

1 Christian D. H. Schultz  
2 Assistant Chief Litigation Counsel  
3 David A. Nasse  
4 Trial Counsel  
5 Division of Enforcement  
6 SECURITIES AND EXCHANGE COMMISSION  
7 100 F. Street N.E.  
8 Washington, D.C. 20549  
9 Telephone: (202) 551-4740 (Schultz)  
10 Email: [schultzc@sec.gov](mailto:schultzc@sec.gov)

11 Attorneys for Plaintiff  
12 Securities and Exchange Commission

13 **UNITED STATES DISTRICT COURT**  
14 **EASTERN DISTRICT OF WASHINGTON**

15 SECURITIES AND EXCHANGE  
16 COMMISSION,

17 Plaintiff,

18 vs.

19 ANTON SENDEROV and LIOR  
20 BABAZARA a/k/a/ LIOR BAR,

21 Defendants,

Case No. 19-cv-5242

**COMPLAINT**

**JURY TRIAL REQUESTED**

22 Plaintiff Securities and Exchange Commission (the “SEC”) alleges:

23 **SUMMARY OF THE ACTION**

24 1. This case concerns a fraudulent scheme in which investors in the United  
25 States deposited millions of dollars into online trading accounts in connection with  
26 the illegal offer and sale of high risk securities called “binary options” from at least  
27 January 2014 through August 2017 (the “Relevant Period”).  
28

1           2.     Anton Senderov and Lior Babazara a/k/a Lior Bar (collectively, the  
2 “Defendants”) controlled and operated two internet-based binary options brokers  
3 called LBinary/Live Binary at [www.Lbinary.com](http://www.Lbinary.com) (“LBinary”) and Ivory Option at  
4 [www.ivoryoption.com](http://www.ivoryoption.com) (“Ivory Option”). The LBinary and Ivory Option websites  
5 each contained a binary options trading platform where investors could open and fund  
6 trading accounts and trade binary options, including binary options referencing  
7 securities.  
8

9  
10           3.     The Defendants also owned, controlled, and operated LianTech Finance  
11 Marketing, Ltd a/k/a LianTech Ltd. (“LianTech”), which operated a call center in  
12 Israel and maintained and operated the LBinary and/or Ivory Option websites.  
13 Employees at the LianTech call center solicited investors in the United States to open  
14 and fund binary options trading accounts with the websites, and some of them  
15 purported to advise investors on binary option trading after they opened such  
16 accounts.  
17  
18

19  
20           4.     LianTech used LBinary and Ivory Option to fraudulently make  
21 unregistered offers and sales of binary options that referenced well-known securities  
22 to investors in the United States. The Defendants, operating from Israel, controlled  
23 these activities and thereby directly or indirectly offered and sold binary options to  
24 United States investors through these entities.  
25

26  
27           5.     The LBinary and Ivory Option websites, and employees at the LianTech  
28 call center, described the binary options offered through those websites as a profitable

1 investment even for retail investors with little to no experience in trading securities.  
2 In reality, the binary option offerings deceived many investors into depositing large  
3 sums of money into trading accounts at LBinary and Ivory Option, which were  
4 operated or controlled by the Defendants. Many investors then lost all or nearly all of  
5 their investment through unprofitable binary option trades and other deceptive or  
6 manipulative devices.  
7  
8

9         6. To persuade retail investors in the United States to invest in the binary  
10 options offered on the LBinary and Ivory Option trading platforms, the LianTech call  
11 center employees and the websites made numerous false and misleading statements  
12 and engaged in deceptive business practices to defraud investors. For example, the  
13 LBinary and Ivory Option websites and the call center employees claimed that  
14 investors could make large profits trading binary options while working with  
15 LianTech's supposedly experienced investment professionals. In fact, the LianTech  
16 call center employees were trained to lie about their backgrounds and investment  
17 experience. Further, they failed to disclose that the interests of LianTech, LBinary,  
18 and Ivory Option were actually opposed to the interests of the investors because  
19 LianTech, LBinary, and Ivory Option made money only when investors made  
20 unprofitable "losing" binary option trades on the online trading platforms. This is  
21 material information that reasonable investors would want to know before they  
22 deposited money with LBinary or Ivory Option and made binary option trading  
23 decisions with advice and assistance from LianTech.  
24  
25  
26  
27  
28

