



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
TRADING EPIC) Case No. AP-18-21
and its unknown principals and agents;)
)
 Respondents.)
)
Serve: Trading Epic)
East 14th Street)
New York, NY 10003)
support@tradingepic.com)
info@tradingepic.com)

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

On December 19, 2018, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), through Director of Enforcement Steven C. Reed, 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

Since at least November 27, 2018, Trading Epic has been offering investors a trading platform at <https://tradingepic.com> which offers trades in, among other things, stocks, bitcoin, commodities, forex, and binary options. Trading Epic falsely purports on the website that it is registered with the Commodity Futures Trading Commission (“CFTC”). The address for Trading Epic displayed on the website appears to be a bogus address. The website does not disclose fees or commissions Trading Epic charges investors nor does it provide any information about its principal owners. Many of the statements contained on Trading Epic’s website appear to be materially misleading or otherwise likely to deceive the public.

On or around November 27, 2018, a 72 year-old Springfield, Missouri resident invested \$300 after being contacted by a purported “trader” for Trading Epic through the Missouri resident’s Facebook page. Among other things, the individual purported a \$300 investment could easily be grown to \$4,000 within one week. As of December 12, 2018, The Missouri resident’s Trading Epic account showed a total value of \$16,700 but the Missouri resident is unable to withdraw any funds, even after paying a \$1,905 withdrawal fee.

B. Respondents and Related Parties

1. Trading Epic operates a website at <https://tradingepic.com> and purports to have an address located at East 14th Street, New York, New York 10003. No business filings could be located for Trading Epic in New York or any other state.
2. A check of the records maintained by the Commissioner indicates that Trading Epic has never been registered in Missouri as an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, and/or issuer agent.
3. 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 Trading Epic.
4. According to information found in the National Futures Association’s BASIC database, at all times relevant to this matter, Trading Epic was not registered as any type of commodity merchant or intermediary in connection with futures trading.¹
5. Trading Epic conducts business through unknown principals and agents via telephone, text, Facebook messaging, and other electronic media.

C. Missouri Resident 1 (“MR1”)

6. On December 12, 2018, the Enforcement Section contacted a 72 year-old Springfield, Missouri resident who said, among other things, the following:
 - a. on or around November 27, 2018, an individual purporting to represent Trading Epic as a “trader” contacted MR1 through Facebook. The individual claimed they could turn a \$300 investment into \$4,000 within one week by trading in, among other things, forex and bitcoin mining;
 - b. MR1 made the \$300 investment using bitcoins as payment. MR1 received no paperwork from the individual or Trading Epic prior to or after the investment;
 - c. approximately one week after making the investment, MR1’s account value, as shown on Trading Epic’s website, had grown to \$4,000. As of December 12, 2018, the account value showed a value of \$16,700;

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

- d. MR1 was unable to withdraw the funds from his Trading Epic account. MR1, through Facebook, reached out to the “trader” who solicited MR1 to invest. According to the “trader”, MR1 should have no issues withdrawing the funds after paying a 10% withdrawal fee and 15% in commissions to the “trader”;
 - e. MR1 asked the “trader” why Trading Epic’s website claims to be registered with the CFTC when they are not and the “trader” was unsure.
7. On December 13, 2018, MR1 paid \$1,905 in bitcoins to Trading Epic for its requested withdrawal fee.
8. On December 14, 2018, MR1 received an email from Trading Epic informing MR1 that MR1’s withdrawal request “has been put on hold by Tax officials” and “requested to pay the sum of \$1711 as tax in order to settle the tax authorities for them to approve the transfer of your profits.” MR1 did not make this payment.

