA to provide any supporting documentation as to why this statement and supporting charts, price action and corresponding risk reward spreadsheets each including the required disclosure would be a violation.

34. CFTC Regulations a.23(a)(9) and 4.33(a)(7) require CPOs and CTAs, such as PAMC, to make and keep the original or a copy of all promotional material distributed or caused to be distributed to any existing or prospective pool participant showing the first date of distribution or receipt if not otherwise shown on the document.

35. *Catranis' e-mail to David I. contained video links which Catranis represented linked to videos explaining certain trade scenarios*

Admitted

D-87) I'd like the NFA to provide the specific email due to the fact I had a business relationship with Imgraben for over 15 years and have sent him hundreds of emails both on a personal and professional basis during this 15 year period. .

NFA was unable to review the linked material because the YouTube links were deactivated and Catranis was unable to locate the videos. Further, when NFA asked Catranis to produce all YouTube linked promotional material for both AIM and PAMC, he was unable to produce any of the required material.

Denied "any of the required material"

Out of the thousands of pages reviewed during the 9 month audit Catranis was able to produce all but 4 short videos with less than 30 combined views, the content of these videos was reviewed with the NFA during the 9 month audit.

- 1) My career history, (content of this video was onsite and reviewed by the NFA)**
- 2) How do a compliance and regulatory checks on the NFA's site using BASIC**
- 3) How to find the Fed's opinion on rates using Fed sites**
- 4) How to use the interactive risk/reward spreadsheets**

Please keep in mind AIM opened less than 10 accounts from the time of the PFG BK in July 2012 until it withdrew its registration in March 2015 (nearly 3 years)

36. By reason of the foregoing acts and omissions, AIM, PAMC and Catranis are charged with violations of NFA compliance Rules 2-29(b)(1), 2-29(b)(3) and 2-29(c). In addition, AIM and PAMC are charged with violations of NFA Compliance Rules 2-10 and 2-13.

The reason I was unable to produce the videos is when they we're deleted from youtube the only backup was on a computer which was lost with other personal belongings somewhere on a marine ferry, truck or plane when I came back to LA for several months from Tortola.

During the audit I informed the NFA several times that this had occurred. I'd also like to point out that during the entire time these videos we're up I opened 3 accounts all who I had pre existing business relationships with and less than 10 at Straits Financial from the time that PFG went Bankrupt until the time I withdrew my AIM registration.

37. The allegations contained in paragraphs 1 through 15 are re alleged as paragraph 37.

38. The observance of high standards of commercial honor and just and equitable principles of trade requires NFA Members and Associates to refrain from recommending and/or placing trades for customers that maximize commissions for the broker but do not serve the best economic interests of customers.

39. NFA reviewed broker statements for current PAMC and AIM accounts and found that - although some accounts were traded pursuant to a POA and others were traded with Catranis having only time and price discretion all of the accounts had similar trades which resulted in significant net losses for customers which, at the same time, generated high commissions for Catranis, PAMC and/or AIM.

Denied

Click [here](#) to enlarge the table below, please note the last vertical column is commission to equity ratio on the nominal balance.

M-5671	Total Fees and	Margin excess	Total account	Commission to	Liquidating value of	Commission to	Nominal balance	Commission to
Month	commissions	on actual	balances	equity ratio on	actual funds	equity ratio on		equity ratio on
		balance		actual balance		liquidating value		nominal balance
01/2011	\$22,006.99	\$1,103,724.00	\$1,194,259.00	1.9939%	\$1,359,171.00	1.6191%	\$2,859,171.00	0.7697%
02/2011	\$35,211.30	\$946,193.21	\$1,394,834.48	3.7214%	\$1,202,071.45	2.9292%	\$2,702,071.45	1.3031%
03/2011	\$30,670.10	\$1,008,431.10	\$1,719,046.07	3.0414%	\$1,318,328.34	2.3264%	\$2,818,328.34	1.0882%
04/2011	\$26,052.50	\$803,140.95	\$1,869,797.81	3.2438%	\$1,280,178.72	2.0351%	\$2,780,178.72	0.9371%
05/2011	\$50,853.50	\$638,078.94	\$2,031,952.23	7.9698%	\$1,421,016.99	3.5787%	\$2,921,016.99	1.7410%
06/2011	\$56,459.50	\$392,031.38	\$1,570,051.36	14.4018%	\$1,399,086.46	4.0355%	\$2,899,086.46	1.9475%
07/2011	\$47,086.30	\$1,297,649.19	\$2,237,037.07	3.6286%	\$1,524,777.89	3.0881%	\$3,024,777.89	1.5567%
08/2011	\$84,885.25	\$978,110.07	\$1,935,378.84	8.6785%	\$1,310,913.34	6.4753%	\$2,810,913.34	3.0198%
09/2011	\$58,901.84	\$923,362.45	\$1,847,708.38	6.3791%	\$1,427,954.05	4.1249%	\$2,927,954.05	2.0117%
10/2011	\$70,762.50	\$788,388.06	\$1,685,142.39	8.9756%	\$1,430,833.34	4.9455%	\$2,930,833.34	2.4144%
11/2011	\$26,841.00	\$812,687.78	\$1,863,328.81	3.3027%	\$1,336,116.78	2.0089%	\$2,836,116.78	0.9464%
12/2011	\$48,352.50	\$507,188.49	\$1,518,588.11	9.5334%	\$1,109,142.67	4.3594%	\$2,609,142.67	1.8532%
Total	\$558,083.28							
Averages	\$46,506.94	\$849,915.47	\$1,738,927.05	2.6745%	\$1,343,299.25	3.4621%	\$2,843,299.25	1.6357%
M-5671	Total Fees and	Margin excess	Total account	Commission to	Liquidating value of	Commission to	Nominal balance	Commission to
Month	commissions	on actual	balances	equity ratio on	actual funds	equity ratio on		equity ratio on
		balance		actual balance		liquidating value		nominal balance
01/2012	\$46,191.00	\$955,137.67	\$2,191,103.72	4.8361%	\$1,398,501.01	3.3029%	\$2,898,501.01	1.5936%
2/1012	\$90,945.00	\$1,044,255.04	\$1,466,742.54	8.7091%	\$1,495,369.04	6.0818%	\$2,995,369.04	3.0362%
03/2012	\$47,127.18	\$893,105.11	\$1,389,451.90	5.2768%	\$1,383,142.61	3.4073%	\$2,883,142.61	1.6346%
04/2012	\$40,577.50	\$1,125,199.21	\$1,418,206.66	3.6063%	\$1,537,571.21	2.6391%	\$3,037,571.21	1.3359%
05/2012	\$39,245.00	\$738,281.57	\$1,694,981.43	5.3157%	\$1,512,168.25	2.5953%	\$3,012,168.25	1.3029%
06/2012	\$56,876.10	\$816,531.90	\$1,344,535.18	6.9656%	\$1,570,664.95	3.6211%	\$3,070,664.95	1.8522%
Total	\$320,961.78							
Averages	\$53,493.63	\$928,751.75	\$1,584,170.24	3.3768%	\$1,482,902.85	3.6074%	\$2,982,902.85	1.7933%
07/2012	\$51,748.59	\$1,211,699.00	\$1,211,699.00	4.2707%	\$1,211,699.00	4.2707%	\$2,893,896.80	1.7882%
Jefferies unexplained liquidation loss					-\$358,965.95			
PFG unexplained Bankruptcy loss					-\$642,200.47			
Total client losses as a direct result of the PFG 20+ year fraud and BK					-\$1,001,166.42			

PAMCO received ZERO commission and fees.

All trades were taken as represented and consistent with the expectation that rates would rise based on Fed expectations, the engaging of tapering and the eventual end of Quantitative Easing after having been lower and for a longer any other period including the Great Depression.

For example the Fed's target range for the Fed funds rate of 0.00% to 0.25% in other words a move from 0.15% to 0.25% would create an increase in contract value from \$625 to \$1,041 or an increase of \$415 netting \$365 or +56% on the contract value of \$625 after bid ask spreads and commission.

The eventual goal was capturing a move similar to the Fed's last tightening cycle from June 2004 1.25% contract value \$5,208 to June 2006 5.25% \$21,875 which undeniably would have generated a high return on risk, [click here](#) for the Fed's last tightening cycle.

Fact if the Fed funds contract moved from 0.25%, contract value \$1,042 to the bottom of the last tightening cycle 1.25% contract value would increase to \$5,208, The forward contracts still have not priced Fed expectations.

[Click here](#) for CME Fed funds quotes

Below are supporting links for Fed expectations and perceived Fed expectations

[FOMC meeting schedule](#)

[The last tightening cycle 2004-2006 from 1.25% to 5.25%](#)

[History of Federal Open Market Committee actions](#)

[CME videos](#)

[CME countdown to higher rates](#)

[Click here](#) for a current chart and 1954-2014 historical price data

[Federal Reserve](#)

[St. Louis Fed](#)

[Boston Fed](#)

[New York Fed](#)

[Philadelphia Fed](#)

[Cleveland Fed](#)

[Richmond Fed](#)

[Atlanta Fed](#)

[Chicago Fed](#)

[Minneapolis Fed](#)

[Kansas Fed](#)

[Dallas Fed](#)

[San Francisco Fed](#)

[U.S. Treasury](#)

[Congressional Budget Office](#)

Catranis provided corresponding risk/reward spreadsheets that allowed every potential and customer to experiment with any potential outcome for any trade in every email including full disclosure of strategy, commission and/or to use their own trading criteria.

Catranis also provided one on one instructions on how to use these spreadsheets and/or modify them for any strategy, investment amount and trade risk.

This information and risk/reward spreadsheets although reviewed with the NFA audit team was omitted from this complaint and I believe gives the BCC an unbalanced representation of what verifiably occurred in Catranis's representation of trading strategy, disclosure of risk and all fees.

How risk/reward was represented

[Click here](#) and open the risk/reward spreadsheet, enable it, if you need help with it call and I can walk you through it in less than 10 minutes.

40) Specifically, during 2011, 49 of AIM's 52 customer accounts that year experienced losses. In 2012, every one of AIM's 30 customer accounts that year lost money, while AIM collected approximately \$183,000 in commissions.

Denied

I don't know where to start on the NFA's inaccuracy on account balances and commissions generated. Below is the monthly summary and linked are the supporting monthly statements for Jan 2011 through June 2012 from PFG.

The accounts lost money because rates did not rise and remained lower and for longer than any other period in history including the great depression with new lower lows for rates during this period.

