

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

FILED

DEC 28 2023

NATIONAL FUTURES ASSOCIATION  
LEGAL DOCKETING

In the Matter of:

EAST WEST GLOBAL LLC  
(NFA ID #460939),

and

LUKE JAMES ADRIAN  
(NFA ID #48523),

Respondents.

NFA Case No. 23-BCC-013

**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, NFA's Business Conduct Committee (Committee) issues this Complaint against East West Global LLC (East West Global) and Luke James Adrian (Adrian).

**ALLEGATIONS**

**JURISDICTION**

1. At all times relevant to this Complaint, East West Global was a commodity pool operator (CPO) Member of NFA. As such, East West Global 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, Adrian was a principal and associated person (AP) of East West Global and an NFA Associate. As such, Adrian was

and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof. East West Global is liable for violations of NFA Requirements committed by Adrian during the course of his activities on behalf of East West Global.

### **BACKGROUND**

3. East West Global has been a CPO NFA Member since June 2013. The firm's main office is located in Glencoe, Illinois.
4. At all times relevant to this Complaint, Adrian was the chief executive officer and managing member of East West Global. He has been a principal and AP of the firm and an NFA Associate since 2013.
5. East West Global currently operates a non-exempt pool called iFund Diversified I, LLC (iFund Diversified, or the Fund). The Fund had around 40 participants and a net asset value (NAV) of approximately \$7.7 million as of September 30, 2023.
6. A former NFA CPO Member established iFund Diversified in 2011. East West Global became the manager and CPO of the Fund in 2013.
7. East West Global and its employees promoted iFund Diversified to individuals who were at or near retirement to invest using their retirement accounts (e.g., IRAs and 401Ks).
8. East West Global advertised the Fund's safety in private placement memorandums (PPMs or disclosure documents) and in other ways by claiming a participant's initial investment could be recouped at a maturity date on or about the 10-year anniversary mark (the initial investment guarantee). The firm and

Adrian have also used the phrases, "principal protection" and "principal protected," when discussing the initial investment guarantee.

9. PPMs issued before October 2018 explained how East West Global allocated participants' initial investments in the Fund, minus a 10% up-front management fee, to two portfolios.
10. East West Global allocated most of a participant's investment to an Investment Grade Portfolio (or Bond Portfolio) to purchase investment grade corporate bonds and government securities (collectively, bonds) that were due to mature at or around 10 years at a face value equal to a participant's initial investment.
11. The PPMs also stated that East West Global would not use any of the bonds in the Investment Grade Portfolio for trading or margin purposes (margin restriction).
12. East West Global allocated the remainder of a participant's investment to a second portfolio, called the Futures Portfolio, which consisted of trading accounts managed by various commodity trading advisors (CTAs).

#### Prior Disciplinary History

13. In August 2018, this Committee issued a Complaint (the 2018 Complaint) against East West Global, Adrian, and another individual previously associated with the firm.
14. Among other things, the 2018 Complaint alleged that pool participants received conflicting and misleading information and that the 10% up-front management fee, coupled with trading losses in the Futures Portfolio, led to an overall negative performance in iFund Diversified and revealed "principal protection" to be an

illusion. The 2018 Complaint also charged East West Global and Adrian with a failure to supervise.

15. An NFA Hearing Panel accepted settlement offers in April 2019 to resolve the case. As penalties against East West Global and Adrian, the Hearing Panel imposed a joint fine of \$75,000 and undertakings intended to address and remediate the violations alleged in the 2018 Complaint, including a directive to the firm and Adrian not to accept new participants into iFund Diversified.
16. In November 2022, NFA commenced an examination of East West Global, based on a complaint from an iFund Diversified participant (the 2022 exam).
17. As alleged in more detail below, the 2022 exam found that East West Global and Adrian have engaged in reckless and deceptive conduct over the last few years involving the Fund and its participants and failed to act in participants' best interests. This conduct included making material changes to the Fund that involved how the firm and Adrian use participants' retirement funds and which changed the tenor of the investment completely, as well as failing to adequately disclose the changes, and misleading participants to believe they will receive their initial investments back despite a substantial shortfall in the Fund.

#### **APPLICABLE RULES**

18. NFA Compliance Rule 2-2(a) prohibits, in pertinent part, Members and Associates from cheating, defrauding, or deceiving, or attempting to cheat, defraud or deceive, any commodity futures customer.

