UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:	)	
DAVIS RAMSEY,	)	**CFTC Docket No. 18 - 49**
Respondent.	)	

ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTION 6(c) AND (d) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I. INTRODUCTION

The Commodity Futures Trading Commission ("Commission") has reason to believe that from at least April 2015 through May 2017 ("Relevant Period"), Davis Ramsey ("Ramsey" or "Respondent") violated Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Commodity Exchange Act ("Act"), 7 U.S.C. §§ 9(1), 9(3), 13(a)(2) (2012), and Regulations 180.1(a) and 180.2 of the Commission Regulations ("Regulations") promulgated thereunder, 17 C.F.R. §§ 180.1(a), 180.2 (2018). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondent engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

In anticipation of the institution of an administrative proceeding, Respondent has submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondent consents to the entry of this Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions ("Order") and acknowledges service of this Order.[1]

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[1] Respondent consents to the use of the findings of fact and conclusions of law in this Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof. Respondent does not consent, however, to the use of this Order, or the findings or conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party or claimant, other than: a proceeding in bankruptcy or receivership; or a proceeding to enforce the terms of this Order. Respondent does not consent to the use of the Offer or this Order, or the findings or conclusions in this Order, by any other party in any other proceeding.

II. FINDINGS

The Commission finds the following:

A. SUMMARY

During the Relevant Period, Respondent employed a manipulative strategy in which he engaged in transactions in the futures market to benefit positions he held in certain binary contracts ("Binary Contracts") traded on the North American Derivatives Exchange ("Nadex"), a registered Designated Contract Market and Derivatives Clearing Organization. Specifically, Respondent's strategy was to take a position in one or more Binary Contracts for which the outcome at expiration (or "settlement") was determined based on the price of certain futures contracts that were traded on either COMEX or CME, each a Designated Contract Market operated by CME Group Inc. (collectively, "CME"). Respondent would then place trades on CME in the relevant futures contracts (generally, "Futures") with the intent and in a manner designed to impact the price of those futures contracts to achieve his further objective, which was to influence the settlement of the Binary Contracts in his favor and benefit his position on Nadex. By such conduct, Respondent attempted to, and did, engage in manipulation in violation of the Act and Regulations.

B. RESPONDENT

Respondent **Davis Ramsey** is an individual residing in West Palm Beach, Florida. He has never been registered with the Commission in any capacity.

C. FACTS

1. Nadex Binary Contracts[2]

The Binary Contracts offered on Nadex allow a customer to trade based on a prediction as to the value of a given rate, index, instrument, or other measure (the "Underlying") at a given date and time when the contract expires ("Binary Contract Expiration"). Among the products offered by Nadex are various Binary Contracts that reference Futures as the Underlying; these include: the US 500 Binary Contract (the Underlying is the CME E-mini S&P 500); the Tech 100 Binary Contract (the Underlying is the CME E-mini NASDAQ 100); the Gold Binary Contract (the Underlying is the COMEX Gold Futures Contract); and the Silver Binary Contract (the Underlying is the COMEX Silver Futures Contract). These Binary Contracts effectively allow customers to trade based on their predictions as to the future price of the relevant Futures.

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[2] The terms of the Nadex Binary Contracts are set forth in Rule 12 of the North American Derivatives Exchange, Inc. Rules ("Nadex Rules"), https://www.nadex.com/sites/default/files/pdf/nadex_rules.pdf (last updated July 17, 2018).

Pursuant to the Nadex Rules, which were self-certified pursuant to Commission procedures, the Binary Contracts "are deemed to be Swaps as defined in Section 1a(47) of the Act." Section 1a(47) provides an extensive definition of a swap which includes, among other things, "a contract . . .(ii) that provides for any . . . payment . . . that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence."

The Binary Contracts, in general, represent a "yes" or "no" position on a given question, typically, whether the value of the Underlying at the Binary Contract Expiration ("Binary Contract Expiration Value") will be above a strike level specified in the contract ("Payout Criterion") (e.g., will the price of gold futures be above 1250 at 4:15PM? Yes or no?).[3] A customer purchases a Binary Contract to take a "yes" position, or sells a Binary Contract to take a "no" position. At Binary Contract Expiration, a customer holding a position that is "in-the-money", i.e., represents the correct answer to the question, is entitled to receive payment of a fixed dollar amount ("Settlement Payout"). The Settlement Payout for a single in-the-money Binary Contract is $100.

