

**STATE OF NORTH DAKOTA**

**SECURITIES DEPARTMENT**

In the Matter of Roman Novak,	)	
Radoslav Novak, and Inter Reef Ltd., a	)	<b>CEASE AND DESIST ORDER,</b>
United Kingdom limited company, doing	)	<b>NOTICE OF CIVIL PENALTY,</b>
business as Profitable Sunrise,	)	<b>ORDER FOR RESCISSION,</b>
and their Officers, Directors, Agents,	)	<b>AND</b>
and Employees,	)	<b>NOTICE OF RIGHT TO</b>
Respondents.	)	<b>REQUEST A HEARING</b>

.....

**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO:**

**ROMAN NOVAK, RADOSLAV NOVAK, and INTER REEF LTD., a United Kingdom limited company, doing business as PROFITABLE SUNRISE, AND THEIR OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, RESPONDENTS.**

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

1. Respondent Roman Novak is the founder and owner of Respondent Inter Reef Ltd., a private limited company formed on September 13, 2011, in the United Kingdom, doing business as Profitable Sunrise. Upon information and belief, Roman Novak is a resident of the City of Birmingham in the United Kingdom.
2. Respondent Roman Novak, for all times relevant to this matter, was acting as an agent of and on behalf of Respondent Inter Reef Ltd.

3. Respondent Radoslav Novak is the brother of Roman Novak and responsible for legal and marketing issues for Inter Reef Ltd. Upon information and belief, Radoslav Novak is a resident of the City of Birmingham in the United Kingdom.
4. Respondent Radoslav Novak, for all times relevant to this matter, was acting as an agent of and on behalf of Respondent Inter Reef Ltd.
5. Respondent Inter Reef Ltd. has a registered office at 590A Kingsbury Road, Birmingham, United Kingdom, B24 9ND, and maintains a website <https://www.profitablesunrise.com>.
6. Through the website, Respondents are offering the general public, including residents of the state of North Dakota, "investment accounts" with the following terms:
  - a. **Starter Plan.** The Starter Plan requires a minimum investment of \$10.00, offers an interest rate of 1.6% per business day, with an investment term of 180 business days, compounding available, and principal is returned upon maturity.
  - b. **Regular Plan.** The Regular Plan requires a minimum investment of \$500.00, offers an interest rate of 1.8% per business day, with an investment term of 180 days, compounding available, and principal is returned upon maturity.
  - c. **Advanced Plan.** The Advanced Plan requires a minimum investment of \$2,500.00, offers an interest rate of 2% per business day, with an investment term of 180 business days, compounding available, and principal is returned upon maturity.

- d. **Private Plan.** The Private Plan is available to groups only, with details to be discussed individually.
  - e. **Long Haul Plan.** The Long Haul Plan requires a minimum investment of \$500.00, with a duration of 240 business days, compounding set at 100%, and an interest rate of 2.35 to 2.7% per business day.
7. The "investment accounts" offered for sale by Respondents are securities as defined in N.D.C.C. §10-04-02(19) and Respondents have offered for sale and sold such an account to at least one resident of North Dakota.
  8. The subject securities have not been registered with the Securities Department under N.D.C.C. §§ 10-04-07.1, 10-04-08, or 10-04-08.1; are not exempt securities under N.D.C.C. § 10-04-05; and have not been offered for sale or sold in exempt transactions under N.D.C.C. § 10-04-06; and are not federal covered securities or have not been properly filed as federal covered securities under N.D.C.C. § 10-04-08.4. All offers and sales of the subject investments were made in violation of N.D.C.C. § 10-04-04.
  9. The Respondent Inter Reef Ltd. was not registered as a broker-dealer or issuer-dealer with the Securities Department, in violation of N.D.C.C. § 10-04-10(1).
  10. The Respondents Roman and Radoslav Novak were not registered as an agent with the Securities Department, in violation of N.D.C.C. § 10-04-10(2).
  11. The Respondents have offered and sold the above-referenced securities by use of material misrepresentations and/or omissions, have engaged in a scheme or artifice to defraud investors and/or have otherwise engaged in fraudulent or deceptive practices in violation of N.D.C.C. § 10-04-15.

**NOW, THEREFORE, IT IS ORDERED**, pursuant to N.D.C.C. § 10-04-16, that the Respondents shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject securities, or any other securities however denominated, unless and until such securities have been registered with the Securities Department.
2. From offering for sale or selling securities, or effecting transactions in securities, in North Dakota unless and until they have registered with the Securities Commissioner as broker-dealers or agents.
3. From using material misstatements or omissions, engaging in a scheme or artifice to defraud investors, or from engaging in any fraudulent or deceptive practices, in connection with the offer and/or sale of securities in this state.

**YOU ARE NOTIFIED** that any willful violation of this order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1). Pursuant to N.D.C.C. § 12.1-32-01(3), a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person. Pursuant to N.D.C.C. § 12.1-32-01.1(2), a Class B Felony is punishable by a \$35,000 fine with respect to an organization.

**YOU ARE FURTHER NOTIFIED** that, pursuant to N.D.C.C. § 12.1-09-03, a person is guilty of a criminal offense if that person intentionally "alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

## **NOTICE OF CIVIL PENALTIES**

**YOU ARE NOTIFIED** that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to N.D.C.C. § 10-04-16(1). The Securities Commissioner does not herein assess a civil penalty, but the Commissioner expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

## **ORDER FOR RESCISSION**

The Securities Commissioner further Orders that the Respondents shall, within sixty days of the date of this Order, make rescission of any transactions previously made with residents of the State of North Dakota, for the full amount paid for the securities, plus interest at the statutory rate, and less the amount of any income received on the securities by said resident, pursuant to the provisions of N.D.C.C. §§ 10-04-16(1) and 10-04-17.

## **NOTICE OF RIGHT TO REQUEST A HEARING**

**YOU ARE NOTIFIED** that pursuant to N.D.C.C. § 10-04-12 you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The respondents have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 14<sup>th</sup> day of March,

2013.



*Karen J. Tyler*

*By: Michael F. Daley, Deputy*

Karen J. Tyler, Securities Commissioner

By: Michael F. Daley, Deputy Commissioner

North Dakota Securities Department

600 East Boulevard Ave.

State Capitol – Fifth Floor

Bismarck, ND 58505-0510

(701) 328-2910