1           7.     LianTech, LBinary, and Ivory Option did not register with the SEC as a  
2 broker or dealer, were never associated with an SEC-registered broker or dealer, and  
3 never registered with the SEC any of their offers or sales of binary options made  
4 through the LBinary and Ivory Option websites.  
5

6           8.     LianTech solicited thousands of investors in the United States who  
7 opened binary options trading accounts with LBinary or Ivory Option. As a result of  
8 the fraudulent representations on the LBinary and Ivory Option websites, and the  
9 deceptive conduct of LianTech call center employees, Defendants procured millions  
10 of dollars in deposits from investors in the United States in connection with the offer  
11 and sale of binary options. Many investors lost significant portions of their invested  
12 deposits.  
13  
14

15           9.     Defendants' offers and sales of binary options through LianTech,  
16 LBinary, and Ivory Option violated the registration provisions of Sections 5(a) and  
17 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and  
18 77e(c)]. Because Defendants controlled LianTech, LBinary, and Ivory Option, they  
19 also are liable as control persons under Section 20(a) of the Securities Exchange Act  
20 of 1934 ("Exchange Act") [15 U.S.C. § 78t(a)] for those entities' violations of the  
21 antifraud provisions of Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)], and  
22 Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5], as well as the broker  
23 registration provision of Section 15(a)(1) of the Exchange Act [15 U.S.C. §  
24 78o(a)(1)].  
25  
26  
27  
28



1 including at least one investor who was defrauded out of approximately \$500,000.  
2 Venue also is proper under 28 U.S.C. § 1391(c)(3), as each of the Defendants resides  
3 outside of the United States.  
4

### 5 DEFENDANTS

6 13. **Anton Senderov**, age 34, is a citizen of Israel and is believed to reside  
7 in Israel. Senderov, along with Lior Babazara, owned, controlled, and operated  
8 LianTech, which derives its name from the first two letters of the Defendants' first  
9 names (*i.e.*, Lior and ANton). Senderov also controlled the LBinary and Ivory  
10 Options websites.  
11  
12

13 14. **Lior Babazara** (also known as Lior Bar), age 37, is a citizen of Israel  
14 and is believed to reside in Israel. Babazara, along with Senderov, owned, controlled,  
15 and operated LianTech, through which Senderov controlled the LBinary and Ivory  
16 Options websites.  
17

### 18 FACTS

#### 19 **I. THE DEFENDANTS' BINARY OPTIONS OFFERINGS**

20 15. A "binary option" is a financial instrument that expires at a  
21 predetermined time where the payout is contingent on the future value of an  
22 underlying asset, such as a security or securities index. Binary options like those sold  
23 though the LBinary and Ivory Option online trading platforms are "binary" because  
24 they carry only two possible outcomes. Upon expiration, its holder will receive a  
25  
26  
27  
28

1 predetermined amount of money, or nothing or nearly nothing, depending on whether  
2 the underlying asset increases or decreases in value.

3  
4 16. For example, if the current market price of a reference stock, “ABC,  
5 Inc.,” is \$100 per share, an investor could use the LBinary or Ivory Option trading  
6 platform to trade a binary option on whether the price of that stock would be above or  
7 below \$100 at a certain time in the future (*e.g.* ABC, Inc., stock will be above \$100 at  
8 1 p.m.). If, at the expiration of the binary option, the investor’s trade proved correct –  
9 i.e., the price of ABC, Inc., stock was above \$100 at 1 p.m. – the investor might  
10 receive 175% of his original investment. If the stock price at expiration of the binary  
11 option was less than \$100, the investor would forfeit all or nearly all of his original  
12 investment.  
13  
14

