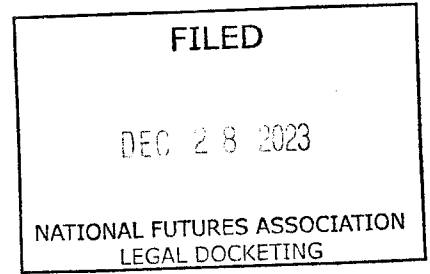


**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**



In the Matter of)
)
50.AI INVESTMENTS LLC)
(NFA ID #549991),)
)
and)
)
HEMANT JINDAL)
(NFA ID #527211),)
)
Respondents.)

NFA Case No. 23-BCC-012

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 50.ai Investments LLC (50.ai Investments) and Hemant Jindal (Jindal).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, 50.ai Investments was a registered commodity pool operator (CPO), an approved forex firm and a Member of NFA. As such, 50.ai Investments 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, Jindal was an associated person (AP) and listed principal of 50.ai Investments, and an NFA Associate. As such, Jindal was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof. 50.ai Investments is liable for violations of NFA Requirements committed by Jindal during the course of his activities on behalf of 50.ai Investments.

BACKGROUND

3. 50.ai Investments became a registered CPO and NFA Member on October 6, 2022. 50.ai Investments is located in Princeton, New Jersey.
4. As of December 2022, 50.ai Investments had one pool listed with NFA, 50.ai Investment Fund LP (50.ai Fund or the Fund) that was to trade both futures and forex. The Fund began accepting funds from participants as early as October 2022 and commenced trading on December 12, 2022. The 50.ai Fund ceased trading on May 25, 2023.
5. Jindal is one of two 50.ai Investments principals and employees. Jindal has been the sole AP of 50.ai Investments and an NFA Associate since October 6, 2022. Jindal is also the president of 50.ai Investments and the employee responsible for overseeing the firm's operations.
6. Sabyasachi Upadhyay (Upadhyay) is 50.ai Investments' other employee and a principal of the firm. Upadhyay is a non-NFA Associate and responsible for trading the 50.ai Fund.

APPLICABLE RULES

7. NFA Compliance Rule 2-2(a) provides that no Member or Associate shall cheat, defraud or deceive, or attempt to cheat, defraud or deceive, any commodity futures customers.
8. NFA Compliance Rule 2-4 provides that Members and Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their commodity futures business.
9. NFA Compliance Rule 2-9(a) provides that each Member shall diligently supervise its employees and agents in the conduct of their commodity futures activities for or on behalf of the Member. Each Associate who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's commodity futures activities on behalf of the Member.
10. NFA Compliance Rule 2-29(a)(1) provides, in pertinent part, that no Member or Associate shall make any communication related to its commodity interest business that operates as a fraud or deceit.
11. NFA Compliance Rule 2-29(b)(1) provides that no Member or Associate shall use any promotional material that is likely to deceive the public.
12. NFA Compliance Rule 2-29(b)(2) provides that no Member or Associate shall use any promotional material that contains any material misstatement of fact or which the Member or Associate knows omits a fact if the omission makes the promotional material misleading.

13. NFA Compliance Rule 2-29(b)(3) provides that no Member or Associate shall use any promotional material that mentions the possibility of profit unless accompanied by an equally prominent discussion of the risk of loss.
14. NFA Compliance Rule 2-29(c)(1) provides, in pertinent part, that any Members who use promotional material which includes a measurement or description of hypothetical performance shall include certain disclaimer language set out in the Rule. The Rule further states, Members or Associates that have less than one year of experience in directing customer accounts must also include additional disclaimer language pursuant to the Rule.
15. NFA Compliance Rule 2-29(f) provides, in pertinent part, that each Member must maintain copies of all supporting materials for any results described under paragraph (c) of the Rule and be available for examination for the periods specified in CFTC Regulation 1.31, measured from the date of the last use.
16. NFA Compliance Rule 2-36(b)(1) provides, in pertinent part, that no Forex Dealer Member (FDM) or Associate engaging in any forex transaction shall cheat, defraud or deceive, or attempt to cheat, defraud or deceive any other person.
17. NFA Compliance Rule 2-36(c) provides that FDMs and their Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their forex business.
18. NFA Compliance Rule 2-36(e)(1) provides that each FDM shall diligently supervise its employees and agents in the conduct of their forex activities for and on behalf of the FDM. Each Associate of an 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.

19. NFA Compliance Rule 2-36(g) provides, in pertinent part, that FDMs and Associates of FDMs must comply with NFA Compliance Rule 2-29 (a) through (h) and the Interpretive Notices related to these provisions.
20. NFA Compliance Rule 2-39(a) provides, in pertinent part, that Members and Associates who solicit customers in connection with forex transactions shall comply with NFA Compliance Rule 2-36(b), (c), (e), and (g).

COUNT I

VIOLATIONS OF NFA COMPLIANCE RULES 2-2(a), 2-29(a)(1), 2-29(b)(1), 2-29(b)(2), 2-29(b)(3), 2-29(c)(1), AND 2-29(f); AND NFA COMPLIANCE RULES 2-36(b)(1) AND 2-36(g), AS INCORPORATED BY NFA COMPLIANCE RULE 2-39(A): MISLEADING PROMOTIONAL MATERIAL AND COMMUNICATIONS.

