

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2018_004(a)

MEMBER: Evan Watson

NADEX RULES:

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.

(o) No Member shall deposit funds into its Nadex account from an account which does not hold sufficient funds at the time of deposit, and at the time the deposit is presented by Nadex for payment.

(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: In December 2017, Evan Watson ("Watson") submitted a fraud claim to Nadex related to numerous alleged unauthorized transactions from his bank accounts. The Compliance Department discovered that the documentation and information Watson submitted to Nadex in support of his fraud claim was falsified, altered and/or fraudulently prepared. Further, contrary to his statement that he was unaware of any other Nadex Member, Watson in fact shared connections with several other Nadex Members. Accordingly, Nadex concluded Watson's fraud claim was illegitimate. Separately, the Compliance Department also discovered that Watson had made ACH deposits to his Nadex account which failed to clear as the result of insufficient funds at time of deposit, resulting in a negative balance in his Nadex account. Based on Nadex's investigation, the Compliance Department concluded that Watson violated Nadex Rule 5.19(k) when he provided false and/or misleading information in connection with the fraud claim he made to Nadex. Additionally, Watson violated Nadex Rules 5.19(o) and 5.19(q) when he deposited funds into his Nadex account from a bank account that did not have sufficient funds at the time of the deposit, which resulted in a negative balance in his Nadex account.

PENALTY: As a result of his non-compliance with the Nadex Rules 5.19(k), 5.19(o), and 5.19(q), Evan Watson has been fined \$3,000.00. Additionally, Evan Watson's membership has been revoked and he has been permanently banned from trading on the Nadex markets by any means.

EFFECTIVE DATE: April 29, 2019