## BEFORE THE NATIONAL FUTURES ASSOCIATION

In the Matter of:	)	
STRONGBOW INVESTMENTS GP LLC (NFA ID #376940)	)	NFA Case No. 09-MRA-005
	)	

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

National Futures Association ("NFA") hereby gives notice to Strongbow Investments GP LLC ("Strongbow" or the "Firm"), a commodity trading advisor ("CTA") and commodity pool operator ("CPO") NFA Member that, pursuant to NFA Compliance Rule 3-15, the President of NFA, with the concurrence of NFA's Executive Committee, has taken a Member Responsibility Action ("MRA") against Strongbow, whereby:

- 1. Strongbow is prohibited from soliciting or accepting any customer or pool participants' funds or any funds for investment in the Firm;
- Strongbow is prohibited from placing trades on behalf of any customers or pools, except for liquidation purposes;
- Strongbow is prohibited from disbursing or transferring any funds from any accounts (bank, trading, or any other types of accounts) in the name of Strongbow, any pools operated by Strongbow, including but not limited to, Strongbow Investments Fund II LP ("Fund II") and Strongbow Investments Fund III LP ("Fund III"), or in the name of any customers of Strongbow without prior approval from NFA; and
- 4. Strongbow is required to provide copies of this MRA via overnight courier to a) all customers having accounts over which Strongbow exercises control, b) to all pool participants in any pools that Strongbow operates or over which it exercises control, c) to all persons that have invested money in Strongbow, and d) to all banks and other financial institutions with which money is on deposit in the name of any pool that Strongbow operates or over which its exercises control, in the name of Strongbow, or in the name of any customer of Strongbow and over which Strongbow exercises control or trading discretion;
- 5. In taking any action under this MRA, Strongbow must act in the best interests of its customers.

This action is effective immediately and is deemed necessary to protect the commodity futures markets, customers, or other Members or Associates because Strongbow has accepted money for investment in a commodity pool in its name, rather than the name of the pool and comingled the assets of the commodity pool it operates with the Firm's assets and the assets of the Firm's owner and principal Patrick Dailey ("Dailey"). Additionally, Strongbow has failed to provide sufficient financial records to support claimed balances and investments by a pool operated by Strongbow, and records that are required to be maintained by a CPO. It appears that Strongbow and Dailey have acted in a manner that was contrary to the interests of Strongbow's customers by making unsecured loans to Dailey from the assets of both the Firm and the pool it operates for Dailey's personal use without providing full disclosure to the customers. Further, Strongbow and Dailey have provided misleading and conflicting information to NFA, and Dailey is acting in a manner that requires registration as an associated person ("AP") of Strongbow but has failed to register as such and is not currently an NFA Associate.

In support of these actions, NFA attaches the affidavit of Jennifer Sunu ("Sunu"), who is a Director in NFA's Compliance Department, and based thereon alleges as follows:

- 1. Strongbow is a CPO and CTA Member of NFA and has listed its office as being located in Austin, Texas. Strongbow has been registered as a CPO and CTA since December 2006. Dailey is the owner and a listed principal of Strongbow, but is not registered as an AP and is not an NFA Associate. Dailey is located in California.
- Strongbow operates Strongbow Investments Fund II LP. Strongbow filed an exemption for Fund II pursuant to Commodity Futures Trading Commission ("CFTC") Regulation 4.7 in June 2007 and in September 2007 filed an exemption for a fund called Strongbow Investments Fund III LP pursuant to CFTC Regulation 4.13(a)(4). Strongbow and Dailey claim that Fund III never commenced operations, there was never even an offering memorandum drafted, and participants were never solicited.
- 3. In May 2009, NFA began an investigation of Strongbow when NFA learned about a trading account in the name of Fund III, which Strongbow represented to the futures commission merchant ("FCM") that carried the trading account actually belonged to Fund II.
- 4. Additionally, Fund II's 2008 certified annual financial statement revealed that it had a drawdown of more than 75% in 2008. In September 2008, NFA had required that financial information be filed with NFA regarding any pool that experienced a drawdown of 25% or more between December 31, 2007 and September 30,

