

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

In the Matter of:	)	
	)	
FINTECH INVESTMENT GROUP, INC.	)	
(NFA ID #495589),	)	
	)	NFA Case No. 20-BCC-006
and	)	
	)	
ALAN FRIEDLAND	)	
(NFA ID #495932),	)	
	)	
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, this Committee issues this Complaint against Fintech Investment Group, Inc. (Fintech) and Alan Friedland (Friedland).

**ALLEGATIONS**

**JURISDICTION**

1. At all times relevant to this Complaint, Fintech was a commodity trading advisor (CTA) NFA Member forex firm located in Winter Park, Florida. As such, Fintech 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, Friedland was an associated person (AP) of Fintech and an NFA Associate. As such, Friedland was and is required to comply

with NFA Requirements and is subject to disciplinary proceedings for violations thereof. Fintech is liable for violations of NFA Requirements committed by Friedland during the course of his activities on behalf of Fintech.

### **BACKGROUND**

3. Fintech has been a CTA Member forex firm since August 2016. Fintech is currently pending withdrawal from NFA membership.
4. At all times relevant to this Complaint, Friedland has been Fintech's majority owner, chief executive officer and sole principal. Joshua Todd Dettman (Dettman) is an NFA Associate and the only other AP of Fintech.
5. In addition to their roles at Fintech, Friedland and Dettman are associated with a company called Compcoin LLC. Compcoin LLC has no CFTC registration or NFA membership status.
6. Friedland has been a manager and owner of Compcoin LLC, and Dettman has been a president of Compcoin LLC.
7. Compcoin LLC created, marketed and sold to the public a virtual currency called Compcoin (the Compcoin currency). Although the Compcoin currency could theoretically be purchased as an investment vehicle, Compcoin LLC marketed the Compcoin currency as having the "primary function" of granting access to Fintech's CTA services, specifically a Fintech forex trading program called "ART."
8. Compcoin LLC repeated these statements about the primary function or purpose of the Compcoin currency in numerous places, including a "whitepaper" published and distributed online by Compcoin LLC beginning in June 2017, and on Compcoin LLC's website.

9. Through Friedland, Fintech at all relevant times had knowledge that Compcoin LLC was promoting the Compcoin currency as a means of accessing Fintech's CTA services.
10. From about August 2017 to April 2018, Fintech submitted draft disclosure documents to NFA for review. Fintech represented in some of the draft disclosure documents that Fintech customers would be required to purchase the Compcoin currency in order to access Fintech's CTA services, specifically its ART trading program. For example, in a February 27, 2018 submission to NFA, Fintech represented that purchasing Compcoin would be an "upfront management fee" for accessing Fintech's CTA services.
11. In about April 2018, NFA informed Fintech that it would not accept Fintech's draft disclosure documents until Fintech provided evidence that the Compcoin offering did not require registration with the Securities and Exchange Commission (SEC) as a securities offering.
12. In about July 2018, NFA issued a letter to Fintech regarding deficient promotional material that had come to NFA's attention. The promotional material included the whitepaper, the Fintech website, the Compcoin LLC website and third-party websites, including social media sites. The deficiencies included, among others, Fintech and Compcoin LLC repeatedly making misleading statements about the forex markets, failing to adequately disclose the risk of loss, and failing to properly identify hypothetical performance or include hypothetical disclosures.

13. Although Fintech and Compcoin LLC subsequently removed deficient promotional material from the websites they controlled, the deficient Compcoin white paper remained available on third-party websites.
14. In about August 2019, NFA began attempting to contact Fintech and Friedland to ascertain the current status of Fintech's operations. However, several weeks passed before Friedland responded to NFA.
15. On September 20, 2019, in response to NFA's inquiry, Friedland called NFA Compliance staff. During the call, Friedland stated Fintech was inactive, had no virtual currency activity and had never traded any customer accounts.
16. After the call, NFA e-mailed Fintech and Friedland, requesting more information on the status of the Compcoin currency. For example, since Fintech had represented the Compcoin currency as an upfront fee for Fintech's CTA services, NFA requested a volume estimate and the number of investors using Compcoin.
17. When Fintech and Friedland failed to respond, NFA re-sent its inquiry on October 14 and October 29, 2019 and included a prominent warning that NFA Compliance Rule 2-5 requires full and prompt compliance with NFA examinations, inquiries, examinations, and proceedings.
18. Friedland called NFA on November 15 and requested a later date to speak with NFA in more depth. NFA agreed.
19. On November 19, 2019, Friedland spoke to NFA Compliance staff telephonically and made several statements. Friedland stated that Compcoin LLC had sold \$1 million to \$2 million of the Compcoin currency to the public, and he estimated that 500 to 600 individuals had purchased Compcoin currency directly from Compcoin

