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

IN THE MATTER OF DETERMINING) Order No.: S-16-2050-17-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
Oracle Stone Ltd. dba Porter Finance Ltd.,) NOTICE OF INTENT TO ENTER ORDER
Respondent.) TO CEASE AND DESIST, TO IMPOSE FINES,
) AND TO CHARGE COSTS
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)

8 THE STATE OF WASHINGTON TO: Oracle Stone Ltd. dba Porter Finance Ltd.

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondent Oracle Stone Ltd. dba Porter Finance Ltd. has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondent to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and to impose a fine under RCW 21.20.395. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

Respondent

1. Oracle Stone Ltd. dba Porter Finance Ltd. (“Porter Finance”) uses a business address in the United Kingdom. Porter Finance operates an Internet-based trading platform to trade binary options. Porter Finance maintains a website at <https://porterfinance.com>.

Background

2. Porter Finance launched its binary options trading platform in approximately 2014. A binary option is a type of option contract in which the payout results from a yes/no proposition that is contingent upon whether the value of the underlying asset rises above or falls below a specific amount in a selected

1 time frame. Porter Finance claims on its website that it is the “web’s fastest growing binary options trading
2 platform, offering an unmatched 1500% rate of returns” and that “the platform is not only easy to use but
3 extremely profitable.”

4 3. Porter Finance advertises several account levels on its website. The account level that the
5 account holder qualifies for depends on the amount deposited, and most accounts include a bonus that
6 increases with each level. The features and benefits of the accounts also increase with each level, and
7 include daily market reviews, “risk free trades,” training sessions, live webinars, a dedicated broker, and
8 even an exotic vacation of the account holder’s choice (for accounts with \$100,000 deposited).

9 4. In 2016, at least two Washington residents established accounts with Porter Finance to trade
10 binary options. Both residents were provided with misleading information by Porter Finance. One resident
11 lost approximately \$65,000 of his investment funds through trading and the other resident has been unable
12 to withdraw her initial deposit of \$1,250.

13 **Nature of the Conduct**

14 *Investor A*

15 5. In approximately January 2016, Investor A, a disabled Washington resident, received an
16 unsolicited email with a link to the Porter Finance website. Investor A viewed Porter Finance’s website and
17 decided to establish a trading account, which he initially funded with approximately \$500. Investor A began
18 making binary options trades, but his initial trades were not profitable. This was Investor A’s first time
19 trading binary options.
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21 6. In approximately February 2016, Investor A was contacted by a representative of Porter
22 Finance. This representative’s title was “Corporate Account Manager” and he represented to Investor A that
23 he was a “Senior Broker.” The Porter Finance representative told Investor A not to trade alone, and offered
24 to assist him. The Porter Finance representative began recommending trades to Investor A, which Investor
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1 A executed in his account. Many of the trades that the representative recommended were profitable for
2 Investor A.

3 7. The Porter Finance representative asked Investor A about his investment objectives. Investor
4 A told the representative that he needed to make \$5,000 per month to pay for living expenses. The Porter
5 Finance representative encouraged Investor A to deposit additional funds, and represented that he would
6 assist Investor A in trading until Investor A's account balance reached \$250,000. The representative further
7 represented that he would assist Investor A with trades every month to generate \$5,000. As Investor A's
8 account had already made a profit with the representative's assistance, he agreed to invest additional funds.
9 In February 2016, Investor A made several transfers from his IRA totaling approximately \$75,000.

10 8. Investor A's deposits qualified him for the Diamond Account (which required a \$50,000
11 deposit), which Porter Finance advertises as including ten "risk free trades." Porter Finance failed to
12 provide Investor A with information regarding the terms and conditions of the "risk free" trades.
13 Previously, when Investor A was considering depositing enough funds to qualify for the Diamond Account,
14 he emailed Porter Finance to ask several questions about the "risk free" trades. Porter Finance failed to
15 respond to Investor A's questions.
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17 9. Between February and March 2016, the Porter Finance representative recommended several
18 trades to Investor A that he misleadingly represented were "risk free." Investor A executed the trades, and
19 was led to believe that if he lost a "risk free" trade then Porter Finance would reimburse him for the loss in
20 approximately 30 days. By approximately April 2016, the Porter Finance representative stopped contacting
21 Investor A. By approximately May 2016, Investor A lost approximately \$62,000 in "risk free" trades.
22 Investor A contacted Porter Finance when he did not receive reimbursement within 30 days, and was told
23 that his trades were not risk free because he never submitted a signed form. Investor A was never told about
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1 this requirement, and he requested that Porter Finance reimburse him for the loss he incurred. To date,
2 Porter Finance has not reimbursed Investor A.

3 10. Subsequently, Investor A received calls from other Porter Finance representatives. In
4 approximately June 2016, a Porter Finance representative made trade recommendations to Investor A,
5 which Investor A executed and increased his account balance to over \$100,000. Soon after, also in
6 approximately June 2016, another Porter Finance representative made trade recommendations to Investor A,
7 which Investor A executed and incurred a loss of nearly \$90,000.

8 11. In approximately August 2016, another Porter Finance representative solicited Investor A to
9 deposit an additional \$100,000. When Investor A responded that he did not have the funds to invest, the
10 representative recommended that Investor A borrow the funds by taking out another mortgage on his house.
11 The representative guaranteed that Investor A would make \$20,000 by approximately the end of the month.
12 Investor A declined to invest additional funds.

