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11  
12 **UNITED STATES DISTRICT COURT**  
13 **DISTRICT OF NEVADA**

14  
15 SECURITIES AND EXCHANGE  
16 COMMISSION,

17 Plaintiff,

18 vs.

19 BANC DE BINARY LTD, OREN SHABAT  
20 LAURENT (f/k/a OREN SHABAT), ET  
21 BINARY OPTIONS LTD., BO SYSTEMS  
22 LTD. SEYCHELLES and BDB SERVICES  
23 LTD. SEYCHELLES,

24 Defendants.

Case No.: 2:13-cv-00993-RCJ-VCF

**SECOND AMENDED COMPLAINT**

25 Plaintiff Securities and Exchange Commission (“SEC”) alleges as follows:

26 **JURISDICTION AND VENUE**

27 1. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1),  
28 and 22(a) of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. §§ 77t(b), 77t(d)(1), &

1 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27 of the Securities Exchange Act of 1934  
2 (the “Exchange Act”), 15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e), & 78aa. Defendants have,  
3 directly or indirectly, made use of the means or instrumentalities of interstate commerce, of the  
4 mails, or of the facilities of a national securities exchange, in connection with the transactions,  
5 acts, practices, and courses of business alleged in this complaint.

6 2. Venue is proper in this district pursuant to Section 22(a) of the Securities Act, 15  
7 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because certain of the  
8 transactions, acts, practices, and courses of conduct constituting violations of the federal  
9 securities laws occurred within this district.

10 **SUMMARY**

11 3. This matter involves the unregistered offer and sale of securities by Defendants,  
12 who operate an online binary options trading platform.

13 4. Defendants Banc de Binary Ltd (“BdB Ltd”), ET Binary Options Ltd. (“ETBO”),  
14 BO Systems Ltd. Seychelles (“BO Systems”) and BDB Services Ltd. Seychelles (“BDB  
15 Services”) do business as “Banc de Binary,” and are all affiliates of each other.

16 5. Defendant Oren Shabat Laurent (“Laurent”) is the CEO of BdB Ltd. He is, or  
17 was at all relevant times, the only shareholder or one of a few shareholders of each of BdB Ltd,  
18 ETBO, BO Systems and BDB Services.

19 6. Through one or more of the “Banc de Binary” websites, including  
20 [www.bbinary.com](http://www.bbinary.com), Defendants, directly or indirectly, offered and sold “binary options” to U.S.  
21 customers.

22 7. “Binary options” provide a payout contingent upon the price movement of an  
23 underlying asset, including stock and stock indices. The binary options offered by Defendants  
24 are securities under the federal securities laws.

25 8. Defendants offered and sold these securities to U.S. investors in unregistered  
26 transactions through general solicitations by its representatives over the internet and through  
27 phone calls and spam emails.

1 9. As the CEO, president, executive director or co-owner of the corporate  
2 Defendants, Laurent has directly and indirectly offered and sold these securities to U.S.  
3 investors. He is, or at all relevant times was, also a control person of each of the corporate  
4 Defendants. By engaging in this conduct, Defendants have violated, and continue to violate,  
5 Sections 5(a) and 5(c) of the Securities Act.

6 10. Moreover, by trading these binary options on account of U.S. investors, each of  
7 BdB Ltd, ETBO, BO Systems and BDB Services has acted as a broker-dealer. However, none of  
8 them are registered with the SEC as a broker-dealer, and thus each has violated Section 15(a)(1)  
9 of the Exchange Act, 15 U.S.C. § 78o(a)(1). As a control person of each of these corporate  
10 Defendants, Laurent is also liable for these violations.

11 11. The SEC seeks preliminary and permanent injunctions against all Defendants, as  
12 well as an accounting, disgorgement with prejudgment interest and civil penalties.

13 **THE DEFENDANTS**

14 12. Defendant BdB Ltd is incorporated in the Republic of Cyprus and regulated by  
15 the Cyprus Securities and Exchange Commission (“CySEC”). Based on its registration with  
16 CySEC, BdB Ltd has obtained reciprocal licenses in several other countries in the European  
17 Union, including Germany, Spain and the United Kingdom, but not in the United States.

18 13. Defendant ETBO is incorporated in Israel.

19 14. Defendant BO Systems is incorporated in the Republic of Seychelles.

20 15. Defendant BDB Services is incorporated in the Republic of Seychelles.

