

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

IN THE MATTER OF DETERMINING Whether there has been a violation of the Securities Act of Washington by: Binary Banc, <div style="text-align: right; margin-right: 20px;">Respondent.</div>))))))))	Order No.: S-16-2012-16-FO01 ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST, TO IMPOSE A FINE, AND TO CHARGE COSTS
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THE STATE OF WASHINGTON TO: Binary Banc

STATEMENT OF CHARGES

On November 7, 2016, 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-16-2012-16-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," were served by registered mail on Respondent Binary Banc on November 14, 2016. The Notice of Opportunity for Hearing advised Respondent Binary Banc 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 Binary Banc 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 Respondent Binary Banc to cease and desist from violations of the Securities Act, and to impose the fines 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. Binary Banc holds itself out to be an investment firm that specializes in binary options and
5 operates an online trading platform to trade binary options. Binary Banc's website, www.binarybanc.com,
6 states that its head office is located in the nation of Georgia and lists another address in the United
7 Kingdom. Binary Banc's website is registered to an address in the Marshall Islands.

8 **Background**

9 2. A binary option is a type of options contract in which the payout depends on the outcome of
10 a yes/no proposition that is contingent upon the future value of an underlying asset, such as stock and stock
11 indices. In 2013, the United States Securities and Exchange Commission (SEC) and Commodity Futures
12 Trading Commission (CFTC) issued a joint Investor Alert entitled "Binary Options and Fraud" after those
13 agencies received numerous complaints of fraud associated with websites that offer binary options through
14 Internet-based trading platforms.

15 **Nature of the Conduct**

16 3. In July 2016, a Washington resident (hereinafter, the "Washington investor") received an
17 unsolicited email that later redirected him to the Binary Banc website. After watching a video on the Binary
18 Banc website, the Washington investor opened an online trading account. The Washington investor had no
19 prior experience in binary options trading, and little prior investment experience. The Washington investor
20 began receiving as many as two to three calls per day from representatives of Binary Banc, who solicited
21 him to deposit additional funds into his trading account. By the end of the month, the Washington investor
22 incurred more than \$67,000 in credit card and debit card charges, stemming from telephone and email
23 solicitations that he received from Binary Banc representatives. The Washington investor did not place
24 trades in his online trading account. All trades in his account were made by representatives of Binary Banc.
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1 4. Binary Banc encouraged investors to deposit funds into their trading account using credit
2 cards. The Binary Banc website included a Terms & Conditions section, which stated: “Your Credit Card
3 Will Be Debited With The Descriptor Binary Banc.” In fact, the Washington investor incurred more than
4 20 debit and credit card charges in connection with his trading account, but none of the charges referenced
5 Binary Banc. Records for the Washington investor’s debit and credit cards indicate that payments were
6 made to various other entities, including Greymountain Management Ltd., Options24FX, and
7 FX24Platform. Binary Banc failed to disclose its relationship with any of these third-party entities. Binary
8 Banc failed to disclose that a few months earlier, in April 2016, the Financial and Consumer Affairs
9 Authority of Saskatchewan had issued an enforcement order against Greymountain Management Ltd. for
10 securities violations in connection with a binary options trading platform.

11 5. The Washington investor was initially contacted by a representative of Binary Banc’s
12 Compliance Team. The Binary Banc representative directed the Washington investor to send him color
13 copies of the front and back of his credit card, as well as color copies of his government-issued photo
14 identification and a recent bank statement or utility bill. The Binary Banc representative stated that these
15 documents were needed in order to “verify” his account.

16 6. The Washington investor was also contacted by a member of Binary Bank’s Activation
17 Team, who solicited him to deposit funds into his trading account. The Binary Banc representative led the
18 investor to believe that if he deposited \$10,000 into his trading account, Binary Banc would give him a
19 “gold membership” with access to a broker who would make trades for him. The Binary Banc
20 representative stated that depositing \$10,000 would also entitle the investor to a \$5,000 bonus and three
21 “risk free trades.” Binary Banc failed to disclose the terms and conditions of the “risk free” trades. The
22 Washington investor provided his credit card information to Binary Banc, and subsequently incurred
23 \$10,000 in charges.
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1 7. The Washington investor was then solicited by another Binary Banc representative who was
2 described as his “assigned broker.” During one telephone solicitation, the Binary Banc broker sent an email
3 to the Washington investor containing a link to download software. After downloading the software, the
4 Binary Banc broker was able to view the investor’s computer screen, including his online bank account
5 statement. After reviewing this information, the Binary Banc broker advised the Washington investor to
6 deposit an additional \$47,000 into his Binary Banc trading account. The Binary Banc representative told the
7 Washington investor that he could not do any further trading for him, unless he paid the additional funds.

