



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:	)	
	)	
RUMELIA CAPITAL,	)	
	)	
<i>Respondent.</i>	)	Case No.: AP-17-29
	)	
Serve:	)	
	)	
Rumelia Capital	)	
c/o Atmosphere Management, Ltd	)	
Office 29, Clifton House	)	
Fitzwilliam Street Lower	)	
Dublin 2, Ireland	)	
	)	
via e-mail to:	)	
compliance@rumeliacapital.com	)	
	)	
and	)	
	)	
via e-mail to:	)	
support@rumeliacapital.com	)	

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY  
RESTITUTION, CIVIL PENALTIES, AND COSTS SHOULD NOT BE IMPOSED**

On October 31, 2017, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement Sandra J. McDowell, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed (“Petition”). After reviewing the Petition, the Commissioner issues the following order:

**I. ALLEGATIONS OF FACT**

The Petition alleges the following facts:

**A. Introduction**

1. From October 30, 2016, to November 1, 2016, a 52 year-old Missouri resident (“MR”)

invested \$15,750 in Rumelia Capital, an online binary options website that, upon information and belief, is and/or was operated from Dublin, Ireland. MR was solicited through email by Rumelia Capital that promised good returns by trading in binary options. MR did no trading on the website and relied on representatives from Rumelia Capital to generate the promised returns. After receiving investments totaling more than \$15,000 from MR, on or about February 8, 2017, Rumelia Capital charged \$4,000 to MR's credit card without MR's knowledge or consent. MR received statements from Rumelia Capital that indicted the account value grew to \$25,146.65 by January 13, 2017. However, on January 27, 2017, the account had a balance of \$14,646.65. MR has been unable to withdrawal any funds from the account, MR can no longer access the account, and Rumelia Capital will no longer answer telephone calls or emails from MR.

### **B. Respondent**

2. Rumelia Capital is a binary options trading company that, upon information and belief, is owned and/or managed by Atmosphere Management, Ltd, Office 29, Clifton House, Fitzwilliam Street Lower, Dublin 2, Ireland.
3. Respondent has never been registered in Missouri as an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, and/or issuer agent.
4. There was never a registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and/or sold by Respondent.
5. Upon information found in the National Futures Association's BASIC database, at all times relevant to this matter, Respondent was not registered as any type of commodity merchant or intermediary in connection with futures trading.<sup>1</sup>

### **C. Enforcement Section's Investigation**

6. The Enforcement Section received a call from a 52 year-old St. Louis, Missouri resident who stated that in or around November or December 2016, MR received an email from Rumelia Capital soliciting binary options trading and promising returns.
7. The person at Rumelia Capital encouraged MR to deposit \$250 to open a trading account. MR was promised that Rumelia Capital would match the initial investment of \$250.
8. Over the next several months, MR continued to receive solicitations from Rumelia Capital promising that MR would receive a good return if MR deposited more funds into MR's trading account. Based on those assurances from Rumelia Capital, MR deposited a total of more than \$15,000 in MR's trading account, via MR's credit card.
9. MR received statements from Rumelia Capital that indicted MR's trading account value grew to \$25,146.65 by January 13, 2017.

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<sup>1</sup> BASIC is the database where futures commission merchants or intermediaries must register in order to be considered registered with the Commodities Futures Trading Commission.

10. In January 2017, MR completed and sent via email to Rumelia Capital, a “Rumelia Capital Credit Transaction(s) Declaration Form” requesting a withdrawal of \$5,000 from MR’s account.
11. MR received a response from Rumelia that the withdrawal request was denied because MR was “not qualified” due to the account value not being high enough to qualify for a withdrawal.
12. On or about February 8, 2017, Rumelia Capital charged an additional \$4,000 to MR’s credit card without MR’s knowledge or consent. However, after MR contacted the credit card company, the credit card company reimbursed MR for this \$4,000 transaction.
13. The last time MR signed into MR’s Rumelia Capital account was January 2017, and the account showed a balance of \$14,646.65.
14. MR is no longer able to access MR’s Rumelia Capital account as it is no longer operational.
15. MR told the Enforcement Section that Rumelia Capital no longer answers telephone calls or emails from MR since being turned down for the \$5,000 withdrawal request.

**Enforcement Section’s Letter to Rumelia Capital**

16. On September 13, 2017, the Enforcement Section mailed a letter to Rumelia Capital asking for, among other things, the following information:
  - a. a list of all Missouri residents and/or Missouri entities that invested with, had an account with, or otherwise contracted with Rumelia Capital and/or any entity related to Rumelia Capital;
  - b. any claim of exemption from registration or exception from the definition of an investment adviser, broker-dealer, commodities merchant or board of trade, investment adviser representative, or agent Rumelia Capital, and/or any entity related to Rumelia Capital, relies to transact business regarding securities in Missouri; and
  - c. any claim of exemption from registration or exception from the definition of a security upon which Rumelia Capital, or any entity related to Rumelia Capital, is relying to sell securities in Missouri.
17. On September 13, 2017, the Enforcement Section attempted to email the letter requesting information to [compliance@rumeliacapital.com](mailto:compliance@rumeliacapital.com) and [support@rumeliacapital.com](mailto:support@rumeliacapital.com), however, Rumelia Capital’s server rejected the Enforcement Section’s email message.
18. The Enforcement Section attempted to contact Rumelia Capital multiple times using,

among others, the telephone number purportedly in New York. Messages were left at the New York telephone number.

