

**In the Matter of
The Securities Act, 1988, SS 1988-89, c S-42.2
(the Act)**

-and-

**In the Matter of
Lionexo
and
Quattro Enterprises EOOD
(the Respondents)**

Statement of Allegations

Staff of the Financial and Consumer Affairs Authority of Saskatchewan (FCAA Staff) make the following allegations:

The Respondents

1. Lionexo is the name of a binary options trading platform located at <https://www.lionexo.com> (the Website). The Website is owned and operated by Quattro Enterprises EOOD, whose physical address is unknown.

Contraventions of Section 27(2) of the Act

2. The Respondents acted as 'dealers' by engaging in, or holding themselves out as engaging in, the business of trading in securities or derivatives in Saskatchewan without being registered to do so.
3. The Respondents acted as 'advisers' by engaging in, or holding themselves out as engaging in, the business of advising on securities or derivatives in Saskatchewan without being registered to do so.
4. The details of such activities are as follows:

The Website

- a. The Respondents own, operate, and maintain the Website.
- b. The Website is an online trading platform that offers residents of Saskatchewan the ability to trade in securities or derivatives.
- c. The Website is no longer accessible, but the domain name of www.lionexo.com is still registered.

The Investor

- d. A resident of Regina, Saskatchewan (the Investor) first became interested in binary options in April, 2017 after he noticed binary options advertisements on Facebook showing high returns;
- e. The Investor first visited the website <https://www.binaryrobot365.com>, which introduced him to the Website;
- f. On April 26, 2017 the Investor received an email from Lionexo which welcomed him as a new customer and provided him with his personal trading information;
- g. On April 28, 2017 the Investor received an email from Lionexo requesting that he provide copies of his personal identification, a utility bill or bank statement, and a credit card or debt card;
- h. On April 28, 2017 the Investor received an email from Chelsea Richards, a representative of the Respondents, who introduced herself as his Financial Adviser;
- i. The Investor's binary options trades mostly involved currency, stocks, and bonds;
- j. Ms. Richards would phone him to suggest what trades to place;
- k. The Investor had no formal training in investments, but felt comfortable dealing with the Respondents because they had a Canadian contact number on the Website;
- l. The Investor made the following monetary transfers to the Respondents:

April 26, 2017:	\$400.00 CAD
May 2, 2017:	\$5,000.00 CAD
May 2, 2017:	\$2,000.00 CAD
May 2, 2017:	\$3,000.00 CAD
May 2, 2017:	\$2,000.00 CAD
TOTAL:	\$12,400.00 CAD

- m. The Investor was successful in subsequently receiving \$9,000.00 CAD of his original investment back from the Respondents, resulting in a total loss of \$3,400.00 CAD;
- n. During the course of his involvement with the Respondents, the Investor received approximately 24 emails and at least 3 phone calls from them regarding his account.

5. In carrying out the acts indicated in paragraph 4, above, the Respondents engaged in the business of, or held themselves out as engaging in the business of trading in securities or derivatives on behalf of the Investor, and as such, acted as 'dealers' as defined in the *Act*.
6. The Respondents have never been registered as 'dealers' as required by the *Act*, and therefore the Respondents contravened section 27(2)(a) of the *Act*.
7. In carrying out the acts indicated in paragraph 4, above, the Respondents engaged in, or held themselves out as engaging in, the business of advising on securities or derivatives in Saskatchewan, and as such acted as 'advisers' as defined in the *Act*.
8. The Respondents have never been registered as 'advisers' as required by the *Act*, and therefore the Respondents contravened section 27(2)(b) of the *Act*.
9. Based on the above, Staff of FCAA will ask the hearing panel to consider whether it is in the public interest to make the following orders:
 - a. Pursuant to section 134(1)(a) of the *Act*, all of the exemptions in Saskatchewan securities laws do not apply to the Respondents;
 - b. Pursuant to section 134(1)(c) of the *Act*, the Respondents shall cease advising with respect to any securities and derivatives in Saskatchewan.
 - c. Pursuant to section 134(1)(d) of the *Act*, the Respondents shall cease trading in securities and derivatives in Saskatchewan;
 - d. Pursuant to section 134(1)(d.1) of the *Act*, the Respondents shall cease acquiring securities and derivatives for and on behalf of residents of 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 \$25,000.00;
 - 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 a hearing in this matter.

DATED at the City of Regina, in the Province of Saskatchewan, this 20 day of September, 2018.



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