The Binary Contract Expiration Value where Futures are used as the Underlying is determined by Nadex using transaction prices on CME for the relevant Futures just prior to the Binary Contract Expiration. *See generally* Nadex Rules 12.1 *et seq*. For example, during the Relevant Period, Nadex generally calculated the Binary Contract Expiration Value for a US 500 Binary Contract by taking the prices of the last twenty-five CME E-mini S&P 500 trades occurring prior to the specified Binary Contract Expiration and, after removing the five highest and five lowest prices, calculating the average of the prices for the remaining fifteen trades.[4] The size or notional value of the twenty-five Futures trades on CME was not relevant in the calculation.

2. Ramsey's Manipulative Trading Strategy

During the Relevant Period, Ramsey routinely purchased and sold Binary Contracts that referenced Futures as the Underlying through an account he held with Nadex, as well as through a second account that was held by a family member (the "Second Nadex Account" and collectively "Nadex Accounts"). In the Nadex Accounts, Ramsey traded, among other products, the US 500 Binary Contract, the Tech 100 Binary Contract, the Gold Binary Contract, and the Silver Binary Contract.

On hundreds of occasions, Ramsey, while holding a position in one or more Binary Contracts, just prior to a Binary Contract Expiration, also placed trades in the corresponding

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[3] In general, the Binary Contracts are short term contracts traded on an intraday basis, meaning that they are offered and expire on the same trading day.

[4] In or about June 2017, after the Relevant Period, Nadex began to employ new procedures for expiration value calculation and settlement procedures. *See Nadex Notice ID 855.060117*, https://www.nadex.com/notices/2017/nadex-deploys-new-expiration-value-calculation-and-settlement-procedures (last visited August 8, 2018).

Underlying Futures on CME. Ramsey entered into these transactions with the intent to influence the Futures prices that would be used to calculate the relevant Binary Contract Expiration Value.

Ramsey traded Futures in a manner which was designed to cause prices to move in a direction favorable to his Binary Contract or to prevent them from moving in an unfavorable direction. Because the Binary Contract Expiration Value is derived only from the prices of Futures transactions (and the frequency of such prices) occurring prior to the Binary Contract Expiration but is not affected by the size of the trades, Ramsey typically placed multiple small—frequently one-lot—orders at prices that would cause his Binary Contract to expire in-the-money.

Shortly after the Binary Contract Expiration, Ramsey would offset his futures position. Because he had no reason, post-Binary Contract Expiration, to engage in multiple small transactions, Ramsey typically offset his futures position with one large order. Additionally, because the purpose of Ramsey's Futures trading was to influence prices to benefit his Binary Contract position, Ramsey frequently engaged in uneconomic trading on CME and incurred losses on his Futures trades with the expectation that his Binary Contract positions would be profitable.

On at least one occasion during the Relevant Period, Ramsey intended to and, by employing his manipulative trading strategy, did cause certain Futures contracts on CME to trade at an artificial price just prior to a Binary Contract Expiration for positions held in the Nadex Accounts. As Ramsey further intended, the artificially inflated Futures prices were used to calculate the relevant Binary Contract Expiration Value, causing it to settle in his favor.

For example, on May 10, 2017, at approximately 10:57:48 a.m. EDT[5], Ramsey bought fifty US 500 Binary Contracts. Moments later, at approximately 10:57:53 a.m., Ramsey bought an additional twenty US 500 Binary Contracts through the Second Nadex Account. These contracts all included the following terms:

- Underlying: CME S&P 500 E-mini June 2017 contract ("June S&P E-mini")
- Expiration: May 10, 2017 at 11:00 a.m. EDT
- Payoff Criterion: above 2391.95

As a buyer of the Binary Contract, Ramsey's position would be in-the-money if the Expiration Value was calculated to be above 2391.95. In other words, Ramsey would receive a Settlement Payout of $100 per contract ($7,000 total across both Nadex Accounts) if the average price of the June S&P E-mini calculated by Nadex for the twenty-five trades leading up to 11:00 a.m. (after discarding the top and bottom five trades) was above 2391.95. Because the June S&P E-mini trades in 25 cent increments (or "ticks"), for the Binary Contract Expiration Value to be above 2391.95, of the fifteen trades used to calculate the average, at least thirteen of those trades would have to be at a price of 2392 with the remaining two trades at a price of 2391.75.

[5] The expiration times for Nadex Binary Contracts are stated in Eastern Time. Accordingly, although CME generally operates using Central Time, all time references herein are stated in Eastern Time.

