

FILED

**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**

APR - 4 2007

**NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING**

In the Matter of:)
)
INTERBANK FX LLC)
(NFA ID #326091),)
)
and) NFA Case No. 07-BCC-010
)
TODD CROSLAND)
(NFA ID #349820),)
)
Respondents.)

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association ("NFA"), and having found reason to believe that NFA Compliance Rules ("NFA Requirements") are being, have been, or are about to be violated and that the matter should be adjudicated, NFA's Business Conduct Committee ("Committee") issues this Complaint against Interbank FX LLC ("Interbank FX") and Todd Crosland ("Crosland").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Interbank FX was an NFA Member futures commission merchant ("FCM"). As such, Interbank FX was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.
2. At all times relevant to this Complaint, Crosland was a principal and associated person ("AP") of Interbank FX. As such, Crosland was and is required to comply

with NFA Requirements and is subject to disciplinary proceedings for violations thereof. Interbank FX is liable for violations of NFA Requirements committed by Crosland during the course of his activities on behalf of Interbank FX.

BACKGROUND

3. Interbank FX has been an NFA Member since December 2004 and conducts business in off-exchange foreign futures and options (“forex”) as a Forex Dealer Member (“FDM”). Crosland is Interbank FX’s chief executive officer (“CEO”) and is a registered AP, NFA Associate Member, and listed principal of the firm. At the time of NFA’s 2006 examination of Interbank FX, the firm had approximately 4,800 customer accounts and approximately \$25.8 million in customer liabilities.
4. The Committee issued a Complaint against Interbank FX on August 30, 2006 charging Interbank FX with failing to collect the required security deposit from its retail forex customers, in violation of NFA Financial Requirements Section 12(a). Interbank FX settled the Complaint simultaneously with its issuance – agreeing to pay a \$25,000 fine.
5. NFA conducted an examination of Interbank FX in 2006 which found numerous and serious deficiencies with Interbank FX’s promotional material, as alleged herein.

APPLICABLE RULES

6. NFA Compliance Rule 2-36(b) provides, in pertinent part, that no FDM shall cheat, defraud or deceive, or attempt to cheat, defraud, or deceive any other person.

7. NFA Compliance Rule 2-36(c) provides that FDMs and their Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their foreign currency futures and options business.
8. NFA Compliance Rule 2-36(e) provides that each FDM shall diligently supervise its employees and agents in the conduct of their foreign currency futures and options activities for or on behalf of the FDM. Each Associate of an FDM who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's foreign currency futures and options activities for or on behalf of the FDM.

COUNT I

VIOLATION OF NFA COMPLIANCE RULES 2-36(b) AND (c): USE OF MISLEADING AND DECEPTIVE PROMOTIONAL MATERIAL AND FAILURE TO UPHOLD HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE.

9. The allegations set forth in paragraphs 1, 6 and 7 are realleged as paragraph 9.
10. In August and September 2006, NFA reviewed a website maintained by Interbank FX, viz., www.InterbankFXfx.com, which contained the following representations:
 - Operational funds are kept completely separate from client funds. When you send you funds to be traded, you send them directly an account titled the 'Interbank FX Customer Funds Account' that Interbank FX has set up specifically for you at Bank of the West for this reason. Funds never come to an Interbank FX company account for your protection.
 - Occasionally a customer will ask 'if your company were to have a financial problem, how would I get my funds?' This is a great question and the answer is simple. Again, because we have set up a separate account for you, in this instance you would simply request your funds and they will be immediately wired or mailed to you.

- Commission FREE Trading. While currency futures have the added baggage of trading commissions, exchange fees and clearing fees, the Forex market has eliminated such expenses to the investor.
- 200:1 leverage – this leveraging power enables traders to have a \$50 margin controlling a \$10,000 position or a 0.05% of the position value. The substantial leverage that is available to online Forex Traders can be a powerful money making tool.
- The daily currency volume on the Chicago Mercantile Exchange (CME) is a mere 1% of what Forex market investors experience every day. This unmatched volume and liquidity is one of many advantages that the Forex markets have over currency futures.
- ...our platform allows a customer to trade in the Interbank FX market with no market manipulation. Our electronic access to the Interbank FX market also means that there is no dealing desk at Interbank FX. Your trades are typically executed within one second and go directly to our banks.
- Direct Interbank FX trading. That means that no one is interfering with the prices and pip spreads.
- With a weekly volume equivalent to one year of NYSE (New York Stock Exchange) trading volume, there is not [sic] shortage of buyers and sellers in the Forex market. With the vast number of traders involved in the Forex market, the trading volume offers price stability and a consistency in fair market pricing...Liquidity in the equities market is not [sic] match to the liquidity that the Forex market offers.