[Click here to enlarge the image below](#)

M-5671	Total Fees and	Margin excess	Total account	Commission to	Liquidating value of	Commission to	Nominal balance	Commission to
Month	commissions	on actual	balances	equity ratio on	actual funds	equity ratio on		equity ratio on
		balance		actual balance		liquidating value		nominal balance
01/2011	\$22,006.99	\$1,103,724.00	\$1,194,259.00	1.9939%	\$1,359,171.00	1.6191%	\$2,859,171.00	0.7697%
02/2011	\$35,211.30	\$946,193.21	\$1,394,834.48	3.7214%	\$1,202,071.45	2.9292%	\$2,702,071.45	1.3031%
03/2011	\$30,670.10	\$1,008,431.10	\$1,719,046.07	3.0414%	\$1,318,328.34	2.3264%	\$2,818,328.34	1.0882%
04/2011	\$26,052.50	\$803,140.95	\$1,869,797.81	3.2438%	\$1,280,178.72	2.0351%	\$2,780,178.72	0.9371%
05/2011	\$50,853.50	\$638,078.94	\$2,031,952.23	7.9698%	\$1,421,016.99	3.5787%	\$2,921,016.99	1.7410%
06/2011	\$56,459.50	\$392,031.38	\$1,570,051.36	14.4018%	\$1,399,086.46	4.0355%	\$2,899,086.46	1.9475%
07/2011	\$47,086.30	\$1,297,649.19	\$2,237,037.07	3.6286%	\$1,524,777.89	3.0881%	\$3,024,777.89	1.5567%
08/2011	\$84,885.25	\$978,110.07	\$1,935,378.84	8.6785%	\$1,310,913.34	6.4753%	\$2,810,913.34	3.0198%
09/2011	\$58,901.84	\$923,362.45	\$1,847,708.38	6.3791%	\$1,427,954.05	4.1249%	\$2,927,954.05	2.0117%
10/2011	\$70,762.50	\$788,388.06	\$1,685,142.39	8.9756%	\$1,430,833.34	4.9455%	\$2,930,833.34	2.4144%
11/2011	\$26,841.00	\$812,687.78	\$1,863,328.81	3.3027%	\$1,336,116.78	2.0089%	\$2,836,116.78	0.9464%
12/2011	\$48,352.50	\$507,188.49	\$1,518,588.11	9.5334%	\$1,109,142.67	4.3594%	\$2,609,142.67	1.8532%
Total	\$558,083.28							
Averages	\$46,506.94	\$849,915.47	\$1,738,927.05	2.6745%	\$1,343,299.25	3.4621%	\$2,843,299.25	1.6357%
M-5671	Total Fees and	Margin excess	Total account	Commission to	Liquidating value of	Commission to	Nominal balance	Commission to
Month	commissions	on actual	balances	equity ratio on	actual funds	equity ratio on		equity ratio on
		balance		actual balance		liquidating value		nominal balance
01/2012	\$46,191.00	\$955,137.67	\$2,191,103.72	4.8361%	\$1,398,501.01	3.3029%	\$2,898,501.01	1.5936%
2/1012	\$90,945.00	\$1,044,255.04	\$1,466,742.54	8.7091%	\$1,495,369.04	6.0818%	\$2,995,369.04	3.0362%
03/2012	\$47,127.18	\$893,105.11	\$1,389,451.90	5.2768%	\$1,383,142.61	3.4073%	\$2,883,142.61	1.6346%
04/2012	\$40,577.50	\$1,125,199.21	\$1,418,206.66	3.6063%	\$1,537,571.21	2.6391%	\$3,037,571.21	1.3359%
05/2012	\$39,245.00	\$738,281.57	\$1,694,981.43	5.3157%	\$1,512,168.25	2.5953%	\$3,012,168.25	1.3029%
06/2012	\$56,876.10	\$816,531.90	\$1,344,535.18	6.9656%	\$1,570,664.95	3.6211%	\$3,070,664.95	1.8522%
Total	\$320,961.78							
Averages	\$53,493.63	\$928,751.75	\$1,584,170.24	3.3768%	\$1,482,902.85	3.6074%	\$2,982,902.85	1.7933%
07/2012	\$51,748.59	\$1,211,699.00	\$1,211,699.00	4.2707%	\$1,211,699.00	4.2707%	\$2,893,896.80	1.7882%
Jefferies unexplained liquidation loss					-\$358,965.95			
PFG unexplained Bankruptcy loss					-\$642,200.47			
Total client losses as a direct result of the PFG 20+ year fraud and BK					-\$1,001,166.42			

Average margin excess on actual funds Jan 2011 through June 2012 = \$876,194.23
Average account balances actual funds = \$1,687,341.44
Average nominal account balance = \$2,889,833.78
Average monthly commission to equity ratio on nominal balance = 1.6899%
Total client/AIM losses as a direct result of the 20+ year PFG fraud and Jefferies liquidation = -\$1,001,166.42

Supporting PFG statements

Jan 2011
Feb 2011
Mar 2011
Apr 2011
May 2011
Jun 2011
July 2011
Aug 2011
Sep 2011
Oct 2011
Nov 2011
Dec 2011
Jan 2012
Feb 2012
Mar 2012
Apr 2012
May 2012

Jan 2012
Feb 2012
Mar 2012
May 2012
Apr 2012
May 2012
Jun 2012
Jul 2012

*Similarly, in 2013 and 2014, all of AIM's **three customer accounts** in those years lost money. In 2013, the customers had approximately \$8,100 in gross trading gains, which were wiped out by more than \$105,000 in commissions. In 2014, customers experienced approximately \$16,200 in gross trading losses, and paid approximately \$17,500 in commissions from January through July.*

Denied

D-88) I'd like the NFA to provide full disclosure including all supporting spreadsheets and statements

Interest rates did not go up and all three clients lost money.

All clients including PFG had between 5 to 40 years risk investment experience prior to participating in these interest rate trades, all 8 Straits financial clients 5 or more.

All had reviewed risk reward spreadsheets

None have filed arbitration complaint even after repeated contacts by the NFA.

I traded two accounts personally at PFG starting with a total of 200K that took the same trades and were charged the same commission and had the same or worse results.

41) Further, NFA's review of the Primary Assets Fund's monthly trading statements from 2012 to 2014 revealed additional evidence of the abusively high commissions generated by Catranis and PAMC. For example, the Fund, which had a net asset value (NAV) of \$467,000 as of January 31, 2012 was charged \$167,000 (or 38% of the Fund's equity) in commissions between January and June 2012. Although the Fund experienced approximately \$21,000 in gross trading gains during such five-month period, commissions and fees resulted in the pool's NAV decreasing to \$354,132 by the end of June 2012.

Denied

Pool Background

The pool's nominal balance was \$976,726.15 as of January 2012, actual funds \$476,726.15 [Click here](#) for the notional funding agreement.

The pools one and only participant Caldwell ICM market Strategy Trust was represented to have only one participant in the trust Brandan Caldwell who confirmed this on page B-3 (F) of the executed subscription agreement linked here [Caldwell signed sub docs Copy](#)

Mr. Caldwell and his employee's were provided online access to the pool's account at PFG and Vision and at all times had access to positions, balance and commissions

Mr. Caldwell owns a securities firm in Canada [click here for a link to the firm's site](#). The attorney he chose for his structure worked with my attorney on the fund to ensure all disclosure and records were in order up until the PFG fraud/bankruptcy and Jefferies liquidation which cost the fund over 250K of the 500K in actual funds on deposit.

Mr. Caldwell and his securities firm employees reviewed all emails and verified all representations and supporting documentation positions and account balances.

D-89) Mr. Caldwell biggest complaint is he still needs the NFA to disclosure why the pool lost \$133,346 from the Jefferies liquidation alone out of the 500K original deposit with no explanation provided to PAMCO that could be provided the pool's only participant Mr. Caldwell the owner of a [Caldwell Securities](#)

There have been over 30 requests for an explanation for the Jefferies liquidation loss, the NFA has yet to provide one to enable me to pass it on to Mr. Caldwell.

D-90) Secondly Mr. Caldwell requested full disclosure for the reason of the PFG bankruptcy, what regulatory oversight allowed this fraud to continue for over 20 years, what regulatory agency was responsible and why it was allowed to continue for a 20 year period after over 30 requests all have gone unanswered with the only explanation provided is "there is plenty in the press" I'm still requesting an answer from the NFA so I can provide it to Mr. Caldwell who lost a combined total of over 250K out of the 500K deposit directly from the PFG fraud/Bankruptcy and Jefferies liquidation.

This account had \$500,000 in actual funds and \$500,000 in notional funding for a nominal balance of \$1,000,000, the NFA has been fully aware of the notional funding agreement in place since their request for the funds opening documents that were provided to Mary Lynn Le June 26, 2014.

Mary Lynn Le, CFE
Staff II, Compliance
National Futures Association
300 South Riverside Plaza, Suite 1800
Chicago, IL 60606
T: 312.781.1287
mle@nfa.futures.org

PFG Docs for Primary Assets Fund LLC + Caldwell Copy

Caldwell signed sub docs Copy

The pools one and only participant was the Caldwell ICM market Strategy Trust. This trust was represented to have only one participant Brandon Caldwell who confirmed this on page B-3 (F) of the executed subscription agreement linked here [Caldwell signed sub docs Copy](#)

Mr. Caldwell and his employee's were provided online access to the pool's account at PFG and Vision and at all times had access to positions, balance and commissions.

Mr. Caldwell owns a Securities firm in Canada [click here for a link to the firm's site](#). The "fund" used the attorney he handpicked to work with my attorney on the fund's structure to ensure all disclosure and records were in order up until the PFG Bankruptcy fraud and Jefferies liquidation.

At all times I kept trades for the fund within the guidelines of Mr. Caldwell (owner of Caldwell securities 30 years) instructions.

The fact the BCC should be fully aware of is over 250K of the funds loses on the 500K in actual funds deposited we're as a direct result of the PFG fraud/Bankruptcy and the Jefferies liquidation. After over 30 requests to the NFA to provide an official NFA cause for the Jefferies liquidation loses and PFG BK/fraud all have gone unanswered, the only NFA response to date has been "there is plenty in the press"

For example, the Fund, which had a net asset value (NAV) of \$467,000 as of January 31, 2012

Denied, this is incorrect it was \$476,726.15

was charged \$167,000 (or 38% of the Fund's equity) in commissions between January and June 2012.

Denied, this is incorrect it was \$128,562.50 through June the last month PAMCO was able to trade the account or 12.85% on the nominal balance. The NFA was provided with the notional funding agreement in June 2014 and was fully aware the account was notionally funded prior to this statement. [click here for the notional funding agreement](#)

Although the Fund experienced approximately \$21,000 in gross trading gains during such five-month period, commissions and fees resulted in the pool's NAV decreasing to \$354,132 by the end of June 2012.

Denied,

The facts with supporting PFG statements below, nominal balance in green, commission to equity ratio in blue [click here](#) for the notional funding agreement.