D. Trading Epic Website

9. A review of Trading Epic’s website at <https://tradingepic.com> on December 12, 2018, revealed numerous statements that are materially misleading or otherwise likely to deceive the public including, but not limited to, the following:
- a. “Trading Epic is one of the leading platforms in the United States offering binary options, Forex and spreads. Regulated by the CFTC and based in New York, with member funds held in segregated accounts in major US banks, Trading Epic offers secure and innovative ways to participate in the markets.”;
 - b. “Your money and data are safe and secure. Because we are a CFTC-regulated exchange, we use powerful physical, electronic, and procedural safeguards that meet or exceed industry standards.”;
 - c. “As a major forex broker in the US with its own proprietary software, we lets [*sic*] members place orders directly to the exchange, without the need for a broker or clearing desk.”;
 - d. Trading Epic offers a “MetaTrader4” program that is described as “a platform for trading Forex, analyzing financial markets and using Expert Advisors.”;
 - e. Trading Epic offers its members “low cost of entry, a wide variety of markets across the entire spectrum of the global economy, all with the limited risk and short-term results unique to binary options and spreads.”;
 - f. “Binary trading is a simple, but powerful way to trade the most active stock indexes, forex, commodities & other markets, with limited risk guaranteed.”;

- g. “Binary options are limited-risk contracts based on a simple yes/no question about the market’s action....”;
- h. “Binary options let you trade commodity futures with low collateral and limited risk.”;
- i. users are required to invest a minimum of \$250 via wire transfer, bitcoin, or credit card and can expect “limited risk with predefined maximum possible loss.”;
- j. the address for Trading Epic displayed on the website, East 14th Street in New York, appears to be a bogus address;
- k. no information is displayed on the website to inform users who the principals for Trading Epic are; and
- l. no withdrawal fees or commission fees are disclosed on the website.

II. COMMISSIONER’S DETERMINATIONS AND FINDINGS

Violation of Offering and Selling Unregistered, Non-Exempt Securities

- 10. **THE COMMISSIONER DETERMINES** that Respondents offered and sold unregistered, non-exempt securities in the state of Missouri to investors by, among other things:
 - a. soliciting MR1 to invest money in the form of bitcoin for forex trading and bitcoin mining;
 - b. receiving funds to invest from MR1 in the form of bitcoin; and
 - c. promising a return on MR1’s investments that was dependent upon the efforts of others and not on the efforts of MR1.
- 11. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26).²
- 12. The investments that Respondents offered and/or sold constitute securities as that term is defined in Section 409.1-102(28).
- 13. 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 Respondents.

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

14. Respondents offered and sold securities in Missouri without these securities 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.
15. At the time Respondents engaged in the conduct set forth above, at least one investor was more than 60 years old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
16. Respondents 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.

Violation of Transacting Business as an Unregistered Broker-Dealer Firm

17. **THE COMMISSIONER FURTHER DETERMINES** that Respondents 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.
18. At all times relevant to this matter, Respondents were not registered as a broker-dealer either with the Securities and Exchange Commission or with the state of Missouri.
19. At the time Respondents engaged in the conduct set forth above, at least one investor was more than 60 years old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
20. Respondents offered and/or sold securities to investors in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a), 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

21. **THE COMMISSIONER FURTHER DETERMINES** that Respondents, without being exempt or excluded pursuant to Section 409.803.2 and 409.806, offered to enter into, entered into, or confirmed the execution of, foreign currency commodity contracts and foreign currency commodity options contracts with MR1 who was a Missouri resident when, among other things, Respondents solicited investments in accounts where currency and currency options trading was to occur.
22. This activity constitutes an "offer" or "offer to sell" as that term is defined in Section 409.800(11).
23. Respondents offered commodity contracts and commodity options contracts as those terms are defined in Sections 409.800(5) and (9).

24. Respondents 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.
25. The actions of Respondents in offering and entering into a prohibited commodities contract constitutes an illegal act or practice and thus such actions are subject to the Commissioner's authority under Section 409.823.

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

26. **THE COMMISSIONER FURTHER DETERMINES** that Respondents engaged in the commodity merchant business without registering with the Commodity Futures Trading Commission as required to qualify as a registered commodity merchant.
27. Respondents's activities constitute engaging in a trade or business or otherwise acting as a commodity merchant as that term is defined in Section 409.800(8).
28. Respondents conducted unregistered commodity merchant business in violation of Section 409.808.1.
29. The action of Respondents 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.