19. NFA Compliance Rule 2-4 requires, in pertinent part, Members and Associates to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their commodity futures business.
20. NFA Compliance Rule 2-29(a) 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.
21. NFA Compliance Rule 2-29(b) provides, in pertinent part, that no Member or Associate shall use any promotional material which is likely to deceive the public or contains any material misstatement of fact or which the Member or Associate knows omits a fact if the omission makes the promotional material misleading.

#### COUNT I

**VIOLATIONS OF NFA COMPLIANCE RULES 2-2(a), 2-4, 2-29(a), AND 2-29(b):  
ENGAGING IN A DECEPTIVE COURSE OF CONDUCT INVOLVING POOL  
PARTICIPANTS, MAKING DECEPTIVE AND MISLEADING COMMUNICATIONS TO  
POOL PARTICIPANTS, USING DECEPTIVE AND MISLEADING PROMOTIONAL  
MATERIALS, FAILING TO OBSERVE HIGH STANDARDS OF COMMERCIAL  
HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE, AND ACTING  
CONTRARY TO POOL PARTICIPANTS' BEST INTERESTS.**

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22. The foregoing paragraphs are realleged as if fully stated herein.
23. East West Global and Adrian have engaged in a deceitful course of conduct involving iFund Diversified and its participants.
24. Despite promoting iFund Diversified as a safe way to invest retirement funds, the firm and Adrian have failed to act in participants' best interests by making material changes to the Fund and not adequately disclosing those changes to participants.

25. In addition, East West Global and Adrian have engaged in deceptive and unjust conduct to discourage participants from redeeming their investments in the Fund and to conceal significant information from them.

Material Changes regarding the Fund and their Impact on Participants

*The Maturity Date and Initial Investment Guarantee*

26. As alleged above, East West Global touted iFund Diversified as "principal protected" and a safe way for participants to invest retirement funds since participants could recoup their initial investment at a maturity date on or about the 10-year anniversary mark.
27. In response to concerns expressed by NFA and the Commodity Futures Trading Commission, East West Global and Adrian removed references to "principal protection" beginning with the Fund's October 2018 PPM.
28. East West Global and Adrian also removed references to the 10-year maturity date from the Fund's October 2018 PPM.
29. Despite these changes, East West Global and Adrian have continued to promote the maturity date and initial investment guarantee in communications with participants, as illustrated by the complaint NFA received from a participant of the Fund (Participant #1), which prompted NFA's 2022 exam.
30. Participant #1 is 75 years old and made his living as the owner of a small shop where he repaired vacuums and other appliances until he retired in 2010.
31. Participant #1 learned of iFund Diversified through advertisements on a local radio station with Christian programming, which added to his confidence in the Fund's operators.

32. Participant #1 invested \$100,000 in the Fund in March 2012 and expected to receive a full return of his investment at the maturity date about 10 years later (*i.e.*, in March 2022), according to his understanding of the initial investment guarantee.
33. However, Participant #1 stated that when he contacted Adrian in March 2022 to redeem, he learned for the first time about a new maturity date in 2028.
34. Although Participant #1 felt East West Global promised he would receive a full return of his \$100,000 investment in 2022, he told NFA that he only received \$66,000, or two-thirds of his initial contribution to the Fund, when he redeemed.
35. Participant #1 said he talked with Adrian by phone on many occasions, but Adrian never told him the maturity date of his investment had been extended.
36. Participant #1 also recalled Adrian informing him at some point in 2017 or 2018 that his interest in the Fund would mature 10 years from the date of his initial investment (*i.e.*, March 2022).
37. Participant #1 told NFA that he elected to redeem his investment in 2022, rather than wait until 2028, to get some of his money back and because he was not sure he would get any money back if he waited until 2028.
38. Participant #1 also expressed concerns about Adrian's "track record," which included the firm immediately subtracting a \$10,000 fee from his initial investment in 2012 (*i.e.*, the 10% up-front management fee described above).
39. Participant #1 told NFA that he waited to file his complaint with NFA until after he received his money from East West Global to avoid jeopardizing his redemption.

