

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10251 / November 10, 2016

SECURITIES EXCHANGE ACT OF 1934
Release No. 79292 / November 10, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17673

In the Matter of

EZTD Inc.

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND SECTIONS
15(b) AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against EZTD Inc. (“EZTD” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over EZTD and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

A. SUMMARY

These proceedings arise out of EZTD's offers and sales of binary options to U.S. customers, between June 2011 and August 2014,¹ through EZTD's two online trading platforms, eztrader.com and globaloption.com. The binary options that were the subject of these offers and sales were over-the-counter, cash-settled option contracts. They did not give the holder the right to purchase or sell the underlying assets and their time duration was limited. These binary options constituted securities under the federal securities laws. EZTD, however, failed to register any of its offers and sales of binary options to U.S. customers and it failed to register with the Commission as a broker-dealer.

EZTD made certain statements on the eztrader and globaloption websites regarding the profitability and risks associated with investing in the binary options that it offered and sold on these sites. Through these statements, EZTD negligently misstated or omitted to state the true financial risk associated with investing in the firm's binary options. During the period relevant to this proceeding, the vast majority of EZTD's U.S. customers did not earn a profit trading the firm's binary options with monies they had deposited to their EZTD accounts.

As a consequence of the above actions, EZTD willfully² violated Sections 5(a) and 5(c) of the Securities Act and Section 15(a)(1) of the Exchange Act and it violated Section 17(a)(2) of the Securities Act.

B. RESPONDENT

1. **EZTD Inc.** incorporated in Nevada in 2002 and reincorporated in Delaware in 2015. EZTD's principal places of business are in Tel Aviv, Israel and Nicosia, Cyprus. During the period relevant to this proceeding, Respondent offered and sold binary options through online trading platforms with and through two wholly owned subsidiaries: Win Global Markets, Inc., an Israeli company, and WGM Services Ltd., a Cyprus registered entity. EZTD has a class of securities registered under Section 12(g) of the Exchange Act. EZTD's common stock is quoted on the OTCQX under the symbol "EZTD."

¹ In late January 2014, EZTD stopped accepting new U.S. customers, and it prohibited existing U.S. customers from making additional deposits to their EZTD accounts. Those existing customers continued to trade EZTD's binary options through August 2014 with whatever funds remained in their accounts.

² A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

C. FACTS

Binary Options

2. Generally, a “binary option” is a security that expires at a predetermined time where the payout is contingent on the outcome of a yes/no proposition. That yes/no proposition typically relates to a prediction as to whether the price of the asset underlying the binary option will rise above or fall below a specified price by the time the binary option expires. These options are “binary” because upon expiration there are only two possible outcomes. If the purchaser or holder of the binary option makes a correct prediction, he will receive a pre-determined amount of money that exceeds his purchase price for the binary option. If the holder’s prediction is incorrect, he will forfeit all or nearly all of that purchase price. A binary option does not give the holder the right to purchase or sell the underlying asset.

3. For example, an investor might purchase a binary option that expires in one hour where the underlying asset is the stock of Company A. At the time of purchase the investor makes a prediction as to whether the market price of that stock will go up or down by the expiration of the binary option. If the investor’s prediction is correct, then his option expires “in-the-money,” and he receives a predetermined amount of money that exceeds his purchase price. If his prediction is incorrect, then his option expires “out-of-the-money,” and he forfeits all or nearly all of his purchase price.

EZTD Solicits U.S. Customers

4. Between June 2011 and August 2014 (the “Relevant Period”), EZTD offered and sold binary options to customers throughout the United States through two online trading platforms that EZTD owned and operated, eztrader.com and globaloption.com (together, the “Trading Platforms”). EZTD solicited U.S. customers through promotional statements on the Trading Platforms, advertising that EZTD paid for on third party websites and through emails and phone calls that persons working on behalf of EZTD made to potential U.S. customers.

EZTD’s Trading Platforms

5. EZTD’s Trading Platforms included, in relevant part, materials that promoted and explained the binary options offered and sold by EZTD, instructions on how to purchase those options through the Trading Platforms, the terms and conditions to which such purchases were subject and certain risk disclosures. The platforms also included statements that purported to educate customers on methodologies they could use to correctly predict the future price trajectory of stocks and stock indices over short time periods for the purpose of investing profitably in EZTD’s binary options.