11. Interbank FX used a promotional brochure entitled "Interbank fx". The brochure contained the following representations:

- Our electronic access to the Interbank FX market also means there is **no dealing desk** at Interbank FX. Your trades are executed instantly and directly with our banks.
- Interbank FX customers also enjoy access to direct execution from a streaming quote feed. This means you will have access to real Interbank FX liquidity....

12. In May 2006, Interbank FX published promotional material in two publications named "FX & MM" and "Technical Analyst". Interbank FX made the following representations in one or both of the above publications:
- Direct Interbank FX Trading (Never a dealing desk). The following passage appeared in Interbank FX's promotional material in "Technical Analyst":
 - Our proprietary technology and distinctive approach to foreign exchange trading allow you to execute directly from a streaming Interbank FX quote feed, not a dealing desk.
13. The representations referred to in paragraphs 10, 11 and 12 above were deceptive and misleading in the following respects:
- a. they falsely implied that forex funds deposited with Interbank FX are given special protection under the bankruptcy laws and that each customer has a separate personal account;
 - b. they represented that Interbank FX's services are commission free without an accompanying and proximate disclosure of how the firm is compensated;
 - c. they highlighted the benefits of leverage without balancing the discussion with an equally prominent discussion of the increased risk associated with increased leverage; and
 - d. they falsely implied that Interbank FX customers are dealing directly in the "Interbank FX market."
14. Interbank FX's use of the misleading promotional material referred to in paragraphs 10, 11 and 12 above was a violation of Interbank FX's obligation to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its foreign currency futures and options business.

15. By reason of the foregoing acts and omissions, Interbank FX is charged with violations of NFA Compliance Rules 2-36(b) and (c).

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILURE TO SUPERVISE.

16. The allegations set forth in paragraphs 1, 2 and 8 are realleged as paragraph 16.
17. *The diligent supervision of employees and agents in the conduct of their foreign currency futures and options activities for or on behalf of an FDM requires, in part, FDMs and their Associates who have supervisory duties to supervise the content and use of promotional material to ensure that it is in compliance with all NFA Requirements.*
18. Crosland was responsible for reviewing and approving all of Interbank FX's promotional material.
19. The allegations set forth in paragraphs 10 through 14 are realleged as paragraph 19.
20. Interbank FX and Crosland failed to adopt and implement effective steps to supervise the content and use of promotional material to ensure that it was in compliance with all NFA Requirements.
21. By reason of the foregoing acts and omissions, Interbank FX and Crosland are charged with violations of NFA Compliance Rule 2-36(e).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty (30) days of the date of the Complaint. The Answer shall respond to each allegation in the Complaint by admitting, denying or averring that you lack sufficient knowledge or

information to admit or deny the allegation. An averment of insufficient knowledge or information may only be made after a diligent effort has been made to ascertain the relevant facts and shall be deemed to be a denial of the pertinent allegation.

NFA staff is authorized to grant such reasonable extensions of time in which an Answer may be filed as it deems appropriate. The place for filing an Answer shall be:

National Futures Association
200 West Madison Street
Suite 1600
Chicago, Illinois 60606-3447
Attn: Legal Department-Docketing

Failure to file an Answer as provided above shall be deemed an admission of the facts and legal conclusions contained in the Complaint. Failure to respond to any allegation shall be deemed an admission of that allegation. Failure to file an Answer as provided above shall be deemed a waiver of hearing.

POTENTIAL PENALTIES, DISQUALIFICATION AND INELIGIBILITY

At the conclusion of the proceedings conducted as a result of or in connection with the issuance of this Complaint, NFA may impose one or more of the following penalties:

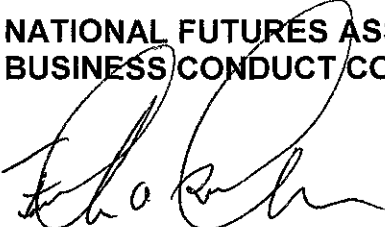
- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$250,000 for each violation found; and
- (e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respondents in this matter who apply for registration in any new capacity, including as an AP with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of Commodity Futures Trading Commission ("CFTC") Regulation 1.63, penalties imposed in connection with this Complaint may temporarily or permanently render Respondents who are individuals ineligible to serve on disciplinary committees, arbitration panels and governing boards of a self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Dated: 04-04-07

By: 
Chairperson

AFFIDAVIT OF SERVICE


I, Nancy Miskovich-Paschen, on oath state that on April 4, 2007, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

Interbank FX LLC
3165 East Millrock Drive
Suite 300
Salt Lake City, UT 84121
Attn: Todd B. Crosland

Todd B. Crosland
2516 Walker Lane
Salt Lake City, UT 84117


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 4th day of April 2007.



Notary Public