[Click here](#) to enlarge the table below

M-5671	Total Fees and	Margin excess	Total account	Commission to	Liquidating value	Commission to	Nominal	Commission to
Month	commissions	on actual	balances	equity ratio on	of actual funds	equity ratio on	balance	equity ratio on
		balance		actual balance		liquidating value		nominal balance
1/13/12		\$500,000.00						
01/2012	\$26,625.00	\$356,218.15	\$1,227,881.15	2.17%	\$476,726.15	5.58%	\$976,726.15	2.73%
2/1012	\$33,250.00	\$365,245.60	\$485,352.20	6.85%	\$479,749.60	6.93%	\$979,749.60	3.39%
03/2012	\$16,712.50	\$294,366.26	\$463,275.86	3.61%	\$441,955.26	3.78%	\$941,955.26	1.77%
04/2012	\$12,625.00	\$266,103.16	\$386,959.36	3.26%	\$404,107.16	3.12%	\$904,107.16	1.40%
05/2012	\$15,412.50	\$141,082.09	\$464,196.51	3.32%	\$331,984.91	4.64%	\$831,984.91	1.85%
06/2012	\$23,937.50	\$103,385.24	\$291,260.64	8.22%	\$354,132.24	6.76%	\$854,132.24	2.80%
Averages	\$21,427.08	\$289,485.79	\$553,154.29	3.87%	\$414,775.89	5.17%	\$914,775.89	2.34%
Total	\$128,562.50							
07/2012	\$20,525.00	\$220,802.41	\$220,802.41	9.30%	\$220,802.41	9.30%	\$720,802.41	9.2956%
Jefferies unexplained liquidation loss					-\$133,329.83			
PFG unexplained Bankruptcy loss					-\$117,025.28			
Total client losses as a direct result of the PFG 20+ year fraud					-\$250,355.11			

Supporting PFG statements

Jan 13 2012 (start date balance \$500,00 actual funds \$500,000 notional funds nominal balance \$1,000,000 which the NFA has a record of since June 2014. [click here](#) for the notional funding agreement

Month ends

[Jan 2012](#)

[Feb 2012](#)

[Mar 2012](#)

[May 2012](#)

[Apr 2012](#)

[May 2012](#)

[Jun 2012](#)

[Jul 2012](#)

D-91) I would like the NFA explanation of the omission of the notional funding agreement and the serious but very simple accounting errors made by the NFA.

42. During 2013, Primary Assets Fund had approximately \$30,000 in gross trading gains, but was charged approximately \$76,000 in commissions. The Fund's NAV was \$58,715 at the beginning of 2013 and (including a mid-year deposit of approximately \$30,000) was \$42,227 at the end of that year. In the first five months of 2014, the Primary Assets Fund experienced a gross trading loss of approximately \$15,000 and was charged over \$17,000 in commissions, resulting in a \$32,000 net loss. The Fund's NAV dropped to approximately \$5,000 at the end of May 2014.

Denied

43. *Catranis' trading strategy relied primarily on selling deep in-the-money call spreads which were the equivalent of buying deep out-of-the-money put spreads.*

Background of the fallout and game plan moving forward post PFG fraud/BK and Jefferies liquidation loss which cost the fund over 250K of the actual 500K deposited.

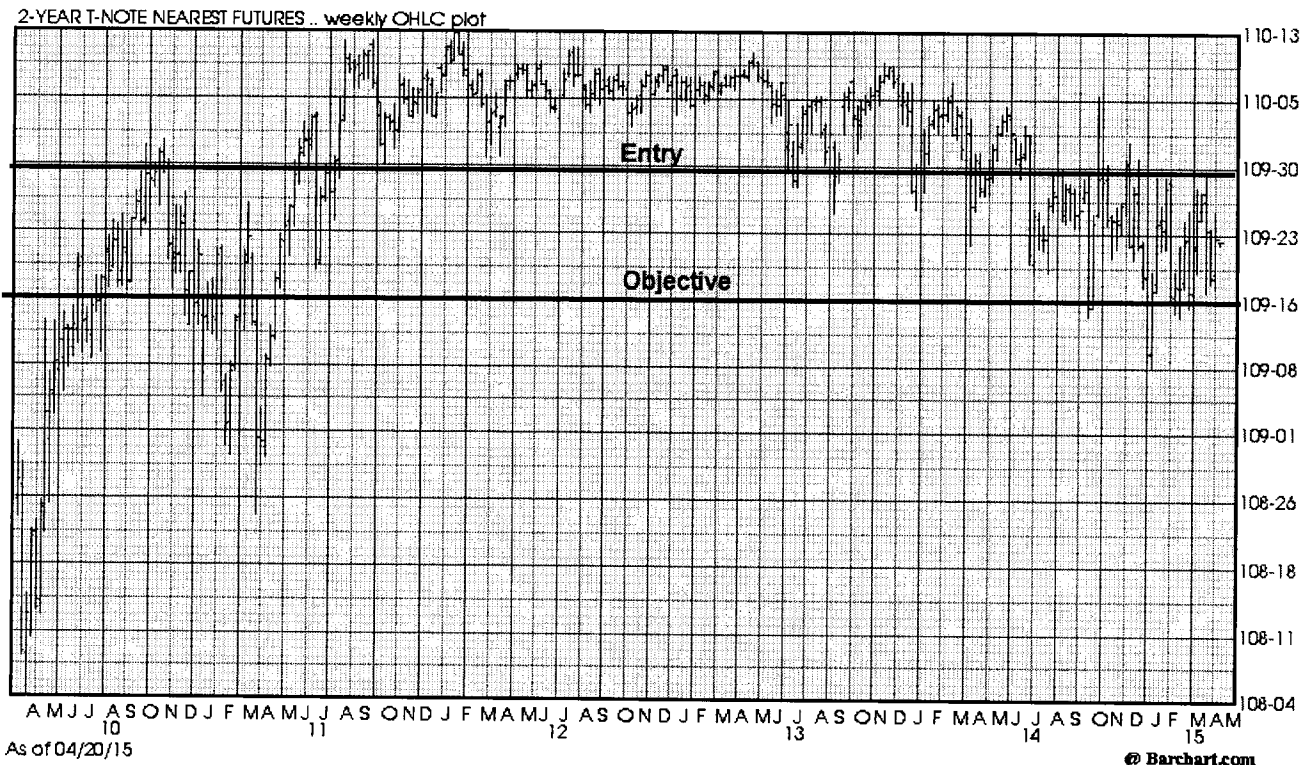
Mr. Caldwell and I have combined trading experience of over 60 years. After the PFG fraud/BK and Jefferies liquidation loss that cost the Fund over \$250,000 of the \$500,000 deposit was a joint decision was to trade it using defined risk strategies as close to a million dollar nominal balance as possible with me taking any liability for any debit balances. Both of us viewed this as the only way to achieve recovery without sending in additional funds, [click here](#) for the notional funding agreement

Please calculate commission to equity ratio on nominal balance correctly. The notional funding agreement was provided at the beginning of the 9 month audit in June 2014 [click here](#) for the notional funding agreement.

Such a trading strategy had a small chance of achieving a profit for the customer,

Denied

The maximum risk on the trade including commissions = \$9,220, net profit potential = \$20,780 at 109 16/32nds, return on risk = 2.25 to 1, [click here](#) to enlarge the chart below.



but generated large commission revenue for Catranis.

Denied

- 1) All trades were consistent with trading rates higher, rates went to and have remained near historic lows and the fund lost money.
- 2) I was instructed to trade the fund by the person who funded it as closely as possible to the pre PFG BK allocation after the remaining funds were transferred to Vision which I did consistently, [click here](#) for the notional funding agreement.

Commission to equity ratio on nominal balance is highlighted in yellow.
[Click here](#) to enlarge the table below

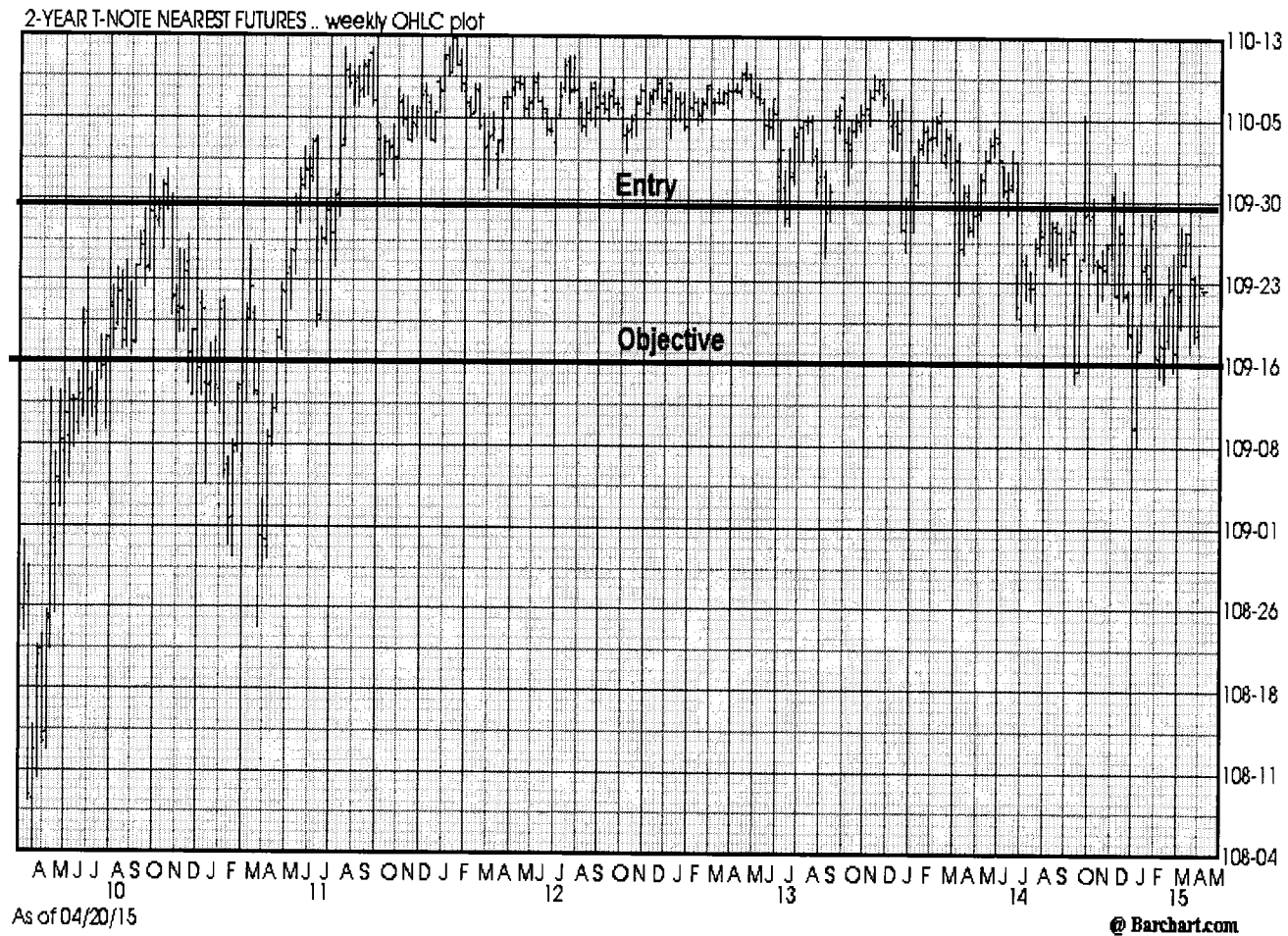
M-5671	Total Fees and	Margin excess	Total account	Liquidating value	Nominal	Commission to
Month	commissions	on actual	balance	of actual funds	balance	equity ratio on
		balance				nominal balance
1/13/12		\$500,000.00				
01/2012	\$26,625.00	\$356,218.15	\$1,227,881.15	\$476,726.15	\$976,726.15	2.73%
2/10/12	\$33,250.00	\$365,245.60	\$485,352.20	\$479,749.60	\$979,749.60	3.39%
03/2012	\$16,712.50	\$294,366.26	\$463,275.86	\$441,955.26	\$941,955.26	1.77%
04/2012	\$12,625.00	\$266,103.16	\$386,959.36	\$404,107.16	\$904,107.16	1.40%
05/2012	\$15,412.50	\$141,082.09	\$464,196.51	\$331,984.91	\$831,984.91	1.85%
06/2012	\$23,937.50	\$103,385.24	\$291,260.64	\$354,132.24	\$854,132.24	2.80%
Averages	\$21,427.08	\$289,485.79	\$553,154.29	\$414,775.89	\$914,775.89	2.34%
Total	\$128,562.50					

