

**FILED**

**AUG 25 2009**

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

**NATIONAL FUTURES ASSOCIATION  
LEGAL DOCKETING**

In the Matter of: )  
)  
AVS CARTER FINANCIAL, INC. )  
(NFA ID #401563), )  
)  
and ) NFA Case No. 09-BCC-025  
)  
SHAHZAD AKRAM )  
(NFA ID #380094), )  
)  
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 ("BCC") issues this Complaint against AVS Carter Financial, Inc. ("AVS Carter Financial") and Shahzad Akram ("Akram").

**ALLEGATIONS**

**JURISDICTION**

1. At all times relevant to this Complaint, AVS Carter Financial was a commodity trading advisor ("CTA") NFA Member located in Chicago, Illinois.
2. At all times relevant to this Complaint, Akram was the sole principal and an associated person ("AP") of AVS Carter Financial, and an NFA Associate.

## **BACKGROUND**

3. AVS Carter Financial has been registered as a CTA since August 20, 2008. The firm has two employees at its Chicago office, Vivek Reddy and Harold L. Davis, who are also principals of the firm and registered floor brokers, with trading privileges at the Chicago Mercantile Exchange.

## **COUNT I**

### **VIOLATION OF NFA COMPLIANCE RULES 2-36(b)(1): ATTEMPTING TO CHEAT, DEFRAUD AND DECEIVE CUSTOMERS.**

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4. The allegations contained in paragraphs 1 through 3 are realleged as paragraph 4.
5. In April 2009, NFA received a complaint against AVS Carter Financial about its trading platform.
6. After receiving this complaint, NFA conducted a search of the internet for any websites relating to AVS Carter Financial. The internet search uncovered a website for "The AVS Carter Group Inc." at [www.avscarter.com].
7. According to this website, "AVS Carter is a multinational group serving its valued global customers with offices in Chicago, Dubai, Vancouver, Cyprus and Belize. Its various entities include AVS Carter Financial Inc., AVS Carter Trading Inc., AVS Carter Asset Management Limited, AVS Carter Investments Inc. AVS Carter offers a range of diversified financial services worldwide, including Forex (FX) and CFD online trading, Asset Management, Commodity Trading Advisory (CTA), Futures and Options derivatives".
8. The website also indicated that "AVS Carter" is a "[r]egistered member and fully regulated by the National Futures Association (NFA) in accordance with

Commodity Futures Trading Commission (CFTC)." The website included account opening documents and a customer agreement which reference "AVS Carter." Additionally, the account opening documents contained a reference to the CFTC, implying that AVS Carter is a CFTC regulated entity.

9. NFA spoke to Vivek Reddy ("Reddy") who works at AVS Carter Financial's Chicago office and is a principal of the firm. Reddy told NFA that there are several other firms, all of which are foreign firms that use the name AVS Carter – AVS Carter Trading, Inc. ("AVS Carter Trading"), AVS Carter Asset Management, Ltd. ("AVS Carter Asset Management"), and AVS Carter Investment, Ltd. ("AVS Carter Investment"). According to Reddy, AVS Carter Group, Inc. ("AVS Carter Group") is the holding company for all of these entities. Additionally, Reddy stated that AVS Carter Financial has the same owners and employees as these other entities.
10. NFA discussed with Reddy its concerns about the website, [[www.avscarter.com](http://www.avscarter.com)], which implies that all of the AVS Carter entities are regulated by NFA. NFA told Reddy that customers could easily be confused about which AVS Carter entity they are doing business with as all references are only to "AVS Carter."
11. NFA also told Reddy that the account opening documents available online are also misleading as they do not indicate to which AVS Carter entity they apply, and again only refer to the firm as "AVS Carter."
12. NFA's concerns were borne out by the U.S. customers of AVS Carter Financial with whom NFA spoke. All of these customers expressed confusion regarding the AVS Carter entity with which they did business, as well as which of the AVS Carter entities were regulated by the CFTC and NFA.

