

**BEFORE THE
NATIONAL FUTURES ASSOCIATION**

In the Matter of:)	
)	
JDN CAPITAL, LLC)	
(NFA ID #516653))	
)	NFA Case No. 20-MRA-001
and)	
)	
JOSHUA DAVID NICHOLAS)	
(NFA ID #498951))	

**NOTICE OF MEMBER RESPONSIBILITY ACTION AND ASSOCIATE
RESPONSIBILITY ACTION UNDER NFA COMPLIANCE RULE 3-15**

National Futures Association (NFA) hereby gives notice to JDN Capital, LLC, a registered commodity trading advisor (CTA) Member of NFA, and Joshua David Nicholas, the sole associated person (AP) and the principal of JDN Capital and an NFA Associate that, pursuant to NFA Compliance Rule 3-15, the President of NFA, with the concurrence of NFA's Executive Committee, has taken a Member Responsibility Action (MRA) against JDN Capital and an Associate Responsibility Action (ARA) against Nicholas, whereby:

1. Effective immediately, JDN Capital and Nicholas are hereby suspended from NFA membership and associate membership until further notice;
2. JDN Capital and Nicholas are prohibited from soliciting or accepting any funds from customers or investors for any managed accounts; or any loans from lenders, other than financial institutions, without prior approval from NFA;
3. JDN Capital and Nicholas are prohibited from disbursing or transferring any funds from any trading, bank or other types of accounts that are in the name of JDN Capital or Nicholas, or from any other investment vehicle operated by JDN Capital or Nicholas, or over which they exercise control, without prior approval from NFA;
4. JDN Capital and Nicholas are prohibited from placing any trades, except to liquidate existing positions, in any accounts that are in the name of JDN Capital or Nicholas, or any accounts for any investment vehicle operated by JDN Capital or Nicholas, or any other accounts over which they exercise control; and

5. JDN Capital and Nicholas are required to provide copies of the MRA and ARA by overnight courier or e-mail to all: a) prior, current and prospective customers; b) prior, current and prospective investors; c) managed account holders; d) individuals and entities to whom JDN Capital and/or Nicholas have issued promissory notes; and e) banks, brokerage firms and other financial institutions with which money, securities or other property is on deposit in the name of JDN Capital and/or Nicholas, or over which JDN Capital or Nicholas exercises control.

This action is effective immediately and deemed necessary to protect customers, the derivatives industry and other Members and Associates since JDN Capital and Nicholas have failed to cooperate fully during the course of NFA's investigation of them by failing to produce documents and other information that NFA has requested from them.

In support of these actions, NFA has attached the affidavit of Jennifer Sunu, who is a Director in NFA's Compliance Department, and based thereon alleges as follows:

1. JDN Capital is a CTA Member located in Stuart, Florida. The firm has been registered with the CFTC and approved as a NFA Member since October 2018, though the firm is currently pending withdrawal from NFA membership. As a CTA, JDN Capital offered one trading program, called the Green Leaf Trading Program.
2. Nicholas is the sole owner and AP of JDN Capital, and a NFA Associate. At various times between August 2016 and May 2017, Nicholas was an AP of Fortune Trading Group LLC, a firm permanently barred from NFA membership for sales practice fraud and abusive trading practices. More recently, from February 3, 2020 through July 31, 2020, Nicholas was a registered securities broker of a FINRA member firm.
3. In 2019 and 2020, JDN Capital's managed account customers trading the Green Leaf Trading Program suffered significant losses and closed their accounts. In the summer of 2020, NFA confirmed that JDN Capital had no active accounts by sending a Request for Information (RFI) to NFA Member futures commission merchants (FCMs). The results of the RFI indicated that JDN Capital had no active customer accounts since March 2020.
4. On August 26, one of JDN Capital's former managed account customers telephoned NFA's Information Center and reported that he and his wife had entered into a promissory note with JDN Capital and Nicholas for an "unregulated security." (The husband and wife are referred to hereafter as "Mr. and Mrs. Doe.") Mr. Doe explained that he and his wife have been receiving interest payments from JDN Capital but had not received monthly statements from Nicholas or heard from him over the past two weeks. Mr.

