
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2020_023

MEMBER: Cathy Sarrocco

NADEX RULES:

RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

- (g)(2) No individual or entity Trading Member may deposit funds, or allow funds to be deposited into their Nadex account from any bank account or debit card not held in the same name as their Nadex account.

- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.

FINDINGS: On May 5, 2020, the Nadex Compliance Department sent Cathy Sarrocco (“Sarrocco”) an email notifying her that she had funded her Nadex account using a bank account held in the name of a Trust account. That email asked that Sarrocco complete and sign a Nadex Compliance Department Member Certification form. On May 6, 2020, Sarrocco provided the signed Member Certification Form. By signing the Member Certification Form, Sarrocco asserted that she had read, understood and agreed to comply with the Nadex Rules, as well as the Nadex Membership Agreement and Terms of Use. Additionally, by signing the Member Certification Form Sarrocco also certified that she would not make deposits to her Nadex account from a bank account or debit card not held in her name and would not request withdrawals to be made to a bank account which is not held in her name. On October 13, 2020, Sarrocco submitted a bank statement for verification to Nadex which appeared to depict herself as the sole owner of the bank account. However, upon further review, it was determined that Sarrocco had altered the bank statement to conceal the name of a Trust on the account.

During her tenure as a Nadex Member, Sarrocco funded her Nadex account from a bank account that was not in her name. Further, Sarrocco acknowledged that this activity was a violation of Nadex Rules and submitted a signed Member Certification form on May 6, 2020. By signing the Member Certification Form, Sarrocco attested that she understood and agreed to abide by, among other rules, both Nadex Rule 5.19(g)(2) and Nadex Rule 5.19(k). Despite this attestation of understanding of Nadex Rules, Sarrocco submitted an altered banking statement to Nadex in attempt to mislead Nadex as to the true source of funding in her Nadex account.

Accordingly, the Compliance Department has concluded that Sarrocco violated Nadex Rule 5.19(k) when she submitted an altered banking statement to Nadex for the purpose of concealing the fact that the account was not in her name. In addition, the Compliance Department concluded that Sarrocco violated Nadex Rule 5.19(g)(2) when she deposited funds into her Nadex account from a bank account not held in her name.

PENALTY: As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to revoke Cathy Sarrocco's Nadex Membership, terminate her Nadex account, and permanently ban her from trading on Nadex, either directly for her own account, through an intermediary, or as authorized trader on behalf of any other account.

EFFECTIVE DATE: October 13, 2021