13. NFA Compliance Rule 2-39(a) provides, in pertinent part, that Members who solicit customers or introduce customers to a counterparty in connection with forex transactions shall comply with the requirements of NFA Compliance Rules 2-36(a), (b), (c) and (e).
14. NFA Compliance Rule 2-36(b)(1) prohibits a Member from cheating, defrauding, deceiving, or attempting to cheat, defraud, or deceive customers. Here, AVS Carter Financial, acting in concert with the other AVS Carter entities, used the "AVS Carter" website, as well as customer account documents and account statements that listed "AVS Carter" as the counterparty/broker for customer transactions, in an attempt to mislead and confuse customers as to the specific AVS Carter entity they were dealing with so as to foster the impression that they were dealing with a U.S. regulated entity.
15. By reason of the foregoing acts and omissions, AVS Carter Financial is charged with violations of NFA Compliance Rule 2-36(b)(1).

## **COUNT II**

### **VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILING TO SUPERVISE.**

16. The allegations contained in paragraphs 1 through 3 are realleged as paragraph 16.
17. NFA Compliance Rule 2-39(a) provides, in pertinent part, that Members who solicit customers or introduce customers to a counterparty in connection with forex transactions shall comply with the requirements of NFA Compliance Rules 2-36(a), (b), (c) and (e).
18. NFA Compliance Rule 2-36(e) provides that each Forex Dealer Member ("FDM") shall diligently supervise its employees and agents in the conduct of their forex

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 forex activities for or on behalf of the FDM.

19. Akram was AVS Carter Financial's sole AP/principal. Although the firm only maintains a Chicago office, Akram lives and works in Dubai and, based on communications between NFA and Akram, it appears that he has very little knowledge of the firm's activities and does no real work for the firm. Thus, he appears to be an AP of the firm in name only.
20. NFA's Interpretive Notice relating to forex transactions provides that a "supervisory employee that is, or is under the ultimate supervision of, a listed principal who is also an NFA Associate should review and approve all promotional material and make a written record of such review and approval." As the sole AP/principal of AVS, Akram had an obligation to review the firm's promotional material including its website. Yet it is clear that Akram completely disregarded his supervisory responsibilities in this regard.
21. By reason of the foregoing acts and omissions, Akram is 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 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 infor-

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

E-Mail: [Docketing@nfa.futures.org](mailto:Docketing@nfa.futures.org)  
Facsimile: 312-781-1672

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.

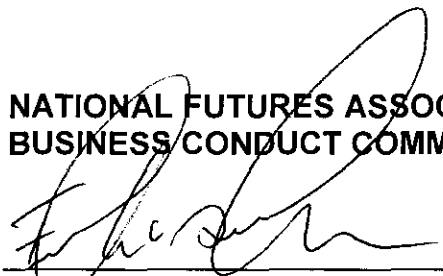
The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respon-

dents 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: 8-25-09

By:   
Chairperson

/jac(Complaints\AVS Carter\_Akram)

**AFFIDAVIT OF SERVICE**

I, Nancy Miskovich-Paschen, on oath state that on August 25, 2009, I served a copy of the attached Complaint, by sending such copy in the United States mail, first-class delivery, and by messenger service, in envelopes addressed as follows:

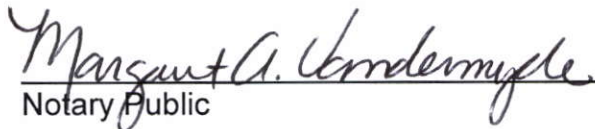
AVS Carter Financial, Inc.  
141 West Jackson Boulevard  
Suite 3332  
Chicago, IL 60604  
Attn: Ahmad Mukhtar Mirza

and also by e-mail to:

Shahzad Akram  
88 Punjab Block Azam Cloth MKT Lahore  
Lahore Punjab 54000  
Pakistan  
(E-Mail: GALAXION\_2001@YAHOO.COM)

  
Nancy Miskovich-Paschen

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

  
Notary Public

