



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF)	
)	
TROPICAL TRADE,)	Case No.: AP-18-14
)	
<i>Respondent.</i>)	
)	
Serve: Tropical Trade)	
Horton House, Exchange Flags)	
Liverpool L23PF)	
United Kingdom)	
)	
and)	
)	
Strugano & Co)	
Azrieli Towers, Round Tower, 25 th Floor)	
Menachem Begin Boulevard)	
Tel Aviv Israel 6701101)	
www.strugano.com)	

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

On July 18, 2018, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), through Enforcement Counsel Derek Green, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Petition”). After reviewing the Petition, the Missouri Commissioner of Securities (“the Commissioner”) issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

1. From approximately October 2016 to November 2016, Tropical Trade (“Tropical”), a digital binary trading platform operated out of Liverpool, United Kingdom, solicited investments totaling \$92,000 in binary options from at least one Missouri resident by the

fraudulent offer and sale of unregistered, non-exempt securities. Tropical advertised payouts as high as 400% by trading in binary options. Contrary to those advertisements, the Missouri investor in Tropical's binary option offerings did not receive any returns. Tropical has been and is still completely nonresponsive to requests from the Missouri investor to withdraw or reimburse funds originally invested.

B. Respondent and Related Parties

2. Tropical is a digital binary options platform with an alleged address of Horton House, Exchange Flags, Liverpool L23PF, United Kingdom.
3. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Respondent was not registered as an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, and/or issuer agent in the state of Missouri.
4. A check of the records maintained by the Commissioner indicates that 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/or sold by Respondent.
5. Jack London ("London") is a purported representative of Tropical with an unknown address. A check of the Central Registration Depository ("CRD") indicates London has never been registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.

B. Enforcement Section's Investigation

Features of Tropical Investments

6. Until at least July 27, 2017, Tropical maintained a website at tropicaltrade.com, which stated and/or contained the following:
 - a. "TropicalTrade offers between 70%-89% payout in binary options trading";
 - b. "payouts are as high as 400%!";
 - c. "High profits with no fees"; and
 - d. "Friendly and professional customer service".
7. Tropical advertised a "Christmas Promotion Savings Plan" which guaranteed monthly returns of 12.1% ("Regular Savings Plan"), 14.9%, ("Medium Savings Plan"), or 17.3% ("Large Savings Plan"), depending on the plan selected.

8. The Regular Savings Plan required an initial investment of \$50,000 and assured a guaranteed account balance of \$175,640.34 after one year. Investors could not withdraw funds for the first six months.
9. The Medium Savings Plan required an initial investment of \$80,000 and assured a guaranteed account balance of \$368,574.98 after one year. Investors could not withdraw funds for the first six months.
10. The Large Savings Plan required an initial investment of \$100,000 and assured a guaranteed account balance of \$578,466.32 after one year. Investors could not withdraw funds for the first five months.
11. Additionally, Tropical required investors to sign a TropicalTrade Risk Free Terms & Conditions form (“T&C”). The T&C conditioned all withdrawals on the requirement that the requesting investor contribute additional funds.
12. The T&C specifically states that, “[y]ou cannot withdraw any funds until the trading volume (turnover) of [ten times] the refunded amount requirement has been met.”
13. The T&C also dictates that if any withdrawal-requesting investor has not satisfied the turnover requirement, “any withdrawal request will be automatically declined and your funds will remain in your trading account.”

Missouri Resident (“MR”)

14. A 58 year-old St. Louis, a Missouri resident (“MR”) found Tropical while browsing the web in or around October 2016.
15. On or around October 16, 2016, MR initially purchased \$5,000 of binary options with a credit card which was lost due to market forces.
16. A representative with Tropical, identified as London, contacted MR the following day and claimed that MR could make MR’s money back if MR continued to invest with Tropical and purported MR could earn a 65%-85% return on investments.
17. MR invested \$87,000 in the following transactions via two different credit cards:
 - a. on October 17, 2016, two transactions totaling \$10,000;
 - b. on October 18, 2016, two transactions totaling \$10,000;
 - c. on November 15, 2016, two transactions totaling \$10,000;
 - d. on November 29, 2016, one transaction totaling \$2,000; and
 - e. on December 21, 2016, eleven transactions totaling \$55,000.

18. The investments from December 21, 2016, were contributed to Tropical's "Christmas Promotion Savings Plan," which promised a monthly return of 12.1% and guaranteed account balance of \$175,640.34 after one year. MR's account did not accrue value as advertised.
19. On December 22, 2016, MR signed a "Tropical Trade Credit Transaction(s) Declaration Form" attesting to the validity of the aforementioned deposits.
20. On December 29, 2016, MR signed Tropical's T&C form limiting MR's withdrawal options. MR attests to attempting to withdraw the monies invested but "could never withdraw money ever."
21. Despite multiple attempts, MR has not been able to withdraw funds from MR's account with Tropical.

