

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

FILED

AUG 15 2024

NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)
)
TRINITY TRADING GROUP LLC)
(NFA ID #466053),)
)
and)
)
BRUCE ROBERT SCHOCK)
(NFA ID #466428),)
)
Respondents.)

NFA Case No. 24-BCC-010

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 issues this Complaint against Trinity Trading Group LLC (Trinity Trading) and Bruce Robert Schock (Schock).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Trinity Trading was a commodity trading advisor (CTA), commodity pool operator (CPO), forex firm and NFA Member. As such, Trinity Trading 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, Schock was a principal and associated person (AP) of Trinity Trading and an NFA Associate. As such, Schock was and

is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof. Trinity Trading is liable for violations of NFA Requirements committed by Schock during the course of his activities on behalf of Trinity Trading.

BACKGROUND

3. Trinity Trading has been a registered CTA, forex firm and NFA Member since September 2013, and a registered CPO since November 2019. The firm is located in Orlando, Florida.
4. Schock is the chief executive officer of Trinity Trading and has been the sole principal and AP of the firm and an NFA Associate since September 2013.
5. Shortly after becoming a CTA in 2013, Trinity Trading submitted a disclosure document (DDOC) to NFA for an off-exchange foreign currency (forex) trading program called 3G-I. The firm updated the DDOC four times between 2014 and 2019, which DDOCs NFA reviewed, provided comments on, and accepted.
6. Trinity Trading has indicated in its quarterly program reports (PRs) and Member Questionnaires (Questionnaires) filed since 2013 that the firm has never directed trading for customer accounts as a CTA.
7. As a CPO, Trinity Trading had two pools for which it has claimed 4.7 exemptions since listing them with NFA.
8. One pool was Long Term Currency LLC (Long Term Pool), which Trinity Trading listed with NFA in December 2019. The second pool was The Trinity Association LLC (Trinity Association Pool), which the firm listed with NFA in February 2020.

9. Since listing its pools with NFA, Trinity Trading has indicated in pool quarterly reports (PQRs) and Questionnaires that neither pool had assets under management nor ever received funds to purchase an interest in the pools.
10. NFA received a complaint against Trinity Trading in February 2024, which led NFA to conduct an examination of the firm (2024 exam). As alleged in more detail below, NFA's exam found that the firm and Schock committed serious violations of NFA Rules.

APPLICABLE RULES

11. NFA Bylaw 301(b) provides, in pertinent part, that no person may be associated with a Member of NFA unless the person is registered with NFA as an Associate or is an NFA Member.
12. NFA Bylaw 301(j) provides, in pertinent part, that any person associated with a Member that is registered as a CPO or CTA and engages in forex activities must be approved as a forex AP by NFA in order to engage in forex activities on behalf of such Member.
13. NFA Compliance Rule 2-4 requires, in pertinent part, that NFA Members and Associates 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(a) provides, in pertinent part, that any Member who violates certain CFTC Part 4 Regulations shall be deemed to have violated an NFA requirement. Such Part 4 Regulations include CFTC Regulation 4.20, which prohibits a CPO from commingling the property of any pool it operates or intends to operate with the property of any other person; CFTC Regulation 4.21,

which requires a CPO to deliver a disclosure document to a prospective participant in a pool it operates or intends to operate, unless an exemption applies; CFTC Regulation 4.22, which requires a CPO to distribute pool account statements to participants at least quarterly and distribute certified annual reports to participants within 90 calendar days after the end of the pool's fiscal year; and CFTC Regulation 4.23, which requires a CPO to make and keep certain books and records in an accurate, current and orderly manner (*e.g.*, receipts and disbursements journal, ledgers for each participant's funds, a general ledger).

15. NFA Compliance Rule 2-36(e) requires each Forex Dealer Member (FDM) to diligently supervise its employees and agents in the conduct of their forex activities for or on behalf of the FDM. Each Associate of an FDM who has supervisory duties must diligently exercise such duties in the conduct of that Associate's forex activities for or on behalf of the FDM.
16. NFA Compliance Rule 2-36(g) requires each FDM and, as applicable, Associates of FDMs, to comply with sections (a) through (h) of NFA Compliance Rule 2-29 and the Interpretive Notices related to these provisions.
17. NFA Compliance Rule 2-39(a) provides that Members or Associates who solicit customers, introduce customers to a counterparty, or manage accounts on behalf of customers in connection with forex transactions shall comply with Sections (a), (b), (c), (d), (e), (g), (h), and (l) of Compliance Rule 2-36.

COUNT I

VIOLATIONS OF NFA COMPLIANCE RULE 2-13(a): FAILURE TO CREATE AND MAINTAIN REQUIRED RECORDS; FAILURE TO DISTRIBUTE DISCLOSURE DOCUMENTS, ACCOUNT STATEMENTS AND CERTIFIED ANNUAL REPORTS TO POOL PARTICIPANTS; AND COMMINGLING OF POOL ASSETS.

