

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

<b>IN THE MATTER OF:</b>	)	
	)	<b>ORDER TO CEASE AND DESIST</b>
<b>Roman Novak,</b>	)	
<b>Radoslav Novak and</b>	)	<b>File Number 13008</b>
<b>Inter Reef Ltd.</b>	)	
<b>(d/b/a Profitable Sunrise),</b>	)	
	)	
	)	
<b>Respondents.</b>	)	
_____	)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), pursuant to authority granted in the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. §§ 35-1-101 to 35-1-703 (Supp. 2012), received information regarding alleged activities involving Roman Novak, Radoslav Novak, and Inter Reef Ltd., d/b/a Profitable Sunrise (collectively, the "Respondents") which, if true, would constitute violations of the Act; and

WHEREAS, the information led the Division to open and conduct an investigation into the activities of the Respondents pursuant to S.C. Code Ann. § 35-1-602 and this investigation is ongoing; and

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

1. Respondent Roman Novak ("Roman") is the founder and owner of Profitable Sunrise. He has a last known address of 590A Kingsbury Road, Birmingham, United Kingdom B24 9ND.

2. Respondent Radoslav Novak (“Radoslav”) is the brother of Roman and an associate of Inter Reef Ltd. and Profitable Sunrise. He has a last known address of 590A Kingsbury Road, Birmingham, United Kingdom B24 9ND. Radoslav is identified as the attorney and the person responsible for marketing for Profitable Sunrise.
3. Respondent Inter Reef Ltd. d/b/a Profitable Sunrise (“Profitable Sunrise” or “Inter Reef”) is a private limited company formed on or about September 13, 2011, in the United Kingdom. The last known address for Profitable Sunrise is 590A Kingsbury Road, Birmingham, United Kingdom B24 9ND.
4. Inter Reef is conducting business under the name Profitable Sunrise and maintains a website at <http://www.profitablesunrise.com> (“Website”).
5. Respondents use the website <http://www.profitablesunrise.com> to promote their business and disseminate information to potential investors regarding certain investment opportunities offered by Respondents.
6. Inter Reef is the Registrant Contact, along with Radoslav, for the domain name [profitablesunrise.com](http://www.profitablesunrise.com). Radoslav is also listed as the Administrative Contact, Technical Contact, and Billing Contact for that domain name, on the company’s website.
7. Profitable Sunrise presents itself as a “hard money lender,” providing short-term loans to businesses throughout the United States.
8. Respondents are offering the following five (5) investment plans (“Investments”) through <http://www.profitablesunrise.com>:
  - a. Starter Plan. The Starter Plan requires a minimum investment of \$10.00, offers an interest rate of 1.6% per business day, with an investment term of 180 business days, compounding available, and principal is returned upon maturity.

- b. Regular Plan. The Regular Plan requires a minimum investment of \$500.00, offers an interest rate of 1.8% per business day, with an investment term of 180 business days, compounding available, and principal is returned upon maturity.
  - c. Advanced Plan. The Advanced Plan requires a minimum investment of \$2,500.00, offers an interest rate of 2% per business day, with an investment term of 180 business days, compounding available, and principal is returned upon maturity.
  - d. Private Plan. The Private Plan is available to groups only, with details to be discussed individually.
  - e. Long Haul Plan. The Long Haul Plan requires a minimum investment of \$500.00, with a duration of 240 business days, compounding set at 100%, and an interest rate of 2.35% to 2.7%.
9. Profitable Sunrise represents to potential investors that “all funds deposited with us are insured against loss....” and “our investments are insured by a leading investment bank.”
10. Profitable Sunrise also promotes their Investments as “risk-free” investments “with a certain rate of return and no chance of default.”
11. The website <http://www.profitablesunrise.com> can be viewed by anyone with internet access, including residents of South Carolina.
12. Additionally, Profitable Sunrise entices its investors to act as agents by actively marketing Profitable Sunrise to additional investors. In exchange for creating a group of investors, Profitable Sunrise alleges the “upstream” investor will receive a return on the money invested by new investors recruited to the group.
13. During the period the website has been active, one or more persons resident in South Carolina have viewed the website and the offer of Investments contained therein.