Enforcement Section's Contact with Tropical

22. On January 12, 2018, the Enforcement Section sent a letter via regular mail to Tropical with an alleged address of Horton House, Exchange Flags, Liverpool L23PF, United Kingdom requesting information including, but not limited to:
 - a. a list of all Missouri residents and/or Missouri entities that invested with, had an account with, or otherwise contracted with Tropical Trade and/or any entity related to Tropical Trade.
23. Tropical has not responded to the letter or the inquiries contained therein.
24. On February 22, 2018, the Enforcement Section sent the letter via email to accounting@tropicaltrade.com. The email was returned February 22, 2018, stating delivery had failed because the email address couldn't be found.
25. On March 6, 2018, the Enforcement Section called 347-783-5462. When the company answered, a representative stated that the company was located in Russia. The Enforcement Section inquired the name of the company, and the representative hung up immediately.
26. On March 7, 2018, the Enforcement Section called 347-783-5462 multiple times until the company answered. Again, when the name of the company was requested, the company representative immediately terminated the phone call.
27. To date, Tropical has not responded to the mailed letter or attempted contacts over the telephone.

II. COMMISSIONER'S DETERMINATION AND FINDINGS

Violations of Offering and Selling Unregistered, Non-Exempt Securities

28. **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.
29. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo 2016.¹
30. 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/or sold constitute securities as that term is defined in Section 409.1-102(28).
31. 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 by Respondent.
32. Respondent offered and sold a security without this 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, in violation of Section 409.3-301.
33. Respondent offered and sold unregistered securities in violation of Section 409.3-301 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 Transacting Business as an Unregistered Broker-Dealer

34. **THE COMMISSIONER FURTHER DETERMINES** that Respondent transacted business in the state of Missouri as an unregistered, non-exempt broker-dealer by engaging in the business of effecting transactions in securities for the account of others.
35. These activities constitute transacting business as a broker-dealer in the state of Missouri under Section 409.1-102(4).
36. 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.
37. Respondent transacted business in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a).

¹ Unless otherwise noted, all statutory references are to the 2016 version of the Revised Statutes of Missouri.

38. Respondent's conduct 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

39. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale, or purchase of a security, Respondent made untrue statements 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:
- a. advertising unrealistic returns in excess of 400% in addition to other high profits with no fees;
 - b. soliciting investments by promising those funds would appreciate to certain exact values; and
 - c. failing to tell aggrieved investors that they could not withdraw any funds until their respective accounts were qualified to do so.
40. 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 Missouri business registration;
 - b. that Respondent was not registered to offer and/or sell securities in the state of Missouri; and
 - c. that the investments offered and sold to MR were not registered or exempt from registration.
41. 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 extraordinary returns;
 - b. not registering as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or issuer agent in Missouri; and
 - c. not registering the investments sold in Missouri.

42. MR invested a total of approximately \$92,000 in binary options with MR receiving no returns on MR's investments.
43. Respondent made untrue statements 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.
44. Respondent's conduct in violation of Section 409.5-501 constitutes engaging 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.
45. 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, their 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 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, non-exempt broker-dealer firm; and
- 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 the 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.

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 against Respondent for more than one violation of Section 409.3-301, in a final order, unless Respondent requests a hearing and show cause why the penalty should not be imposed;
- B. \$10,000 against Respondent for more than one violation of Section 409.4-401(a), in a final order, unless Respondent requests a hearing and show cause why the penalty should not be imposed;

- C. \$10,000 against Respondent for more than one violation of Section 409.5-501, in a final order, unless Respondent requests a hearing and show cause why the penalty should not be imposed;
- D. an order against Respondent to pay restitution 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 and/or disgorge any profits arising from any violation of Sections 409.3-301, 404.4-401, and 409.5-501, in a final order, unless Respondent requests a hearing and show 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.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS TWENTY FIFTH DAY OF JULY, 2018.



JOHN R. ASHCROFT
SECRETARY OF STATE

A handwritten signature in blue ink that reads "David M. Minnick".

DAVID M. MINNICK
COMMISSIONER OF SECURITIES



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www.strugano.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), Section 409.4-412(f), 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 25th day of July, 2018, a true and correct 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 registered U.S. mail** to:

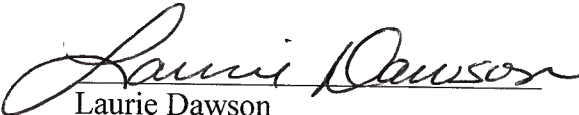
Tropical Trade
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United Kingdom

and

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www.strugano.com

and hand delivered to:

Derek Green
Enforcement Counsel
Missouri Securities Division


Laurie Dawson
Securities Office Manager