NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE

In the Matter of:	)	
	)	
INSTITUTIONAL LIQUIDITY LLC (NFA ID #367140),	)	
	)	
MARK D. KRIER (NFA ID #406816),	)	NFA Case No. 13-BCC-031
	)	
JAMES D. PIERON (NFA ID #420686),	)	
	)	
and	)	
	)	
JASON L. TANNER (NFA ID #323680),	)	
	)	
Respondents.	)	

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association (NFA), and having found 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 Institutional Liquidity LLC (ILQ), Mark D. Krier (Krier), James D. Pieron (Pieron), and Jason L. Tanner (Tanner).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, ILQ was an NFA Member and a registered futures commission merchant (FCM), retail foreign exchange dealer (RFED) and Forex Dealer Member (FDM).

2. At all times relevant to this Complaint, Krier was a principal and associated person (AP) of ILQ, and an NFA Associate.

3. At all times relevant to this Complaint, Pieron was a principal and AP of ILQ, and an NFA Associate.

4. At all times relevant to this Complaint, Tanner was a principal and AP of ILQ and an NFA Associate.

BACKGROUND

5. ILQ is located in Grand Rapids, Michigan. ILQ has been registered as an FCM since August 2006 and became an RFED and FDM in April 2011. In October 2013, ILQ became an omnibus FCM and started holding customer segregated funds. ILQ's primary business to date has been acting as the counterparty to forex customer transactions. However, since 2011, ILQ has routinely suffered net losses virtually every month.

6. ILQ was formerly known as I Trade FX LLC (I Trade), when the firm was owned and operated by Jared Martinez and his sons, Jacob and Isaac Martinez. In April 2009, an NFA Hearing Panel fined I Trade $250,000 for failing to implement an adequate anti-money laundering program by not sufficiently investigating irregular activity in several customers' accounts to determine if the firm should have filed suspicious activity reports. NFA's Appeals Committee affirmed the Hearing Panel's Decision as to I Trade in January 2010 and also found that Isaac Martinez failed to exercise his supervisory duties, in violation of NFA Compliance Rule 2-36(e), and ordered him to pay a $50,000 fine.

7. A central figure in the suspicious activity at I Trade was David Smith (Smith), a former I Trade principal who controlled several of the I Trade accounts that were

the focus of NFA's disciplinary case against the firm and ran a Ponzi scheme that bilked about 6,000 investors in Florida and the Caribbean out of $220 million. In August 2011, a federal judge in Orlando, Florida sentenced Smith to 30 years in prison, after he pled guilty to charges of fraud and money laundering. However, Smith's jail time in the U.S. will wait since Smith received a prison sentence of just over six years in the Turks and Caicos Islands after pleading guilty in 2010 to fraud and conspiracy charges.

8. In May 2009, while NFA's disciplinary case against I Trade was pending, the firm ceased operating and stopped holding customer funds, even though its FCM registration and NFA membership statuses remained intact. A few months after the disciplinary case ended, I Trade was sold to Navitas Investments LLC (Navitas). Navitas was formerly known as Institutional Liquidity Holdings LLC, but changed its name to Navitas in August 2010. Navitas changed the firm's name from I Trade to ILQ in August 2010, and ILQ resumed holding forex customer funds under its new ownership on April 29, 2011.

9. Navitas is owned by Harrison Associates Limited (Harrison Associates) and Pieron. Pieron previously owned a now defunct company called JDFX Holdings, Inc. (JDFX), which was a British Virgin Islands forex company located in Switzerland. JDFX had a business relationship with Trevor Cook (Cook), a former NFA Associate who pled guilty to operating a $200 million Ponzi scheme and was sentenced to a 25-year prison term in 2010. In a matter unrelated to Cook's Ponzi scheme, Cook was also sanctioned by an NFA Hearing Panel in 2005 for failing to uphold high standards of commercial honor and just and equitable principles of trade.

10. Upon questioning by NFA about Pieron's relationship with Cook, Pieron's attorney represented that Pieron had no involvement with or knowledge of Cook's Ponzi scheme and merely worked as a business partner with Cook on a forex trading platform that Pieron's company had developed. However, NFA later obtained a transcript of testimony given by Cook in which he implied that some of the money from his Ponzi scheme passed through an account that was opened in the name of Pieron's mother. In addition, the U.S. Securities and Exchange Commission alleged in a civil action that Cook sent $15 million to JDFX to purchase 35% of the company.

