

**BEFORE THE
NATIONAL FUTURES ASSOCIATION**

In the Matter of:)	
)	
MICHAEL R. CESTONE)	NFA Case No. 06-REG-028
(NFA ID #264023),)	
)	
Registrant.)	

NOTICE OF INTENT TO REVOKE REGISTRATION

National Futures Association ("NFA") hereby notifies Michael R. Cestone ("Cestone") that, pursuant to NFA Registration Rule 504, NFA intends to revoke his registration as a floor broker under the Commodity Exchange Act ("Act").

I

STATUTORY DISQUALIFICATIONS

On the basis of information received by NFA, NFA alleges and is prepared to prove that:

1. Cestone provided information to NFA indicating that his current address is 154 Los Lagos, Bloomingdale, Illinois 60108.
2. Cestone is registered with the Commodity Futures Trading Commission as a floor broker pursuant to Section 4e of the Act, 7 U.S.C. § 6e (1994).
3. On July 12, 2006, in the United States District Court, Northern District of Illinois, Western Division, in U.S. v. Cestone, Case No. 06-CR-50040, Cestone pled guilty to the felony offense of structuring transactions to avoid reporting requirements, in violation of Title 31, United States Code Section 5324(a)(3). On or about November 17, 2006, the court adjudicated Cestone guilty of this offense.
4. Cestone's guilty plea to and conviction of the felony offense of structuring transactions to avoid reporting requirements disqualifies him from registration under Section 8a(3)(D) of the Act, 7 U.S.C. §12a(3)(D) (1994).
5. In addition, Cestone failed to update his registration application to disclose the material fact that he pled guilty to and was convicted of a felony offense.

6. Cestone's willful failure to update his registration application to disclose the material fact that he pled guilty to and was convicted of a felony offense disqualifies him from registration under Section 8a(2)(G) of the Act, 7 U.S.C. §12a(2)(G) (1994).
7. Moreover, on November 21, 2006, a panel of the Chicago Mercantile Exchange ("CME") Business Conduct Committee ("BCC"), conducted a de novo hearing in CME Case No. 0627769BC and affirmed the November 6, 2006, CME Market Regulation Department findings and sanctions against Cestone. The CME denied Cestone access to the trading floor and direct access to the CME Globex platform as a member for 60 days (November 6, 2006 to January 4, 2007), pursuant to CME Rule 413.D. This decision was based upon: (i) Cestone's guilty plea in U.S. v. Cestone, Case No. 06-CR-50040; (ii) his failure to disclose this matter to the CME as required by CME Rule 442; and (iii) his existing disciplinary history.
8. Further, on September 1, 2005, the CME BCC found, pursuant to an offer of settlement, in CME Case No. 0524683BC that from October 26, 2004 through November 23, 2004 Cestone submitted or caused to be submitted for clearing, erroneous trade information on 18 separate instances, in violation of CME Rule 432.C, a major offense. The CME BCC also found that Cestone engaged in a pattern of conduct in which he obscured the amount of the debit equity in his account from his clearing firm, in violation of CME Rule 432.B, a major offense.
9. The fact that Cestone is subject to the exchange disciplinary actions described in paragraphs 7 and 8 both of which alleged serious rule violations and resulted in serious sanctions, disqualifies him from registration under Section 8a(3)(M) of the Act, 7 U.S.C. § 12a(3)(M) (1994).

II

PROCEDURAL REQUIREMENTS

9. A written response to the Notice of Intent to deny, condition, suspend or revoke registration ("Notice of Intent") must be filed with NFA within 20 days of the date of service of the Notice of Intent. Failure to timely file a written response to the Notice of Intent shall be deemed a waiver of the right to submit such a response, and the facts stated in the Notice of Intent shall be deemed true for the purpose of finding that the applicant or registrant is disqualified under Section 8a(2), 8a(3) or 8a(4) of the Act. Based upon a finding that the Notice of Intent was properly served in accordance with NFA Registration Rule 504 and upon evidence of the statutory disqualification alleged in the Notice of Intent, NFA's Membership

Committee or its designated Subcommittee shall enter a Final Order denying, conditioning, suspending or revoking the registration.