Doe also mentioned that he was growing suspicious of Nicholas and the promissory note agreement with JDN Capital. Mr. Doe's call caused NFA to commence an investigation concerning JDN Capital and Nicholas's dealings with Mr. and Mrs. Doe.

5. JDN Capital previously managed futures trading accounts for Mr. and Mrs. Doe, who are both retired. Upon review of their FCM trading records, NFA noted that one of these accounts lost approximately \$2 million in February 2020.
6. Due to Mr. Doe's call, NFA also reviewed FINRA's BrokerCheck system, which revealed that Nicholas's employment as a registered representative of the FINRA member firm had ended on July 31, 2020. BrokerCheck also disclosed that a customer dispute had been filed on August 10, 2020 regarding Nicholas. Additional information NFA obtained indicated that Mr. and Mrs. Doe had filed the customer dispute concerning the futures trading that had occurred in the accounts managed by JDN Capital and Nicholas and the promissory note they entered into with JDN Capital.
7. NFA sought further information about the Does' dealings with JDN Capital and Nicholas and contacted Mr. and Mrs. Doe, who referred NFA to their attorney. The attorney informed NFA that Nicholas had travelled to Mr. and Mrs. Doe's home in North Carolina while they were customers of JDN Capital to promote the promissory note as a way to recoup the futures trading losses they had sustained in February 2020. According to the attorney, Nicholas recommended that Mrs. Doe invest the assets of a family trust established for the benefit of Mrs. Doe and her disabled adult sister (hereafter called "Mrs. Doe's Family Trust") in an investment strategy that Nicholas claimed would guarantee a profit of at least 17% annually, which claim Nicholas later confirmed to NFA, as noted in paragraph 13 below.
8. Mr. and Mrs. Doe's attorney further informed NFA that in early May, Mrs. Doe loaned \$300,000 from Mrs. Doe's Family Trust to JDN Capital. In return, Mrs. Doe received a promissory note dated April 30, 2020, in which JDN Capital promised to repay the principal of \$300,000 to Mrs. Doe's Family Trust, together with annual interest of 17%, with the final payment to be made on May 1, 2021. The attorney provided NFA with a copy of the promissory note. According to the note, the purpose of the loan is to secure the purchase of securities with title in the name of JDN Capital.
9. To evidence the \$300,000 investment, Nicholas provided Mr. and Mrs. Doe with a June 2020 activity statement from a well-known, non-Member investment firm for an account in the name of JDN Capital. The attorney provided NFA with a copy of the activity statement. The statement is heavily redacted to conceal the account value, information about any cash activity in the account, and virtually all information concerning the

investments, though the statement reported the account earned almost \$90,000 from dividends (year-to-date) and had a 12.82% return for June. In addition, NFA was able to remove the redactions that obscured portions of the statement and noted significant discrepancies in the underlying statement. For example, certain columns in the statement did not sum properly, and stock symbols did not match the listed securities.

10. Due to the discrepancies noted, NFA has concerns about the statement's legitimacy and, therefore, contacted the investment firm. The investment firm informed NFA that the account number listed on the statement was in the proper format for an account at the firm, but there were no current accounts with that number. The firm also indicated that account numbers are generated in numerical order, and that this account number was higher than any account number that the firm had generated, to date. In addition, the firm confirmed that it had no accounts in the name of JDN Capital and none in the name of, or controlled by, Nicholas. NFA subsequently asked Nicholas to provide the name and contact information for the account representative at the investment firm; however, Nicholas has failed to provide the requested information.
11. The RFI results referenced in paragraph 3 above revealed that Nicholas had an open personal trading account at an FCM Member (hereafter referred to as "FCM A"). NFA reviewed records provided by FCM A for Nicholas's personal account and noted Nicholas traded in the account at various times commencing in April 2018 and engaged in futures trading when JDN Capital was active as a CTA. Between April 2018 and April 2020, Nicholas deposited approximately \$80,000 into the account and withdrew over \$40,000. As of April 30, 2020, the account balance had declined to approximately \$2,300 due to trading losses.
12. More significantly, NFA's review of the FCM A account statements found that in early May – right around the time JDN Capital received the loan proceeds from Mrs. Doe's Family Trust – Nicholas made four deposits to his personal account that totaled \$225,000. All of the deposits came from Nicholas's personal bank account. According to FCM A, the account balance totaled approximately \$150,000 as of September 10, 2020.
13. Because the timing of the \$300,000 loan from the Does coincided with the deposit activity in Nicholas's personal trading account at FCM A, NFA conducted a telephone interview of Nicholas on September 4, 2020. Nicholas admitted that JDN Capital entered into a one-year promissory note with Mrs. Doe's Family Trust, which Nicholas represented is set up with a guaranteed interest rate of 17%. Nicholas has yet to provide NFA a copy of the promissory note, despite NFA's repeated requests.