11. Navitas' other owner, Harrison Associates, is wholly-owned by Harald McPike (McPike), who has been listed as a principal of ILQ since April 2011, but is not an AP of the firm or an NFA Associate. Pieron and McPike became acquainted years ago, apparently while Pieron was developing trading software in Switzerland. McPike also supposedly purchased arbitrage software from Pieron to trade forex in McPike's proprietary accounts. In addition, NFA noted in prior exams of ILQ that its staff monitors trading in one of McPike's accounts, even though ILQ does not carry the account.

12. In May 2012, this Committee issued a Complaint against ILQ, charging the firm with offsetting forex customers' trades with unauthorized counterparties, in violation of NFA Financial Requirements and contrary to the firm's obligation to uphold high standards of commercial honor. In addition, these activities occurred under the supervision and guidance of Pieron, who was engaged in forex activities on behalf of ILQ at the time, even though he was not a registered AP or an

approved forex AP at the time. The Complaint settled in August 2012, with ILQ agreeing to pay a $50,000 fine and perform other undertakings.

13. Even though ILQ is no longer owned or operated by the Martinez family, ILQ apparently continues to maintain a relationship with them as evidenced by the fact that, in March 2013, Market Traders Institute, Inc. (Market Traders Institute), a forex education company founded by Jared Martinez, issued a press release touting a "strategic partnership" with ILQ and referred to ILQ as a "preferred partner" of Market Traders Institute.

14. In early 2013, ILQ received a capital infusion of $14.5 million. After NFA learned of this, it commenced an investigation of ILQ to determine the source of the capital infusion, whether ILQ had properly disclosed any and all persons who contributed 10% or more of the firm's capital, whether the source of the capital infusion had the means to provide ILQ with future liquidity (if needed), and whether there was any suspicious activity in connection with the capital infusion.

15. As hereafter alleged in greater detail, ILQ, Tanner, and Krier failed to promptly cooperate with NFA during the course of its investigation, which seriously impeded NFA's ability to complete its investigation in a timely fashion. Moreover, Pieron, when he was ILQ's Chief Executive Office (CEO), failed to adequately supervise ILQ, Tanner and Krier to ensure that they fully cooperated with NFA.

APPLICABLE RULES

16. NFA Compliance Rule 2-5 provides 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 or any NFA disciplinary or arbitration proceeding. Each Member and Associate shall

comply with any order issued by the Executive Committee, the Membership Committee, the Business Conduct Committee, the Appeals Committee or any NFA hearing or arbitration panel.

17. NFA Compliance Rule 2-36(e) provides that each FDM shall diligently supervise its employees and agents in the conduct of their forex activities for or on behalf of the FDM. Each Associate of a FDM who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's forex activities for or on behalf of the FDM.

COUNT I

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

18. The allegations of paragraphs 1, 2 and 4 through16 are realleged as paragraph 18.

19. At the time NFA's investigation began in March 2013, ILQ had approximately 1,300 customer accounts and over $13 million in total customer liabilities. Since 2011, ILQ has relied extensively on Harrison Associates to support the company's operations and meet minimum net capital requirements. In fact, Harrison Associates is presently owed over $38 million through subordinated loans agreements (SLAs) granted to ILQ.

20. NFA had been concerned about ILQ's capital position for some time. In August 2012, NFA noticed that ILQ's daily forex filings showed a significant increase in capital charges on its uncovered forex inventory, which greatly impacted the firm's excess net capital (ENC). For example, from July 31, 2012 to August 9, 2012, the firm's total capital charges more than doubled, rising from just under $900,000 to

over $2.3 million. However, as of August 9, 2012, ILQ's ENC only amounted to slightly more than $233,000, while the firm's liability to forex customers totaled almost $20 million. NFA shared its concerns about ILQ's financial situation in an August 15, 2012 letter addressed to Krier, as Chief Compliance Officer, and asked the firm to submit daily net capital computations until further notice so NFA could ensure the firm remained in compliance with NFA Financial Requirements.