07/2012	\$20,525.00	\$220,802.41	\$220,802.41	\$220,802.41	\$720,802.41	9.2956%
Jefferies liquidation loss				-\$133,329.83		
PFG Bankruptcy loss				-\$117,025.28		
Total loss as a direct result of the PFG fraud and BK				-\$250,355.11		

M-5671	Total Fees and	Margin excess	Total account	Liquidating value	Nominal	Commission to	Nominal balance	Commission to equity
Month	commissions	on actual	balance	of actual funds	balance	equity ratio on	with PFG 250K loss	ratio on Pre PFG BK
		balance				nominal balance	calculated in	nonimal balance
11/1/12	\$0	\$58,716	\$58,716	\$58,716	\$558,716	0.00%	\$809,070.84	0.00%
12/2012	\$0	\$58,716	\$58,716	\$58,716	\$558,716	0.00%	\$809,070.84	0.00%
01/2013	\$5,400	\$57,215	\$66,215	\$66,215	\$566,215	1.59%	\$816,569.63	0.66%
02/2013	\$5,280	\$41,098	\$62,355	\$55,348	\$555,348	2.57%	\$805,703.48	0.66%
03/2013	\$5,380	\$43,222	\$57,004	\$57,472	\$557,472	2.56%	\$807,827.60	0.67%
04/2013	\$3,528	\$26,231	\$54,708	\$40,481	\$540,481	2.64%	\$790,835.86	0.45%
05/2013	\$4,140	\$43,682	\$54,032	\$54,782	\$554,782	2.00%	\$805,137.54	0.51%
06/2013	\$5,256	\$67,978	\$83,514	\$79,078	\$579,078	1.92%	\$829,433.28	0.63%
07/2013	\$8,082	\$55,148	\$79,084	\$78,023	\$578,023	3.96%	\$828,377.94	0.98%
08/2013	\$7,100	\$66,802	\$83,734	\$81,152	\$581,152	2.47%	\$831,507.42	0.85%
09/2013	\$6,280	\$55,913	\$68,163	\$67,538	\$567,538	2.05%	\$817,893.11	0.77%
10/2013	\$8,800	\$29,819	\$73,865	\$57,819	\$557,819	5.02%	\$808,174.02	1.09%
11/2014	\$8,120	\$21,316	\$57,847	\$40,123	\$540,123	3.48%	\$790,477.80	1.03%
12/2013	\$7,400	\$4,940	\$67,540	\$42,227	\$542,227	6.88%	\$792,582.43	0.93%
01/2014	\$11,520	\$13,567	\$52,521	\$19,823	\$519,823	1.20%	\$770,178.36	1.50%
02/2014	\$4,640	-\$17,056	\$35,989	\$10,665	\$510,665	5.43%	\$761,020.36	0.61%
03/2014	\$1,200	\$1,385	\$15,867	\$10,825	\$510,825	1.85%	\$761,180.16	0.16%
04/2014	\$140	\$2,363	\$13,875	\$9,333	\$509,333	1.37%	\$759,688.58	0.02%
05/2014	\$240	\$695	\$8,207	\$4,946	\$504,946	0.84%	\$755,301.20	0.03%
06/2014	\$308	\$4,449	\$8,207	\$5,451	\$505,451	0.20%	\$755,805.66	0.04%
Averages	\$4,641	\$31,810	\$53,008	\$44,936.70	\$544,937	0.85%	\$795,291.81	0.58%

Further, as the amount at risk in the trade was minimal,

Denied, the maximum risk on the trade including commissions = \$9,220, net profit potential = \$20,780 at 109 16/32nds, return on risk = 2.25 to 1, [click here](#) to enlarge the chart below.



in the very likely event that the trade lost money,

Denied, subjective, support this statement.

the customer was still left with a reasonable amount of equity

Denied

Catranis was instructed to trade the fund by the person who funded it as closely as possible to the pre PFG BK allocation after the remaining funds were transferred to Vision which I did consistently, [click here](#) for the notional funding agreement.

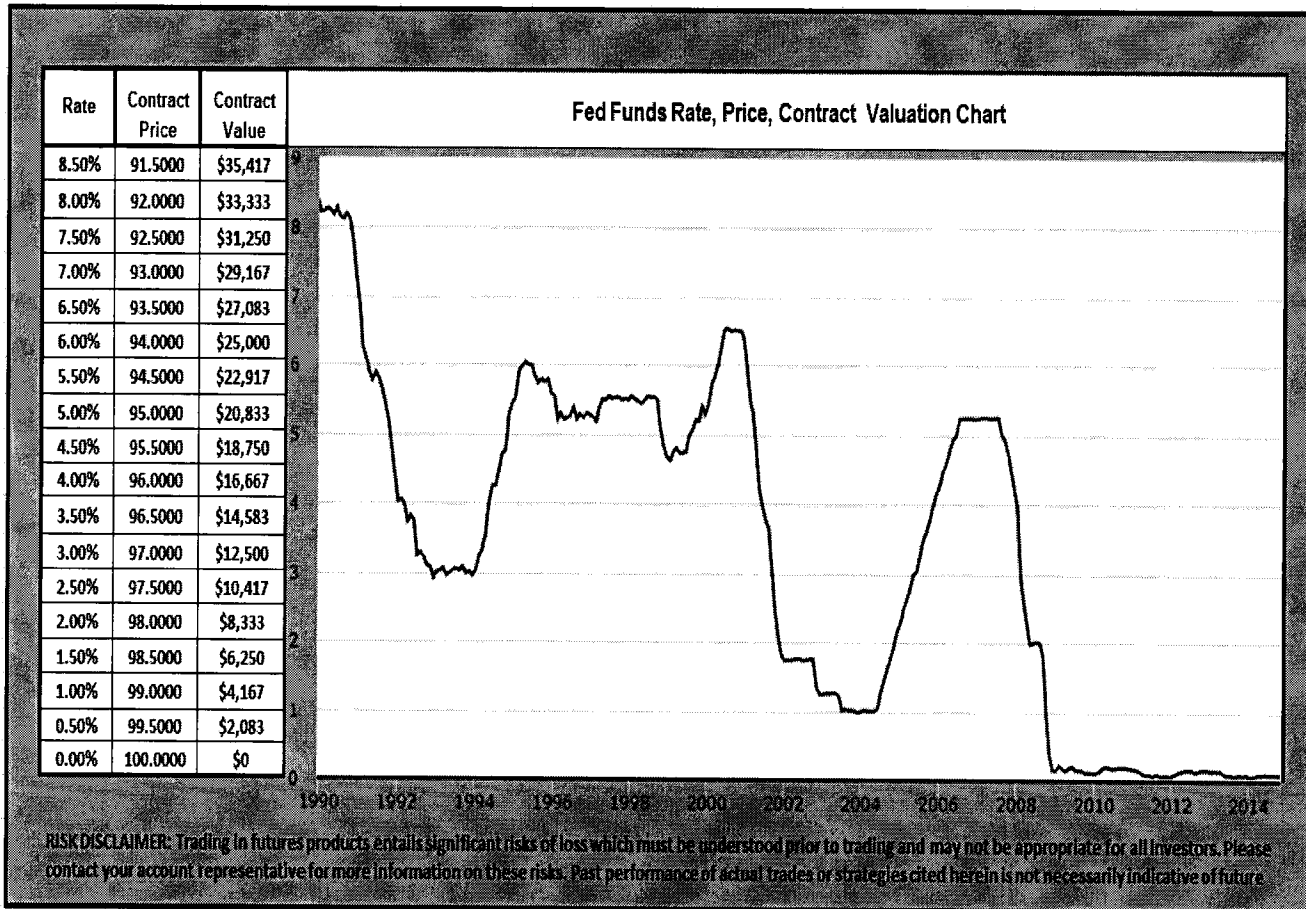
92) I'd like the NFA to confirm that after nearly 200K in market loses and over a 250K loss directly caused by the PFG fraud/BK and Jefferies liquidation that 58K out of 500K in actual funds is defined as a "reasonable amount of equity" to trade a nominal balance of 1 million dollars.

which Catranis then used to purchase more deep in the-money call spreads, until the customer's equity was ultimately consumed by commissions.

Denied

All trades were consistent with trading rates higher, trades chosen were the ones that had the highest potential return on risk. Rates did not go up they have stayed lower and for longer than any other period in history including the great depression, trades lost money and the fund lost money.

[Click here](#) to enlarge the chart below, [here](#) for the data on the Fed's site, [here](#) for the FOMC statements, [and here](#) for the last tightening cycle.