During the period from approximately 10:57:48 a.m., when Ramsey began buying the Binary Contracts, until approximately 10:59:40 a.m., the June S&P E-mini contracts were trading at prices between 2391.5 and 2392, with the majority of trades priced below 2392. Ramsey did not trade any Futures during this period of time. As the Binary Contract Expiration neared, it appeared increasingly likely that the price of the June S&P E-mini would remain below the 2392 price level Ramsey needed to receive a Settlement Payout on his Binary Contracts. From approximately 10:59:40 up until 10:59:44 over 200 trades were executed in the S&P E-mini, all at a price of 2391.75. At this point, Ramsey began trading to bring the price back up.

Beginning at approximately 10:59:44 a.m., Ramsey quickly placed two separate one-lot buy orders (or bids) for the June S&P E-mini. Although the contract had been trading predominantly at 2391.75, Ramsey was willing to buy it at a price of 2392. Even after the contract began trading even lower, at 2391.5, Ramsey placed two more one-lot orders, still willing to pay 2392. However, because there were still multiple offers to sell at 2391.75 in the market, these four bids traded at that price. To ensure that he would only buy the contract at the desired higher price, Ramsey then placed a fifth one-lot buy stop order which would only execute at a price at 2392 or higher. This fifth order did result in a trade at 2392 against a resting offer to sell at this higher price.

Thereafter, Ramsey continued to enter one-lot buy orders for the June S&P E-mini, increasing his efforts to lift the price as the 11 a.m. Binary Contract Expiration grew closer. Over the course of his trading on CME leading up to 11 a.m., Ramsey manually entered into eighty-two separate trades, in which he bought a total of eighty-two contracts, one-lot at a time.

The majority of Ramsey's manipulative trades took place during the final seconds leading up to 11 a.m. Beginning at approximately 10:59:53 a.m., while the June S&P E-mini was still actively trading at 2391.75, Ramsey placed 51 separate one-lot orders to buy at the artificially inflated price of 2392. During the period from 10:59:53 through the Binary Contract Expiration a total of fifty-three trades were executed at the price of 2392; 51 of these trades were Ramsey's (the remaining two trades were the result of orders placed after the majority of Ramsey's trades had been executed). As soon as the 11 a.m. Binary Contract Expiration arrived, Ramsey stopped buying Futures and the price immediately returned to 2391.75.

As a result of Ramsey's CME trading, his Binary Contracts did expire in the money. The twenty-five trades that Nadex used to determine the relevant Binary Contract Expiration Value included eighteen trades at a price of 2392—all but two of these trades were Ramsey's. After removing the top five and bottom five trades, thirteen out of the fifteen remaining trades were at a price of 2392 and two were at 2391.75. The final Binary Contract Expiration Value was 2391.967, just above the Payoff Criterion of 2391.95.

Having no reason to maintain his Futures position once Binary Contract Expiration had passed, shortly after 11 a.m., Ramsey sold back all eighty-two of the contracts he had bought; he sold them at a price of 2391.75. Additionally, although he had placed bids for and bought the contracts one at a time, Ramsey sold them back through one sell order for all eighty-two contracts. Ramsey's trading in the June S&P E-mini resulted in a net loss of approximately $700; however, as intended, Ramsey did receive a Settlement Payout of $7,000 on his Binary Contracts.

Overall, during the Relevant Period, Ramsey's manipulative scheme resulted in gains of at least $250,636.25 across the two Nadex Accounts.

III. LEGAL DISCUSSION

Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2012), prohibits the use or attempted use of any manipulative or deceptive device or contrivance in connection with any swap or contract of sale of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity. Regulation 180.1(a), 17 C.F.R. 180.1(a) (2018), in relevant part, makes it "unlawful . . . directly or indirectly, in connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery on or subject to the rules of any registered entity, to intentionally or recklessly . . . [u]se . . . or attempt to use . . . any manipulative device." As noted, pursuant to the Nadex Rules, the Binary Contracts "are deemed to be Swaps as defined in Section 1a(47) of the Act."

"Section 6(c)(1) of the Act and Regulation 180.1 do not require the showing of an intent to affect prices or an actual effect on prices. Nor does Regulation 180.1 require 'a showing of reliance or harm to market participants in a government action brought under CEA section 6(c)(1) and final Rule 180.1.' The Commission must only show the intentional or reckless employment of a manipulative device, scheme, or artifice to defraud in connection with any swap, or a contract of sale of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity." *In re Lansing Trade Group, LLC*, CFTC No. 18-16, 2018 WL 3426253, at *7 (July 12, 2018) (consent order) (quoting *In re McVean Trading & Invs, LLC*, CFTC No. 17-15, 2017 WL 2729956, at *10 (June 21, 2017) (consent order) (citing , 76 Fed. Reg. 41,398, 41,401 (July 14, 2011) (Final Rule))). Further, the Commission "will consider 'all relevant facts and circumstances' in determining whether a violation of Section 6(c)(1) and Regulation 180.1 has occurred." *Id*.

