



Ontario  
Securities  
Commission

Commission des  
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de l'Ontario

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**IN THE MATTER OF  
GO-TO DEVELOPMENTS HOLDINGS INC., GO-TO SPADINA ADELAIDE SQUARE  
INC., FURTADO HOLDINGS INC., and OSCAR FURTADO**

**STATEMENT OF ALLEGATIONS**

(Subsection 127(1) and Section 127.1 of the *Securities Act*, RSO 1990, c S.5)

**A. OVERVIEW:**

1. This proceeding involves an unregistered principal of a property development group who defrauded investors for his own gain and misled Staff of the Enforcement Branch of the Commission (**Staff**) during the investigation.
  
2. Oscar Furtado (**Furtado**) misled investors and used his control over the other respondents to obtain undisclosed personal gains, including over \$6 million in payments arising from the acquisition of properties bought with investor and other funds. When questioned during the investigation, Furtado misled Staff by claiming he could not recall the reason for these payments and by subsequently providing misleading information to Staff about these payments.
  
3. Furtado used the money he fraudulently obtained to make investments, pay personal expenses, and fund the operations of other real estate projects, including to pay amounts due to investors on those other projects.
  
4. In December 2021, to safeguard the interests of investors and other stakeholders, and for the due administration of Ontario securities law, the Commission applied for and had a receiver-manager appointed over Go-To Developments Holdings Inc. (**GTDH**) and its affiliates.

5. Protecting investors from unfair, improper, or fraudulent practices is a fundamental purpose of Ontario securities law. Persons who mislead investors and reap undisclosed personal gains violate investors' trust, place their interests at risk, and undermine confidence in the capital markets. Those who are not truthful and forthcoming with investors and Staff should be held accountable. Additionally, persons who engage in the business of unregistered trading undermine investor protection by evading the high standards imposed by registration, including proficiency and integrity.

**B. FACTS:**

6. Staff make the following allegations of fact:

**1. The Go-To Businesses**

7. Between May 2016 and June 2020, Furtado and GTDH raised almost \$80 million from the sale of limited partnership (**LP**) units in connection with nine real estate projects (**Go-To Projects**). The units are "securities" as defined in subsection 1(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**).

8. For each project, GTDH set up an LP (**Go-To LP**) and incorporated a subsidiary to serve as the general partner (**GP**).<sup>1</sup> Furtado was the directing mind of each of the GPs. Go-To Spadina Adelaide Square Inc. (**Adelaide GP**) is the GP for Go-To Spadina Adelaide Square LP (**Adelaide LP**).

9. Furtado Holdings Inc. (**Furtado Holdings**) is Furtado's holding company. Furtado is the founder and sole officer and director of all the corporate Respondents.

**2. Misleading Statements, Fraudulent and Dishonest Conduct**

10. The Respondents misled and perpetrated a fraud on investors and the Adelaide LP, benefitting Furtado. They acted dishonestly towards the Adelaide LP and its investors. Their

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<sup>1</sup> For one of the nine projects, GTDH set up two Go-To LPs.

misconduct includes misrepresentations, acting contrary to representations made, and omissions, as well as unauthorized and hidden uses of investor funds and Go-To LP assets. Further, or alternatively, given the obligations of the Adelaide GP to the Adelaide LP, Furtado and Furtado Holdings acted dishonestly in accepting shares and funds from Adelaide Square Developments Inc. (**ASD**). The Respondents' misconduct harmed the Adelaide LP, exposed investors to undisclosed risks, and put their economic interests at risk.

*a) Adelaide Square Project: Background*

11. In 2018, Furtado learned about a project involving the redevelopment of 355 Adelaide Street West and 46 Charlotte Street in downtown Toronto (together, the **Properties**) (**Adelaide Square Project**). Furtado learned about the Adelaide Square Project from an individual (**ASD Representative**) who was Furtado's "go-to brokerage person" to arrange debt financings for the Go-To Projects.

12. The ASD Representative had obtained, in the names of two entities, the rights to purchase the Properties. Eventually, ASD held the rights to purchase the Properties.

13. From October 2018 to April 2019, Furtado and the ASD Representative discussed various options for a Go-To LP to acquire the Properties. They expected, intended, and planned that:

- a) the Adelaide LP would acquire the Properties, via ASD, at a total price higher than the amounts due to then-owners under the existing agreements of purchase and sale; and
- b) they, including Furtado, would personally benefit from the acquisition of the Properties via what they referred to as a "lift" payment, or otherwise receive benefits from ASD.

14. By February 2019, Furtado and GTDH began soliciting investors for the Adelaide LP. Between February 2019 and April 2, 2019, units in the Adelaide LP (**Adelaide LP Units**) totalling approximately \$25.25 million were sold to 16 investors.

15. In December 2018, the Adelaide LP and ASD entered a purchase and sale agreement for the Properties for a price of \$74.25 million. However, that transaction was not completed. Instead, in March and April 2019, Furtado caused the Adelaide LP to enter agreements under which \$74.25 million was payable on closing (\$53.3 million to the owners of the Properties and \$20.95 million to ASD as an assignment fee (**Assignment Fee**)), and further payments of between \$1.95 million to \$7.15 million (**Density Bonus**) would be payable in relation to one of the Properties at a later time.