21 16. Defendant Laurent, formerly known as Oren Shabat, age 29, resides in Israel. He  
22 has dual citizenship in both the United States and Israel.

23 17. Laurent is the founder, president, chief executive officer and executive director of  
24 BdB Ltd.

25 18. Laurent is a 50% shareholder of BdB Ltd. The other 50% shareholder is  
26 Laurent’s father.

27 19. From 2010 to 2012, Laurent was the sole shareholder of ETBO.

28 20. Laurent is the sole shareholder of BO Systems.

1 21. In 2013, Laurent was a 50% shareholder of BDB Services. The other 50%  
2 shareholder was Laurent's father.

3 22. BdB Ltd has done business as "Banc de Binary" or has otherwise operated under  
4 the brand name "Banc de Binary."

5 23. ETBO has done business as "Banc de Binary" or has otherwise operated under the  
6 brand name "Banc de Binary."

7 24. BO Systems has done business as "Banc de Binary" or has otherwise operated  
8 under the brand name "Banc de Binary."

9 25. BDB Services has done business as "Banc de Binary" or has otherwise operated  
10 under the brand name "Banc de Binary."

11 26. From at least 2010 until at least January 2013, the Banc de Binary business has  
12 maintained a virtual office on Wall Street in New York City. That address was listed on one or  
13 more of the Banc de Binary websites and in emails from purported Banc de Binary  
14 representatives to Banc de Binary customers in the United States.

15 **THE ALLEGATIONS**

16 **A. The Defendants and Their "Banc de Binary" Business**

17 27. Laurent founded BdB Ltd, and is BdB Ltd's CEO, president, executive director  
18 and one of its two co-equal shareholders.

19 28. Since its founding, BdB Ltd has operated an online trading platform that allows  
20 investors to buy what BdB Ltd calls "binary options."

21 29. BdB Ltd's primary business is offering and selling these binary options, and  
22 operating this online trading platform.

23 30. ETBO, BO Systems and BDB Services are each affiliates of BdB Ltd.

24 31. Laurent oversees the Banc de Binary business. At all relevant times, he was or is  
25 the 50% shareholder of BdB Ltd and BDB Services, and was or is the sole shareholder of ETBO  
26 and BO Systems.

27 32. As the CEO of BdB Ltd, Laurent oversees all of the company's departments,  
28 including the departments of "Investment Advice," "Finance and Accounting," "Marketing" and

1 “Administration.” He is the signatory on BdB Ltd’s bank accounts. Laurent is also actively and  
2 highly involved in the management of the Banc de Binary business. He also holds himself out as  
3 the person primarily responsible for Banc de Binary’s business activities, both commercially and  
4 to regulators and auditors.

5 **B. The Defendants’ Binary Options**

6 33. In general, a “binary option” is a security whose payout is contingent on the  
7 future value of an underlying asset. Banc de Binary’s binary options are over-the-counter, cash-  
8 settled option contracts. A binary option is “binary” because there are only two possible  
9 outcomes—upon expiration, its holder will receive either a pre-determined amount of money or  
10 nothing at all, depending on whether the underlying asset increases or decreases in value.

11 34. For example, if the current price of the stock of a hypothetical company “XYZ,  
12 Inc.” were \$80 per share, an investor could go to the Banc de Binary online trading platform and  
13 buy a binary option that will pay some amount if XYZ’s stock price goes above \$80 per share at  
14 some fixed point in the future. If, at expiration of the option, the stock price of XYZ is greater  
15 than \$80 per share, then the binary option holder receives the payout. On the other hand, if  
16 XYZ’s stock price is less than \$80, then the holder receives nothing.

17 35. One of the Banc de Binary online trading websites is [www.bbinary.com](http://www.bbinary.com). On that  
18 website, investors can buy binary options whose payouts are contingent on the value of a variety  
19 of underlying assets. These underlying assets include stock of companies and broad-based,  
20 published stock indices like the S&P 500, as well as commodities and currencies.

21 36. In addition to [www.bbinary.com](http://www.bbinary.com), the Banc de Binary business also maintains  
22 websites [www.bancdebinary.com](http://www.bancdebinary.com) and [www.bbinary.net](http://www.bbinary.net), among others.