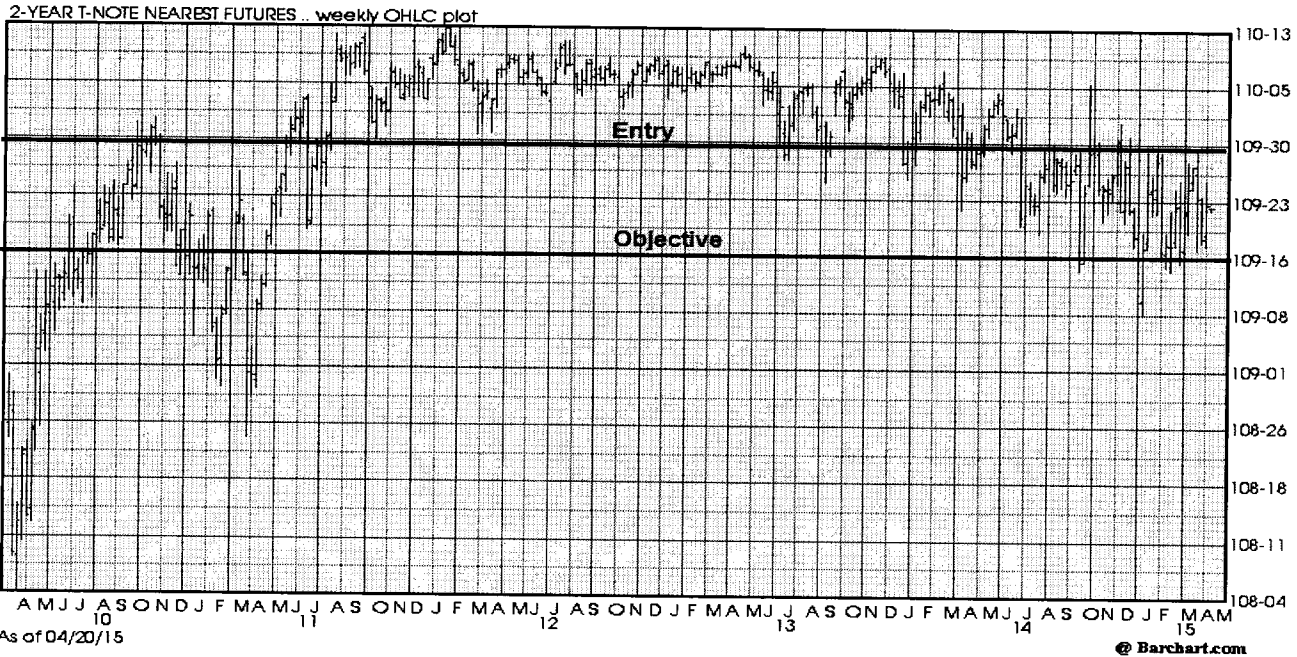


44. For example, a trade that occurred in the Primary Assets Fund's account on December 30, 2013 involved buying Mar14 2-year Note 109.875 Calls and selling Mar14 2-year Note 109.5 Calls which created a short credit call spread.

Admitted,

45. The underlying 2Y futures contract was trading around 109.91 at the time that the strategy was initiated. Due to the positioning of the strikes, versus where the underlying contract was trading, all options were in the-money. The risk of the trade, not including commissions, was \$5,624.80 (the difference between \$30,000, the value of the spread, and \$24,375.20, the net premium collected).

Admitted, risk on the trade including commissions = \$9,220, net profit potential = \$20,780
 return on risk = 2.25 to 1, [click here](#) to enlarge the chart below.



In the weekly chart above I believe it's apparent the market not only had the potential to move lower to 109 16/32 it did multiple times in the coming months.

The options had 52 calendar days until expiration, therefore giving Catranis less than two months for his strategy to come to fruition or face a loss as a result of exercise and assignment.

Admitted I chose this month because the forward deliveries lack liquidity and have less competitive pricing, [click here](#) for current quotes, [click here](#) to enlarge the image below

2-Year T-Note Futures Quotes Globex

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Quotes Settlements Volume Time & Sales Contract Specs Margins Calendar
 Globex Futures Open Outcry Futures Globex Options Open Outcry Options Auto Refresh is ON

Market data is delayed by at least 10 minutes

Month	Options	Charts	Last	Change	Prior Settle	Open	High	Low	Volume	Updated
JUN 2015	<input checked="" type="checkbox"/> OPT		109'212	-0'017	109'230	109'225	109'232	109'210	122,463	12:32:22 CT 20 Apr 2015
SEP 2015	<input checked="" type="checkbox"/> OPT		109'115	-0'017	109'132	109'127	109'135	109'112	2,044	12:18:17 CT 20 Apr 2015
DEC 2015	<input checked="" type="checkbox"/> OPT		-	-	109'102	-	-	-	0	07:19:55 CT 20 Apr 2015
MAR 2016	<input checked="" type="checkbox"/> OPT		-	-	109'102	-	-	-	0	07:19:55 CT 20 Apr 2015
JUN 2016	<input checked="" type="checkbox"/> OPT		109'100 a	-0'002	109'102	-	-	109'100 a	0	08:52:40 CT 20 Apr 2015

Legend: OPT Options Price Chart ? About This Report

The Primary Assets Fund paid \$3,595.20 in commissions as a result of Catranis initiating this trading strategy.

Admitted,

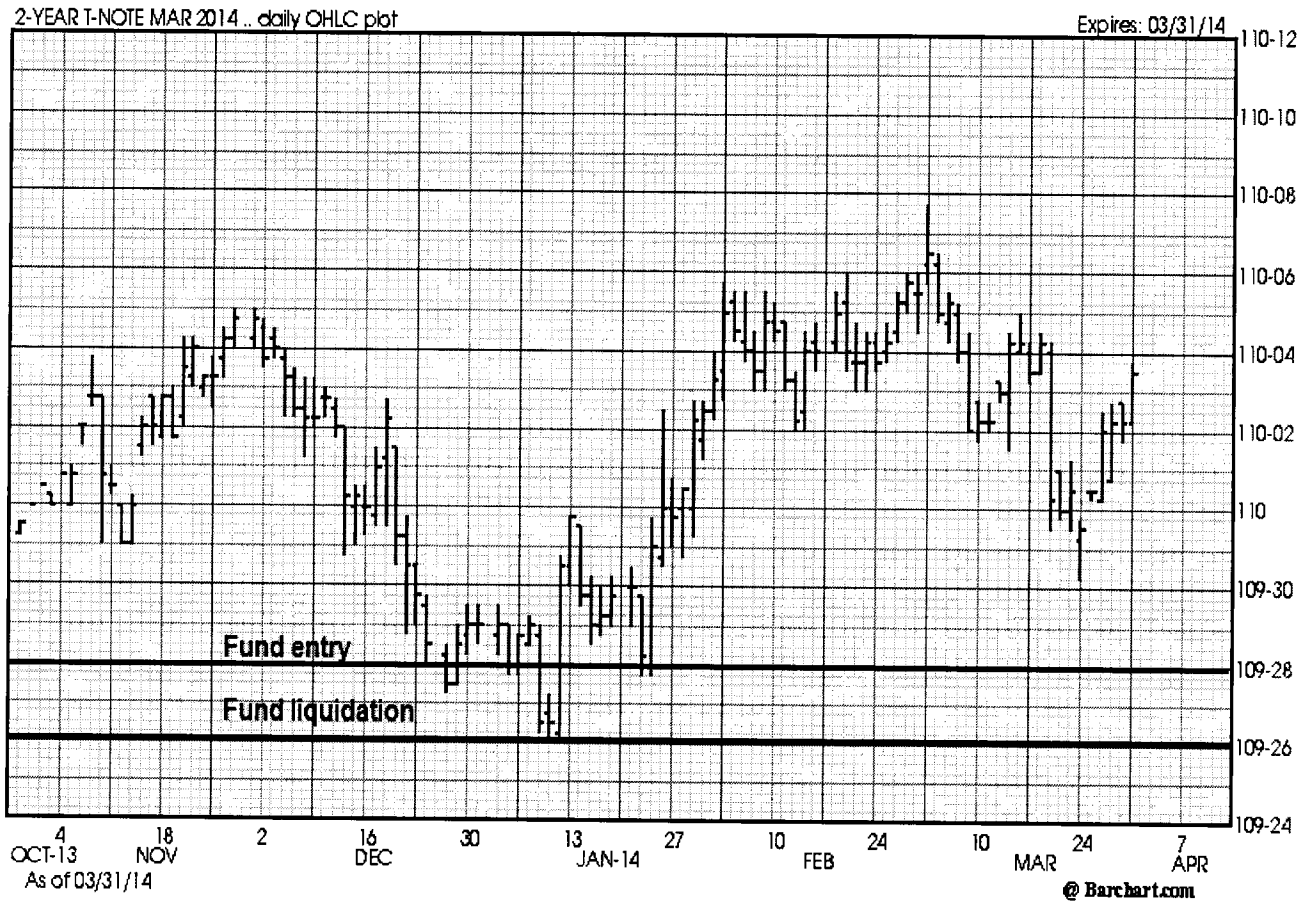
46. On January 8, 2014, the 2-year futures contract traded down to 109.83. Catranis closed out the trade near that level. While the closeout netted a gross profit of \$1,875, it was not enough to cover the commissions needed to initiate the trade and there was a net loss of \$1,721.80.

Admitted,

This position was liquidated before a uncertain jobs report.

[Click here](#) for the fundamentals on 9 January 2014

[Click here](#) to enlarge the chart below



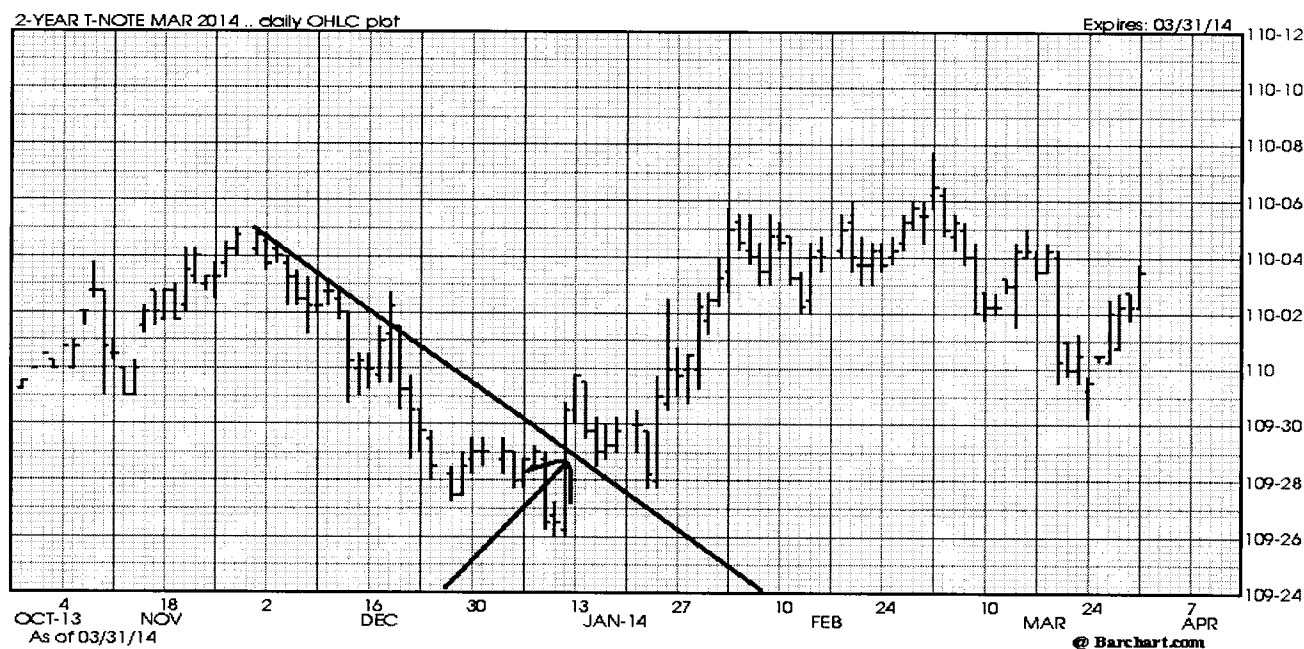
Two days later, Catranis re-entered the exact same strategy with the same strikes and expiration. The underlying 2Y futures contract was trading around 109.88 at the time when this second trade was placed. The risk of this second trade, not including commissions, was \$5,625.20 (the difference between \$30,000, the value of the spread and \$24,374.80, the net premium collected). The risks of both the first and second spread trade were nearly identical. Yet, the Primary Assets Fund paid an additional \$3,595.20 to re-enter this strategy.

