

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

and

**In the Matter of
OptionRally
TCM Investments Ltd.**

**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, OptionRally, is either an operating name used by, and therefore, one and the same as TCM Investments Ltd. or alternatively, is an entity of unknown status or whereabouts, related to TCM Investments Ltd.
2. The Respondent, TCM Investments Ltd., is a company registered to deal in securities in Belize. Corporation documents for TCM Investments Ltd. have not been located in Canada.

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

3. From in or around August 2015 and continuing to date, OptionRally and/or TCM Investments Ltd. (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 August 2015 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 August 2015 and continuing to date, the Respondents owned or

maintained a website at www.optionrally.com (the Website). The Website was owned by LFG Investments Ltd. from in or around August 2013 until it was purchased by TCM Investments Ltd. in or around January 2016. LFG Investments Ltd. was incorporated in the United Kingdom in or around March 2011 and was dissolved in or around October 2014;

- 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 Respondents stated, on the Website:

“The OptionRally binary options trading platform is operated by TCM investments Ltd which is authorized and regulated by the Belize International Financial Services Commission under IFSC License number: IFSC/60/422/TS/15

OptionRally delivers an unmatched binary options trading platform. Our binary options trading expertise makes financial trading in shares, commodities, indices and Forex easy to learn, practice and trade. Our online binary options trading platform lets you trade financial markets from anywhere in the world 24 hours a day. Our financial trading forums and financial trading blogs offer you all the insight you need to succeed in trading binary options. We deliver exceptional personal service and support to help all our traders understand financial trading, review their binary options investment strategies and decide how to seize the opportunity of binary options trading in shares, equities and Forex.”;

- d. In or around August 2015, Investor 1, a resident of Saskatchewan, visited the Website and submitted a copy of his passport, driver’s license, and credit card as required by the Respondents to open an online trading account (the Account);
- e. After Investor 1 opened the Account on the Website, he invested \$250USD and commenced trading with the help of an account manager. Substantially all of Investor 1’s knowledge about binary options was learned from information on the Website and the Respondents’ account managers.
- f. The Respondents, through an account manager, solicited additional funds from Investor 1 and offered a \$1,000USD bonus if additional deposits were made. Investor 1 deposited \$2,000USD into his Account over the next several months;
- g. Investor 1 set the Account to mimic particular traders that were provided by the Respondents;
- h. In or around September 2015 and in or around October 2015, Investor 1 attempted to withdraw funds from the Account, but the Respondents’ denied his request on grounds that there are active bonus funds in the Account; and

- i. In early 2016, Investor 1 again requested to withdraw money from the Account and received a response from the Respondents that they would help him receive the funds. Investor 1 has since been unable to contact the Respondents and has not been able to withdraw any funds from the Account.
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 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.
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 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 *17* day of *August*, 2016.



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