

**BEFORE THE
NATIONAL FUTURES ASSOCIATION**

In the Matter of:)	
)	
LAKE SHORE ASSET MANAGEMENT)	
LTD.)	
(NFA ID #372911),)	
)	NFA Case No. 07-MRA-007
and)	
)	
LAURENCE M. ROSENBERG)	
(NFA ID #54654))	

**NOTICE OF AMENDED MEMBER RESPONSIBILITY
ACTION UNDER NFA COMPLIANCE RULE 3-15**

National Futures Association ("NFA") hereby gives notice to Lake Shore Asset Management Ltd. ("Lake Shore"), a commodity pool operator ("CPO") and commodity trading advisor ("CTA") Member of NFA that pursuant to NFA Compliance Rule 3-15, the President of NFA, with the concurrence of NFA's Executive Committee, has taken an Amended Member Responsibility Action ("Amended MRA") against Lake Shore whereby:

1. Lake Shore is suspended from NFA membership effective immediately and until further notice.
2. Lake Shore is prohibited from soliciting or accepting any customer or pool participant funds or placing trades for any pools that it operates or accounts that it owns or controls or which are held in its name except for liquidation of existing positions;
3. Lake Shore and any principal or person acting on behalf of Lake Shore are prohibited from disbursing or transferring any funds from any accounts (bank, trading, or any other types of accounts) which they own or control (including customer accounts) or which are held in their names, without prior approval from NFA; and
4. Lake Shore is required to provide copies of this Amended MRA via overnight courier to all customers having accounts, which Lake Shore controls, and to pool participants in any pools which Lake Shore operates or over which it exercises control, including but not limited to Lake Shore Alternative Financial Asset Funds I, II, III, IV, IV-U.S and IV Class E, and the Yen Fund, Yen Fund Class II and Yen Fund Class III (the "Funds" or the "pools").

This Amended MRA is effective immediately and is deemed necessary to protect the commodity futures markets, customers and other NFA Members. After the issuance of the initial MRA ("Initial MRA")—which was based on Lake Shore and Laurence M. Rosenberg's ("Rosenberg") failure to cooperate in an NFA investigation by failing to produce books and records and other information that NFA had requested from it—NFA determined that the profitable performance information featured on Lake Shore's website is fraudulent in that it featured positive rates returns for its funds when in fact its funds had lost about \$29 million in futures trading, of which a substantial portion occurred on U.S. futures exchanges. The Initial MRA remains in effect as to both Lake Shore and Rosenberg.

In support of these actions, NFA incorporates by reference the initial MRA, and attaches the supplemental affidavit of John Brodersen ("Brodersen"), who is an Associate Director in NFA's Compliance Department, and based thereon alleges as follows:

1. NFA records indicate that Lake Shore Asset Management Limited ("Lake Shore") has been registered as a CPO/CTA NFA Member since January 17, 2007 with its headquarters identified as being in Hamilton, Bermuda. Lake Shore lists Rosenberg as the firm's sole associated person ("AP") and as a principal with greater than 10% ownership of the firm. In addition, Lake Shore lists Philip J. Baker ("Baker") as a general partner and principal with greater than 10% ownership.
2. On June 22, 2007, NFA issued the Initial MRA against Lake Shore imposing certain restrictions and conditions on Lake Shore until it demonstrated complete compliance with all NFA Requirements. NFA deemed the Initial MRA necessary because Lake Shore failed to cooperate in NFA's investigation of Lake Shore by not producing books, records and other information NFA required to determine, among other things, the nature of Lake Shore's business, the identities of its customers and the value of their investments, the amount and location of assets under management, and the accuracy of performance information featured on Lake Shore's website. As a result, Lake Shore failed to demonstrate it was in compliance with NFA Requirements.
3. Lake Shore's website is listed in NFA's records as www.lakeshorefunds.com.
4. In reviewing Lake Shore's website on or about June 13, 2007, NFA found a January 29, 2007 press release, which is attached as Exhibit A. The release, which was issued on behalf of the Lake Shore Group of Companies, announced the launch the Lake Shore Alternative Financial Asset Fund IV ("Lake Shore IV"). The release also referred to Lake Shore Funds I, II and III and claimed that its flagship "Program 1" has a 13-year history and generated

a 28.27% compound annual return. In addition, the press release touted Lake Shore "is a member of the NFA and is regulated by the CFTC".