16. On or about April 4, 2019, the Adelaide LP acquired the Properties (**Acquisition**) and paid the Assignment Fee.

*b) Representations to Investors Prior to the Acquisition*

17. Investors and potential investors in the Adelaide LP received oral presentations from Furtado, or others directed by him, and written materials, including brochures, documents projecting returns, subscription agreements, and an LP agreement (**Adelaide LP Agreement**) (collectively, **Investor Documents**).

18. The Investor Documents and oral presentations touted the Adelaide Square Project, GTDH's existing projects and experience, and Furtado's experience, integrity and trustworthiness. Further representations were made to investors, including:

- a) the business of the Adelaide LP was purchasing, holding an interest in, conducting pre-development planning with respect to, development and/or construction of the Properties;
- b) money was needed to buy the Properties and to fund soft costs;

- c) the total purchase price for both Properties was \$74.25 million;
- d) Furtado, GTDH and its affiliates, including the Adelaide GP, would and/or could earn certain types of fees from the Adelaide LP;
- e) the Adelaide GP would “control and have full and exclusive power, authority and responsibility for the business of” the Adelaide LP; and
- f) the Adelaide GP would act prudently, reasonably, honestly, in good faith and in the best interests of the Adelaide LP and would exercise the care, diligence and skill of a reasonably prudent general partner, in carrying out the business of the Adelaide LP and managing its affairs and assets.

19. Furtado, GTDH, and the Adelaide GP withheld important information from investors that Furtado expected, intended, and/or planned to receive, directly or indirectly, a “lift” payment or otherwise receive benefits from ASD as a result of the Acquisition.

*c) Undisclosed Benefits to Furtado Holdings from ASD*

20. Within two weeks of the Acquisition, the following benefits were received by Furtado Holdings from ASD, none of which were disclosed to investors:

- a) on April 15, 2019, Furtado Holdings received 11 Class A shares in ASD at a stated price of \$1 per share; and
- b) on April 16, 2019, Furtado Holdings received \$388,087.33 from the Assignment Fee.

21. On the same days Furtado Holdings received the shares and payment above, a company of which the ASD Representative's spouse is the sole director (**Spouse Company**) received 11 Class B shares in ASD and \$388,087.33 from the Assignment Fee.

22. As set out below, Furtado Holdings received a further undisclosed dividend of \$6 million from ASD on October 1, 2019, as did the Spouse Company.

*d) Other Conduct Contrary to Representations Made to Investors*

23. In carrying out the scheme, Furtado, GTDH and the Adelaide GP also disregarded other representations made to investors in the Adelaide LP and to investors in two other Go-To LPs.

24. The Adelaide LP Agreement represented that investor returns would be paid pro-rata and no investor could require the return of any capital contributions until the dissolution, winding up or liquidation of the partnership. Contrary to that representation, within days of the Acquisition, Furtado arranged for and allowed the redemption of \$16.8 million in units of one investor (**Investor A**) together with a return of \$2.7 million.

25. The redemption and return to Investor A, totalling \$19.5 million, were paid out of the Assignment Fee proceeds pursuant to a direction from ASD, as was a \$300,000 payment to a company connected to the ASD Representative, purportedly for referring Investor A to the Adelaide LP. In turn, Furtado caused the Adelaide LP to enter a demand loan agreement dated April 4, 2019 for \$19.8 million payable to ASD (**Demand Loan**). None of these facts were disclosed to investors.

26. As set out below, a subsequent payment on the Demand Loan was used to fund further payments from ASD to Furtado Holdings and the Spouse Company in October 2019.

27. In addition, Furtado disregarded representations made to investors in two other Go-To LPs, when he used their assets to secure obligations of the Adelaide LP relating to the Acquisition. In particular, Furtado caused the GPs for those Go-To LPs to:

- a) agree to, among other things, the registration of a \$7.15 million collateral charge on the property of Go-To Stoney Creek Elfrida LP (**Elfrida LP**) and certain restrictions on the Elfrida LP until the Density Bonus was paid; and
- b) agree to the registration of a \$13,712,500 charge on the property of Go-To Niagara Falls Eagle Valley LP (**Eagle Valley LP**), as collateral for a mortgage lender to the Adelaide LP.<sup>2</sup>

28. Pledging the Elfrida LP's and the Eagle Valley LP's assets to secure obligations of the Adelaide LP was contrary to representations made in the applicable LP agreements. Also, Furtado did not obtain any benefit for the Elfrida LP or the Eagle Valley LP in exchange for their provision of such security. In contrast, when Furtado provided a personal guarantee for an obligation of a Go-To LP, he charged the Go-To LP fees in the range of 1% to 5% of the indebtedness. By the end of December 2020, Furtado had purported to charge the Go-To LPs over \$2.2 million in personal guarantee fees.

29. The charges placed on the Elfrida and Eagle Valley LP properties were not disclosed to investors in those Go-To LPs for more than a year, and only after Staff raised the issue in an examination of Furtado.