21. In addition, ILQ's October 31, 2012 monthly financial statement, which was later amended, reported a net loss – which had been the trend at ILQ since the firm was purchased in April 2011 – and showed a negative ownership equity balance of approximately $1 million and an ENC of approximately $900,000. These items, along with the large amount of subordinated loans from Harrison Associates that ILQ had used to fund its operations since 2011, caused the firm's equity-capital ratio to decline to 34%, which concerned NFA since firms are required to a have an equity-capital ratio of not less than 30%. In addition, the firm's capital charges on uncovered forex positions remained sizable at more than $1.4 million.

22. NFA expressed its ongoing concerns about ILQ's capital position in a December 5, 2012 letter to Krier and asked for an explanation of the actions ILQ planned to take regarding the situation. On December 6, Krier responded in a letter to NFA in which he stated that ILQ's "financial partner" – a term frequently used by ILQ personnel to describe McPike – maintained "unwavering support" of ILQ as evidenced by the SLAs the firm had continued to receive. Krier's letter also stated that ILQ was in active discussions with its "financial partner" to receive an additional capital contribution that would substantially increase the firm's ENC.

23. Thereafter, on January 16, 2013, Harrison Associates infused $14.5 million into ILQ to improve the firm's capital position. As a result, the firm's ENC rose to almost $13 million as of January 31, 2013 and the ownership equity balance increased to more than $13.1 million. Then, on March 14, 2013, ILQ and Harrison Associates entered into another SLA, converting $12.5 million of Harrison Associates' January 2013 capital contribution into an equity capital subordinated loan. ILQ subsequently provided NFA with screenshots of the ILQ bank account that received the funds, along with copies of the wire advices. These documents showed that $12.5 million was infused directly from Harrison Associates, while the other $2 million was indirectly sent to ILQ from Harrison Associates via Navitas.

24. Because the January 2013 capital infusion made up all of ILQ's ownership equity at the time and because the $12.5 million represented 34% of the outstanding SLAs between ILQ and Harrison Associates, NFA commenced its investigation to determine the ultimate source of the January 2013 capital infusion and ensure that ILQ properly disclosed any person who contributed 10% or more of the firm's capital. NFA also wanted to determine if Harrison Associates had the financial wherewithal to continue funding ILQ. In addition, NFA wanted to check to see if there was any suspicious activity in connection with the capital infusion which was of particular interest to NFA based on the relationships among ILQ, and its owners, and Trevor Cook, and the Martinez family.

25. As an initial step in the investigation, NFA sent a letter to ILQ and Krier in March 2013 outlining the records NFA needed to verify the source of funds, which included, among others records, ILQ's January 2013 bank statements and monthly bank statements from October 2012 through February 2013 for Navitas, Harrison

Associates, McPike and any individual, entity or holding company that contributed funds to Harrison Associates for purposes of infusing capital – either directly or indirectly – into ILQ. Moreover, since ILQ had attempted during NFA's 2011 exam to provide statements for Harrison Associates that had been edited to show only the transactions related to ILQ, NFA's March 2013 request specifically asked for non-redacted copies of all statements. Krier responded on ILQ's behalf the next day by producing some of the requested documents, e.g., ILQ and Navitas bank statements that NFA had requested.

26. On March 25, 2013, Krier provided NFA with a letter from Craig Mawdsley (Mawdsley), the attorney for McPike's business interests, which discussed the general structure of McPike's entities and included the January 2013 bank statement for Harrison Associates. In reviewing the bank statement, NFA found that the entire $14.5 million sent to ILQ through Harrison Associates and Navitas was funded via wire transfers of $2 million and $12.5 million from an entity called Security Management, Ltd. (Security Management).

27. According to Mawdsley, Security Management is a special purpose vehicle that McPike uses to perform a "de facto treasury function" for a variety of his business activities. Mawdsley claimed that the profits from McPike's "various business interests," e.g., profits from his proprietary trading activities, real estate investments, and private equity style investments, are swept back to Security Management and, from there, used to fund other business interests of McPike.

28. Mawdsley's letter also responded to NFA's request for McPike's personal bank statements by simply stating that the bank statements would "not demonstrate the

flow of capital that gave rise to the cash contributed to ILQ" due to the manner in which McPike structures his business interests.

