

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-16-2050-17-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
Oracle Stone Ltd. dba Porter Finance Ltd.,) CONCLUSIONS OF LAW AND FINAL ORDER
Respondent.) TO CEASE AND DESIST, IMPOSE FINES, AND
) CHARGE COSTS
)
)
)

INTRODUCTION

On April 14, 2017, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs, S-16-2050-17-SC01, (“Statement of Charges”), against the Respondent Oracle Stone Ltd. dba Porter Finance Ltd. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”), and an Application for Adjudicative Hearing (“Application for Hearing”), was served on the Respondent on May 9, 2017.

The Notice of Opportunity for Hearing advised the Respondent that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. The Statement of Charges advised the Respondent that if a hearing was not requested, the Securities Administrator intends to adopt the “Tentative Findings of Fact” and “Conclusions of Law,” as set forth in the Statement of Charges, as final, and enter a final order against the Respondent to cease and desist from violations of the Securities Act, and to impose the fines and recover costs.

The Respondent Oracle Stone Ltd. dba Porter Finance Ltd. failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided or otherwise. The Securities Administrator therefore will adopt as final the

1 findings of fact and conclusions of law as set forth in the Statement of Charges and enter a final order against
2 the Respondent to cease and desist from violations of the Securities Act, and to impose the fines and recover
3 costs.

4 **FINDINGS OF FACT**

5 **Respondent**

6 1. Oracle Stone Ltd. dba Porter Finance Ltd. (“Porter Finance”) uses a business address in the
7 United Kingdom. Porter Finance operates an Internet-based trading platform to trade binary options. Porter
8 Finance maintains a website at <https://porterfinance.com>.

9 **Background**

10 2. Porter Finance launched its binary options trading platform in approximately 2014. A binary
11 option is a type of option contract in which the payout results from a yes/no proposition that is contingent
12 upon whether the value of the underlying asset rises above or falls below a specific amount in a selected
13 time frame. Porter Finance claims on its website that it is the “web’s fastest growing binary options trading
14 platform, offering an unmatched 1500% rate of returns” and that “the platform is not only easy to use but
15 extremely profitable.”
16

17 3. Porter Finance advertises several account levels on its website. The account level that the
18 account holder qualifies for depends on the amount deposited, and most accounts include a bonus that
19 increases with each level. The features and benefits of the accounts also increase with each level, and
20 include daily market reviews, “risk free trades,” training sessions, live webinars, a dedicated broker, and
21 even an exotic vacation of the account holder’s choice (for accounts with \$100,000 deposited).

22 4. In 2016, at least two Washington residents established accounts with Porter Finance to trade
23 binary options. Both residents were provided with misleading information by Porter Finance. One resident
24
25

1 lost approximately \$65,000 of his investment funds through trading and the other resident has been unable
2 to withdraw her initial deposit of \$1,250.

3 **Nature of the Conduct**

4 *Investor A*

5 5. In approximately January 2016, Investor A, a disabled Washington resident, received an
6 unsolicited email with a link to the Porter Finance website. Investor A viewed Porter Finance's website and
7 decided to establish a trading account, which he initially funded with approximately \$500. Investor A began
8 making binary options trades, but his initial trades were not profitable. This was Investor A's first time
9 trading binary options.

10 6. In approximately February 2016, Investor A was contacted by a representative of Porter
11 Finance. This representative's title was "Corporate Account Manager" and he represented to Investor A that
12 he was a "Senior Broker." The Porter Finance representative told Investor A not to trade alone, and offered
13 to assist him. The Porter Finance representative began recommending trades to Investor A, which Investor
14 A executed in his account. Many of the trades that the representative recommended were profitable for
15 Investor A.
16

17 7. The Porter Finance representative asked Investor A about his investment objectives. Investor
18 A told the representative that he needed to make \$5,000 per month to pay for living expenses. The Porter
19 Finance representative encouraged Investor A to deposit additional funds, and represented that he would
20 assist Investor A in trading until Investor A's account balance reached \$250,000. The representative further
21 represented that he would assist Investor A with trades every month to generate \$5,000. As Investor A's
22 account had already made a profit with the representative's assistance, he agreed to invest additional funds.
23 In February 2016, Investor A made several transfers from his IRA totaling approximately \$75,000.
24
25

1 8. Investor A's deposits qualified him for the Diamond Account (which required a \$50,000
2 deposit), which Porter Finance advertises as including ten "risk free trades." Porter Finance failed to
3 provide Investor A with information regarding the terms and conditions of the "risk free" trades.
4 Previously, when Investor A was considering depositing enough funds to qualify for the Diamond Account,
5 he emailed Porter Finance to ask several questions about the "risk free" trades. Porter Finance failed to
6 respond to Investor A's questions.