15  
16 17. Binary options in which the underlying financial asset is a security or  
17 securities within the meaning of Section 2(a)(1) of the Exchange Act [15 U.S.C. §  
18 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)] are  
19 themselves “securities” within the meaning of those provisions.  
20

21 18. During the Relevant Period and through LianTech, Defendants  
22 controlled two internet-based, binary options brokers called LBinary/Live Binary and  
23 Ivory Option using [www.Lbinary.com](http://www.Lbinary.com) and [www.ivoryoption.com](http://www.ivoryoption.com) websites. These  
24 online brokers offered and sold security-based binary options over the internet to  
25 investors in the United States and around the world.  
26  
27  
28

1 19. Through the trading platforms on the LBinary and Ivory Option  
2 websites, LianTech call center employees offered and sold to investors binary options  
3 with payouts that were contingent on the value of common stocks, including Google,  
4 Nike, Coca Cola, Citi Group, Apple, IBM, Microsoft, and numerous other domestic  
5 and international companies. The referenced securities also included numerous  
6 domestic and international securities indices, including the Nasdaq Composite and  
7 Dow Jones Industrial Average.  
8

9  
10 20. The LBinary and Ivory Option websites included statements that  
11 described themselves as binary options trading brokers and characterized the  
12 purchase of binary options through their trading platforms as trading and investing.  
13

14 21. The Defendants owned, controlled, and operated LianTech Finance  
15 Marketing, Ltd, a/k/a LianTech, Ltd., which operated a call center in Israel.  
16 Employees at the LianTech call center solicited investors in the United States to open  
17 and fund binary options trading accounts with LBinary or Ivory Option. In some  
18 cases, LianTech employees represented themselves to investors as financial advisors  
19 who recommended particular binary option trades and executed trades on investors'  
20 behalf.  
21  
22

23  
24 **II. DEFENDANTS' BINARY OPTION SCHEME**

25 22. The LBinary and Ivory Option websites were made to appear like  
26 legitimate online broker' websites and advertised binary options as profitable and  
27  
28

1 simple investments, even for retail investors with little to no experience in trading  
2 securities.

3  
4 23. Entities controlled by the Defendants were the counterparty on every  
5 single binary option trade that investors made through the online trading platforms, or  
6 that call center employees made through those platforms on behalf of the investors  
7 whose accounts they handled.  
8

9 24. LianTech and entities controlled by Defendants did not charge Investors  
10 any fees to trade binary options through the online trading platforms. Rather, because  
11 they sat on the opposite side of the investors on every trade, the entities controlled by  
12 the Defendants retained the amounts investors placed on losing trades as revenue and  
13 profits. This fact was not explained to investors by LianTech call center employees  
14 or otherwise clearly disclosed to investors.  
15  
16

17 25. Accordingly, the interests of the Defendants, LianTech, and entities they  
18 controlled were in direct conflict with the interests of their investors. The investors  
19 sought to profitably trade binary options, while Defendants, LianTech, and entities  
20 they controlled depended on investors losing trades for revenue so that they could  
21 fund their operations and earn a profit.  
22  
23

24 26. Consistent with this conflict of interest, the LianTech business model  
25 and compensation structure incentivized call center employees to deceive investors  
26 into depositing significant sums of money into trading accounts, and, through a  
27 variety of deceptive acts, to cause those investors to lose their deposits.  
28

1           **A. Finding Investor Victims**

2           27. The LianTech call center employees identified potential victims for their  
3 scam through contracts with third-party affiliate marketers. These affiliate marketers  
4 identified potential investors, and made an initial solicitation to them, by creating  
5 false and misleading online advertising materials, including elaborate infomercial-  
6 like videos, and by sending thousands of fraudulent spam emails to potential  
7 investors. These materials were designed to persuade prospective investors to visit  
8 the LBinary and Ivory Option websites and open a binary option trading account with  
9 a small minimum deposit, typically around \$250. For every investor that did so, after  
10 viewing an affiliate's marketing materials, LianTech paid that affiliate marketer a  
11 commission.  
12

