

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES
COLUMBUS, OHIO 43215-6131

Order No. 13-006

**IN THE MATTER OF: INTER REEF, LTD d/b/a PROFITABLE SUNRISE
 ROMAN NOVAK
 RADOSLAV NOVAK**

NOTICE OF OPPORTUNITY FOR HEARING

**NOTICE OF INTENT TO ISSUE
CEASE AND DESIST ORDER**

DIVISION ORDER

WHEREAS, the Ohio Division of Securities ("the Division") is charged with the responsibility of protecting investors and finds that this Order is necessary or appropriate in the public interest or for the protection of investors, and is consistent with the purposes of the Ohio Securities Act, Chapter 1707 of the Ohio Revised Code ("R.C."); and

WHEREAS, the Division has conducted an investigation into the activities of **Inter Reef, Ltd. d/b/a Profitable Sunrise, Roman Novak, and Radoslav Novak** (collectively "Respondents"). Respondents maintain a primary business address at 590A Kingsbury Road, Birmingham, United Kingdom B24 9ND; and

WHEREAS, as a result of said investigation, the Division alleges the following:

- (1) Respondent Inter Reef, Ltd. d/b/a Profitable Sunrise is a private limited company formed on September 13, 2011, in the United Kingdom. Inter Reef maintains a registered office at 590A Kingsbury Road, Birmingham, United Kingdom B24 9ND, and is conducting business in Ohio and other states at all times relevant;
- (2) Respondent Roman Novak is the owner and founder of Profitable Sunrise, and maintains a principal business address at 590A Kingsbury Road, Birmingham, United Kingdom B24 9ND;

- (3) Respondents maintain a website at www.profitablesunrise.com, ("website") which offers for sale "Risk free Simple Options" for investments;
- (4) The website states that Respondent Radoslav Novak is a lawyer who is responsible for legal issues and marketing for Inter Reef, Ltd. d/b/a Profitable Sunrise, is the brother of Roman Novak, and maintains a principal business address at 590A Kingsbury Road, Birmingham, United Kingdom B24 9ND;
- (5) The website at all relevant times was available to Ohio residents and has contact information to "Sign Up", send e-mail through the site or to support@profitablesunrise.com and fax to 407-264-6951;
- (6) The website contains the statements, "Get Richer with Every Sunrise," "Invest with Us," "Risk-free," "By putting your money to work with us, you will make the right decision," and "An investment with a certain rate of return and no chance of default";
- (7) The website states, "How can I invest with you and start earning money? First of all you need to open an account on our website. After that, you need to choose the payment method. We accept payments via Liberty Reserve, Perfect Money, SolidTrust Pay, EgoPay and Bank Wire Transfer. Next, you need to make a deposit into your Liberty Reserve, Perfect Money or SolidTrust Pay account and transfer into your Profitable Sunrise account";
- (8) The website states, "How many accounts can I open with you? You can open as many accounts as you wish";
- (9) The website states "All our loan operations are insured and each one has security which is equal to the amount of loan plus the interest on the loan. We use the funds invested by our members. So all your investments are insured by default." "Our investment model is based on short-term investments and generates income way greater than most regular investment models do. Our business model combines tried and tested investments with certain state-of-the-art innovations that bring the risk of loss to a minimum." "Can I lose the funds I invest? All funds deposited with us are insured against loss and all the information related to your deposits with us is kept confidential";