5. Lake Shore's website also contained positive performance and other information about the following seven funds the firm offered: Lake Shore Alternative Financial Asset Fund Limited, Lake Shore Alternative Financial Asset Fund II Limited, Lake Shore Alternative Financial Asset Fund III Limited, Lake Shore Alternative Financial Asset Fund IV Limited, Lake Shore Financial Alternative Asset Fund IV Limited - Class E, Lake Shore Alternative Financial Asset Yen Fund Limited, Lake Shore Alternative Financial Asset Yen Fund Limited - Class II and Lake Shore Alternative Financial Asset Yen Fund Limited - Class III. In fact, none of these seven funds showed any negative performance for any given year.
6. In addition, statements on Lake Shore's website represented the firm was founded as Lake Shore Asset Management, Inc. ("Lake Shore Inc.") in 1993 and initiated operations in January 1994. The website also stated Lake Shore Inc. reorganized in 2006 as Lake Shore Asset Management Ltd. of Bermuda. Again, the website touted regulation by the CFTC and NFA.
7. On June 14, 2007, four NFA staff members met with Rosenberg to discuss the information on Lake Shore's website, examine Lake Shore's operations, and request documents and information NFA needed to test the Funds' performance. During that meeting, Rosenberg indicated the Lake Shore Group of Companies is not registered in any capacity and is comprised only of Lake Shore Asset Management Limited.
8. Rosenberg initially informed NFA that Lake Shore had no U.S. investors in any of these funds, but later that day he corrected the representation and informed NFA that Lake Shore Alternative Financial Asset Fund IV US ("Fund IV US") has one U.S. investor. Rosenberg also stated the firm directs about 250 managed accounts, but not for any U.S. clients.
9. Rosenberg also stated that the accounts managed by Lake Shore are traded at Man Financial London ("Man"), Lehman Brothers London ("Lehman") and Fimat London ("Fimat") and that Lake Shore has approximately \$1 billion under management.
10. On June 15, 2007, NFA staff accessed the protected portion of Lake Shore's website via a username and master password provided by Rosenberg. According to information displayed on the website, the value for all the Lake Shore entities NFA identified cumulatively totaled about \$466 million, which is far less than Rosenberg's estimate the day before that Lake Shore had approximately \$1 billion under management.

11. On July 2, 2007, NFA staff participated with several CFTC staff members in a teleconference the CFTC arranged with Baker and attorneys, William Nissen of Sidley Austin LLP, and Alexandre Schwab of Schwab Flaherty Hassberger Crausaz, a law firm located in Geneva, Switzerland.
12. During the conference call, Baker stated the Lake Shore Group of Companies is a Bermuda-registered entity, which conflicts with Rosenberg's June 14 representation as to the registration status. In addition, Lake Shore has not provided NFA with any documentation to support Baker's statement.
13. Baker said he started developing the firm in 1994, originally for institutional accounts. He claimed the firm had no formal pool structure and no U.S. clients between 1994 and 2002.
14. Baker stated the firm had discussions with Sentinel Management Group Inc. ("Sentinel") in 2002. According to NFA's records, Sentinel has been a registered futures commission merchant since June 11, 1980 and an NFA Member since July 1, 1982.
15. Baker claimed the firm created private, offshore funds in 2005. He said the firm began maturing to the level that it was ready to enter the U.S. market, so he decided about 14 months ago to form a separate entity, Lake Shore Asset Management Limited, for that purpose. Baker claimed this entity would be for U.S. customers and was intended as a separate business from the offshore operations. Baker said the firm had one U.S. client as of May 8, 2007.
16. In response to questions by NFA and CFTC staff during the conference call, Man, Lehman, Fimat and Sentinel were the only brokerage firms Baker identified as doing business with Lake Shore.
17. Baker represented the firm has about \$1 billion in assets under management, but the \$466 million reflected on Lake Shore's website included certain assets that were double-counted since some Lake Shore Funds also invested in other Lake Shore Funds.
18. When questioned further about the firm's accounts, Baker indicated the firm also has "direct managed accounts", but none are at Man or Lehman. He also referred to these accounts as SMA accounts, which stands for "segregated managed account" according to Lake Shore documents in NFA's possession.
19. Baker stated there is approximately \$230 million invested in the Funds, which would suggest that Lake Shore's direct managed accounts had total assets of about \$770 million.