6. The Trading Platforms referred to customers as “investors” and “traders,” to the purchase of binary options as “trading” and as an “investment,” and to entities like EZTD, that offered and sold online binary options, as “Binary Option Brokers.” Conversely, the Trading Platforms also stated in the Terms and Conditions web pages that they were “... not acting as a broker, intermediary, agent, and advisor or in any fiduciary capacity.”

Opening an Account with EZTD

7. To purchase binary options from EZTD, U.S. customers first had to open an account through one of the two Trading Platforms. To do this, U.S. customers submitted their name, email address, street address and phone number, and deposited by credit card a minimum of \$200. After EZTD confirmed a customer's creditworthiness, that customer was free to use funds in his account to purchase binary options on the Trading Platform where he opened his account. Customers could make additional credit card deposits to their accounts beyond their initial deposit. Generally, EZTD did not ask prospective or actual U.S. customers any questions about their net worth, income, assets or experience investing in securities to determine if they were accredited investors or for the purpose of limiting sales to accredited investors.

8. At times, after a U.S. customer opened an account, an EZTD employee communicated with that customer by phone, email or instant message and offered to provide instruction on how to profitably invest in EZTD's binary options. U.S. customers were also able to contact EZTD representatives directly by phone, instant message or email to discuss questions or concerns.

EZTD's Binary Options and the Terms Applicable to Trading

9. Through EZTD's Trading Platforms, U.S. customers were able to purchase binary options that were based on the future value of individual stocks from a variety of companies and broad-based, published stock indices, such as the Dow Jones Industrial Average.

10. Generally, a U.S. customer took the following steps to purchase a binary option on one of the Trading Platforms. The customer selected an underlying asset, such as a stock or stock index, from among a number of such assets that were listed on the platforms. The customer selected an expiration time from among several that EZTD offered including, half hour, one hour, two hours and twenty-four hours. The customer made a prediction about whether the market price of the underlying asset would, at the time the option expired, be above or below the asset's market price at the time of purchase of the option. If the customer predicted the price would rise, he purchased a "call option," if he predicted it would fall he purchased a "put" option. The customer identified the amount of money he wanted to invest in the binary option, with the minimum set by EZTD at \$25 and the maximum set at \$3,000. After performing these steps, the customer clicked an "execute" button to effectuate the purchase of the option. Thereafter, the Trading Platforms displayed a graph showing the market price of the asset underlying the binary option, and any changes to that price, from the time of purchase through to the expiration.

11. EZTD determined the payout, or potential earnings and loss, on all binary options purchased by U.S. customers. EZTD disclosed that payout, in percentage and dollar terms, after a customer took the steps described above but before that customer hit the execute button and purchased the option. In this way, EZTD informed customers before they committed to purchasing a particular binary option the amount of money they could potentially earn or lose on that option. Typically, for a binary option that expired in-the-money, meaning the customer's prediction was correct, EZTD paid to that customer (or the customer earned), the amount the customer initially

invested in the binary option plus an additional 75% of that amount. For binary options that expired out-of-the-money, meaning the customer's prediction was incorrect, the customer typically forfeited to EZTD 90% of his investment in the binary option. If the price of the underlying asset was the same at the time of expiration and purchase, the customer retained his original investment and neither earned nor lost any money. For all binary options that EZTD offered and sold, the amount of money that customers could lose for options that expired out-of-the-money was typically 15% higher than the amount of money customers could earn (above their initial investment) for options that expired in-the-money. Customer losses constituted EZTD's revenues.

12. EZTD offered a bonus program that was designed to incentivize U.S. customers to increase the volume of their trading activity. Generally, under that program, EZTD offered U.S. customers the opportunity to receive a cash bonus that could range in size from one dollar to thousands of dollars. If the customer accepted the bonus, EZTD deposited the money to his account and the customer was permitted to purchase or trade binary options with that bonus, as well as any other funds held in his account. EZTD's bonus program included a significant restriction that changed over time. At the start of the Relevant Period and through August 2012, after a customer received a bonus, EZTD prohibited that customer from withdrawing any funds from his account until such time as the customer purchased binary options that totaled in value 3 times the amount of the customer's deposit and bonus. In September 2012, EZTD eliminated this particular restriction and in its place instituted the following one which remained in effect through the end of the Relevant Period. Within 90 days of receiving a bonus, a customer had to purchase additional binary options that totaled in value 25 times the amount of the customer's bonus. If a customer failed to meet that multiple within the 90 day period, the customer forfeited to EZTD not only the bonus money, but any money he earned during the 90 day period on in-the-money option trades. EZTD generally disclosed the rules regarding the operation of its bonus program in the Frequently Asked Questions and/or Terms and Conditions web pages on the Trading Platforms.

