



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MORGAN FINANCES,) Case No. AP-18-15
)
Respondent.)
)
Serve: Morgan Finances)
235 West 56th Street)
New York, New York 10019)
)
and via e-mail to:)
)
support@morganfinances.com)

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY
RESTITUTION, CIVIL PENALTIES, AND COSTS SHOULD NOT BE IMPOSED**

On July 18, 2018, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), through Enforcement Counsel Derek Green, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Petition”). After reviewing the Petition, the Missouri Commissioner of Securities (“the Commissioner”) issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

1. Morgan Finances (“Respondent” or “Morgan”), a digital binary options trading platform operated out of New York, New York, perpetrated a scheme to defraud investors by the fraudulent offer and sale of unregistered, non-exempt securities, through the use of an unregistered broker-dealer, in or from Missouri, in or around December 2016, to at least one Missouri resident whose investments totaled at least \$38,787.63. The investor was promised at least a 65% return on the investment.

B. Respondent and Related Parties

2. Morgan is a digital binary options platform with an alleged address of 235 West 56th Street, New York, New York 10019. Morgan's stated objective "is to offer to traders of all experience levels and from all over the world a professional, conveniently arranged and safe trading environment." As of January 1, 2018, the website associated with Morgan Finances, www.morganfinances.com, is no longer operational.
3. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, Respondent was not registered as an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, and/or issuer agent in the state of Missouri.
4. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and/or sold by Respondent.

B. Enforcement Section's Investigation

Morgan's Website

5. On or about September 5, 2017, Morgan's website stated, among other things, the following:
 - a. Morgan offered a 100% Money Back Guarantee;
 - b. Morgan was named "2013 Top Best Broker";
 - c. Morgan "provides investors with high returns between 75% - 85%";
 - d. Morgan's "banking solutions" are provided by Smart Instruments LTD, which has a purported address of Griffith Corporate Center, Suite 305, P.O. Box 1510, Kingstown, Saint Vincent. Smart Instruments LTD does not appear to be an actual business;
 - e. withdrawal of investor funds takes between 5-7 business days - "Withdrawals can be requested for any reason at any time and they will always be honored."; and
 - f. "This Agreement will be governed in accordance with the laws of the United Kingdom with regard to its choice of law principles. Any legal action or proceeding arising in connection with this Agreement will be brought exclusively in courts of United Kingdom, and the parties irrevocably consent to such personal jurisdiction and venue."

Missouri Resident ("MR")

6. On or around December 8, 2016, a 57 year-old St. Louis, Missouri resident ("MR") was

contacted via email by Morgan with instructions on how to upload funds to Morgan and participate in the binary options market. Prior to the email from Morgan, MR had not heard of Morgan. MR then telephoned Morgan to learn more about how to invest in binary options.

7. Following the email and telephone call, MR made the following investments in Morgan:
 - a. \$23,050, wired on December 8, 2016; and
 - b. \$15,737.63, wired on December 13, 2016.
8. On or around January 6, 2017, MR signed a “Declaration of Deposit” with Morgan listing the December 8 and December 13 investments.
9. After investing in Morgan, MR was put in contact with a Morgan “broker” named “Jack”. “Jack” showed MR how to make trades every 1, 5, and 15 minutes. After each trade, Morgan would show how MR’s funds were “winning”, even when the trades produced a loss. “Jack” purported that MR could earn returns between 65%-85%.
10. After being contacted by “Jack”, Morgan began trading on MR’s account without MR’s permission.
11. Despite numerous requests, MR has not been able to withdraw funds from MR’s account with Morgan.

Enforcement Section’s Letter to Morgan

12. On September 6, 2017, the Enforcement Section sent a letter via regular mail to Morgan with an alleged address of 235 West 56th Street, New York, New York 10019, and via email to support@morganfinances.com.
13. On October 24, 2017, the Enforcement Section received the envelope containing the letter that was sent to Morgan on September 6, 2017 via regular mail. The envelope returned was marked “Not Deliverable as Addressed, Unable to Forward.”
14. On November 3, 2017, the Enforcement Section sent a second letter, via certified mail to Morgan at 235 West 56th Street, New York, New York 10019, and via email to support@morganfinances.com. The Enforcement Section received a response that stated: “The following organization rejected your message: morganfinances.com.”
15. On December 4, 2017, the Enforcement Section received the envelope containing the letter that was sent to Morgan on November 3, 2017 via certified mail. The envelope returned was marked “Unable to Forward.”

