

**August 12, 2019**

## **CFTC Charges International Enterprise with Operating a \$103 Million Fraudulent Binary Options Trading Scheme**

**Washington, DC** — The U.S. Commodity Futures Trading Commission today filed a civil enforcement action in the U.S. District Court for the Northern District of Illinois charging five entities and four individuals with fraud relating to a global retail binary options enterprise that targeted and victimized U.S. residents. As alleged in the complaint, the defendants executed their unlawful scheme through internet websites using fictitious trade names such as **BigOption**, **BinaryBook**, and **BinaryOnline**.

The following foreign entities and persons were sued in the CFTC complaint, which seeks to hold them liable for, and enjoin them from, fraud and other violations:

- Yukom Communications Ltd., incorporated in Israel
- Linkopia Mauritius Ltd., incorporated in Mauritius
- Wirestech Limited d/b/a BigOption, incorporated in the Republic of the Marshall Islands
- WSB Investments Ltd. d/b/a BinaryBook, incorporated in Anguilla, the United Kingdom, St. Vincent and the Grenadines, and Gibraltar
- Zolarex Ltd. d/b/a BinaryOnline, incorporated in the Republic of the Marshall Islands
- Yakov Cohen
- Yossi Herzog
- Lee Elbaz
- Shalom Peretz

“Our efforts to hold wrongdoers accountable do not stop at our shores,” said CFTC Director of Enforcement James McDonald. “Working with our partners here in the U.S. and internationally, this enforcement action represents the CFTC’s continued commitment to rooting out fraud from our markets in all forms, protecting U.S. customers, and holding participants at all levels accountable.”

The CFTC’s complaint charges that from March 2014 through the present, the defendants fraudulently solicited and accepted more than \$103 million in connection with their binary options trading scheme. As alleged in the complaint, the defendants have solicited individuals located throughout the U.S. and elsewhere to trade binary options through internet trading websites. The complaint further charges that the defendants have falsely stated that the binary options offered by the five defendant entities are actual transactions subject to objective market conditions when, in fact, they are mere book entries whose outcomes can and have been manipulated to force customer losses. The complaint also alleges that the defendants falsely state that the interests of the defendant entities are aligned with the interests of customers, when in fact the entities are on the opposite side of each binary option trade and therefore profit from customer losses. The complaint further alleged that the defendants falsely represent that the binary options being offered are profitable, when in fact approximately 95 percent of their customers lose money.

The complaint also alleges that the defendants misrepresent the financial expertise, physical location, and identity of the individual “brokers” who solicit and sell binary options and that the brokers have routinely and consistently used high pressure sales techniques when soliciting customers to deposit funds with the foreign entities. The complaint quotes an email from Elbaz, one of the defendants, to certain brokers: “We are the money makers and no one can stop us! I want to hear the noise on the floor! This is not a cemetery here! It is a boiler room! . . . Either you sell the client or he sells you a reason he can’t deposit! . . . Don’t leave the money! Just Take It!”

The complaint further charges that the defendants have engaged in various activities to conceal the true nature of their binary options enterprise, including setting up various foreign nominee entities to enter into agreements and open off-shore bank accounts through which customer funds are transferred, concealed, and ultimately misappropriated. Additionally, the defendants have utilized various manipulative or deceptive devices, including so-called “bonuses” and “risk free” trades, and artificially manipulated the results of binary option trades to force customer losses and ultimately prevent customers from withdrawing funds. The complaint also charges the defendants with acting as futures commission merchants without registering as such, as required by CFTC regulations.

In its continuing litigation against the defendants, the CFTC seeks disgorgement of ill-gotten gains, civil monetary penalties, restitution for the benefit of customers, permanent registration and trading bans, and a permanent injunction from future violations of the Commodity Exchange Act.

Meanwhile, on August 7, 2019, Defendant Elbaz was convicted by a federal jury of wire fraud and conspiracy to commit wire fraud in violation of criminal statutes based upon substantially the same underlying facts as alleged in the CFTC Complaint. She is currently awaiting sentencing in the matter of *United States v. Elbaz*, Case No. 18-cr-00157 (D. Md.).

The CFTC cautions victims that restitution orders may not result in the recovery of money lost, because the wrongdoers may not have sufficient funds or assets. The CFTC will continue to fight vigorously for the protection of customers to ensure wrongdoers are held accountable.

The CFTC thanks the U.S. Securities and Exchange Commission for their assistance in this matter. The CFTC also thanks and acknowledges the assistance of the Australian Securities and Investments Commission, Financial Supervision Commission of Bulgaria, Central Bank of Hungary, and Israel Securities Authority.

CFTC Division of Enforcement staff members responsible for this case are Elizabeth N. Pendleton, Heather Dasso, Stacie Pan, Elizabeth Streit, and Scott Williamson.

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