

FILED

NATIONAL FUTURES ASSOCIATION
BEFORE THE HEARING PANEL

JUN 26 2007

NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)
)
ANTHONY JOHN COLUMBO, INC.)
d/b/a ACE FINANCIAL GROUP)
(NFA ID #265451),)
)
and)
)
ANTHONY JOHN COLUMBO)
(NFA ID #36733),)
)
)
Respondents.)

NFA Case No. 06-BCC-035

DECISION

Having reviewed the Complaint issued by the Business Conduct Committee ("BCC") of National Futures Association ("NFA") in the above-captioned case, and having considered the Offer of Settlement ("Offer") submitted by Anthony John Columbo, Inc., d/b/a Ace Financial Group ("ACE"), and Anthony John Columbo ("Columbo"), individually, and having accepted their Offer, the Hearing Panel hereby issues this Decision as to ACE and Columbo.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

On November 16, 2006, the BCC issued a Complaint against ACE, an introducing broker Member of NFA located in Boca Raton, Florida. The Complaint also named, as respondents, several of the firm's associated persons ("APs"), including Columbo, the firm's president and owner.

The Complaint alleged that ACE, acting through its APs, made deceptive and misleading sales solicitations to prospective customers that exaggerated the profit

potential of trading options, downplayed the substantial risk of loss, failed to disclose that nearly 95% of ACE's customers lost money, and urged prospective customers to make an immediate investment. The Complaint also alleged that ACE and its APs cited well-known current events and suggested that these current events would move the market and lead to inevitable profits, without disclosing that information about these current events was well-known and already factored into the market. The Complaint charged ACE with violations of NFA Compliance Rules 2-2(a) and 2-29(a)(1) and (2).

The Complaint alleged that Columbo made a deceptive and misleading sales solicitation to a prospective customer that overstated the profit potential of trading options and minimized the substantial risk of loss associated with these investments, in violation of NFA Compliance Rules 2-2(a) and 2-29(a)(1). The Complaint also charged Columbo and ACE with failing to adequately supervise ACE's sales force, in violation of NFA Compliance Rule 2-9.

II

OFFER OF SETTLEMENT

Without admitting or denying the allegations of the Complaint, ACE and Columbo submitted an Offer to the Hearing Panel in which they offered to settle the charges against them on the following terms:

1. They stipulated that a Decision issued by the Hearing Panel accepting their Offer shall include findings that they committed the violations alleged against them in the Complaint;
2. They agreed that they shall withdraw from NFA membership and associate membership, respectively, commencing on the effective date of a Decision accepting their Offer;
3. They agreed that they shall not reapply for NFA membership or associate membership or act as principals of an NFA Member for a period of twelve months, commencing on the effective date of the Decision accepting their Offer. During the twelve-month membership bar, ACE and Columbo shall

not act in any capacity requiring registration, nor act as a principal of an NFA Member; however, they may solicit retail forex business – and NFA Members may accept forex accounts solicited and referred by them – provided that ACE and Columbo do not act as a counterparty to forex transactions;

4. They agreed that, if after expiration of the twelve-month membership bar described above, Columbo is granted NFA membership or associate membership, or becomes a principal of an NFA Member, then in such event, he shall pay a fine of \$12,000 to NFA, due and payable thirty days after he is granted NFA membership or associate membership, or becomes a principal of an NFA Member;
5. They agreed that if Columbo again becomes an NFA Member or Associate, he shall tape record, for a period of six months, all conversations between himself and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six-month taping requirement shall commence on the date that Columbo again becomes an NFA Member or Associate and continue thereafter for a period of six months. In calculating the six-month taping period, only periods of time when Columbo is registered and actively soliciting customers, on a full-time basis, shall be counted in such calculation;
6. They agreed that, in the event that Columbo becomes a principal of an NFA Member, he shall cause all APs of that firm – and any other firm of which he is a principal – to tape record, for a period of six months, all conversations that occur between them and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six-month taping requirement shall apply to each and every firm of which Columbo becomes a principal and commence on the date that he becomes a principal of each firm, respectively. In calculating the six-month taping period as to each firm, only periods of time when Columbo is a principal of that particular firm and that firm is actively soliciting customers shall be counted in such calculation. In any and all events, the taping requirements set forth in this paragraph shall expire on December 31, 2010; and
7. They agreed that, in the event that ACE again becomes an NFA Member, it shall cause all of its APs to tape record, for a period of six months, all conversations that occur between them and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. In calculating the six-month taping period, only periods of time when ACE is actively soliciting customers shall be counted in such calculation. In any and all events, the taping requirements set forth in this paragraph shall expire on December 31, 2010.