Section 9(a)(2) of the Act, 7 U.S.C. § 13(a)(2) (2012), makes it unlawful for "[a]ny person to manipulate or attempt to manipulate the price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity, or of any swap." Similarly, Section 6(c)(3) of the Act, 7 U.S.C. § 9(3) (2012), makes it "unlawful for any person, directly or indirectly, to manipulate or attempt to manipulate the price of any swap, or of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity." Regulation 180.2, 17 C.F.R. § 180.2 (2018), also makes it "unlawful for any person, directly or indirectly, to manipulate or attempt to manipulate the price of any swap, or of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity."

To prove attempted manipulation under Sections 9(a)(2) and 6(c)(3) of the Act and Regulation 180.2, the following two elements are required: (1) an intent to affect market price, and (2) an overt act in furtherance of that intent. *See In re Hohenberg Bros. Co.*, CFTC No. 75-4, 1977 WL 13562, at *7 (Feb. 18, 1977).

To prove the intent element of attempted manipulation, the respondent must have "acted (or failed to act) with the purpose or conscious object of causing or effecting a price or price trend in the market that did not reflect the legitimate forces of supply and demand." *In re Ind.*

Farm Bureau Coop. Ass'n. Inc., CFTC No. 75-14, 1982 WL 30249, at *7 (Dec. 17, 1982). "[W]hile knowledge of relevant market conditions is probative of intent, it is not necessary to prove that the accused knew to any particular degree of certainty that his actions would create an artificial price. It is enough to present evidence from which it may reasonably be inferred that the accused 'consciously desire[d] that result, whatever the likelihood of that result happening from his conduct.'" *Id.* (quoting *United States v. U.S. Gypsum Co.*, 438 U.S. 442, 445 (1978)). A profit motive may also be evidence of intent, although profit motive is not a necessary element of an attempted manipulation. *See In re DiPlacido*, CFTC No. 01-23, 2008 WL 4831204, at *29 (Nov. 5, 2008) (citing *In re Hohenberg Bros. Co.*, 1977 WL 13562, at *8), *aff'd sub. nom. DiPlacido v. CFTC*, 364 Fed. App'x 657 (2d Cir. 2009). It is also not necessary that there be an actual effect on price. *See CFTC v. Amaranth Advisors, L.L.C.*, 554 F. Supp. 2d 523, 533 (S.D.N.Y. 2008).

To establish that a successful manipulation has occurred, the following four elements must be met: "(1) the respondent had the ability to influence market prices; (2) the respondent specifically intended to do so; (3) artificial prices existed; and (4) the respondent caused an artificial price." *In re Cox*, CFTC No. 75-16, 1987 WL 106879, at *8 (July 15, 1987).

"An artificial price (also termed a 'distorted' price) is one 'that does not reflect market or economic forces of supply and demand.'" *Id.*; *Ind. Farm Bureau*, 1982 WL 30249, at *4 n.2. "[W]hen a price is effected by a factor which is not legitimate, the resulting price is necessarily artificial. Thus, the focus should not be as much on the ultimate price as on the nature of the factors causing it." *Ind. Farm Bureau*, 1982 WL 30249, at *4 n.2.; *see also DiPlacido*, 2008 WL 4831204, at *31-32 (finding that the placement of uneconomic bids or offers results in artificial prices because those prices are not determined by the free forces of supply and demand on the exchange).

Causation of artificial prices is established when it is demonstrated that artificial market prices resulted from the conduct of a trader, or group of traders acting in concert, rather than legitimate forces of supply and demand. *See Cargill, Inc. v. Hardin*, 452 F.2d 1154, 1171-72 (8th Cir. 1971) (price squeeze "intentionally brought about and exploited by Cargill"); *Cox*, 1987 WL 106879, at *12 (proof of causation requires the Division to show that "the respondents' conduct 'resulted in' artificial prices.

Here, to achieve his ultimate goal of causing certain Binary Contract Expiration Values to be calculated in his favor, Respondent engaged in trading activity on CME with the objective and specific intent to cause a favorable price impact in the futures market. Each of Respondent's Futures trades in connection with this scheme constituted an overt act in furtherance of his attempted manipulation.