20. Furthermore, a Lake Shore document entitled, "Assets Under Management" as of end of June 11, 2007, and which is attached as Exhibit B, shows total assets under management as \$1.05 billion, with the Lake Shore Funds comprising just over \$290 million of the assets under management and the SMA accounts comprising almost \$760 million of Lake Shore's assets.
21. As of today, NFA has identified only one Lake Shore direct managed account, which is held by Lehman and has a value of about \$2,000,000. The fact that Lehman has this account is contrary to Baker's representation that no such accounts were held at that firm.
22. Lake Shore has not at any time identified any direct managed accounts to NFA.
23. As part of the Lake Shore investigation, NFA required Lake Shore to produce brokerage statements to support performance information for the firm's Funds. To date, Lake Shore has not provided NFA with any brokerage statements.
24. NFA, however, has received brokerage statements from the CFTC for Lake Shore Fund accounts held at Man, Lehman, Fimat and Sentinel, which are the only brokerage firms identified by Baker and Rosenberg. Therefore, to the best of NFA's knowledge and belief, these brokerage statements represent all the trading conducted for Lake Shore's Funds. In addition, a substantial portion of the transactions in these accounts occurred on U.S. futures exchanges.
25. The records Man produced for Lake Shore show accounts held in the name of four entities: Lakeshore Alternative Financial Asset Ltd, Lakeshore Alternative Financial Asset Account I Limited, Lakeshore Alternative Financial Asset Account II Limited and Lakeshore Alternative Financial Asset Fund IV Limited.
26. Lakeshore Alternative Financial Asset Ltd had six accounts at Man, of which three traded, two were never funded or traded, and one just held T-Bills. Lakeshore Alternative Financial Asset Ltd funded and began trading its first account in February 2002. The second account began trading in June 2005, and the third began trading in March 2007. Based on NFA's analysis, the trading in the Lakeshore Alternative Financial Asset Ltd accounts was unprofitable in calendar years 2002, 2003 and 2004, as well as from January 2007 through May 2007. Overall, from February 2002 through May 2007, the Lakeshore Alternative Financial Asset Ltd accounts at Man lost approximately \$23.4 million, after factoring in small gains these accounts experienced in 2005 and 2006, which total about \$500,000.

27. Lakeshore Alternative Financial Asset Account I Limited had two accounts at Man, though only one account traded, beginning in February 2006. The other account showed a cash deposit in February 2006 for \$1.5 million that was, according to the brokerage statements, immediately transferred to the Lakeshore Alternative Financial Asset Account I Limited trading account. Overall, from February 2006 through May 2007, Lakeshore Alternative Financial Asset Account I Limited's losses totaled approximately \$1.4 million.
28. In addition, two accounts were opened at Man for Lakeshore Alternative Financial Asset Account II Limited, but neither were funded or traded. In addition, two accounts were set up for Lakeshore Alternative Financial Asset Fund IV Limited, but they were never funded or traded.
29. The records Lehman produced show trading accounts for Lakeshore Alternative Financial Asset Account II Limited and Lakeshore Alternative Financial Asset Fund IV Limited. Lakeshore Alternative Financial Asset Account II Limited began trading in October 2006, and Lakeshore Alternative Financial Asset Fund IV Limited began trading in May 2007. Through June 2007, trading losses in both accounts totaled approximately \$4.4 million.
30. The records Fimat produced also show a trading account for Lakeshore Alternative Financial Asset Fund IV Limited, which was funded in May 2007. Lakeshore Alternative Financial Asset Fund IV began trading in May 2007 and lost about \$260,000 during that month.
31. In addition, a comparison of the records from Man, Lehman and Fimat to the information NFA obtained from Lake Shore's website about its various Funds, show that none of the brokerage account names matched directly with the Funds listed on Lake Shore's website, though some were similar. Interestingly, none of these firms had a brokerage account for any Fund with a name similar to Lake Shore Alternative Financial Asset Fund III Limited.
32. Furthermore, a comparison of the information from Man, Lehman and Fimat to the records from Sentinel, show only two Man accounts (Lakeshore Alternative Financial Asset Ltd and Lakeshore Alternative Financial Asset Account I Limited) and one Lehman account (Lakeshore Alternative Financial Asset Account II Limited) that matched directly with accounts appearing on Sentinel's books, though some account names were similar.
33. The records Sentinel produced did not involve any commodity trading on U.S. and foreign futures exchanges, and it appears Sentinel invests the assets it holds in interest-bearing instruments.
34. As of June 30, 2007, Sentinel held about \$160 million in assets. During June 2007, over \$727,000 in net interest was generated for the various accounts that identified a "Lake Shore" entity as the account-holder, which on an

annualized basis would be a little more than a 5% rate of return on the assets at Sentinel.

