

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 106538 / September 30, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22759

In the Matter of

QUILLAN BLACK,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTIONS 15(b)(6) 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 Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Quillan Black (“Black” 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 the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b)(6) 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 finds¹ that:

Summary

1. These proceedings arise out of unregistered broker activity by Black who, between 2019 and 2025 (the "Relevant Period"), solicited U.S. retail investors to trade in security-based swaps. With another individual, Black co-owned and operated KOT LTD ("KOT4X"), an unregistered entity that held itself out as a broker and offered customers the ability to trade "contracts for differences" or "CFDs," based on stocks, commodities, and other assets. A CFD is an agreement to exchange the difference in value of an underlying asset between the time at which a CFD position is established and the time at which it is terminated. Because the values of the stock-based CFDs were based on a single security, including the value thereof, they qualified as security-based swaps under the federal securities laws.

2. During the Relevant Period, Black violated Section 15(a)(1) of the Exchange Act by effecting transactions in, and inducing, or attempting to induce, the purchase or sale of security-based swaps for the account of others without being registered with the Commission as a broker-dealer or being associated with a registered broker-dealer.

Respondent

3. **Quillan Black**, age 35, resides in Davie, Florida. From 2019 to 2025, Black co-owned and operated KOT4X. Black has never been registered with the Commission in any capacity and has never been associated with any entity registered with the Commission.

Other Relevant Entity

4. **KOT4X** is a privately-owned entity incorporated in St. Vincent and the Grenadines with operations in the United States. KOT4X operated the branded online brokerage located at www.KOT4X.com from 2019 through 2025 and is no longer in operation. KOT4X has never been registered with the Commission in any capacity.

Facts

5. In 2019, Black, a social media influencer known online as "Cue Banks" with a significant following, and another individual launched an unregistered online broker called KOT4X. To launch KOT4X, they contracted with third parties providing ready-to-operate, online white-label brokerage services ("white-label service providers") to obtain the necessary technology and infrastructure to host a broker under the KOT4X brand. The white-label service providers then designed a website for KOT4X that offered CFDs for trading issued by the white-label service

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

providers, including stock-based CFDs, and provided back-office systems, sub-licenses for a third-party trading application, pricing and liquidity for the trades, custodial services for customer funds, trading support, and Know Your Customer (“KYC”) verification.

6. Black was responsible for marketing KOT4X and soliciting customer interest in trading through KOT4X. Black marketed KOT4X by promoting the broker to his online network, including U.S. residents. Black also recruited affiliates, who received transaction-based compensation, to promote using KOT4X to trade, including stock-based CFDs, to their own networks. Black and his partner also used the KOT4X website and social media, such as Instagram, to promote using KOT4X to trade, including stock-based CFDs. Following these efforts, customers deposited approximately \$296 million into their KOT4X trading accounts during the Relevant Period.

7. To trade, customers registered on the KOT4X website, funded their trading accounts with Bitcoin or other crypto assets that were custodied in a margin account by the white-label service providers, and then received access to trading products and services provided by the white-label service providers. KOT4X agreed to maintain the balance of the margin account by adding funds when the margin account fell below a prescribed threshold. While trading occurred through the third-party trading application, customers viewed their trading history and account balances through the KOT4X website. Customers understood their trading to be done through KOT4X as the broker.

8. Black further engaged in operational efforts to support KOT4X’s brokerage business and customer experience. Black interacted with customers that he brought to KOT4X, raised questions and issues on behalf of customers to the white-label service providers, sought information on behalf of customers about their trades, and processed certain withdrawals by customers. He also monitored the business in coordination with the white-label service providers.

9. KOT4X offered CFD trading based on a variety of financial assets, including stocks traded on U.S. and European exchanges, foreign currency exchange, crypto assets, broad-based equity indices, such as the Nasdaq-100, and commodities. Specifically, KOT4X offered trading in stock-based CFDs based on 37 different equities listed on European and U.S. exchanges. The majority of the CFD trading activity was based on foreign currency exchange, but customers were able to, and did, regularly trade stock-based CFDs. The CFD trading allowed customers to speculate on the price of the underlying asset without taking ownership of that asset—the asset was not bought, sold, or custodied anywhere. When trading the CFDs, customers selected whether they wanted to take a long or short position. Customers who purchased a “long” CFD profited if the price of the corresponding asset increased and incurred a loss if it decreased. Customers who purchased a “short” CFD profited if the price of the corresponding asset decreased and incurred a loss if it increased. Customers were offered significant leverage for these trades with large potential upside, but also significant downside.

10. KOT4X charged customers a commission per trade, a portion of which was shared with the white-label service providers. KOT4X also received a portion of fees paid by customers for “swaps” (i.e., when a customer held a trade open past market close) and “spreads” on the

trading activity (i.e., the difference between the buying and the selling price). Black received a portion of these commissions and spreads from trading activity as compensation. Black and his partner also referred other individuals to launch brokers with the same white-label service providers and received compensation based on completed trades, including of stock-based CFDs, through those brokers.

11. While trading by customers in certain countries was restricted as part of KOT4X's KYC process, U.S. residents were permitted to register and trade stock-based CFDs through KOT4X.

12. Black and KOT4X never registered with the Commission in any capacity.

13. In September 2025, KOT4X ceased offering trading in any products, including stock-based CFDs.

Violation

14. The CFDs based on stocks offered for trading on KOT4X were security-based swaps as defined by the federal securities laws. The Securities Act of 1933 ("Securities Act") and the Exchange Act define a "security-based swap" in relevant part as any agreement, contract, or transaction that is a swap, as defined in Section 1a of the Commodity Exchange Act, and is based on a single security or a narrow-based security index, including any interest therein or on the value thereof. *See* 15 U.S.C. § 77b(a)(17) (Securities Act Section 2(a)(17)); 15 U.S.C. § 78c(a)(68) (Exchange Act Section 3(a)(68)).

15. As a result of the conduct described above, Black willfully violated Section 15(a)(1) of the Exchange Act, which prohibits any broker or dealer from making use of the mails or any means or instrumentality of interstate commerce, to effect any transaction in, or induce or attempt to induce the purchase or sale of, any security unless the broker or dealer is registered in accordance with Section 15(b) of the Exchange Act or is a natural person who is associated with a registered broker or dealer.²

² "Willfully," for purposes of imposing relief under Section 15(b) of the Exchange Act, "means no more than 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." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers 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 Sections 15(b)(6) 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.

B. Respondent be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization with a right to apply for reentry after two (2) years.

C. Any application for reentry by the Respondent will be made to the appropriate self-regulatory organization, or if there is none, to the Commission by contacting the Division of Enforcement's Office of Chief Counsel at ENF-Reentry@sec.gov, and will be subject to the applicable laws and regulations governing the reentry process. Reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$125,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

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 Quillan Black 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 Laura D'Allaird, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

E. 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, he shall not argue that he is entitled to, nor shall he 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 he 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.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary