

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF STATE  
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

IvoryOption.com, &  
Patryn LTD  
UK Reg. No. 9555096

Respondents

)  
) ORDER TO CEASE AND DESIST  
)  
) C-02015000019  
)  
)  
)

**NOTICE OF ORDER**

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a.

**LEGAL AUTHORITY AND JURISDICTION**

Pursuant to RSA 421-B:23, the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

**Pursuant to RSA 421-B:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.**

Pursuant to RSA 421-B:3, I(b), it is unlawful for any person in connection with the offer, sale, or purchase of a security to make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

Pursuant to RSA 421-B:10, I(a) and (b)(13), the Secretary of State may issue an order to deny, suspend, or revoke any license or application, or bar any person from licensure if he or

she finds the order is in the public interest and has upon request reasonably made by the Secretary of State, withheld or concealed information from or refused to furnish information to, the Secretary of State.

Pursuant to RSA 421-B:26, the Secretary of State has the authority to impose administrative penalties of up to \$2,500.00 for each violation of New Hampshire securities law and rules.

### **NOTICE OF RIGHT TO REQUEST A HEARING**

The above named Respondents have the right to request a hearing on this order to cease and desist and order to show cause, as well as the right to be represented by counsel. Any such request for a hearing shall be in writing, shall be signed by the respondents, or by the duly authorized agent of the above named Respondents, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B:23, I, if Respondents fail to request a hearing on this order within 30 calendar days of receipt of this order, respondents shall be deemed in default, and this order to cease and desist and order of restitution shall, on the thirty-first day, become permanent.

Upon request for a hearing being received by the Bureau of Securities Regulation, in the manner and form indicated above, a hearing shall be held not later than ten days after such request is received by the Bureau, after which hearing, and within 20 days of the date of the hearing, the Secretary of State, or such other person authorized by statute, shall issue a further order vacating or modifying this order, or making it permanent, as the circumstances require.

## **STATEMENT OF ALLEGATIONS**

The allegations contained in the Staff Petition for Relief dated February 3, 2016 (a copy of which is attached hereto) are incorporated by reference hereto.

### **ORDER**

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

WHEREAS, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested,

It is hereby ORDERED, that:

1. The Respondents are hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B;
2. The Respondents shall, in accordance with RSA 421-B:10 and RSA 421-B:26, III pay an administrative fine of \$30,000.
3. The Respondents shall pay restitution in the amount of \$500.00 to the Complainant, and \$11,000 to CitiBank.
4. Pursuant to RSA 421-B:10,I, the Respondents are barred from licensure in this State.
5. The Respondents shall pay the Bureau's investigation costs in the amount of \$15,000.
6. Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered and administrative penalties being imposed upon the defaulting Respondents.

SIGNED,  
WILLIAM M. GARDNER  
SECRETARY OF STATE  
BY HIS DESIGNEE:

Dated: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "Barry J. Glennon", written over a horizontal line.

Barry J. Glennon, Director  
N.H. Bureau of Securities Regulation

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF STATE  
BUREAU OF SECURITIES REGULATION  
25 CAPITOL STREET  
CONCORD, NH 03301

**STAFF PETITION FOR RELIEF IN THE MATTER OF:**

IvoryOption.com

and

Patryn LTD (UK Reg. No. 9555096)

C-2015000019

- I. The State of New Hampshire, Department of State, Bureau of Securities Regulation (the “Bureau”), petitions the Director and makes the following statement of facts:

**STATEMENT OF FACTS**

1. IvoryOption.com (“IvoryOption”) is an internet-based company, which claims to be a binary options trading broker. IvoryOption is not a registered company or tradename; however, its website states that it is a brand of Patryn LTD. Patryn LTD is a United Kingdom based company located at Horton House, Exchange Flags, Liverpool, England, L2 3PF with a UK company registration number of 9555096.
2. IvoryOption and Patryn LTD are not licensed by the Bureau, Securities and Exchange Commission (“SEC”), the Financial Industry Regulatory Authority (“FINRA”), or any other U.S. regulator.
3. The binary options that IvoryOption trades differ from conventional options contracts. A binary option is a type of options contract in which the payout will depend entirely on the outcome of a yes or no proposition. This yes or no proposition usually relates to whether the price of a particular asset that underlies the binary option will rise above or fall below a specific amount. The most common underlying assets for binary options are large-cap stocks, stock indices, and precious metals. For example, the yes or no proposition connected to a binary option could be whether the price of Apple stock will be above or below \$100 in the next 30 minutes.

4. Unlike other types of options, a binary option does not give the holder the right to purchase or sell the underlying asset. Instead, when a binary option expires, the option holder will receive either an amount of cash or nothing at all. Many of the payouts for binary options are tied to the underlying value of the security it tracks, while others have a predefined payout. Because of this all-or-nothing payout structure, investors also refer to binary options as “all-or-nothing options” or “fixed-return options.”
5. On September 24, 2015, the Bureau received a complaint from a New Hampshire investor (“the Complainant”) regarding IvoryOption. The Complainant explained that in March of 2015, he signed-up for an account with IvoryOption through its website. He made an initial \$500 deposit into his account to begin the account opening process. Before accepting his deposit, IvoryOption instructed him to fax a completed “Verification Form” and attached copies of his credit card, government issued identification, and two months of a utility bill or bank statement with his address listed on it. The Complainant faxed this information to IvoryOption after speaking to an account manager via e-mail and telephone.
6. After his initial deposit, IvoryOption contacted the Complainant through e-mail and telephone to explain that his initial \$500 deposit was insufficient to begin trading and that \$1,500 was the minimum account-opening balance. IvoryOption told the Complainant that he needed to deposit an additional \$1,000 before he could trade in his account.
7. The Complainant agreed to deposit an additional \$1,000 using his credit card. However, the Complainant alleges that after he authorized the \$1,000 deposit, IvoryOption made two separate \$5,000 charges to his credit card that he did not authorize. In total, IvoryOption charged \$11,500 to the Complainant’s credit card while he only authorized \$1,500.
8. Because of these unauthorized charges, the Complainant attempted to withdraw all funds from his IvoryOption account and receive a full refund. However, IvoryOption refused to refund the Complainant’s money in a timely manner. After unsuccessfully attempting to withdraw his money for more than three weeks, representatives from IvoryOption contacted the Complainant multiple times by telephone and e-mail asking him to try their trading platform before withdrawing his money.
9. IvoryOption promised that if he signed a form saying he authorized all of the charges on his card, they would immediately refund his money. The Complainant was instructed to sign this form, titled “Declaration of Deposit Form,” on March 18, 2015 and fax it to

IvoryOption. After the Complainant signed and faxed the Declaration of Deposit Form to IvoryOption, they still refused to return the Complainants money. IvoryOption told the Complainant that a refund would take 30-45 days to process.

10. In April of 2015, a trader from IvoryOption contacted the Complainant claiming to want to show him how to use their platform for trading binary options. This trader from IvoryOption told the Complainant that he wanted to make trades in a demonstration mode and were offering this service as a free tutorial. He also explained to Complainant that IvoryOptions was providing this free tutorial with the hope that it could keep his business. The trader also explained to the Complainant that he would show him how to make thousands of dollars in an afternoon and assured him that these trades would not be on his account.
11. The trader spoke with the Complainant via telephone and walked him through the process of entering trades on IvoryOption's platform, making specific recommendations for the Complainant to follow. Through this process, IvoryOption's trader directed the Complainant to make over 15 trades. The Complainant explained to the Bureau that he followed the trader's direction because he believed the trades were being made on a demonstration account—not his actual account. When they binary options expired, all but one of these trades lost money and the Complainant learned that the trades were actually on his real account. The Complainant explained to the Bureau that he believed the IvoryOption trader intentionally misled and tricked him into making the trades on his real account because the firm knew he wanted to withdraw the money from his account.
12. After IvoryOption's trader directed the Complainant to make these losing trades, he contacted his credit card company, CitiBank, and filed a fraud claim. As part of his fraud claim, the Complainant wrote a letter to CitiBank explaining why he believed the charges on his credit card were unauthorized and fraudulent. IvoryOption received a copy of the complaint from CitiBank and responded to the Complainant's allegations.
13. As part of IvoryOption's response, it provided CitiBank with documents that it claimed showed their transactions were not fraudulent. Specifically, IvoryOption provided CitiBank with the Declaration of Deposit form that it instructed the Complainant to sign, several weeks earlier, with the promise the firm would immediately refund all of his money. IvoryOption claimed that this form was evidence that the Complainant authorized all of the charges on his credit card. Additionally, IvoryOption provided CitiBank with two additional Declaration of Deposit Forms dated March 24, 2015. IvoryOption claimed that these forms were further evidence that the Complainant authorized the changes against his card. However, according to the Complainant, he

never received or signed those March 24, 2015 forms, and after closely examining them, he explained to the Bureau that he believes Ivory Option forged his signatures.