35. Sentinel's records also indicate that Lake Shore opened Lake Shore Alt Financial Asset Fd IV US, LLC-Income ("Fd IV US"), on April 9, 2007. This account was funded on May 3, 2007 with a \$1,000,000 wire transfer from a U.S. customer. The monthly statement for this account shows the \$1,000,000 was transferred on May 14, 2007 to another Lake Shore account: Lake Shore Alternative Fund IV Ltd. No other cash activity occurred in the Fd IV US account between May 3, 2007 and May 14, 2007. Furthermore, other than the cash activity between May 3 and May 14, 2007, no other activity occurred in this account.
36. In total, from February 2002 through June 2007, the Lake Shore Fund accounts at Man, Lehman and Fimat lost, in aggregate, about \$29 million, which stands in sharp contrast to the multi-year, positive rates of return Lake Shore publicizes on its website.
37. NFA staff also reviewed promotional material and other information Lake Shore developed and distributed about its Funds and their performance, and also found material discrepancies with statements the firm made about its performance. For example, page 20 of a Lake Shore Power Point presentation, which is attached as Exhibit C, states, "Impressive results i.e. LS I – 42 "Up" versus 8 "Down" months since Jan 2003" but a review of Lake Shore's trading activity and performance paints a dramatically different picture. Specifically, NFA's review of the trading results for Lake Shore Alternative Financial Asset Ltd, an account at Man and the only Lake Shore account that has traded since January 2003, found just 17 "Up" months compared to 33 "Down" months for the same period. Additionally, this account has lost approximately \$23.4 million since 2002.
38. Similarly, the December 31, 2006 Lake Shore IV Fact Sheet, which is attached as Exhibit D, includes monthly returns, which on an annualized basis equal positive returns of 55.50% in 2002, 37.02% in 2003, 33.80% in 2004, 40.30% in 2005 and 21.40% in 2006. The Fact Sheet also includes a footnote, which indicates the returns are based on a combination of actual and simulated trading.
39. It is misleading and fraudulent for Lake Shore to portray positive rates of return on its website and in its promotional materials for its Funds—whether these rates of return are based on real or simulated results—since Lake Shore's actual trading in the Man, Lehman and Fimat brokerage accounts for the same time period experienced significant losses to the tune of about \$29 million in futures trading, of which a substantial portion occurred on U.S. futures exchanges.

The Amended MRA will remain in effect until such time as Lake Shore demonstrates to the satisfaction of NFA that it is in complete compliance with all NFA Requirements.

NFA Members receiving notice of this Amended MRA by service or otherwise who carry accounts in the name of, or controlled by, Lake Shore, or by any person or entity acting on its behalf, are prohibited from disbursing or transferring funds to Lake Shore or any entity controlled by them for any reason without prior approval of NFA.

Lake Shore is entitled to a prompt hearing on this matter before NFA's Hearing Committee if it so requests. The request for hearing shall be made in writing to: National Futures Association, 200 West Madison Street, Suite 1600, Chicago, Illinois 60606-3447, Attention: Legal Docketing Department.

Aggrieved parties may petition the Commission for a stay of this MRA pending a hearing pursuant to and in conformity with the terms set forth in Commission Regulation 171.41.

NATIONAL FUTURES ASSOCIATION

Date: August 3, 2007



Daniel J. Roth, President

m:/rvh/Lake Shore (Amended MRA, 8-2-07)



LAKE SHORE ASSET MANAGEMENT LAUNCHES LAKE SHORE IV

CHICAGO, LONDON, TORONTO | January 29, 2007 -

Lake Shore Institutional & Dealer Relations announced on behalf of Lake Shore Group of Companies that it has launched the Lake Shore Alternative Financial Asset Fund IV (Lake Shore IV).

Lake Shore IV gives investors exposure to nine global equity indexes, along with treasuries, currency derivatives, gold and oil via its weighting in Lake Shore's three 'Alternative Class' funds. Diversification across three uncorrelated strategies leads to lower volatility and the potential to enhance returns through increased margin to equity ratios.

Notably, Lake Shore IV will operate at a margin to equity ratio 50% higher than the underlying funds. Lake Shore Funds I, II and III are all unleveraged, single-manager, systematic trading programs, which have a mandate of only investing in exchange-traded derivatives.

Lake Shore IV is now available for Institutional & Client referral. Minimum initial investment is 1,000,000 USD.

In its 13-year history, Lake Shore's flagship 'Program I' has generated a 28.27% compound annual return.

