

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9678 / November 10, 2014**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 73569 / November 10, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16265**

<p><b>In the Matter of</b></p> <p><b>EUREECA CAPITAL SPC</b></p> <p><b>Respondent.</b></p>
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**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 Eureca Capital SPC (“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 it 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:

#### **Summary**

These proceedings arise out of Eureeca's failure to implement procedures reasonably designed to prevent U.S. persons from accessing and investing in securities through its crowdfunding website. Eureeca offered and sold securities in unregistered transactions to U.S. persons and acted as an unregistered broker dealer to U.S. persons. Eureeca violated Sections 5(a) and 5(c) of the Securities Act as a result of the unregistered offer and sale of securities to three U.S. investors because, after generally soliciting, it did not take reasonable steps to verify that the purchasers of the securities were accredited investors, as required under Rule 506(c) of Regulation D under the Securities Act. Eureeca also violated Section 5(c) of the Securities Act by offering the sale of securities in unregistered transactions between May and September 2013 because it was generally soliciting investors prior to Rule 506(c) being adopted. Additionally, Eureeca violated Section 15(a) of the Exchange Act by acting as an unregistered broker-dealer to U.S. registered users on its website. Eureeca solicited investors and participated in key parts of the transactions.

#### **Respondent**

1. Eureeca Capital SPC ("Eureeca") operates an online, securities-based, crowdfunding platform. It was incorporated in the Cayman Islands in May 2013. Eureeca has not been registered with the Commission in any capacity.

#### **Background**

2. In May 2013, Eureeca, through its website ([www.eureeca.com](http://www.eureeca.com)), started a global, online, securities-based, crowdfunding platform that connects issuers with investors to raise funds in exchange for equity. Its website hosts offerings of securities from non-U.S. based companies.

3. The Eureeca website informed users that offerings of securities listed on the website pass its applications committee and also pass further compliance checks by Eureeca's third party compliance agency. The offerings of securities listed on its website have not been registered with the Commission.

4. Eureeca's posting of securities offerings on its unrestricted website constituted a general solicitation. Visitors to the Eureeca website were permitted access to the names of the offerings, the amount of the offerings, and informational videos about the offerings without registering. None of this information was password protected or restricted in any way.

5. Users had to register on the Eureeca website to gain access to additional information about the offerings of securities listed on its website and to invest in these offerings. To register, users had to provide their names, dates of birth, email addresses, countries, and phone numbers. No representation regarding accredited investor status was requested. Additionally, the website did not contain any disclaimer or definition of “accredited investor.”

6. Eureeca had a disclaimer on its website that its services were not being offered to U.S. persons. This disclaimer appeared in the “Terms of Business” document, which investors were required to agree to prior to registering. The disclaimer also appeared in the “Eureeca Terms of Use” document referenced on the bottom of the Eureeca webpage; users were not required to access this document prior to viewing the website.

7. Eureeca did not implement procedures reasonably designed to prevent U.S. investors from using its services. Despite the disclaimer that Eureeca’s services could not be used by U.S. persons, users who selected “United States” as their country were allowed to register on the Eureeca website and gain full access to offering materials, and under certain circumstances, deposited funds with Eureeca for the purpose of investing. As of May 2014, Eureeca permitted over 50 persons who selected the U.S as their “country” during the website registration process to register on the website. Three U.S. residents who registered on the website invested in unregistered offerings of securities through the Eureeca website.

8. Once registered, Eureeca sent registered users automated emails about the open offerings of securities listed on its website. The emails detailed the investment status of specific offerings, provided a brief overview of the offerings, and encouraged investment in the offerings of securities.

9. To invest in offerings of securities on the Eureeca website, registered users had to wire money directly to Eureeca’s escrow account. Users then could direct the money from their Eureeca account to be applied by Eureeca to the various offerings, with the minimum investment being \$100.

10. If the offerings did not fully fund, Eureeca represented that the money would be returned. If the offerings were fully funded, according to its website, Eureeca completed “the final legal requirements and manage[d] the swap of funds for the equity agreed.”

11. Eureeca received a percentage of the funds of the fully funded offerings of securities as compensation for its services upon closing of a deal.

12. In 2013, Eureeca accepted funds from three U.S. persons that had registered on its website (the “U.S. Investors”).

13. Each of the three U.S. Investors provided copies to Eureeca of their U.S. passports and provided Eureeca with proof of a United States address.

14. Eureca did not take reasonable steps to verify that the U.S. Investors were accredited investors.

15. Eureca allowed two of the U.S. Investors to self-certify that each was an accredited investor. Eureca sent an email to two of the U.S. investors asking each to confirm their status as an accredited investor via email prior to investing in the offerings. The emails did not define or otherwise explain what the term “accredited investor” meant. Each of these U.S. investors confirmed they were accredited investors via email. Eureca did not take any further action regarding whether these two U.S. investors were accredited investors prior to allowing them to invest in offerings of securities on its website.

16. Eureca did not request any information to verify whether the third U.S. investor was an accredited investor prior to allowing him to invest in the offerings of securities on its website.

17. Eureca permitted the three U.S. Investors to invest approximately \$20,000 total in four separate offerings for securities on its website.

18. As a result of the conduct described above, Eureca willfully<sup>1</sup> violated Sections 5(a) and 5(c) of the Securities Act, which make it unlawful for any person, directly or indirectly, to sell or offer to sell a security for which a registration statement is not filed or not in effect or there is not an applicable exemption from registration.

19. As a result of the conduct described above, Eureca willfully violated Section 15(a) of the Exchange Act, which makes it unlawful for any broker or dealer to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security, unless such broker or dealer is registered or associated with a registered broker-dealer.

#### **Eureca’s Remedial Efforts**

20. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and voluntary cooperation afforded the Commission staff.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondent Eureca’s Offer.

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<sup>1</sup> 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)).

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 Eureeca cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act and Section 15(a) of the Exchange Act.

B. Respondent Eureeca is censured.

C. Respondent shall pay civil penalties of \$25,000 to the Securities and Exchange Commission. Payment shall be made in the following installments:

- a. \$2,500 within 10 days of the entry of this Order;
- b. \$2,500 within 40 days of the entry of this Order;
- c. \$2,500 within 70 days of the entry of this Order;
- d. \$2,500 within 100 days of the entry of this Order;
- e. \$2,500 within 130 days of the entry of this Order;
- f. \$2,500 within 160 days of the entry of this Order;
- g. \$2,500 within 190 days of the entry of this Order;
- h. \$2,500 within 220 days of the entry of this Order;
- i. \$2,500 within 250 days of the entry of this Order;
- j. \$2,500 plus interest on the payments described in Section IV.C(a)-(j) pursuant to 31 U.S.C. 3717 within 280 days of the entry of this Order.

Prior to making the payment described in Section IV.C(j), Eureeca shall contact the Commission staff to ensure the inclusion of interest. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, at the discretion of the Commission staff, 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 Eureeca Capital SPC as a Respondent in these proceedings, and the file number of these proceedings (D-03396); a copy of the cover letter and check or money order must be sent to Thomas J. Krysa, Division of Enforcement, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294.

By the Commission.

Brent J. Fields  
Secretary