

**FILED**

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

SEP 14 2007

**NATIONAL FUTURES ASSOCIATION  
LEGAL DOCKETING**

In the Matter of: )  
)  
CHRIST INVESTMENT SERVICE LLC )  
(NFA ID #362827), )  
)  
and ) NFA Case No. 07-BCC-032  
)  
MOLLY LAU )  
(NFA ID #367137), )  
)  
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 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 Christ Investment Service LLC ("CIS") and Molly Lau ("Lau").

**ALLEGATIONS**

**JURISDICTION**

1. At all times relevant to this Complaint, CIS was an introducing broker ("IB") Member of National Futures Association located in San Francisco, California. As such, CIS was required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

2. At all times relevant to this Complaint, Lau was CIS's sole associated person ("AP") and principal. As such, Lau was required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

### **BACKGROUND**

3. CIS has been registered as an IB since April 2006. Originally, CIS applied for registration under the name Christ Investment Service, Inc. ("CIS Inc."). During the application process, the firm changed its name and form of organization from CIS Inc. to CIS. According to Lau, CIS and CIS Inc. are the same company.

### **APPLICABLE RULES**

4. NFA Compliance Rule 2-2(f) provides that no Member or Associate shall willfully submit materially false or misleading information to NFA or its agents.
5. NFA Compliance Rule 2-5 provides, in pertinent part, that each Member and Associate shall cooperate promptly and fully with NFA in any NFA investigation, inquiry, audit, examination or proceeding regarding compliance with NFA requirements or any NFA disciplinary or arbitration proceeding.
6. NFA Compliance Rule 2-2(i) provides that no Member or Associate shall act in any capacity requiring registration under the Commodity Exchange Act unless the Member or Associate is either registered in that capacity or exempt from registration.
7. NFA Compliance Rule 2-10 provides, in pertinent part, that each Member shall maintain adequate books and records necessary and appropriate to conduct its business including, without limitation, the records required to be kept under

Commodity Futures Trading Commission ("CFTC") Regulations 1.18 and 1.32 through 1.37 for the period required under CFTC Regulation 1.31.

**COUNT I**

**VIOLATION OF NFA COMPLIANCE RULES 2-2(f), 2-5, 2-2(i) AND 2-10: PROVIDING FALSE INFORMATION TO NFA; FAILING TO COOPERATE; ACTING AS AN FCM WITHOUT BEING REGISTERED AS AN FCM; AND FAILING TO PREPARE MONTHLY CAPITAL COMPUTATIONS.**

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8. The allegations contained in paragraphs 1 through 7 are realleged as paragraph 8.
9. In late March 2007, NFA was contacted by an individual who indicated that she had a trading account with CIS. This individual provided NFA with copies of account statements, which showed trading activity in February and March 2007 in the Euro and British Pound, and also a copy of a cashier's check made payable to CIS to fund a trading account at CIS. Based on this information – which suggested that CIS was acting as a futures commission merchant ("FCM") and directly receiving funds – NFA visited CIS's offices in San Francisco on April 2, 2007 to inquire about the nature of CIS's business and whether it had any customers.
10. When NFA entered CIS's offices, it saw a number of people there. NFA asked these individuals who they were and what their relationship was with CIS. At least two of these individuals said that they were customers of the firm. Others said that they were considering becoming customers of the firm.
11. NFA spoke to Lau who said that the individuals at the firm's offices were potential customers and that the firm began soliciting customers in February 2007 for on-exchange futures and forex trading. Lau represented that CIS had only opened

one account – namely her personal account, which traded at [www.forex.com](http://www.forex.com), which is the website of Gain Capital Group (“Gain”), an NFA forex dealer member. However, Gain represented to NFA that it did not have an account for Lau.

