

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

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**FILE NO.:** INQ\_2017\_013

**MEMBER:** Russell Pulley

**NADEX RULES:**

**RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

(p) No Member shall make a false representation to a third party regarding any deposit made into that Member's Nadex account which would result in a chargeback or stop payment of funds to the Member's account.

(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:** A review of Russell Pulley's account indicated that Pulley had made a false claim to his banking institution for the purpose of initiating a chargeback on the debit card deposit made to his account. This in turn caused Pulley's account balance to become negative, as he had already used funds from the deposit to enter transactions in the AUD/USD, EUR/USD, USD/JPY, EUR/GBP, and USD/CHF intraday binary markets. The amount of the chargeback totaled \$1,500, and Pulley incurred a \$25 fee for the chargeback, leading to a deficit balance of -\$1,305.50. Accordingly, Pulley was found to have violated Rule 5.19(p) when he made a false statement to his bank leading to a chargeback of funds he had already used, and Rule 5.19(q) when he allowed his account to become negative and failed to immediately correct the deficit.

**PENALTY:** As a result of the violations, Russell Pulley's Nadex Membership has been terminated and he has been permanently banned from the Exchange.

**EFFECTIVE DATE:** February 15, 2018