

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2017_020(a)

MEMBER: Philip Harvey

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 chargeback claims by Philip Harvey and his Nadex account activity indicated that Harvey made false representations to his bank for the purpose of reversing numerous debit card deposits made to his Nadex account. This in turn caused Harvey's account balance to become negative, as he had already used funds from the deposits to trade binary options in the Germany 30, Japan 225, and US 500 Indices, as well as ten currency pairs. The amount of the chargebacks totaled \$13,110.00, and Harvey incurred \$700 in fees, \$25 for each of 28 chargebacks, leading to a total deficit balance of -\$8,925.25. Accordingly, Harvey was found to have violated Rule 5.19(p) when he made false representations to his bank leading to 28 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PENALTY: As a result of the Rule violations, Philip Harvey's Nadex Membership has been revoked and he has been permanently banned from the Exchange.

EFFECTIVE DATE: June 15, 2018