12. Prior to leaving CIS's offices on April 2, NFA provided Lau with a list of records that NFA requested that she and CIS produce, including, among other things, the monthly net capital computations for September 2006 through February 2007 and the firm's current bank statements.
13. On April 3, 2007, NFA spoke with Bill Ma (“Ma”), CIS’s owner. Ma told NFA that CIS and CIS Inc. are separate entities and that CIS Inc.’s only business involves real estate investments. Ma – as well as his assistant, Kwannang Leung (“Leung”) – told NFA that neither CIS nor CIS Inc. had opened any accounts.
14. NFA asked Ma and Leung about the individuals who were in CIS’s offices the previous day, who claimed to be customers. Leung indicated that these were not customers but people that CIS was training to become APs. NFA then showed Ma and Leung an account statement for the individual who had first contacted NFA. Ma and Leung claimed that they did not know what the statement was and that they had never seen it before. Both Ma and Leung reiterated that neither CIS nor CIS Inc. had any customer accounts or had received any customer funds for purposes of trading.
15. In addition to Ma and Leung, NFA also spoke with CIS's outside accountant on April 3. According to CIS's outside accountant, CIS had not prepared net capital computations for the months of January and February 2007.

16. On April 4, 2007, NFA again spoke to Lau. NFA showed Lau the account statement it had received from the individual who had contacted NFA. Lau claimed that she had never seen this statement before and did not know what it was. NFA again asked Lau to produce the documents that NFA had previously requested on April 2 and advised Lau that CIS was required to file notice with the Commodity Futures Trading Commission ("CFTC") and NFA of CIS's failure to prepare net capital computations for January and February 2007. Lau indicated that NFA would have to speak with Leung about these issues when he came into the office that afternoon.
17. That same day, NFA received an e-mail from the individual who had initially contacted NFA. In her e-mail, this individual indicated that at least two other people, besides herself, had opened accounts with CIS. NFA subsequently spoke with the two individuals who confirmed that they had accounts at CIS.
18. Later on April 4, NFA sent a letter to Lau and Leung via overnight mail, requesting that CIS provide NFA with the books and records it had previously requested, including the firm's bank statements and the notice concerning CIS's failure to prepare and maintain net capital computations. The following day (April 5, 2007), NFA also sent a copy of the above letter via e-mail to CIS's attorney, who responded by e-mail that he was out of the country but would inform CIS of NFA's document request.
19. As of April 6, 2007, CIS had not provided NFA with the documents NFA requested, including current bank statements. These records were critical for NFA to confirm if and to what extent CIS was conducting business. Therefore,

NFA issued a Member Responsibility Action against CIS based on its apparent acceptance of customer funds – which it was prohibited from doing as an IB; its failure to cooperate with NFA during its audit; and its failure to produce records requested by NFA.

20. By reason of the foregoing acts and omissions, CIS and Lau are charged with violations of NFA Compliance Rules 2-2(f) and 2-5. CIS is charged with violations of NFA Compliance Rules 2-2(i) and 2-10.

### **PROCEDURAL REQUIREMENTS**

#### **ANSWER**

You must file a written Answer to the Complaint with NFA within thirty 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.

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:

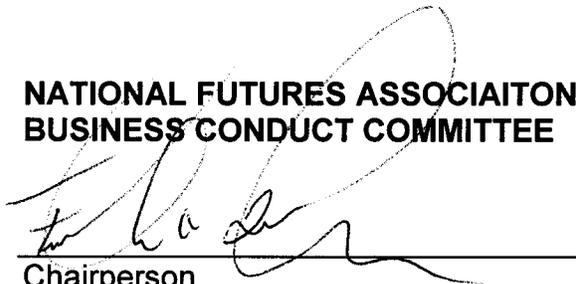
- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$250,000 for each violation found; and
- (e) order to cease and desist or any 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 associated person with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of 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: 9-14-07

By:   
Chairperson

/jac(Complaints\Christ Investment & Lau)

**AFFIDAVIT OF SERVICE**

I, Myra Lewis, on oath state that on September 14, 2007, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by messenger service, in envelopes addressed as follows:

Christ Investment Service LLC  
900 Kearny Street  
#228  
San Francisco, CA 94133  
Attn: Fred Konigsberg

Molly Lau  
171 Seville Street  
San Francisco, CA 94112

Myra Lewis  
Myra Lewis

Subscribed and sworn to before me  
me on this 14<sup>th</sup> day of September 2007.

Margaret A. Vandermyde  
Notary Public