29. In response to Mawdsley's letter, NFA sent a letter to Krier and ILQ, dated April 16, 2013, asking again for the documents NFA had previously requested but had not yet been produced by ILQ. Also, in light of new information received from McPike's attorney, NFA also requested that ILQ produce the following documents:

- non-redacted statements for the Security Management bank account from which funds were indirectly contributed as capital to ILQ,
- a list of the business interests and investments which are the main contributors of profits allocated to Security Management, and
- brokerage and bank statements for the main investments and business interests whose profits were swept into the Security Management account prior to the January 2013 capital contribution to ILQ.

30. Over the following several weeks, from approximately April 18 to June 4, 2013, NFA went back and forth with ILQ, Krier, Tanner and Mawdsley in an attempt to obtain the requested documents and information, which were critical to NFA's efforts to determine the source of ILQ's capital. Although ILQ replied to NFA's e-mails and letters during this time, the firm continued to avoid complying with NFA's requests and, instead, attempted to persuade NFA to modify its position. For example, Krier sent a letter to NFA asking that it reconsider the scope of its requests, allow ILQ to continue working with its "financial partner," and find a solution that "will be comfortable" for all parties involved and provide McPike with "some level of reasonable privacy." Krier also maintained that it was unlikely that Security Management's bank statements would help with NFA's "verification exercise."

31. In an April 22 e-mail to NFA – which Tanner received a copy of – Krier again expressed the view that the Security Management statements were unnecessary and asked NFA to consider other methods to verify the source of ILQ's capital. NFA informed Krier that it would not alter its stance regarding the Security Management bank statements and that there would be no further discussion of the issue. NFA also reiterated once again its request that ILQ produce the requested documents, including the Security Management bank statements.

32. Subsequently, on May 16, 2013, ILQ did provide some additional documents to NFA, including bank statements for Harrison Associates from October 2012 through February 2013, a January 2013 statement for Security Management's account at an international financial services and banking firm (hereafter referred to as the "Foreign Bank"), and several "letters of recommendation" from the Foreign Bank attesting to the fact that McPike and Security Management had access to assets totaling over $100 million.

33. In reviewing Security Management's January 2013 statement for its account at the Foreign Bank, NFA noted that the statement omitted material information (e.g., beginning and ending account balances). NFA also found the Foreign Bank's letters uninformative as to the specific source of the funds in Security Management's account at the Foreign Bank.

34. On May 29, 2013, NFA staff had a telephone conference with Krier, Tanner, and Mawdsley, during which NFA discussed the documents it still needed ILQ to produce. As in prior communications between ILQ and NFA, Mawdsley again emphasized that McPike was very "sensitive" about his personal and proprietary

information but had still been reasonably cooperative in providing information to NFA during its financial inquiry of ILQ.

35. As a result of the May 29, 2013 telephone conference, NFA agreed to modify its request for Security Management's bank statements by limiting it to five months worth of statements (i.e., October 2012 through February 2013). NFA staff also informed Krier, Tanner and Mawdsley that if ILQ provided these documents, NFA would temporarily hold off on pursuing the other items that it had requested but might have additional requests after reviewing the activity in the five monthly bank statements of Security Management.

36. A few days after the May 29 phone conversation – and despite NFA's willingness to modify its requests for certain documents – Tanner provided NFA with an e-mail that he, Krier and Pieron had received from Mawdsley on June 3, 2013. Mawdsley's e-mail stated that McPike had decided to no longer comply with NFA's document requests since – in the opinion of McPike and Mawdsley – they had already provided NFA with sufficient information to demonstrate that the capital infusion that occurred in January 2013 did not come from an undisclosed principal. Mawdsley also indicated that he and McPike stood "ready to defend" any disciplinary proceedings that might result from their decision.

37. After receiving Mawdsley's e-mail, NFA decided to schedule depositions of Tanner and Krier in an effort to gather further information as to the source and circumstances surrounding the January 2013 capital infusion. NFA also wanted to ask Tanner and Krier about the accuracy and completeness of some of the information and documents they had previously provided to NFA.

38. During Tanner's deposition, which occurred on August 6, 2013, NFA asked Tanner about the chain of supervision at ILQ. Tanner testified that, as Chief Operating Officer (COO), he reported to Pieron, as did Krier. Tanner also represented that, as COO, his responsibilities included the day-to-day operations of the firm as well as overseeing mergers and acquisitions, and that Pieron supervised these activities. However, Tanner stated that Pieron only occasionally reviewed his work and that he had a "good degree of autonomy" at the firm.

