

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

and

**In the Matter of  
LBinary  
and  
Chelestra Limited**

**Notice of First Appearance**

To: **LBinary  
Chelestra Limited**

TAKE NOTICE THAT you or a representative are to attend before a panel of the Financial and Consumers Affairs Authority of Saskatchewan (the Hearing Panel) via teleconference on August 30, 2016 at 9:00 a.m. (CST) to set a date for a hearing into the matters alleged in the Statement of Allegations, dated July 12, 2016, a copy of which is attached hereto.

The teleconference number is: [REDACTED] Pass code: [REDACTED]

TAKE NOTICE that you are entitled to be represented by legal counsel and to make representations on the return date;

AND FURTHER TAKE NOTICE that if you do not attend at the time and place as aforesaid, the conference call will proceed in your absence and the Hearing Panel may set hearing dates in the above matter without further notice to you;

AND FURTHER TAKE NOTICE that any order made by the Hearing Panel may form the basis for a parallel order in another jurisdiction in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in other jurisdictions automatically, without further notice to you. If an order is made or a settlement is reached in relation to the matters set out in the Statement of Allegations attached hereto, you should contact the securities regulator of any other jurisdiction in which you may intend to engage in any securities related activities.

DATED at Regina, Saskatchewan on July 27, 2016.

[REDACTED]  
Linda Patton  
Registrar

**For Delivery To:**

LBinary  
Chelestra Limited

Via Email:



**Note:** Saskatchewan Policy Statement 12-602 *Procedure on Hearings and Reviews* (SP 12-602) sets out information on the procedures for this hearing. SP 12-602 can be found on the Authority's website at [www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca).

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

**and**

**In the Matter of  
LBinary  
and  
Chelestra Limited**

**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, LBinary, is either an operating name used by, and therefore, one and the same as Chelestra Limited or alternatively, is an entity of unknown status or whereabouts, related to Chelestra Limited.
2. The Respondent, Chelestra Limited, purports to be a company located in Gibraltar. Chelestra Limited does not appear to be registered with the Saskatchewan Corporate Registry.

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

3. From in or around February 2013 to in or around June 2016, LBinary and/or Chelestra Limited (collectively, the Respondents) acted as dealers by engaging in the business of trading in securities or derivatives or holding themselves out as engaging in the business of trading in securities or derivatives in Saskatchewan. Further, from in or around February 2013 to in or around June 2016, the Respondents acted as advisers in Saskatchewan by engaging in the business of advising the public on securities or derivatives or holding themselves out as engaging in the business of advising the public on securities or derivatives. The details of such activities include, but are not limited to, the following:

- a. From in or around February 2013 to in or around June 2016, the Respondents owned or maintained a website at [www.lbinary.com](http://www.lbinary.com) (the Website);
  - b. Through the Website, the Respondents provided an online trading platform to the public, offering users the ability to trade binary options. The Website provided information on how to trade binary options, and facilitated trades in binary options by the users of the Website;
  - c. The Website stated on the "Terms & Conditions" page that the agreement is between the client and Lbinary, and the Website advertised gains of 20-30% per month;
  - d. In or around May 2015, Investor 1, a resident of Saskatchewan, visited the Website and provided a copy of his passport, driver's license, and credit card to open an online trading account (the Account);
  - e. After Investor 1 created the Account, he invested \$5,000USD. Investor 1 knew very little about binary options and talked to a couple different individuals that held themselves out to be account managers for LBinary, including an individual named [REDACTED];
  - f. The Respondents allowed Investor 1 to withdraw \$1,000USD to give him confidence that the Respondents were trustworthy. Over the next several weeks, Investor 1 made deposits of \$5,000USD, \$30,000USD, and \$18,000USD, and his account balance increased to over \$120,000USD;
  - g. Most of the trades completed by Investor 1 were done with the help of [REDACTED] who would assist Investor 1 in selecting the underlying asset and the time frames used for the binary options;
  - h. Investor 1 has been unable to contact anyone from Lbinary or Chelestra Limited since November 2015 and has been unable to withdraw any funds from his account;
  - i. In or around January 2016, an unknown third party conducted unauthorized trades on the Account causing the balance to decrease to under \$1,000USD; and
  - j. As of June 2016, attempts to enter the Website are redirected to [www.72option.com](http://www.72option.com), which is another binary options trading website that appears to be run by a company by the name of [REDACTED]
4. In carrying out the acts indicated in paragraph 3, above, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities or derivatives with or on behalf of Investor 1, and as such, acted as 'dealers' as defined in the act.
  5. 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.

6. In carrying out the acts indicated in paragraph 3, above, the Respondents engaged in, or held themselves out as engaging in, the business of advising the public on securities or derivatives, and as such, acted as an 'adviser' as defined in the Act.
7. None of the Respondents have ever been registered as an 'adviser' as required by the Act, and therefore, the Respondents have contravened clause 27(2)(b) of the Act.
8. 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 any securities or derivatives in Saskatchewan;
  - c. Pursuant so subsection 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan;
  - d. Pursuant to subsection 134(1)(e) of the Act, the Respondents shall cease giving advice respecting securities, trades, or derivatives in Saskatchewan;
  - e. 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 \$25,000;
  - f. Pursuant to section 135.6 of the Act, the Respondents shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in party, of the Respondents' contraventions of the Act, in an amount to be determined; and
  - g. Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to the hearing in this matter.

DATED at Regina, Saskatchewan, this 12 day of July, 2016.



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