



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
RUMELIA CAPITAL,) Case No.: AP-17-29
)
 Respondent.)

**FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING
RESTITUTION, CIVIL PENALTIES, AND COSTS**

Now on the 6th day of February, 2018, the Commissioner, having reviewed this matter, issues the following findings and order:

I. PROCEDURAL BACKGROUND

1. 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”).
2. On November 7, 2017, the Missouri Commissioner of Securities (“Commissioner”) issued an Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties and Costs Should Not Be Imposed (“Order”). On that same day, the Office of the Commissioner sent, via U.S. Registered Mail, a copy of the Order and Notice of Right to Request a Hearing to Respondent’s last known address at Atmosphere Management, Ltd, Office 29, Clifton House, Fitzwilliam Street Lower, Dublin 2, Ireland, and via email to compliance@rumeliacapital.com and support@rumeliacapital.com. Both emails were not delivered and a message was received indicating “The following organization rejected your message: rumeliacapital.com.”
3. On or around November 7, 2017, a copy of the Order was made available to the general public on the Missouri Secretary of State’s website.¹
4. On December 21, 2017, Respondent was served pursuant to Section 409.6-611(b), RSMo. (2016)², and Section 409.843, by providing a copy of the process to the Office of the Commissioner.

¹ <https://www.sos.mo.gov/CMSImages/Securities/AP-17-29.pdf>.

5. On December 21, 2017, the Office of the Commissioner sent, via U.S Registered Mail, return receipt requested, Notice of the Service and a copy of the process, to Respondent at Atmosphere Management, Ltd, Office 29, Clifton House, Fitzwilliam Street Lower, Dublin 2, Ireland, and via email to compliance@rumeliacapital.com and support@rumeliacapital.com. Both emails were not delivered and a message was received indicating “The following organization rejected your message: rumeliacapital.com.”
6. On December 21, 2017, the Enforcement Section filed an Affidavit of Compliance demonstrating that the Enforcement Section had exercised reasonable steps to give notice to the Respondent and that substitute service on the Commissioner was justified.
7. On January 25, 2018, the Enforcement Section submitted a Motion for Final Order.
8. Respondent failed to request a hearing within the time allowed by Sections 409.6-604 and 409.843.
9. The Commissioner has not ordered a hearing in this matter pursuant to Sections 409.6-604 and 409.843.
10. To date, Respondent has failed to respond to the Motion for Final Order.

II. FINDINGS OF FACT

A. Summary

11. 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 indicated 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

12. 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.

² Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

13. Respondent has never been registered in Missouri as an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, and/or issuer agent.
14. 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.
15. 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.³

C. Enforcement Section’s Investigation

16. 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.
17. 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.
18. 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.
19. MR received statements from Rumelia Capital that indicated MR’s trading account value grew to \$25,146.65 by January 13, 2017.
20. 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.
21. MR received a response from Rumelia Capital 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.
22. 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.
23. The last time MR signed into MR’s Rumelia Capital account was in January 2017, and the account showed a balance of \$14,646.65.
24. MR is no longer able to access MR’s Rumelia Capital account as it is no longer

³ BASIC is the database where futures commission merchants or intermediaries must register in order to be considered registered with the Commodities Futures Trading Commission.

operational.

25. 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

26. 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.
27. On September 13, 2017, the Enforcement Section attempted to email the letter requesting information to compliance@rumeliacapital.com and support@rumeliacapital.com, however, Rumelia Capital's server rejected the Enforcement Section's email message.
28. 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.
29. To date, Rumelia Capital has not responded to the mailed letter or telephone messages.
30. As of October 30, 2017, the Enforcement Section could not access Rumelia Capital's website at <https://www.rumeliacapital.com> as the website indicates that the server cannot be found.

III. CONCLUSIONS OF LAW

31. Because Respondent failed to request a hearing within the time allowed by Sections 409.6-604 and 409.843, and because the Commissioner never ordered such a hearing, the Order issued on November 7, 2017, against Respondent became **FINAL** by operation of law.

32. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003 and Sections 409.800 to 409.863. See Section 409.6-605(b).

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

33. **THE COMMISSIONER CONCLUDES** that Respondent violated Section 409.3-301 when 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.
34. These activities constitute an offer and sale, as those terms are defined in Section 409.1-102(26).
35. 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).
36. 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.
37. 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.
38. 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

39. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent violated Section 409.4-401(a) when 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.
40. These activities constitute transacting business as a broker-dealer in the state of Missouri under Section 409.1-102(4).
41. 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.
42. Respondent transacted business in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a).

43. 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

44. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent violated Section 409.5-501, when, 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.
45. 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 MR could not withdraw any funds until MR's account was qualified to do so; and
 - e. that Rumelia Capital would charge MR's credit card \$4,000 in addition to the total of \$15,750 in investments from MR.
46. 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.
- 47. MR invested a total of approximately \$15,750 in binary options with MR receiving no returns on the investments.
- 48. 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

- 49. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent violated Section 409.803.1 when 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.
- 50. This activity constitutes an "offer" or "offer to sell" as that term is defined in Section 409.800(11).
- 51. Respondent offered commodity contracts and commodity option contracts as those terms are defined in Sections 409.800(5) and (9).
- 52. 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.
- 53. The actions of Respondent in offering prohibited commodities contracts constitute 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**

- 54. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent violated Section 409.808 when Respondent engaged in the commodity merchant business without registering with the Commodity Futures Trading Commission as required to qualify as a registered commodity merchant.
- 55. 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).

56. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent violated Section 409.808 when 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.
57. This activity constitutes acting as a board of trade as that term is defined in Section 409.800(2).
58. Respondent conducted unregistered commodity merchant business in violation of Sections 409.808.1 and 409.808.2.
59. The actions of Respondent in conducting unregistered commodity merchant business constitute an illegal act or practice and thus such actions are subject to the Commissioner's authority under Section 409.823.

IV. 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. Section 409.808 by engaging in the trade or business or otherwise acting as a commodity merchant while not being registered or temporarily licensed with the Commodity Futures Trading Commission.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.3-301. This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.4-401(a). This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty in the amount of \$10,000 for multiple violations of Section 409.5-501. This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent shall pay restitution and interest in the amount of \$15,750 for violations of Sections 409.3-301, 409.4-401, and 409.5-501. This amount shall be made payable to the Missouri Secretary of State's Investor Restitution Fund, and the Commissioner will take reasonable and necessary actions to distribute such funds to MR. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri, 65102, within 30 days from the date of this Final Order.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(e), Respondent shall pay \$4,650 in actual costs for investigation into, and the proceedings associated with, this matter. This amount shall be made payable to the Investor Education and Protection Fund and shall be sent to the Missouri Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102, within 30 days of the date of this Final Order.


IT IS FURTHER ORDERED that, pursuant to Section 409.823, Respondent shall pay a civil penalty in the amount of \$100,000 for multiple violations of Sections 409.803 and 409.808. This amount shall be made payable to the state of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 6th DAY OF FEBRUARY, 2018.



JOHN R. ASHCROFT
SECRETARY OF STATE



DAVID M. MINNICK
COMMISSIONER OF SECURITIES

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of February, 2018, a copy of the foregoing Final Order to Cease and Desist and Order Awarding Restitution, Civil Penalties, and Costs in the above styled case was mailed **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:

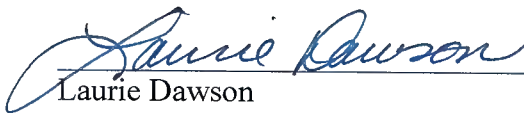
compliance@rumeliacapital.com

and

support@rumeliacapital.com

and hand delivered to:

Desiree J. Vitale
Securities Enforcement Counsel
Missouri Securities Division


Laurie Dawson
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