21. The foregoing paragraphs are realleged as if fully stated herein.
22. 50.ai Investments' promotional materials included the firm's website, 50.ai Fund tearsheet and 50.ai Fund PowerPoint presentations (Fund presentations), as well as e-mail communications sent to solicit prospective Fund participants.
23. 50.ai Investments and Jindal used promotional materials (*i.e.*, Fund presentations) that presented a distorted and misleading view of the likelihood of customers earning dramatic profits by investing with 50.ai Investments.
24. Several versions of the 50.ai Investments Fund presentations shared with prospective participants showcased a possible 100% annual return on investment before the firm's performance fee was deducted while others mentioned targeted returns of 4% monthly and of 50% annually.

25. Further, versions of the Fund presentation that Jindal sent to at least six potential participants (at least three of whom invested in the 50.ai Fund) also made the following claims about "what's possible" for profit without an equally prominent statement of the risk of loss:

- invest \$5 million once and get \$2.5 million every year;
- invest \$1 million once and get \$500,000 every year; and
- double your money in 1.5 years, withdraw principal after 1.5 years and then "infinite" returns.

26. Additionally, Jindal solicited prospective Fund participants via e-mail communications that misrepresented the amount of money the 50.ai Fund had under management (Fund asset e-mails).

27. Specifically, in October 2022, Jindal sent separate Fund asset e-mails to at least three prospective participants. The subject line of the Fund asset e-mails stated, "Algorithm Performance Report" and the body of the e-mails stated:

Now our fund is fully registered and operational for both international and US investors. We already have 25M in commitments as our fund gets to first 10M mark.

28. However, at the time of this e-mail, the description of the amount of money 50.ai Investments had under management was misleading as the Fund had no assets, and, when NFA asked for support, the firm did not provide evidence of any commitments to the Fund. Additionally, the total contributions over the life of the Fund were \$1.875 million with total gains of \$3,610.

29. Furthermore, the Fund asset e-mails referenced above contained an attachment labeled the "Quantstat Report," which Jindal's e-mails asserted was the "latest

performance report." This report was created by White Swan Global (White Swan Quantstat report)—an entity owned by Upadhyay that operates the algorithm used by 50.ai Investments to generate hypothetical performance results for the Fund.

30. The "latest performance report" touted a cumulative life-to-date rate of return of 48,598.44% from January 2, 2014 through September 30, 2022. Notably, at the time Jindal sent the e-mails, the Fund had not yet commenced trading and, as such, the performance could not have been actual.
31. The e-mails and the White Swan Quantstat report, themselves, said absolutely nothing about the latest performance report or its contents being hypothetical.
32. Jindal also used other promotional materials highlighting hypothetical returns to solicit customers (e.g., Fund presentations, 50.ai Fund tearsheet) on behalf of the firm.
33. These promotional materials also often disguised hypothetical returns—with many labeling the performance as "live trading" or "live tested"—to give the appearance that hypothetical performance was actual performance.
34. Further, in December 2022 (after the Fund commenced trading), actual returns for the Fund were available (0.31%), yet Jindal disseminated promotional materials in January and February 2023 that displayed hypothetical returns of 6.1% for December.
35. Finally, the firm's promotional material that presented hypothetical performance results failed to include the required disclaimers or disclose that the returns were hypothetical.

36. When NFA questioned Jindal regarding the returns touted in the firm's promotional materials and communications used to solicit prospective participants, Jindal offered conflicting responses about whether the returns stemmed from actual or hypothetical trades. For instance, at times Jindal stated these trades were actual trades made in his or Upadhyay's personal accounts while other times he stated they were hypothetical.
37. At no time could 50.ai Investments provide support showing that any actual trading occurred in the Fund at or before the time Jindal used the deficient promotional materials.
38. Moreso, 50.ai Investments and Jindal could not provide support to demonstrate the validity of the hypothetical returns.
39. Through a Request for Information (RFI), NFA obtained trading account information from all futures commission merchants (FCM) and forex dealer members (FDM) that carried accounts owned or controlled by the firm or its principals, Jindal and Upadhyay.
40. NFA's RFI revealed one account in the name of the Fund, 11 accounts related to Jindal, and nine accounts related to Upadhyay. These records reflected no trading activity comparable to the hypothetical White Swan Quantstat reports sent to prospective participants or as featured in other 50.ai Investments promotional materials.
41. The 50.ai Fund traded from December 2022 through March 2023 and achieved monthly returns that ranged from a low of $-.44\%$ to a high of 1.69% . These

returns are hardly equivalent to the hypothetical returns the firm and Jindal touted to potential customers.