23 37. The Banc de Binary website [www.bbinary.com](http://www.bbinary.com) portrays the binary options as  
24 “investments,” and refers to the “trading” of options. The website also explains that binary  
25 options are regulated by the CySEC. Moreover, the Banc de Binary website offers the services  
26 of “brokers” who “provide up-to-date trading signals and advice.”  
27  
28

1 **C. The Defendants' Online Trading Platforms**

2 38. The Banc de Binary website [www.bbinary.com](http://www.bbinary.com) has provided five different ways  
3 to purchase binary options—or “trading platforms”—each of which offers different features for  
4 creating binary options.

5 39. In general, a Banc de Binary customer can purchase a binary option by taking the  
6 following steps with these trading platforms. First, the customer selects the underlying asset—  
7 for example, a stock or stock index. Second, the customer then chooses whether he or she wants  
8 a binary option that pays out if the price of the underlying asset will go up (a “call option”) or  
9 down (a “put option”). Third, the customer inputs his or her investment amount (generally  
10 between \$1 and \$3,000). Finally, the customer selects an expiration period, which could be as  
11 little as 60 seconds. The Banc de Binary website then states the payout amount (*e.g.*, 72%) for  
12 the binary option created by the customer. At that point, the Banc de Binary customer can click  
13 a button on the website in order to purchase the binary option. A Banc de Binary customer  
14 generally cannot cancel an order once he or she has purchased the option.

15 40. The payout is determined at the end of the expiration period of the binary option  
16 purchased by the investor. If the price of the underlying asset moved in the direction selected by  
17 the investor, then the investor receives the pre-determined payout amount set when he or she  
18 purchased the binary option; if the price moved in the other direction, then the investor forfeits  
19 the purchase price of the binary option.

20 41. As an example, an investor could use a Banc de Binary trading platform to buy a  
21 binary option that is based on the price of stock of the company, “XYZ, Inc.” The investor, for  
22 instance, could use one of the Banc de Binary trading platforms to invest \$1,000 to buy a binary  
23 option with a 72% payout if the price of XYZ stock increases within the next five minutes. Five  
24 minutes later, if the price of XYZ stock is higher than it was when the binary option was  
25 purchased, then \$1,720—the \$1,000 originally invested plus the \$720 payout—is deposited into  
26 the investor’s Banc de Binary account. On the other hand, if XYZ stock decreases in those five  
27 minutes, then the investor receives little or nothing.

28

1           42.     BdB Ltd has claimed that it acts as an “introducing broker” for binary option  
2 trades that are executed by a market maker licensed with the CySEC. Investors can open online  
3 trading accounts on the Banc de Binary websites with as little as \$250, which can be charged to  
4 the investor’s credit card. Banc de Binary customers have also been urged to deposit additional  
5 money into their accounts to qualify for purportedly profitable trading signals and trading advice.

6           43.     To further stimulate deposits and trading activity, Banc de Binary customers have  
7 been offered a supplement to their investor accounts called a “trading bonus.” For example, an  
8 investor who deposited \$1,000 into his account might get a 50% trading bonus of \$500, allowing  
9 him to purchase up to \$1,500 in binary options at any one time.

10 **D.     The Defendants’ Solicitation of U.S. investors**

11           44.     According to one Banc de Binary representative, the Banc de Binary business had  
12 about 250,000 investors in the fall of 2012, and 50% to 60% of those investors were located in  
13 the United States. At one point in time, a Banc de Binary website stated the following about an  
14 “elite concierge service” it offered its customers: “Our entire staff is located in the United  
15 States. We never outsource abroad and your information is secured in our US Based server  
16 facilities.”

17           45.     In emails to customers and on one of its websites, the Banc de Binary business  
18 has held itself out as having an office (indeed, at times even a “headquarters”) on Wall Street in  
19 New York. A Banc de Binary website indicated that its business maintained an address on Wall  
20 Street and listed a New York-based telephone number. The Defendants only recently removed  
21 this address (but not the phone number) from its website.

22           46.     The Banc de Binary business broadly advertised its websites to individuals in the  
23 United States through YouTube videos, spam emails, and other internet-based advertising. The  
24 Banc de Binary business also solicited potential investors in the United States by sending them  
25 emails, calling them on the telephone, and chatting with them via instant messenger over the  
26 Internet.