13           28. After a prospective investor opened and funded a trading account  
14 through the LBinary or Ivory Option websites, or otherwise registered or expressed  
15 an interest with one of the websites, an employee from the LianTech call center  
16 contacted them to encourage them to make large deposits and start trading binary  
17 options.  
18  
19

20           **B. Fraudulent Call Center Operations**

21           29. The LianTech call center operated like a boiler room where sales persons  
22 used deceptive, high-pressure tactics to offer and sell binary options that LBinary and  
23 Ivory Option offered through their trading platforms. Call center employees were  
24 trained to build rapport with investors, convince investors to deposit as much money  
25  
26  
27  
28

1 as possible into their trading accounts, and induce investors to trade binary options,  
2 resulting in those investors typically losing all or nearly all of the funds they had  
3 deposited.  
4

5 30. Sales employees at the LianTech call center were expected to make a  
6 minimum of 300 telephone calls each day and obtain a minimum of 8 deposits a  
7 week. From 2014 to 2017, the LianTech call center employed, over time, more than  
8 one hundred people.  
9

10 31. LianTech call center sales employees were paid a base salary and a  
11 commission. Each employee's commission was calculated, not as a percentage of the  
12 investors' profits or trading activity, but rather as a percentage of the deposits made  
13 by investors whose accounts that employee handled. As a result, LianTech call  
14 center sales employees were incentivized to fraudulently induce investors to deposit  
15 significant funds to trade binary options, and to deter investors from withdrawing  
16 those funds.  
17  
18

19 32. Investors typically deposited money with LBinary or Ivory Option by  
20 credit card or bank wire at the direction of LianTech call center employees. These  
21 payments went to accounts held by third-party entities, which may have been directly  
22 or indirectly owned or controlled by the Defendants or otherwise tied to LianTech's  
23 operations, and investor deposits were then transferred to LianTech and other  
24 individuals and entities.  
25  
26  
27  
28

1           33. LianTech call center sales employees were trained to make false  
2 statements to investors concerning their professional background, experience and  
3 location to gain investors' trust and mislead them into believing that they had  
4 significant experience as investment professionals and the necessary qualifications to  
5 advise investors on how to trade binary options profitably.  
6

7  
8           34. LianTech call center sales employees were trained to create fake  
9 biographies and use aliases instead of their real names. They were trained to claim to  
10 be older than they actually were, to have numerous years of experience working in  
11 financial markets and trading securities, to have earned significant sums trading  
12 binary options, and to be located in Europe rather than Israel.  
13

14           35. In reality, call center employees were located in the LianTech call center  
15 in Israel, were typically younger than they claimed, had significantly less experience  
16 working in the financial sector or advising investors on trading securities than they  
17 claimed to investors, and had not earned large sums trading binary options. The  
18 LianTech call center sales employees also fabricated professional sounding titles  
19 normally associated with legitimate trading and the provision of financial advice,  
20 such as "Financial Advisor," "Head of Managed Accounts," and "Chief Trading  
21 Officer."  
22  
23  
24

25           36. LianTech training materials instructed call center sales employees on  
26 how to conduct their first solicitation call with potential investors. These materials  
27 also instructed employees to describe their fake personas and inform investors about  
28

1 potential profits they could earn. Tellingly, these materials *did not* instruct the  
2 employees to inform investors that the entities controlled by the Defendants were the  
3 counterparties on every investor trade and that they earned money whenever investors  
4 *lost* money on those trades.  
5

6 37. Reasonable investors would have considered it important to their  
7 investment decisions to know that the interests of LBinary, Ivory Option, and  
8 LianTech were not aligned with their own, and that call center employees were  
9 fabricating their financial experience as well as their experience advising other  
10 investors on how to profitably trade securities.  
11  
12

13 38. Once investors made initial deposits, LianTech call center sales  
14 employees transferred investors to other sales employees in what was referred to as  
15 the “retention department.” Sales employees in the retention department made  
16 additional false and misleading statements for the purpose of persuading investors to  
17 deposit as much money as possible into their trading accounts.  
18  
19