14. Nicholas claimed that he used the loan proceeds to make investments in "securities and hard assets" in the name of JDN Capital, not Mrs. Doe's Family Trust. However, Nicholas refused to provide any documents to support his representations – including any account statements to show the investment of the loan proceeds – because he did not want NFA to "steal his strategy." Nicholas also declined to confirm to NFA the amount of the loan, though he referenced \$300,000 during the call.
15. Nicholas also claimed during the September 4th call that the loan proceeds had been deposited into a JDN Capital bank account. Therefore, NFA requested copies of the JDN Capital bank account statements, which the firm and Nicholas have failed to provide to NFA.
16. During the call, NFA also asked Nicholas to explain the source of the \$225,000 in deposits to his personal trading account at FCM A in order to confirm that the loan proceeds were not the source of funds for his personal account, which included futures trading. In response, Nicholas claimed the funds were from his personal savings and consisted of cash and his money market accounts and cryptocurrency accounts. NFA asked Nicholas to provide his personal bank statements to demonstrate the source of these funds, as well as other documentation to substantiate his representations (e.g., money market account statements). However, Nicholas has also failed to provide these documents to NFA.
17. Nicholas also provided misleading information to NFA during the September 4th telephone call. For example, Nicholas claimed that he did not begin trading in his personal account at FCM A until after the firm's managed accounts closed. However, as discussed in paragraph 11 above, Nicholas was actively trading in his personal account while JDN Capital was operating as a CTA. Nicholas also claimed to NFA that he was still employed by the FINRA member firm as a registered representative, even though his employment at the firm had ended in July 2020. When NFA confronted him with the information reported on BrokerCheck that his employment with the FINRA member firm had ended in July, Nicholas claimed he was still working for the firm "in a different capacity," but provided no specific details about his alleged position.
18. Furthermore, during the call, Nicholas referred to promissory "notes" which caused NFA to believe that he has solicited loans and entered into promissory notes with other lenders. However, when NFA attempted to question him further on this issue, Nicholas refused to confirm whether JDN Capital had entered into other promissory notes.
19. NFA also spoke to Mr. and Mrs. Doe on September 10. During the call, they indicated that before they entered into the loan, Nicholas had repeatedly told them they could obtain a return of the principal at any time.

However, when Mrs. Doe requested a return of the principal on July 17, 2020, Nicholas denied her request, saying she could not end the investment until May 1, 2021, according to the promissory note. On August 3, Mrs. Doe again sought to terminate the promissory note, but Nicholas never responded to Mrs. Doe. Nicholas also admitted to NFA that Mrs. Doe had requested a return of the principal, but he refused the request because the loan has a term of one year and claimed that liquidating the positions would not be beneficial to Mr. and Mrs. Doe.

To date, JDN Capital and Nicholas have refused to cooperate with NFA in its investigation by failing to produce the documents and information that NFA has requested to determine, among other things, what JDN Capital and Nicholas did with the proceeds of the loan from Mrs. Doe's Family Trust, including whether Nicholas has misappropriated the money and used it to fund futures and other trading in his personal account at FCM A, contrary to the terms of the promissory note. The failure to cooperate by JDN Capital and Nicholas has also prevented NFA from determining whether JDN Capital and Nicholas have entered into loans with other individuals and entities and, if so, the amount of the loans and what JDN Capital and Nicholas did with those proceeds. Moreover, Nicholas provided misleading information to induce Mr. and Mrs. Doe to make the \$300,000 loan and provided false and misleading information to NFA during the investigation.

The MRA and ARA will remain in effect until such time as JDN Capital and Nicholas have demonstrated to the satisfaction of NFA that they are in complete compliance with all NFA Requirements.

NFA Members receiving notice of this MRA and ARA, by service or otherwise, who carry accounts in the name of, or controlled by, JDN Capital, Nicholas, or either of them, or by any person acting on their behalf, are prohibited from disbursing or transferring funds to JDN Capital or Nicholas or any entity controlled by either of them for any reason without NFA's prior approval.

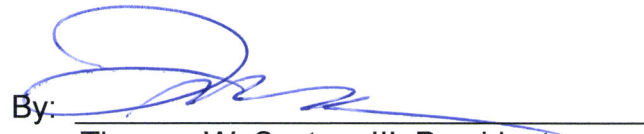
JDN Capital and Nicholas are entitled to a prompt hearing on this matter before NFA's Hearing Committee if they so request. The request for a hearing shall be made in writing to:

National Futures Association
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
Attn: Legal Department-Docketing
E-Mail: Docketing@nfa.futures.org

Aggrieved parties may petition the Commodity Futures Trading Commission for a stay of this MRA and ARA pending a hearing pursuant to and in conformity with the terms set forth in CFTC Regulation 171.41.

NATIONAL FUTURES ASSOCIATION

Date: 09/11/2020

By: 
Thomas W. Sexton, III, President

m/cxc/MRAs/JDN Capital and Nicholas MRA Final

AFFIDAVIT

THE AFFIANT, JENNIFER SUNU, BEING DULY SWORN AND UNDER OATH
STATES THAT:

1. My name is Jennifer Sunu, and I am employed by National Futures Association as a Director in the Compliance Department and have been employed by NFA since 1994. In my capacity as a Director, I oversaw the investigation of JDN Capital, LLC.
2. JDN Capital is a CTA Member located in Stuart, Florida. The firm has been registered with the CFTC and approved as a NFA Member since October 2018, though the firm is currently pending withdrawal from NFA membership. As a CTA, JDN Capital offered one trading program, called the Green Leaf Trading Program.
3. Nicholas is the sole owner and AP of JDN Capital, and a NFA Associate. At various times between August 2016 and May 2017, Nicholas was an AP of Fortune Trading Group LLC, a firm permanently barred from NFA membership for sales practice fraud and abusive trading practices. More recently, from February 3, 2020 through July 31, 2020, Nicholas was a registered securities broker of a FINRA member firm.
4. In 2019 and 2020, JDN Capital's managed account customers trading the Green Leaf Trading Program suffered significant losses and closed their accounts. In the summer of 2020, NFA confirmed that JDN Capital had no active accounts by sending a Request for Information (RFI) to NFA Member futures commission merchants (FCMs). The results of the RFI indicated that JDN Capital had no active customer accounts since March 2020.
5. On August 26, one of JDN Capital's former managed account customers telephoned NFA's Information Center and reported that he and his wife had entered into a promissory note with JDN Capital and Nicholas for an "unregulated security." (The husband and wife are referred to hereafter as "Mr. and Mrs. Doe.") Mr. Doe explained that he and his wife have been receiving interest payments from JDN Capital but had not received monthly statements from Nicholas or heard from him over the past two weeks. Mr. Doe also mentioned that he was growing suspicious of Nicholas and the promissory note agreement with JDN Capital. Mr. Doe's call caused NFA to commence an investigation concerning JDN Capital and Nicholas's dealings with Mr. and Mrs. Doe.
6. JDN Capital previously managed futures trading accounts for Mr. and Mrs. Doe, who are both retired. Upon review of their FCM trading records, NFA noted that one of these accounts lost approximately \$2 million in February 2020.