- (10) The website lists 5 investment contracts ("Profitable Sunrise Investment Contracts") as follows:
1. "Starter Plan. The minimum investment is \$10.00. Interest rate is 1.6% per business day. Investment term is 180 business days. Compounding is available. Principal amount is returned upon maturity";
 2. "Regular Plan. The minimum investment is \$500.00. Interest rate is 1.8% per business day. Investment term is 180 business days. Compounding is available. Principal amount is returned upon maturity";
 3. "Advanced Plan. The minimum investment is \$2,500.00. Interest rate is 2% per business day. Investment term is 180 business days. Compounding is available. Principal amount is returned upon maturity";
 4. "Private Plan. This plan is available to groups only. All the details are discussed individually"; and
 5. "Long Haul Plan," which is described as "a unique time-limited investment plan that any customer of Profitable Sunrise can invest into from November 1, 2012 till March 1, 2013. The plan is designed for 240 business days from the first deposit. The interest rate this plan pays is 2.7% and the 100% compounding rate is mandatory during the entire plan. Half of the account principal accumulated in the every Long Haul account principal will be available for withdrawal in the week before Easter 2013. This is what we call the Easter Gift";
- (11) The five plans described on the website provide for returns on investment between 288% and 648% for investment periods between 180 day and 240 days, compounded daily;
- (12) The website also provides details about a "Referral Program" where investors can become Regional Representatives for Respondents;
- (13) The "Referral Program" is described, in part, as follows: "First of all, as regional representative you will be able to create a group that can invest under the Private investment plan. The minimum amount under this plan is \$500,000.00 and all conditions are negotiated on an individual basis";
- (14) The website states that Respondents pay "5% on all deposits made by your downlines," and further states that "The downline commission will be immediately converted into your account's main currency and credited to your account";

- (15) On March 4, 2013, an individual in Ohio ("Ohio investor") signed up on the www.profitablesunrise.com website with an investment group managed by Nanci Jo Frazer and FocusUp Ministries, Inc. d/b/a NJF Global Group, ("NJF Global Group") located at 337 Center Street, Bryan, Ohio 43506;
- (16) FocusUp Ministries, Inc. d/b/a/ NJF Global Group maintains a website at www.njfglobalgroup.com, which solicits investments on behalf of Respondents by describing the 5 plans and the Referral Program, and mirrors the language from www.profitablesunrise.com;
- (17) The Group Details screen on www.profitablesunrise.com for the NJF Global Group states the leader of the group is "NJ Frazer";
- (18) The Group Details screen for NJF Global Group shows an investment balance of \$33,110,384.58 with 71,051 members;
- (19) The Group Details screen for NJF Global Group shows a rate of interest to investors of 2.15% on a term of 170 days, which calculates to an annual return of 784.75%;
- (20) After pledging an investment of \$3,000.00, the Ohio investor received wiring instructions from e-mail account support@profitablesunrise.com directing her to wire the funds to Raiffeisenbank A.S., City Tower Hvezdova 1716/2B, Prague, 140 78 for the benefit of Melland Company S.R.O., Pod Harfou 943/34, Praha 9, 190 00, Czech Republic;
- (21) The wire instructions stated that "The instructions are valid for 5 business days only. After 5 business days are over you will need to request the instructions again!";
- (22) The wire instructions further directed the Ohio investor to "fill out the reference (memo) field exactly as shown ... (LOAN AGREEMENT PS-9343234, DD03042013)";
- (23) The wire instructions contained the postscript "Have a Blessed Day! Roman";
- (24) The Profitable Sunrise investments, options, plans, investment plans, accounts, deposits, and loan agreements described herein are "securities" as defined by R.C. 1707.01(B);

- (25) R.C. 1707.01(C)(1) defines "sale" to include "every disposition, or attempt to dispose, of a security or of an interest in a security. "Sale" also includes a contract to sell, an exchange, an attempt to sell, an option of sale, a solicitation of a sale, a solicitation of an offer to buy, a subscription, or an offer to sell, directly or indirectly, by agent, circular, pamphlet, advertisement, or otherwise";
- (26) The Respondents have engaged in general solicitation and general advertising to sell securities;
- (27) The transactions described in paragraphs (4) through (26), inclusive, constitute the sale of securities as defined by Ohio Revised Code 1707.01(C)(1);
- (28) Ohio Revised Code 1707.44(C)(1) states in relevant part:
- [n]o person shall knowingly sell, cause to be sold, offer for sale, or cause to be offered for sale any security which...[i]s not exempt under section 1707.02 of the Revised Code, nor the subject matter of one of the transactions exempted in section 1707.03, 1707.04 or 1707.34 of the Revised Code...";
- (29) The Respondents have not filed for registration or exemption with the Ohio Division of Securities for the Profitable Sunrise Investment Contracts offering;
- (30) As set forth in paragraphs (4) through (29) and attached Exhibit A, Respondents violated Ohio Revised Code 1707.44(C)(1);
- (31) R.C. 1707.01(E)(1) defines "Dealer" to mean "every person, other than a salesperson, who engages or professes to engage, in this state, for either all or part of the person's time, directly or indirectly, either in the business of the sale of securities for the person's own account, or in the business of the purchase or sale of securities for the account of others in the reasonable expectation of receiving a commission, fee, or other remuneration as a result of engaging in the purchase and sale of securities";
- (32) R.C. 1707.01(E)(1)(a) excepts from the definition of "Dealer," "Any issuer, including any officer, director, employee, or trustee of, or member or manager of, or partner in, or any general partner of, any issuer, that sells, offers for sale, or does any act in furtherance of the sale of a security that represents an economic interest in that issuer, provided no commission, fee, or other similar remuneration is paid to or received by the issuer for the sale" (emphasis added);

