

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2017_005

MEMBER: Kevin Pulley

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 Kevin Pulley's account indicated that Pulley had made false claims to his banking institution for the purpose of initiating a chargeback on numerous debit card deposits made to his account. This in turn caused Pulley's account balance to become negative, as he had already used funds from the deposits to enter transactions in the USD/JPY, EUR/USD, AUD/USD, and GBP/USD intraday binary markets. The amount of the chargebacks totaled \$5,216.00, and Pulley incurred \$575 in fees, \$25 for each of 23 chargebacks, leading to a total deficit balance of -\$5,906.20. Accordingly, Pulley was found to have violated Rule 5.19(p) when he made false statements to his bank leading to 23 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, Kevin Pulley's Nadex Membership has been terminated and he has been permanently banned from the Exchange.

EFFECTIVE DATE: February 15, 2018