40. Participant #1's complaint prompted NFA to contact Adrian. Adrian claimed he contacted every investor in 2014, including Participant #1, and informed them verbally that the maturity date "would evolve" as the Fund brought on new investors.
41. Adrian further claimed East West Global established the 2028 maturity date in 2018 and that "over time" he talked to most investors about the change.
42. However, Adrian admitted to NFA that neither he nor East West Global ever provided written notice to pool participants that the firm had extended the maturity date to 2028.
43. NFA interviewed other Fund participants about their understanding of the maturity date and initial investment guarantee.
44. None of them recalled any conversations with Adrian around 2018 regarding the extended maturity date. The interviewed participants also said they only learned of the new maturity date in more recent years when they contacted East West Global about their investments in the Fund.
45. Similarly, despite East West Global removing references in the PPM to the initial investment guarantee, Adrian has continued telling participants after 2018 that they would receive their original investments.
46. To illustrate, Participant #2 is 70 years old and invested \$233,000 with East West Global in 2015 when he was 62 years old. He was preparing to retire as a client manager at a large health insurance company at the time and looking to invest his money in something "safe." Participant #2 told NFA that his investment represented about 20% of his retirement funds.



47. Participant #2 said he understood the Bond Portfolio (*i.e.*, the Investment Grade Portfolio) "was safe" because the portfolio was not "in the market." He said he also understood bond values could go down, but that he would get back his original investment when the bonds matured in 2025, 10 years after his initial investment.
48. Participant #2 expressed his understanding in a June 9, 2021 email to Adrian when he asked about significant losses to his investment and said, "If I understand the product correctly the bonds matured [sic] in 10 years at my original investment amount of \$233,000. So that would be July of 2025, correct?"
49. Adrian responded the next day saying, "the Bond Portfolio actually matures in 2028."
50. According to Participant #2, this June 2021 email exchange with Adrian was the first time he learned the maturity date had been extended to 2028.
51. Adrian's June 2021 email to Participant #2 is the earliest record NFA obtained of Adrian informing an iFund Diversified participant of the 2028 maturity date.
52. Participant #2 told NFA that he grew increasingly concerned about the declining value of the Bond Portfolio, so he talked to Adrian seven or eight times on the telephone in recent years.
53. Participant #2 said Adrian reassured him each time that the Bond Portfolio was "on track" to recover its full value at maturity and never told him that the maturity had been pushed to 2028.

54. Another iFund Diversified participant shared a similar understanding of her and her husband's investments. Participant #3 is 80 years old. She and her 77-year-old husband invested in iFund Diversified in 2015.
55. Participant #3 said she invested \$170,000, which monies came from her 403(b) retirement account, and that she handled her husband's \$164,000 investment in the Fund, which came from his 401(k) retirement account.
56. Participant #3 understood that East West Global used a portion of her and her husband's investments to purchase bonds, which mature in 10 years at the value of their initial contributions to the Fund.
57. However, Participant #3 does not remember anyone at East West Global informing her until late 2022 that the maturity date would be later than 2025, which she learned when she contacted the firm to express concerns about the value of her investments.
58. Other participants NFA interviewed also remembered talking to Adrian since 2018 about receiving their initial investment amount if they held on to maturity.
59. Further, emails NFA obtained from the firm illustrate Adrian's misleading statements to participants about the initial investment guarantee and include the following examples:
- A June 2021 email to Participant #2, where Adrian stated, "yes we are on track for the bond portion of your account to be equal to your initial investment by July 2025."
  - A November 2022 email to Participant #3, where Adrian indicated her two accounts in iFund Diversified will mature in March 2028 "at approximately your initial investment, unless the trading account is higher."

- A June 2020 email to Participant #4, in which Adrian claimed, "I can assure you that the bond portfolio is projected to be at least at 100% of initial investment at maturity."
60. Adrian responded in a similar way to Participant #5, who emailed East West Global in late June 2021 seeking confirmation that the value of his 2015 initial investment was guaranteed at the end of 10 years.
61. Adrian replied to Participant #5 by including an excerpt from PPMs issued prior to October 2018 that indicated investors should "maintain their investment in the Fund until at least the Maturity Date of the Principal Protection" (emphasis added).
62. Even though East West Global removed the maturity date and "principal protection" references from the PPM in October 2018, Adrian highlighted those provisions from prior PPMs to conceal the subsequent changes from Participant #5.
63. In the same June 2021 email to Participant #5, Adrian said, "We are confident...that the value of the Bond Portfolio at Maturity will be equal to your initial investment."

*Misleading PPM Disclosure*

64. As alleged above, East West Global and Adrian modified the Fund's PPM in October 2018 to remove references to the initial investment guarantee and the 10-year maturity date, despite touting these features from the start to individuals who were at or near retirement to invest in the Fund using monies from their retirement accounts.