II. COMMISSIONER'S DETERMINATION AND FINDINGS

Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities

16. **THE COMMISSIONER DETERMINES** that Respondent offered and sold unregistered, non-exempt securities in the state of Missouri when Respondent offered and sold binary options to MR in exchange for money from MR.
17. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo 2016.¹
18. The investments Respondent offered and sold are either binary options deriving whatever value may have existed from an underlying asset, or a commodity or foreign currency. The investments that Respondent offered and/or sold constitute securities as that term is defined in Section 409.1-102(28).
19. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered by Respondent.
20. Respondent offered and sold a security without this security being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203 or (3) registered under the Missouri Securities Act of 2003.
21. Respondent's conduct in violation of Section 409.3-301, constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Transacting Business as an Unregistered Broker-Dealer

22. **THE COMMISSIONER FURTHER DETERMINES** that Respondent transacted business in the state of Missouri as an unregistered, non-exempt broker-dealer by engaging in the business of effecting transactions in securities for the account of others.
23. These activities constitute transacting business as a broker-dealer in the state of Missouri under Section 409.1-102(4).
24. At all times relevant to this matter, Respondent was not registered as a broker-dealer either with the Securities and Exchange Commission or with the state of Missouri.
25. Respondent transacted business in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a).

¹ Unless otherwise noted, all statutory references are to the 2016 version of the Revised Statutes of Missouri.

26. Respondent's conduct in violation of Section 409.4-401(a), constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts or Engaging in an Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of Securities

27. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale, or purchase of a security, Respondent made untrue statements or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to:
- a. Respondent offered a 100% Money Back Guarantee;
 - b. Respondent was named "2013 Top Best Broker";
 - c. Respondent "provides investors with high returns between 75% - 85%";
 - d. Respondent's "banking solutions" are provided by Smart Instruments LTD; and
 - e. withdrawal time takes between 5-7 business days and withdrawal requests "will always be honored."
28. These statements, in light of the circumstances under which they were made, were misleading statements because Respondent, omitted to disclose the following material facts that could impact the return and the viability of MR's investments:
- a. that Respondent was operating without a business registration;
 - b. that Respondent was not registered to offer and/or sell securities in the state of Missouri; and
 - c. that the investments offered and sold to MR were not registered or exempt from registration.
29. In connection with the offer, sale, or purchase of a security, Respondent's material statements or omissions, in light of the circumstances under which they were made, are misleading that would operate as a fraud or deceit upon another person because:
- a. soliciting MR to invest in binary options and promising at least a 65% return;
 - b. showing MR's funds were "winning" even when a loss had occurred;
 - c. trading on MR's account without MR's knowledge or consent; and

- d. failing to disclose that Respondent was operating without a business registration.
- 30. MR invested a total of approximately \$38,787.63 in binary options with MR receiving no returns on MR's investments.
- 31. Respondent made untrue statements of material fact, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-501.
- 32. Respondent's conduct in violation of Section 409.5-501, constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.
- 33. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. *See* Section 409.6-605(b).

III. ORDER

NOW, THEREFORE, it is hereby ordered that Respondent, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301, by offering any securities as defined by Section 409.1-102(28) in the state of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. Section 409.4-401(a), by transacting business as an unregistered, non-exempt broker-dealer firm; and
- C. Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

IV. STATEMENT

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for:

- A. \$10,000 against Respondent for more than one violation of Section 409.3-301, in a final order, unless Respondent requests a hearing and show cause why the penalty should not be imposed;

- B. \$10,000 against Respondent for more than one violation of Section 409.4-401(a), in a final order, unless Respondent requests a hearing and show cause why the penalty should not be imposed;
- C. \$10,000 against Respondent for more than one violation of Section 409.5-501, in a final order, unless Respondent requests a hearing and show cause why the penalty should not be imposed;
- D. an order against Respondent to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct, and interest at the rate of 8% per year from the date of the violation causing the loss and/or disgorge any profits arising from any violation of Sections 409.3-301, 404.4-401, and 409.5-501, in a final order, unless Respondent requests a hearing and show cause why this restitution or disgorgement should not be imposed; and
- E. an order against Respondent to pay the costs of the investigation in this proceeding, awarding an amount to be determined after review of evidence submitted by the Enforcement Section.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS TWENTY FIFTH DAY OF JULY, 2018.



JOHN R. ASHCROFT
SECRETARY OF STATE

A handwritten signature in blue ink, reading "David M. Minnick", written over a horizontal line.

DAVID M. MINNICK
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
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MORGAN FINANCES,) Case No. AP-18-15
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Respondent.)
)
Serve: Morgan Finances)
235 West 56th Street)
New York, New York 10019)
)
and via e-mail to:)
)
support@morganfinances.com)

NOTICE

TO: Respondent and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), 409.4-412(f), RSMo 2016, and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

David M. Minnick, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of July, 2018, a true and correct copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed in the above styled case was sent **by certified U.S. mail** to:

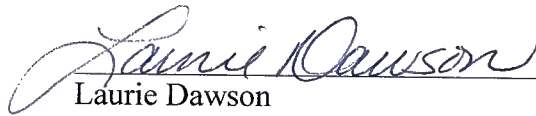
Morgan Finances
235 West 56th Street
New York, New York 10019

and via e-mail to:

support@morganfinances.com

and hand delivered to:

Derek Green
Enforcement Counsel
Missouri Securities Division


Laurie Dawson
Securities Office Manager