27           47.     These solicitation efforts were successful. For example, after reviewing a Banc  
28 de Binary YouTube video and Banc de Binary’s website, a man residing in Nevada opened a

1 trading account with Banc de Binary in July 2012. He deposited \$500 into his Banc de Binary  
2 account, and the next day, Banc de Binary gave him a \$500 trading bonus. In late July and early  
3 August 2012, he received a series of emails from a Banc de Binary representative urging him to  
4 deposit more money into his account in order to qualify for a “managed account,” which  
5 provided special trading signals and trading advice. In October 2012, he deposited an additional  
6 \$500 into his Banc de Binary trading account, and Banc de Binary again matched his deposit  
7 with a \$500 bonus. Between July 2012 and December 2012, he entered into about 880 binary  
8 options transactions using several of Banc de Binary’s trading platforms. Among other binary  
9 options, he purchased binary options based on stock.

10 48. As another example, in late August or early September 2012, a California woman  
11 received a spam email advertising Banc de Binary’s binary options trading platform. Shortly  
12 thereafter, she opened a trading account with Banc de Binary and promptly funded her account  
13 with \$1,000 from her bank account. A Banc de Binary representative then contacted her and  
14 convinced her to deposit another \$750 into her trading account. Over the next three months, she  
15 invested in binary options using several of Banc de Binary’s trading platforms. Among other  
16 forms of binary options offered by Banc de Binary, she purchased binary options based on stock.

17 49. In mid-January 2013, the Banc de Binary business claimed to have stopped  
18 accepting new investors in the United States. However, preexisting U.S. customers were still  
19 able to log on to their Banc de Binary accounts, and up until some point in 2013, current U.S.  
20 customers were still allowed to purchase binary options from the Banc de Binary trading  
21 platforms. In fact, one U.S. Banc de Binary customer not only was able to log in and purchase  
22 binary options in May 2013, a Banc de Binary representative sent her “trading signals” and  
23 recommendations that encouraged her to do so.

24 50. None of the Defendants have attempted to ascertain whether prospective investors  
25 in binary options were accredited investors or to limit the sale of binary options to accredited  
26 investors.

27 51. For example, one Banc de Binary customer had a monthly income of \$300 and a  
28 net worth of less than \$25,000. Neither the Banc de Binary representative that spoke to her, nor



1 anyone else associated with the Banc de Binary business, asked her whether she was an  
2 accredited investor, what her assets were, or what her income was. Similarly, a Banc de Binary  
3 representative actively encouraged another investor in Banc de Binary's binary options to deposit  
4 additional funds into his Banc de Binary trading account even after he informed the Banc de  
5 Binary representative that he was unemployed and had less than \$1,000 in his checking account.

6 52. Laurent has been directly and/or indirectly involved in the unregistered offer and  
7 sale of binary options to U.S. investors, and thus has been a necessary and substantial participant  
8 in this unlawful activity. For example, he speaks on behalf of the Banc de Binary business to the  
9 news media and in numerous promotional videos on YouTube. Through videos and other media  
10 appearances, Laurent promotes investment in binary options to investors, making him directly  
11 involved in the offer and sale of binary options. Laurent is also indirectly involved because,  
12 absent his substantial participation in the daily operations of BdB Ltd and its affiliates, which  
13 includes the offer and sale of binary options, BdB Ltd, ETBO, BO Systems and/or BDB Services  
14 would not be offering or selling binary options.

15 53. The binary options offered and sold to U.S. customers on one or more of the Banc  
16 de Binary websites were traded through a "proprietary" binary options trading platform owned  
17 by SpotOptions Ltd Corporation ("SpotOption").

18 54. BdB Ltd has had a contractual relationship with SpotOption by which SpotOption  
19 grants BdB Ltd a license to use SpotOption's binary options trading platform on Banc de Binary  
20 websites for the purpose of offering Banc de Binary customers the ability to trade in binary  
21 options by means of the trading platform.

22 55. In connection with binary option trading on Banc de Binary websites, BdB Ltd  
23 also has had a contractual relationship with S.O. SpotOption Limited, a putative licensed market  
24 maker.

25 56. In early 2013, the Banc de Binary website [www.bbinary.com](http://www.bbinary.com) posted a message to  
26 U.S. customers of Banc de Binary stating that "Banc de Binary is an option brokering company  
27 licensed and regulated by the Cyprus Securities and Exchange Commission."  
28

1           57.     The posted message on the [www.bbinary.com](http://www.bbinary.com) website in early 2013 included a  
2 link to the CySEC list of licensed firms. This CySEC list of licensed firms lists BdB Ltd, but  
3 does not list ETBO, BO Systems or BDB Services.

4           58.     BdB Ltd is a company licensed by or with CySEC.

