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**NORTH AMERICAN DERIVATIVES EXCHANGE, INC.  
NOTICE OF DISCIPLINARY ACTION**

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**FILE NO.:** INQ\_2020\_021

**MEMBER:** Lejeune Bauvil

**NADEX RULES:**

**NADEX MEMBERSHIP AGREEMENT**

Member Acknowledgements and Authorizations, Section (a):

You may not give control over Your account to any other person or entity and You may not control the account of any other Member.

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.

Member Representations Section (d):

You and, if relevant, Your employees and agents will not trade or otherwise act on behalf of any other person or entity (whether or not a Member) in placing orders on the Nadex System, including by allowing any person not disclosed on the Membership Application to have an economic interest in the trades placed by the Member

**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. . . .

## **RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

- (g)(1) No individual Trading Member shall trade for a person or entity other than itself and no Authorized Trader of an Entity Trading Member shall trade for a person or entity other than the Entity Trading Member for whom that Person is an Authorized Trader.
- (h) No Person shall engage in any activity that presents a risk of harm to Nadex, its Members, or the public.
- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.
- (l) No Person shall create a false appearance of a partnership, agency, employment or affiliate relationship with Nadex and no Person shall unlawfully solicit customer funds for deposit at Nadex..
- (m) No Member may operate or solicit in any capacity that may require registration with the Commodity Futures Trading Commission (CFTC) without being properly registered.

**FINDINGS:** On September 3, 2020, the Compliance Department sent Lejeune Bauvil (“Bauvil”) an Account Inquiry letter requesting, among other things, details regarding his general background, trading experience, association with several entities, and relationships with other Nadex Members. The Compliance Department acknowledges that Bauvil responded and produced certain information. However, Bauvil failed to produce full and complete statements from his bank account for requested time periods and provided incomplete responses to certain Nadex requests for information. Also, during the course of this investigation, Bauvil provided fraudulent information to the Exchange when he opened multiple accounts with the intent of trading on the applicant’s behalf and also answered correspondence from the Exchange that was intended for those Members.

During his tenure as a Nadex member, Bauvil engaged in business activities in a manner that would require registration with the CFTC, and directly or indirectly solicited customer funds for trading at Nadex.

As such, Nadex Compliance concluded that Bauvil violated Nadex Rule 5.19(l) when, by his own admission, he directly or indirectly solicited customer funds for trading at Nadex. In addition, he violated Rule 5.19(m) when he, by his own admission and without being properly registered, operated and solicited in a manner that required registration with the CFTC. In addition, the Compliance Department concluded that Bauvil violated Member Acknowledgements and Authorizations Section (a) of the Membership Agreement when he, by his own admission accessed and traded the accounts of other Nadex Members. Separately, the Compliance Department determined Bauvil violated Exchange Rule 5.19(g)(1) and Member Representations Section (d) of the Membership Agreement when he admitted that certain individuals had a third-party economic interest in his Nadex account via pooling of funds and, in turn, he traded his account, at least partially, on behalf of these third parties. In addition, Bauvil violated Rule 5.19(g)(1) and Member Representations Section (d) of the Membership Agreement when he admitted that he was accessing, funding and trading the

accounts of other Nadex Members. Based on the numerous incomplete responses, failure to fully cooperate, as well as the unregistered activities he engaged in over the life of his Nadex account, Nadex Compliance found that Bauvil violated Nadex Rule 5.19(h) by engaging in activity that presents a risk of harm to Nadex, its Members or the public. Bauvil also violated Nadex Rule 5.19(k) when he impeded the progress of an investigation by providing fraudulent information to Nadex throughout the investigative process or otherwise by answering correspondence intended for other Nadex Members. Finally, Nadex Compliance concluded that Bauvil violated Nadex Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when he failed to fully cooperate with the Compliance Department's requests for information, including by failing to produce full and complete statements from his bank account for requested time periods and by providing incomplete responses to certain Nadex requests for information.

**PENALTY:** As a result of the aforementioned violations, Nadex has deemed it appropriate to fine Lejeune Bauvil \$5,000.00. Additionally, Lejeune Bauvil'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:** February 14, 2022