14. One or more persons resident in South Carolina responded to the offer and invested based on the representations on the Website.
15. One specific South Carolina (hereinafter the "Investor") invested with Respondents in the Long Haul Investment Plan after learning about the Investment from the Website.
16. Based on the representations of Profitable Sunrise regarding the Investment he selected, the Investor believed his funds would be invested in the Long Haul Plan and earn interest of 2.7% daily, compounded at 100%, for 240 business days. The Investor further believed that the money he put in would be used by Profitable Sunrise to fund short-term loans to businesses, which would then repay the money borrowed and a high rate of interest to Profitable Sunrise, thereby creating a return on the Investor's money.
17. The Investor understood he would have made no return on his investment with Profitable Sunrise but for the efforts of Profitable Sunrise.
18. The Investor was not required to participate in any activities designed to earn a return or to do anything other than to invest money.
19. Certain of the representations made to the Investor, which included information regarding how the Investor's money would be used, the interest rate that he would earn, the risk associated with his investment, the existence of insurance on the investment, and other material information, was false and/or misleading in a material respect.
20. The Investments offered by Respondents to the Investor and other South Carolinians viewing the website constitute "securities," pursuant to South Carolina law.
21. During the relevant time period, the Investments were not registered in the State of South Carolina. The Investments, additionally, were not federal covered securities for which a notice filing was properly filed, and no exemptions from registration have been claimed on behalf of any of the Investments.

22. During the relevant time period, none of the Respondents were registered with the Division as a broker-dealer, broker-dealer or issuer agent, investment adviser, or investment adviser representative, or in any other capacity.

WHEREAS, the Investments the Respondents offered the Investor and other South Carolinians viewing the website constitute “securities” within the meaning of S.C. Code Ann. § 35-1-102(29); and

WHEREAS, the Respondents offered and sold the securities in the State of South Carolina; and

WHEREAS, the securities were not registered, federally covered, or otherwise exempt from registration; and

WHEREAS, the Respondents were not registered to offer or sell securities in South Carolina; and

WHEREAS, the Respondents, in connection with the offer and sale of the securities: (a) employed a scheme, or artifice to defraud; (b) made untrue statements of material facts and/or omitted to state material facts necessary in order to make other statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in an act, practice, or cause of business that operated or would operate as a fraud or deceit upon another person; and

WHEREAS, based on the foregoing, the Division has determined that the Respondents have engaged, are engaging, and/or are about to engage in acts and practices which violate S.C. Code Ann. §§ 35-1-301, 35-1-401, 35-1-402, and 35-1-501; and

WHEREAS, after due deliberation, the Division finds that it is reasonable and appropriate, in the public interest, for the protection of investors, and consistent with the purpose

fairly intended by the policy and provisions of the Act to issue an Order directing Respondents to Cease and Desist engaging in the violative activities detailed above;

**CEASE AND DESIST ORDER**

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1) of the Act, it is HEREBY ORDERED that each Respondent:

- a. Immediately cease and desist from offering securities, selling securities, and otherwise transacting business in this State in violation of the Act, and, in particular S.C. Code Ann. § 35-1-301, § 35-1-401, 35-1-402, and § 35-1-501 thereof; and
- b. Pay a civil penalty in the amount of thirty thousand dollars (\$30,000.00) each and reimburse the Division one thousand five hundred dollars (\$1,500.00) each for the cost of investigation if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and a hearing officer or any other legal authority resolves this matter, as to that Respondent, pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act committed by that Respondent, and the actual cost of the investigation or proceeding.

**REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING**

The Respondents are hereby notified that they have the right to a hearing on the matters contained herein. To schedule such a hearing, a 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 of the issuance of this Order to Cease and Desist a written Answer specifically requesting that a hearing be held to consider rescinding this Order.

In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, 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, he shall so state.

Failure by a 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 that Respondent of his right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty, becoming final as to that Respondent by operation of law.

**CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING ADDITIONAL ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES UNDER S.C. CODE ANN. § 35-1-508 OF THE ACT. REGARDING MATTERS DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL CHARGES UNDER S.C. CODE ANN. § 35-1-508 OF THE ACT.**

SO ORDERED, this 13<sup>th</sup> day of March, 2013.

By: Tracy Meyers

Tracy A. Meyers  
Assistant Deputy Attorney General  
Securities Division  
Office of the Attorney General  
Rembert C. Dennis Building  
1000 Assembly Street  
Columbia, S. C. 29201