The use of trading strategies similar to that employed by Respondent, i.e., engaging in a significant amount of trading activity, at a specific time, for the purpose of benefitting a related position, has been previously recognized as a manipulative device. *See, e.g., In re Total Gas & Power North America, Inc.*, CFTC No. 16-03, 2015 WL 8296610, at *9 (Dec. 7, 2015) (consent order) (finding "Respondents intentionally employed a manipulative device by purchasing and/or selling large volumes of fixed-price natural gas at the relevant hubs before and during bid-week that were intended to benefit . . . related financial positions"); *In re JPMorgan Chase Bank*, *N.A.*, CFTC Docket No. 14-01, 2013 WL 6057042, at *11 (Oct. 16, 2013) (consent order) (finding respondents used a manipulative device where "[t]he size and timing of [the] traders' transactions during [a] concentrated period was calculated to defend the position of [a portfolio] just prior to [a] month-end review"); *DiPlacido*, 2008 WL 4831204, at *46 (affirming ALJ findings that respondent engaged in manipulation and attempted manipulation in violation of Sections 6(c) and 9(a)(2) of the act by trading of electricity futures contracts during the settlement period to influence the settlement price of the contracts and benefit a related position.).

Furthermore, as described above, on at least one occasion, Respondent, acting with the requisite intent to influence the price of the June S&P E-mini contract, placed a significant number of orders and entered into trades in the contract causing it to trade at the price of 2392. As evidenced by, among other things, the fact that Respondent placed orders to buy the contract at a price higher than necessary, the price reflected Respondent's manipulative intent and not legitimate forces of supply and demand. S*ee DiPlacido*, 2008 WL 4831204, at *27 (buying at a price higher than the prevailing offer is evidence of manipulative intent). In short, Respondent's trading proximately caused an artificial price of 2392. Additionally, after the Binary Contract Expiration, once Respondent stopped engaging in his manipulative trading, the futures contract resumed trading at prices below 2392.

By engaging in the conduct described herein, Respondent violated Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Act and Regulations 180.1(a) and 180.2.

IV. FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that, during the Relevant Period, Respondent violated Sections 6(c)(1), 6(c)(3), and 9(a)(2)of the Act, 7 U.S.C. §§ 9(1), 9(3), 13(a)(2) (2012), and Regulations 180.1(a) and 180.2, 17 C.F.R. §§ 180.1(a), 180.2 (2018).

V. OFFER OF SETTLEMENT

Respondent has submitted the Offer in which he, without admitting or denying the findings and conclusions herein:

A. Acknowledges receipt of service of this Order;

B. Admits the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;

C. Waives:

1. The filing and service of a complaint and notice of hearing;

2. A hearing;

3. All post-hearing procedures;

4. Judicial review by any court;

5. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;

6. Any and all claims that he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. pt. 148 (2018), relating to, or arising from, this proceeding;

7. Any and all claims that he may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-53, 110 Stat. 847, 857-74 (codified as amended at 28 U.S.C. § 2412 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this proceeding; and

8. Any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief, including this Order;

D. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondent has consented in the Offer; and

E. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:

1. Makes findings by the Commission that Respondent violated Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Act, 7 U.S.C. §§ 9(1), 9(3), 13(a)(2) (2012), and Regulations 180.1(a) and 180.2, 17 C.F.R. §§ 180.1(a), 180.2 (2018);

2. Orders Respondent to cease and desist from violating Sections 9(a)(2), 6(c)(1), and 6(c)(3) of the Act, and Regulations 180.1(a) and 180.2;

3. Orders Respondent to pay a civil monetary penalty in the amount of **Three Hundred Twenty-five Thousand Dollars ($ 325,000)** within thirty days of the date of entry of this Order;

4. Orders that Respondent be prohibited, for a period of five years after the date of entry of this Order, from, directly or indirectly engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40) (2012)), including, but not limited to, trading for himself or others, and all registered entities shall refuse him trading privileges during that period; and

5. Orders Respondent to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VI of the Order, including but not limited to the payment of disgorgement in the amount of Two Hundred Fifty Thousand, Six Hundred Thirty-Six Dollars and Twenty-Five Cents ($250,636.25).

Upon consideration, the Commission has determined to accept the Offer.

VI. ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

A. Respondent shall cease and desist from violating Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Act, 7 U.S.C. §§ 9(1), 9(3), 13(a)(2) (2012), and Regulations 180.1(a) and 180.2, 17 C.F.R. §§ 180.1(a), 180.2 (2018).