7 9. Between February and March 2016, the Porter Finance representative recommended several
8 trades to Investor A that he misleadingly represented were "risk free." Investor A executed the trades, and
9 was led to believe that if he lost a "risk free" trade then Porter Finance would reimburse him for the loss in
10 approximately 30 days. By approximately April 2016, the Porter Finance representative stopped contacting
11 Investor A. By approximately May 2016, Investor A lost approximately \$62,000 in "risk free" trades.
12 Investor A contacted Porter Finance when he did not receive reimbursement within 30 days, and was told
13 that his trades were not risk free because he never submitted a signed form. Investor A was never told about
14 this requirement, and he requested that Porter Finance reimburse him for the loss he incurred. To date,
15 Porter Finance has not reimbursed Investor A.
16

17 10. Subsequently, Investor A received calls from other Porter Finance representatives. In
18 approximately June 2016, a Porter Finance representative made trade recommendations to Investor A,
19 which Investor A executed and increased his account balance to over \$100,000. Soon after, also in
20 approximately June 2016, another Porter Finance representative made trade recommendations to Investor A,
21 which Investor A executed and incurred a loss of nearly \$90,000.

22 11. In approximately August 2016, another Porter Finance representative solicited Investor A to
23 deposit an additional \$100,000. When Investor A responded that he did not have the funds to invest, the
24 representative recommended that Investor A borrow the funds by taking out another mortgage on his house.
25

1 The representative guaranteed that Investor A would make \$20,000 by approximately the end of the month.
2 Investor A declined to invest additional funds.

3 12. Without Investor A's authorization, Porter Finance initiated a withdrawal from Investor A's
4 bank account. In August 2016, Investor A was contacted by Chase Bank regarding a \$1,000 withdrawal
5 from his bank account to his Porter Finance account. Investor A told Chase Bank that he had not authorized
6 such a withdrawal. Chase Bank immediately contacted Porter Finance, and a few days later these funds
7 were returned to Investor A's bank account.

8 13. The funds that Investor A deposited with Porter Finance constitute the majority of his
9 retirement funds. In approximately December 2016, Porter Finance wired Investor A's remaining account
10 balance to him (approximately \$10,000).

11 *Investor B*

12 14. On approximately May 18, 2016, Investor B, a Washington resident, received an email with
13 the subject line: "How Does \$70k [\$70,000] Per Month Sound?" The email contained a message
14 purportedly from "Ben Ivy," the founder of *The Conservative Investor*. According to the email, automated
15 trading software that could make "up to \$70,000 per month for every user" had been released for "7 days
16 only" to the public. The email contained a link to a video featuring a speaker who offered to send the
17 trading software to individuals that open a trading account with Porter Finance.
18

19 15. On approximately May 18, 2016, Investor B opened a trading account with Porter Finance
20 and deposited \$1,250 via credit card. Porter Finance sent Investor B an email that acknowledged her
21 deposit and requested that she submit various documents that were required for a "Verification Process."
22 Porter Finance represented that the Verification Process must be completed before any withdrawals could
23 occur. Investor B submitted the requested documents, which included a deposit authorization form, a copy
24 of the credit card used to fund her account, a copy of her driver's license, and a utility bill.
25

1 16. A few days later, on approximately May 23, 2016, Investor B received an email from a
2 Porter Finance representative who represented that he was a “senior broker.” The Porter Finance
3 representative also called Investor B and solicited her to deposit an additional \$8,750 in order to qualify for
4 the Gold Account (which required a \$10,000 deposit). The Porter Finance representative told Investor B
5 that she would receive a \$5,000 bonus with the Gold Account, and he asked Investor A about possible
6 sources available for the funds. Investor B repeatedly told the Porter Finance representative that she did not
7 want to invest additional funds.