- 2008. In response to this filing requirement, Strongbow, on October 23rd, represented that Fund II had not experienced such a drawdown. Notwithstanding this representation, NFA's subsequent investigation determined that Fund II suffered a drawdown of 40% between December 31, 2007 and September 30, 2008.
- 5. NFA's investigation also revealed a serious comingling of customer funds. In particular, NFA found that Strongbow received funds from participants in Fund II in the name of the Firm instead of the pool and the assets of Fund II were comingled with those of Strongbow and Dailey, in violation of CFTC and NFA requirements.

  Additionally, NFA could not trace customer assets because when requested Strongbow could not produce most of the required records relating to Strongbow and Fund II, including copies of checks and wire transaction notices from prior to 2008 or any cash receipts, disbursement journals or a general ledger. Finally, three weeks after first requested, Strongbow provided a general ledger in late June.
- 6. Dailey informed NFA that at the same time customers were solicited to participate in Fund II they were also solicited to invest in Strongbow itself. Dailey also provided NFA with a single private placement memorandum ("PPM") that was used for such joint solicitations.
- 7. Dailey represented that customers would either write a check in the name of Strongbow or wire funds directly into Strongbow's bank account to purchase both interests in Fund II and the Firm. (Dailey has yet to produce copies of checks and wire transaction notices relating to these customer investments). Dailey represented that he would then discuss with each customer the respective amounts to be invested in Fund II and the Firm, and the amount of funds to be used to purchase participations in Fund II would be transferred to trading accounts.
- 8. When asked by NFA in June 2009, Dailey indicated that there were no written records or instructions that set forth how each customer's investment was to be divided between Fund II and the Firm. For example, Dailey provided NFA with a record purporting to show that between August 2005 and May 2007 twelve customers invested over \$1.5 million in Strongbow. When NFA asked how much these investors had deposited with Strongbow to invest in Fund II, he was unable to provide this information and admitted that Strongbow had failed to keep any records showing this amount. Dailey orally represented that over time between \$6 million to \$8 million of investor funds were used to purchase participation units in Fund II.

- 9. Almost a month later in late June, Dailey provided NFA with a general ledger that purported to show that since 2005 there have been twenty-two participants in Fund II who have contributed \$17 million to Fund II. Over \$7 million of this was from the Dailey Family Limited Partnership ("DFLP"), which Dailey represented was a partnership owned by him and his wife; \$550,000 was from P&J, an entity in which Dailey represented he was part owner; \$375,000 was from Dailey's wife; and \$100,000 from Dailey's son. Additionally, Bradley Marcus ("Marcus"), an AP and principal of Strongbow, invested \$100,000 and the firm itself invested \$51,000.
- 10. During NFA's investigation, Dailey and Strongbow provided inconsistent information to NFA regarding both Strongbow and Fund II's financial condition. For example, on June 9th, Strongbow provided a balance sheet for the Firm as of December 31, 2008, which showed that the Firm's bank account had a negative balance of \$365,000 and the Firm had assets totaling approximately \$1.402 million. The largest asset on Strongbow's balance sheet was a note receivable due from Dailey for slightly more than \$1.25 million.
- 11. On Strongbow's balance sheet for April 30, 2009, provided by Strongbow on June 10th, the Firm's total assets were relatively the same at \$1.418 million, the Firm's bank account had a negative balance of \$302,000, and the receivable had increased to more than \$1.35 million. When NFA asked for proof of the note receivable, Dailey indicated that there was no written documentation.
- 12. Five days later, on June 15th, Strongbow provided NFA with a revised December 31, 2008, balance sheet for the Firm. This revised balance sheet now showed assets of slightly less than \$349,000. The revised balance sheet also no longer included a receivable from Dailey, but included a note receivable from Fund II of just more than \$673,000.
- 13. NFA wanted to ensure that this note receivable on the Firm's December 31, 2008 balance sheet was listed on Fund II's certified annual financial statement dated December 31, 2008. Upon review of Fund II's certified statement, however, NFA found that it included only one liability for \$138,461. Pursuant to the statement, this amount owed related to a capital withdrawal by "one of the limited partners" of Fund II. Specifically, the financial statements show a capital withdrawal in the amount of \$138,461, being made by participant "NYROY Acct. #1522."
- 14. When NFA confronted Dailey with this contradictory information, he indicated that he and not Fund II owed approximately \$535,000 of the purported note receivable from Fund II to the Firm. This