13. During the Relevant Period, EZTD offered customers the option to sell certain binary options back to EZTD before they expired as a path to minimizing customers' financial risk. Under this "Sell Option" feature, EZTD told customers the price it was willing to pay to buy the option back. The buyback price was effective for 10 seconds and was related to then current market conditions. This means that depending on whether the option was in- or out-of-the money at the proposed buyback time, a customer could incur a lower loss or earn a lower profit, as compared to the outcome if the option expired at the originally selected time. In this way, the value of binary options that included the Sell Option feature fluctuated in relation to the change in the market price of the associated underlying assets.

14. U.S. customers could track their trading activity on EZTD's Trading Platforms through an online account page that showed by date: their deposits, trading activity, earnings or losses on trades that expired in- or out-of-the money, any bonuses they received, withdrawals and their account balance. U.S. customers could withdraw funds held in their accounts by submitting to EZTD copies of an official photo ID and the credit card they used to deposit funds to their account. Beginning in early 2012, and up through the end of the Relevant Period, EZTD disclosed on the Terms and Conditions web pages of the Trading Platforms that if a customer did not engage in any transactions over a several month period, that account became "dormant." As a consequence, EZTD charged the customer, generally in 2012, "a 10% monthly maintenance fee, based on account

balance,” and beginning in 2013 and through the end of the Relevant Period, a “100% maintenance fee, based on account balance.”

EZTD’s Statements Regarding Profitability

15. The Trading Platforms contained statements that alone and in combination extolled the profitability of trading binary options offered and sold on the platforms. For example, EZTD stated on eztrader.com that:

We offer traders the option of trading through binary options, supplying customers with a simple, exciting, dynamic and highly profitable trading platform that is different from options trading.

Binary options provide a simple, effective and profitable solution for traders of any skill level and these option trading tips will help you maximize your profits.

Binary options trading is an easy, dynamic and profitable investment that requires three simple steps for each transaction.

This type of trading has proven to be an extremely lucrative avenue for individuals who are looking to see an increase in income.

Likewise, EZTD stated on globaloption.com that, this “platform provides a simple, effective and profitable means of executing an investor’s financial strategy.”

EZTD’s Disclosures Regarding Financial Risk

16. The Trading Platforms contained the following disclosures regarding financial risk. Generally, at the bottom of each web page, they disclosed that, “(o)ptions, derivative products and related financial instruments involve significant risks and are not suitable for all investors.” At the conclusion of the Terms and Conditions web pages, they disclosed that:

This Risk Warning cannot and does not disclose all the risks and other significant aspects of option and derivative trading. You should not engage in option and/or derivative trading unless you understand the nature of such trading, how these instruments work, how you make a profit or a loss and the extent of your exposure to risk and loss.

If you are in any doubt, please, seek professional advice. Before deciding to participate in option and derivative trading, you should carefully consider your trading objectives, level of experience and risk appetite. Most importantly, do not place a trade with money you cannot afford to lose.

There is considerable exposure to risk in any transaction, including, but not limited to, leverage, creditworthiness, limited regulatory protection and market

volatility that may substantially affect the price, or liquidity of an option or derivative.

Globaloption.com contained an additional risk warning on the “Disclaimer” web page that provided, in relevant part, that “(t)radinG Binary Options may result in a substantial or complete loss of funds and therefore should only be undertaken with risk capital.”

The Majority of U.S. Customers Lost Money Trading Binary Options

17. During the Relevant Period, approximately 4,000 U.S. customers deposited a total of approximately \$2.5 million to their EZTD accounts. Individual customers made total deposits that ranged in size from \$25 to approximately \$25,000 with the median total deposit being \$300. The individual deposits made by U.S. customers ranged in size from \$1 to \$15,000 with the median individual deposit being \$200.

18. During the Relevant Period, approximately 22% of U.S. customers received a bonus from EZTD. While individual bonuses ranged in size from \$1 to \$20,000, the more typical bonus ranged between \$25 and \$5,000. The median individual bonus was \$200. The total dollar value of all bonuses received by U.S. customers was \$735,740.