Admitted

The jobs report came in better than expected which normally would put pressure on rates moving higher, notes lower, the position was re established with the expectation the downtrend in 2 year notes would continue,

[Click here](#) for the story supporting stronger than expected.

Supporting chart



47. Over the next six weeks, the 2-year futures contract traded steadily upwards, trading well above 1 10, where it remained until the options expired on February 21, 2014. Nevertheless, catranis kept the position in the account.

Admitted, and the trade lost money

Doing so increased the chances that the short call options would be assigned,

Denied

The position was maintained with the expectation of trying to get out at a better price to minimize the loss or show a profit then reestablish the trade in a forward delivery month when liquidity permitted.

which, in turn, would cause an automatic exercise of the long call positions, thereby generating more commissions and fees and additional losses for the Primary Assets Fund.

Denied,

The position was maintained with the expectation of trying to get out at a better price to minimize the loss or show a profit then reestablish the trade in a forward delivery month when liquidity permitted.

48. The outcome described above is, in fact, exactly what happened.

Admitted, a pretty easy call with the benefit of hindsight.

All of the short calls were assigned on February 21st and Catranis collected an additional \$1,737.60 in commissions due to the options being converted to a new short futures position. After exercising the long calls to cover the short futures position, the account incurred a gross loss of \$5,625.20, which was the maximum risk of the second trade.

Admitted the position was maintained with the expectation of trying to get out at a better price to minimize the loss or show a profit then reestablish the trade in a forward delivery month when liquidity permitted.

D-93) Can the NFA explain why in 46 the NFA implies I did the wrong thing getting out for the jobs report and in 47 they imply I did the wrong thing by maintaining the position I'm confused with the benefit of hindsight what would be the NFA's "right" thing to do stay in the trade or exit the trade.

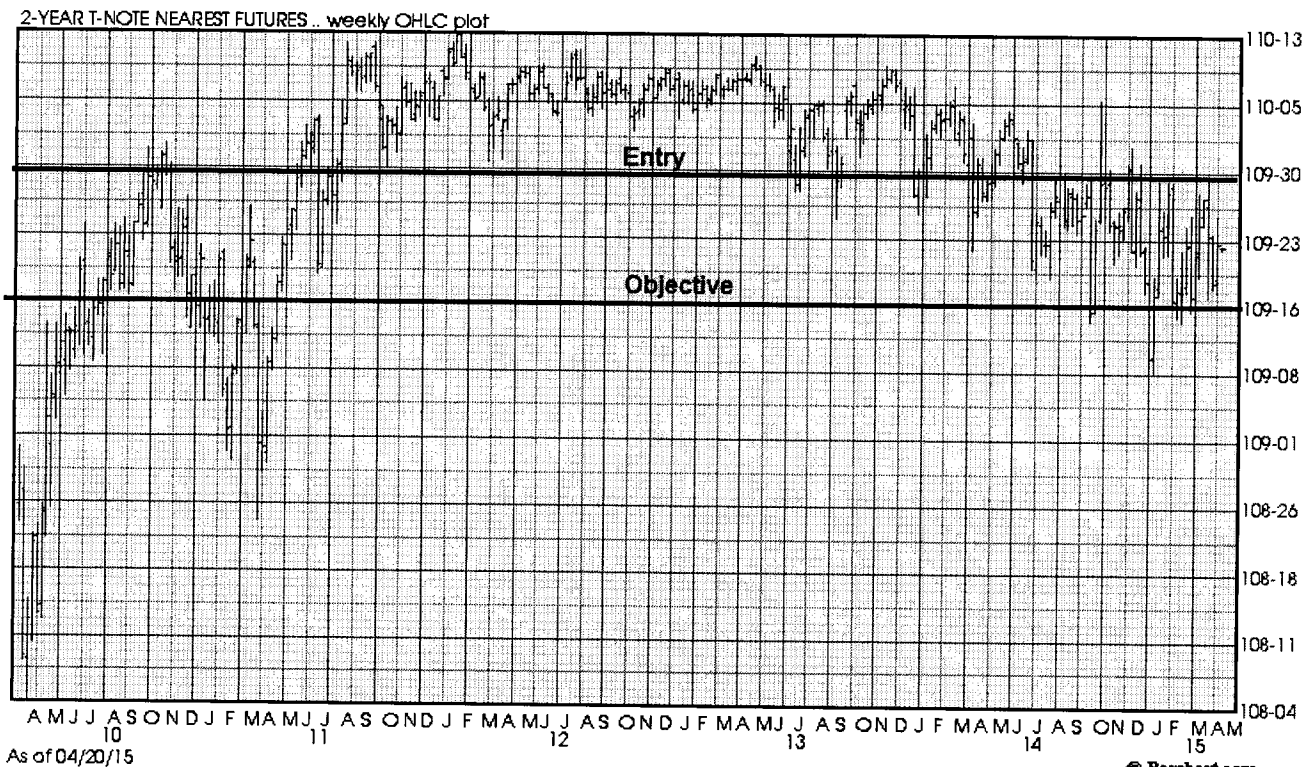
49. The foregoing trading strategy, which Catranis employed in the Primary Assets Fund's account, was not in the best economic interest of the Fund and its participants.

Denied

- 1) The fund was set up to only trade rates higher
- 2) All trades for the duration of the account were consistent with trading rates higher
- 3) At all times I traded the account using fully disclosed strategies and according to guidelines discussed with and agreed to by Brandon Caldwell owner of Caldwell Securities or one of his employees who relayed the instructions.

There was little chance that such strategy would be successful due to the deep in-the-money strike prices, low interest rates, and little volatility in the short term rate markets.

Denied, risk on the trade including commissions = \$9,220, net profit potential = \$20,780 return on risk = 2.25 to 1, in the coming months 2 year notes did move to the "deep in the money call strikes" of 109 16/32nds [click here](#) to enlarge the chart below.



Catranis also failed to manage the risk associated with his trading strategy in that he failed to close out the position and instead allowed the in-the-money options to expire which generated additional commissions for him.

Denied, Maximum risk was defined on every trade and for the duration of every trading period, is the author aware of the bid/ask spreads in 2 year T-Note options with each $1/32 = \$62.50$?

D-93) Can the NFA please provide any trade in any of the 60+ accounts reviewed during the 9 month audit where maximum risk was not defined on the trade and for the duration of the trading period?

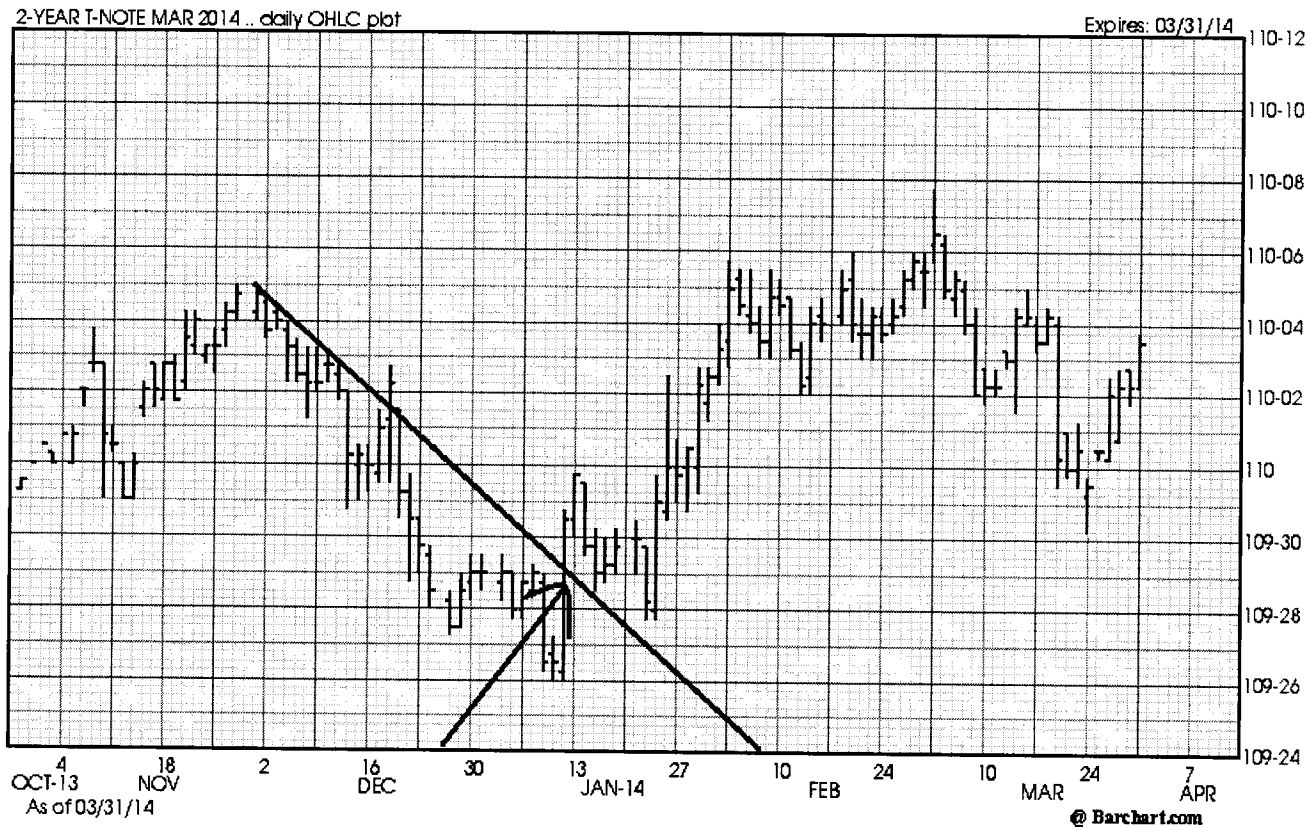
D-94) Can the NFA explain why in 46 the NFA implies I did the wrong thing getting out of a trade for the jobs report and in 47 they imply I did the wrong thing by maintaining the position I'm confused with the benefit of hindsight what would be the NFA's "right" thing to do stay in the trade or exit the trade?

Moreover, Catranis' re-initiation of the exact same strategy within two days at a nearly identical two-year futures price level did nothing to improve the Primary Assets Fund's risk profile. The above strategy resulted in the Primary Assets Fund sustaining a loss of approximately \$12,700 and Catranis making nearly \$9,000 in commissions.

Denied, the trade was reestablished after a strong jobs report at a better price than where it was liquidated prior to the jobs report.