7. Due to Mr. Doe's call, NFA also reviewed FINRA's BrokerCheck system, which revealed that Nicholas's employment as a registered representative of the FINRA member firm had ended on July 31, 2020. BrokerCheck also disclosed that a customer dispute had been filed on August 10, 2020 regarding Nicholas. Additional information NFA obtained indicated that Mr. and Mrs. Doe had filed the customer dispute concerning the futures trading that had occurred in the accounts managed by JDN Capital and Nicholas and the promissory note they entered into with JDN Capital.
8. NFA sought further information about the Does' dealings with JDN Capital and Nicholas and contacted Mr. and Mrs. Doe, who referred NFA to their attorney. The attorney informed NFA that Nicholas had travelled to Mr. and Mrs. Doe's home in North Carolina while they were customers of JDN Capital to promote the promissory note as a way to recoup the futures trading losses they had sustained in February 2020. According to the attorney, Nicholas recommended that Mrs. Doe invest the assets of a family trust established for the benefit of Mrs. Doe and her disabled adult sister (hereafter called "Mrs. Doe's Family Trust") in an investment strategy that Nicholas claimed would guarantee a profit of at least 17% annually, which claim Nicholas later confirmed to NFA, as noted in paragraph 13 below.
9. Mr. and Mrs. Doe's attorney further informed NFA that in early May, Mrs. Doe loaned \$300,000 from Mrs. Doe's Family Trust to JDN Capital. In return, Mrs. Doe received a promissory note dated April 30, 2020, in which JDN Capital promised to repay the principal of \$300,000 to Mrs. Doe's Family Trust, together with annual interest of 17%, with the final payment to be made on May 1, 2021. The attorney provided NFA with a copy of the promissory note. According to the note, the purpose of the loan is to secure the purchase of securities with title in the name of JDN Capital.
10. To evidence the \$300,000 investment, Nicholas provided Mr. and Mrs. Doe with a June 2020 activity statement from a well-known, non-Member investment firm for an account in the name of JDN Capital. The attorney provided NFA with a copy of the activity statement. The statement is heavily redacted to conceal the account value, information about any cash activity in the account, and virtually all information concerning the investments, though the statement reported the account earned almost \$90,000 from dividends (year-to-date) and had a 12.82% return for June. In addition, NFA was able to remove the redactions that obscured portions of the statement and noted significant discrepancies in the underlying statement. For example, certain columns in the statement did not sum properly, and stock symbols did not match the listed securities.

11. Due to the discrepancies noted, NFA has concerns about the statement's legitimacy and, therefore, contacted the investment firm. The investment firm informed NFA that the account number listed on the statement was in the proper format for an account at the firm, but there were no current accounts with that number. The firm also indicated that account numbers are generated in numerical order, and that this account number was higher than any account number that the firm had generated, to date. In addition, the firm confirmed that it had no accounts in the name of JDN Capital and none in the name of, or controlled by, Nicholas. NFA subsequently asked Nicholas to provide the name and contact information for the account representative at the investment firm; however, Nicholas has failed to provide the requested information.
12. The RFI results referenced in paragraph 3 above revealed that Nicholas had an open personal trading account at an FCM Member (hereafter referred to as "FCM A"). NFA reviewed records provided by FCM A for Nicholas's personal account and noted Nicholas traded in the account at various times commencing in April 2018 and engaged in futures trading when JDN Capital was active as a CTA. Between April 2018 and April 2020, Nicholas deposited approximately \$80,000 into the account and withdrew over \$40,000. As of April 30, 2020, the account balance had declined to approximately \$2,300 due to trading losses.
13. More significantly, NFA's review of the FCM A account statements found that in early May – right around the time JDN Capital received the loan proceeds from Mrs. Doe's Family Trust – Nicholas made four deposits to his personal account that totaled \$225,000. All of the deposits came from Nicholas's personal bank account. According to FCM A, the account balance totaled approximately \$150,000 as of September 10, 2020.
14. Because the timing of the \$300,000 loan from the Does coincided with the deposit activity in Nicholas's personal trading account at FCM A, NFA conducted a telephone interview of Nicholas on September 4, 2020. Nicholas admitted that JDN Capital entered into a one-year promissory note with Mrs. Doe's Family Trust, which Nicholas represented is set up with a guaranteed interest rate of 17%. Nicholas has yet to provide NFA a copy of the promissory note, despite NFA's repeated requests.
15. Nicholas claimed that he used the loan proceeds to make investments in "securities and hard assets" in the name of JDN Capital, not Mrs. Doe's Family Trust. However, Nicholas refused to provide any documents to support his representations – including any account statements to show the investment of the loan proceeds – because he did not want NFA to "steal his strategy." Nicholas also declined to confirm to NFA the amount of the loan, though he referenced \$300,000 during the call.