8 8. The Binary Banc broker made misleading statements concerning the trading success of
9 Binary Bank, and the returns on investment. The Binary Banc broker claimed that depositing an additional
10 \$47,000 into his account would provide the Washington investor with “full access to Class A trades” from
11 his department. The Binary Banc representative stated that his department had a 98.7% “success rate” and a
12 “96% return per investment.” The Binary Banc representative failed to disclose any additional information
13 regarding “Class A trades” or provide the basis for its “success rate” or the return on investment.

14 9. On or about July 15, 2016, the Washington investor paid an additional \$47,000, using
15 multiple debit cards and credit cards. Days later, the Binary Banc broker sent an email to the Washington
16 investor which stated: “I have great news on the account!!!! This is CRAZY!!” The Binary Banc broker
17 sent another email that stated: “go look at the NINTENDO STOCK!!!! and you will see why your account
18 went up so high.” The Washington investor’s online account showed that his account balance had increased
19 to approximately \$213,000.

20 10. The Binary Banc broker then solicited the Washington investor to deposit additional funds
21 into his trading account. After the Washington investor stated that he did not have any additional funds to
22 invest, the Binary Banc representative asked the Washington investor to provide him with his user name and
23 password for his trading account at Binary Banc. The Washington investor’s account balance subsequently
24 dropped to approximately \$19,000. The Washington investor was next contacted by a “senior broker” at
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1 Binary Banc who stated that he was now servicing the Washington investor's trading account. The senior
2 broker stated that in order to recover his losses, the Washington investor needed to deposit an additional
3 \$10,000 into his account. The senior broker further stated: "we will try to take your account to \$60k to \$65k
4 [\$60,000 to \$65,000] today." Shortly after paying the additional \$10,000, the Washington investor's
5 account balance increased to approximately \$60,000. The senior broker later contacted the Washington
6 investor and asked him to deposit additional funds into his account. After the Washington investor stated
7 that he had no additional funds, his account balance dropped to approximately \$25,000.

8 11. Binary Banc representatives made misleading statements concerning the investor's ability to
9 withdraw funds from his trading account. When the Washington investor first opened his account, Binary
10 Banc sent him an email stating that he could withdraw funds from his account "at any time he is not happy
11 with our services." A week later, the Washington investor made a withdrawal request, and Binary Banc sent
12 him an email stating that it was expediting the request and that it would be completed within a "maximum
13 of 7 business days." A week later, Binary Banc sent another email stating that withdrawals only occurred
14 on the 9th and 25th day of each month. After the Washington investor directed Binary Banc to close his
15 account and refund his remaining funds, Binary Banc stopped responding to his phone calls and emails.

16 12. By August 2016, the Washington investor contacted his financial institutions and disputed
17 the credit card and debit card charges that were associated with his Binary Banc trading account. In
18 response, a Binary Banc representative contacted the Washington investor and attempted to get him to
19 withdraw his dispute. Binary Banc claimed that disputing the charges was illegal and that it could not
20 refund his funds unless he cancelled the dispute. While the Washington investor has received some credits
21 from his financial institutions, he remains responsible for thousands of dollars in charges attributed to his
22 Binary Banc trading account.
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Registration Status

13. Binary Banc is not currently registered to sell its securities in the state of Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

14. Binary Banc is not currently registered as a broker-dealer in the state of Washington and has not previously been so registered.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

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

2. Binary Banc has violated RCW 21.20.010, because, as set forth in the Findings of Fact, it made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading; and engaged in an act, practice, or course of business that operated as a fraud or deceit upon customers.

Based upon the foregoing and finding it in the public interest:

FINAL ORDER

IT IS HEREBY ORDERED that the Respondent Binary Banc, their agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

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

IT IS FURTHER ORDERED that the Respondent Binary Banc shall be liable for and pay costs in the amount of \$2,000.

AUTHORITY AND PROCEDURE

This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of RCW 21.20.440 and 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.

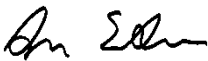
Signed and Entered this 23rd day of December 2016.



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason
Chief of Enforcement

Robert Kondrat
Financial Legal Examiner Supervisor