20 39. **Alignment of Interest.** Retention department employees informed  
21 investors that the entities controlled by the Defendants earned money by taking a  
22 percentage of the profits that investors earned from winning binary option trades. In  
23 addition, promotional materials provided to certain investors stated that commissions  
24 would be taken as percentage of “monthly profit.” In reality, LianTech, LBinary,  
25 and Ivory Option earned money only when investors had losing binary option trades.  
26  
27  
28

1           40.    **Promises of profitable trades.** Retention department employees made it  
2 a business practice to promise investors that trading in binary options would be  
3 highly profitable. For example, in a Skype Chat with one investor, a LianTech call  
4 center employee wrote, “We will watch your money double in the next 30 days with  
5 no further investments[.]” Another investor was told if he deposited \$30,000 to  
6 \$40,000, he could expect to withdraw profits of \$3,000 to \$4,000 per month. Still  
7 another investor was told that the goal was for his investments to earn 7 percent a  
8 month. This practice was misleading and deceptive because the retention department  
9 employees knew (or recklessly failed to know) that many if not most investors were  
10 extremely unlikely to make any money trading binary options.  
11  
12  
13

14           41.    **Elevation to “VIP” Status.** The retention department employees  
15 routinely told investors that if they increased their total deposits to a particular  
16 level—usually in the five- and six- figure range—they would achieve “VIP,” “gold,”  
17 “platinum,” or some similarly-named elevated status that provided access to more  
18 experienced brokers, larger payouts, and access to special VIP-only trading  
19 opportunities. In fact, these elevated status benefits were largely illusory and these  
20 pitches were nothing more than lures to induce investors to deposit additional funds.  
21  
22  
23

24           42.    **Insured Trades.** For investors with LBinary and Ivory Option who  
25 deposited sufficient funds to meet the requirements to enter into a VIP group,  
26 retention department employees offered purported “insured trades.” VIP marketing  
27 materials regarding the VIP program that were sent to investors, claim to provide  
28

1 “insured trading events” where all trades were “100% insured” to “give a ‘sure  
2 profit.’” In reality, there was no “insurance” on any investors’ trades.

3  
4 43. Withdrawals. LianTech call center employees told investors they could  
5 withdraw funds whenever they wanted with no restrictions. When investors  
6 submitted withdrawal requests to either LBinary or Ivory Option, however, these  
7 requests were typically ignored, not processed, or denied due to withdrawal  
8 restrictions in certain purported terms and conditions.  
9

10 44. In some cases, investors were told that the withdrawals were processed  
11 and they should await payment to their accounts, only for days and weeks to pass  
12 without the withdrawal appearing in the customers’ bank or credit card accounts.  
13

14 45. In other instances, after investors had stopped making additional  
15 deposits and had submitted withdrawal requests, retention department employees  
16 made unauthorized binary option trades in the investors’ accounts. In one such case,  
17 an employee lost more than \$400,000 in an investor’s account in a matter of days. In  
18 another instance, a LianTech employee traded away nearly \$107,000 in an investor’s  
19 account.  
20

21  
22 46. After investors submitted withdrawal requests, the retention department  
23 employees who had served as their account representatives often ceased all  
24 communications with them and “disappeared.” Investors who were able to reach  
25 someone at the LianTech call center were often told that their account representatives  
26 were sick, on vacation, in meetings, or otherwise busy with other investors.  
27  
28

1           47. Reasonable investors would have considered it important to their  
2 investment decisions to know that that the LianTech call center employees' in the  
3 retention department were falsely representing (1) the alleged alignment of interests;  
4 (2) the likelihood of profitable trades; (3) the alleged benefits under the "VIP  
5 Program"; (4) that the trades were insured; and (5) that investors could easily  
6 withdraw their funds.  
7  
8