39. During his deposition, Tanner also stated that he had recently assumed the position of CEO at ILQ, and that as CEO he reports to no one. Nevertheless, Tanner said he provided information about the firm's activities to ILQ's "financial partner and his representatives," whom Tanner later identified as McPike, Mawdsley and an individual named Marcus Traill.

40. Tanner described McPike as a "man of substantial wealth." According to Tanner, he based this assessment on financial statements he had seen for McPike and his companies and on the Foreign Bank's representation regarding its relationship with McPike and the "amount of capital" McPike had. However, Tanner also admitted during his deposition that he had never personally met or spoke with McPike even though he had worked at ILQ for almost eight months at the time of his deposition. Tanner likened McPike to Warren Buffet and claimed, "...I wouldn't expect if I ran a company for Warren Buffett that I would probably speak to Warren Buffett either."

41. Tanner also admitted during his deposition that he was aware of and very much involved with NFA's ongoing investigation of ILQ's January 2013 capital infusion, but that Krier was actually the person at ILQ responsible for responding to NFA's

inquiries in the course of the investigation. Tanner represented that his role in the matter was to coordinate with Krier to ensure ILQ satisfied NFA's inquiry to the best of its ability. Tanner also acknowledged seeing or knowing about virtually every communication exchanged between NFA and ILQ in the course of NFA's investigation.

42. Tanner further testified in his deposition that he and Krier kept Pieron informed about the "escalation of the situation." However, according to Tanner, he and Krier had no discussions with Pieron about their e-mail correspondence with NFA and that Pieron – although he was ILQ's CEO during at least several months of the investigation – did not review any of the e-mails relative to the investigation.

43. NFA asked Tanner about Security Management. Tanner stated that he did not have a complete understanding of Security Management and only knew what Mawdsley had told him about Security Management. According to Tanner, it was his understanding that the Security Management account at the Foreign Bank was a "de facto treasury account" used by McPike to fund his various business ventures.

44. During Tanner's deposition, NFA also learned, for the first time, that the January 2013 bank statement that NFA had received for Security Management's Foreign Bank account was for only one of multiple accounts that Security Management had at the Foreign Bank and only reflected U.S. dollar transactions. According to Tanner, it was his understanding that McPike controlled other Security Management accounts at the Foreign Bank that were denominated in non-U.S. dollar currencies. Tanner admitted to knowing for some time that Security Management maintained multiple accounts at the Foreign Bank, but had done

nothing to correct the misimpression on NFA's part that ILQ had only one Security Management account at the Foreign Bank through which all of McPike's businesses flowed.

45. Tanner produced records at his deposition showing the activity for five months in Security Management's U.S. dollar dominated account at the Foreign Bank. It was from this account that the January 2013 capital infusion was made to ILQ. (NFA had initially requested these records almost five months earlier.) When NFA reviewed these records, it noted several sizable transactions reflected in the records. NFA also determined that the records were incomplete as the account information had been filtered to exclude certain essential information, including any balance information whatsoever.

46. Therefore, at the conclusion of Tanner's deposition, NFA asked Tanner to provide complete, unfiltered statements for Security Management's U.S. dollar dominated account at the Foreign Bank for the five-month period, from October 2012 through February 2013, and to provide an explanation for certain transactions that NFA was able to identify in the incomplete and filtered records which Tanner had produced at his deposition.

47. Subsequently, on August 20, 2013, Tanner provided to NFA the bank statements for Security Management's U.S. dollar dominated account at the Foreign Bank that included the beginning and ending balances in the account from October 1, 2012 through February 28, 2013, running balances after each transaction, and the two transfers totaling $14.5 million sent to Harrison Associates on January 15, 2013 (and ultimately sent to ILQ for the capital infusion). NFA also noted numerous other transactions reflected in these bank statements – e.g., significant negative

balances, including a negative balance of $14.4 million following the January 2013 transfers to Harrison Associates and ILQ and a month-end negative balance of more than $1.6 million as of February 28, 2013 – many of which were not reflected in prior versions of the bank statements NFA had received from ILQ.

