

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

and

**In the Matter of
Option500
Option Solution Online Limited
Option Solution Group Limited
and
Global Processing Solutions LP**

**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, Option500, is an operating name used by Option Solution Online Limited, Option Solution Group Limited and Global Processing Solutions LP.
2. The Respondent, Option Solution Online Limited, is a corporate entity registered in the United Kingdom.
3. The Respondent, Option Solution Group Limited, is a corporate entity registered in the Commonwealth of Dominica.
4. The Respondent, Global Processing Solutions LP, is a corporate entity registered in the United Kingdom.

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

5. From in or around June 2016 and continuing to date, Option500, Option Solution Online Limited, Option Solution Group Limited and Global Processing Solutions LP (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 June 2016 and

continuing to date, 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 June 2016 and continuing to date, the Respondents owned or maintained a website at www.option500.com (the Website);
- b. The Website provides an online trading platform, offering users the ability to trade binary options;
- c. The Respondents stated as follows on the Website:

“**What are binary options?** Binary options, or digital options as derived from their name, are options that pay out a fixed return depending on whether a certain condition has been fulfilled by the time the option expires. For example, you can speculate for \$100 that the price of EUR/USD will be higher than the current last price at the expiry of the trade. If you are correct, you earn up to 85% payout on your initial investment. On the other hand, if at expiration the EUR/USD’s last price is lower than the current last price, you may keep up to 15% of your initial investment amount as insurance.”;
- d. The Respondents did not explain or discuss the mechanics of how trades were carried out, or how profits/losses were realized through favorable/unfavorable binary options;
- e. 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;
- f. The Respondents used the terms “option”, “trading”, and “invest” numerous times throughout the Website;
- g. In or around June 2016, Investor 1, a resident of Saskatchewan, became interested in purchasing binary options when he saw an advertisement for them on the internet;
- h. The advertisement directed Investor 1 to the Website, where he started to complete the account application process but never completed it;
- i. Soon after Investor 1 stopped completing the account application process he received a call at his home residence from an individual from Option500;
- j. Following the call, Investor 1 deposited \$250USD via credit card with the Respondents to open an account and start trading;
- k. Investor 1 provided a copy of his driver’s license, credit card, and utility bill to the Respondents in order to open an account;
- l. On or around June 21, 2016, before Investor 1 made a trade, an individual, who

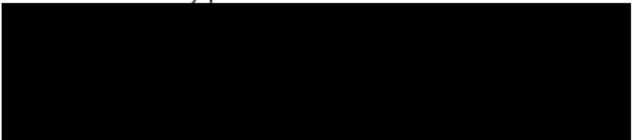
identified himself as a personal account manager with Option500 (the Personal Account Manager), contacted Investor 1 and convinced him to deposit an additional \$11,659.24CAD via credit card into his trading account;

- m. On or around June 22, 2016, Investor 1 provided the Respondents with a signed copy of an “Authorization to trade on behalf of a client” agreement (the Authorization). The Authorization grants the Respondents “complete and unlimited discretionary trading authorization”;
 - n. On or around June 28, 2016, Investor 1 deposited an additional \$6,717.34CAD via credit card into his trading account;
 - o. On or around August 2, 2016, Investor 1 deposited an additional \$10,000USD via credit card into his trading account;
 - p. After the August 2, 2016 deposit of \$10,000USD, Investor 1’s credit card provider called him and suggested that there was a good chance it was a scam and advised him to contact his local regulator with regards to his investments;
 - q. Investor 1 has asked the Respondents to refund the \$10,000USD deposit; however, the Respondents have refused.
6. In carrying out the acts indicated in paragraph 5, 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.
 7. None of the Respondents have ever been registered as a ‘dealer’ as required by the Act, and therefore, the Respondents have contravened clause 27(2)(a) of the Act.
 8. In carrying out the acts indicated in paragraph 5, 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.
 9. 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.
 10. 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 and derivatives in Saskatchewan;
 - c. Pursuant so subsection 134(1)(d.1) of the Act, the Respondents shall cease

acquiring securities and 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, and 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 part, 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 7th day of February, 2017.



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