



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF
MORRIE TOBIN**

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

A. OVERVIEW

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) seek an inter-jurisdictional enforcement order based on a finding by the United States Department of Justice (**DoJ**) and the Securities and Exchange Commission (**SEC**) that Morrie Tobin (**Tobin** or the **Respondent**) committed securities fraud by pumping and dumping shares of publicly traded companies. Tobin is Canadian and a former registrant.
2. Staff 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*.

B. FACTS

Tobin Convicted of Securities Fraud in U.S. Criminal Proceeding

3. The DoJ filed an Information against Tobin on November 27, 2018 alleging that between 2013 and 2018 (the **Material Time**), Tobin and others committed securities fraud by pumping and dumping the shares of publicly traded companies.
4. Tobin is a Canadian residing in Los Angeles, California. Tobin was previously registered with the Commission as a Trading Officer under the category of Limited Market Dealer with Powerone Capital Markets Limited from January 2, 2004 to September 23, 2005.
5. On February 27, 2019, Tobin pleaded guilty to conspiracy to commit securities fraud in violation of Title 18 of the United States Code, Section 371 and Title 15 United States Code, Section 78j(b) and 78ff before the Honourable Nathaniel M. Gorton of the United States District Court for the District of Massachusetts.
6. In connection with his guilty plea, Tobin signed a plea agreement which was filed with the District Court on December 3, 2018 (the **Plea Agreement**). The Plea Agreement was accepted by the District Court as a part of Tobin's guilty plea on February 27, 2019.

7. As part of the Plea Agreement, Tobin admitted to the facts submitted in the Information. Tobin admitted that during the Material Time, he and others conspired to commit securities fraud by disguising the conspirators' ownership and control of various microcap securities, and employing paid promotional campaigns and manipulative trading techniques to artificially inflate the price and trading volume of those stocks so that Tobin and others could secretly sell their shares of those stocks at a substantial profit.
8. On August 18, 2020, Tobin was sentenced to 12 months and one day of imprisonment and ordered to forfeit to the United States an amount of USD \$4 million. Upon release, special conditions of supervision include being prohibited from engaging in activities related to the stock market, including stock promotions, trading or analysis. Tobin was required to surrender himself to serve the sentence at an institution designated by the Bureau of Prisons (**BoP**) by September 23, 2020.
9. On December 18, 2020, an Amended Judgment was issued, ordering Tobin to pay Restitution in the amount of \$1,908,583.26.
10. On October 1, 2021, a further Amended Judgment was issued, reducing Tobin's sentence to four months incarceration followed by a term of eight months home confinement and two-year supervised release. The special conditions refer to the possibility that Tobin may be deported.
11. In light of the Covid 19 pandemic and confidential assistance efforts, Tobin sought and was granted a number of extensions to self surrender. Tobin's final extension to self surrender to a BoP designated institution was December 30, 2021. Tobin is now in custody.

Tobin Sanctioned in SEC Proceeding

12. The SEC filed a complaint against Tobin and others on November 27, 2018. The complaint alleges that Tobin and others engaged in securities fraud. It further alleges that Tobin engaged in a deceptive scheme to sell publicly traded stock to investors. As a result of the scheme, "what appeared to be ordinary trading by unaffiliated investors was actually a massive dump of shares by a company insider and his team seeking to profit at the expense of defrauded investors".
13. On April 16, 2021, a Final Judgment as to Defendant Morrie Tobin (**SEC Judgment**) was issued by Justice Gorton in the SEC proceeding. Tobin "consented to the entry of this Final

Judgment; waived findings of fact and conclusions of law and waived any right to appeal from this Judgment”.

14. The SEC Judgment permanently prohibits Tobin from violating fraud provisions of the US *Securities Exchange Act*. Tobin is further permanently barred from “participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock”.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

15. Pursuant to paragraph 1 of subsection 127(10) of the Act, Tobin’s conviction for an offence arising from transactions, business or course of conduct related to securities or derivatives may form the basis for an on order in the public interest made under subsection 127(1) of the Act.
16. Staff allege that it is in the public interest to make an order against Tobin.

D. ORDER SOUGHT

17. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 1 of subsection 127(10) and subsection 127(1) of the Act against Tobin that:
 - (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Tobin cease permanently;
 - (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Tobin be prohibited permanently;
 - (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tobin permanently;
 - (d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Tobin resign any positions that he holds as a director or officer of any issuer or registrant;
 - (e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Tobin be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant;
 - (f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Tobin be prohibited permanently from becoming or acting as a registrant or promoter; and

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

18. 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 this 9th day of February, 2022.

ONTARIO SECURITIES COMMISSION

20 Queen Street West, 22nd Floor

Toronto, ON

M5H 3S8

Sarah McLeod

Litigation Counsel

Enforcement Branch

LSO # 70986C

Tel: (416) 597-7809

Email: smcleod@osc.gov.on.ca