
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2019_026

MEMBER: Willie Hubbard

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 3.1 TRADING MEMBERS – APPLICATIONS, CLASSIFICATIONS, AND PRIVILEGES

- (f) A Trading Member that is an individual, may not maintain and/or trade more than one Nadex account. No Authorized Trader(s), nor any officer, director, member, manager, owner, or indirect owner, of a Trading Member that is an entity may maintain a separate Nadex account and/or trade any Nadex account other than that entity's account.

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 had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency.

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 Willie Hubbard (“Hubbard”) upon receiving information from Nadex’s third-party background service regarding his prior criminal history. Specifically, the Compliance Department was notified that Hubbard was convicted in connection with a conspiracy, along with five other individuals. Upon investigation, the Compliance Department discovered that the two leaders of the conspiracy worked with four other individuals, including Hubbard, to obtain access to other persons’ bank accounts. The leaders impersonated account holders to check account balances and transfer money out of the accounts. Hubbard provided one of the leaders of the conspiracy with bank account information for accounts which he shared with his cousin, who was also involved in the scheme. The leader used Hubbard’s accounts to funnel money from the compromised accounts and directed him to transfer and withdraw funds from the accounts. Hubbard pled guilty to the charges on July 19, 2016 and was sentenced in January 2017 to three years and one month imprisonment, followed by four years of supervised release and were also ordered to pay restitution of \$369,000.

As part of his Nadex application for Membership, Hubbard failed to disclose to Nadex that he was a party to the aforementioned action. In addition, Hubbard failed to comply with Compliance’s investigation when he did not cooperate with the Compliance Department’s request for information regarding the allegations described above. Additionally, during the course of the investigation, the Compliance Department found that Hubbard opened a second Nadex account using a different Tax ID/Social Security Number.

Hubbard violated Nadex Rules 3.3(d)(ii) when he failed to timely apprise Nadex of the aforementioned conviction and prison sentence and penalty imposed therewith. In addition, the Compliance Department concluded that Hubbard 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 allegations described above. Further, the Compliance Department concluded that Hubbard violated Rule 5.19(k), when he failed to disclose on his membership application the felony convictions for bank fraud, conspiracy, and aggravated identity theft. Finally, the Compliance Department found that Hubbard violated Nadex Rule 3.1(f) when he maintained more than one Nadex account.

PENALTY: As a result of the aforementioned violations, Willie Hubbard’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 27, 2020