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 a Security

30. **THE COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale or purchase of a security, Respondents 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, the following:
 - a. inducing MR1 to invest \$300 by claiming the investment would grow to \$4,000 within one week by trading in, among other things, forex and bitcoin mining;
 - b. specific information to support the purported investment returns;
 - c. specific risks associated with the investment;
 - d. claiming that MR1's account had grown to \$16,700 by December 12, 2018;
 - e. omitting to disclose withdrawal fees, taxes, or commissions until MR1 attempted to withdraw the funds;

- f. omitting to disclose that Respondents were not registered to offer and/or sell securities in the state of Missouri; and
 - g. omitting to disclose that Trading Epic was not a registered commodity merchant.
31. In furtherance of their scheme to defraud, Respondents made material untrue statements, omitted to disclose material facts, and/or engaged in deceit upon MR1 and others on Respondent's website as set forth in paragraph 9 above including:
- a. "Trading Epic is one of the leading platforms in the United States offering binary options, Forex and spreads. Regulated by the CFTC and based in New York, with member funds held in segregated accounts in major US banks, Trading Epic offers secure and innovative ways to participate in the markets.";
 - b. "Your money and data are safe and secure. Because we are a CFTC-regulated exchange, we use powerful physical, electronic, and procedural safeguards that meet or exceed industry standards.";
 - c. "As a major forex broker in the US with its own proprietary software, we lets [sic] members place orders directly to the exchange, without the need for a broker or clearing desk.";
 - d. Trading Epic offers a "MetaTrader4" program that is described as "a platform for trading Forex, analyzing financial markets and using Expert Advisors.";
 - e. Trading Epic offers its members "low cost of entry, a wide variety of markets across the entire spectrum of the global economy, all with the limited risk and short-term results unique to binary options and spreads.";
 - f. "Binary trading is a simple, but powerful way to trade the most active stock indexes, forex, commodities & other markets, with limited risk guaranteed.";
 - g. "Binary options are limited-risk contracts based on a simple yes/no question about the market's action....";
 - h. "Binary options let you trade commodity futures with low collateral and limited risk.";
 - i. users are required to invest a minimum of \$250 via wire transfer, bitcoin, or credit card and can expect "limited risk with predefined maximum possible loss.";
 - j. the address for Trading Epic displayed on the website, East 14th Street in New York, appears to be a bogus address;
 - k. no information is displayed on the website to inform users of the identities of the principals of Trading Epic; and

- l. no withdrawal fees or commission fees are disclosed on the website.
32. At the time Respondents engaged in the conduct set forth above, at least one investor was more than 60 years old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
33. Respondents 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.
34. An 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 Respondents, 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 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 firm;
- C. 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;
- D. Sections 409.808.1, 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; and
- E. 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.

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 civil penalties in the amount of:

- A. \$15,000 against Respondents Trading Epic and each principal and agent for violation of Section 409.3-301, when at least one of these violations was committed against an elderly person, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- B. \$15,000 against Respondents Trading Epic and each principal and agent for violation of Section 409.4-401(a), when at least one of these violations was committed against an elderly person, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed;
- C. \$15,000 against Respondents Trading Epic and each principal and agent for more than one violation of Section 409.5-501, when at least one of these violations was committed against an elderly person, in a final order, unless Respondents request a hearing and show cause why the penalties should not be imposed; and
- D. an order against Respondents to pay 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, 409.4-401, and 409.5-501, in the final order, unless Respondents request a hearing and show cause why this restitution or disgorgement should not be imposed.

Pursuant to Section 409.823, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for a civil penalty of up to \$100,000 against Respondents for more than one violation of Sections 409.803 and 409.808, in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 21st DAY OF DECEMBER, 2018.



JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
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TRADING EPIC) Case No. AP-18-21
and its unknown principals and agents;)
)
 Respondents.)
)
Serve: Trading Epic)
East 14th Street)
New York, NY 10003)
support@tradingepic.com)
info@tradingepic.com)

NOTICE

TO: Respondents 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), 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 Missouri Secretary of State
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of December, 2018, a copy of the foregoing Petition for Order to Cease and Desist in the above styled case was **mailed by certified U.S. mail to:**

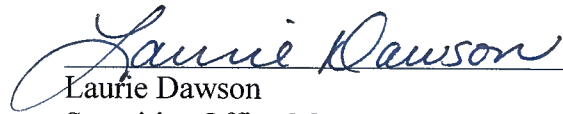
Trading Epic
East 14th Street
New York, NY 10003

And vial email to:

support@tradingepic.com
info@tradingepic.com

And hand delivered to:

Steven C. Reed, 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