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# COMMENT

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-----Original Message-----

1999 SEP -7 A 9:29

**From:** Joshua C. Bauman [mailto:jbauman@relocatweb.com]  
**Sent:** Friday, September 03, 1999 11:09 AM  
**To:** oed@cftc.gov  
**Subject:** Allowing Hypothetical Returns for CTA's Disclosure Documents

Dear Ladies and Gentlemen:

I am a former AP, registered with the NFA, with broad experience in Managed Futures, Broker-Assisted, Options, and Discount Trading.

I am alarmed that the CFTC would consider relaxing rules considering D Docs. If anything, much more complete and specific information on an account by account basis would be preferable, if there was any desire for honesty and integrity in this aspect of the Market. Some traders do make money for their clients some of the time. Current rules, however, permit the magic of mathematics to make a trader's program look successful even when all or many of the individual accounts are actually in a draw-down.

FCM's who promote retail CTA's do so solely to collect exhorbitant fees and commissions. The CTA is working against tremendous odds to actually earn an incentive payment. Management fees or a split on commissions or "brokerage" fees are the trader's best chance of making a living. The big name firms who work only institutionally or with qualified investors have a "cleaner" background, even though they are subject to huge market losses. There is no reason to make their work easier at the expence of the less informed, less wealthy public who must participate with traders who accept small account sizes.

Promoting participation in the Futures Markets is an important part of your job. The Markets are always looking for "new blood" since so much of it gets "spilled." The CFTC is probably, along with the NFA, SEC & NASD, grossly underfunded and understaffed. While Congress wants to promote "smaller government, less interference," in the areas that these organizations are overseeing, the opportunity for abuse will only increase.

The public should not be encouraged to participate in scams. Despite the efforts of the NFA to clean up some of the small-time, glaring offenders, the big fish continue to get away. When they do get caught, their lawyers and industry influence enables them to "slip out of the net." I feel that tighter scrutiny into the practices of the FCM's, Independent IB's, CTA's and Pool Operators is desparately needed. The bad actors and con-men must be exposed and squeezed out of the industry. Otherwise, the credibility of the RO's and SRO's will go from mediocre to laughingstock.

Sincerely,  
Joshua C. Bauman

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