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Mr. Reuben Jeffrey III
Chairman, CFTC
Three LaFayette Centre
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February 17, 2006

Comment Letter

COMMENT

Chairman Jeffrey,

I would like to first thank you for giving me an opportunity to speak briefly before the commission at the recent hearing on SRO's. I was obviously very nervous speaking in that forum, but felt it was one of the only ways to continue to get my message out.

It was a great experience for me to see firsthand what I have always thought and been told, "Cronyism" is alive and well in Washington and the futures industry. The repetitive panel members, the over whelming amount of NFA Board members, and the bizarre invitation of Dr. Roberta S. Karmel and Ruben Lee were actually humorous. Its confusing why Dr. Karmel and Mr. Lee would accept an invitation by the CFTC to speak at such an important industry event, even though both self admittedly have never been involved in the futures industry. Is it me, or is that pretty funny stuff? And Mr. Lee's further testimony of not even being a United States citizen was especially humorous. I couldn't help but think that here I am having been involved in the financial markets for over 20 plus years, having helped build the business over that time, also having a plethora of knowledge accumulated over that time, being victimized as a tax paying citizen by my Government, and these are types of people who are invited to participate in the panel discussions. I also couldn't help but notice that I didn't see one trader or hedger represented. The "core" of the futures industry is its speculative traders and hedgers! They pay ALL the fees and are the customers of the exchanges, and the broker dealers who were well represented at the hearing. I didn't see one prominent trader represented and the FIA and Mr. Damgard who was on multiple panels, certainly doesn't represent traders like me. He represents himself and is just trying to get into the pockets of the big exchanges so he can have job security. It's a disgrace he says he represents anyone other than his own self interests.

Your opening comments regarding SRO's retaining "fair and impartial" treatment was very important. But the difference between "rhetoric" and action are worlds apart. As I stated to you in my past letter, just go around and ask 20 futures attorneys like I have done. The NFA is corrupt, the process is beyond unfair, and they run an "old boys" network and have for years. It is simply that matter of fact and the general consensus of industry professionals. Another panelist, Mr. Michael Schaefer, another NFA board

member, boasted about his firm's worldwide futures participation. He fails to inform or to disclose all the securities and/or futures fines his firm has paid over the years. I have been compliant my whole career, but yet, people like Mr. Schaefer are invited to panel discussions, continue to blossom in the financial markets, but a small trader like me is banned from the industry for doing nothing more than what I was told to do. Furthermore, all those major broker dealers continue to encourage entities like the NFA and the CFTC to establish even more harsh punishments and even more rules and regulations. Why, do you ask? Because they can afford to pay the fines and they are "imbedded" in the industry being represented in all the SRO Committee's or Board of Director's. Again, Cronyism. This is just a very smart business model by these big firms to limit competition and is acutely anti-competitive to the small business owner. By raising the barrier to entry by enforcing tougher rules and regulations and higher penalties, in and of itself is anti-competitive. For Citigroup or Lehman to pay a \$500,000 fine is pocket change and seen as the cost of doing business, but for a small business owner, it's a death sentence. And as long as regulators and SRO's continue to even think of themselves as profit centers by collecting such large fines to pay for their operations, you can kiss goodbye to the small men and woman who make the futures industry great and helped build it in the first place. Oh, but I forgot, none of those fine people were represented at your little meeting. They were too busy trying to make a living for their families and can't afford to take a day off. Unfortunately, they have no idea that those people in that room are about to pick their pockets and decide the fate of their industry.

I would ask the commission again to look at a case I found on the NFA's website that I think is really scary, NFA v. Harold Siegel. Forgetting for a second about the corrupt people and process that I have been through for many years, I think this case represents to me exactly where SRO's are headed and more importantly, the practice of retaining fines for operations and acting as a profit center. Never mind, the huge advantage of resources, time and money the NFA has over the small trader or firm. As Mr. Roth stated in the hearing, "regulation is our sole business." And booming it is with no let up in sight. The NFA finds Mr. Siegel guilty of "failure to Supervise". They then offer Mr. Siegel a deal. Either pay us \$500k over the next two years, or be banned from the industry. Mr. Siegel, who I don't know, was probably faced with the only decision he could accept to try and make a living for his family and himself. He accepted the offer. It looks like he paid out about \$200k, and then failure to pay the balance, he was banned from the industry. Now, does this sound like old fashioned extortion???? You bet it does! The NFA used their leverage to extort \$200k. They tried to extort \$500k. Who's to stop them from extorting Tudor, Moore Capital, Soros, Tiger Management and others a great deal more money than that to stay in the game.....or else? Can the CFTC stop them? Can an act of Congress? It better be somebody removed from the NFA and its old boy's network before it's too late. Based on the chummy correspondence I saw in Washington between the CFTC and the NFA, it seems like a single entity with the same common goals. I hope I'm wrong.

I will finish up with just stating the status quo is unfair, corrupt, and in some cases, downright illegal. I am just a small independent trader, but I am determined to not go away until the officer's at the NFA are fired, and there is new protocol established.

Although, I am small, I have been around Wall Street for 20 years. I have friends and eventually I will get my word out. I am just getting started now and my experience in Washington has made me more determined than ever to interrupt the future vision of regulators and lawyers attempts to rob the professionals of the futures and derivatives industry in the name of "public interest". What a joke.

