

# **EXHIBIT A**

## **ATTACHMENT A**

### **STIPULATION OF FACTS**

*The undersigned parties stipulate and agree that if this case had proceeded to trial, this Office would have proven the following facts beyond a reasonable doubt. The undersigned parties also stipulate and agree that the following facts do not encompass all of the evidence that would have been presented had this matter proceeded to trial.*

#### **The Defendant and Related Individuals and Entities**

1. From at least in or around May 2014 through at least in or around September 2017, the Defendant Yakov Cohen (“Cohen”) was a principal of and had an ownership interest in a group of related entities including Linkopia (Mauritius) Ltd. (“Linkopia”), Yukom Communications (“Yukom”), Numaris Communications Ltd. (“Numaris”), and other related entities (collectively “the Binary Options Organization”).

2. The Binary Options Organization operated two “brands”: BinaryBook and BigOption. BinaryBook and BigOption representatives sold and marketed financial instruments known as “binary options” to customers located throughout the world, including in the United States and within the District of Maryland.

#### **Background on Binary Options and Related Definitions**

3. A “binary option” was a type of option contract in which the payout depended on the outcome of a discrete event, typically related to whether the price of a particular asset — such as a stock or a commodity — would rise above or fall below a specified amount. Unlike standard options, investors in binary options were not being given the opportunity to actually purchase a stock or a commodity but, rather, were effectively predicting whether its price would be above or below a certain amount at a certain time of the day. The option holder was typically promised that when the binary option expired, the option holder would receive either a pre-determined amount of cash or nothing.

4. A “conversion” representative was a salesperson responsible for converting a prospective binary options customer into an investor and obtaining an initial deposit of funds.

5. A “retention” representative was responsible for working with the investor going forward with the goal of obtaining additional deposits. As part of this effort, the Defendant and other retention representatives were responsible for educating clients on how to use the BinaryBook and BigOption platforms.

6. A “bonus” was an amount of purported funds that representatives of BinaryBook and BigOption could contribute to an investor’s account to be used in trading.

7. A “risk free trade” or “insured trade” was a trade offered by representatives to investors in which the investors’ accounts would be reimbursed by “bonus” funds in the event of a losing trade.

### **The Defendant's Participation in the Conspiracy and Fraudulent Scheme**

8. Representatives of BinaryBook and BigOption, under the training and direction of Cohen, Yosef Herzog (“Herzog”), Lee Elbaz (“Elbaz”), Ori Maymon (“Maymon”), Nissim Alfasi (“Alfasi”), Elad Bigelman (“Bigelman”), and others, agreed to induce BinaryBook and BigOption investors to deposit funds based on material misrepresentations, including:

- i. false statements and material omissions regarding the alignment of financial incentives between investors and representatives — *i.e.*, claiming to represent the interests of investors when, in fact, they were not representing the interests of investors;
- ii. false statements and material omissions regarding the suitability of binary options as investments and returns on investments in binary options;
- iii. false statements and material omissions about the names, qualifications, and physical location of representatives assisting investors;
- iv. false statements and material omissions regarding investors’ ability to withdraw investment funds and about the reasons that funds could not be withdrawn; and
- v. false statements and material omissions regarding — and the deceptive use of — so-called “bonuses,” “risk free trades,” and “insured trades.”

9. BinaryBook and BigOption representatives communicated with investors through the internet and communicated with clients by email and telephone. The calls with clients were recorded and used for training, among other purposes.

10. BinaryBook and BigOption representatives were not representing the interests of investors. When investors lost money, the owners of BinaryBook and BigOption profited.

11. BinaryBook and BigOption representatives falsely referred to themselves as “analysts,” “brokers,” and “traders” to potential investors, when in fact they were sales representatives. The Defendant did not have a background in finance, business, or the financial markets.

12. The Defendant instructed Binary Options Organization employees to use “bonuses” as a tool to prevent clients from withdrawing their money. These “bonuses” impeded a client investor’s ability to withdraw his or her money, which the Binary Options Organization sales agents failed to disclose.

13. The Defendant used an alias — referred to internally as a “stage name” — while working on behalf of the Binary Options Organization. The Defendant used his stage name — “Jay Collins”— when interacting with his employees. The Defendant supervised the managers of Yukom, Linkopia, BinaryBook, and BigOption including Maymon, Alfasi, Bigelman, and others. In correspondence and other communications, the Defendant identified himself as responsible for “Business Development” for BinaryBook and BigOption. The Defendant also participated in the

selection of marketing campaigns through so-called “affiliate marketers” that were used to solicit and target prospective investors for conversion.

14. The Defendant managed the relationships with payment service providers (“PSPs”). PSPs are third-party companies that allow businesses to accept electronic payments including debit and credit cards. PSPs were critical to this scheme’s success because many investors used an electronic form of payment. The Defendant taught the Binary Options Organization managers how the sales force should process these payments to avoid the transactions being rejected as fraudulent. For example, on or about July 27, 2016, the Defendant emailed the managers: “I just got a call and a report from the PSPs regarding frauds. . . and we see that there are many frauds that could have been prevented with the proper way of work.” The Defendant recommended that clients process the transactions themselves rather than giving their financial information to the sales agents, as this method reduced reports of fraud “dramatically because the banks will see the transaction coming from the IP [internet protocol address] of the client.”

15. The Defendant also created fraudulent documents that were submitted to various banks the Binary Options Organization used to deposit investor funds. The Defendant falsified these documents to hide the fact that his businesses were involved in binary options. He believed that many banks would not work with a binary options business. The Binary Options Organization needed bank accounts to appear legitimate to potential investors and to receive their deposits. As a result, the Defendant falsified bank documents to conceal the true nature of his businesses and to continue his criminal scheme.

16. On paper, BinaryBook and BigOption were owned by nominee shareholders. In reality, both entities were actually owned by several different partners, including the Defendant and Herzog, who referred to themselves as “The Group.” The partners paid the nominee shareholders thousands of dollars a month to insulate themselves from the fraudulent scheme. The nominee shareholders had no control over nor financial stake in BinaryBook and BigOption and received no compensation other than the monthly amount that “The Group” paid them.

17. Among “The Group”, the Defendant and Herzog were the two largest shareholders. They controlled BinaryBook’s and BigOption’s operations and were the principal financial beneficiaries. Initially, the Defendant and Herzog each owned 30% of BinaryBook and BigOption. Eventually the Defendant increased his stake and became the majority shareholder for both.

18. The Defendant controlled the distribution of money earned from BinaryBook and BigOption to “The Group.” Any money the partners received came from investors. The money investors sent to BinaryBook and BigOption was deposited in various bank accounts. When an account grew large enough, the Defendant made a distribution to the partners. The distribution amount varied and was based on each partner’s ownership percentage at that time. A single distribution could be hundreds of thousands of dollars. For example, in one month in 2014 the partners collectively received over \$739,000.

19. In furtherance of the conspiracy, members of the conspiracy directly communicated via international wire communications with victim-investors within the District of Maryland.

20. In furtherance of the conspiracy, the Defendant was responsible for at least \$7,000,000 in investor losses based on the profits he received from his ownership stake in BinaryBook and BigOption.

SO STIPULATED:

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Robert Spencer Ryan  
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Trial Attorneys, Fraud Section

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Defendant

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