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NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

NATIONAL FUTURES ASSOCIATION
BEFORE THE
HEARING PANEL

In the Matter of:	)	
	)	
CFS CAPITAL MANAGEMENT LLC (NFA ID #329167),	)	
	)	
BRIAN G. ELROD (NFA ID #314165),	)	NFA Case No. 09-BCC-020
	)	
and	)	
	)	
ANDREW G. ELROD, (NFA ID #314164),	)	
	)	
Respondents.	)	

DECISION

Having reviewed all matters relevant to the Complaint issued by the Business Conduct Committee ("BCC") of National Futures Association ("NFA") and the Offers of Settlement ("Offers") submitted by CFS Capital Management LLC ("CFS"), Brian G. Elrod ("Brian Elrod") and Andrew G. Elrod ("Andrew Elrod") (collectively the "Respondents"), and having accepted the Offers, the Hearing Panel hereby issues the following Decision as to the Respondents in the above-captioned proceeding.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

On June 30, 2009, the BCC issued a five count Complaint against the Respondents. The Complaint alleged in Count I that the Respondents violated NFA Compliance Rules 2-36(b)(1), (b)(6), and (c), as applicable pursuant to NFA Compliance Rule 2-39(a). Count II of the Complaint alleged that CFS had violated NFA Compliance Rules 2-2(a) and 2-36(b)(1), as applicable pursuant to NFA Compliance Rule 2-39(a).

Count III of the Complaint alleged that CFS and Brian Elrod violated NFA Compliance Rules 2-29(b)(1), (b)(2), (b)(3), (b)(5)(i) and 2-36(b)(1), as applicable pursuant to NFA Compliance Rule 2-39(a). Count III further alleged that CFS violated NFA Compliance Rule 2-22. The Complaint alleged in Count IV that the Respondents violated NFA Compliance Rules 2-2(f) and 2-36(b)(5), as applicable pursuant to NFA Compliance Rule 2-39(a). Finally, Count V of the Complaint alleged that the Respondents violated NFA Compliance Rules 2-9(a) and 2-36(e), as applicable pursuant to NFA Compliance Rule 2-39(a).

II

OFFERS OF SETTLEMENT

The Respondents submitted Offers in settlement of the allegations made against them. Pursuant to the Offers, without admitting or denying the allegations made in the Complaint, the Respondents offered to settle this matter as to each respondent as follows.

CFS agrees to withdraw from NFA membership and to never reapply for NFA membership or act as a principal of an NFA Member. Brian Elrod agrees to withdraw from NFA membership and associate membership and, thereafter, to not reapply for NFA membership, associate membership, or act as a principal of an NFA Member for a period of five years, commencing on the effective date of this Decision. During the five years, Brian Elrod shall not act in any capacity requiring registration, nor act as a principal of an NFA Member. If after expiration of the five-year period, Brian Elrod applies for and is granted NFA membership or associate membership, or becomes a principal of an NFA Member, then in such event, he agrees to pay a fine of $30,000, payable thirty days after

he is granted NFA membership or associate membership or becomes a principal of an NFA Member.

Andrew Elrod agrees to withdraw from NFA membership and associate membership and, thereafter, not reapply for NFA membership, associate membership, or act as a principal of an NFA Member. Andrew Elrod's Offer is expressly contingent upon there being no findings that he committed the violations alleged in the Complaint.

III

FINDINGS

Having considered the matter and having accepted the Offer submitted by the Respondents, the Hearing Panel finds that CFS and Brian Elrod violated NFA Compliance Rule 2-36(b)(1), (b)(6), and (c), as applicable pursuant to NFA Compliance Rule 2-39(a), as alleged in Count I of the Complaint. That, as alleged in Count II of the Complaint, CFS violated NFA Compliance Rules 2-2(a) and 2-36(b)(1), as applicable pursuant to NFA Compliance Rule 2-39(a). That CFS and Brian Elrod violated NFA Compliance Rules 2-29(b)(1), (b)(2), (b)(3), (b)(5)(i) and 2-36(b)(1), as applicable pursuant to NFA Compliance Rule 2-39(a), and that CFS violated NFA Compliance Rule 2-22, all as alleged in Count III of the Complaint. That CFS and Brian Elrod violated NFA Compliance Rules 2-2(f) and 2-36(b)(5), as applicable pursuant to NFA Compliance Rule 2-39(a), as alleged in Count IV of the Complaint. Finally, that, as alleged in Count V of the Complaint, CFS and Brian Elrod violated NFA Compliance Rules 2-9(a) and 2-36(e), as applicable pursuant to NFA Compliance Rule 2-39(a).

IV

PENALTY

Having considered the matter and having accepted the Offers submitted by the Respondents, the Hearing Panel orders that:

1. CFS shall withdraw from NFA membership, and, thereafter, shall not reapply for NFA membership or act as a principal of an NFA Member, commencing on the effective date of this Decision.

2. Brian Elrod shall withdraw from NFA membership and associate membership and, thereafter, shall not reapply for NFA membership, associate membership, or act as a principal of an NFA Member for a period of five years, commencing on the effective date of this Decision.

3. During the five-year period, Brian Elrod shall not act in any capacity requiring registration, nor act as a principal of an NFA Member.

4. If after expiration of the five-year period, Brian Elrod again becomes an NFA Member or Associate, or a principal of an NFA Member, he shall pay a fine of $30,000, payable thirty days after he is granted NFA membership or associate membership or becomes a principal of an NFA Member.

5. Andrew Elrod shall withdraw from NFA membership and associate membership and, thereafter, shall not reapply for NFA membership, associate membership, or act as a principal of an NFA Member, commencing on the effective date of this Decision.

V

INELIGIBILITY

Pursuant to the provisions of the Commodity Futures Trading Commission ("CFTC") Regulation 1.63, this Decision and the sanctions imposed herein render Brian Elrod ineligible, for a period of five years from the date of this Decision, and Andrew Elrod

permanently ineligible, to serve on a disciplinary committee, arbitration panel, oversight panel, or governing board of any self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

NATIONAL FUTURES ASSOCIATION
HEARING PANEL

Dated: 02/03/2010

By: Michael Jurio
Chairperson

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AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on February 3, 2010, I served copies of the attached Decision, by sending such copies in the United States Mail, postage prepaid, certified mail, return receipt requested, and by regular mail, in envelopes addressed as follows:

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Nancy Miskovich-Paschen

Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 3rd day of February 2010.

Margaret A. Vandermyde

Notary Public

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