

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:)

Chicago Trading Managers LLC,)

Registrant.)
_____)

CFTC Docket No. SD 13-04

RECEIVED CFTC



Office of Proceedings
Proceedings Clerk

12:55 pm, Aug 21, 2013

NOTICE OF INTENT TO REVOKE THE REGISTRATIONS
OF CHICAGO TRADING MANAGERS LLC

I.

The U.S. Commodity Futures Trading Commission (“Commission”) has received information from its staff that tends to show, and the Commission’s Division of Enforcement (“Division”) alleges and is prepared to prove, that:

1. Chicago Trading Managers LLC (“CT Managers”) is a Delaware limited liability company whose current listed address with the Commission is 1919 14th Street, Suite 808, Boulder, CO 80302.

2. CT Managers has been registered with the Commission as a Commodity Pool Operator (“CPO”) and Commodity Trading Advisor (“CTA”) since July 29, 2008, pursuant to Section 4m of the Commodity Exchange Act (the “Act”), 7 U.S.C. § 6m.

3. On March 13, 2012, the Commission filed a federal civil injunctive action against CT Managers. *See CFTC v. Arjent Capital Markets LLC, Chicago Trading Managers LLC, Spencer Montgomery and Brian Reynolds*, Case No. 12-CV-1832 (S.D.N.Y. filed March 13, 2012) (hereinafter “*CFTC v. Arjent Capital Markets LLC*”). The CFTC’s complaint alleged, *inter alia*, that CT Managers fraudulently operated two commodity pools, Chicago Trading Partners US LLC and Chicago Trading Partners International Ltd. (the “CT Pools”), and engaged

in multiple acts of the making of material false statements to pool participants in violation of the anti-fraud provisions of the Act.

4. On May 15, 2013, in *CFTC v. Arjent Capital Markets LLC*, the United States District Court for the Southern District of New York entered an Order for Entry of Default Judgment, Permanent Injunction and Ancillary Equitable Relief Against Arjent Capital Markets LLC and CT Managers (hereinafter, "Order"). The Order contained findings of fact and conclusions of law which found, *inter alia*, that, on at least ten occasions, CT Managers issued or caused to be issued statements to CT Pool Participants that fraudulently inflated the Net Asset Value ("NAV") for each CT Pool in that the statements did not reflect the dilution of the CT Pools' assets caused by certain debits held in the same trading account as the CT Pools' assets. The Order found that by engaging in this conduct, CT Managers committed fraud in violation of Sections 4b(a)(1)(A)-(C) and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C) and 6o(1). The Order, in relevant part, permanently restrains CT Managers from:

- (a) directly or indirectly committing fraud in violation of Sections 4b(a)(1)(A)-(C) and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(1)(A)-(C) and 6o(1);
- (b) applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011); and
- (c) entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2011), security futures products, swaps (as that term is defined in Section 1a(47) of the Act, as amended, and as further defined by

Commission regulation 1.3(xxx), 17 C.F.R. 1.3(xxx)), and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act as amended by the Dodd-Frank Act, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)), for its own personal accounts or for any account in which it has a direct or indirect interest; and

(d) controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, swaps and/or forex contract.

5. Pursuant to Section 8a(2)(C) of the Act, 7 U.S.C. § 12a(2)(C), the Commission may revoke the registration of any person who has been permanently enjoined by order of a court of competent jurisdiction, from certain enumerated activities, including but not limited to (i) acting as a futures commission merchant, introducing broker, floor broker, floor trader, CTA, CPO, or an Associated Person of any registrant under the Act, or (ii) engaging in or continuing any activity involving fraud or any transaction in or advice concerning contracts of sale of a commodity for future delivery or concerning matters subject to Commission regulation under Section 4c or 19 of the Act, 7 U.S.C. §§ 6c or 23.

6. Furthermore, pursuant to Section 8a(2)(E) of the Act, 7 U.S.C. § 12a(2)(E), the Commission may revoke the registration of any person who has been found, in a proceeding brought by the Commission, to have violated the Act by committing fraud or misappropriation within ten years preceding the filing of the registration application or any time thereafter.

7. The facts set forth above in paragraphs 1 through 4 constitute a valid basis for the Commission to revoke CT Manager's registration as a CPO and CTA.

II.

8. Pursuant to Regulation 3.60(a), 17 C.F.R. § 3.60(a) (2011), CT Managers is hereby notified that a public proceeding shall be conducted in accordance with the provisions of Regulation 3.60, 17 C.F.R. § 3.60 (2011), and Part 10 of the Regulations, 17 C.F.R. § 10.1 *et seq.*, on the following questions:

(a) Whether CT Managers is subject to statutory disqualification from registration pursuant to Section 8a(2)(C) and (E) of the Act as set forth in Section I above; and

(b) If the answer to question (a) is affirmative, then whether the registration of CT Managers as a CPO and CTA should be revoked.

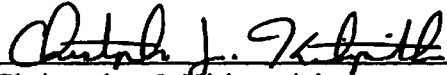
9. Such proceeding shall be held before an Administrative Law Judge or a Presiding Officer in accordance with Regulations 3.60 and 10.8, 17 C.F.R. §§ 3.60, 10.8 (2011), and all post-hearing procedures shall be conducted pursuant to Regulations 3.60(i)-(j), 17 C.F.R. § 3.60(i)-(j) (2011).

10. In accordance with the provisions of Regulation 3.60(a)(3), 17 C.F.R. § 3.60(a)(3) (2011), CT Managers is entitled to file a response challenging the evidentiary bases of the statutory disqualification or show cause why, notwithstanding the accuracy of the allegations, its registrations should not be revoked. Such response must be filed with the Proceedings Clerk, Office of Proceedings, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and served upon Laura Martin, Trial Attorney, Division of Enforcement, Eastern Regional Office, 140 Broadway, 19th Fl., New York, NY, 10005, within thirty (30) days after the date of service of this Notice upon CT Managers, in accordance with the provisions of Regulation 3.60(b), 17 C.F.R. § 3.60(b) (2011). If CT

Managers fails to file a timely response to this Notice, the allegations set forth herein shall be deemed to be true, and the Administrative Law Judge or the Presiding Officer may issue an Order of Default in accordance with the provisions of Regulation 3.60(g), 17 C.F.R. § 3.60(g) (2011).

III.

11. The Proceedings Clerk shall serve this Notice of Intent to Revoke the Registrations of Chicago Trading Managers LLC in accordance with Regulation 3.50, 17 C.F.R. § 3.50, or by any other means permitted under the Act or Regulations thereunder.



Christopher J. Kirkpatrick
Deputy Secretary of the Commission
Commodity Futures Trading Commission

Dated: August 21, 2013