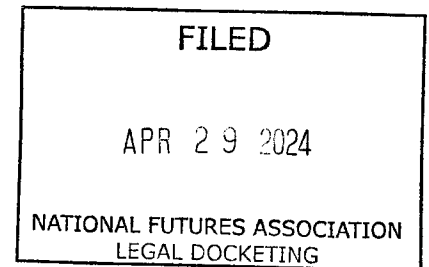


**NATIONAL FUTURES ASSOCIATION  
BEFORE THE  
BUSINESS CONDUCT COMMITTEE**



In the Matter of )

IKIGAI STRATEGIC PARTNERS LLC )  
(NFA ID #518498), )

and )

ANTHONY ROBERT EMTMAN )  
(NFA ID #519231), )

Respondents. )

NFA Case No. 24-BCC-006

**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 Ikigai Strategic Partners LLC (Ikigai Strategic) and Anthony Robert Emtman (Emtman).

**ALLEGATIONS**

**JURISDICTION**

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

### **BACKGROUND**

3. Ikigai Strategic became a registered CPO and NFA Member on June 4, 2019. The firm lists its main address in NFA's online registration system (ORS) as Rio Grande, Puerto Rico.
4. Emtman has been the president, an AP and principal of Ikigai Strategic and an NFA Associate since January 3, 2020. Emtman also owns 10% or more of the firm.
5. ORS also lists Ikigai AM Holdings LLC and Travis Kling (Kling) as principals and owners of the firm. On February 16, 2024, Kling became registered as an AP of the firm and approved as an NFA Associate.
6. Ikigai Strategic operates three CFTC 4.7 exempt pools that primarily trade cryptocurrencies and digital assets—Ikigai Opportunities Fund International Ltd, Ikigai Opportunities Fund LLC (Ikigai Opportunities Fund) and Ikigai Opportunities Master Fund Ltd (the Master Fund) (collectively the Funds).
7. Ikigai Capital Partners GP LLC (Ikigai Capital GP), a non-Member of NFA and the general partner of the Funds, has delegated its investment authority to Ikigai Strategic. Emtman and Kling also own and operate Ikigai Capital GP.

8. Ikigai Strategic utilized a crypto currency exchange (Crypto Exchange) to conduct the majority of the Funds' trading.
9. As of October 31, 2022, the firm's Master Fund had approximately \$65 million in assets at Crypto Exchange, accounting for 80% of the pool's assets.
10. In November 2022, the firm filed notice with NFA that the Master Fund halted pool participants' redemptions due to its inability to withdraw assets held at Crypto Exchange.
11. NFA monitored the firm after receiving notice of the halted redemptions. However, given the Master Fund's substantial investment with Crypto Exchange and the liquidity crisis occurring in the digital asset industry around this time, NFA commenced an onsite exam on April 17, 2023 (2023 exam). NFA's exam focused on two of Ikigai Strategic's three exempt pools—the Master Fund and the Ikigai Opportunities Fund.

#### **APPLICABLE RULES**

12. NFA Compliance Rule 2-45, together with a related Interpretive Notice, prohibits CPO Members from permitting any of their commodity pools to make a direct or indirect loan or advance of pool assets to the CPO, the CPO's principals, or any other affiliated person or entity.
13. 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.

14. NFA Compliance Rule 2-13 provides, in pertinent part, that any Member who violates any CFTC Regulations 4.1, 4.7, 4.12, and 4.16 through 4.41 shall be deemed to have violated an NFA Requirement.
15. CFTC Regulation 4.7 provides, in part, that if an offering memorandum is distributed in connection with soliciting prospective participants in the exempt pool, a CPO must include a required disclosure on the offering memorandum's cover page indicating the CFTC has not reviewed or approved the offering or any offering memorandum for the pool.
16. CFTC Regulation 4.20 prohibits a CPO from commingling the property of any pool that it operates with the property of another person.
17. CFTC Regulation 4.22, which governs reporting to pool participants, requires CPOs to distribute account statements to pool participants within 30 calendar days after the end of the reporting period. The Regulation also requires CPOs to distribute to pool participants an Annual Report, audited by independent public accountant, within 90 calendar days after the end of the pool's fiscal year and to file the Annual Report with NFA.
18. CFTC Regulation 4.23, which governs recordkeeping requirements, provides, in part, that each CPO must make and keep books and records in an accurate, current, and orderly manner.
19. NFA Compliance Rule 2-46 provides, in part, that each CPO Member must file Form PQR on a quarterly basis with NFA for each pool that it operates and for which it has any reporting requirements under CFTC Regulation 4.27 within 60 days of each calendar quarter end.

