
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2018_026

MEMBER: Toybe Bennett

NADEX RULES:

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;

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.

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.

FINDINGS: The Nadex Compliance Department commenced an investigation into Member Toybe Bennett ("Bennett") upon notice that, in April 2006, Bennett was named in an indictment on

charges in connection with a multi-million dollar bank fraud and money laundering scheme. Bennett was convicted on these charges and served approximately 9 years in prison before his release in November 2015.

Bennett violated Nadex Rule 3.3(d)(ii) when he failed to notify Nadex of the aforementioned charges, conviction, and penalties imposed therein. In addition, Bennett violated Nadex Rule 3.3(a) and the Member Acknowledgements and Authorization Section (h) of the Membership Agreement when he failed to cooperate with the Compliance Department's inquiry regarding the allegations contained in the subject alert. Finally, Bennett violated Nadex Rule 5.19(k) when he failed to disclose on his Membership application the federal charges against him alleging bank fraud and money laundering, as well as the resulting conviction and related penalties.

PENALTY: As a result of the aforementioned violations, Toybe Bennett's Nadex membership has been revoked, his account has been terminated, and he has been permanently banned from trading on the Exchange.

EFFECTIVE DATE: November 1, 2019