- information, obviously, differed from both the revised December 31, 2008 balance sheet that Dailey had just provided to NFA and Fund II's December 31, 2008 certified annual financial statement.
- 15. On June 15th, Strongbow also provided NFA with a balance sheet for the Firm as of May 31, 2009. The total assets according to the May 31st balance sheet were slightly more than \$135,000. Additionally, the purported note receivable from Fund II/Dailey was no longer listed. When NFA asked what had happened to the receivable and whether it had been paid back, Dailey failed to provide a coherent answer, but rather claimed that over the years he had put in large amounts of his own money into both Strongbow and Fund II.
- 16. NFA requested that Strongbow and Dailey provide support for the purported assets and liabilities listed on the most recent balance sheets as well as the funds Dailey claims to have invested in the Firm and Fund II and specifically proof that Dailey had paid back the \$535,000 he owed to the Firm. Although Strongbow and Dailey have provided some additional records, the records are incomplete and NFA is unable to determine whether Dailey has fully paid the amount he owed.
- 17. The PPM for both Strongbow and Fund II does not contemplate loans being made to Dailey or any other principals of the Firm for personal use. The PPM also does not contemplate loans being made by Fund II to the Firm. The PPM does, however, provide that, with regard to Fund II, Strongbow had the authority to "lend money or securities . . . upon such terms as [it] deems proper, for the benefit of [Fund II]."
- 18. Dailey and Strongbow frequently made loans from the assets of Fund II but those loans were for Dailey's benefit, not the pool's. NFA noted that Dailey took loans on a personal home equity line of credit. He would then borrow funds from Fund II of up to \$1 million to pay off the line of credit. Just before year end, Dailey would repay the loans from Fund II by borrowing on his personal home equity line of credit. Then, after the first of the year, he would again borrow from Fund II to pay off the line of credit. These transactions effectively hid these personal loans from Fund II's participants since those transactions did not have to be included in Fund II's certified annual financial statements.
- 19. Dailey was unable to provide NFA with the total amount of funds that had been borrowed and repaid by him since the inception of Fund II. As of April 30, 2009, Dailey represented that he owed Fund II \$896,000. On June 3rd, Dailey repaid this amount to Fund II using approximately \$776,000 from his home equity line of credit

and an additional \$120,000 from DFLP.

- 20. Similar to the Firm's note receivables, Dailey represented that there were no written documents for the loans he made from Fund II to pay his personal home equity line of credit. Due to the fact that Strongbow does not have complete records, NFA is unable to determine whether Dailey actually paid interest on these loans.
- 21. Further evidence that these loans from Fund II were for Dailey's benefit and not the pool's benefit was the interest rate Dailey purportedly paid on the money he borrowed which was below the rate Dailey was being charged on his home equity line of credit. In 2008, the interest rate on Dailey's home equity line of credit was between 7.25% and 3.25%, and throughout 2009 the interest rate on Dailey's home equity line of credit has remained at 3.25%. Yet, Dailey represented that he paid interest on these loans to Fund II in the amount of 1.4% for 2008 and 2% in 2009.
- 22. Prior to NFA's investigation, Strongbow never provided Fund II's participants with adequate disclosure regarding these loans to Dailey. Specifically, Dailey failed to disclose that he borrowed from Fund II to pay off his home equity line of credit and that at any one time the outstanding amount owed by Dailey to Fund II would be as much as \$1 million. On June 4, 2009, at the request of NFA, Dailey finally provided a complete description of his borrowing from Fund II to the participants.
- 23. As noted above, Dailey and Strongbow accepted participant funds into a bank account in the name of Strongbow and not Fund II, as required. Additionally, NFA found that none of the accounts in which Fund II's assets were held were properly titled. For example, Fund II's trading accounts were in the name of either Fund III or the name of Strongbow Investments LP. Strongbow and Dailey have continually represented to NFA that these accounts were for trading by Fund II and that Fund III never commenced operations. On June 16th, however, NFA obtained from the FCM that carries Fund II's account a PPM for Fund III dated February 15, 2007.
- 24. The existence of a PPM for Fund III contradicts Strongbow's and Dailey's previous representation to NFA that there had not been any offering memorandum prepared for Fund III. It also contradicts their June 10, 2009 written representation that Strongbow had provided NFA with all offering memoranda (no Fund III PPM was ever provided).
- 25. During its investigation, NFA learned that Strongbow was well aware of issues with its significant recordkeeping deficiencies prior to NFA's investigation. In March 2009, the accounting firm