13 12. Without Investor A's authorization, Porter Finance initiated a withdrawal from Investor A's
14 bank account. In August 2016, Investor A was contacted by Chase Bank regarding a \$1,000 withdrawal
15 from his bank account to his Porter Finance account. Investor A told Chase Bank that he had not authorized
16 such a withdrawal. Chase Bank immediately contacted Porter Finance, and a few days later these funds
17 were returned to Investor A's bank account.
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19 13. The funds that Investor A deposited with Porter Finance constitute the majority of his
20 retirement funds. In approximately December 2016, Porter Finance wired Investor A's remaining account
21 balance to him (approximately \$10,000).

22 *Investor B*

23 14. On approximately May 18, 2016, Investor B, a Washington resident, received an email with
24 the subject line: "How Does \$70k [\$70,000] Per Month Sound?" The email contained a message
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1 purportedly from “Ben Ivy,” the founder of *The Conservative Investor*. According to the email, automated
2 trading software that could make “up to \$70,000 per month for every user” had been released for “7 days
3 only” to the public. The email contained a link to a video featuring a speaker who offered to send the
4 trading software to individuals that open a trading account with Porter Finance.

5 15. On approximately May 18, 2016, Investor B opened a trading account with Porter Finance
6 and deposited \$1,250 via credit card. Porter Finance sent Investor B an email that acknowledged her
7 deposit and requested that she submit various documents that were required for a “Verification Process.”
8 Porter Finance represented that the Verification Process must be completed before any withdrawals could
9 occur. Investor B submitted the requested documents, which included a deposit authorization form, a copy
10 of the credit card used to fund her account, a copy of her driver’s license, and a utility bill.

11 16. A few days later, on approximately May 23, 2016, Investor B received an email from a
12 Porter Finance representative who represented that he was a “senior broker.” The Porter Finance
13 representative also called Investor B and solicited her to deposit an additional \$8,750 in order to qualify for
14 the Gold Account (which required a \$10,000 deposit). The Porter Finance representative told Investor B
15 that she would receive a \$5,000 bonus with the Gold Account, and he asked Investor A about possible
16 sources available for the funds. Investor B repeatedly told the Porter Finance representative that she did not
17 want to invest additional funds.

18 17. Days later, on approximately May 26, 2016, Investor B received an email from Porter
19 Finance stating that all of her documents had been approved and that her account was “validated.”
20 However, Investor B decided to close her account before she had done any trading. That day, Investor B
21 replied to the email and requested that Porter Finance close her account and return the \$1,250 to her credit
22 card. Although Investor B requested that Porter Finance acknowledge her request, Porter Finance failed to
23 respond to Investor B’s email.
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1 18. When Investor B failed to receive a response from Porter Finance, she repeatedly contacted
2 the company. Finally, on July 25, 2016, Investor B received an email reply from Porter Finance stating that
3 the accounting department had closed her account and that a refund had been issued to her. Investor B
4 responded by asking Porter Finance if they had sent her a check, since she had not received a credit to her
5 credit card. Although Investor B continued to not receive payment, she spoke to two Porter Finance
6 representatives who also stated that her withdrawal request had been processed.

7 19. Porter Finance made misleading representations concerning the ability of account holders to
8 withdraw funds from their trading account. The Porter Finance website claims that “[w]ithdrawing funds is
9 quick and effective, with minimal effort required.” The Porter Finance website further states that
10 “identification documents” must be submitted in order to process a withdrawal and that once a withdrawal
11 request has been submitted, it will take 2-3 business days to process the request, and then 5-7 days for the
12 funds to appear in the account. In fact, to date, Investor B has not received her funds in spite of making a
13 withdrawal request several months ago.

14 20. On approximately May 27, 2016, Investor B contacted her financial institution to dispute the
15 credit card charge associated with her Porter Finance trading account deposit. Investor B received a credit
16 of \$1,250 from her financial institution.
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18 **Registration Status**

19 21. Oracle Stone Ltd. dba Porter Finance Ltd. is not currently registered as a broker-dealer in the
20 state of Washington and has not previously been so registered.
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22 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:
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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. Oracle Stone Ltd. dba Porter Finance Ltd. violated RCW 21.20.040 by operating an electronic platform to trade securities for the accounts of Washington residents while not registered as a broker-dealer in the State of Washington.

3. Oracle Stone Ltd. dba Porter Finance Ltd. violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, the Respondent 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.

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NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.20.390(1), that Oracle Stone Ltd. dba Porter Finance Ltd., and their agents and employees, shall cease and desist from violations of RCW 21.20.010 and RCW 21.20.040.

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NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondent Oracle Stone Ltd. dba Porter Finance Ltd. shall be liable for and shall pay a fine of \$30,000.

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NOTICE OF INTENT TO CHARGE COSTS

Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondent Oracle Stone Ltd. dba Porter Finance Ltd.

1 shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative
2 investigation and hearing of this matter, in an amount not less than \$2,000.

3 **AUTHORITY AND PROCEDURE**

4 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is
5 subject to the provisions of Chapter 34.05 RCW. The Respondent may make a written request for a hearing
6 as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
7 accompanying this Order. If the Respondent does not make a hearing request in the time allowed, the
8 Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as
9 final and to enter a permanent order to cease and desist as to the Respondent, and to impose any fines and
10 costs sought against the Respondent.

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12 Signed and Entered this 14th day of April 2017.

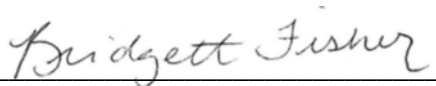
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15 _____
16 William M. Beatty
17 Securities Administrator

18 Approved by:

19 Presented by:

20 _____
21 Suzanne Sarason
22 Chief of Enforcement

23 
24 _____
25 Bridgett Fisher
26 Financial Legal Examiner

27 Reviewed by:

28 
29 _____
30 Robert Kondrat
31 Financial Legal Examiner Supervisor