### 9           **C. Deceptive Websites**

10           48. Ivory Option and LBinary licensed the technology and infrastructure  
11 necessary to run their binary options websites from SpotOption, Ltd., a binary options  
12 platform provider that has helped numerous entities defraud investors with binary  
13 options trading scams. Under these license agreements, SpotOption provided Ivory  
14 Option and LBinary with Internet software infrastructure, a website interface, a  
15 binary option trading platform, and customer relationship management software  
16 ("CRM"). Defendants and LianTech simply put the Ivory Option and LBinary  
17 "branding" on the SpotOption trading platform and embedded it on their websites.  
18  
19  
20

21           49. The trading platform embedded on the Ivory Option and LBinary  
22 websites created the appearance of actual market-oriented options trading that looked  
23 similar to what an investor might see on a legitimate broker's website. The trading  
24 platform allowed investors to place "trades," see "live" market quotations, make  
25 deposits, and track their trades and balances. The trading platform referred to binary  
26  
27  
28

1 options positions as “investments” or “trades” and showed the assets the positions  
2 referenced, including the names of relevant securities.

3  
4 50. Similar to the way a legitimate broker would operate, LBinary’s and  
5 Ivory Option’s websites and other promotional materials stated, respectively, in 2015  
6 and 2016 that, “Investors’ funds are held in a segregated account. These funds are  
7 used only for trading options on our website.” These statements were false and  
8 misleading because investor deposits were actually placed in aggregated accounts  
9 from which expenses associated with running the business were regularly paid,  
10 including salary payments to call center employees, commissions to affiliate  
11 marketers, and purported “licensing” payments to SpotOption, Ltd.

12  
13  
14 51. Reasonable investors would have considered it important to their  
15 investment decisions to know that their funds were not segregated as represented on  
16 the LBinary and Ivory Option websites and were instead being used to pay the  
17 expenses of LianTech, LBinary, Ivory Option and other entities controlled and/or  
18 operated by the Defendants.

19  
20  
21 52. The LBinary and Ivory Option websites contained additional false  
22 and misleading statements. For example, LBinary’s website stated in 2015 that,  
23 “Trading is conducted only upon the client’s instructions, and are not to be used for  
24 any other cause. Our liabilities and exposures are professionally handled and we  
25 guarantee pay-outs of your profits based on our terms.” These statements were false  
26 and misleading because at times LianTech call center employees placed trades  
27  
28

1 directly in investor accounts without the investor’s knowledge or consent and  
2 LianTech frequently did not honor investors’ legitimate withdrawal requests.

3  
4 53. Reasonable investors would have considered it important to their  
5 investment decisions to know that the entities controlled by the Defendants would  
6 engage in unauthorized trading and refuse their legitimate withdrawal requests.

7  
8 54. In addition, LBinary’s website contained the following additional  
9 statements in 2015:

10 “Our account managers are experienced professionals that  
11 provide guided material, one-on-one coaching, and scheduled  
12 webinars.”

13 “The coalition of a user–friendly and flexible platform along  
14 with guided expertise allows our investors to maximize earnings  
15 with minimal effort from the comfort of their own home.”

16 “LBinary’s brokers are the best in the business. The company  
17 hires experienced brokers, which have led the company to  
18 become the leading brokerage in Europe. The reason that our  
19 company and our investors have had so much success is because  
20 of the level of expertise our brokers possess and project onto our  
21 traders. Each of our brokers bring with them their own skill set  
22 that they have developed and modeled over years of experience  
23 trading in financial markets.”

24 “A **One-on-One session** can be helpful for all types of Binary  
25 Option traders, no matter how experienced you may be. For  
26 those who have no background in the business, a **One-on-One**  
27 **session** is a great opportunity to consult with a professional  
28 while going through the full process of making a Binary Option  
trade.”