20. NFA Compliance Rule 2-29(b) prohibits the use of any promotional material that is misleading.
21. NFA Interpretive Notice 9073, entitled "Disclosure Requirements for NFA Members Engaging in Virtual Currency Activities," reminds Members that NFA Compliance Rules prohibit the use of any promotional material that is misleading or deceptive and requires, in pertinent part, a CPO Member operating a pool that trades underlying or spot virtual currencies to make certain disclosures in its offering memorandum related to virtual currencies.
22. NFA Compliance Rule 2-9(a) provides that each Member shall diligently supervise its employees and agents in the conduct of their commodity interest 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 interest activities on behalf of the Member.
23. NFA Interpretive Notice 9074, entitled "NFA Compliance Rule 2-9: CPO Internal Controls System," requires CPO Members that have control over customer funds to have an adequate system of internal controls in order to meet their supervisory obligations and ensure compliance with applicable NFA and CFTC requirements.

**COUNT I**

**VIOLATIONS OF NFA COMPLIANCE RULE 2-45: PERMITTING A PROHIBITED ADVANCE OF POOL ASSETS TO AN AFFILIATE.**

---

24. The foregoing paragraphs are realleged as if fully stated herein.
25. During the exam, Emtman informed NFA that Ikigai Strategic's Master Fund had loaned 134.27 Bitcoin (Bitcoin loan), equivalent to \$2.5 million at the time of the

loan, to a crypto lending company (Company A) in two transactions—the first in October 2022 and the second in November 2022.

26. The firm provided NFA with several documents that it claimed evidenced the Bitcoin loan (*i.e.*, loan term sheet, Company A's December 2022 account statement).
27. NFA noticed that none of the documentation the firm provided mentioned the Master Fund. Rather, the documentation referenced Company A and Ikigai Capital GP, an Ikigai Strategic affiliate owned and operated by Emtman and Kling.
28. NFA's review discovered that Ikigai Strategic used the Master Fund's Bitcoin as collateral for a \$1.4 million USDC existing line of credit that Company A had previously extended to Ikigai Capital GP in February 2019.
29. When questioned about why Ikigai Strategic used the Master Fund's Bitcoin as collateral for Ikigai Capital GP, Emtman confirmed that Ikigai Capital GP had an existing uncollateralized line of credit with Company A.
30. A document the firm provided to NFA represented that, in October 2022, Company A requested collateral for Ikigai Capital GP's outstanding line of credit.
31. Since Ikigai Capital GP is owned by Emtman and Kling—who also own Ikigai Strategic—and the general partner of the Master Fund, the Bitcoin loan violated Compliance Rule 2-45 as it represented an advance of pool assets to an affiliate of Ikigai Strategic.

32. NFA informed Ikigai Strategic and Emtman that the loan of Bitcoin from the Master Fund, which benefitted Ikigai Capital GP, violated NFA Compliance Rule 2-45.
33. In August 2023, NFA required Ikigai Strategic and Emtman to properly reimburse the Master Fund for the Bitcoin advanced as collateral to benefit Ikigai Capital GP and to disclose all relevant information about this transaction to the participants.
34. Ikigai Strategic, Emtman, and Kling fully redeemed the Bitcoin loan to the Master Fund in December 2023.
35. By reasons of the foregoing acts and omissions, Ikigai Strategic is charged with violating NFA Compliance Rule 2-45.

## **COUNT II**

### **VIOLATIONS OF NFA COMPLIANCE RULE 2-4: ACTING CONTRARY TO HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE BY FAILING TO ACT IN THE BEST INTERESTS OF THE MASTER FUND AND ITS PARTICIPANTS.**

---

36. The foregoing paragraphs are realleged as if fully stated herein.
37. NFA Compliance Rule 2-4 requires Ikigai Strategic, as a CPO Member, and Emtman, as an NFA Associate, to observe high standards of commercial honor and just and equitable principles of trade, which includes the obligation to act honestly, fairly and in the best interests of the pools they operate, including the Master Fund and its participants, at all times.
38. However, Ikigai Strategic and Emtman disregarded their obligations under Compliance Rule 2-4 by failing to act in the best interests of the Master Fund and

its participants and adequately manage conflicts of interest involving Ikigai Capital GP.

