
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2020_007

MEMBER: Darren Olayan

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:
 - (i) that the Member, an of the Member's officers or any of the Member's Authorized Traders has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency;
 - (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);

- (v) 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 Darren Olayan ("Olayan") upon receiving information regarding his regulatory history. Specifically, the Compliance Department was notified that Olayan had several actions taken against him by various state securities regulators, all of which alleged securities fraud related to the sale of unregistered securities. Upon investigation, the Compliance Department discovered that Olayan and his affiliates, Nui Social ("Nui"), Mintage Mining ("Mintage") and a company called Symatri offered cryptocurrency investments tied to the mining of cryptocurrencies by Mintage to investors in the states of Texas, Montana and Michigan. Olayan and other respondents told investors that all mining operations were "in compliance" with securities laws, "works to always stay ahead of cryptocurrency regulation," and "remain[s] so continually by keeping in contract with legal firms." Additionally, advertisements for the investment programs claimed that Mintage could generate returns of up to 250% annually by mining cryptocurrencies.

The state of Texas charged Olayan with failing to properly register as a state securities dealer, as well as fraud and making misleading statements in connection with the offer of the aforementioned cryptocurrency investments, and imposed a \$25,000.00 fine for his violative conduct. The state of Montana also charged Olayan with failing to properly register as a state securities dealer, as well as fraud and making misleading statements in connection with the offer of the aforementioned cryptocurrency investments. The state of Michigan charged Olayan with the offer and sale of unregistered securities and imposed a fine of \$20,000.00 for his violative conduct. Finally, the state of Utah charged Olayan with securities fraud and making false statements to the state regulator in connection with the offer and sale of securities through his affiliate Divvee Social, Inc. ("Divvee") while not being licensed to sell securities in the state of Utah. Pursuant to a settlement, Olayan neither admitted nor denied the state of Utah's findings and agreed to pay \$545,000.00 in restitution.

During his tenure as a Nadex member, Olayan failed to timely apprise Nadex that he was a party to the aforementioned regulatory matters and subsequent fines, penalties and settlement related to securities fraud. In addition, Olayan failed to comply with this investigation when he did not respond to the Compliance Department's request for information regarding these matters. Finally, Olayan provided inaccurate or misleading information regarding his current employment and regulatory disciplinary history on his Nadex account application.

Olayan violated Nadex Rules 3.3(d)(i), (iv) and (v) when he failed to timely apprise Nadex of the aforementioned regulatory actions and penalties imposed therein. In addition, the Compliance Department concluded that Olayan 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, Olayan violated Rule 5.19(k) when he provided misleading information to Nadex on his account application regarding his current employment and regulatory disciplinary history.

PENALTY: As a result of the aforementioned violations, Darren Olayan'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