- (33) As set forth in paragraphs (4) through (32) and attached Exhibit A, Respondents are "Dealers" as defined by R.C. 1707.01(E)(1), and they further do not fall within the issuer exemption set forth in R.C. 1707.01(E)(1)(a) because they provide for a 5% commission to their Regional Representative for the sale of Profitable Sunrise Investment Contracts;
- (34) R.C. 1707.44(A)(1) states:
- No person shall engage in any act or practice that violates division (A), (B), or (C) of section 1707.14 of the Revised Code, and no salesperson shall sell securities in this state without being licensed pursuant to section 1707.16 of the Revised Code;
- (35) Respondents are not licensed in Ohio to act as securities dealers as required by R.C. 1707.14;
- (36) Respondents have violated R.C. 1707.44(A)(1) by the acts set forth in paragraphs (4) through (35);
- (37) R.C. 1707.44(G) states, "No person in purchasing or selling securities shall knowingly engage in any act or practice that is, in this chapter, declared illegal, defined as fraudulent, or prohibited";
- (38) Respondents have violated R.C. 1707.44(G) by stating that the investments with Profitable Sunrise are "risk free," by engaging in the activities set forth in paragraphs (3) through (36) inclusive, and by failing to inform investors that the securities being issued have not been registered and are not exempt from registration under Ohio law and under federal law.
- (39) Respondents have further violated 1707.44(G) by soliciting a referral structure and offering a commission for the sale of their securities by unlicensed individuals;

WHEREAS, based on Paragraphs (1) through (39) above, the Division alleges that Respondents have violated and continue to violate Revised Code sections 1707.44(A)(1), 1707.44(C)(1) and 1707.(G);

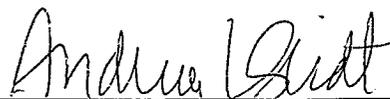
THEREFORE, IT IS ORDERED THAT, pursuant to Ohio Revised Code Chapter 119, Respondents are hereby notified that thirty (30) days from the date of mailing of this Notice, the Division, pursuant to Revised Code section 1707.23(G), intends to issue a FINAL ORDER TO CEASE AND DESIST from the activities set forth in paragraphs (1) through (39), including any further violations of Ohio Revised Code Chapter 1707;

FURTHER, IT IS ORDERED THAT, pursuant to Revised Code Chapter 119, Respondents are hereby notified that Respondents are entitled to an adjudicative hearing. If Respondents wish to request such hearing, the request must be made in writing and must be received in the offices of the Division within thirty (30) days from the date of mailing of this Notice. At the hearing, Respondents and the Division may appear in person, by their attorneys, or together with their attorneys, or they may present their position, arguments, or contentions in writing, and that at the hearing they may present evidence and examine witnesses appearing for and against them; and

FURTHER, IT IS ORDERED THAT, if no hearing is timely requested, a **FINAL ORDER TO CEASE AND DESIST** may be issued.

JLH/cn

WITNESS MY HAND AND THE OFFICIAL SEAL OF THIS DIVISION at
Columbus, Ohio this 14th day of March, 2013.



Andrea L. Seidt, Commissioner of Securities