19. To date, Rumelia Capital has not responded to the mailed letter or telephone messages.
20. As of October 30, 2017, the Enforcement Section could not access Rumelia Capital's website at <https://www.rumerliacapital.com> as the website indicates that the server cannot be found.

## **II. COMMISSIONER'S DETERMINATIONS AND FINDINGS**

### **Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities**

21. **THE COMMISSIONER DETERMINES** that Respondent offered and sold unregistered, non-exempt securities in the state of Missouri when Respondent offered and sold binary options to MR in exchange for money from MR.
22. These activities constitute an offer and sale, as those terms are defined in Section 409.1-102(26).
23. The investments Respondent offered and sold are either binary options deriving whatever value may have existed from an underlying asset, or a commodity or foreign currency. The investments that Respondent offered and sold constitute securities, as that term is defined in Section 409.1-102(28).
24. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and sold by Respondent.
25. Respondent offered and sold a security in Missouri without the security being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203, or (3) registered under the Missouri Securities Act of 2003.
26. Respondent offered and sold unregistered securities in violation of Section 409.3-301, and engaged in an illegal act, practice, or course of business and such conduct is therefore subject to the Commissioner's authority under Section 409.6-604.

### **Multiple Violations of Transacting Business as an Unregistered Broker-Dealer**

27. **THE COMMISSIONER FURTHER DETERMINES** that Respondent transacted business as an unregistered, non-exempt broker-dealer in the state of Missouri by engaging in the business of effecting transactions in securities for the account of others.
28. These activities constitute transacting business as a broker-dealer in the state of Missouri under Section 409.1-102(4).

29. At all times relevant to this matter, Respondent was not registered as a broker-dealer either with the Securities and Exchange Commission or with the State of Missouri.
30. Respondent transacted business in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a).
31. Respondent's action in violation of Section 409.4-401(a) constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts or Engaging in an Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of Securities**

32. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security, Respondent made an untrue statement of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:
  - a. encouraging MR to invest in binary options; and
  - b. promising MR that MR would receive good returns on MR's investment of \$15,750.
33. These statements, in light of the circumstances under which they were made, were misleading statements because Respondent, omitted to disclose the following material facts that could impact the return and the viability of MR's investments:
  - a. that Respondent was operating without a business registration;
  - b. that Respondent was not registered to offer and/or sell securities in the state of Missouri;
  - c. that the investments offered and sold to MR were not registered or exempt from registration.
  - d. that Respondent was operating without a business registration;
  - e. that MR could not withdraw any funds until MR's account was qualified to do so; and
  - f. that Rumelia Capital would charge MR's credit card \$4,000 in addition to the total of \$15,750 in investments from MR.

34. In connection with the offer, sale or purchase of securities as described above, Respondent engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person by, among other things:
  - a. soliciting MR to invest in binary options and promising a good return;
  - b. sending MR account statements purporting to have an account value growth to \$25,146.65 by January 13, 2017, and then a value of only \$14,646.65 on January 27, 2017; and
  - c. charging \$4,000 to MR's credit card without MR's knowledge or consent.
35. MR invested a total of approximately \$15,750 in binary options with MR receiving no returns on the investments.
36. Respondent made an untrue statement of material fact, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-501, and engaged in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

#### **Multiple Violations of Offering and Entering into a Prohibited Commodities Contract**

37. **THE COMMISSIONER FURTHER DETERMINES** that Respondent offered to enter into, entered into, or confirmed the execution of, foreign currency commodity contracts and foreign currency commodity options contracts with a Missouri resident, without being exempt or excluded pursuant to Sections 409.803.2 and 409.806, when, among other things, Respondent solicited investments in accounts where currency and currency options trading was to occur.
38. This activity constitutes an "offer" or "offer to sell" as that term is defined in Section 409.800(11).
39. Respondent offered commodity contracts and commodity option contracts as those terms are defined in Sections 409.800(5) and (9).
40. Respondent offered to enter into, entered into, or confirmed the execution of, foreign currency commodity contracts and foreign currency commodity option contracts in violation of Section 409.803(1).
41. The action of Respondent in offering prohibited commodities contracts constitutes an illegal act or practice and, thus, such action is subject to the Commissioner's authority under Section 409.823.