18. The foregoing paragraphs are realleged as if fully stated herein.
19. At the start of the 2024 exam, NFA requested various records from Trinity Trading.
20. Schock admitted to NFA that, other than bank account statements, Trinity Trading had no financial or accounting records for either Long Term Pool or Trinity Association Pool, such as a cash receipts and disbursements journal, subledgers for each participant, a general ledger, or records demonstrating that its pool customers satisfied the qualified eligible person (QEP) requirements under the 4.7 exemption.
21. NFA reviewed Trinity Trading's and its pools' bank account statements and noted that, from September 2019 through August 2020, Long Term Pool received several deposits totaling about \$360,000.
22. Schock informed NFA that the deposits represented individual customers' funds, some of which Long Term Pool received before the firm listed the pool with NFA.
23. Since Trinity Trading began accepting funds from pool customers before filing Long Term Pool's exemption, the firm should have provided those customers with an NFA-accepted DDOC.
24. However, NFA has no record of receiving a DDOC from Trinity Trading for either Long Term Pool or Trinity Association Pool, and Schock admitted that neither

pool had one. Furthermore, Trinity Trading maintained no evidence to support the pool's customers were QEPs and that Long Term Pool qualified for the 4.7 exemption.

25. Bank account statements also revealed that Trinity Trading caused Long Term Pool to disburse \$50,000 to Trinity Trading's bank account on October 31, 2019.
26. The same day, Trinity Trading wired \$50,000 to its proprietary trading account at an FDM (FDM A), which account had an existing balance of about \$115,000 at the time.
27. When NFA inquired about these transactions, Schock said he intended to begin trading his 3G-I program at the time of the \$50,000 transfer and thought he could include Long Term Pool's funds in Trinity Trading's account at FDM A to trade the program.
28. Schock indicated that he could not get his trading strategy to work with FDM A's systems, so he returned the \$50,000 to Long Term Pool in December 2019.
29. NFA confirmed with FDM A that Trinity Trading never made any trades in its proprietary account after receiving the \$50,000 and noticed the firm returned the funds to Long Term Pool in December 2019. Even so, Trinity Trading commingled Long Term Pool's assets with the property of others for that two-month period.
30. Records NFA obtained from FDM A also showed that some customers had opened and funded managed accounts and granted powers of attorney (POA) to Trinity Trading starting in early 2019.

31. NFA confirmed with FDM A, and through a Request for Information to other FDMs and Member futures commission merchants, that Trinity Trading never commenced trading Long Term Pool or the accounts over which the firm had a POA.
32. In addition, a review of Trinity Association Pool bank account statements revealed a deposit of about \$25,000 in May 2021 that remained in the pool's account at the time of the 2024 exam.
33. Schock informed NFA that the money came from a Canadian company, which he claimed kept its money in the pool because the company remained interested in the firm's trading program.
34. Despite both pools receiving customer funds, Schock admitted that Trinity Trading never distributed account statements or certified annual reports to the participants of either pool.
35. By reason of the foregoing acts and omissions, Trinity Trading is charged with violating NFA Compliance Rule 2-13(a).

COUNT II

VIOLATIONS OF NFA BYLAWS 301(b) AND 301(j): PERMITTING UNREGISTERED INDIVIDUALS TO ACT AS ASSOCIATED PERSONS WITHOUT BEING NFA ASSOCIATES AND FAILING TO OBTAIN NFA APPROVAL OF INDIVIDUALS ACTING AS FOREX ASSOCIATED PERSONS.

36. The foregoing paragraphs are realleged as if fully stated herein.
37. As alleged above, NFA received a complaint in February 2024 from an individual who represented he had purchased an equity interest in Trinity Trading (Investor

- A). Investor A told NFA that others had also purchased equity interests in Trinity Trading, including his in-laws (Investors B) and another individual (Investor C).
38. NFA interviewed these individuals, who described themselves as "finders" of managed account customers and pool participants for Trinity Trading.
39. NFA obtained copies of agreements that Investor A and Investor C had entered into with Trinity Trading. According to the agreements, Investor A and Investor C would solicit and introduce prospective customers to Trinity Trading. In return, Trinity Trading would pay them a "finder's fee," according to a schedule outlined in the agreement.
40. NFA questioned Schock about the "finders." Schock admitted there were 12 individuals who had signed agreements with Trinity Trading over the past decade to solicit and introduce prospective customers to the firm.
41. Schock also asserted that none of the "finders" ever brought in customers. However, it appears that Investor C's efforts resulted in some of the customer accounts at FDM A that granted POA to Trinity Trading.
42. NFA confirmed that none of the 12 individuals identified by Schock ever registered as APs of the firm, became NFA Associates, or were approved by NFA as forex APs.
43. By reason of the foregoing acts and omissions, Trinity Trading is charged with violating NFA Bylaws 301(b) and 301(j).

COUNT III

VIOLATIONS OF NFA COMPLIANCE RULE 2-4: FAILURE TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE IN DEALINGS WITH TRINITY TRADING INVESTORS.

