



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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IN THE MATTER OF
JAY RASIK MODI, ARTI RAJEEV SINGH, ALSO KNOWN AS ARTI RAJEEV MODI,
RAJEEV JAGDISH SINGH, 982 MEDIA HOUSE INC., 1611385 ALBERTA LTD.,
OMNIARCH CAPITAL GROUP INC., OMNIARCH VENTURES INC., ALSO KNOWN
AS NEW WAVE VENTURES INC., LENDINGARCH FINANCIAL INC., OMNIARCH
GLOBAL BOND CORP., ALSO KNOWN AS OMNIARCH GLOBAL SECURED
CORPORATION, ALSO KNOWN AS CALASSET BOND CORP., 1505106 ALBERTA
LTD., and 1502631 ALBERTA LTD.

STATEMENT OF ALLEGATIONS
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)

1. Staff of the Enforcement Branch (**Enforcement Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure and Forms*.

A. OVERVIEW

2. On May 11, 2020, Jay Rasik Modi (**Jay Modi**), Arti Rajeev Singh, also known as Arti Rajeev Modi (**Arti Modi**), Rajeev Jagdish Singh (**Singh**), 982 Media House Inc. (**982 Media**), 1611385 Alberta Ltd., OmniArch Capital Group Inc. (**OmniArch Capital Group**), OmniArch Ventures Inc., also known as New Wave Ventures Inc. (**OmniArch Ventures**), LendingArch Financial Inc. (**LendingArch**), OmniArch Global Bond Corp., also known as OmniArch Global Secured Corporation, also known as Calasset Bond Corp. (**OmniArch Global**), 1505106 Alberta Ltd. and 1502631 Alberta Ltd. (collectively, the **Respondents**) entered into a Settlement Agreement and Undertaking (the **Settlement Agreement**) with the Alberta Securities Commission (the **ASC**).

3. Pursuant to the Settlement Agreement, the Respondents agreed with the ASC to be made subject to sanctions, conditions, restrictions or requirements.
4. Enforcement Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**).

B. FACTS

Enforcement Staff make the following allegations of fact:

(i) Agreed Facts

5. In the Settlement Agreement, the Respondents agreed to facts for securities regulatory purposes in Alberta and elsewhere, detailed at paragraphs 1 to 72 of the Settlement Agreement.
6. In summary:

Background Information

- (1) OmniArch Capital Corporation (**OmniArch**) was incorporated in Alberta on November 20, 2009 by Jay Modi, Arti Modi and Singh for the purpose of soliciting, accumulating and utilizing investment funds for indirect investment into downgraded and discounted Residential Mortgage Backed Securities (**RMBS**) in the United States. RMBS are asset-backed bond securities that represent a claim on the cash flow from a pool of underlying residential mortgages.
- (2) The directors of OmniArch included Jay Modi, Arti Modi and Singh. Its shareholders were 1502631 Alberta Ltd. and 1505106 Alberta Ltd., entities which were controlled and owned by Jay Modi and Arti Modi, and Singh, respectively.

Funds Raised

- (3) Between 2010 and 2015, OmniArch raised approximately \$127 million through nine Offering Memoranda (**OMs**). Each of the OMs were signed by Jay Modi, Arti Modi and Singh and each contained a certificate stating “[t]his Offering Memoranda does not contain any misrepresentations.”
- (4) OmniArch raised these funds by distributing three classes of bonds: A, B and C. Each class paid interest at 10 percent per annum, but had different terms. The maximum term of the bonds was five years. The bonds distributed by OmniArch were securities as defined in the *Securities Act*, RSO 2000, c S-4 (the **Alberta Act**).

Related Party Loans

- (5) The OmniArch OMs dated January 24, 2014 and May 9, 2014 each stated that the net proceeds raised from the offerings, and any excess cash flows, would be used to acquire downgraded and discounted RMBS bonds.
- (6) Between December 31, 2014 and June 10, 2016, contrary to the business purposes stated in OmniArch’s OMs, Jay Modi and Arti Modi caused OmniArch to transfer funds to 982 Media, 1611385 Alberta Ltd., OmniArch Capital Group and OmniArch Ventures, entities which they controlled and/or owned (the **Related Party Loans** or **RPLs**). Certain amounts paid to OmniArch Ventures were in turn loaned to LendingArch and OmniArch Global.
- (7) None of the funds lent pursuant to the Related Party Loans were used by the related party recipients to invest in RMBS. The Related Party Loans were lent on terms that were more favourable than the terms on bonds issued to OmniArch investors. Specifically, the Related Party Loans paid interest at a rate of 6 percent (instead of 10 percent) and were for terms of 10 years (instead of 5 years).

