
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2020_008

MEMBER: Rodney Blackford

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.

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. . . .
- (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 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);

RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.

FINDINGS: The Nadex Compliance Department commenced an investigation into Member Rodney Blackford (“Blackford”) upon receiving information regarding his regulatory history. Specifically, the Compliance Department was notified that the Securities and Exchange Commission (“SEC”) filed a complaint against Blackford and his affiliate, Blackford Energy Company on March 11, 1994. The Complaint alleged that Blackford offered and sold unregistered securities related to a Montana oil and gas drilling venture. The Complaint also alleged that Blackford made false and misleading statements about his success in locating oil, as well as the rate of return to investors. On November 29, 1994, pursuant to an offer of settlement, the U.S. District Court of Utah entered an Order permanently enjoining Blackford and his company, Blackford Energy Company, from further violations of federal securities laws. The Order also required the payment of funds to creditors, the distribution of funds to investors of Blackford Energy Company, and the assignment to the investors of working interests in wells drilled by Blackford Energy Company in Montana. In addition, a subsequent Utah state court action for the same conduct resulted in Blackford being convicted of securities fraud on January 24, 2000 and ordered to pay restitution.

During his tenure as a Nadex Member, Blackford failed to timely apprise Nadex that he was a party to the aforementioned regulatory matter and subsequent fine, penalties and settlement related to securities fraud on his initial Membership application or thereafter. In addition, Blackford failed to comply with this investigation when he did not respond to the Compliance Department’s request for information regarding the allegations set forth in the subject alert.

Blackford violated Nadex Rules 3.3(d)(ii) and (iv) when he failed to timely apprise Nadex of the aforementioned regulatory actions and penalties imposed therein. In addition, the Compliance Department concluded that Blackford 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 these matters. Finally, Blackford violated Rule 5.19(k) when he failed to disclose information to Nadex on his account application regarding his regulatory disciplinary history.

PENALTY: As a result of the aforementioned violations, Rodney Blackford’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: March 1, 2021