

NATIONAL FUTURES ASSOCIATION  
BEFORE THE HEARING PANEL

OCT 10 2012

In the Matter of:

TRADINGEDGE CAPITAL  
MANAGEMENT  
(NFA ID #424519),

and

TIMOTHY J. KARLIN  
(NFA ID #424911),

Respondents.

NATIONAL FUTURES ASSOCIATION  
LEGAL DOCKETING

NFA Case No. 12-BCC-013

**DECISION**

Having reviewed the Complaint issued by National Futures Association's (NFA) Business Conduct Committee (BCC) in the above-captioned case, and having considered the Offer of Settlement (Offer) submitted by TradingEdge Capital Management (TCM) and Timothy J. Karlin (Timothy Karlin or Karlin) and having accepted the Offer, the Hearing Panel hereby issues this Decision as to TCM and Karlin.

I

**ALLEGED VIOLATIONS OF NFA REQUIREMENTS**

On April 13, 2012, NFA's BCC issued a Complaint against TCM, a commodity trading advisor NFA Member, and Karlin, an associated person (AP) and listed principal of TCM and an NFA Associate. The Complaint alleged that TCM – acting through Timothy Karlin's brother, Michael Karlin (who had no NFA membership status) – distributed trading statements to individuals who had lent money to the Karlins which contained false and misleading information concerning the trading performance in a proprietary trading account of TCM which was traded by Michel Karlin, in violation of NFA Compliance Rule 2-36(b)(2), as incorporated by

NFA Compliance Rule 2-39(a). The Complaint further alleged that TCM failed to list Michael Karlin as a principal of the firm, in violation of NFA Registration Rule 208, and that Timothy Karlin failed to diligently supervise the activities of TCM, in violation of NFA Compliance Rule 2-36(e), as incorporated in and by NFA Compliance Rule 2-39(a).

## II

### **OFFER OF SETTLEMENT**

TCM and Karlin submitted an Offer to this Panel in which, without admitting or denying the allegations of the Complaint, they each agreed not to employ Michael Karlin in the future in any capacity whatsoever either paid or unpaid. They also agreed to develop and implement supervisory procedures, including procedures for monitoring trading activity, and for accurately reporting such trading activity to TCM's lenders and/or customers. As part of their Offer, TCM and Karlin represented to NFA that neither of them had conducted any customer business or solicited any customers. As a condition of TCM and Karlin's Offer, NFA agreed that there would be no findings in the Decision accepting their Offer that they committed the violations alleged in the Complaint.

## III

### **SANCTIONS**

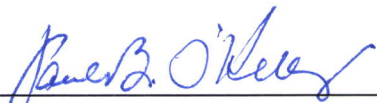
Pursuant to the Offer made by TCM and Karlin, the Panel orders as follows:

1. TCM and Timothy Karlin are prohibited from employing Michael Karlin in the future in any capacity whatsoever either paid or unpaid.
2. TCM and Timothy Karlin are ordered to develop and implement supervisory procedures, including procedures for monitoring trading activity, and for accurately reporting such trading activity to TCM's lenders and/or customers.

The Complaint in this case as well as this Decision accepting TCM and Karlin's Offer may be introduced into evidence by NFA in any future proceeding against TCM or Karlin for the purpose of showing TCM and Karlin's disciplinary history.

**NATIONAL FUTURES ASSOCIATION  
HEARING PANEL**

Date: 10/10/2012

By:   
Chairperson

(Ecs:Decisions\2012:Dec\_TCM, Karlin (9.20.12)docx.)

**AFFIDAVIT OF SERVICE**

I, Nancy Miskovich-Paschen, on oath state that on October 10, 2012, I served copies of the attached Decision, by sending such copies by e-mail and regular mail, first-class delivery, in envelopes addressed as follows to:

Sauntia Warfield  
Office of the Secretariat  
Commodity Futures Trading  
Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581  
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Tempest Thomas  
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Commodity Futures Trading  
Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581  
E-mail: [tthomas@cftc.gov](mailto:tthomas@cftc.gov)

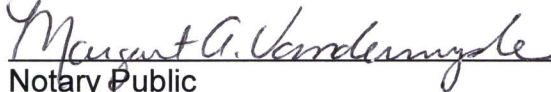
TradingEdge Capital Management  
1320 SW 27th Street  
Apt. J68  
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and by hand delivery to:

Elizabeth C. Sheridan, Esq.  
National Futures Association  
300 South Riverside Plaza  
Suite 1800  
Chicago, IL 60606

  
\_\_\_\_\_  
Nancy Miskovich-Paschen

Subscribed and sworn to before me  
on this 10th day of October 2012.

  
\_\_\_\_\_  
Notary Public