5           59.     ETBO, BO Systems and BDB Services are not companies licensed by or with  
6 CySEC.

7           60.     The Banc de Binary business has included the business of actively soliciting  
8 customers in the United States to purchase and trade binary options on one or more Banc de  
9 Binary websites.

10          61.     The Banc de Binary business has included the business of transacting with U.S.  
11 customers so that these customers could purchase and trade binary options on one or more Banc  
12 de Binary websites.

13          62.     The Banc de Binary business has included the business of, directly or indirectly,  
14 offering and/or selling binary options to U.S. investors.

15          63.     BdB Ltd has actively solicited customers in the United States to purchase and  
16 trade binary options on one or more Banc de Binary websites.

17          64.     BdB Ltd has transacted with U.S. customers so that these customers could  
18 purchase and trade binary options on one or more Banc de Binary websites.

19          65.     BdB Ltd has, directly or indirectly, offered and/or sold binary options to U.S.  
20 investors.

21          66.     BdB Ltd has been a necessary and substantial participant in the offer and sale of  
22 binary options to customers in the United States.

23          67.     ETBO has actively solicited customers in the United States to purchase and trade  
24 binary options on one or more Banc de Binary websites.

25          68.     ETBO has transacted with U.S. customers so that these customers could purchase  
26 and trade binary options on one or more Banc de Binary websites.

27          69.     ETBO has, directly or indirectly, offered and/or sold binary options to U.S.  
28 investors.

1           70.     ETBO has been a necessary and substantial participant in the offer and sale of  
2 binary options to customers in the United States.

3           71.     BO Systems has actively solicited customers in the United States to purchase and  
4 trade binary options on one or more Banc de Binary websites.

5           72.     BO Systems has transacted with U.S. customers so that these customers could  
6 purchase and trade binary options on one or more Banc de Binary websites.

7           73.     BO Systems has, directly or indirectly, offered and/or sold binary options to U.S.  
8 investors.

9           74.     BO Systems has been a necessary and substantial participant in the offer and sale  
10 of binary options to customers in the United States.

11          75.     BDB Services has actively solicited customers in the United States to purchase  
12 and trade binary options on one or more Banc de Binary websites.

13          76.     BDB Services has transacted with U.S. customers so that these customers could  
14 purchase and trade binary options on one or more Banc de Binary websites.

15          77.     BDB Services has, directly or indirectly, offered and/or sold binary options to  
16 U.S. investors.

17          78.     BDB Services has been a necessary and substantial participant in the offer and  
18 sale of binary options to customers in the United States.

19 **E.     No Registration with the SEC**

20          79.     None of the Defendants have registered the sale and offer of binary options to  
21 U.S. investors with the SEC.

22          80.     No registration statement has ever been filed with the SEC for the offer or sale of  
23 any of the binary options sold by any of the Defendants.

24          81.     Through one or more of the Banc de Binary websites, Banc de Binary has  
25 engaged in, and has regularly participated in, the business of offering, selling and otherwise  
26 effecting transactions in securities for the account of others.

27          82.     The Banc de Binary business has involved offering, selling and otherwise  
28 effecting transactions in securities for the account of others.

1           83.     The Banc de Binary business has involved actively soliciting U.S. customers  
2 through one or more of the Banc de Binary websites to engage in binary options trading on those  
3 websites.

4           84.     The Banc de Binary business has involved executing transactions on behalf of  
5 U.S. customers in connection with binary options trading on one or more of the Banc de Binary  
6 websites.

7           85.     The Banc de Binary business has involved holding funds on behalf of U.S.  
8 customers in connection with binary options trading on one or more of the Banc de Binary  
9 websites.

10          86.     The Banc de Binary business has involved directly receiving compensation from  
11 binary options trading because each time a Banc de Binary customer lost on a binary option  
12 trade, the purchase price that the investor paid for the option was not returned.

13          87.     The Banc de Binary business has involved inducing or attempting to induce Banc  
14 de Binary customers to buy more binary options by offering substantial bonus deposits into their  
15 accounts in exchange for their agreeing to satisfy certain trading volume requirements.

16          88.     Through one or more of the Banc de Binary websites, BdB Ltd has engaged in,  
17 and has regularly participated in, the business of offering, selling and otherwise effecting  
18 transactions in securities for the account of others.

19          89.     BdB Ltd has actively solicited U.S. customers through one or more the Banc de  
20 Binary websites to engage in binary options trading on those websites.

