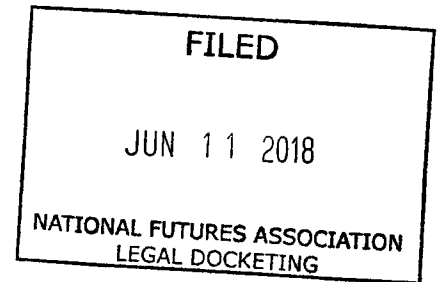


**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**



In the Matter of:

LBS LIMITED PARTNERSHIP
(NFA ID #245169),

Respondent.

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NFA Case No. 18-BCC-005

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of 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, this Committee issues this Complaint against LBS Limited Partnership (LBS).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, LBS was an introducing broker (IB) NFA Member located in Chicago, Illinois. As such, LBS was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

BACKGROUND

2. LBS has been an NFA Member since December 1992 and a registered IB since March 2009.
3. In November 2017, NFA commenced an examination of LBS which found that LBS had failed to fully implement its anti-money laundering (AML) program, as alleged in detail below.

APPLICABLE RULES

4. NFA Compliance Rule 2-9(c) provides, in pertinent part, that each IB shall develop and implement an AML program approved in writing by senior management reasonably designed to achieve and monitor the Member's compliance with the applicable requirements of the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Department of the Treasury and the Commodity Futures Trading Commission (CFTC). Among other requirements, an AML program must provide for:
 - (1) an independent annual review of the AML program to be conducted by Member personnel or by a qualified outside party; and
 - (2) ongoing training for appropriate personnel.

COUNT I

VIOLATIONS OF NFA COMPLIANCE RULE 2-9(c): FAILING TO FULLY IMPLEMENT THE FIRM'S AML PROGRAM.

5. The allegations contained in paragraphs 1 through 4 are realleged as paragraph 5.
6. During NFA's November 2017 examination of LBS, NFA requested copies of the audit reports for LBS's 2016 and 2017 audits of its AML program. LBS provided NFA with the requested AML audit reports. However, both the 2016 and 2017 AML audit reports bore the same date, October 31, 2017. When questioned about this, LBS admitted that it had forgotten to complete an AML audit in 2016.
7. Further, two of LBS's employees who worked in areas susceptible to money laundering were late in completing their annual AML training. One employee was late for his 2017 AML training by 44 days, and the other employee was late for his 2016 AML training by 43 days.

8. This was not the first time that LBS failed to fully implement its AML program. LBS also failed to conduct any AML audits between February 2012 and August 2015 and one of the firm's principals did not complete AML training until August 2015, despite being a principal of the firm since 2012.
9. By reason of the foregoing acts and omissions, LBS is charged with violations of NFA Compliance Rule 2-9(c).

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
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 shall be deemed an admission of the facts and legal conclusions contained in the Complaint and a waiver of hearing. Failure to respond to any allegation shall be deemed an admission of that allegation.

POTENTIAL PENALTIES, DISQUALIFICATION AND INELIGIBILITY

At the conclusion of the proceedings conducted in connection with this Complaint, the Committee may impose one or more of the following penalties:

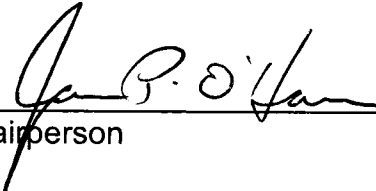
- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$250,000 for each violation found; and
- (e) order to cease and desist or any 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 associated person 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: 06/11/2018

By: 
Chairperson