55. These statements were false and misleading because the employees at  
the LianTech call center were trained to use fake names, titles, and credentials and

1 were either not experienced professionals capable of providing expert guidance to  
2 investors to help them make profitable binary options trades, or were not nearly as  
3 experienced as they claimed to be. These statements are also false and misleading  
4 because the so-called “brokers” had no incentive to help investors “succeed.” Rather,  
5 these employees were incentivized to obtain the largest possible deposit from  
6 investors and to deter withdrawals. Moreover, LBinary was not a leading brokerage  
7 in Europe, but rather a boiler room call center operated from Israel. These  
8 misrepresentations would have been important to a reasonable investor’s investment  
9 decisions.  
10  
11  
12

13 56. Ivory Option’s website contained similar false and misleading  
14 statements, concerning segregated accounts and the value of a one on one session  
15 with a LianTech account representative, and it also contained additional false and  
16 misleading statements. For example, the website stated:  
17

18 Learn about binary options and discover new possibilities when  
19 you start trading with our best brokers. We will provide you the  
20 tools and education so that you can succeed. You can have  
21 access to all the investment plans we offer by taking a few  
22 minutes to open your account, then you can use our platform to  
23 make a profit.

24 This investment plan provides personal trading strategies based  
25 on the funds available on the account. If you are interested in  
26 learning about a specific asset on our website, we will provide  
27 an individual training program based on the asset of your  
28 choice. You will frequently receive e-mails with market updates  
as well as personal sessions with your broker. You can receive  
up to a 25% bonus based on your initial investment. You will

1 receive trading signals through e-mail and Skype and constant  
2 support from your broker and customer service representatives.

3 57. These statements are false and misleading because the LianTech call  
4 center employees were either not experienced investment professionals or not as  
5 experienced as they claimed to be, and they had little to no substantive experience  
6 with the Ivory Option platform. In addition, like the statements above on the LBinary  
7 website, these statements are also false and misleading because the so-called  
8 “brokers” were incentivized to cause investors to lose money trading binary options.  
9  
10

11 58. These misrepresentations would have been important to a reasonable  
12 investors’ investment decisions.  
13

14 **D. The Defendants Controlled and Operated LianTech, LBinary, and**  
15 **Ivory Option**

16 59. Israeli corporate records show that the Defendants owned, controlled,  
17 and operated LianTech, which operated the LianTech call center. Former LianTech  
18 call center employees confirmed that the Defendants owned, controlled, and  
19 supervised the call center and that they had offices at the call center and were  
20 regularly present. One former LianTech employee noted that Babazara occasionally  
21 gave “Wolf of Wall Street like” speeches at the LianTech call center to motivate the  
22 sales staff.  
23  
24

25 60. When new affiliate marketing campaigns were used to generate new  
26 investor leads, desk supervisors at the LianTech call center told the sales staff to work  
27  
28

1 hard in attracting investors because the Defendants had invested a lot of money to  
2 obtain the leads.

3  
4 61. Senderov's internet domain registration account with GoDaddy (and its  
5 affiliate Domains by Proxy) registered the internet domains for LBinary and Ivory  
6 Option, giving Senderov the rights to and control over the websites [www.lbinary.com](http://www.lbinary.com)  
7 and [www.ivoryoption.com](http://www.ivoryoption.com). Updates and maintenance to the LBinary and Ivory  
8 Option websites took place from the LianTech call center, which Senderov and  
9 Babazara owned. Defendants exercised authority over the content and operations of  
10 the trading platforms on the websites as demonstrated through their email  
11 communications with SpotOption, which the Defendants typically sent through an  
12 "admin" email address that the Defendants jointly operated.  
13  
14  
15

16 **E. Defendants Fraud Harmed United States Investors**

17 62. The Ivory Option and LBinary websites were available to investors in  
18 the United States and thousands of United States investors made deposits to trade  
19 binary options and purchased binary options through those sites.  
20

21 63. For example, data from LBinary's internal database shows that from  
22 October 2014 through December 2014, LBinary accepted deposits from more than  
23 1,800 United States residents totaling more than \$3.155 million. After December  
24 2014, other investors in the United States deposited at least \$680,000 into binary  
25 option trading accounts with LBinary.  
26  
27  
28

1           64. For example, data from Ivory Option’s internal database shows that from  
2 October 2014 through December 2014, Ivory Option accepted deposits from at least  
3 980 United States investors totaling \$1.62 million. After December 2014, other  
4 United States investors deposited at least \$266,500 into binary option trading  
5 accounts with Ivory Option.  
6

7  
8                           **VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

9   **FIRST CLAIM**

10   **Unregistered Offer or Sale of Securities in**  
11   **Violation of Section 5 of the Securities Act**

12           65. Paragraphs 1-64 are realleged and incorporated by reference herein.

