



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.* )

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

Now on the 5<sup>th</sup> day of March 2019, the Missouri Commissioner of Securities (“the Commissioner”), having reviewed this matter, issues the following findings and order:

**I. PROCEDURAL BACKGROUND**

1. 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, filed 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”) against Trading Epic and its unknown principals and agents.
2. On December 21, 2018, the Commissioner issued an Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Order”). On that same day, the Office of the Commissioner sent a copy of the Order and Notice of Right to Request a Hearing, via U.S. Certified mail, return receipt requested, to Respondents’ last known address at East 14th Street, New York, New York 10003, and via email to support@tradingepic.com and info@tradingepic.com.
3. On or around December 21, 2018, a copy of the Order was made available to the general public on the Missouri Secretary of State’s website.<sup>1</sup>
4. On January 22, 2019, the Commissioner was served pursuant to Section 409.6-611(b).<sup>2</sup>

<sup>1</sup> <https://www.sos.mo.gov/CMSImages/Securities/AP-18-21.pdf>.

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

5. On January 22, 2019, the Office of the Commissioner sent the Notice of Service and Copy of Process, via U.S. Certified Mail, return receipt requested, to Respondents' last known address at East 14th Street, New York, New York 10003, and via email to support@tradingepic.com and info@tradingepic.com.
6. On January 22, 2019, the Enforcement Section filed an Affidavit of Compliance with Section 409.6-611 demonstrating that the Enforcement Section has exercised reasonable steps to give notice to Respondents and that substitute service on the Commissioner was justified.
7. All mail to Respondents mentioned above was returned undelivered and stamped "INSUFFICIENT ADDRESS" and "UNABLE TO FORWARD." To date, Respondents have not responded via email.
8. On February 21, 2019, the Enforcement Section filed a Motion for Final Order as to Respondents Trading Epic and its unknown principals and agents.
9. Respondents failed to request a hearing within the time allowed by Section 409.6-604.
10. The Commissioner has not ordered a hearing in this matter pursuant to Section 409.6-604.
11. To date, the Respondents have failed to respond to the Motion for Final Order.

## **II. FINDINGS OF FACT**

### **A. Respondents and Related Parties**

12. 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.
13. A check of the records maintained by the Missouri Securities Division 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.
14. 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.
15. 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.<sup>3</sup>

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

16. Trading Epic conducts business through unknown principals and agents via telephone, text, Facebook messaging, and other electronic media.

**B. Enforcement Section Investigation**

**Missouri Resident 1 (“MR1”)**

17. 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;
  - 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”; and
  - 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.
18. On December 13, 2018, MR1 paid \$1,905 in bitcoins to Trading Epic for its requested withdrawal fee.
19. 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.

**C. Trading Epic Website**

20. 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.

### **III. CONCLUSIONS OF LAW**

21. Because Respondents failed to request a hearing within the time allowed by Section 409.6-604, and because the Commissioner never ordered such a hearing, the Order issued on December 21, 2018, against Respondents became **FINAL** by operation of law.

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

22. **THE COMMISSIONER CONCLUDES** that Respondents violated Section 409.3-301 when 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.
23. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26).
24. The investments that Respondents offered and/or sold constitute securities as that term is defined in Section 409.1-102(28).
25. 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.
26. 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.
27. 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).
28. Respondents' conduct 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.

### **Violation of Transacting Business as an Unregistered Broker-Dealer Firm**

29. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.4-401(a) when 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.
30. 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.

31. 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).
32. 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**

33. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.803.1 when 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.
34. This activity constitutes an "offer" or "offer to sell" as that term is defined in Section 409.800(11).
35. Respondents offered commodity contracts and commodity options contracts as those terms are defined in Sections 409.800(5) and (9).
36. 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.
37. 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**

38. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.808 when Respondents engaged in the commodity merchant business without registering with the Commodity Futures Trading Commission as required to qualify as a registered commodity merchant.
39. Respondents' 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).
40. Respondents conducted unregistered commodity merchant business in violation of Section 409.808.1.

41. 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**

42. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents violated Section 409.5-501, when, 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.
43. 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 20 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 who the principals for Trading Epic are; and
  - l. no withdrawal fees or commission fees are disclosed on the website.
44. 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 persons as that term is defined under Section 409.6-604(d)(3)(B).
45. 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.
46. 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).



#### IV. 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.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall pay a civil penalty in the amount of \$15,000 for a violation of Section 409.3-301, when at least one of these violations was committed against an elderly person, as set forth in Exhibit 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), Respondents shall pay a civil penalty in the amount of \$15,000 for a violation of Section 409.4-401(a), when at least one of these violations was committed against an elderly person, as set forth in Exhibit 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), Respondents shall pay a civil penalty in the amount of \$15,000 for more than one violation of Section 409.5-501, when at least one of these violations was committed against an elderly person, as set forth in Exhibit 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), Respondents shall pay restitution in the amount of \$2,205 for violations of Sections 409.3-301, 409.4-401(a), and 409.5-501 as set forth in Exhibit A. 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 the investors. 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), Respondents shall pay \$1,130 in actual costs for investigation into, and the proceedings associated with, this matter as set forth in Exhibit A. This amount shall be payable to the Investor Education and Protection Fund and paid within 30 days of the date of this Final Order. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.823, Respondents shall pay \$100,000 for more than one violation of Sections 409.803.1 and 409.808.1 as set forth in Exhibit 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.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 5<sup>th</sup> DAY OF MARCH 2019.

JOHN R. ASHCROFT  
SECRETARY OF STATE

  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES



**CERTIFICATE OF SERVICE**

I hereby certify that on this 5<sup>th</sup> day of March 2019, a true and correct copy of the foregoing Final Order to Cease and Desist and Order Awarding Restitution, Civil Penalties, and Costs as to Respondents Trading Epic, and its unknown principals and agents in the above styled case was sent **by certified U.S. mail to:**

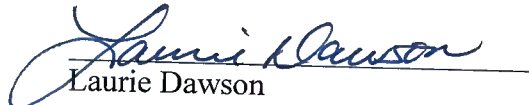
Trading Epic  
East 14<sup>th</sup> Street  
New York, NY 10003

**And by email to:**

Support@tradingepic.com  
info@tradingepic.com

**And by hand-delivery to:**

Steven C. Reed  
Director of Enforcement  
Missouri Securities Division  
steven.reed@sos.mo.gov

  
Laurie Dawson  
Securities Office Manager