19. In total, U.S. customers executed approximately 360,000 trades in binary options on EZTD’s Trading Platforms. Of these trades, approximately 93% expired within one hour of purchase. The number of binary options purchased by any one U.S. customer ranged between 1 and 14,235, with the median being 21 and the average being 87. About half of U.S. customers purchased between 7 and 62 binary options. The amount of money U.S. customers invested in a single binary option ranged in size from \$10 to \$3,000, with the median investment being \$30 and the average investment being \$58. Around half of U.S. customers invested between \$25 and \$50 in individual binary options.

20. Under the payout structure that EZTD established for the binary options that it offered and sold to U.S. customers, the amount of money that a U.S. customer could lose on trades that expired out-of-the-money typically exceeded the amount of money he could earn on trades that expired in-the-money by 15%. This payoff structure defined the true financial risk connected to trading EZTD’s binary options. This is so because as a result of this payoff structure, an EZTD customer could not earn a profit investing in binary options unless 54.5% of the total dollars that he invested across all of his trades fell into trades that expired in-the-money. This is true irrespective of whether the customer invested the same or different amounts of money in each binary option that he purchased. For example, if a customer purchased ten binary options, investing \$50 in each one (for a total investment of \$500), at least six of those trades had to expire in-the-money for the customer to earn a profit on his total investment. If five or fewer of those trades expired in-the-money, the customer would not only fail to earn a profit, he would lose some, much or all of his original investment. Similarly, if a customer purchased ten binary options from EZTD, investing \$20 in five of those trades and \$10 in the other five (for a total investment of \$150), more than \$81 of the total dollars invested (or more than half) would have to be in trades that expired in-the-money for the customer to earn a profit. If only \$81 or less fell into trades that expired in-the-money, the customer would lose some, much or all of his original investment.

21. EZTD's business model was based on the expectation that if it generated enough trading activity, 50% of the total dollars invested by U.S. customers would end in trades that expired out-of-the money and 50% would end in trades that expired in-the-money. Generally, this business model projected losses to customers, and thereby revenues to EZTD, because as explained above, more than 50% of the total dollars that U.S. customers invested in binary options had to end in trades that expired in-the-money in order for those customers not to lose money on their original investments. EZTD's business model, in effect, was premised on the expectation that across all trades, and on average, U.S. customers would not be able to correctly predict, at a greater than 50% accuracy rate, the future price trajectory of the assets underlying the binary options that they purchased. Said differently, EZTD's business model presumed that on average, U.S. customers would perform no better than if they had relied on random guessing to make the required prediction. Although EZTD's Trading Platforms provided guidance on methodologies that customers could use to try to accurately predict short term stock price changes, EZTD did not expect that its customers would be able to do this with a greater than 50% accuracy rate.

22. Indeed, of the approximately 360,000 total trades executed by U.S. customers over the Relevant Period, approximately 49.4% expired out-of-the money, 48.0% expired in-the-money and 2.5% expired "at-the-money."³ Therefore, U.S. customers did not lose money on 50.5% of the trades they executed. These numbers approximate the expectation incorporated into EZTD's business model. Out of the approximately 4,000 U.S. customers who purchased binary options from EZTD over the Relevant Period, over the long run approximately 81% did not earn a profit trading those options with the monies they had deposited to their accounts. As explained above, these customers lost money because of the 15% difference in the amount a customer could lose on a trade versus the amount EZTD paid out, coupled with the fact that they could not make the required prediction with a greater than 50% accuracy rate, and the fact that they did not stop trading at times when they held net profits in their accounts. Typically, U.S. customers did not choose to stop trading binary options until they depleted most of the money that they (and EZTD, through its bonus program) had deposited to their accounts.

23. In dollar terms, U.S. customers lost a total of approximately \$2 million out of the total \$2.5 million that they had deposited to their EZTD accounts. These \$2 million in losses resulted not only from trades that expired out-of-the money, but also from accounts EZTD deemed "dormant" where EZTD charged a maintenance fee, and from the failure of some customers to withdraw monies from their account. These U.S. customer losses constituted EZTD's U.S. revenues. Approximately 2.8% (or 114) of EZTD's U.S. customers earned a profit trading the binary options offered and sold by EZTD.

