

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-16-1925-17-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
InvestingCI, LLC) CONCLUSIONS OF LAW AND
Respondent) FINAL ORDER TO CEASE AND DESIST,
) TO IMPOSE A FINE, AND TO CHARGE COSTS
)
)

THE STATE OF WASHINGTON TO: InvestingCI, LLC

On February 27, 2017, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose a Fine, and to Charge Costs, Order No. S-16-1925-16-SC01 (hereinafter referred to as "Statement of Charges"). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," was served on Respondent InvestingCI, LLC on April 21, 2017. The Notice of Opportunity for Hearing advised Respondent InvestingCI, LLC that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondent InvestingCI, LLC failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondent to cease and desist from violations of the Securities Act, and to impose the fine and costs sought in the Statement of Charges.

1 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

2 **FINDINGS OF FACT**

3 **Respondent**

4 1. InvestingCI, LLC (“InvestingCI”) is an inactive Florida limited liability company formed on May
5 26, 2015, and administratively dissolved on September 23, 2016. InvestingCI operates an online trading
6 platform owned by SEL Investments, Ltd., a company based in the United Kingdom.

7 **Prior Enforcement Action**

8 2. On May 23, 2016, the Alabama Securities Commission entered an administrative order against
9 InvestingCI, its registered agent Louis Berk (“Berk”), and its salesperson Tomas Goldmark (“Goldmark”).
10 The order alleged that InvestingCI violated the Alabama Securities Act’s securities registration provision.
11 The order further alleged that InvestingCI had acted as an unregistered investment adviser, and that
12 Goldmark had acted as an unregistered investment adviser representative in violation of the Alabama
13 Securities Act. The order also alleged that investors’ funds were deposited into an account controlled
14 exclusively by Berk.

15 **Nature of the Conduct**

16 3. In 2015 and 2016, two Washington residents invested approximately \$238,000 in binary option
17 trades through InvestingCI after learning about InvestingCI through unsolicited phone calls from its
18 representatives. One of these investors had no prior experience investing in binary options. InvestingCI
19 made misleading statements and failed to disclose facts concerning the risk of investing in binary options,
20 whether the trades were insured, and investors’ ability to withdraw their funds. One Washington investor
21 has been unable to recover any of the \$190,000 he invested with InvestingCI. Another Washington investor
22 invested \$48,000, of which the investor recovered \$38,000 that he invested by credit card, after filing a
23 complaint with the credit card’s issuer.
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1 4. Unlike conventional option trades, whether an investor holding a binary option receives a payout is
2 completely determined by the outcome of a yes/no proposition. This proposition usually relates to whether
3 or not the price of the underlying asset exceeds a specified amount at a specific time. Unlike other kinds of
4 options, the investor does not have the right to buy or sell the underlying asset. Instead, when a binary
5 option expires, the investor will receive either a pay out or nothing. Binary options are often called “all-or-
6 nothing options” or “fixed return” options.

7 5. Two Washington investors opened accounts with InvestingCI after receiving unsolicited phone calls
8 from InvestingCI representatives. During such an unsolicited phone call, InvestingCI representatives stated
9 to a Washington investor that InvestingCI was focusing on binary options linked to the price of oil. The
10 representatives further stated that each option required a \$50,000 investment, and that an investor could
11 reserve the position for immediate payment of \$5,000. Once he opened this initial account, the investor
12 received emails from InvestingCI representatives in which they promoted specific transactions involving
13 binary options. One of these emails included a graph purporting to show movement in the price of oil in
14 order to bolster earlier statements of InvestingCI representatives. The investor transferred funds to
15 InvestingCI’s account at Chase in New York to purchase the binary option. Shortly thereafter, an
16 InvestingCI representative sent an email to the investor, informing him that the representative was going to
17 prepare the investor’s portfolio for the trade. The investor paid a total of \$165,000 by wire transfer for three
18 binary options linked to the price of oil, none of which were successful. Each time, InvestingCI notified the
19 investor by email that he was “out of the money.”
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21 6. The Washington investor later transferred \$15,025 by wire to a bank in Singapore to open a second
22 account. The investor opened this account for day trading of binary options after receiving an email from an
23 InvestingCI representative. The InvestingCI representative stated in his email that he was InvestingCI’s day
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1 trading specialist, and that he would manage this new account, including executing trades. InvestingCI
2 representatives exercised complete discretion over this day trading account.

3 7. After receiving an unsolicited phone call, another Washington investor opened two accounts with
4 InvestingCI. Between August and October 2015, InvestingCI provided account balances that led this
5 Washington investor to believe that he was trading successfully. This apparent success prompted the
6 investor to continue adding funds to his account. The investor made nine deposits totaling \$48,000 in that
7 three month period.

8 8. InvestingCI made misleading statements concerning anticipated returns. During the initial call,
9 InvestingCI's representative stated that if a trade were successful, the investor would receive a 75% return.
10 However, the representative failed to disclose the basis for such a return, and failed to disclose the
11 likelihood that a trade would succeed.

12 9. InvestingCI made misleading statements concerning the risks of binary options trading. During the
13 initial call to a Washington investor, InvestingCI failed to disclose any risks of investing in binary options.
14 Further, the representative stated that the Washington investor's principal was not at risk because all trades
15 were insured. However, no insurance was provided when the investor's binary options did not perform, and
16 InvestingCI has not returned any of the investor's funds.

17 10. InvestingCI made misleading statements concerning investors' ability to withdraw their funds.
18 InvestingCI credited a Washington investor's day trading account with funds that the investor did not
19 deposit ("bonus money"). Shortly thereafter, the investor attempted to withdraw his funds from this
20 account. InvestingCI denied this request, and referred the investor to its withdrawal policy. The withdrawal
21 policy stated that funds could not be withdrawn from accounts with bonus money before the account had a
22 trading volume equal to twenty-five times the sum of the original deposit and the bonus money. However, in
23 its email proposing the day trading account, InvestingCI had stated that the funds in the day trading account
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1 were “entirely liquid.” InvestingCI similarly denied the other Washington investor’s request to withdraw
2 his funds after InvestingCI had deposited bonus money in his account. InvestingCI representatives did not
3 disclose this withdrawal policy when soliciting the Washington investors.
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5 Based upon the above Findings of Fact, the following Conclusions of Law are made:

6 **CONCLUSIONS OF LAW**

7 1. The offer and/or sale of the binary options described above constitute the offer and/or sale of a
8 security as defined in RCW 21.20.005(14) and (17).

9 2. InvestingCI has violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact,
10 Respondent made untrue statements of material fact or omitted to state material facts necessary to make the
11 statements made, in light of the circumstances in which they were made, not misleading.
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14 Based upon the foregoing and finding it in the public interest:

15 **FINAL ORDER**

16 IT IS HEREBY ORDERED that the Respondent InvestingCI, LLC and its agents and employees
17 each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of
18 Washington.

19 IT IS FURTHER ORDERED that the Respondent InvestingCI, LLC shall be liable for and pay a fine
20 in the amount of \$10,000.

21 IT IS FURTHER ORDERED that the Respondent InvestingCI, LLC shall be liable for and pay costs
22 in the amount of \$2,500.
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AUTHORITY AND PROCEDURE

This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial review of this agency action under the provisions of RCW 34.05. For the requirements for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

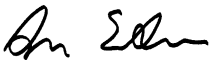
WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 23rd day of May 2017.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement



Edward R. Thunen
Financial Legal Examiner

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor