

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
BinaryBook,)	File No. 17041
)	
Respondent.)	
<hr/>)	

WHEREAS, the Securities Commissioner of South Carolina (the “Securities Commissioner”) has authorized and directed the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Securities Division”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division received information regarding alleged securities-related activities of BinaryBook (the “Respondent”); and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondent had violated, was violating, or was about to violate the Act; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENT

2. BinaryBook holds itself out as an options trading platform with offices allegedly located at 2 Sheriffs Orchard, Coventry CV1 3PP, United Kingdom.

III. FINDINGS OF FACT

3. BinaryBook operates a website at www.binarybook.com. This website is registered through an entity in Scottsdale, Arizona.

4. In addition to a website in English, BinaryBook maintains a version of its website in Turkish. The Turkish version of its website includes the United Kingdom address set forth above, as well as the allegation that BinaryBook is affiliated with WSB Investment LTD.

5. Neither BinaryBook nor WSB Investment LTD is registered with the Division as a broker-dealer.

6. BinaryBook claims to offer access to a “highly secured...platform,” which allegedly enables individual investors to trade binary options “with the World’s leading professionals.”

Binary Options

7. A binary option is a security with a predetermined payout based on the future change in value of an underlying asset. These securities are referred to as binary because the investor will, upon the expiration of the option contract, receive either a predetermined payout or nothing at all.¹

8. The United States Securities and Exchange Commission has advised that securities frauds related to binary options often include unsolicited offers, high pressure sales tactics, issues with withdrawals, and credit card abuse.²

South Carolina Victim

9. On or about July 25, 2015, an eighty-seven-year-old retired South Carolina resident (the “Victim”) was contacted by a representative of BinaryBook.

10. The BinaryBook representative offered the Victim the opportunity to invest with BinaryBook and claimed that BinaryBook representatives would then be able to trade binary options (the “Binary Options”) on behalf of the Victim.

¹ For example, an investor might purchase a binary option betting that the stock price of an entity will drop below \$50 per share at a fixed point in the future. If, at the expiration of the option, the stock price is below \$50 per share, the investor would receive the predetermined payout. If the stock price were to end up above \$50 per share, the investor would receive nothing.

² SEC.gov Investor Alert: Binary Options, https://www.sec.gov/oiea/investor-alerts-bulletins/ia_binaryoptions.html (last visited July 12, 2017).

11. Following this initial contact, the Victim began to invest money with BinaryBook. Ultimately, following numerous phone calls with the BinaryBook representative, the Victim invested a total of at least \$47,700 in at least ten separate transactions. The BinaryBook representative alleged the Victim's funds would be used to purchase the Binary Options. Each transaction was charged to the Victim's credit card.

12. In 2016, the Victim became concerned about his inability to withdraw any invested funds from BinaryBook.

13. While the BinaryBook representative repeatedly promised to honor the Victim's withdrawal requests, the Victim has, to date, been unable to withdraw any of his invested funds.

14. In connection with its offer and sale of the Binary Options to the Victim, Binary Book and its representatives made numerous false and misleading statements and omissions, including but not limited to the following:

- a. Omitting to state that the Binary Options could not be legally offered for sale in South Carolina;
- b. Omitting to state that BinaryBook was not registered with the Division as a broker-dealer; and
- c. Repeatedly promising to honor withdrawal requests while never actually permitting the Victim to withdraw any of his invested funds.

15. Subsequent to his inability to withdraw his invested funds, the Victim contacted the Division.

IV. CONCLUSIONS OF LAW

16. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.

17. Pursuant to S.C. Code Ann. § 35-1-102(29), options, *inter alia*, constitute securities.

18. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless that security is registered, a federal covered security, or exempt from registration.

19. Pursuant to S.C. Code Ann. § 35-1-401(a), it is unlawful for a person to transact business as a broker-dealer in this State unless that person is registered or exempt from registration.

20. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person in connection with the offer or sale of a security in this State: (1) to employ a scheme, device, or artifice to defraud; (2) to make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

21. Pursuant to S.C. Code Ann. §35-1-604(a)(1), if the Securities Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act, the Securities Commissioner may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with the Act.