42. In the exam report, NFA presented the firm with examples of misleading promotional material containing material misstatements of fact due to the materials referencing "live trading" when referring to hypothetical performance results. In its response to NFA's exam findings, 50.ai Investments (through its attorney) stated, "the Firm will be more diligent in ensuring that promotional material containing hypothetical results more clearly identifies such as hypothetical."
43. Finally, the firm and Jindal failed to maintain copies of all of their promotional material and all supporting materials for their hypothetical results.
44. By reasons of the foregoing acts and omissions, 50.ai Investments and Jindal are charged with violating NFA Compliance Rules 2-2(a), 2-29(a)(1), 2-29(b)(1), 2-29(b)(2), 2-29(b)(3), 2-29(c); and NFA Compliance Rules 2-36(b)(1) and 2-36(g), as incorporated by NFA Compliance Rule 2-39(a). Additionally, 50.ai Investments is charged with violating NFA Compliance Rule 2-29(f).

COUNT II

VIOLATIONS OF NFA COMPLIANCE RULES 2-4 AND 2-36(c), AS INCORPORATED BY NFA COMPLIANCE RULE 2-39(a): ACTING CONTRARY TO JUST AND EQUITABLE PRINCIPLES.

45. The foregoing paragraphs are realleged as if fully stated herein.
46. 50.ai Investments and Jindal used deficient promotional materials to solicit customers and knew or should have known through NFA's comments during the exam that the firm's promotional materials were deficient.

47. Further, because of the deficiencies, NFA instructed the firm and Jindal on January 25, 2023 to refrain from distributing promotional materials to prospective and/or current Fund participants. However, despite this instruction, Jindal sent updated presentations to the 50.ai Fund administrator to upload to the Fund's participant portal, where existing participants could access the materials.
48. Jindal also sent e-mails to prospective Fund participants with links to a "data room" containing new promotional material.
49. Finally, 50.ai Investments and Jindal provided NFA with links to the data room materials, as requested, but none of the links opened or granted NFA access to the materials. Therefore, NFA was unable to determine if the new promotional materials the firm and Jindal distributed to customers contained similar deficiencies.
50. By reason of the foregoing acts and omissions, 50.ai Investments and Jindal are charged with violating NFA Compliance Rules 2-4 and 2-36(c), as incorporated by NFA Compliance Rule 2-39(a).

COUNT III

VIOLATIONS OF NFA COMPLIANCE RULES 2-9(a) AND 2-36(e), AS INCORPORATED BY NFA COMPLIANCE RULE 2-39(a): FAILURE TO SUPERVISE.

51. The foregoing paragraphs are realleged as if fully stated herein.
52. As the foregoing allegations illustrate, the firm and Jindal had significant deficiencies with their e-mail communications and promotional materials and failed to adhere to high standards of commercial honor. This conduct reflects 50.ai.Investments and Jindal's failure to supervise.
53. NFA's exam revealed the firm and Jindal had additional supervisory deficiencies.

54. For example, Jindal deferred to Upadhyay when crafting the 50.ai Fund presentations. Upadhyay reviewed the 50.ai Fund's promotional materials (*i.e.*, the Fund's presentations) and provided comments for Jindal to integrate into the presentations.
55. Specifically, on October 30, 2022, Upadhyay e-mailed Jindal:
- Problems with this deck: remember you are showing 2020/21/22 as live trading. 50.ai has NO live trading data yet. My strong advise [*sic*] is to remove the Why FOREX slider completely and tell it this way: we are currently investing in liquid financial instruments...
56. Jindal responded to Upadhyay's e-mail, "Ok let me make these changes."
57. Jindal knew or should have known from the October 30, 2022 e-mail that Upadhyay was suggesting they include misleading information about the Fund's actual trading activities in the 50.ai Fund presentations. However, instead of ignoring Upadhyay, Jindal followed his instruction and included the misleading information in the 50.ai Fund presentations.
58. Jindal also lacked necessary compliance knowledge to supervise firm operations in adherence with CFTC and NFA requirements. Specifically, Jindal instructed a participant who resides in the U.S. to use his South African address on account opening documents for his subscription to an offshore pool despite the participant's prior investment in the 50.ai Fund using the address of his U.S. company.
59. Finally, although 50.ai Investments only began operating a couple of months before NFA's exam commenced, 50.ai Investment did not create all required procedures prior to its registration or upon commencing operations. When NFA requested the firm's written supervisory procedures, Jindal did not have them

readily accessible and instead had to obtain them from the Fund administrator; and many were created upon NFA's request. By reason of the foregoing acts and omissions, 50.ai Investments and Jindal are charged with violating NFA Compliance Rules 2-9(a) and 2-36(e), as incorporated by NFA Compliance Rule 2-39(a).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty (30) 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
320 South Canal Street
Suite 2400
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-mail: 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, one or more of the following penalties may be imposed:

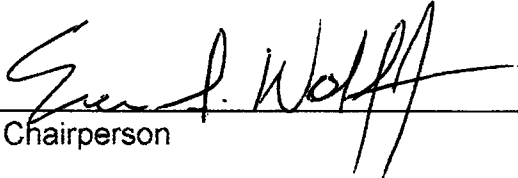
- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$500,000 for each violation found; and
- (e) order to cease and desist or any 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, including as an AP with a new sponsor, may, after opportunity for hearing, be denied registration or conditionally registered 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: 12/28/2023

By: 
Chairperson