
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2019_017

MEMBER: Arthur Wammel

NADEX RULES:

NADEX 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.

Electronic Communications with Members:

You must inform Nadex of any changes to Your email address within 24 hours of said change.

RULE 3.3 MEMBER OBLIGATIONS

- (a) Each Member and any Authorized Trader(s) thereof, must comply with these Rules, applicable provisions of the Commodity Exchange Act, and relevant Commission regulations. Each Member and any Authorized Trader(s) thereof 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. Such cooperation shall include providing Nadex with access to information on the activities of such Member and/or Authorized Trader in any referenced market that provides the underlying prices for any Nadex market. Additionally, each Member must update its e-mail address within 24 hours after any change and update all other information provided in its application for membership within five days after that information has changed. If any Member or Authorized Trader(s) thereof fail to satisfy these obligations, Nadex may revoke or suspend the Member's privileges in full or in part. Each Member may also be subject to civil or criminal prosecution.

- (d) Each Member must immediately notify Nadex in writing upon becoming aware:
 - (ii) that the Member, any of the Member's officers or any of the Member's Authorized Traders has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign or military court;

- (iv) that the Member, any of the Member's officers or any of the Member's Authorized Traders has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;
- (v) that the Member, any of the Member's officers or any of the Member's Authorized Traders is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.3(d)(i)-(iv).

FINDINGS: The Nadex Compliance Department commenced an investigation into Member Arthur Wammel ("Wammel") upon receiving notice regarding a Securities and Exchange Commission ("SEC") civil action against him, and learning of his recent conviction for conspiracy to commit wire fraud. The Compliance Department was notified that Wammel was named as a relief defendant in connection with a \$22.7 million fraudulent investment scheme. Specifically, it was alleged that Wammel used funds from options trading accounts which held investor funds for his personal expenses. It was further noted that the court had issued a preliminary injunction prohibiting further violations of various anti-fraud provisions of federal securities laws and frozen assets. Additionally, in a criminal action brought by the United States Attorney for the Eastern District of Texas, Wammel was convicted by a jury on April 3, 2019 of conspiracy to commit wire fraud, concerning the same allegations raised by the SEC in the civil action discussed above. As a result, Wammel was sentenced to 136 months in federal prison and was ordered to pay restitution.

During his tenure as a Nadex Member, Wammel failed to timely apprise Nadex that he was a party to the aforementioned civil and criminal matters, neither while pending nor finalized. In addition, Wammel failed to comply with Compliance's investigation when he did not respond to the Compliance Department's request for information regarding the allegations and conviction set forth above. Further, Wammel failed to keep his email address current, leaving Nadex unable to contact him via email regarding this investigation.

Wammel violated Nadex Rules 3.3(d) (ii), (iv), and (v) when he failed to timely apprise Nadex of the aforementioned civil and criminal matters. In addition, the Compliance Department concluded that Wammel violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when he failed to cooperate with the Compliance Department's inquiry regarding the allegations set forth above. Lastly, the Compliance Department concluded that Wammel violated Rule 3.3(a) and the Electronic Communications with Members section of the Nadex Membership Agreement, when he failed to keep his email address current.

PENALTY: As a result of the aforementioned violations, Arthur Wammel's Nadex Membership has been revoked, his account terminated, and he has been permanently banned from trading on Nadex Markets, either directly for his own account or through an intermediary, or as an authorized trader on behalf of any other account.

EFFECTIVE DATE: April 22, 2020