
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2022_006

MEMBER: Aline Barreto

NADEX RULES:

NADEX MEMBERSHIP AGREEMENT

Member Representations, Section (d):

You and, if relevant, Your employees and agents will not trade or otherwise act on behalf of any other person or entity (whether or not a Member) in placing orders on the Nadex System, including by allowing any person not disclosed on the Membership Application to have an economic interest in the trades placed by the Member;

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. . . .

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: On February 18, 2022, the Nadex Compliance Department sent Aline Barreto an Account Inquiry letter requesting, among other things, general background information, source of funds information, banking statements and details regarding her order and trading activity. Aline Barreto failed to fully comply with this investigation, when she failed to produce additional information and she was notified that an Investigation had been opened on May 4, 2022. Additionally, the Compliance Department found that Aline Barreto allowed a third-party to fund her Nadex account by transferring funds into her bank account which were subsequently transferred to Nadex, thus providing a third-party with a direct economic interest in the trading activity in her Nadex account. Lastly, the Compliance Department also found that Aline Barreto provided misleading information relating to her relationship with other Nadex Members, despite sharing account commonalities with other Nadex Members.

Based on Nadex's investigation, the Compliance Department determined that Aline Barreto violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when she failed to fully cooperate with the Compliance Department's inquiry regarding these matters and Section (d) of the Nadex Membership Agreement when she allowed a third-party to have an economic interest in her Nadex account. Further, Compliance concluded Aline Barreto violated Nadex Rule 5.19(k) by providing erroneous and/or misleading information during the investigation relating to the source of funds deposited into her Nadex account and relationship to other Nadex Members.

PENALTY: As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to assess Aline Barreto a fine of \$4,000.00. Additionally, Aline Barreto's Nadex Membership has been revoked, her account terminated, and she has been permanently banned from trading on Nadex Markets, either directly for her own account or through an intermediary, or as an authorized trader on behalf of any other account.

EFFECTIVE DATE: March 15, 2023