
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2019_024

MEMBER: Jonathan Rivera-Padilla

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, any 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;

 - (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;

 - (iv) that the Member, any of the Member's officers or any of the Member's Authorized Traders has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;

- (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).

FINDINGS: The Nadex Compliance Department commenced an investigation into Member Jonathan Rivera-Padilla ("Rivera-Padilla") upon receiving information from Nadex's third-party background service regarding his recent regulatory and criminal history. The Compliance Department was notified that Rivera-Padilla received an association and penny stock participation bar from the Securities and Exchange Commission ("SEC"). The SEC's order arose following Rivera-Padilla's criminal conviction for involvement in a conspiracy and scheme to defraud by knowingly and willfully lying and making material misrepresentations to investors. Specifically, Rivera-Padilla and another individual were indicted by a grand jury in January 2016 on twenty-three counts of conspiracy to commit mail fraud, mail fraud, and monetary transactions in illegally obtained property. The indictment alleged that Rivera-Padilla and another individual solicited investments totaling \$5.7 million which were paid to corporations and later disbursed to Rivera-Padilla and another individual. The indictment indicated that Rivera-Padilla guaranteed investors' principal and interest, and while \$1.6 million in interest was paid to investors, Rivera-Padilla and another individual netted approximately \$4.1 million in the scheme. On February 22, 2017, Rivera-Padilla pled guilty to one count of conspiracy to commit mail fraud and two counts of mail fraud, admitting his involvement in the scheme.

During his tenure as a Nadex Member, Rivera-Padilla failed to timely apprise Nadex that he was a party to the aforementioned criminal and regulatory actions. In addition, Rivera-Padilla failed to comply with Compliance's investigation when he did not respond to the Compliance Department's request for information regarding the actions described above.

Rivera-Padilla violated Nadex Rules 3.3(d) (i), (ii), (iv), and (v) when he failed to timely apprise Nadex of the aforementioned criminal conviction and regulatory action. In addition, the Compliance Department concluded that Rivera-Padilla 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 the criminal conviction and regulatory action set forth above.

PENALTY: As a result of the aforementioned violations, Jonathan Rivera-Padilla'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: May 26, 2020