

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2017_031

MEMBER: Jacob Roth

NADEX RULES:

RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

(p) No Member shall make a false representation to a third party regarding any deposit made into that Member's Nadex account which would result in a chargeback or stop payment of funds to the Member's account.

(q) No Member shall allow its settlement account balance to become negative by any means. In the event that a Member's settlement account balance becomes negative, the Member must immediately deposit additional funds to correct the deficiency.

FINDINGS: A review of Jacob Roth's account indicated that Roth had made false claims to his banking institution for the purpose of initiating chargebacks on numerous debit card deposits made to his account. This in turn caused Roth's account balance to become negative, as he had already used funds from the deposits to enter transactions in the Wall Street 30 and EUR/USD intraday binary markets. The amount of the chargebacks totaled \$51,000.00, and Roth incurred \$375 in fees, \$25 for each of 15 chargebacks, leading to a total deficit balance of -\$51,358.75. Through its dispute and recovery efforts, Nadex was able to reclaim the \$51,000 in chargebacks from the bank, leaving Roth's account with a negative balance of -\$358.75. Accordingly, Roth was found to have violated Rule 5.19(p) when he made false statements to his bank leading to 15 chargebacks on funds he had already used to trade in his Nadex account, and Rule 5.19(q) when he allowed his account to become negative and failed to immediately correct the deficit.

PENALTY: As a result of the violations, Jacob Roth's Nadex Membership has been terminated and he has been permanently banned from the Exchange.

EFFECTIVE DATE: August 31, 2018