22. Pursuant to S.C. Code Ann. § 35-1-604(b), an order issued under § 35-1-604(a) is effective on the date of issuance and must include a statement of any civil penalty or costs of investigation sought, a statement of the reasons for the order, and notice that, within fifteen (15) days after the receipt of a request in a record from a Respondent, the matter will be scheduled for a hearing as to that Respondent.

23. The Binary Options as offered and sold by the Respondent constitute options and are therefore securities as defined by the Act.

24. The Binary Options offered and sold by the Respondent were neither federal covered securities, exempt from registration, nor registered with the Division and were therefore sold in violation of the Act.

25. The Respondent is neither registered with the Division as a broker-dealer nor exempt from registration.

26. The Respondent sold securities in this State: (1) while employing a scheme, device, or artifice to defraud; (2) through the making of untrue statements of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and (3) by engaging in an act, practice, or course of business that operated as a fraud or deceit upon another person.

27. The Respondent has committed at least twenty-two (22) violations of the Act, as set forth above.

28. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondent be ordered to cease and desist from engaging in the above enumerated practices which constitute violations of the Act, pay an appropriate civil penalty for its wrongdoing, and be barred from engaging in the securities business in this State.

V. CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. The Respondent and every successor, affiliate, control person, agent, servant, and employee of the Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of the Respondent **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-401, and 35-1-501 thereof; and
- b. The Respondent and every successor, affiliate, control person, agent, servant, and employee of the Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of the Respondent is **PERMANENTLY BARRED** from participating in any aspect of the securities industry in this State; and
- c. Respondent BinaryBook shall pay a civil penalty in the amount of two hundred thousand dollars (\$200,000.00) if this Order becomes effective by

operation of law, or, if the Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000.00 for each violation of the Act by the Respondent and the actual cost of the investigation or proceeding.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. § 35-1-604(a)(2) and (3), any exemption from registration with the Division that the Respondent may claim to rely upon under S.C. Code Ann. §§ 35-1-201(3)(C), (7), or (8); 35-1-202; 35-1-401(b)(1)(D) or (F); or 35-1-403(b)(1)(C), has been and is **PERMANENTLY REVOKED**.

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

The Respondent is hereby notified that it has the right to a hearing on the matters contained herein. To schedule such a hearing, the Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If the Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from the Respondent, will schedule a hearing for the Respondent.

In its written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order to Cease and Desist, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If the Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, it shall so state.

Failure by the Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by the Respondent of the right to such a hearing. Failure of the Respondent to file an Answer, including a request for a hearing, shall result in this Order to Cease and Desist, including the stated civil penalty and any assessed costs, becoming final as to the Respondent by operation of law.


This Order to Cease and Desist does not prevent the Division, or any other agency, including, without limitation, civil and criminal law enforcement agencies, from seeking additional civil or criminal remedies that are available under the Act, including remedies related to the offers and sales of securities by the Respondent set forth above.

ENTERED, this the 9th day of August, 2017.

ALAN WILSON
SECURITIES COMMISSIONER

By: Tracy Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:



IAN P. WESCHLER
Assistant Attorney General
Securities Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, South Carolina 29201

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE

File Number 17041

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated August 9, 2017, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

BinaryBook
2 Sheriffs Orchard
Coventry CV1 3PP
United Kingdom

Document(s): Order to Cease and Desist

Mailed August 9, 2017 from Columbia, South Carolina.

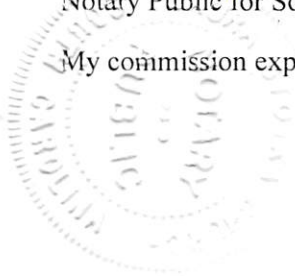
I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: *Lisa Lomas*
Lisa Lomas
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-9936

Subscribed and sworn to before me on
this 9th day of August, 2017.

Laura Statka Clark
Notary Public for South Carolina

My commission expires: 3-10-18



THE UNITED STATES OF AMERICA
DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Washington, D. C. 20535
November 19, 1964

TO: DIRECTOR, FBI (100-441100)
FROM: SAC, NEW YORK (100-100000) (P)
SUBJECT: [Illegible]

RE: [Illegible]

Reference is made to [Illegible]

Enclosed for the Bureau are [Illegible]

Very truly yours,
[Illegible Signature]

[Illegible Signature]

[Illegible Text]