10. All applicants and registrants, except floor brokers and floor traders, must include the disqualification fee required by Rule 203(a)(11) with their response. The written response to the Notice of Intent shall not be considered timely filed unless it is accompanied by the disqualification fee. The disqualification fee shall be refunded if the Membership Committee or Subcommittee finds that no statutory disqualification exists.
11. In the written response to the Notice of Intent –
 - a. the applicant or registrant may challenge the accuracy of the allegations establishing the statutory disqualification by submitting evidence as to:
 1. identity;
 2. existence of a clerical error in any record documenting the statutory disqualification;
 3. nature or date of the statutory disqualification;
 4. post-conviction modification of any record of conviction; or
 5. favorable disposition of any appeal.

The applicant or registrant must state the nature of each challenge in the response and submit an affidavit to support facts material to each challenge; and
 - b. the applicant or registrant also shall state whether they intend to show that, notwithstanding the allegations contained in the Notice of Intent, their registration would pose no substantial risk to the public.
12. If, in the written response to the Notice of Intent, the applicant or registrant states that they intend to make the showing described in paragraph 11(b) above, they shall, at least 30 days before the date of the hearing, file with NFA's Legal Docketing Department a statement identifying and summarizing the testimony of each witness they intend to have testify and copies of all documents they intend to introduce in support of the showing.

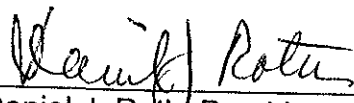
13. At least 15 days before the date of the hearing, NFA's Vice-President of Compliance shall serve on the applicant or registrant a description of the disputed, material factual issues raised by the applicant's or registrant's filings, the identity and a summary of the testimony of each witness NFA intends to have testify in its case-in-chief and copies of all documents NFA intends to introduce at the hearing.
14. Within 30 days of the date the applicant or registrant files their response to the Notice of Intent, the Membership Committee or Subcommittee shall notify the parties of the time and place of an oral hearing. At such hearing, the parties shall be limited in their case-in-chief to the presentation of evidence contained in their filings except for good cause shown. Upon notice of the time and place of an oral hearing, a party may file with NFA a written election to participate in the hearing by telephone. Such an election shall be deemed a waiver of the party's right to a full oral hearing on material disputes of fact. The Membership Committee or Subcommittee shall order a telephone hearing only if all the parties elect such a proceeding.
15. In order to prevent injustice and on such conditions as may be appropriate, the Membership Committee or Subcommittee may set aside default orders. Motions to set aside default orders shall be made within a reasonable time after issuance of such an order, shall state the reasons for the failure to file which resulted in the default order and shall state the nature of the proposed defense.
16. All documents required to be filed with NFA must be addressed as follows:

National Futures Association
200 West Madison Street
Suite 1600
Chicago, Illinois 60606-3447
Attn: Legal Docketing Department
17. Most documents filed in registration cases are available to anyone upon request. However, NFA does not routinely provide copies of documents related to or submitted in support of offers of settlement or documents filed by the parties that identify their exhibits, list of witnesses and the summary of those witnesses' testimony. In addition, for registration cases filed beginning in October 2004, NFA posts the following registration case-related documents in electronic downloadable form on the Case Summary page in its BASIC System at www.nfa.futures.org/basicnet/:

Notice of Intent
Response to Notice of Intent
Withdrawal of Notice of Intent
Interim Order
Final Order
Notice of Appeal
Petition to Stay
CFTC Decision
Order Lifting Conditions

NATIONAL FUTURES ASSOCIATION

Dated: 12-18-06

By: 
Daniel J. Roth, President

M:mav/Michael R. Cestone NOI Revoke

AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on December 18, 2006, I served copies of the attached Notice of Intent to Revoke Registration, by sending such copies in the United States Mail, postage prepaid, certified mail, return receipt requested, and by regular mail, first-class delivery, in envelopes addressed as follows:

Michael R. Cestone
154 Los Lagos
Bloomington, IL 60108

Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, IL 60606
Attn: Tim McDermott
Director and Compliance Counsel

Chicago Mercantile Exchange
30 South Wacker Drive
Upper Lobby
Chicago, IL 60606
Attn: Robert Krewer
Associate Director, Membership


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 18th day of December 2006.


Notary Public