B. Respondent shall pay a civil monetary penalty in the amount of **Three Hundred Twenty-five Thousand Dollars ($ 325,000)** ("CMP Obligation"), within thirty days of the date of the entry of the Order. If the CMP Obligation is not paid in full within thirty days of the date of entry of this Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of the Order pursuant to 28 U.S.C. § 1961 (2012).

Respondent shall pay the CMP Obligation and any post-judgment interest by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
Division of Enforcement
6500 S. MacArthur Blvd.
HQ Room 181
Oklahoma City, OK 73169
(405) 954-6569 office
(405) 954-1620 fax
9-AMC-AR-CFTC@faa.gov

If payment is to be made by electronic funds transfer, Respondent shall contact Marie Thorne or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondent shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

C. Respondent is prohibited, for a period of five years after the date of entry of this Order, from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40)

(2012)), including, but not limited to, trading for himself or others, and all registered entities shall refuse him trading privileges during that period.

D. Respondent shall comply with the following conditions and undertakings as set forth in the Offer:

1. <u>Public Statements</u>: Respondent agrees that neither he nor any of his agents or employees under his authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondent's: (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondent shall comply with this agreement, and shall undertake all steps necessary to ensure that all of his agents and/or employees under his authority or control understand and comply with this agreement.

2. <u>Disgorgement</u>: Respondent agrees to pay disgorgement in the amount of Two Hundred Fifty Thousand, Six Hundred Thirty-Six Dollars and Twenty-Five Cents ($250,636.25) ("Disgorgement Obligation"), representing the gains received in connection with such violations, within thirty days of the date of the entry of this Order. If the Disgorgement Obligation is not paid in full within thirty days of the date of entry of this Order, then post-judgment interest shall accrue on the Disgorgement Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2012).

   The Disgorgement Obligation will be offset by any amounts paid to Nadex in satisfaction of any disgorgement order in a disciplinary action against Respondent captioned *In the matter of Davis Ramsey*, Case TPI_2017_017(a). Respondent shall provide (to the persons and addresses listed below) proof of any payment of disgorgement to Nadex, including the case name(s) and number(s) in connection with which such payment has been made, and the amount by which the Disgorgement Obligation is to be reduced, within ten days of making such payment.

   Respondent shall pay the Disgorgement Obligation and any post-judgment interest by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

   MMAC/ESC/AMK326
   Commodity Futures Trading Commission
   Division of Enforcement
   6500 S. MacArthur Blvd.
   HQ Room 181
   Oklahoma City, OK 73169
   (405) 954-6569 office

(405) 954-1620 fax
9-AMC-AR-CFTC@faa.gov

If payment is to be made by electronic funds transfer, Respondent shall contact Marie Thorne or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondent shall accompany payment of the Disgorgement Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

3. Respondent agrees that he shall not, for a period of five years after the date of entry of this Order, directly or indirectly:

   a. enter into any transactions involving "commodity interests" (as that term is defined in regulation 1.3, 17 C.F.R. § 1.3 (2018) for Respondent's own personal account or for any account in which Respondent has a direct or indirect interest;

   b. have any commodity interests traded on Respondent's behalf;

   c. control or direct the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity interests;

   d. solicit, receive, or accept any funds from any person for the purpose of purchasing or selling any commodity interests;

   e. apply for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2018); and/or

   f. act as principal (as that term is defined in commission Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2018)), agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission, except as provided for in Commission Regulation 4.14(a)(9).

4. <u>Additional Trading Restrictions</u>: Respondent agrees that he shall never, directly or indirectly:

a. apply for membership on Nadex;

b. enter into any transactions on Nadex, for Respondent's own personal account or for any account in which Respondent has a direct or indirect interest;

c. have any transactions entered on Nadex on Respondent's behalf; or

d. control or direct the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account on Nadex;

5. Partial Satisfaction: Respondent understands and agrees that any acceptance by the Commission of partial payment of Respondent's Disgorgement Obligation or CMP Obligation shall not be deemed a waiver of his obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

6. Change of Address/Phone: Until such time as Respondent satisfies in full his Disgorgement Obligation and CMP Obligation as set forth in this Order, Respondent shall provide written notice to the Commission by certified mail of any change to his telephone number and mailing address within ten calendar days of the change.

The provisions of this Order shall be effective as of this date.

By the Commission.

Robert N. Sidman

Robert N. Sidman
Deputy Secretary of the Commission
Commodity Futures Trading Commission

Dated: September 27, 2018