OmniArch's Fund Managers, Jay Modi's Experience and Singh's Compensation

- (8) OmniArch's OMs dated January 24, 2014, May 9, 2014, and August 26, 2013 also contained inaccurate statements with respect to OmniArch's fund managers, Jay Modi's experience and/or compensation received by Singh (**Singh's Compensation**).

CCAA Proceedings

- (9) OmniArch and OmniArch Corporations¹ have sought and obtained protection pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36. On November 28, 2017, the Court of Queen's Bench of Alberta sanctioned a Plan of Compromise and Arrangement between OmniArch and its Creditors which included, *inter alia*, terms designed to offset the RPLs, including the following:

- (a) the transfer to OmniArch by OmniArch Ventures of shares of LendingArch, which were valued at \$7.5 million; and
- (b) the repayment to OmniArch by OmniArch Ventures of \$2.5 million, which was secured by personal guarantees given by Jay Modi and Arti Modi (**Repayment**).

(ii) Admitted Breaches of Alberta Securities Laws

7. Each of Jay Modi, Arti Modi, Singh, 1502631 Alberta Ltd. and 1505106 Albert Ltd. admitted that they breached subsection 92(4.1) of the Alberta Act by:

- (1) authorizing, permitting, or acquiescing in OmniArch's failure to disclose the RPLs to investors, or at all, and that the failure to disclose the RPLs would reasonably be expected to have a significant effect on the market price or value of OmniArch's

¹ A series of corporations controlled by Arti Modi, Jay Modi and Singh that received funds raised from investors.

securities; and

- (2) authorizing, permitting, or acquiescing in the making of statements by OmniArch that were either misleading, or that omitted facts necessary to make those statements not misleading, in OmniArch's OMs that would reasonably be expected to have a significant effect on the market price or value of OmniArch's securities about: (1) OmniArch's fund managers and Jay Modi's experience; and (2) Singh's Compensation.

8. In addition, each of LendingArch, 982 Media, 1611385 Alberta Ltd., OmniArch Capital Group, OmniArch Ventures and OmniArch Global admitted that they received, directly or indirectly, funds from the RPLs, and acquiesced in the failure to disclose the RPLs to investors, contrary to subsection 92(4.1) of the Alberta Act.

(iii) Settlement and Undertakings

9. Based on the Agreed Facts and Admitted Breaches, Jay Modi agreed and undertook to the ASC's Executive Director:

- (1) for a period of 20 years:
- (a) to cease trading in or purchasing securities or derivatives, except where all of the following conditions are met:
- (i) trades are made through a registrant who has first been given a copy of the Settlement Agreement; and
- (ii) trades are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended); of which Jay Modi has sole beneficial ownership;

- (b) all of the exemptions contained in Alberta securities laws do not apply to him;
- (c) to resign all positions, he holds as a director or officer of any issuer;
- (d) to not become or act as a director or officer (or both) of any issuer or other person or company that is authorized to issue securities;
- (e) not to engage in investor relations activities, advise in securities or derivatives, not to become or act as a registrant, investment fund manager or promoter, and not to act in a management or consultative capacity in connection with activities in the securities market;

(2) to pay to the ASC a monetary settlement of \$500,000 inclusive of costs.

10. Based on the Agreed Facts and Admitted Breaches, Arti Modi agreed and undertook to the ASC's Executive Director:

- (1) for a period of 10 years:
 - (a) to cease trading in or purchasing securities or derivatives, except where all of the following conditions are met:
 - (i) trades are made through a registrant who has first been given a copy of the Settlement Agreement; and
 - (ii) trades are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended); of which Arti Modi has sole beneficial ownership;

- (b) all of the exemptions contained in Alberta securities laws do not apply to her;
- (c) to resign all positions she holds as a director or officer of any issuer;
- (d) not to become or act as a director or officer (or both) of any issuer or other person or company that is authorized to issue securities;
- (e) not to engage in investor relations activities, advise in securities or derivatives, not to become or act as a registrant, investment fund manager or promoter, and not to act in a management or consultative capacity in connection with activities in the securities market;

(2) to pay to the ASC a monetary settlement of \$180,000 inclusive of costs.