[Click here](#) for the fundamentals on 9 January 2014

[Click here](#) to enlarge the chart below



Commission to equity ratio on nominal balance highlighted in yellow.
[Click here](#) to enlarge the table below

M-5671	Total Fees and	Margin excess	Total account	Liquidating value	Nominal	Commission to
Month	commissions	on actual	balance	of actual funds	balance	equity ratio on
		balance	balance			nominal balance
1/13/12		\$500,000.00				
01/2012	\$26,625.00	\$356,218.15	\$1,227,881.15	\$476,726.15	\$976,726.15	2.73%
2/1012	\$33,250.00	\$365,245.60	\$485,352.20	\$479,749.60	\$979,749.60	3.39%
03/2012	\$16,712.50	\$294,366.26	\$463,275.86	\$441,955.26	\$941,955.26	1.77%
04/2012	\$12,625.00	\$266,103.16	\$386,959.36	\$404,107.16	\$904,107.16	1.40%
05/2012	\$15,412.50	\$141,082.09	\$464,196.51	\$331,984.91	\$831,984.91	1.85%
06/2012	\$23,937.50	\$103,385.24	\$291,260.64	\$354,132.24	\$854,132.24	2.80%
Averages	\$21,427.08	\$289,485.79	\$553,154.29	\$414,775.89	\$914,775.89	2.34%
Total	\$128,562.50					
07/2012	\$20,525.00	\$220,802.41	\$220,802.41	\$220,802.41	\$720,802.41	9.2956%
Jefferies liquidation loss				-\$133,329.83		
PFG Bankruptcy loss				-\$117,025.28		
Total loss as a direct result of the PFG fraud and BK				-\$250,355.11		

M-5671	Total Fees and	Margin excess	Total account	Liquidating value	Nominal	Commission to	Nominal balance	Commission to equity
Month	commissions	on actual	balance	of actual funds	balance	equity ratio on	with PFG 250K loss	ratio on Pre PFG BK
		balance	balance			nominal balance	calculated in	nonimal balance
11/1/12	\$0	\$58,716	\$58,716	\$58,716	\$558,716	0.00%	\$809,070.84	0.00%
12/2012	\$0	\$58,716	\$58,716	\$58,716	\$558,716	0.00%	\$809,070.84	0.00%
01/2013	\$5,400	\$57,215	\$66,215	\$66,215	\$566,215	1.59%	\$816,569.63	0.66%
02/2013	\$5,280	\$41,098	\$62,355	\$55,348	\$555,348	2.57%	\$805,703.48	0.66%
03/2013	\$5,380	\$43,222	\$57,004	\$57,472	\$557,472	2.56%	\$807,827.60	0.67%
04/2013	\$3,528	\$26,231	\$54,708	\$40,481	\$540,481	2.64%	\$790,835.86	0.45%
05/2013	\$4,140	\$43,682	\$54,032	\$54,782	\$554,782	2.00%	\$805,137.54	0.51%
06/2013	\$5,256	\$67,978	\$83,514	\$79,078	\$579,078	1.92%	\$829,433.28	0.63%
07/2013	\$8,082	\$55,148	\$79,084	\$78,023	\$578,023	3.96%	\$828,377.94	0.98%
08/2013	\$7,100	\$66,802	\$83,734	\$81,152	\$581,152	2.47%	\$831,507.42	0.85%
09/2013	\$6,280	\$55,913	\$68,163	\$67,538	\$567,538	2.05%	\$817,893.11	0.77%
10/2013	\$8,800	\$29,819	\$73,865	\$57,819	\$557,819	5.02%	\$808,174.02	1.09%
11/2014	\$8,120	\$21,316	\$57,847	\$40,123	\$540,123	3.48%	\$790,477.80	1.03%
12/2013	\$7,400	\$4,940	\$67,540	\$42,227	\$542,227	6.88%	\$792,582.43	0.93%
01/2014	\$11,520	\$13,567	\$52,521	\$19,823	\$519,823	1.20%	\$770,178.36	1.50%
02/2014	\$4,640	-\$17,056	\$35,989	\$10,665	\$510,665	5.43%	\$761,020.36	0.61%
03/2014	\$1,200	\$1,385	\$15,867	\$10,825	\$510,825	1.85%	\$761,180.16	0.16%
04/2014	\$140	\$2,363	\$13,875	\$9,333	\$509,333	1.37%	\$759,688.58	0.02%
05/2014	\$240	\$695	\$8,207	\$4,946	\$504,946	0.84%	\$755,301.20	0.03%
06/2014	\$308	\$4,449	\$8,207	\$5,451	\$505,451	0.20%	\$755,805.66	0.04%
Averages	\$4,641	\$31,810	\$53,008	\$44,936.70	\$544,937	0.85%	\$795,291.81	0.58%

50. Another trade occurred in the Primary Assets Fund's account on February 18, 2014 that involved selling Mar14 Eurodollar (ED) 99.5 calls and buying Mar14 ED 99.75 calls which created a short credit call spread.

Admitted

51. The underlying ED futures contract was trading at 99.77 at the time when the strategy was initiated.

Admitted

Due to the positioning of the strikes versus where the underlying contract was trading, all options were in-the-money.

Admitted, The March 99.75 was in the money by 2 tics 0.02

The risk of the trade, not including commissions, was \$375 (the difference between \$18,750, the value of the spread, and \$18,375, the net premium collected).

Admitted

The customer paid \$2,742 in commissions by initiating the strategy. The options had 27 calendar days until expiration, giving Catranis less than a month for his strategy to come to fruition or face a loss.

Admitted, Summary

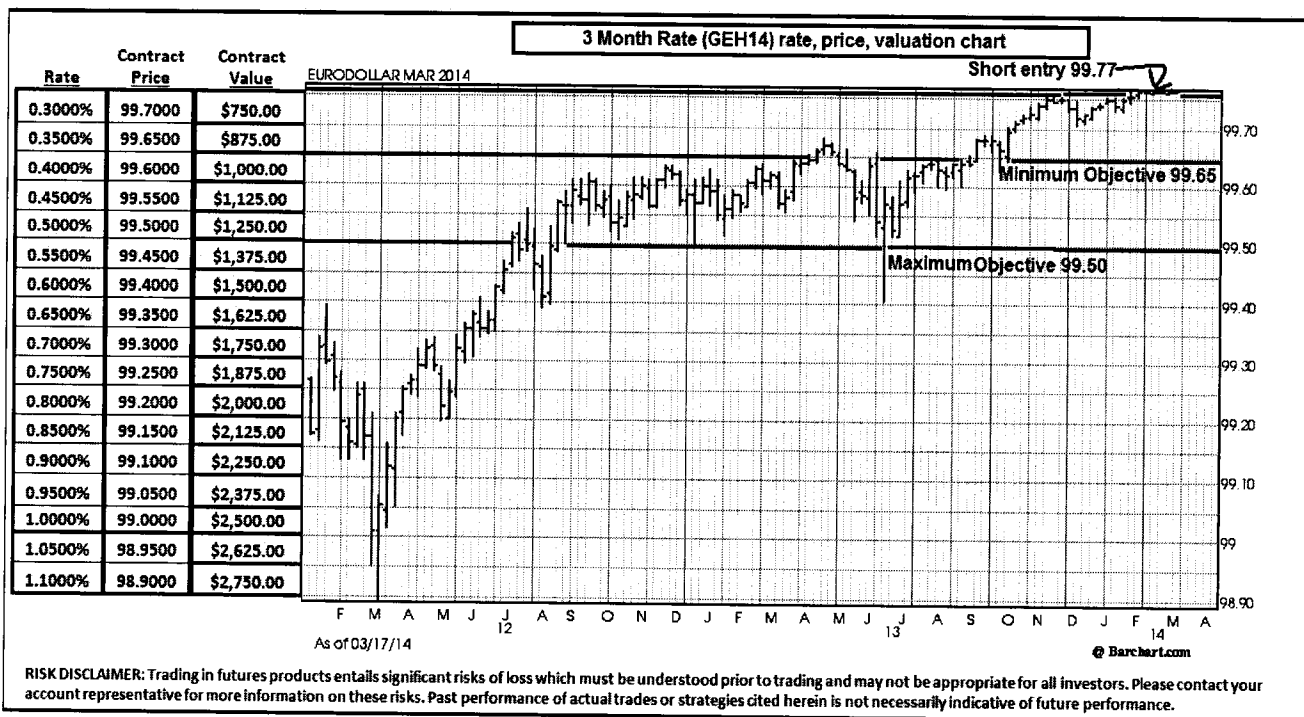
Maximum risk on this trade including all fees and commissions = \$3,111

Net profit at the minimum profit objective of 99.65 = \$4,389

Maximum net profit potential at 99.50 net of all fees and commissions = \$15,639

Maximum potential net return on maximum risk = 5.03 to 1

[Click here to enlarge the image below](#)



Click here to open the corresponding risk/reward spreadsheet

Enter any contract price into cell D-4

Net profit or loss shows in cell H-2

Net nominal balance shows in cell H-6

Total commission and fees show in cell L-4

The contract was trading at 99.75, rate 0.25% which was near it's all time high by 0.01250 of 99.7650 and low for this rate 0.2350%

Tapering had just engaged click here for the story,

More tapering was on the way with the eventual end to Quantitative Easing scheduled for October 2014 with no one on deck to replace the Fed's purchases of 85 billion per month that the Fed purchased with created money backed by no tangible asset or income flow to buy the 85 billion per month at non competitive prices to force and hold rates at artificial historic lows versus what rates would be if the same debt instruments were sold at open auctions.

Seriously? look at the fundamentals in these Fed charts

Unsustainable

Debt purchased by the Federal Reserve

Federal debt held by the Federal Reserve

Curve

M1 to tax receipts

Debt to tax receipts

Inflated Borrowing cost since 2009

Fed funds versus Prime

Debt to GDP

Debt to income

Debt to the employed population

Debt to Average hourly earnings

Debt to dollar index

Debt to tax receipts

CPI, Tax Receipts to M1 = Monetization

Money Supply, tax receipts, home prices

Total Federal debt

Federal debt held by foreign investors

China versus U.S. Debt to GDP

China's versus US rates

China versus U.S. growth

There was also a pending Fed meeting in March. The trade was entered to capture any news going into the March 2014 Fed meeting that could have pushed the contract price lower and rates higher.

52. Over the next four weeks, the ED traded in a very tight range between 99.76 and 99.78 until the options expired on March 17, 2014.

Admitted

Catranis continued to hold the position in the account, increasing the chances that the short call options would be assigned, which, in turn, would cause an automatic exercise of the long call positions, thereby generating additional losses for the Primary Assets Fund due to commissions and fees.

Denied

The March Fed meeting ended March 19 [click here](#) for the FOMC schedule and statements
The delivered futures contract went off the board March 19th (3rd Wednesday) [click here](#) for contract specs.

Had this meeting produced any talk of a rate hike in addition to tapering that had already engaged I believe the delivered short positions had the potential to show the fund significant gains relative to the risk on this trade.

All of the short calls were in fact assigned on March 17th and the Primary Assets Fund paid an additional \$1,371.60 in commissions due to options being converted to a new short futures position.