39. As alleged above in Count I, Ikigai Strategic permitted the Master Fund to make the Bitcoin loan to Company A to collateralize Ikigai Capital GP's existing line of credit. In permitting the Bitcoin loan, Ikigai Strategic placed the interests of its owners, Emtman and Kling, ahead of the Master Fund and its participants to benefit Ikigai Capital GP, which Emtman and Kling also own.
40. Emtman also failed to manage adequately the conflict of interest that his role as an owner and operator of Ikigai Capital GP created by placing his and Ikigai Capital GP's interests ahead of the Master Fund and its participants.
41. To illustrate, NFA's review of the Bitcoin loan included examining chat communications between Emtman and an employee of Company A. Those communications revealed that Emtman had suggested using the Master Fund's Bitcoin as collateral for Ikigai Capital's line of credit with Company A.
42. Emtman also executed Bitcoin loan documentation on behalf of Ikigai Capital GP to use the Master Fund's Bitcoin as collateral for the line of credit at Company A.
43. Further, as alleged above, the Bitcoin loan documentation with Company A reflected the Bitcoin loan in the name of Ikigai Capital GP, not the Master Fund. According to Emtman, this caused Ikigai Strategic to realize the Master Fund would not have any claims to the Bitcoin loan.
44. To address this, Emtman said that, in March 2023, Ikigai Strategic executed a "master loan agreement" between Ikigai Capital GP and the Master Fund for the same Bitcoin amount as the Bitcoin loan, with a maturity date in April 2023.



Emtman signed the "master loan agreement" on behalf of Ikigai Capital GP, and Kling signed on behalf of the Master Fund.

45. However, the "master loan agreement" further illustrates that Ikigai Strategic and Emtman disregarded their obligations under Rule 2-4, to the detriment of the Master Fund and its participants.
46. The firm and Emtman used the "master loan agreement" after the fact to characterize the prohibited advance of Bitcoin from the Master Fund as a "loan" to Ikigai Capital GP, even though such transaction would signify a direct loan from the Master Fund to an affiliate of Ikigai Strategic, which Compliance Rule 2-45 also prohibits.
47. Emtman also placed his interests above his obligations to the Master Fund and its participants in March 2023 by signing the "master loan agreement," with an effective date backdated to October 2022, on behalf of Ikigai Capital GP.
48. Additionally, NFA questioned Emtman about how Ikigai Strategic informed pool participants of the Bitcoin loan. In response, he stated the firm did not make the disclosure in writing but instead discussed the Bitcoin loan during monthly calls with participants.
49. However, upon reviewing recordings of the monthly calls, NFA discovered that Ikigai Strategic and Emtman did not discuss the Bitcoin loan with participants until March 2023, several months after the Bitcoin loan had occurred.
50. The foregoing allegations demonstrate that Ikigai Strategic and Emtman failed to act honestly, fairly and in the best interests of the Master Fund and its participants at all times.

51. By reasons of the foregoing acts and omissions, Ikigai Strategic and Emtman are charged with violating NFA Compliance Rule 2-4.

**COUNT III**

**VIOLATION OF NFA COMPLIANCE RULE 2-13: COMMINGLING POOL FUNDS WITH THE ASSETS OF ANOTHER POOL.**

---

52. The foregoing paragraphs are realleged as if fully stated herein.
53. During the 2023 exam, Emtman informed NFA that Ikigai Venture Opportunities Master Fund I LP (Venture Fund), a fund that a non-Member affiliate of Ikigai Strategic operated, had transferred money and digital assets into various Ikigai Strategic Master Fund accounts.
54. Specifically, in November 2022, Ikigai Strategic permitted the affiliate to transfer over \$2 million in cash and digital assets from Venture Fund accounts into the Master Fund's accounts.
55. In addition to commingling Venture Fund's assets with the Master Fund's assets, NFA discovered that Ikigai Strategic used the Master Fund's accounts to pay Venture Fund expenses and process redemptions for Venture Fund investors (*i.e.*, approximately \$65,000 and \$1.6 million, respectively).
56. According to Ikigai Strategic, as of March 2024, approximately \$80,000 remained commingled between Venture Fund and Master Fund.
57. By reason of the foregoing acts and omissions, Ikigai Strategic is charged with violating NFA Compliance Rule 2-13.

#### **COUNT IV**

##### **VIOLATIONS OF NFA COMPLIANCE RULES 2-13 AND 2-29(b): FAILURE TO PROVIDE NECESSARY DISCLOSURES.**

58. The foregoing paragraphs are realleged as if fully stated herein.
59. NFA's 2023 exam revealed that Ikigai Strategic failed to provide the necessary disclosures to pool participants.
60. As alleged above, Ikigai Strategic operated Ikigai Opportunities Fund pursuant to an exemption under CFTC Regulation 4.7. However, NFA found that Ikigai Opportunities Fund's June 2020 private placement memorandum (June 2020 PPM) omitted the cover page disclosure required under CFTC Regulation 4.7.
61. Ikigai Strategic also failed to include the virtual currencies disclosures required under NFA Interpretive Notice 9073 in the June 2020 PPM, which omission made the PPM misleading.
62. By reason of the foregoing acts and omissions, Ikigai Strategic is charged with violating NFA Compliance Rules 2-13 and 2-29(b).