65. As part of the 2022 exam, NFA reviewed the notice sent to participants about changes to the October 2018 PPM.
66. NFA found that East West Global and Adrian distributed the October 2018 PPM via its third-party fund administrator (Fund Administrator), with the Fund Administrator providing the 76-page document to all participants by email on October 31, 2018, along with the following message:
- Dear Investor,
- Attached for your review is the most recent iFund Diversified I, LLC Private Placement Memorandum, as accepted and approved by the National Futures Association on October 30, 2018.
- Regards,
- [Fund Administrator]
67. The October 31, 2018 email message shows that East West Global and Adrian failed to explain—or even mention—the changes they had made, which omissions make the October 31, 2018 message that accompanied the PPM deceptive and misleading.
68. Their failure to reveal and explain the PPM changes is egregious since participants relied on the maturity date and the initial investment guarantee when they made their decisions to invest in the Fund in the first place.
69. Further, the changes' significance required East West Global and Adrian to disclose this information in a way that was not misleading in content or presentation and to do more than just distribute the updated PPM.
70. The October 31, 2018 message accompanying the PPM also contrasts with notices that East West Global and Adrian sent participants about changes to

previous PPMs and the Fund's operations. For example, in May 2014, the firm sent a detailed letter explaining the decision to modify the structure of the Investment Grade Portfolio and begin pooling the bonds together. And in 2014, 2015, and 2017, the firm sent letters announcing East West Global had changed the CTAs trading the Futures Portfolio and providing information about the CTAs (e.g., their disclosure documents).

71. In addition, the October 31, 2018 message that accompanied the PPM also wrongly stated that NFA "approved" the PPM, even though East West Global should know that NFA accepts, but does not approve, PPMs.

*Using the Investment Grade Portfolio for Margin Purposes*

72. Every version of the PPM issued by East West Global since 2013 provided that the firm would not use any of the assets allocated to the Investment Grade Portfolio for trading or margin purposes (i.e., the margin restriction).
73. The margin restriction was an integral part of the Investment Grade Portfolio discussion in the PPMs because East West Global had touted the safety of the Fund and guaranteed to participants that they could expect to receive the value of their initial investment on or about their 10-year anniversary mark.
74. The firm and Adrian also modified the margin restriction provision in the October 2018 PPM, though the modification did not alter the substance of this restriction.
75. However, East West Global and Adrian changed this material aspect of the Fund and its operations in January 2021, when they began using the Investment Grade Portfolio for margin purposes.

76. They announced the change in a December 10, 2020 letter to the Fund's participants (December 2020 letter).
77. The December 2020 letter disclosed the appointment of a new portfolio manager (Portfolio Manager #1), effective January 2021, and indicated a portion of the Investment Grade Portfolio would be used to margin positions resulting from Portfolio Manager #1's equity option trading strategy, even though the Fund had only traded futures in the Futures Portfolio since inception.
78. The December 2020 letter to participants included a single paragraph that discussed using the Investment Grade Portfolio to margin trading and stated the following:

Please note that as a result of the addition of [Portfolio Manager #1's] trading strategy, a portion of the Fund's Investment Grade Portfolio will be used to margin positions resulting from this trading strategy. Accordingly, the addition of [Portfolio Manager #1's] trading strategy could result in an increased risk of loss to the Fund. However, we believe the potential advantages of adding [Portfolio Manager #1's] trading strategy into the Fund's overall investment strategy outweighs the potential increased risk of loss. Perhaps more important, it is not anticipated that the addition of [Portfolio Manager #1's] trading strategy will affect the coupon payments from the bond portfolio.

79. The magnitude and consequence of East West Global using the Investment Grade Portfolio as margin for trading is significant.
80. As alleged above, East West Global and its employees have promoted iFund Diversified to individuals who were at or near retirement as a safe investment. They claimed the majority of participants' investments would be allocated to purchase bonds maturing at or around 10 years at a value equal to participants' initial investments and gave assurances they would not use the Investment Grade Portfolio for trading or margin. Through these claims and assurances,

East West Global and Adrian have led participants to believe they would receive the value of their initial investment around the 10-year anniversary mark, which maturity date they have now extended to 2028.

