

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

In the Matter of:)	
)	
ROCK FINANCIAL GROUP LLC)	
(NFA ID #351108),)	
)	
and)	NFA Case No. 10-BCC-042
)	
SCOTT SCHAFFER)	
(NFA ID #331694),)	
)	
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 Rock Financial Group LLC ("RFG") and Scott Schaffer ("Schaffer").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, RFG was a commodity trading advisor ("CTA") NFA Member. As such, RFG was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.
2. At all times relevant to this Complaint, Schaffer was RFG's sole associate person ("AP"), listed principal and an NFA Associate. As such, Schaffer was required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

BACKGROUND

3. NFA initially commenced an examination of RFG on September 27, 2010 based on a complaint it received from an investor who was unable to contact Schaffer regarding a \$75,000 loan he had made to RFG in April 2010 to help RFG cover costs for an investment the firm was making.
4. RFG and Schaffer failed to cooperate with NFA in its examination or demonstrate that they were in full compliance with NFA Requirements. Therefore, NFA's Executive Committee authorized the issuance of a Member Responsibility Action ("MRA") and Associate Responsibility Action ("ARA") against RFG and Schaffer on October 5, 2010.
5. NFA subsequently uncovered information which suggested that RFG's disclosure document ("DD"), dated January 1, 2010, and approved by NFA on May 28, 2010 (which Schaffer told NFA he used to solicit customers) omitted Schaffer's complete business background and failed to include the existence of a pending lawsuit for contractual fraud filed against Schaffer and Front Street Financial, Inc. ("Front Street"), a former introducing broker NFA Member of which Schaffer was the sole AP and listed principal.

APPLICABLE RULES

6. 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 or examination.
7. NFA Compliance Rule 2-13(a) provides that any Member who violates any of Commodity Futures Trading Commission ("CFTC") Regulations 4.1, 4.7, 4.12 and 4.16 through 4.41 shall be deemed to have violated an NFA Requirement.

COUNT I

VIOLATION OF NFA COMPLIANCE RULE 2-5: FAILURE TO COOPERATE PROMPTLY AND FULLY WITH NFA DURING THE COURSE OF ITS EXAMINATION AND INVESTIGATION OF RFG.

8. The allegations contained in paragraphs 1 through 6 are realleged as paragraph 8.
9. At the start of NFA's examination of RFG, NFA asked Schaffer to produce a numbers of documents, including RFG's bank records, and other information relating to the investor who had complained to NFA about not being able to contact Schaffer.
10. Schaffer told NFA that he would only produce documents relevant to the investor who had complained to NFA, if NFA obtained a subpoena.
11. With respect to RFG's bank records, Schaffer initially refused to produce them claiming that to do so would violate his "right to privacy." However, Schaffer eventually produced some of RFG's bank records to NFA but not all of them.
12. NFA's review of the bank records that RFG produced appeared to show that Schaffer was using RFG's bank account to conduct customer business. Whereupon, NFA told Schaffer that he needed to provide NFA with all bank records, including relevant supporting documentation (e.g., deposit slips, wire advices), for the life of the RFG bank account.
13. At first, Schaffer claimed that he would produce this information to NFA. Later, however, he abruptly cut off communication and told NFA staff that all correspondence regarding RFG should be directed to his attorney.
14. Neither Schaffer nor his attorney produced the RFG bank records or provided any documents or information regarding the investor who had complained to

NFA. Based on RFG's and Schaffer's failure to cooperate, NFA's Executive Committee issued the MRA/ARA against them.

15. Shortly after the MRA/ARA was issued, Schaffer's attorney provided NFA with some of the previously requested documents and arranged for a teleconference so NFA could ask Schaffer questions regarding RFG's business operations.
16. During this teleconference, NFA asked Schaffer why RFG's DD failed to disclose his complete business background and the pending lawsuit against him and Front Street.
17. Schaffer responded that neither his other business activities nor the lawsuit were relevant to him or RFG. Schaffer did agree, however, to provide NFA with complete copies of the previously requested documents, including RFG's bank records.
18. Shortly after Schaffer agreed to produce the above records to NFA, his attorney sent a letter to NFA, dated November 5, 2010, which objected to producing any of the information NFA had requested on the ground that it was "irrelevant" to RFG's operations.
19. Schaffer also contended that NFA had no basis for making its requests for records because RFG had no current customers. However, Schaffer had previously admitted to NFA that he was actively soliciting for his managed futures program.
20. To date, RFG and Schaffer have failed to produce all of the records requested by NFA.

21. By reason of the foregoing acts and omissions, RFG and Schaffer are charged with violations of NFA Compliance Rule 2-5 for their failure to cooperate with NFA during its investigation and examination of the firm.

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-13: USE OF A DEFICIENT DISCLOSURE DOCUMENT.

22. The allegations contained in paragraphs 1, 3 through 5 and 7 are realleged as paragraph 22.
23. NFA Compliance Rule 2-13(a) provides that any Member who violates any of CFTC Regulations 4.1, 4.7, 4.12 and 4.16 through 4.41 shall be deemed to have violated an NFA Requirement.
24. CFTC Regulation 4.34(f) requires that a CTA list the complete business background for five years preceding the date of the DD for the CTA as well as every principal of the CTA who participates in making trading or operational decisions or supervises a person so engaged.
25. Since Schaffer was the trading principal of RFG, his business background for the past five years should have been disclosed in RFG's DD, but was not.
26. CFTC Regulation 4.34(k) requires a CTA to disclose any material administrative, civil or criminal action, whether pending or concluded, within five years preceding the date of the Document, against the CTA and any principal thereof.
27. By reason of CFTC Regulation 4.34(k), the lawsuit against Schaffer and Front Street should have been disclosed in RFG's DD, but was not.
28. By reason of the foregoing acts and omissions, RFG is charged with violations of NFA Compliance Rule 2-13.

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.

NFA staff is authorized to grant such reasonable extensions of time in which an Answer may be filed as it deems appropriate.

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
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.

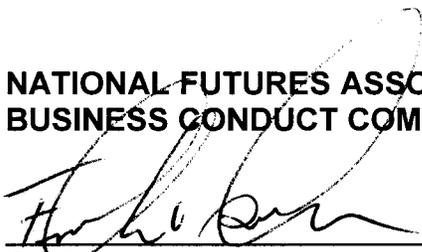
The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act.

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: 12-22-10

By: 
Chairperson

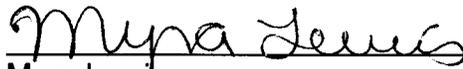
AFFIDAVIT OF SERVICE

I, Myra Lewis, on oath state that on December 22, 2010, I served a copy of the attached Complaint, by sending such copy in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

Rock Financial Group LLC
5256 Calatrana Drive
Woodland Hills, CA 91364
Attn: Scott Schaffer

Scott Schaffer
4330 Alhama Drive
Woodland Hills, CA 91364

Michael Shippee, Esq.
Law Offices of Gregory L. Parkin
2500 W. Orangethorpe Avenue
Suite 116
Fullerton, CA 92833



Myra Lewis

Subscribed and sworn to before me
on this 22nd day of December 2010.



Notary Public

