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**NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING**

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NFA Case No. 15-BCC-024

1. At all times relevant to this Complaint, Amp was an NFA Member futures commission merchant (FCM). As such, Amp 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, Culp was the president, a principal and associated person of Amp and an NFA Associate. As such, Culp was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

BACKGROUND

3. In August 2014, NFA commenced an examination of Amp. At the time of NFA's examination, Amp had over 13,000 active futures/options accounts.
4. As alleged in detail below, NFA's exam found deficiencies in several facets of Amp's operations including its anti-money laundering (AML) procedures, its Risk Management Policy and the way the firm accrued for expenses. These deficiencies appear to be the result of lax internal controls and oversight and Amp's and Culp's failure to diligently supervise the firm's operations to ensure that they complied with regulatory requirements.

APPLICABLE RULES

5. 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.

COUNT I

VIOLATION OF NFA COMPLIANCE RULE 2-9: FAILURE TO DILIGENTLY SUPERVISE AMP'S OPERATIONS TO ENSURE THEY COMPLIED WITH REGULATORY REQUIREMENTS.

6. The allegations contained in paragraphs 1 through 5 are realleged as paragraph 6.
7. Amp's AML Policy, dated August 2012, addressed accounts based in high-risk jurisdictions, as follows:

The firm will especially scrutinize accounts that are located in problematic countries. We will check the public statements of jurisdictions and accompanying narrative information of the Financial Action Task Force (FATF), FinCEN, and the "Major Money Laundering Countries" section of the "Money Laundering

and Financial Crimes" part of the U.S. Department of State's annual International Narcotics Control Strategy Report [INCS Report] to determine problematic countries and will factor this information into our decisions on whether to open or maintain accounts that are based in these jurisdictions. The firm will not open any accounts based in countries who appear on the above lists.

8. Amp's AML Policy is both unclear and contradictory on its face in that on the one hand it states that, if accounts are located in "problematic countries," it "will factor this information" into its decisions on whether to open such accounts. On the other hand, the AML Policy clearly states that Amp will not open accounts located in these same jurisdictions. It appears that Amp personnel could not follow such an unclear policy as they opened at least 55 accounts in problematic countries listed by FATF, FinCen, or in the INCS Report.
9. Not only was Amp's AML Policy confusing, but the firm's personnel were confused as to who was responsible for implementing the Policy. NFA spoke with the employee at Amp who identified himself as the responsible party for monitoring accounts for suspicious activity and he indicated that he had not performed any such monitoring for over a year. Later, the firm claimed that another individual was responsible for monitoring accounts. This apparent confusion as to who was responsible for monitoring accounts evidences the lack of adequate internal controls at the firm.
10. In addition, Amp also ignored certain terms of its AML Policy. For example, Amp's AML Policy stated that "All employees of the Firm are to receive a copy of the firm's AML Policy and are required to follow such policy and procedure." However, Amp was unable to show that it distributed its AML Policy to all employees.

11. Amp's 2014 Risk Management Policy was also deficient in a number of aspects. For example, it failed to adequately address the risk limits and underlying methodologies employed by the firm in regard to operational, foreign currency, legal, settlement, segregation, and technological risks. Further, it failed to discuss how exceptions to these risk limits would be addressed, the methods that would be used to detect breaches of the risk limits, and the procedures for alerting management of a breach. Amp's Risk Management Policy also did not discuss the procedures for distributing it to relevant supervisory personnel. (The firm also failed to maintain records of the persons to whom the Risk Management Policy was distributed.) Lastly, the Risk Management Policy did not provide for a review and approval of the risk tolerance limits quarterly by senior management and annually by the firm's governing body.
12. NFA informed Amp management of the above deficiencies during NFA's 2014 exam. The firm recently provided a revised and updated Risk Management Policy to NFA which failed to correct the vast majority of the deficiencies identified above, further demonstrating the firm's lack of effective supervision and oversight of its operations.
13. Amp's chief compliance officer (CCO) is responsible for developing and administering appropriate policies and procedures to ensure Amp's compliance with all applicable NFA and Commodity Futures Trading Commission (CFTC) rules and regulations. In June 2014, Amp hired an individual as its new CCO, at an annual salary of \$33,000, who – prior to assuming the role of Amp's CCO – had no

compliance experience and previously worked as an administrative assistant at another FCM.

14. During NFA's examination, the new CCO was unable to answer very basic questions or provide the exam team with requested documents. Instead, Culp responded to most of NFA's inquiries and produced documents requested by NFA.
15. NFA's exam also found that Amp failed to properly record and accrue for certain expenses from August 2014 through December 2014. Although this had no material effect on the firm's adjusted net capital, it did cause the firm's external auditor to cite the firm for a material inadequacy in the firm's 2014 financial audit.
16. NFA's exam further found that, when Amp issued margin calls, it notified a customer by e-mail of the margin call but did not disclose the exact amount of the margin call.
17. The foregoing deficiencies evidence a failure on the part of Amp and Culp to supervise the firm's operations to ensure that its AML policies and procedures were adequate and that its books and records were accurate and complete.
18. By reason of the foregoing acts and omissions, Amp and Culp are charged with violations of NFA Compliance Rule 2-9(a).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within 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.

NFA staff is authorized to grant such reasonable extensions of time in which an Answer may be filed as it deems appropriate. The place for filing an Answer shall be:

National Futures Association
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org
Facsimile: 312-781-1672

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 as a result of or in connection with the issuance of this Complaint, NFA may impose one or more of the following penalties:

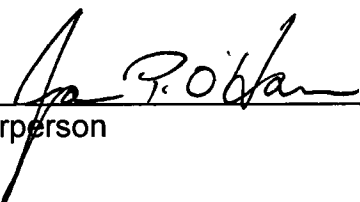
- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$250,000 for each violation found; and
- (e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respondents in this matter who apply for registration in any new capacity, including as an AP with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of 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: 07/02/2015

By: 
Chairperson