responsible for preparing Fund II's certified annual financial statements sent a letter to Strongbow indicating that it had identified deficiencies in Strongbow's internal controls. Among other things, the accountant noted a lack of adequate records supporting partner activities, such as subscription agreements, copies of checks or wires for contributions and distributions. The accountant also noted a lack of adequate records of investment activity and administrative expenses. The letter also stated that in many cases journal entries were made without any support for the entry. Specifically, the accountant noted that interest income was recorded regarding a note receivable from Dailey "without understanding of the interest rate to be applied or the balance to apply the interest rate."

- 26. Despite these findings regarding Strongbow's internal controls, the accounting firm still provided an unqualified opinion as to the December 31, 2008 financial statement.
- 27. The assets of Fund II and Strongbow have been significantly comingled. Additionally, Dailey is using the assets of the Firm and Fund II for his personal use, specifically, paying his home equity line of credit, without preparing or maintaining any records regarding this use and without providing customers with a full disclosure of his activity. Additionally, the loans made to Dailey for his personal use are to benefit Dailey and are not for the benefit of Fund II's participants.
- 28. As noted in paragraph 5, Dailey and Strongbow produced copies of Strongbow's general ledger in late June 2009. According to the general ledger provided, \$17 million was contributed to Fund II since 2005 and \$8.4 million had been paid out to participants in redemptions as of May 2009. Of this \$8.4 million, DFLP received more than \$5.5 million, P&J received back slightly more than \$435,000, Dailey's wife received almost \$350,000, Dailey's son and Marcus each received back just over \$122,000 and Strongbow received almost \$40,000. In total, Strongbow and persons related to Strongbow have received more than \$6.7 million of their initial \$8.2 million in contributions to Fund II.
- 29. The general ledger provided by Strongbow also shows that as of May 31, 2009, Fund II had 14 participants who were owed a total of \$1.49 million, with \$1.23 million owed to participants who do not appear to be related to Strongbow.
- 30. During the past two weeks, Dailey has continued to pay himself and Strongbow monies from Fund II. For example, on June 16th, Strongbow transferred \$448,000 from Fund II's bank account to the Firm's bank account. That same day, the Firm and not Fund II

wired \$328,000 to Fund II's FCM to meet a margin call. Additionally, there were four debits to the Strongbow bank account for checks totaling almost \$189,000 and an additional check in the amount of \$23,750 on June 17th. Dailey represented that these payments included \$23,750 paid to himself as a partial redemption of Dailey's interest in Fund II (Dailey, however, does not individually have an interest in Fund II), \$8,723 paid to Dailey for travel expenses, and \$75,000 paid to the Firm for May and June 2009 administrative expenses and "audit expenses."