21          90.     Bdb Ltd has executed transactions on behalf of U.S. customers in connection with  
22 binary options trading on one or more the Banc de Binary websites.

23          91.     BdB Ltd has either directly or indirectly held funds on behalf of U.S. customers in  
24 connection with binary options trading on one or more the Banc de Binary websites.

25          92.     BdB Ltd has either indirectly or directly received compensation from binary  
26 options trading because each time a Banc de Binary customer lost on a binary option trade, the  
27 purchase price that the investor paid for the option was not returned.  
28

1           93.     BdB Ltd has induced or attempted to induce Banc de Binary customers to buy  
2 more binary options by offering substantial bonus deposits into their accounts in exchange for  
3 their agreeing to satisfy certain trading volume requirements.

4           94.     Through one or more of the Banc de Binary websites, ETBO has engaged in, and  
5 has regularly participated in, the business of offering, selling and otherwise effecting transactions  
6 in securities for the account of others.

7           95.     ETBO has actively solicited U.S. customers through one or more of the Banc de  
8 Binary websites to engage in binary options trading on those websites.

9           96.     ETBO has executed transactions on behalf of U.S. customers in connection with  
10 binary options trading on one or more of the Banc de Binary websites.

11          97.     ETBO has either directly or indirectly held funds on behalf of U.S. customers in  
12 connection with binary options trading on one or more of the Banc de Binary websites.

13          98.     ETBO has either indirectly or directly received compensation from binary options  
14 trading because each time a Banc de Binary customer lost on a binary option trade, the purchase  
15 price that the investor paid for the option was not returned.

16          99.     ETBO has induced or attempted to induce Banc de Binary customers to buy more  
17 binary options by offering substantial bonus deposits into their accounts in exchange for their  
18 agreeing to satisfy certain trading volume requirements.

19          100.    Through one or more of the Banc de Binary websites, BO Systems has engaged  
20 in, and has regularly participated in, the business of offering, selling and otherwise effecting  
21 transactions in securities for the account of others.

22          101.    BO Systems has actively solicited U.S. customers through one or more of the  
23 Banc de Binary websites to engage in binary options trading on those websites.

24          102.    BO Systems has executed transactions on behalf of U.S. customers in connection  
25 with binary options trading on one or more of the Banc de Binary websites.

26          103.    BO Systems has either directly or indirectly held funds on behalf of U.S.  
27 customers in connection with binary options trading on one or more of the Banc de Binary  
28 websites.

1           104. BO Systems has either indirectly or directly received compensation from binary  
2 options trading because each time a Banc de Binary customer lost on a binary option trade, the  
3 purchase price that the investor paid for the option was not returned.

4           105. BO Systems has induced or attempted to induce Banc de Binary customers to buy  
5 more binary options by offering substantial bonus deposits into their accounts in exchange for  
6 their agreeing to satisfy certain trading volume requirements.

7           106. Through one or more of the Banc de Binary websites, BDB Services has engaged  
8 in, and has regularly participated in, the business of offering, selling and otherwise effecting  
9 transactions in securities for the account of others.

10           107. BDB Services has actively solicited U.S. customers through one or more of the  
11 Banc de Binary websites to engage in binary options trading on those websites.

12           108. BDB Services has executed transactions on behalf of U.S. customers in  
13 connection with binary options trading on one or more of the Banc de Binary websites.

14           109. BDB Services has either directly or indirectly held funds on behalf of U.S.  
15 customers in connection with binary options trading on one or more of the Banc de Binary  
16 websites.

17           110. BDB Services has either indirectly or directly received compensation from binary  
18 options trading because each time a Banc de Binary customer lost on a binary option trade, the  
19 purchase price that the investor paid for the option was not returned.

20           111. BDB Services has induced or attempted to induce Banc de Binary customers to  
21 buy more binary options by offering substantial bonus deposits into their accounts in exchange  
22 for their agreeing to satisfy certain trading volume requirements.

23           112. BdB Ltd is a broker-dealer as that term is defined in the federal securities laws.

24           113. ETBO is a broker-dealer as that term is defined in the federal securities laws.

25           114. BO Systems is a broker-dealer as that term is defined in the federal securities  
26 laws.

27           115. BDB Services is a broker-dealer as that term is defined in the federal securities  
28 laws.

1 116. BdB Ltd is not, and has never been, registered with the SEC as a broker-dealer.

