

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2017_030(b)

MEMBER: Markeith Victoria

NADEX RULES AND MEMBERSHIP AGREEMENT:

RULE 3.3 MEMBER OBLIGATIONS

(a) Each Member . . . must also cooperate promptly and fully with Nadex, its agents, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding

RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

(b) No Person shall enter into or attempt to enter into any non-competitive trade on the Market, including any accommodation trade or any trade that has been directly or indirectly prearranged. For example, a Member may not agree in advance with another Member that one of the Members will enter an order and the other Member will attempt to trade against that order by timing the submission of orders or otherwise.

(l) No Person shall create a false appearance of a partnership, agency, employment or affiliate relationship with Nadex and no Person shall unlawfully solicit customer funds for deposit at Nadex.

(m) No Member may operate or solicit in any capacity that may require registration with the Commodity Futures Trading Commission (CFTC) without being properly registered.

MEMBERSHIP AGREEMENT

Member Acknowledgements and Authorizations Section (h): You acknowledge and agree that You will, following a request by Nadex, promptly provide to Nadex financial or other information as Nadex may reasonably request or as may be required for Nadex to respond to a request for information from the Commodity Futures Trading Commission ("CFTC") or other regulatory or judicial bodies.

FINDINGS:

An investigation into trading activity conducted by Markeith Victoria ("Victoria") revealed that Victoria had prearranged multiple transactions on the Exchange between November 15, 2017 and November 22, 2017 with another Nadex Member. During the course of the investigation, Victoria acknowledged having discussions with the other Nadex participant for the sole purpose of entering orders on the Exchange that

would trade opposite one another. Accordingly, Victoria was found to have violated Rule 5.19(b) which prohibits entering into any non-competitive trade on the Exchange, when he discussed and effectuated prearranged trades with another Nadex Member.

Additionally, during the course of the investigation, Nadex learned that Victoria owned and operated an entity, Capstone Currency, LLC, which he described as an investment fund consisting of nine third-party investors. The entity is not registered with the Commodity Futures Trading Commission in any capacity, nor has it claimed an exemption from registration. On October 24, 2017, Victoria transferred funds into his Nadex account from his personal bank account to support his trading activity on the Exchange. Nadex's investigation revealed that the original source of these funds appears to have been the Capstone Currency, LLC bank account, specifically tracing back to a third-party investor. The funds were transferred from the investment fund to Victoria's personal bank account, and ultimately to his Nadex account for trading.

Finally, in reviewing bank statements provided by another Nadex Member, Julio Salgado Velez ("Velez"), Nadex became aware of a \$101,000.00 transfer between Capstone Currency, LLC and Velez, which ultimately resulted in deposits to Nadex. Victoria failed to respond to several requests for information regarding this transaction and refused to cooperate further.

Victoria violated both Rule 5.19(l) when he solicited customer funds for deposit into his unregistered entity Capstone Currency, LLC, which were ultimately deposited to Nadex for trading, and Rule 5.19(m) for operating Capstone Currency, LLC in a manner that would likely require registration with the Commodity Futures Trading Commission. Further, Victoria violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when he failed to fully cooperate with Nadex during the course of the investigation.

PENALTY: As a result of the violations, Markeith Victoria was fined \$2,500.00, and his Membership was revoked. Mr. Victoria has also been permanently banned from trading on the Nadex markets, either directly for his own account or through an intermediately, or as an authorized trader on behalf of any other account.

EFFECTIVE DATE: **January 3, 2019**