44. The foregoing paragraphs are realleged as if fully stated herein.
45. As alleged above in Count II, NFA interviewed Investor A, Investors B and Investor C, who represented they had invested in Trinity Trading.
46. Investor A said he invested \$25,000 in 2021, while Investors B made investments of \$75,000 and \$50,000 in 2014 and 2019, respectively. Investor C indicated he invested \$500 in the firm in 2022.
47. Investor A also told NFA that he has repeatedly asked Schock to return his investment, to no avail, and received various excuses from Schock.
48. NFA obtained communications and other materials that Schock prepared and distributed regarding Trinity Trading and its business.
49. From at least 2016 through 2019, Trinity Trading provided investors with annual valuation reports of the firm.
50. The reports stated an independent third-party prepared them using a generally accepted "hedge fund" valuation method. The reports claimed the value of Trinity Trading ranged from about \$50.5 million (in 2016-2017) to more than \$120 million (in 2018-2019).
51. Based on information obtained through the exam about Trinity Trading's operations, NFA questioned the validity of the valuation reports and confronted Schock.

52. Schock admitted an independent third-party did not prepare the valuations and that he determined the amounts using a formula he found in a business school textbook.
53. By reason of the foregoing acts and omissions, Trinity Trading and Schock are charged with violating NFA Compliance Rule 2-4.

COUNT IV

VIOLATIONS OF NFA COMPLIANCE RULE 2-36(g), AS INCORPORATED THROUGH NFA COMPLIANCE RULE 2-39(a): USING PROMOTIONAL MATERIALS THAT MENTIONED PROFIT WITHOUT THE REQUIRED DISCUSSION OF RISK OF LOSS, AND USING PROMOTIONAL MATERIALS WITH VIDEO CONTENT THAT DESCRIBED FUTURE PROFIT WITHOUT SUBMITTING THE MATERIALS TO NFA FOR REVIEW AND APPROVAL.

54. The foregoing paragraphs are realleged as if fully stated herein.
55. Under NFA Compliance Rule 2-29(b)(3), no CPO or CTA 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.
56. Trinity Trading has a website where it posted promotional videos featuring Schock discussing Trinity Trading's trading program.
57. NFA reviewed the videos and found deficiencies with several of them, including Schock mentioning the possibility of profit without an equally prominent discussion of the risk of loss.
58. For example, in one video, Schock claimed Trinity Trading investments "provide greater potential for greater return than the stated returns that are shown on savings accounts and CDs...and a much greater income potential."

59. In another video, Schock claimed Trinity Trading's investment program provided "greater potential for higher income...than there are in most other investment vehicles or programs, because they have stated returns. Now those stated returns are guaranteed. Our potential is not, but our potential is much, much greater."
60. Neither video contained an equally prominent discussion of the risk of loss.
61. Under NFA Compliance Rule 2-29(h), no CPO or CTA Member shall use or directly benefit from any promotional material that uses audio or video content to refer to or describe the extent of any profit that can be achieved in the future unless the Member submits the advertisement to NFA's Promotional Material Review Team for its review and approval at least 10 days prior to first use.
62. NFA's review also found that the videos described profit that could be achieved in the future. However, Trinity Trading did not submit the videos to NFA for review and approval at least 10 days prior to first use, as required.
63. By reason of the foregoing acts and omissions, Trinity Trading and Schock are charged with violating NFA Compliance Rule 2-36(g), as incorporated by NFA Compliance Rule 2-39(a).

COUNT V

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

64. The foregoing paragraphs are realleged as if fully stated herein.

65. As the violations alleged in Counts I through IV illustrate, Trinity Trading and Schock fell short of fulfilling their supervisory obligations to ensure the firm complied with NFA Requirements.
66. Schock was either unaware of basic CPO/CTA regulatory obligations, ignored them or did not understand them.
67. For example, Schock claimed he was not aware of the requirement to provide pool customers with account statements and certified annual reports and to register individuals who solicit funds or customers as APs and NFA Associates.
68. Schock also failed to ensure Trinity Trading complied with recordkeeping, pool asset segregation and DDOC requirements, or to ensure that he and the firm observed high standards of commercial honor in their dealings with Trinity Trading investors.
69. Schock also failed to ensure that Trinity Trading complied with NFA reporting requirements and made numerous inaccurate filings with NFA over the years.
70. For example, Trinity Trading stopped filing PRs in 2015 when the firm apparently was inactive as a CTA. However, the firm should have resumed filing the reports again in mid-2019 when customers granted the firm POA over their accounts at FDM A. In addition, Trinity Trading should have reported those CTA customers to NFA starting with the 2019 Questionnaire but did not.
71. Bank statements and Schock's own admissions demonstrate that Trinity Trading's Long Term Pool received customer funds starting as early as 2019, and Trinity Association Pool received customer funds in mid-2021.

72. Despite these facts, Trinity Trading and Schock filed numerous PQRs after receiving customer funds that wrongly indicated there were no assets under management in either pool.
73. Similarly, Trinity Trading and Schock filed Questionnaires since 2019 that wrongly asserted neither pool had received funds for a purchase of interest in the pool.
74. By reason of the foregoing acts and omissions, Trinity Trading and Schock are charged with violating NFA Compliance Rule 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

Email: 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: 08/15/2024

By: 
Chair