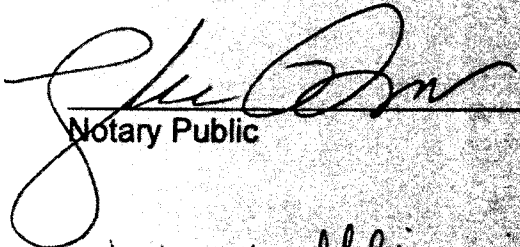
16. Nicholas also claimed during the September 4th call that the loan proceeds had been deposited into a JDN Capital bank account. Therefore, NFA requested copies of the JDN Capital bank account statements, which the firm and Nicholas have failed to provide to NFA.
17. During the call, NFA also asked Nicholas to explain the source of the \$225,000 in deposits to his personal trading account at FCM A in order to confirm that the loan proceeds were not the source of funds for his personal account, which included futures trading. In response, Nicholas claimed the funds were from his personal savings and consisted of cash and his money market accounts and cryptocurrency accounts. NFA asked Nicholas to provide his personal bank statements to demonstrate the source of these funds, as well as other documentation to substantiate his representations (e.g., money market account statements). However, Nicholas has also failed to provide these documents to NFA.
18. Nicholas also provided misleading information to NFA during the September 4th telephone call. For example, Nicholas claimed that he did not begin trading in his personal account at FCM A until after the firm's managed accounts closed. However, as discussed in paragraph 12 above, Nicholas was actively trading in his personal account while JDN Capital was operating as a CTA. Nicholas also claimed to NFA that he was still employed by the FINRA member firm as a registered representative, even though his employment at the firm had ended in July 2020. When NFA confronted him with the information reported on BrokerCheck that his employment with the FINRA member firm had ended in July, Nicholas claimed he was still working for the firm "in a different capacity," but provided no specific details about his alleged position.
19. Furthermore, during the call, Nicholas referred to promissory "notes" which caused NFA to believe that he has solicited loans and entered into promissory notes with other lenders. However, when NFA attempted to question him further on this issue, Nicholas refused to confirm whether JDN Capital had entered into other promissory notes.
20. NFA also spoke to Mr. and Mrs. Doe on September 10. During the call, they indicated that before they entered into the loan, Nicholas had repeatedly told them they could obtain a return of the principal at any time. However, when Mrs. Doe requested a return of the principal on July 17, 2020, Nicholas denied her request, saying she could not end the investment until May 1, 2021, according to the promissory note. On August 3, Mrs. Doe again sought to terminate the promissory note, but Nicholas never responded to Mrs. Doe. Nicholas also admitted to NFA that Mrs. Doe had requested a return of the principal, but he refused the request because the loan has a term of one year and claimed that liquidating the positions would not be beneficial to Mr. and Mrs. Doe.

To date, JDN Capital and Nicholas have refused to cooperate with NFA in its investigation by failing to produce the documents and information that NFA has requested to determine, among other things, what JDN Capital and Nicholas did with the proceeds of the loan from Mrs. Doe's Family Trust, including whether Nicholas has misappropriated the money and used it to fund futures and other trading in his personal account at FCM A, contrary to the terms of the promissory note. The failure to cooperate by JDN Capital and Nicholas has also prevented NFA from determining whether JDN Capital and Nicholas have entered into loans with other individuals and entities and, if so, the amount of the loans and what JDN Capital and Nicholas did with those proceeds. Moreover, Nicholas provided misleading information to induce Mr. and Mrs. Doe to make the \$300,000 loan and provided false and misleading information to NFA during the investigation.

Further Affiant sayeth naught.


Jennifer Suku

Subscribed and sworn to before me
on this 11th day of September, 2020.


Notary Public

State of Illinois
County of DuPage