III

FINDINGS

Pursuant to the Offer, the Panel finds that ACE, acting through its APs, made deceptive and misleading sales solicitations to prospective customers that exaggerated the profit potential of trading options, downplayed the substantial risk of loss, failed to disclose that nearly 95% of ACE's customers lost money, and urged prospective customers to make an immediate investment. The Panel further finds that ACE and its APs cited well-known current events and suggested that these current events would move the market and lead to inevitable profits, without disclosing that information about these current events was well-known and already factored into the market. Based on the foregoing, the Panel finds that ACE violated NFA Compliance Rules 2-2(a) and 2-29(a)(1) and (2).

The Panel finds that Columbo made a deceptive and misleading sales solicitation to a prospective customer that overstated the profit potential of trading options and minimized the substantial risk of loss associated with these investments in violation of NFA Compliance Rules 2-2(a) and 2-29(a)(1). The Panel also finds that Columbo and ACE failed to adequately supervise ACE's sales force, in violation of NFA Compliance Rule 2-9.

IV

PENALTY

Having considered the matter and having accepted the Offer submitted by ACE and Columbo, the Hearing Panel orders as follows:

1. ACE and Columbo shall withdraw from NFA membership and associate membership, respectively, commencing on the effective date of this Decision;

2. ACE and Columbo shall not reapply for NFA membership or associate membership or act as principals of an NFA Member for a period of twelve months, commencing on the effective date of this Decision. During the twelve-month membership bar, ACE and Columbo shall not act in any capacity requiring registration, nor act as a principal of an NFA Member; however, they may solicit retail forex business – and NFA Members may accept forex accounts solicited and referred by them – provided that ACE and Columbo do not act as a counterparty to forex transactions;
3. If after expiration of the twelve-month membership bar described above, Columbo is granted NFA membership or associate membership, or becomes a principal of an NFA Member, then in such event, he shall pay a fine of \$12,000 to NFA, due and payable thirty days after he is granted NFA membership or associate membership, or becomes a principal of an NFA Member;
4. If Columbo again becomes an NFA Member or Associate, he shall tape record, for a period of six months, all conversations between himself and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six-month taping requirement shall commence on the date that Columbo again becomes an NFA Member or Associate and continue thereafter for a period of six months. In calculating the six-month taping period, only periods of time when Columbo is registered and actively soliciting customers, on a full-time basis, shall be counted in such calculation;
5. In the event that Columbo becomes a principal of an NFA Member, he shall cause all APs of that firm – and any other firm of which he is a principal – to tape record, for a period of six months, all conversations that occur between them and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. The six-month taping requirement shall apply to each and every firm of which Columbo becomes a principal and commence on the date that he becomes a principal of each firm, respectively. In calculating the six-month taping period as to each firm, only periods of time when Columbo is a principal of that particular firm and that firm is actively soliciting customers shall be counted in such calculation. In any and all events, the taping requirements set forth in this paragraph shall expire on December 31, 2010; and
6. In the event that ACE again becomes an NFA Member, it shall cause all of its APs to tape record, for a period of six months, all conversations that occur between them and existing or potential customers; retain these tapes for a period of one year from the date they are created; and make the tapes available to NFA upon request. In calculating the six-month

taping period, only periods of time when ACE is actively soliciting customers shall be counted in such calculation. In any and all events, the taping requirements set forth in this paragraph shall expire on December 31, 2010.

The Hearing Panel's acceptance of ACE and Columbo's Offer shall 1) operate to bar any future Member Responsibility Action or BCC Complaints against ACE and Columbo for any conduct occurring prior to the date of their Offer of which NFA had corporate knowledge; and (2) resolve and terminate all complaints, investigations and audits relating to ACE and Columbo that were pending as of the date of their Offer.

V

INELIGIBILITY

Pursuant to the provisions of Commodity Futures Trading Commission ("CFTC") Regulation 1.63, this Decision and the sanctions imposed herein render Columbo ineligible, for a period of three years or until all of the sanctions and conditions imposed on him have been fulfilled, whichever is later, to serve on a disciplinary committee, arbitration panel, oversight panel or governing board of any self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION
HEARING PANEL**

Date:

06/26/07

By:

[Signature]
Chairperson

/rvh/ACE (ACE & Columbo Decision)

AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on June 26, 2007, I served copies of the attached Decision, 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:

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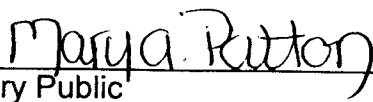
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Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 26th day of June 2007.


Notary Public