#### **COUNT V**

##### **VIOLATIONS OF NFA COMPLIANCE RULES 2-13 AND 2-46: FAILURE TO COMPLY WITH RECORDKEEPING AND REPORTING OBLIGATIONS.**

63. The foregoing paragraphs are realleged as if fully stated herein.
64. According to the June 2020 PPM, Ikigai Opportunities Fund would distribute monthly account statements to pool participants.
65. During the 2023 exam, NFA requested the firm provide the most recent account statement sent to pool participants, as well as other records for its pools (e.g., the

supporting subsidiary ledger for each participant, general ledger, statement of income or loss).

66. Emtman responded to the request by explaining that he was unable to provide a recent account statement as the firm did not have books and records as of November 2022.
67. Specifically, the firm did not maintain records for Ikigai Opportunities Fund or the Master Fund for November 2022 through February 2023. In response to this finding in the 2023 exam report, the firm admitted that the October 2022 account statement was the last monthly account statement prepared for Ikigai Opportunities Fund, which Ikigai Strategic distributed to pool participants on December 6, 2022.
68. Emtman informed NFA that the firm was in the process of hiring a new administrator to maintain its books and records and produce the required account statements. He also mentioned that the firm's previous administrator stopped preparing books and records in November 2022, as the administrator was unable to obtain supporting documents for the transactions with Company A and other additions (*i.e.*, Venture Fund deposits) into the firm's Master Fund and resigned.
69. In April 2023, Ikigai Strategic hired a new administrator, who began preparing the monthly account statements for November 2022 and beyond. These statements were distributed to participants starting in late May 2023.
70. Additionally, on a quarterly basis, Ikigai Strategic is required to report specific information about the firm and the pools it operates by filing a Form PQR (PQR) with NFA within 60 days of each calendar quarter end.

71. However, the firm filed the March 31, 2023 PQR four business days late (*i.e.*, the PQR was due May 30 but not submitted until June 5, 2023).
72. Although Ikigai Strategic indicated in its September 2023 response to the exam report that the firm would file its PQRs on time, the firm filed the September 30, 2023 PQR one business day late on November 30, 2023.
73. Ikigai Strategic must also file an audited Annual Report for its pools, called a pool financial statement (PFS), with NFA within 90 days of the fiscal year-end.
74. However, the firm did not file the December 31, 2022 PFS for the Ikigai Opportunities Fund and the other feeder fund (*i.e.*, Ikigai Opportunities Fund International Ltd.) until 65 business days after the PFS due date.
75. By reason of the foregoing acts and omissions, Ikigai Strategic is charged with violating NFA Compliance Rules 2-13 and 2-46.

#### **COUNT IV**

##### **VIOLATIONS OF NFA COMPLIANCE RULE 2-9(a): FAILURE TO SUPERVISE.**

76. The foregoing paragraphs are realleged as if fully stated herein.
77. NFA Compliance Rule 2-9(a) requires each Member and Associate with supervisory responsibilities to diligently supervise.
78. However, as the foregoing allegations illustrate, Ikigai Strategic and Emtman failed to adequately supervise the firm and its operations.
79. Ikigai Strategic's main failure involved permitting the Master Fund to make the Bitcoin loan to Company A to benefit an affiliated company that Emtman owned through a transaction prohibited under NFA's Rules.

80. As the president and the sole AP who was a principal of the firm at all times relevant to this Complaint, Emtman was required to diligently exercise his supervisory duties on behalf of Ikigai Strategic and ensure the firm complied with its regulatory obligations.
81. However, Emtman is the person who suggested using the Master Fund's Bitcoin as collateral for the affiliate's line of credit at Company A and signed documents that placed his and Ikigai Capital GP's interests ahead of the Master Fund and its participants.
82. Ikigai Strategic and Emtman also failed to inform pool participants of the prohibited transactions for months.
83. Further, Ikigai Strategic and Emtman failed to take the appropriate steps to ensure pool participants' investments were secure. Instead, Ikigai Strategic and Emtman permitted commingling of assets from the firm's Master Fund with assets from Venture Fund, which they knew or should have known was impermissible and violative of CFTC and NFA Requirements.
84. Ikigai Strategic and Emtman's shortcomings are also demonstrated by their failure to provide necessary disclosures to pool participants and ensure the firm adhered to its recordkeeping and reporting obligations.
85. Finally, Ikigai Strategic and Emtman failed to ensure the firm had an adequate system of internal controls in order to meet its supervisory obligations. For instance, Ikigai Strategic and Emtman failed to safeguard customer funds, produce financial reports timely, and maintain compliance with all regulatory requirements.

86. By reason of the foregoing acts and omissions, Ikigai Strategic and Emtman are charged with violating NFA Compliance Rule 2-9(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](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: 4/29/2024

By: 

Chairperson