- LLC. Friedland also stated that Compcoin LLC had spent these funds on business expenses such as salaries and advertising. Friedland stated that none of the funds had ever been turned over to Fintech (as fees or otherwise).
20. During the call, Friedland further stated that the Compcoin currency no longer had any value. Friedland also stated that he had started a new venture called "CoinLock," and that he was considering giving Compcoin customers free access to CoinLock since Compcoin now had no value.
21. Based on these disclosures, NFA sent additional inquiries via e-mail to Fintech and Friedland. Specifically, NFA requested information on when and how customers were informed of the current status of the Compcoin currency; customer contact information; copies of any standardized documents that Friedland or Dettman had provided to investors in the Compcoin currency; information on the revenue generated from the sale of Compcoin currency; and clarification on Fintech's ART trading program. NFA's e-mail also prominently warned Friedland and Fintech of their obligation to fully and promptly comply with NFA inquiries under Compliance Rule 2-5.
22. NFA also e-mailed a supplemental inquiry to Friedland asking him to disclose his and Fintech's proprietary forex accounts since August 2016, as well as the sources of any funds in those accounts.
23. NFA set a response deadline of December 2, 2019, which NFA extended to December 6, 2019, at the request of Friedland.
24. On December 6, 2019, Friedland e-mailed a response that failed to provide substantive answers to most of NFA's outstanding inquiries. Instead, Friedland

rehashed his prior statements, again estimating the revenue generated by the sale of the Compcoin currency and reiterating that Fintech had never received customer funds or fees or traded customer accounts. He also admitted that the ART program had never actually commenced trading. However, instead of responding to the remainder of NFA's requests, Friedland questioned NFA's authority to investigate Compcoin, LLC.

25. NFA responded, advising Fintech and Friedland that NFA's inquiries into Compcoin LLC and the Compcoin currency must be fully and promptly answered since Fintech, Friedland and Compcoin LLC had repeatedly represented the Compcoin currency to be a core part of Fintech's CTA business, and because NFA Associates Friedland and Dettman controlled Compcoin LLC. NFA set December 11, 2019 as a final deadline for Fintech and Friedland to respond to NFA's requests and warned that any further delay could result in referral to this Committee.
26. On December 13, 2019, Friedland e-mailed NFA on behalf of Fintech. He requested an additional three-month extension. He failed to provide any documents or information in response to NFA's outstanding requests.
27. NFA wrote Friedland on January 10, 2020 and reminded him that no further extensions had been or would be granted and that his and Fintech's responses were past due and remained pending.
28. On February 4, 2020, Friedland informed NFA that he had met with the CFTC the previous week, and that the CFTC had documents Friedland had provided to them. Friedland referred NFA to the CFTC to obtain those documents.

29. NFA responded to Friedland that Members and Associates are not able to fulfill their Rule 2-5 obligations by referring NFA to third parties. Nonetheless, NFA obtained and reviewed the documents Friedland and Fintech had provided to the CFTC. All the documents dated to early 2018 at the most recent. None of NFA's outstanding requests were fully satisfied by the CFTC's production.

### **APPLICABLE RULES**

30. 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(a): FAILING TO COOPERATE PROMPTLY AND FULLY WITH AN NFA INQUIRY.**

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31. The allegations contain in paragraphs 1 through 30 are realleged as paragraph 31.
32. As alleged above, Fintech and Friedland have failed to respond fully to NFA's inquiries. Specifically, Fintech and Friedland have failed to provide the requested customer list; have failed to provide details on when and how Compcoin LLC customers were made aware that Compcoin had ceased trading and had no value; have failed to provide copies of standardized documents provided to customers by Compcoin LLC, Friedland, or Dettman; have failed to provide requested details on Compcoin LLC's revenues; and have failed to identify Fintech's and Friedland's proprietary and personal forex accounts and the source of funds for the same.

33. By reason of the foregoing acts and omissions, Fintech and Friedland 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 Answer should be filed by email to the following address:

[Docketing@nfa.futures.org](mailto:Docketing@nfa.futures.org)

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. A respondent in this matter who applies for registration in any new capacity may be denied registration based on the pendency of this proceeding.

Pursuant to 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: April 2, 2020

By: \_\_\_\_\_

  
Chairperson

MAS/Enforcement/Fintech