81. The December 2020 disclosure is wholly inadequate since using the Investment Grade Portfolio as margin for trading completely altered the nature of the iFund Diversified investment by exposing the Investment Grade Portfolio to the risks of trading on margin.
82. The disclosure is also unbalanced and inadequate in other respects. Although the December 2020 letter indicated the portfolio manager's trading strategy could result in "an increased risk of loss to the Fund," the letter failed to discuss how using the Investment Grade Portfolio to margin the equity options trading could impact the Fund by exposing the bonds to trading losses or to disclose the risk of loss associated with equity options trading, which was a new product class for the Fund.
83. In addition, East West Global and Adrian downplayed the risk of loss by touting "potential advantages" of adding the equity options strategy and claiming they did not anticipate the new strategy would "affect the coupon payments" from the bond portfolio, which statements made the disclosure unbalanced.
84. Adrian executed a margin account agreement with the broker-dealer holding the bonds in the Investment Grade Portfolio on December 3, 2020, one-week before he and East West Global sent the December 10, 2020 letter to participants disclosing they were implementing this significant change.

85. Adrian caused the Fund to borrow \$8 million from the broker-dealer in January 2021 (the margin loan) and used the cash to finance Portfolio Manager #1's equity trading strategy. This \$8 million represented the collateralization of approximately 50% of the assets in the Investment Grade Portfolio.
86. In May 2022, East West Global replaced Portfolio Manager #1 with another firm to trade futures for the Fund (Portfolio Manager #2). East West Global and Adrian sent a May 1, 2022 letter to participants about the change and again disclosed that a portion of the Investment Grade Portfolio would be used to margin positions resulting from Portfolio Manager #2's futures trading strategy.
87. The May 2022 letter contained deficiencies similar to the December 2020 letter. For example, East West Global and Adrian again failed to adequately describe the risks associated with using the Investment Grade Portfolio to margin Portfolio Manager #2's trading and downplayed the risk of loss by touting "potential advantages" of adding Portfolio Manager #2's strategy to the Fund's investment strategy.
88. During interviews of Fund participants, NFA asked about their understanding of the margin loan. None of them appeared to realize that East West Global was using the Investment Grade Portfolio as margin for trading or understood the significance of the disclosures in the December 2020 and May 2022 letters, among other things.
89. Portfolio Manager #1 traded for the Fund from January 2021 through April 2022 and incurred losses of roughly \$860,000. Portfolio Manager #2 traded for the



Fund through October 2022 and incurred another \$350,000 in losses over the subsequent six-month period.

90. As a result of East West Global and Adrian using the Investment Grade Portfolio as collateral to margin the Portfolio Managers' trading, the Fund incurred losses of more than \$1.2 million.

### The Shortfall

91. In addition to the misconduct described above, East West Global and Adrian have failed to adequately inform participants of a material shortfall in iFund Diversified.
92. The shortfall has increased since East West Global and Adrian began margining the Investment Grade Portfolio and means the Fund likely has insufficient assets to satisfy the promises that East West Global and Adrian have made to the participants about receiving the full amount of their initial investment at the 10-year anniversary mark or at the 2028 date they are currently giving to participants.
93. As alleged above, the Fund suffered material losses during the time it was using the Investment Grade Portfolio as collateral to trade equity options and futures in the Futures Portfolio, which caused NFA to look at the Fund's performance since 2018.
94. Although the Fund reported positive performance in 2019 through 2020, the performance from 2021 through September 2023 has resulted in negative rates of return (RORs) and contributed to the Fund's declining NAV, as illustrated in the following table:

### **iFund Diversified's Annual Rates of Return**

Year	2019	2020	2021	2022	2023 (through September 30)
ROR	8.72%	4.95%	-9.29%	-16.52%	-0.93%
NAV	\$13,896,000	\$13,927,083	\$10,967,017	\$8,486,511	\$7,682,202

95. The 2018 Complaint, described above, alleged the 10% up-front management fee, coupled with trading losses in the Futures Portfolio, caused the participants' interests in iFund Diversified to decrease in value.
96. The 2018 Complaint further alleged that the decrease in value, in turn, reduced the retirement funds that participants used to finance their contributions to the Fund and diminished the likelihood they could receive the amount of their initial investments back at the maturity date because the return on the Investment Grade Portfolio could not overcome the deficit.
97. The effect of this shortfall on an individual participant is reflected by Participant #1 who, as discussed above, only received two-thirds of his initial investment amount back when he redeemed at the 10-year mark.
98. Although iFund Diversified has not accepted any new participants since at least 2018, the performance of the Fund has declined consistently overall.
99. The Fund suffered significant losses in early 2021, soon after East West Global and Adrian began using the Investment Grade Portfolio for margin to trade equity options and later futures, which losses continued through at least September 2023.
100. Even so, Adrian's acts and omissions have led participants to continue believing they will receive the amount of their initial investment back if they remain in the

Fund until 2028, as illustrated by the numerous examples of his misleading statements to participants, described above.