**Multiple Violations of Engaging in Unregistered and/or Unlicensed  
Commodity Merchant Business**

42. **THE COMMISSIONER FURTHER DETERMINES** that Respondent engaged in the commodity merchant business without registering with the Commodity Futures Trading Commission as required to qualify as a registered commodity merchant.
43. This activity constitutes engaging in a trade or business or otherwise acting as a commodity merchant as that term is defined in Section 409.800(8).
44. **THE COMMISSIONER FURTHER DETERMINES** that Respondent created and maintained a board of trade, or place for the trading of commodity contracts or commodity option contracts required to be traded on or subject to the rules of a contract market designated by the Commodity Futures Trading Commission and which had not been so designated when, among other things, Respondent created a trading platform for the buying or selling of commodities contracts and commodity option contracts.
45. This activity constitutes acting as a board of trade as that term is defined in Section 409.800(2).
46. Respondent conducted unregistered commodity merchant business in violation of Sections 409.808.1 and 409.808.2.
47. The action of Respondent in conducting unregistered commodity merchant business constitutes an illegal act or practice and thus such actions are subject to the Commissioner's authority under Section 409.823.
48. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b).

**III. ORDER**

**NOW THEREFORE**, it is hereby ordered that Respondent, its agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301 by offering or selling any securities as defined by Section 409.1-102(28), in the state of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. Section 409.4-401(a) by transacting business as an unregistered broker-dealer;
- C. Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make

the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person;

- D. Section 409.803 by selling or purchasing, or offering to sell or purchase any commodity contract or any commodity option while not being registered with the applicable regulatory bodies; and
- E. Sections 409.808.1 and 409.808.2 by engaging in the trade or business or otherwise acting as a commodity merchant while not being registered or temporarily licensed with the Commodities Futures Trading Commission.

#### **IV. STATEMENT**

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for:

- A. \$10,000 civil penalty against Respondent, for more than one violation of Section 409.3-301, in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed;
- B. \$10,000 civil penalty against Respondent, for more than one violation of Section 409.4-401(a), in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed;
- C. \$10,000 civil penalty against Respondent, for more than one violation of Section 409.5-501, in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed;
- D. an order against Respondent to pay restitution in an amount of \$15,750 or more for any loss, including the amount of any actual damages that may have been caused by the conduct, and interest at the rate of 8% per year from the date of the violation causing the loss, or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402, 409.5-501, in a final order, unless Respondent requests a hearing and shows cause why this restitution or disgorgement should not be imposed; and
- E. an order against Respondent to pay the costs of the investigation in this proceeding, awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondent requests a hearing and shows cause why an award should not be made.

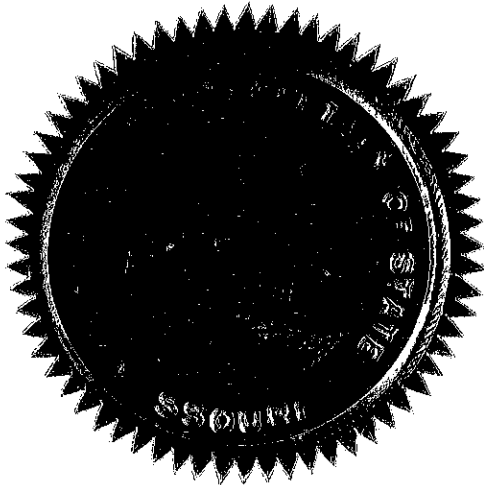


Pursuant to Section 409.823, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for:

- A. \$100,000 civil penalty against Respondent for multiple violations of Sections 409.803 and 409.808, in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 7<sup>th</sup> DAY OF NOVEMBER, 2017.



JOHN R. ASHCROFT  
SECRETARY OF STATE

A handwritten signature in black ink, which appears to read "David M. Minnick". The signature is written in a cursive style and is positioned above a horizontal line.

DAVID M. MINNICK  
COMMISSIONER OF SECURITIES



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:	)	
	)	
RUMELIA CAPITAL,	)	
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<i>Respondent.</i>	)	Case No.: AP-17-29
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Serve:	)	
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Rumelia Capital	)	
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Fitzwilliam Street Lower	)	
Dublin 2, Ireland	)	
	)	
via e-mail to:	)	
compliance@rumeliacapital.com	)	
	)	
and	)	
	)	
via e-mail to:	)	
support@rumeliacapital.com	)	

**NOTICE**

**TO: Respondent and any unnamed representatives aggrieved by this Order:**

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), 409.843, RSMo (2016), and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

**David M. Minnick, Commissioner of Securities**  
**Office of the Secretary of State, Missouri**  
**600 West Main Street, Room 229**  
**Jefferson City, Missouri, 65102**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 7<sup>th</sup> day of November, 2017, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed in the above styled case was sent by **U.S. Registered mail to:**

Rumelia Capital  
c/o Atmosphere Management, Ltd  
Office 29, Clifton House  
Fitzwilliam Street Lower  
Dublin 2, Ireland

**via e-mail to:**


compliance@rumeliacapital.com

and

support@rumeliacapital.com

**and hand delivered to:**

Sandra J. McDowell, Director of Enforcement  
Securities Division  
Missouri Secretary of State's Office  
600 West Main Street, Room 229  
Jefferson City, Missouri 65101

  
Laurie Dawson  
Securities Office Manager