Admitted

After exercising the long calls to cover the short futures position, the Primary Assets Fund incurred a gross loss of \$375, which was the maximum risk of the trade.

Denied

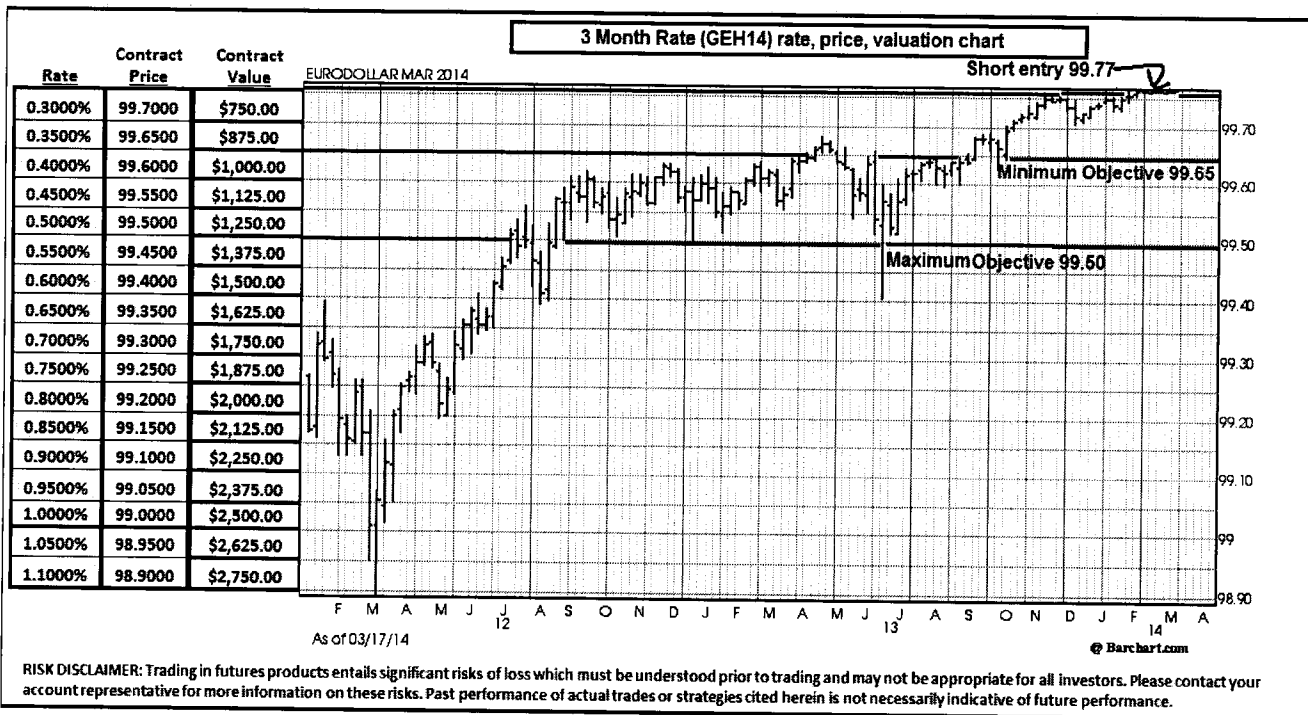
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Maximum net profit potential at 99.50 net of all fees and commissions = \$15,639

Maximum potential net return on maximum risk = 5.03 to 1

[Click here](#) to enlarge the image below



53. The foregoing trading strategy, which Catranis employed in the Primary Assets Fund's account, was not in the best economic interest of the Fund and its participants.

Denied

There was little chance that such strategy would be successful due to the deep in-the-money strike prices, low interest rates, and little volatility in the Short term rate markets.

Denied

Catranis also failed to manage the risk associated with his trading strategy

Denied

in that he failed to close out the position and instead allowed the in-the-money options to expire which generated additional commissions for him.

Denied

The above strategy resulted in the Primary Assets Fund sustaining a net loss of approximately \$4,500 and Catranis making over \$4,000 in commissions (91.6% of the net loss).

Denied this was gross commission

Commission to equity ratio on nominal balance highlighted in yellow.

[Click here to enlarge the table below](#)

M-5671	Total Fees and commissions	Margin excess on actual balance	Total account balance	Liquidating value of actual funds	Nominal balance	Commission to equity ratio on nominal balance
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Total loss as a direct result of the PFG fraud and BK				-\$250,355.11		

M-5671	Total Fees and commissions	Margin excess on actual balance	Total account balance	Liquidating value of actual funds	Nominal balance	Commission to equity ratio on nominal balance	Nominal balance with PFG 250K loss calculated in	Commission to equity ratio on Pre PFG BK nominal balance
11/1/12	\$0	\$58,716	\$58,716	\$58,716	\$558,716	0.00%	\$809,070.84	0.00%
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Averages	\$4,641	\$31,810	\$53,008	\$44,936.70	\$544,937	0.85%	\$795,291.81	0.58%

54. NFA noted trades in several other customer accounts of AIM, PAMC and Catranis that were similar to the above described trades in the account of the Primary Assets Fund

Admitted.

such trades did not provide an economic benefit to the customers

Admitted, because rates did not rise and trades lost money, had rates risen the economic benefit would more than justify the risk.

but generated additional commissions for Catranis.

Admitted, as well as PFG, Straits the CME and the NFA all receiving fees.

54. NFA noted trades in several other customer accounts of AIM, PAMC and Catranis that were similar to the above described trades in the account of the Primary Assets Fund

Admitted, rates did not rise and trades lost money.

D-95) I'd like the NFA to define "several" and provide the customer names, account numbers, balances and supporting statements.

, i.e., such trades did not provide an economic benefit to the customers

Admitted, rates did not rise and trades lost money, had rates risen the economic benefit would more than justify the risk.

but generated additional commissions for Catranis.

Admitted, with PFG, Straits the CME and the NFA all receiving fees as well.

55. By reason of the foregoing acts and omissions, AIM, PAMC and Catranis are charged with violations of NFA Compliance Rule 2-4. count illr

Denied

VIOLATION OF NFA COMPLIANCE RULE 2-9(a): FAILING TO DILIGENTLY SUPERVISE.

56. The allegations contained in paragraphs 1 through 14 and 16 are realleged as paragraph 56.

57. Catranis had primary supervisory responsibility for supervising the promotional material used by PAMC and AIM and the trading activity conducted in their customers' accounts.

Admitted

58. Not only did Catranis fail in meeting his responsibility to supervise AIM's and PAMC's promotional material to ensure that the material met NFA Requirements,

Denied

he was, in fact, the main disseminator

Admitted

of the highly misleading promotional material used by those firms.

Denied

59. *Moreover, it was Catranis' responsibility to determine what trades would be made on behalf of customers and, once these trades were executed, to monitor them.*

Denied. any customer could take any trade in any market they wanted to Russell Tanner was responsible in addition to myself to monitor positions.

60. *Catranis failed to evaluate and supervise the trades he selected for customers to ensure that they were in the customers' best interests and conformed to NFA Requirements.*

Denied, this subjective and unfounded and unsupported conclusion

However, as was the case with his supervision of his firms' promotional material, it was Catranis, himself, who implemented the abusive trading strategy that maximized commissions but provided little, if any economic benefit to customers.

Denied, this subjective and unfounded and unsupported conclusion

This situation was further aggravated by Catranis' apparent inattention to existing positions which allowed options to expire and to be assigned.

Denied, this subjective and unfounded and unsupported conclusion

61. *Further evidence of PAMC and Catranis' supervisory shortcomings was their failure to conduct adequate due diligence when selecting a CPA to perform the December 31, 2013 annual certified audit for the Primary Assets Fund. Specifically, they hired a CPA firm that was not licensed in Illinois and had no experience conducting audits of commodity pools.*

Denied, this CPA was referred to me by the owner of the introducing broker who had the Funds account.

D-96) I'd like the NFA to provide the specific requirements for a CPA and the regulation that requires the CPA to be licensed in Illinois in order to audit a pool.

62. *In addition, PAMC and Catranis failed to ensure that the certified PFS for the Primary Assets Fund was submitted to NFA in a timely manner. Although the PFS was due on March 31, 2014 it was not received by NFA until April 25, 2014. Further, following the initial submission of the PFS, NFA noted several errors in the PFS which resulted in PAMC resubmitting the document to NFA several times. Another deficiency with respect to the PFS was that the auditor's opinion letter was dated April 25, 2014, yet material changes were made to the PFS after that date.*

D-97) I'd like to NFA to confirm that 2013 was the first year that required small pools like PAMC to be audited.

D-98) I'd like the NFA to provide the specific amounts of these discrepancies, and dates.

D-99) I'd like to NFA to provide confirmation that Catranis repeatedly asked the NFA after their review of the pool if they agreed with Catranis' numbers he'd get the closing statements completed then get them audited and or seek an exemption.

D-100) I'd like NFA confirmation that commissions for the pool were calculated incorrectly and commission to equity specifically did not include notional funding which caused the NFA calculations on commission to equity ratios to be wrong unbalanced, misleading

63. PAMC and Catranis also failed to make an adequate inquiry to determine if their business relationship with the Primary Assets Fund's sole participant was in compliance with NFA Bylaw 1101. The participant, which is a Canadian entity, provided information in its account opening documents that suggested that it was an "investment fund." This information was confirmed by the portfolio manager for the participant who told NFA that the participant was an investment pool in Toronto for Canadian QEP investors.

Denied,

Click here for the executed subscription agreements see page B-6 (A) and B-3 (F) (own funds) the pool also used Caldwell's handpicked attorney to work with my attorney Bill Bolotin to ensure all regulatory requirements we're met.

D-101) Below I've provided the pool's opening documents I'd like NFA to point out any and all information that supports the claim this was a pool contradicting Caldwell's written representation of "own funds" that he completed in the linked opening documents.

PFG Docs for Primary Assets Fund LLC + Caldwell Copy

Caldwell signed sub docs Copy

64. Catranis could have learned that the participant was an investment pool if he had made any inquiry at all. However, he made no such inquiry and claimed to have had no idea that the participant was an investment pool until NFA pointed out that information on the account application. Moreover, Catranis made no effort to ensure that PAMC was in compliance with NFA Bylaw 1101 by taking steps to ascertain whether or not the participant was required to be registered and an NFA Member.

Denied

Click here for the executed subscription agreements see page B-6 (A) and B-3 (F) (own funds) the pool also used Caldwell's handpicked attorney to work with my attorney Bill Bolotin to ensure all regulatory requirements we're met.

Click here for the invoice for Caldwell's handpicked attorney to ensure the pool was set up correctly, for additional information contact the attorney that set it up on this end.

William J. Bolotin

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V: 312.701.6880 | F: 312.701.6801
wbolotin@fvldlaw.com | www.fvldlaw.com**

Dated 20 April 2015

A handwritten signature in black ink, appearing to read 'Peter Catranis', written in a cursive style.

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