- 31. Based upon NFA's review of the Firm's and Fund II's bank and broker statements, there appears to have been approximately \$43 million deposited into these accounts between July 2005 and May 2009. During this same period, there was approximately \$37 million withdrawn from these accounts. NFA's review found that not only were Strongbow's and Fund II's funds commingled but there were a large number of transfers between these bank and broker accounts to and from Dailey's personal accounts. Due to the lack of complete records, however, NFA is unable to trace how much of the money was from investors in the Firm, Fund II participants, and Dailey. Additionally, NFA is unable to determine the nature and purpose of the withdrawals from these accounts.
- 32. On June 17th, NFA directed Strongbow and Dailey to provide bank and broker statements for all Strongbow and Fund II accounts, as well as those accounts from which money had previously been transferred to or from the Strongbow or Fund II accounts, from June 8th forward. NFA also directed Strongbow and Dailey to provide these statements to NFA each morning until further notice. Although Dailey provided some of the requested statements, NFA has still not received all of the documents. Particularly troubling, NFA has not received bank statements for Strongbow since June 17th or Fund II since June 18th and Dailey has not provided current statements for all of his and his wife's accounts from which he has previously moved funds into Strongbow.

The MRA will remain in effect until such time as Strongbow has demonstrated to the satisfaction of NFA that they can accurately account for the amount owed to all participants in Fund II, including any amounts invested in the Firm, and that the Firm is in complete compliance with all NFA Requirements.

Strongbow is entitled to a prompt hearing on this matter before NFA's Hearing Committee if they so request. The request for a hearing shall be made in writing to:

National Futures Association 300 South Riverside Plaza Suite 1800 Chicago, Illinois 60606 Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org

Facsimile: 312-781-1672

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

**NATIONAL FUTURES ASSOCIATION** 

Date:

Bv

Daniel J. Roth President

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## **AFFIDAVIT**

THE AFFIANT, JENNIFER SUNU, BEING DULY SWORN AND UNDER OATH STATES THAT:

- 1. My name is Jennifer Sunu, and I am employed by National Futures Association ("NFA") as a Director in the Compliance Department. In my capacity as Director, I supervise the team that is conducting an investigation of Strongbow Investments GP LLC ("Strongbow" or the "Firm").
- 2. Strongbow is a commodity trading advisor ("CTA") and commodity pool operator ("CPO") Member of NFA located in Austin, Texas. Strongbow has been registered as a CTA and CPO since December 2006. Patrick Dailey ("Dailey") is the owner and a listed principal of Strongbow.
- 3. Strongbow operates Strongbow Investments Fund II LP ("Fund II") and Strongbow Investments Fund III LP ("Fund III"). Strongbow filed an exemption for Fund II pursuant to Commodity Futures Trading Commission ("CFTC") Regulation 4.7 in June 2007 and in September 2007 filed an exemption for Fund III pursuant to CFTC Regulation 4.13(a)(4). Strongbow and Dailey claim that Fund III never commenced operations and there was never even an offering memorandum drafted or participants solicited.
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- 5. Additionally, Fund II's 2008 certified annual financial statement revealed that it had a drawdown of more than 75% in 2008. In September 2008, NFA had required that financial information be filed with NFA regarding any pool that experienced a drawdown of 25% or more between December 31, 2007 and September 30, 2008. In response to this filing requirement, Strongbow, on October 23rd, represented that Fund II had not experienced such a drawdown. Notwithstanding this representation, NFA's subsequent investigation determined that Fund II suffered a drawdown of 40% between December 31, 2007 and September 30, 2008.
- 6. NFA's investigation also revealed a serious comingling of customer funds. In particular, NFA found that Strongbow received funds from participants in Fund II in the name of the Firm instead of the pool and the assets of Fund II were comingled with those of Strongbow and Dailey, in violation of CFTC and NFA requirements.

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he had put in large amounts of his own money into both Strongbow and Fund II.

