

**BEFORE THE
NATIONAL FUTURES ASSOCIATION**

In the Matter of:)
)
SENTINEL MANAGEMENT GROUP, INC.) NFA Docket No. 07-MRA-011
(NFA ID #2526))

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

National Futures Association ("NFA") hereby gives notice to Sentinel Management Group, Inc. ("Sentinel"), a futures commission merchant ("FCM") Member of NFA 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 Sentinel whereby:

1. Effective immediately, Sentinel is prohibited from liquidating, selling, transferring, encumbering, or otherwise disposing of any securities, investments, or other assets held on behalf of the "Seg III Account" including, but not limited to, those in the custody account at Bank of New York (Account No. 26833-4), as well those held on behalf of the "House Account," including, but not limited to, those in the custody account at Bank of New York (Account No. 26830-4),
2. Effective immediately, Sentinel is prohibited from distributing, disbursing or transferring any funds, including to existing customers, without the prior approval of NFA.

This action is effective immediately and is deemed necessary to protect customers because Sentinel has failed to maintain adequate books and records necessary to conduct its businesses.

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

1. Sentinel is an FCM Member of NFA located in Northbrook, Illinois. Sentinel has been registered as an FCM since June 1980 and has been an NFA Member since July 1982. Sentinel offers cash management services to FCMs and other financial institutions for the investment of the customer funds and proprietary funds of such FCMs and financial institutions.
2. Sentinel has represented that the Seg III Account is a custody account at the Bank of New York in which proprietary funds of its FCM and non-FCM clients are deposited for Sentinel's investment program.

3. Sentinel represented that the House Account is a custody account at the Bank of New York in which Sentinel conducts its proprietary trading and through which it clears transactions on behalf of, among others, the Seg III Account.
4. Late in the afternoon of August 13, 2007, Sentinel sent a letter to its customers in which it indicated that, due to market volatility, it would cease to honor redemption requests from customers.
5. On August 14, 2007, NFA went to the offices of Sentinel to review its books and records.
6. NFA's review of these books and records revealed that Sentinel has failed to maintain adequate books and records, including records to demonstrate the location of all of Seg III Account's assets and whether or not the account's assets are in any way encumbered.

The MRA will remain in effect until such time as Sentinel has demonstrated to the satisfaction of NFA that it is in complete compliance with all NFA Requirements. Sentinel is required to provide copies of this MRA, by overnight courier, to all of its customers and to all banks and other financial institutions with which it has money on deposit.

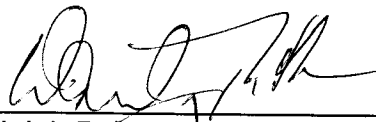
Sentinel is entitled to a prompt hearing on this matter before NFA's Hearing Committee if it so requests. The request for a hearing shall be made in writing to:

National Futures Association
200 West Madison Street
Suite 1600
Chicago, IL 60606-3447
Attn: Legal Docketing Department

Aggrieved parties may petition the Commodity Futures Trading Commission ("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: August 17, 2007

By: 

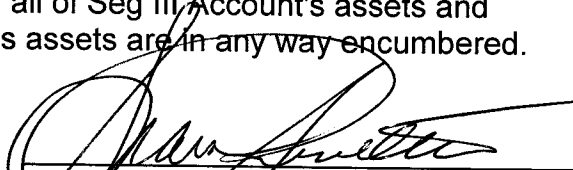
Daniel J. Roth, President

AFFIDAVIT

THE AFFIANT, SHARON PENDLETON, BEING DULY SWORN AND UNDER OATH STATES THAT:

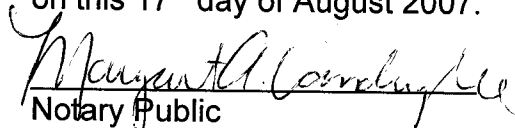
1. My name is Sharon Pendleton and I am employed by National Futures Association ("NFA") as a Director in the Compliance Department. In my capacity as Director, I oversee the team that has been investigating Sentinel Management Group, Inc. ("Sentinel"), a futures commission merchant ("FCM") located in Northbrook, Illinois.
2. Sentinel has been registered as an FCM since June 1980 and has been an NFA Member since July 1982. Sentinel offers cash management services to FCMs and other financial institutions for the investment of the customer funds and proprietary funds of such FCMs and financial institutions.
3. Sentinel has represented that the Seg III Account is a custody account at the Bank of New York in which proprietary funds of its FCM and non-FCM clients are deposited for Sentinel's investment program.
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5. Late in the afternoon of August 13, 2007, Sentinel sent a letter to its customers in which it indicated that, due to market volatility, it would cease to honor redemption requests from customers.
6. On August 14, 2007, NFA went to the offices of Sentinel to review its books and records.
7. NFA's review of these books and records revealed that Sentinel has failed to maintain adequate books and records, including records to demonstrate the location of all of Seg III Account's assets and whether or not the account's assets are in any way encumbered.

Further Affiant sayeth not.



Sharon Pendleton

Subscribed and sworn to before me
on this 17th day of August 2007.



Notary Public



AFFIDAVIT OF SERVICE

I, Myra Lewis, on oath state that on August 17, 2007, 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, Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581
Facsimile No.: 202/418-5521

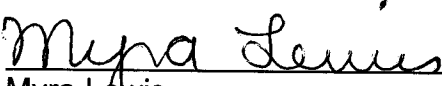
Lawrence B. Patent
Deputy Director, Compliance and Registration
Division of Clearing and Intermediary Oversight
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581
Facsimile: 202/418-5536

and by also sending a copy by facsimile and regular and overnight mail in envelopes addressed as follows:


Eric A. Bloom
President
Sentinel Management Group Inc.
650 Dundee Road
Suite 460
Northbrook, IL 60062
Facsimile No: 847-412-4409

John M. Keel
Chief Compliance Officer
Sentinel Management Group Inc.
650 Dundee Road
Suite 460
Northbrook, IL 60062
Facsimile No: 847-412-4409

Susan Ervin
Dechert LLP
1775 I Street, NW
Washington, DC 20006
Facsimile No: 202-261-3333


Myra Lewis

Subscribed and sworn to before
me on this 17th day of August, 2007.


Notary Public