14. On November 24, 2015, the Bureau sent several copies of a production requests to IvoryOption and Patryn LTD requesting certain information regarding the Complainant's account. Because IvoryOption and Patryn LTD do not have a place of business in the U.S., the Bureau's production requests were sent to U.K. addresses obtained from public records.
15. The Bureau's production requested sough documents related to the Complainant's account, all correspondences between IvoryOption and the Complainant, and other documents necessary for the Bureau to determine the extent of IvoryOption and Patryn LTD's securities business.
16. On December 29, 2015, the Bureau received an e-mail from an individual claiming to be an attorney for IvoryOption and Patryn LTD. This individual, Moshe Strugano, was purportedly located in Tel Aviv, Israel. He confirmed that Patryn LTD and IvoryOption were aware of the Bureau's inquiry and wanted to discuss the Bureau's production request.
17. Mr. Strugano claimed that IvoryOption never intentionally accepted U.S. clients and also claimed that any U.S. clients were refunded their money. However, the Bureau has been unable to confirm that the Complainant's money was refunded because IvoryOption and Patryn LTD have refused to respond to the Bureau's production request.
18. Additionally, the Complainant explained to the Bureau that his credit card company removed all but \$500 of the charges related to IvoryOption from his account as fraudulent charges on January 29, 2016. However, the Complainant explained that none of that money was ever refunded to him by IvoryOption as Mr. Strugano claims.
19. After multiple e-mail correspondences with Mr. Strugano, the Bureau ask him if he was willing to respond to the November 24, 2015 production letter. However, Mr. Strugano refused to state whether he or his clients were willing to produce the requested documents. Instead, he claimed that providing the documents to the Bureau would violated privacy rights of IvoryOption's clients and responded by re-stating his position that the IvoryOption does not do business with clients in the United States.
20. As of today's date, IvoryOption and Patryn LTD did not provide the documents requested by the Bureau.

## STATEMENTS OF LAW

II. The Bureau petitions the Director and makes the following statements of law under N.H. Rev. Stat. Ann. 421-B (2015) (the “Act”):

1. IvoryOption and Patryn LTD meet the definition of “person” within the meaning of RSA 421-B:2, XVI.
2. Binary options are “securities” under the Act because they amount to an “option or privilege on a security.” RSA 421-B:2, XX(a).
3. IvoryOption and Patryn LTD are “broker-dealers” because they are “person[s] engaged in the business of effecting transactions in securities for the account of others.” RSA 421-B:2, III.
4. As broker-dealers who transact business in the State of New Hampshire, IvoryOption and Patryn LTD are required to be licensed under RSA 421-B:6, I. Because both entities are conducting business within New Hampshire, but are not licensed, they have violated this section of the Act.
5. Under RSA 421-B:3, I(a) and (c), it is unlawful for a person, in connection with the offer, sale, or purchase of any security to employ any device, scheme, or artifice to defraud or engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. Here, IvoryOption and Patryn LTD violated this provision of the Act in multiple ways:
  - a. IvoryOption and Patryn LTD claimed their platform was for trading binary options. However, due to their failure to respond to the Bureau’s production request, there is no evidence that they actually trade binary options. Therefore, their operation of a website and platform that creates the appearance of trading securities, without actually executing trades, is a fraudulent and deceitful business practice.
  - b. IvoryOption and Patryn LTD employed a scheme or artifice to defraud the Complainant by contacting him on multiple occasions after his initial deposit to request more money and trick him into depositing additional funds that they intended to steal.
  - c. IvoryOption and Patryn LTD employed another scheme to defraud the Complainant by coercing him into signing paperwork stating that he actually authorized the two unauthorized \$5,000 charges on his credit card with the promise that the firm would

immediately refund his money. Based on the Complainant's allegations and IvoryOption and Patryn LTD's failure to respond to the Bureau's production request, this tactic appears to have been in ploy to trick the Complainant into signing paperwork that they could use at a later date to argue that the \$10,000 in unauthorized credit card charges were legitimate charges.