Regards,

Vincent McCrudden – CEO
Managed Accounts Asset Management, LLC

Cc:

Senator Charles Schumer
Senator John McCain
Congressman Steve Israel
Mr. Dan Roth
Mr. Michael Schaefer
Dr. Susan Phillips
Mr. John Damgard
Mr. Bernard Dan
Mr. Craig Donohue
Dr. James Newsome
Commissioner Walter Lukken
Commissioner Sharon Brown-Hruska
Commissioner Fred Hatfield
Commissioner Michael Dunn

Mr. Reuben Jeffrey III
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July 19, 2005

Mr. Jeffrey,

Congratulations on your appointment. I hope you are there to evoke change and not be a part of the same old system of corruption at the CFTC. My name is Vincent McCrudden. I have been in the futures industry for most of my career. Recently, the NFA denied my request for registration. In speaking with lawyers over the past couple of years, the NFA & CFTC are routinely referred to as the most corrupt entities. One lawyer who is 68 years old and worked at the CFTC for many years told me categorically that the CFTC is the most corrupt organization in the United States Government.

I should tell you up front, that I believe lawyers and regulators will be the downfall of any entity they contribute to and eventually our society and democracy as a whole. But I would still like for you to take a long look at the NFA and its practices first. Take a look at Harold Siegel v. the NFA. After reading it, if you don't believe its extortion, then I will know you are part of the old guard and the industry is doomed. Take a look at my case. Do you believe a former Chairman of the NFA can oversee a subcommittee with the ability to be not biased when he knows the lead counsel presenting the case and all of the officers back at the NFA in Chicago? Do you believe that the NFA and CFTC can give advice to a young trader, and then, 10 years later, say they didn't advise me and bring the same identical case against me that I was fully acquitted of in the United States Courts? Do you believe in no statute of limitations to be able to bring personal vendettas against law abiding citizens? Do you believe that the NFA can exclusively present testimony from an already adjudicated trial determined by the citizens of this country, and not violate my constitutional rights? Do you believe the NFA can libel my name and blast their decision all over the internet effecting my life and career? Say that I am not credible, but yet overlook letters from some very prominent people including one of my former clients? And present no client evidence or be endorsed by a customer complaint? Do you believe the NFA can admit convicted felons, a person who has been convicted of having carnal knowledge of a minor, but deny me registration after 10 years? Someone who participated in helping victims of fraud by Sumitomo Bank, JP Morgan, Merrill Lynch and others? The largest fine ever levied by the CFTC. And not one person at JP Morgan or Merrill Lynch was litigated against in this fraud. But as a lead plaintiff and a victim of fraud myself, I am the one banned by the NFA? A contributor to the futures industry for nearly 20 years.

Mr. Jeffrey. This is simple in my case. I have a number of media organizations ready to get my story out there. I have had a number of discussions and they can't believe what has transpired. I am initiating a lawsuit against the NFA and its corrupt officers. I see you were involved with the victims families of 9/11. I am a twice survivor of WTC attacks, but I have lost a number of friends. So I am not afraid to fight and I am not afraid of the United States Government anymore, or any of the corrupt people who operate in it. I challenge you to look into my case. Forget the process for a moment. I interviewed 20 lawyers. Every single one said all the CFTC does is rubber stamp the NFA's decision. No one I talked to has any faith in the process anymore. They all know it's corrupt and biased. But like all good lawyers, they don't do anything about it because they make money from it. I am not going away. I have been compliant my whole career. I did exactly as the NFA & CFTC said I could do, and for personal reasons of the COO at the NFA Dan Driscoll, they have violated my rights. And Charles Nastro never disclosed his friendship with the lead counsel, or the officers at the NFA at my hearing. He wouldn't even look me in the eye at the hearing and ruled at every turn he could in the NFA's favor. What do you think he is doing still involved in the industry? He is retired from Lehman Brothers. He is involved because he is corrupt and thinks the power the NFA has instilled in him makes him infallible. When I sue him for defamation and fraud, we'll see how infallible he is.

After the CFTC rubber stamps the NFA's decision, I will go to the Court of Appeals. I believe only a court of my peers will fully understand the amount of bias and corruption going on though. If you are a decent man, I ask you to look into the relationship the CFTC has with the NFA. The people there are lifers and most have never traded a single futures contract in their lives. Changes have got to be made. And then look into your own CFTC. And don't take my word on it. If you can honestly and candidly speak with people like I did recently, they will tell you how little are thought of at both entities. It will require you to take off your legal hat and operate from a level of fairness. Simply put the more absolute power you give these guys, the more stunt of growth you can expect from the futures industry. It is a slap in the face from all the guys who have traded and who were involved in the research and development of new products to have losers like Charles Nastro, Michael Crowley, Michael Schafer, Dan Roth and Dan Driscoll be the leaders of compliance and growth of the industry. It wouldn't surprise me if you knew them and they were your friends. It's an incestuous business. I hope that's not the case. In any event, I have done my job. You can't ever state you haven't been told what's going on. It will be your job to find the depth of corruption. I will continue to expose anyone who tries and defends the status quo. Good luck! If you're indeed a good guy, I will be rooting for you.

Regards,

Vincent McCrudden