2 117. ETBO is not, and has never been, registered with the SEC as a broker-dealer.

3 118. BO Systems is not, and has never been, registered with the SEC as a broker-  
4 dealer.

5 119. BDB Services is not, and has never been, registered with the SEC as a broker-  
6 dealer.

7 **FIRST CLAIM FOR RELIEF**

8 **Unregistered Offer and Sale of Securities**

9 **(Violations of Section 5 of the Securities Act)**

10 **(against all Defendants)**

11 120. The SEC realleges and incorporates by reference paragraphs 1 through 119 above.

12 121. The binary options that BdB Ltd, ETBO, BO Systems and BDB Services, and  
13 Laurent, offered and sold to U.S. customers as alleged herein constitute “securities” as defined  
14 by the Securities Act and the Exchange Act.

15 122. Each of the Defendants, by engaging in the conduct described above, directly or  
16 indirectly, singly and in concert with others, has made use of the means or instruments of  
17 transportation or communication in interstate commerce, or of the mails, to offer to sell or to sell  
18 securities, or carried or caused to be carried through the mails or in interstate commerce, by  
19 means or instruments of transportation, securities for the purpose of sale or for delivery after  
20 sale, when no registration statement had been filed or was in effect as to such securities, and  
21 when no exemption from registration was applicable.

22 123. By engaging in the conduct described above, each of the Defendants has violated,  
23 and unless restrained and enjoined, is reasonably likely to continue to violate, Sections 5 of the  
24 Securities Act, 15 U.S.C. §§ 77e.

**SECOND CLAIM FOR RELIEF**

**Unregistered Broker-Dealer**

**(Violation of Section 15(a) of the Exchange Act)**

**(against BdB Ltd, ETBO, BO Systems and BDB Services,  
and against Laurent as a control person)**

124. The SEC realleges and incorporates by reference paragraphs 1 through 119 above.

125. Each of BdB Ltd, ETBO, BO Systems and BDB Services has, by engaging in the conduct set forth above, made use of the mails and means or instrumentalities of interstate commerce to effect transactions in, and induced and attempted to induce the purchase or sale of, securities (other than exempted securities or commercial paper, bankers' acceptances, or commercial bills) without being registered with the SEC in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), and without complying with any exemptions promulgated pursuant to Section 15(a)(2), 15 U.S.C. § 78o(a)(2).

126. By reason of the foregoing, each of BdB Ltd, ETBO, BO Systems and/or BDB Services, directly and indirectly, violated Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), and is likely to commit such violations in the future unless enjoined from doing so.

127. Laurent is a control person of each of BdB Ltd, ETBO, BO Systems and BDB Services, because he possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of each of BdB Ltd, ETBO, BO Systems and BDB Services. Accordingly, pursuant to Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), Laurent is liable to the SEC to same extent as each of BdB Ltd, ETBO, BO Systems and BDB Services would be liable for each of their respective violations of Section 15(a) of the Exchange Act.

**PRAYER FOR RELIEF**

WHEREFORE, the SEC respectfully requests that the Court:

**I.**

Issue findings of fact and conclusions of law that Defendants committed the alleged violations.



**II.**

Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants, and their respective officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from violating Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), and Section 5 of the Securities Act, 15 U.S.C. §§ 77e.

**III.**

Order Defendants to account for and disgorge all ill-gotten gains from their illegal conduct, together with prejudgment interest thereon.

**IV.**

Order Defendants to pay civil penalties under Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

**VI.**

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

**VII.**

Grant such other and further relief as this Court may determine to be just and necessary.

Dated: March 11, 2014

Respectfully submitted,

/s/ Amy Jane Longo

John W. Berry  
Amy Jane Longo  
Leslie A. Hakala  
Attorneys for Plaintiff  
Securities and Exchange Commission

**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,  
5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036-3648  
Telephone No. (323) 965-3213; Facsimile No. (323) 965-3908.

On March 11, 2014, I caused to be served the document entitled **SECOND AMENDED COMPLAINT**

on all the parties to this action addressed as stated on the attached service list:

**OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

**PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

**EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

**HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

**UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by United Parcel Service ("UPS") with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

**ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

**E-FILING:** By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

**FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: March 11, 2014

/s/ Susan G. Cavallone

Susan G. Cavallone

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**SEC v. Banc de Binary Ltd, et al.**  
**United States District Court – District of Nevada**  
**Case No. 2:13-cv-00993-RCJ-VCF**

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