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- 19. Dailey and Strongbow frequently made loans from the assets of Fund II but those loans were for Dailey's benefit, not the pool's. NFA noted that Dailey took loans on a personal home equity line of credit. He would then borrow funds from Fund II of up to \$1 million to pay off the line of credit. Just before year end, Dailey would repay the loans from Fund II by borrowing on his personal home equity line of credit. Then, after the first of the year, he would again borrow from Fund II to pay off the line of credit. These transactions effectively hid these personal loans from Fund II's participants since those transactions did not have to be included in Fund II's certified annual financial statements.
- 20. Dailey was unable to provide NFA with the total amount of funds that had been borrowed and repaid by him since the inception of Fund II. As of April 30, 2009, Dailey represented that he owed Fund II \$896,000. On June 3rd, Dailey repaid this amount to Fund II using approximately \$776,000 from his home equity line of credit and an additional \$120,000 from DFLP.
- 21. Similar to the Firm's note receivables, Dailey represented that there were no written documents for the loans he made from Fund II to pay his personal home equity line of credit. Due to the fact that Strongbow does not have complete records, NFA is unable to determine whether Dailey actually paid interest on these loans.
- 22. Further evidence that these loans from Fund II were for Dailey's benefit and not the pool's benefit, was the interest rate Dailey purportedly paid on the money he borrowed which was below the

rate Dailey was being charged on his home equity line of credit. In 2008, the interest rate on Dailey's home equity line of credit was between 7.25% and 3.25%, and throughout 2009 the interest rate on Dailey's home equity line of credit has remained at 3.25%. Yet, Dailey represented that he paid interest on these loans to Fund II in the amount of 1.4% for 2008 and 2% in 2009.

- 23. Prior to NFA's investigation, Strongbow never provided Fund II's participants with adequate disclosure regarding these loans to Dailey. Specifically, Dailey failed to disclose that he borrowed from Fund II to pay off his home equity line of credit and that at any one time the outstanding amount owed by Dailey to Fund II would be as much as \$1 million. On June 4, 2009, at the request of NFA, Dailey finally provided a complete description of his borrowing from Fund II to the participants.
- 24. As noted above, Dailey and Strongbow accepted participant funds into a bank account in the name of Strongbow and not Fund II, as required. Additionally, NFA found that none of the accounts in which Fund II's assets were held were properly titled. For example, Fund II's trading accounts were in the name of either Fund III or the name of Strongbow Investments LP. Strongbow and Dailey have continually represented to NFA that these accounts were for trading by Fund II and that Fund III never commenced operations. On June 16th, however, NFA obtained from the FCM that carries Fund II's account a PPM for Fund III dated February 15, 2007.
- 25. The existence of a PPM for Fund III contradicts Strongbow's and Dailey's previous representation to NFA that there had not been any offering memorandum prepared for Fund III. It also contradicts their June 10, 2009 written representation that Strongbow had provided NFA with all offering memoranda (no Fund III PPM was ever provided).
- 26. During its investigation, NFA learned that Strongbow was well aware of issues with its significant recordkeeping deficiencies prior to NFA's investigation. In March 2009, the accounting firm responsible for preparing Fund II's certified annual financial statements sent a letter to Strongbow indicating that it had identified deficiencies in Strongbow's internal controls. Among other things, the accountant noted a lack of adequate records supporting partner activities, such as subscription agreements, copies of checks or wires for contributions and distributions. The accountant also noted a lack of adequate records of investment activity and administrative expenses. The letter also stated that in many cases journal entries were made without any support for the entry. Specifically, the accountant noted that interest income was recorded regarding a note receivable from Dailey "without

