

FILED

NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE

FEB 24 2010

NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)	
)	
CITY CAPITAL MANAGEMENT LLC)	
(NFA ID #400788),)	
)	
and)	NFA Case No. 10-BCC-001
)	
JONATHAN LEE)	
(NFA ID #358182),)	
)	
Respondents.)	

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association ("NFA"), and having 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 issues this Complaint against City Capital Management LLC ("CCM") and Jonathan Lee ("Lee").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, CCM was a commodity trading advisor ("CTA") Member of NFA located in Naples, Florida.
2. At all times relevant to this Complaint, Lee was the sole principal and associated person of CCM and an NFA Associate.

APPLICABLE RULES

3. 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.

4. NFA Compliance Rule 2-41(b) provides, in pertinent part, that any Member or Associate managing, directing or guiding, or soliciting to manage, direct, or guide, accounts or trading on behalf of a client by means of a systematic program must, if it intends to manage, direct, or guide the client's account or trade in forex transactions, prepare and deliver a disclosure document that complies with the requirements in Commodity Futures Trading Commission ("CFTC") Regulations 4.34, 4.35, and 4.36 as if managing, directing, or guiding accounts or trading in on-exchange futures contracts.

COUNT I

VIOLATION OF NFA COMPLIANCE RULE 2-41: FAILING TO PROVIDE AN APPROVED DISCLOSURE DOCUMENT TO CUSTOMERS.

5. The allegations contained in paragraphs 1 and 4 are realleged as paragraph 5.
6. NFA began an examination of CCM in April 2009. At that time, the firm managed six customer accounts all of which only traded Forex.
7. NFA's Compliance Rules provide that all NFA Member CTAs, even those who only trade Forex, must furnish customers with a *Disclosure Document ("DD")* that NFA has previously approved.
8. Despite this requirement, during NFA's examination of CCM, NFA found that the firm was providing its customers with a DD that had not been approved by NFA. In addition, NFA found CCM's DD to be misleading in that it omitted information relating to CCM's trading programs and did not include all required past performance information.

9. By reason of the forgoing acts and omissions, CCM is charged with violations of Compliance Rule 2-41.

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-5: FAILING TO COOPERATE PROMPTLY AND FULLY WITH NFA.

10. The allegations contained in paragraphs 1 through 3 are realleged as paragraph 10.
11. NFA issued an audit report detailing the deficiencies related to CCM's DD. On September 1, 2009, NFA sent the audit report to Lee by mail and by e-mail addressed to Lee's personal and business e-mail addresses. NFA requested that Lee respond to NFA's audit report by September 16, 2009 and provide additional information, including documents to support the firm's performance, records verifying fees charged to customers, and a DD that complied with regulatory requirements.
12. However, on September 15, 2009, the mailed audit report was returned to NFA by the postal service as undeliverable. Therefore, NFA sent another copy of the audit report to Lee's home address which Lee listed in NFA's Online Registration System.
13. NFA also contacted the futures commission merchant ("FCM") which had carried accounts for CCM and asked if it knew of Lee's whereabouts. The FCM said that it believed Lee was overseas, and that its only means of communicating with him was through the same e-mail addresses NFA had previously tried.
14. Since NFA had no new contact information for Lee, staff sent yet another copy of the audit report to both of Lee's e-mail addresses and asked him to respond to

the audit report by September 23, 2009. However, Lee failed to meet this deadline.

15. As a result, on November 2, 2009, NFA sent Lee a letter by both U.S. Mail and e-mail reminding Lee of his obligation under Compliance Rule 2-5 to cooperate promptly and fully with NFA in connection with its examination. NFA also notified Lee that if he failed to respond to NFA by November 9, 2009, NFA would consider disciplinary action against him and CCM.
16. Later that day (November 2, 2009), Lee finally responded to NFA's e-mail with an e-mail of his own. In his e-mail, Lee indicated he would be in Southeast Asia for the next twelve months and claimed CCM had stopped using its DD and that the firm was no longer "doing very much business." NFA replied to Lee on November 3, 2009 and told him that even though he was out of the country, he was still required to respond to NFA's audit report by November 9, 2009.
17. Lee never met this deadline, and NFA has had no further contact with Lee since his November 3, 2009 e-mail to NFA.
18. By reason of the forgoing acts and omissions, CCM and Lee are charged with violations of NFA Compliance Rule 2-5.

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty (30) 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
300 S. Riverside Plaza
Suite 1800
Chicago, Illinois 60606-3447
Attn: Legal Department-Docketing

E-mail: 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.

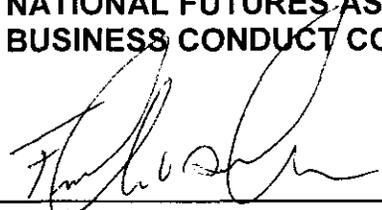
Respondents in this matter who apply for registration in any new capacity, including as

an AP 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: 2-24-10

By: 
Chairperson

m:\ecs\ City Capital Management Complaint, 2/22/10

AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on February 24, 2010, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

Jonathan Lee
1284 Verde Drive #1
Naples, FL 34105

City Capital Management LLC
5100 Tamiami Trail North
Suite 118
Naples, FL 34103
Attn: Jonathan Lee


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 24th day of February 2010.


Notary Public