13           66. No registration statement had been filed or was in effect for any of the  
14 security-based binary options offered or sold through or by the LBinary and Ivory  
15 Option websites, LianTech, and the Defendants.  
16

17           67. Defendants, by engaging in the conduct described above, directly or  
18 indirectly, made use of means or instruments of transportation or communication in  
19 interstate commerce or of the mails to offer to sell or to sell such securities.  
20

21           68. By reason of the foregoing, Defendants violated, and unless enjoined  
22 will again violate, Section 5 of the Securities Act [15 U.S.C. §§ 77e].  
23  
24  
25  
26  
27  
28

**SECOND CLAIM**

**Control Person Liability Under Section 20(a) of the Exchange Act for Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder**

69. Paragraphs 1-64 are realleged and incorporated by reference herein.

70. As alleged above, Defendants were controlling persons of LBinary, and Ivory Option, and LianTech for the purposes of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

71. As alleged above, LBinary, Ivory Option, and LianTech directly or indirectly, by use of the means or instruments of interstate commerce, or of the mails, or the facility of a national securities exchange, in connection with the purchase or sale of securities, and with knowledge or recklessness: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person. Thus, LBinary, Ivory Option, and LianTech violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

72. Accordingly, Defendants are liable as a controlling persons pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for the violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] committed by LBinary, Ivory Option, and LianTech.

**THIRD CLAIM**

**Control Person Liability Under Section 20(a) of the Exchange Act for Violations of Section 15(a) of the Exchange Act**

73. Paragraphs 1-64 are realleged and incorporated by reference herein.

74. As alleged above, Defendants were controlling persons of LBinary, and Ivory Option, and LianTech for the purposes of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

75. Through the conduct described above, LBinary, Ivory Option, and LianTech:

(a) engaged in the business of effecting transactions in securities for the account of others; and

(b) directly or indirectly, made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, securities without being registered as a broker or dealer with the Commission or associated with a broker or dealer registered with the Commission.

Thus, LBinary, Ivory Option, and LianTech violated Section 15(a) of the Exchange Act [15 U.S.C. § 78j(b)].

76. Accordingly, Defendants are liable as a controlling persons pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for the violations of Section 15(a) of the Exchange Act [15 U.S.C. § 78j(b)] committed by LBinary, Ivory Option, and LianTech.

**RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that this Court:

- a) Find that Defendants committed the alleged violations;
- b) Order Defendants to disgorge, with prejudgment interest, all ill-gotten gains they received or derived from the activities set forth in this Complaint, and to repatriate any ill-gotten funds or assets they caused to be sent overseas;
- c) 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)];
- d) Permanently enjoin Defendants from directly or indirectly violating Sections 5 of the Securities Act [15 U.S.C. §§ 77e] and Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];
- e) Retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court; and
- f) Grant such other relief as may be necessary or appropriate.

1 Dated: October 9, 2019

Respectfully submitted,

2  
3 /s/

4 \_\_\_\_\_  
Christian D. H. Schultz  
Assistant Chief Litigation Counsel

5  
6 David Nasse  
Trial Counsel

7  
8 Deborah Maisel  
Senior Counsel

9  
10 Jason Anthony  
Senior Counsel

11  
12 Division of Enforcement  
13 SECURITIES AND EXCHANGE  
14 COMMISSION  
15 100 F. Street, N.E.  
16 Washington, D.C. 20549  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28