11. Based on the Agreed Facts and Admitted Breaches, Singh agreed and undertook to the ASC's Executive Director:

(1) for a period of three years:

- (a) to cease trading in or purchasing securities or derivatives, except where all of the following conditions are met:
 - (i) trades are made through a registrant who has first been given a copy of the Settlement Agreement; and
 - (ii) trades are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended) of which Singh has sole beneficial ownership;

- (b) all of the exemptions contained in Alberta securities laws do not apply to him;
- (c) to resign all positions he holds as a director or officer of any issuer – with the exception he can act in those capacities with respect to Fuelled Energy Marketing Inc. (or any of its subsidiaries or successor entities);
- (d) not to become or act as a director or officer (or both) of any issuer or other person or company that is authorized to issue securities - with the exception that he can act in those capacities with respect to Fuelled Energy Marketing Inc. (or any of its subsidiaries or successor entities) provided that Fuelled Energy Marketing Inc. does not issue or propose to issue securities or exchange contracts to the public except as stock options to its employees in respect of equity based compensation;
- (e) not to engage in investor relations activities, advise in securities or derivatives, not to become or act as a registrant, investment fund manager or promoter, and not to act in a management or consultative capacity in connection with activities in the securities market;

(2) to pay to the ASC a monetary settlement of \$115,000 inclusive of costs.

12. Based on the Agreed Facts and Admitted Breaches, 982 Media, 1611385 Alberta Ltd., OmniArch Capital Group, OmniArch Ventures, OmniArch Global, 1505106 Alberta Ltd. and 1502631 Alberta Ltd. agreed and undertook to the ASC's Executive Director to permanently:

- (1) cease trading in or purchasing securities or derivatives, and acknowledge that all of the exemptions contained in Alberta securities laws do not apply to them except that OmniArch Ventures shall be permitted to trade its existing shares of LendingArch provided that the net proceeds of any such trade are utilized first to satisfy any

remaining required Repayment, and second used to satisfy any remaining monetary settlement amount owing by Jay Modi to the ASC;

- (2) not act as an issuer or registrant; and
- (3) not engage in investor relations activities, advise in securities or derivatives, to not become or act as a registrant, investment fund manager or promoter, and to not act in a management or consultative capacity in connection with activities in the securities market.

13. Based on the Agreed Facts and Admitted Breaches, LendingArch agreed and undertook to the ASC's Executive Director to permanently:

- (1) cease trading in or purchasing securities or derivatives, and acknowledge that all of the capital raising exemptions contained in Alberta securities laws do not apply to it, except that LendingArch may trade or use capital raising exemptions through a registrant that has first been provided with a copy of the Settlement Agreement;
- (2) not act as a registrant or investment fund manager; and
- (3) other than in compliance with 13(1) above, not engage in investor relations activities, advise in securities or derivatives, to not become or act as a registrant, investment fund manager or promoter, and to not act in a management or consultative capacity in connection with activities in the securities market.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

14. Pursuant to the Settlement Agreement, the Respondents agreed with the ASC to be made subject to sanctions, conditions, restrictions or requirements.

15. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that a person or company is to be made subject to sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
16. Enforcement Staff allege that it is in the public interest to make an order against the Respondents.

D. ORDER SOUGHT

17. Enforcement Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 5 of subsection 127(10) and subsection 127(1) of the Act:

(1) against Jay Modi that:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by him cease until May 11, 2040, except where all of the following conditions are met:
 - (i) trades are made through a registered dealer who has first been given a copy of the Settlement Agreement and this order; and
 - (ii) trades are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended), of which Jay Modi has sole beneficial ownership;
- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by him cease until May 11, 2040, except where all of the following

conditions are met:

- (i) acquisitions are made through a registered dealer who has first been given a copy of the Settlement Agreement and this order; and
 - (ii) acquisitions are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended), of which Jay Modi has sole beneficial ownership;
- (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to him until May 11, 2040;
 - (d) pursuant to paragraph 7 of subsection 127(1) of the Act, he resign any positions he holds as a director or officer of any issuer;
 - (e) pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, he be prohibited from becoming or acting as a director or officer of any issuer or registrant until May 11, 2040;
 - (f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, he be prohibited from becoming or acting as a registrant or promoter until May 11, 2040.
- (2) against Arti Modi that:
 - (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by her cease until May 11, 2030, except where all of the following conditions are met:
 - (i) trades are made through a registered dealer who has first been given

a copy of the Settlement Agreement and this order; and

- (ii) trades are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended), of which Arti Modi has sole beneficial ownership;
- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by her cease until May 11, 2030, except where all of the following conditions are met:
 - (i) acquisitions are made through a registered dealer who has first been given a copy of the Settlement Agreement and this order; and
 - (ii) acquisitions are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended), of which Arti Modi has sole beneficial ownership;
- (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to her until May 11, 2030;
- (d) pursuant to paragraph 7 of subsection 127(1) of the Act, she resign any positions she holds as a director or officer of any issuer;
- (e) pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, she be prohibited from becoming or acting as a director or officer of any issuer or registrant until May 11, 2030;
- (f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, she be prohibited

from becoming or acting as a registrant or promoter until May 11, 2030.

- (3) against Singh that:
- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by him cease until May 11, 2023, except where all of the following conditions are met:
 - (i) trades are made through a registered dealer who has first been given a copy of the Settlement Agreement and this order; and
 - (ii) trades are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended), of which Singh has sole beneficial ownership;
 - (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by him cease until May 11, 2023, except where all of the following conditions are met:
 - (i) acquisitions are made through a registered dealer who has first been given a copy of the Settlement Agreement and this order; and
 - (ii) acquisitions are made in a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a tax-free savings account (TFSA) (as defined in the *Income Tax Act*, RSC 1985, c 1, as amended), of which Singh has sole beneficial ownership;
 - (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to him until May 11, 2023;

- (d) pursuant to paragraph 7 of subsection 127(1) of the Act, he resign any positions he holds as a director or officer of any issuer, with the exception that he can act in those capacities with respect to Fuelled Energy Marketing Inc. (or any of its subsidiaries or successor entities);
 - (e) pursuant to paragraph 8 of subsection 127(1) of the Act, he not to become or act as a director or officer of any issuer until May 11, 2023, with the exception that he can act in those capacities with respect to Fuelled Energy Marketing Inc. (or any of its subsidiaries or successor entities) provided that Fuelled Energy Marketing Inc. does not issue or propose to issue securities or exchange contracts to the public except as stock options to its employees in respect of equity based compensation;
 - (f) pursuant to paragraph 8.2 of subsection 127(1) of the Act, he be prohibited from becoming or acting as a director or officer of any registrant until May 11, 2023;
 - (g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, he be prohibited from becoming or acting as a registrant or promoter until May 11, 2023.
- (4) against 982 Media, 1611385 Alberta Ltd., OmniArch Capital Group, OmniArch Ventures, OmniArch Global, 1505106 Alberta Ltd. and 1502631 Alberta Ltd. that:
- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by each of them cease permanently, with the exception that OmniArch Ventures shall be permitted to trade its existing shares of LendingArch provided that the net proceeds of any such trade are utilized first to satisfy any remaining required Repayment, and second used to satisfy any remaining monetary settlement amount owing by Jay Modi to the ASC;

- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by each of them cease permanently;
 - (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of them permanently, with the exception that OmniArch Ventures shall be permitted to rely on such applicable exemptions to trade its existing shares of LendingArch provided that the net proceeds of any such trade are utilized first to satisfy any remaining required Repayment, and second used to satisfy any remaining monetary settlement amount owing by Jay Modi to the ASC; and
 - (d) pursuant to paragraph 8.5 of subsection 127(1) of the Act, each of them be prohibited from becoming or acting as a registrant or promoter permanently.
- (5) against LendingArch that:
- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by it cease permanently, with the exception that it may trade through a registered dealer that has first been provided with a copy of the Settlement Agreement and this order;
 - (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by it cease permanently;
 - (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to it permanently, with the exception that it may use capital raising exemptions through a registered dealer that has first been provided with a copy of the Settlement Agreement and this order; and
 - (d) pursuant to paragraph 8.5 of subsection 127(1) of the Act, it be prohibited

from becoming or acting as a registrant or promoter permanently.

(6) such other order or orders as the Commission considers appropriate.

18. Enforcement Staff reserve the right to amend these allegations and to make such further and other allegations as Enforcement Staff may advise and the Commission may permit.

DATED at Toronto this 15th day of April, 2021.

ONTARIO SECURITIES COMMISSION

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