24. During the second half of 2013, EZTD voluntarily decided to withdraw from the U.S. market. To effect this withdrawal, in late January 2014, EZTD ceased soliciting and accepting new U.S. customers and it prohibited existing customers from making additional deposits to their accounts. Existing U.S. customers were permitted to continue trading with whatever funds

³ At-the-money means the price of the asset underlying the option was the same at the time of purchase and expiration. For trades that expired at-the-money, customers neither earned nor lost any money.

remained in their accounts through August 28, 2014. Thereafter, EZTD deactivated all existing U.S. customer accounts and closed off its Trading Platforms to U.S. customers.

EZTD'S Remedial Efforts

25. In determining to accept the Offer, the Commission considered EZTD's voluntary withdrawal from the U.S. market and cooperation afforded the Commission staff.

D. LEGAL ANALYSIS

EZTD Violated Sections 5(a) and (c) of the Securities Act

26. Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act define "security" to include, in part, "any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof)."

27. The binary options that EZTD offered and sold to U.S. customers are over-the-counter, cash-settled options that are based on the value of a security or group or index of securities. These options did not convey the right to purchase the underlying asset. The value of the EZTD options that included the Sell Option feature fluctuated in relation to the value of their underlying asset. The value of the EZTD options that did not include this feature, where the payout was fixed over the life of the option, did not fluctuate in this manner. All of the binary options that EZTD offered and sold to U.S. customers, however, are options based on the value of a security or index of securities, and thus are securities under the above provisions of the federal securities laws.

28. Sections 5(a) and 5(c) of the Securities Act prohibit the offer and sale of securities through interstate commerce or the mails, unless a registration statement is filed with the Commission and is in effect, or the offer and sale are subject to an exemption. Here, EZTD made unregistered offers and sales of securities to U.S. customers, over the internet using interstate means, and no exemption from registration was available for these offers and sales. As a result of this conduct, EZTD willfully violated Sections 5(a) and 5(c) of the Securities Act.

EZTD Violated Section 15(a)(1) of the Exchange Act

29. Section 15(a)(1) of the Exchange Act provides that absent an exception or exemption, any broker or dealer that uses the mails or any means of interstate commerce to effect transactions in, or to induce or attempt to induce purchases or sales of securities (other than an exempted security or commercial paper, bankers' acceptances or commercial bills) must register with the Commission in accordance with Section 15(b). Section 3(a)(4) of the Exchange Act defines a "broker" as "any person engaged in the business of effecting transactions in securities for the account of others." Any person that engages in activities within Section 3(a)(4)'s definition of a broker is generally required to register as a broker.

30. Factors indicating that a person may be engaged in the business of effecting transactions in securities for the account of others include: regularly participating in the trading of securities on behalf of someone, soliciting investors to purchase securities and providing them with advice, receipt of transaction related compensation and handling customer funds and securities.

31. During the relevant period, EZTD acted as a broker within the meaning of Section 3(a)(4) because it solicited potential investors to purchase the binary options that it offered and sold on the Trading Platforms (including through its bonus program), it engaged in the business of offering, selling and otherwise effecting transactions in securities for the accounts of others, it executed hundreds of thousands of binary options transactions for U.S. customers, it provided instruction to prospective and actual U.S. customers on how to successfully trade binary options through information on the Trading Platforms that EZTD characterized as “educational,” it held funds on behalf of customers and it received transaction related compensation in the form of customer losses from binary option trades that expired out-of-the money.

32. EZTD willfully violated Section 15(a)(1) of the Exchange Act because it used interstate means to induce the purchase of and effect transactions in binary options that it sold on the Trading Platforms, it received transaction related compensation for those transactions and it did not register with the Commission as a broker.

EZTD Violated Section 17(a)(2) of the Securities Act

33. Section 17(a)(2) of the Securities Act provides that it is unlawful for any person, in the offer or sale of any securities through the means of interstate commerce “to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” A misstatement or omission is material if a reasonable investor would consider it significant in making an investment decision. Negligence, or the failure to exercise reasonable care, is sufficient to establish a violation of Section 17(a)(2).