- understanding of the interest rate to be applied or the balance to apply the interest rate."
- 27. Despite these findings regarding Strongbow's internal controls, the accounting firm still provided an unqualified opinion as to the December 31, 2008 financial statement.
- 28. The assets of Fund II and Strongbow have been significantly comingled. Additionally, Dailey is using the assets of the Firm and Fund II for his personal use, specifically, paying his home equity line of credit, without preparing or maintaining any records regarding this use and without providing customers with a full disclosure of his activity. Additionally, the loans made to Dailey for his personal use are to benefit Dailey and are not for the benefit of Fund II's participants.
- 29. As noted in paragraph 5, Dailey and Strongbow produced copies of Strongbow's general ledger in late June 2009. According to the general ledger provided, \$17 million was contributed to Fund II since 2005 and \$8.4 million had been paid out to participants in redemptions as of May 2009. Of this \$8.4 million, DFLP received more than \$5.5 million, P&J received back slightly more than \$435,000, Dailey's wife received almost \$350,000, Dailey's son and Marcus each received back just over \$122,000 and Strongbow received almost \$40,000. In total, Strongbow and persons related to Strongbow have received more than \$6.7 million of their initial \$8.2 million in contributions to Fund II.
- 30. The general ledger provided by Strongbow also shows that as of May 31, 2009, Fund II had 14 participants who were owed a total of \$1.49 million, with \$1.23 million owed to participants who do not appear to be related to Strongbow
- 31. During the past two weeks, Dailey has continued to pay himself and Strongbow monies from Fund II. For example, on June 16th, Strongbow transferred \$448,000 from Fund II's bank account to the Firm's bank account. That same day, the Firm and not Fund II wired \$328,000 to Fund II's FCM to meet a margin call. Additionally, there were four debits to the Strongbow bank account for checks totaling almost \$189,000 and an additional check in the amount of \$23,750 on June 17th. Dailey represented that these payments included \$23,750 paid to himself as a partial redemption of Dailey's interest in Fund II (Dailey, however, does not individually have an interest in Fund II), \$8,723 paid to Dailey for travel expenses, and \$75,000 paid to the Firm for May and June 2009 administrative expenses and "audit expenses."

- 32. Based upon NFA's review of the Firm's and Fund II's bank and broker statements, there appears to have been approximately \$43 million deposited into these accounts between July 2005 and May 2009. During this same period, there was approximately \$37 million withdrawn from these accounts. NFA's review found that not only were Strongbow's and Fund II's funds commingled but there were a large number of transfers between these bank and broker accounts to and from Dailey's personal accounts. Due to the lack of complete records, however, NFA is unable to trace how much of the money was from investors in the Firm, Fund II participants, and Dailey. Additionally, NFA is unable to determine the nature and purpose of the withdrawals from these accounts.
- 33. On June 17th, NFA directed Strongbow and Dailey to provide bank and broker statements for all Strongbow and Fund II accounts, as well as those accounts from which money had previously been transferred to or from the Strongbow or Fund II accounts, from June 8th forward. NFA also directed Strongbow and Dailey to provide these statements to NFA each morning until further notice. Although Dailey provided some of the requested statements, NFA has still not received all of the documents. Particularly troubling, NFA has not received bank statements for Strongbow since June 17th or Fund II since June 18th and Dailey has not provided current statements for all of his and his wife's accounts from which he has previously moved funds into Strongbow.

Further Affiant sayeth not.

ennifer Sunu

Subscribed and sworn to before me on this 25th day of June 2009.

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OFFICIAL SEAL

Margaret A. Vandermyde

Notacy Public, State of Illinois
MY COMMISSION EXPIRES 03-15-10

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## **AFFIDAVIT OF SERVICE**

I, Nancy Miskovich-Paschen, on oath state that on June 25, 2009, I served copies of the attached Notice of Member Responsibility Action, by sending such copies by facsimile and overnight mail, in envelopes addressed as follows:

**David Stawick** Office of the Secretariat **Commodity Futures Trading** Commission Three Lafayette Centre 1155 21st Street, NW Washington, DC 20581 (Facsimile: 202-418-5521)

Strongbow Investments GP LLC 614 Capital of Texas Highway Austin, TX 78746 Attn: Patrick Dailey (Facsimile: 949-487-4144)

Richard Foelber Deputy Chief Division of Enforcement Commodity Futures Trading Commission Three Lafayette Centre 1155 21st Street, NW Washington, DC 20581 (Facsimile: 202-418-5523)

Subscribed and sworn to before me on this 25th June 2009.

> OFFICIAL SEAL Margaret A. Vandermyde Notary Public, State of Illinois
> MY COMMISSION EXPIRES 03-15-10