48. NFA spoke to Tanner and Mawdsley about these additional transactions reflected on the statements and they indicated that these transactions represented internal transfers among Security Management's various accounts at the Foreign Bank. According to Tanner and Mawdsley, McPike uses a "custody" account at the Foreign Bank to invest any available cash in interest bearing instruments. Tanner claimed that, although there were negative balances in Security Management's U.S. dollar account at the Foreign Bank, that account was secured by the "custody" account which – according to Tanner – had "an obscene" amount of money.

49. However, when NFA inquired further about Security Management's accounts at the Foreign Bank, neither Tanner nor Mawdsley appeared to fully understand how they worked. For example, they did not know if the various Security Management accounts could make transfers to the other Security Management accounts and, in particular, they did not know if funds deposited in Security Management's U.S. dollar account could come from another of the Security Management accounts.

50. Therefore, in an August 26, 2013 letter to Tanner, NFA requested additional documentation regarding the activity in the various Security Management bank accounts at the Foreign Bank and gave Tanner and ILQ a deadline of August 28, 2013 to provide this information to NFA. The August 26 letter also advised ILQ and Tanner that NFA's ongoing concerns regarding the source of ILQ's capital

were further heightened by the fact that ILQ had routinely experienced net losses each month since it was purchased in April 2011 and was about to begin holding customer segregated funds and engage in omnibus FCM activities.

51. In addition, the August 26 letter warned ILQ that its failure to comply with NFA's request for additional documentation regarding the activity in the Security Management bank accounts would be deemed a failure to cooperate on their part and could result in disciplinary action, including the issuance of a Member Responsibility Action.

52. Finally, in September 2013 – approximately six months after NFA's inquiry began and only after threatening ILQ with disciplinary action – NFA received the remaining documentation which it had requested and was able to complete its investigation into ILQ's January 2013 capital infusion.

53. As evidenced by the above facts and circumstances, ILQ, Tanner and Krier failed to cooperate with NFA in a prompt and timely fashion during it investigation of ILQ's January 2013 capital infusion. Not only did Tanner and Krier complicate and prolong the investigation by responding to NFA on a piecemeal basis over an extended period, but they also provided incomplete and redacted bank statements for the Security Management accounts at the Foreign Bank that were often missing basic and essential information, such as account balances, or which included new information that contradicted prior representations they had made to NFA about transactions in those accounts.

54. By failing to promptly provide NFA with the records it had requested, ILQ, Tanner and Krier impeded NFA's ability to determine the source of ILQ's January 2013 capital infusion; whether ILQ had properly disclosed all individuals and entities

which had contributed 10% or more of the firm's capital; and whether the source of ILQ's January 2013 capital infusion had the financial wherewithal to provide ILQ with needed liquidity in the future. Only after NFA sent deposition notices to Tanner and Krier and threatened possible disciplinary action did NFA finally receive full cooperation from ILQ, Tanner and Krier.

55. By reason of the foregoing acts and omissions, ILQ, Tanner and Krier are charged with violations of NFA Compliance Rule 2-5.

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILING TO SUPERVISE.

56. The allegations of paragraph 1, 3, 5 through 15 and 17 are realleged as paragraph 56.

57. Pieron was ILQ's CEO during several months of NFA's investigation and as such exercised ultimate supervisory authority over ILQ's activities and its employees, including Krier and Tanner. In addition, Krier and Tanner kept Pieron informed and updated about NFA's ongoing investigation.

58. Pieron had a duty to make certain that ILQ and its employees fully cooperated with NFA during its investigation and satisfied NFA's regulatory requests in a timely and prompt manner. However, as evidenced by the facts alleged in paragraph 19 through 54 (which are realleged and incorporated herein), Pieron ignored this duty and made no effort to either determine if ILQ, McPike or Krier and Tanner were fully cooperating with NFA or, if not, take necessary action to ensure that they did cooperate with NFA. Pieron's near total failure to involve himself in NFA's investigation constituted a serious breach of his obligation to supervise ILQ and its employees.

59. By reason of the foregoing acts and omissions, ILQ and Pieron are charged with violations of NFA Compliance Rule 2-36(e).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty 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 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 associated person with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of Commodity Futures Trading Commission (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: 01/13/2014

By: _____
Chairperson

/jac(Complaints\Institutional Liquidity Complaint)