34. As described above, EZTD made certain statements on the Trading Platforms through which it offered and sold binary options to U.S. customers that alone and in combination extolled the profitability of investing in EZTD’s binary options. These statements, however, were materially misleading as evidenced by the fact that approximately 81% of EZTD’s U.S. customers did not earn a profit trading EZTD’s binary options with monies they had deposited to their accounts. These customers lost money because, as explained above, they did not correctly predict the future price trajectory of the securities underlying the options they had purchased with a greater than 50% accuracy rate. Under the payout structure that EZTD had established, that failure, coupled with the fact that U.S. customers typically did not stop trading until their account balances were mostly depleted, meant that the typical U.S. customer would lose money on their overall trading. The fact that approximately 2.8% of U.S. customers earned a profit trading EZTD’s binary options does not alter the conclusion that these statements were materially misleading because neither the statements, nor any others included on the Trading Platforms, disclosed that investing in EZTD’s binary options was not a profitable investment for the majority of U.S. customers, and was unlikely to be so in the future.

35. Reasonable investors would consider the statements on EZTD's Trading Platforms regarding profitability significant to their decision to invest in EZTD's binary options because those statements went to the ultimate value of any such investment. Accordingly, these statements were material.

36. As described above, EZTD also included certain risk disclosures on the Trading Platforms through which it offered and sold binary options to U.S. customers. These risk disclosures were boilerplate and general in nature and merely informed investors that "options" involve "significant risk." EZTD, however, was aware of specific risks associated with the binary options that it offered and sold to U.S. customers. Specifically, EZTD knew that for investors to earn a profit and not lose any part of their original investment, at least 6 out of ten trades of equal size had to expire in-the-money, or more than 50% of the total dollars invested had to be in trades that expired in-the-money. EZTD also knew that the majority of U.S. customers lost money investing in EZTD's binary options. As a result, it was materially misleading for EZTD to fail to disclose to investors that there was a significantly greater potential for investors to lose money rather than earn money investing in EZTD's binary options. See, Dodona v. Goldman Sachs, 847 F. Supp. 2d 624, 646-47 (S.D.N.Y. 2012) (defendant's boilerplate disclosures that investing in certain securities that it offered and sold was speculative and involved significant risk were deemed insufficient in circumstances where the defendant was aware of specific risks associated with those securities and but failed to disclose them).

37. Reasonable investors would have considered disclosures regarding the specific risks associated with trading EZTD's binary options, and which EZTD omitted, significant to their decision to invest in those binary options because those omissions went to the ultimate value of any such investment.

38. EZTD was under an obligation to ensure that any statements it made on the Trading Platforms regarding the profitability of investing in the firm's binary options were accurate. It was also under an obligation to ensure that it did not omit to state a material fact that was necessary to make those statements, and other statements on the Trading Platforms regarding risk, not materially misleading. As described above, EZTD knew that investing in the binary options that it sold through the Trading Platforms was not, and was unlikely to be, profitable for the majority of U.S. customers. It also knew of specific risks associated with the binary options that it offered and sold to U.S. customers. Accordingly, EZTD acted negligently when it made materially misleading statements on the Trading Platforms that investing in the firm's binary options was profitable, and when it omitted material information regarding specific risks associated with investing in those options.

39. EZTD's U.S. revenues came from losses U.S. customers incurred trading binary options on the Trading Platforms. These Trading Platforms contained materially misleading statements regarding profitability and materially misleading omissions regarding specific risks. Accordingly, EZTD obtained money by means of the materially misleading statements and omissions.

40. As a result of the negligent conduct summarized above, EZTD violated Section 17(a)(2) of the Securities Act, which prohibits obtaining money or property by means of material misstatements or omissions in the offer and sale of securities.

E. FINDINGS

Based on the foregoing, EZTD willfully violated Sections 5(a) and 5(c) of the Securities Act and Section 15(a)(1) of the Exchange Act and it violated Section 17(a)(2) of the Securities Act.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) of the Exchange Act and Sections 5(a), 5(c) and 17(a)(2) of the Securities Act.

B. Respondent is censured.

C. Respondent shall pay disgorgement of \$1,515,858 together with prejudgment interest of \$57,691 and a civil monetary penalty in the amount of \$200,000 to the Securities and Exchange Commission. Payment shall be made within one year of the date of this Order in twelve monthly installments. Within ten days of the Order, Respondent shall make its first payment of \$147,796. Starting with the second month after this Order, the remaining eleven monthly installments of \$147,796 shall be paid on the last date of each month. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. §3717, shall be due and payable immediately, without further application.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying EZTD as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Jennifer S. Leete, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

D. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, prejudgment interest AND penalties referenced in paragraph C above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Brent J. Fields
Secretary