

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

FILED
MAR - 6 2020
NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)
)
BAINBRIDGE ASIA LIMITED)
(NFA ID #523001),)
)
and)
)
WAI MAN YIP)
(NFA ID #523554),)
)
Respondents.)

NFA Case No. 20-BCC-003

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, this Committee issues this Complaint against Bainbridge Asia Limited (Bainbridge) and Wai Man Yip a/k/a Patrick Yip (Yip).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Bainbridge was a commodity pool operator (CPO) NFA Member located in Hong Kong. As such, Bainbridge 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, Yip was the sole owner, principal and associated person of Bainbridge, and an NFA Associate. As such, Yip was and is required to comply with NFA Requirements and is subject to disciplinary

proceedings for violations thereof. Bainbridge is liable for violations of NFA Requirements committed by Yip during the course of his activities on behalf of Bainbridge.

APPLICABLE RULE

3. NFA Compliance Rule 2-5 provides, in pertinent part, that each NFA Member and Associate shall cooperate promptly and fully with NFA in any NFA investigation, inquiry, audit, examination or proceeding regarding compliance with NFA requirements.

COUNT I

VIOLATIONS OF NFA COMPLIANCE RULE 2-5: FAILING TO PROMPTLY AND FULLY COOPERATE WITH NFA IN AN EXAMINATION OF BAINBRIDGE.

4. The allegations contained in paragraphs 1 through 3 are realleged as paragraph 4.
5. NFA commenced an examination of Bainbridge in late January 2020 to investigate apparent inconsistencies between information the firm provided to NFA and information posted on its website, www.bainbridgeasia.com.
6. For example, although Bainbridge is a registered CPO, the firm's website suggested Bainbridge was operating as a forex dealer by including links to open a live trading account and discussing an online forex trading platform the firm used.
7. In addition, Bainbridge's registration and membership filings with NFA listed its address in Hong Kong, whereas the firm's website also included addresses in Queens, New York, which addresses had not been listed in the firm's filings with NFA. Bainbridge's website also misrepresented the firm's relationship with NFA by including NFA's logo and suggesting that NFA was a partner of Bainbridge.

8. Further, when Bainbridge applied for NFA membership, the firm indicated it operated five commodity pools. However, the firm failed to list the pools with NFA, triggering an alert through NFA's risk management system.
9. The foregoing inconsistencies prompted NFA to contact Yip in November 2019 in an attempt to reconcile these inconsistencies. However, Yip continued to provide conflicting information to NFA about Bainbridge's operations.
10. For example, Yip indicated to NFA that Bainbridge operated five pools for which customer funds had been received and introduced approximately 20 non-US customer accounts. Yet, in other communications with NFA, Yip implied that Bainbridge was not doing any CPO or forex business.
11. Due to the conflicting and seemingly inaccurate information on Bainbridge's website, including the claim that NFA was Bainbridge's partner, NFA required Bainbridge to deactivate its website. On December 16, 2019, NFA confirmed that Bainbridge's website was no longer active.
12. NFA paid a surprise visit in early January 2020 to Bainbridge's address in Queens, New York. However, when NFA's examiners arrived at that address, they found that it was simply a PO Box and that no one from the firm was present at that location.
13. Prior to the surprise visit to the Queens, New York address, NFA performed an Internet search and discovered another website for Bainbridge, www.bainbridgeusa.com, which was virtually identical to the website NFA had required Bainbridge to deactivate. The newly-discovered website also suggested that Bainbridge was operating as a forex dealer and included the reference to NFA as a partner.

14. NFA had a conference call with Yip on January 21, 2020. During this call, Yip informed NFA that Bainbridge was not doing business as a CPO and that third party asset managers – rather than Bainbridge – actually operated the five pools listed with NFA, despite the apparent reference to "Bainbridge Asia" in each pool's name. Yip also claimed that Bainbridge only handled marketing and solicited capital for the pools but the firm, thus far, had not acquired any capital for the pools.
15. NFA asked Yip about the new website it found for Bainbridge and whether the firm was doing any forex or brokerage business. Yip claimed the firm was not doing any forex business and assured NFA that he would immediately order the third-party IT vendor to take down the new website. Despite Yip's assurances, the website is still up and running.
16. Subsequent to the January 21 call with Yip, NFA sent a document request to Bainbridge and Yip requesting a number of documents and information for the five pools, including the names of the pools' managers and all offering memoranda and related documents. NFA's document request gave Yip a deadline of January 24, 2020 to produce the requested documents and information.
17. NFA also sent requests for information to NFA Member FCMs and FDMs asking if they held any accounts in the names of, or controlled by, Bainbridge, Yip, a related entity (i.e., Bainbridge Group) and/or the five pools. None of the FCMs or FDMs reported having any accounts in the names of, or controlled by, Bainbridge, Yip, the related entity or the pools.

18. On January 24 and 25, Yip sent NFA emails requesting an extension to respond to NFA's document request, citing the Chinese New Year as the basis for his request. NFA ultimately granted Yip an extension to January 31 to produce the requested documents and warned him that his failure to respond to NFA's request by that date would be deemed a violation of NFA Compliance Rule 2-5. However, Yip failed to meet the deadline and ignored reminders from NFA to comply with the request.
19. NFA sent another email to Yip and Bainbridge on February 3, advising them of their apparent violation of NFA Compliance Rule 2-5 for failing to comply with NFA's document and information request. NFA also instructed Yip to make himself available for a conference call to discuss the outstanding request.
20. NFA called Yip on February 4 and 5 but he did not answer these calls, nor did he return the calls, although NFA left messages asking him to do so.
21. On February 5, NFA sent Yip another email requesting him to immediately contact NFA to discuss the outstanding requests but, as in the past, Yip failed to contact NFA. To date, Yip and Bainbridge still have not produced the documents and information NFA requested, despite NFA's additional reminders to produce them.
22. By reason of the foregoing acts and omissions, Bainbridge and Yip 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 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

Email: 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 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.

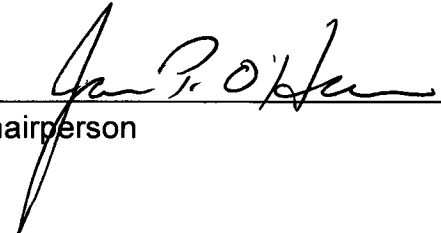
The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act.

Respondents in this matter who apply for registration in any new capacity may be denied registration based on the pendency of this proceeding.

Pursuant to 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: 03-06-2020

By: 
Chairperson

M/rvh/Bainbridge Asia Limited Complaint