More information on the Lake Shore Group is available by contacting Mark Gray at Lake Shore Institutional and Dealer Relations in London:

mgray@lakeshorefunds.com
+44.207.993.2935 extension 203

Lake Shore is a member of the NFA and is regulated by the CFTC as a Commodity Trading Advisor (CTA), serving clients in more than 40 countries. Lake Shore Funds I, II, III and IV are available through referring institutions only and are settled through Euroclear, Fundsettle and FundSERV, among other regional platforms.

Lake Shore Group of Companies is a global financial solutions organization with offices in Chicago, Geneva, Hong Kong, London, and Toronto. Lake Shore provides services to financial institutions and their clients in multiple alternative financial asset classes: Managed Accounts, Managed Funds and Structured Products.

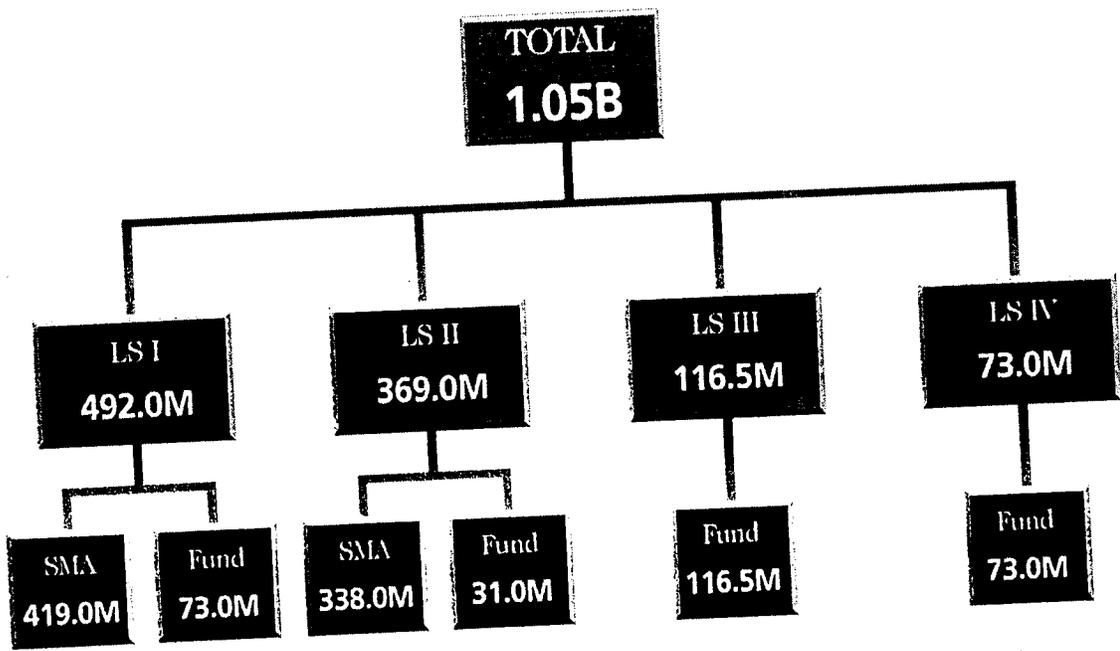
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LAKE SHORE ASSET MANAGEMENT LIMITED

ASSETS UNDER MANAGEMENT

As of end of June 30, 2007



LONDON • GENEVA • HONG KONG

LakeShore

GROUP OF COMPANIES



CHICAGO • TORONTO • LONDON • GENEVA • HONG KONG

FACT SHEET

Lake Shore Alternative Financial Asset Fund IV Limited



FACT SHEET
DECEMBER 31, 2006

LakeShore
GROUP OF COMPANIES

Lake Shore Alternative Financial Asset Fund IV Ltd.

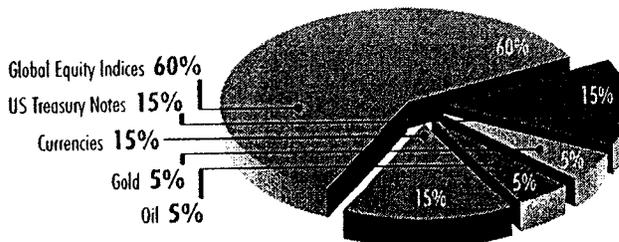
Overview and Investment Objectives

The investment objective of the manager is to maximize returns while preserving capital by investing an equal amount of capital in Lake Shore Fund I (US), Lake Shore Fund II (Europe) and Lake Shore Fund III (Asia/Pacific) at the beginning of each month using 50% leverage. These investments give clients exposure to a range of exchange traded financial futures, specifically; American, European, Asian and Pacific equity indices, WTI oil, gold, US Treasury Notes and currencies.