- d. IvoryOption and Patryn LTD employed an additional scheme to defraud the Complainant by offering him a free demonstration on their trading platform that, in actuality, was a scheme to trick him into making over 15 trades that ultimately lost money in his account.
  - e. Finally, IvoryOption and Patryn LTD continued to act fraudulently and deceitfully by refusing to refund the Complainant's account and forging the Complainant's signature on at least two of the documents it provided to CitiBank.
6. Under RSA 421-B:3, I(b), it is unlawful for any person in connection with the offer, sale, or purchase of a security to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. Here, IvoryOption violated this section by omitting a material fact that their investors would want to know—that the firm was operating as an unlicensed entity.
  7. Under RSA 421-B:8, III, the Bureau may require any person or company subject to 421-B to provide information from any books, records, computers, or any other information storage system. Failing to provide the Bureau with information it requested pursuant to this section is a violation of the Act. Here, IvoryOption and Patryn LTD failed to provide the information that the Bureau requested in its November 24, 2015 production request after being asked to do so on multiple occasions.
  8. Under RSA 421-B:10, I(a) and (b)(13), the Secretary of State may issue an order to deny, suspend, or revoke any license or application, or bar any person from licensure if he or she finds the order is in the public interest and has upon request reasonably made by the Secretary of State, withheld or concealed information from, or refused to furnish information to, the Secretary of State. Here, IvoryOption and Patryn LTD refused to furnish information to the Secretary of State by failing to respond to the Bureau's November 24th production request. Accordingly, should they ever apply for licensure in New Hampshire, their applications should be denied and they should be permanently barred. Also, under RSA 421-B:10, VI, in addition to, any such order to suspend or revoke any license or application, the Secretary of State may, assess an administrative

fine of not more than \$2,500 per violation. IvoryOption and Patryn LTD are subject to this provision and should be assessed a fine in addition any other penalty imposed under RSA 421-B:10.

9. Under RSA 421-B:22, in any investigation to determine whether any person has violated this section and upon the Secretary of State's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the Secretary of State, the Secretary of State shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under RSA 421-B. IvoryOption and Patryn LTD are subject to this provision.
10. Under RSA 421-B:23, I, whenever it appears to the Secretary of State that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule or order under RSA 421-B, the Secretary of State shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of RSA 421-B. IvoryOption and Patryn LTD are subject to this provision and should be ordered to cease and desist from further violations of RSA 421-B.
11. Under RSA 421-B:26, III, any person who violates a provision of the chapter may be subject to an administrative fine not to exceed \$2,500, with each act constituting a separate violation. IvoryOption and Patryn LTD are subject to this provision and should be ordered to pay an administrative fine for each violation of RSA 421-B as outlined in this document.
12. Under RSA 421-B:26, V, the Secretary of State may enter an order of rescission, restitution, or disgorgement directed to a person who has violated this chapter. IvoryOption and Patryn LTD are subject to this provision and should be ordered to pay restitution to the Complainant and CitiBank.

III. The Bureau makes the following requests for relief in this matter as permitted under RSA 421-B:

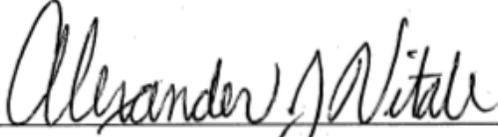
1. Find as fact the statements contained in Section I, the Statement of Facts.
2. Make conclusions of law relative to the statements contained in Section II, the Statements of Law.
3. Pursuant to RSA 421-B:23, order that IvoryOption and Patryn LTD immediately cease and desist from further violations of RSA 421-B.

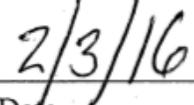
4. Pursuant to RSA 421-B:10, I(a) and (b)(13), permanently deny any application that IvoryOption or Patryn LTD file with the Bureau; or in the alternative, permanent bar them from licensure.
5. Pursuant to RSA 421-B §§ 10, VI, and 26, III, order IvoryOption and Patryn LTD to pay an administrative fine of \$30,000.
6. Pursuant to RSA 421-B:26, V, order IvoryOption and Patryn LTD to pay \$500 in restitution to the Complainant and \$11,000 to CitiBank.
7. Pursuant to RSA 421-B:22, IV, order that IvoryOption and Patryn LTD pay the Bureau's costs of investigation and enforcement in the amount of \$15,000.

**RIGHT TO AMEND**

The Bureau reserves the right to amend this Petition for Relief and to request that the Director of the Bureau take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under RSA 421-B.

Respectfully submitted by:

  
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Alexander J. Vitale, Staff Attorney

  
\_\_\_\_\_  
Date