101. Moreover, East West Global and Adrian know (but have failed to adequately disclose) that participants will probably not receive a return of their full investment due, in part, to the firm and Adrian's egregious actions in managing the Fund.
102. The table below shows NFA's shortfall calculations based on the NAV of the Fund as reported in its certified annual financial statements and the initial contributions of the participants who remained in the Fund at year-end in 2019 through 2022 (but excluding contributions from participants who redeemed during those years).

**Shortfall in iFund Diversified**

	Shortfall as of 12/31/2019	Shortfall as of 12/31/2020	Shortfall as of 12/31/2021	Shortfall as of 12/31/2022
Current NAV	\$13,896,000	\$13,927,083	\$10,967,017	\$ 8,486,511
Initial Contributions	\$17,544,500	\$16,764,158	\$14,542,016	\$13,646,616
<b>Shortfall</b>	<b>\$3,648,500</b>	<b>\$2,837,075</b>	<b>\$3,574,999</b>	<b>\$5,160,105</b>

103. This table represents a snapshot of the NAV that the Fund reported at the end of each year compared to contributions from participants remaining in the Fund at that time and demonstrates the Fund would not have had enough assets available to fully redeem those participants.
104. NFA shared its views regarding the shortfall with East West Global and Adrian, who disagreed and provided NFA with projected valuations showing participants will receive their initial investments in 2028.
105. However, the firm's projected valuations failed to account for the Investment Grade Portfolio's margin loan, or anticipated fees and expenses, such as

management and fund administrator fees, or the Fund's equity options and futures trading losses since 2021.

106. After factoring in those omitted amounts, NFA conservatively estimates the Fund will need to have an approximate total 40% ROR over the next five years to return the remaining participants' initial investments, which is highly unlikely given East West Global and Adrian's track record.

#### Summary

107. Over the last few years, East West Global and Adrian have completely changed the tenor of the iFund Diversified investment and how they use participants' retirement funds.
108. As alleged above, these changes included East West Global and Adrian removing references in the PPM to the initial investment guarantee in October 2018, even though Adrian has continued to tout to Fund participants since then that they would receive their investments at the maturity date.
109. East West Global and Adrian also removed the 10-year maturity date reference from the October 2018 PPM and unilaterally extended the maturity date to 2028, which the firm and Adrian apparently only reveal when participants contact them to inquire about their investment.
110. East West Global and Adrian likely extended the maturity date to 2028 and margined the Investment Grade Portfolio bonds to try to make up for the sizeable shortfall that exists in the Fund, which they have known or should have known about since at least the 2018 Complaint.

111. Even so, East West Global and Adrian have failed to adequately inform participants about the shortfall and, through misleading communications, continue to lead Fund participants to believe they will obtain a return of their initial investment amounts if they remain invested until 2028.
112. More significantly, in a likely attempt to make up or reduce the shortfall, East West Global and Adrian acted recklessly in 2021 when they began using the Investment Grade Portfolio as collateral to obtain cash to trade equity options (and later futures) on margin.
113. East West Global and Adrian made this change, which completely contradicted the Fund's original investment purpose and strategy, without adequate disclosure. The change also caused the Fund to incur more than \$1.2 million in losses and increased the size of the shortfall in the Fund.
114. By reason of the foregoing acts and omissions, East West Global and Adrian are charged with violations of NFA Compliance Rules 2-2(a), 2-4, 2-29(a), and 2-29(b).

### **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

Email: [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, one or more of the following penalties may be imposed:

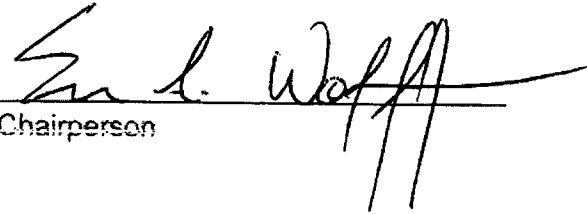
- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$500,000 for each violation found; and
- (e) order to cease and desist or any 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

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