The investment process of each Lake Shore fund is entirely systematic and is driven by proprietary algorithms that continually adapt to changing market conditions. Monthly returns are generated by frequently capturing small, mean-reverting price action over short periods of time (oscillation strategy). Short holding periods combined with counter-trend trades lead to low or negative correlation with markets. Small, regular captures through time result in low volatility. Preservation of capital is achieved by controlling downside risk using neural networks driven by genetic algorithms.

The Fund is managed by Lake Shore Asset Management Inc, which is a Commodity Trading Advisor (CTA) and Commodity Pool Operator (CPO) registered with the CFTC in the US and is a member of the National Futures Association.

Exposure Breakdown (dynamic)



The asset holdings and percentages depicted in the graph above are only indicative and may not necessarily all be held at the same point in time.

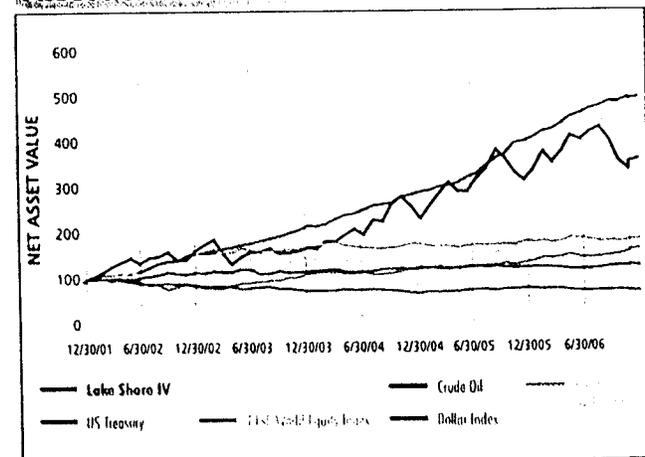
Fund Analysis (from January 2002)*

Annualised Return	37.20%	Deviation of Up Months	6.2%	Best Monthly Return	7.6%
Annualised Volatility	6.59%	Deviation of Down Months	0.9%	Worst Monthly Return	-0.5%
Annualised Sharpe Ratio (4%)	4.7	Skewness	0.91	Up Months	56
Annualised Sortino Ratio (4%)	9.33	Excess Kurtosis	0.70	Down Months	4

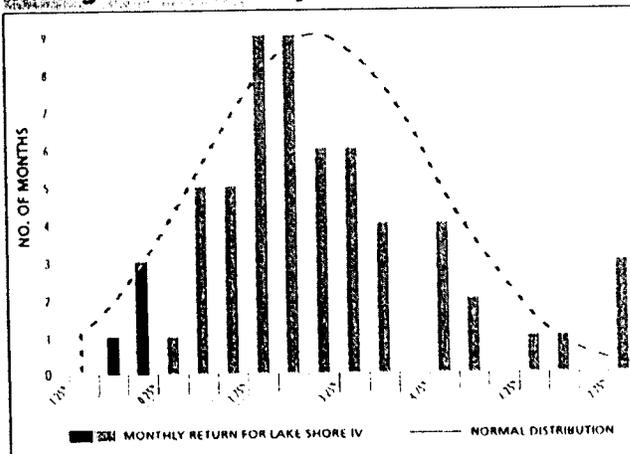
Monthly Returns (%)*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2002	1.95	7.58	-0.01	2.14	2.38	2.10	7.62	6.56	3.88	0.83	7.61	2.78	55.50
2003	0.55	0.43	5.24	1.87	3.00	2.23	3.19	2.21	2.77	3.05	2.91	4.72	37.02
2004	-0.40	2.26	4.83	3.56	1.67	3.14	3.51	1.17	1.15	4.90	1.69	2.11	33.80
2005	1.37	2.43	0.95	1.59	3.99	2.51	5.16	4.75	2.62	6.12	1.13	1.92	40.30
2006	3.36	0.97	2.93	3.45	1.70	2.14	1.33	1.96	-0.03	1.73	-0.40	0.59	21.40

Asset Performance (from January 2002)*



Histogram of Monthly Returns (from January 2002)*



* The returns for Lake Shore IV are based on a combination of returns for Lake Shore I (simulated from Jan 2002, actual from Jan 2003), Lake Shore II (simulated from Jan 2002, actual from Jan 2005) and Lake Shore III (simulated from Jan 2002, actual from May 15, 2006).