8 17. Days later, on approximately May 26, 2016, Investor B received an email from Porter
9 Finance stating that all of her documents had been approved and that her account was “validated.”
10 However, Investor B decided to close her account before she had done any trading. That day, Investor B
11 replied to the email and requested that Porter Finance close her account and return the \$1,250 to her credit
12 card. Although Investor B requested that Porter Finance acknowledge her request, Porter Finance failed to
13 respond to Investor B’s email.

14 18. When Investor B failed to receive a response from Porter Finance, she repeatedly contacted
15 the company. Finally, on July 25, 2016, Investor B received an email reply from Porter Finance stating that
16 the accounting department had closed her account and that a refund had been issued to her. Investor B
17 responded by asking Porter Finance if they had sent her a check, since she had not received a credit to her
18 credit card. Although Investor B continued to not receive payment, she spoke to two Porter Finance
19 representatives who also stated that her withdrawal request had been processed.

20 19. Porter Finance made misleading representations concerning the ability of account holders to
21 withdraw funds from their trading account. The Porter Finance website claims that “[w]ithdrawing funds is
22 quick and effective, with minimal effort required.” The Porter Finance website further states that
23 “identification documents” must be submitted in order to process a withdrawal and that once a withdrawal
24
25

1 request has been submitted, it will take 2-3 business days to process the request, and then 5-7 days for the
2 funds to appear in the account. In fact, to date, Investor B has not received her funds in spite of making a
3 withdrawal request several months ago.

4 20. On approximately May 27, 2016, Investor B contacted her financial institution to dispute the
5 credit card charge associated with her Porter Finance trading account deposit. Investor B received a credit
6 of \$1,250 from her financial institution.

7 **Registration Status**

8 21. Oracle Stone Ltd. dba Porter Finance Ltd. is not currently registered as a broker-dealer in the
9 state of Washington and has not previously been so registered.

10
11 Based upon the above Findings of Fact, the following Conclusions of Law are made:

12 **CONCLUSIONS OF LAW**

13 1. The offer and/or sale of the investments described above constitute the offer and/or sale of a
14 security as defined in RCW 21.20.005(14) and (17).

15 2. Oracle Stone Ltd. dba Porter Finance Ltd. violated RCW 21.20.040 by operating an
16 electronic platform to trade securities for the accounts of Washington residents while not registered as a
17 broker-dealer in the State of Washington.

18 3. Oracle Stone Ltd. dba Porter Finance Ltd. violated RCW 21.20.010, because, as set forth in
19 the Tentative Findings of Fact, the Respondent made untrue statements of material fact or omitted to state
20 material facts necessary to make the statements made, in light of the circumstances in which they were
21 made, not misleading.

22 **FINAL ORDER**

23
24 Based upon the foregoing and finding it in the public interest:

25 **ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
OF LAW AND FINAL ORDER TO
CEASE AND DESIST, IMPOSE FINES,
AND CHARGE COSTS**

7

**DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia WA 98507-9033
360-902-8760**

1 IT IS HEREBY ORDERED that the Respondent Oracle Stone Ltd. dba Porter Finance Ltd. shall
2 cease and desist from violation of RCW 21.20.040(1), the broker-dealer and securities salesperson
3 registration section of the Securities Act of Washington.

4 IT IS FURTHER ORDERED that the Respondent Oracle Stone Ltd. dba Porter Finance Ltd. shall
5 cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act of
6 Washington.

7 IT IS FURTHER ORDERED that the Respondent Oracle Stone Ltd. dba Porter Finance Ltd. shall be
8 liable for and shall pay a fine of \$30,000.

9 IT IS FURTHER ORDERED that the Respondent Oracle Stone Ltd. dba Porter Finance Ltd. shall be
10 liable for and shall pay investigative costs of \$2,000.

11 **AUTHORITY AND PROCEDURE**

12 This Final Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the
13 provisions of RCW 21.20.440 and RCW 34.05. The Respondent has the right to petition the superior court
14 for judicial review of this agency action under the provisions of RCW 34.05. For the requirements for filing a
15 Petition for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a
16 certified copy of this order may be filed in Superior Court. If so filed, the clerk shall treat the order in the
17 same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or
18 satisfied in like manner.
19

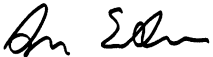
20 Signed and Entered this 26th day of June 2017.
21

22 

23
24
25 William M. Beatty
Securities Administrator

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Approved by:



Suzanne Sarason
Chief of Enforcement

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor

Presented by:



Bridgett Fisher
Financial Legal Examiner