

**In the Matter of
*The Securities Act, 1988***

and

**In the Matter of
AAoption
Galaxy International Solutions Ltd.
and
David Eshel**

**STATEMENT OF ALLEGATIONS
OF STAFF OF FINANCIAL AND CONSUMER AFFAIRS
AUTHORITY OF SASKATCHEWAN**

Staff of Financial and Consumer Affairs Authority of Saskatchewan (Staff of FCAA) make the following allegations:

The Respondents

1. The Respondent, Galaxy International Solutions Ltd. (Galaxy) is a corporate entity formerly registered with the Anguilla Corporations Branch, purported to be located in United Kingdom. Galaxy does not appear to be presently registered with the Anguilla Corporations Branch nor with the Saskatchewan Corporate Registry.
2. The Respondent, AAoption, is either an operating name used by, and therefore, one and the same as Galaxy, or alternatively, is an entity of unknown status or whereabouts, related to Galaxy.
3. The Respondent, David Eshel (Eshel), is an individual of unknown residence or whereabouts. Eshel is the individual behind Galaxy, and an owner of the website, www.aaoption.com.

Contraventions of section 27(2) of *The Securities Act, 1988* (the Act)

4. From in or around April 2015 to in or around November 2015 Galaxy, AAoption and/or Eshel (collectively, the Respondents) acted as dealers by engaging in the business of trading in securities or exchange contracts or holding themselves out as engaging in the business of trading in securities or exchange contracts in Saskatchewan. The details of

such activities include, but are not limited to, the following:

- a. From in or around April 2015 to in or around November 2015, the Respondents owned or maintained a website at www.aaoption.com (the Website);
- b. Through the Website, the Respondents provided a simplistic, user-friendly interface, accessible to members of the general public. The Respondents offered cash-settled put options and call options, referred to as “binary options”, for purchase by users of the Website;
- c. The Respondents stated, on the Website:

Binary Options are the simplest way to trade the market. They have been available since 2008, and have become regulated in Europe CySEC in May, 2012.

Binary Options are the mainstream form of trading, and have become an online sensation for several reasons. First, they are simple and easy to understand. Trading forex can be intimidating, with spreads and margins, etc. With binary options, all you need is a basic understanding of price direction and you can trade...

As binary options have grown tremendously within the recent years, we at AAoption offer several different products and versions of the traditional binary options, such as Option Builder, One Touch, 60 Seconds, etc...

Once you start trading you will see how simple and profitable binary options are. Don't hesitate – Start trading now!

- d. On the Website, the Respondents explained the investment model as follows:

A binary option is a prediction of which direction the price of an underlying asset will take by an expiry time. ... If the trader predicts correctly, he will receive the full payout stated in the contract. With a binary option, the trader never purchases or sells an asset, he merely predicts the direction, and the trade expires in-the-money even if he was only right by a single pip. Binary options are a safe way of trading, as the risk/reward is known from the outset. Payout structures vary, and are usually between 70% - 550% of the investment amount (depending on the type of option). Binary options have been growing rapidly in popularity since 2008, and became regulated by CySEC in 2012.

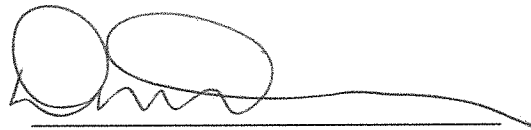
- e. The Respondents did not explain or discuss the mechanics of how trades were carried out, or how profits/losses are realized through favorable/unfavorable

options;

- f. Members of the public were able to sign up for a trading account with the Respondents through the Website, and invest in the offered “binary options”;
 - g. The Respondents used the terms “invest”, “trade”, “call option” and “put option” numerous times throughout the Website;
 - h. The underlying assets for the options offered by the Respondents were commodities, indices, stock, currency pairs or “other financial asset[s]”;
 - i. In or around April 2015, Investor 1, a resident of Saskatchewan, visited the Website, entered his contact information and created an account;
 - j. After Investor 1 visited the Website, the Respondents contacted Investor 1 via telephone to seek additional information from him. Following his phone call with the Respondents, Investor 1 provided the Respondents, via email, copies of his passport, driver’s license, both sides of his credit card, and a utility bill in his name;
 - k. After opening an account and speaking with the Respondents on the phone, Investor 1 approved a charge to his personal credit card of \$500.00 to fund his trading account, the purpose being to trade in “binary options” using the Respondents’ services;
 - l. Investor 1 was then contacted via telephone again, by someone identifying himself as a Senior VIP Broker with AAoption. The individual offered his services in assisting Investor 1 with his trading account, but advised Investor 1 that he would have to deposit more money before he would obtain these services;
 - m. Over the following few months, Investor 1 deposited a total of \$5,000 into his trading account with the Respondents; and
 - n. Investor 1 has not received any of his funds back from the Respondents, though his online trading account shows as having received gains on his investments.
5. In carrying out the acts indicated in paragraph 4, above, the Respondents engaged in actions, or held themselves out as engaging in actions in furtherance of trades in securities or exchange contracts with or on behalf of Investor 1, and as such, acted as ‘dealers’ as defined in the Act.
 6. None of the Respondents has ever been registered as a ‘dealer’ as required by the Act, and therefore, the Respondents have contravened clause 27(2)(a) of the Act.
 7. Based on the above, Staff of FCAA ask the hearing panel to consider whether it is in the public interest to make the following orders:

- a. Pursuant to subsection 134(1)(a) of the Act, all of the exemptions in Saskatchewan securities laws do not apply to the Respondents;
- b. Pursuant to subsection 134(1)(d) of the Act, the Respondents shall cease trading in any securities or exchange contracts in Saskatchewan;
- c. Pursuant to subsection 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities or exchange contracts for and on behalf of residents of Saskatchewan;
- d. Pursuant to section 135.1 of the Act, the Respondents shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan, in the amount of \$10,000; and
- e. Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to this hearing in this matter.

DATED at Regina, Saskatchewan, this 9 day of December, 2015.



Dean Murrison
Director,
Securities Division
Financial and Consumer Affairs Authority of
Saskatchewan