*e) Further Capital Raising in the Fall of 2019*

30. From the time of the Acquisition to the fall of 2019, Furtado, GTDH, and the Adelaide GP solicited and raised an additional \$14.65 million from the sale of Adelaide LP Units to six investors, including \$12 million from two entities owned by Investor A.

31. During the further capital raising, Furtado, GTDH, and the Adelaide GP continued to make representations to investors as set out in paragraph 18 and to withhold from investors disclosure of the facts set out in paragraphs 19 and 20.

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<sup>2</sup> These charges were removed from the Elfrida LP and Eagle Valley LP properties in 2021.

32. In raising further capital, Furtado, GTDH, and the Adelaide GP made additional misrepresentations and/or misleading statements to Investor A, including that:

- a) the Adelaide LP needed and/or would use the funds raised to advance the Adelaide Square Project. In fact, Furtado paid \$12 million from the equity raised in September 2019 towards the Demand Loan, which was not due, did not advance the Adelaide Square Project, and was not disclosed to investors; and
- b) “Go-To Developments and its partners in the Project ... have collectively invested approximately \$19.8 million” of equity in the Project, including a \$16.8 million equity investment by “Adelaide Square Developments”. In fact, when investors were being solicited in the fall of 2019:
  - i. no Go-To entity had invested in the Adelaide LP;<sup>3</sup> and
  - ii. “Adelaide Square Developments” had not owned and did not own any equity in the Adelaide LP.

33. In August 2019, Furtado began soliciting Investor A to invest again in the Adelaide LP. When funds were solicited and received from Investor A, Furtado knew that ASD intended to pay Furtado Holdings a \$6 million dividend once it had the funds to do so. Furtado did not tell Investor A that their companies’ \$12 million investment would be used to pay down a loan from an entity from which Furtado Holdings expected to receive a dividend.

34. Between September 26 and 30, 2019, the Adelaide LP received \$13 million of the \$14.65 million in new investments, including \$12 million from Investor A’s companies.

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<sup>3</sup> No Go-To entity invested in the Adelaide LP until December 2019, when the Adelaide GP subscribed for two units for a total of \$100,000.



*f) Further Benefit Flowing to Furtado Holdings*

35. On October 1, 2019, Furtado caused the Adelaide LP to pay \$12 million towards the purported Demand Loan. The same day, Furtado Holdings received a dividend of \$6 million on its shares in ASD, as did the Spouse Company.

36. When Furtado caused the Adelaide LP to pay \$12 million towards the Demand Loan:

- a) no payment was due, and none had been demanded. In fact, the Demand Loan was interest-only and the principal was not due until April 2023;
- b) the “interest” payments on the Demand Loan were fixed regardless of the principal outstanding. The \$12 million payment did not reduce the “interest” payments owing by the Adelaide LP; and
- c) Furtado expected to receive a dividend of \$6 million once ASD had sufficient funds.

37. Furtado, GTDH and the Adelaide GP concealed the facts in the preceding two paragraphs from investors.

38. Furtado used the proceeds of the \$6 million dividend to make investments, pay personal expenses, and fund the operations of other Go-To Projects, including to pay interest and/or returns due to investors of other Go-To LPs.

**3. Furtado Misled Staff**

39. During the investigation, Furtado made false and misleading statements to Staff about the payments and benefits received by Furtado Holdings and regarding his relationship and dealings with ASD and the ASD Representative.

40. Furtado was examined by Staff on September 24, 2020, November 5, 2020, and July 7, 2021. During these examinations, Furtado misled Staff by claiming that:

- a) initially, he could not recall why Furtado Holdings received a payment of \$6 million. In a subsequent examination, he asserted that such payment was a dividend on ASD shares which shares Furtado Holdings received unexpectedly, as “a thank you”, and for no consideration after the Acquisition; and
- b) initially, he could not recall why Furtado Holdings received a payment of \$388,087.33. Subsequently, he asserted that such payment was a return owed to Furtado Holdings by ASD because the Adelaide LP had paid an \$800,000 non-refundable deposit for one of the Properties, but Furtado Holdings had “assumed the risk” of that deposit. Furtado further asserted that had the deposit been forfeited, he or Furtado Holdings would have repaid the amount to the Adelaide LP.

41. Contrary to Furtado’s misleading statements:

- a) Furtado expected, intended, and planned to receive a personal benefit directly or indirectly as a result of the Acquisition; and
- b) the \$388,087.33 payment to Furtado Holdings was dividend income.

42. In addition, Furtado misled Staff during the examinations by initially claiming that his discussions with ASD, including about Furtado Holdings’ receipt of ASD shares and the payments above, were with the registered director of ASD. Furtado later acknowledged that discussions about the shareholding and the payments all involved the ASD Representative, who was directing the discussions for ASD.

#### **4. Trading Without Registration**

43. Further, in raising almost \$80 million from approximately 85 Ontario residents via approximately 140 distributions of units of 10 Go-To LPs between May 2016 and June 2020, Furtado and GTDH engaged in the business of trading without registration.

44. Furtado met with numerous potential and actual investors about Go-To investment opportunities. Furtado and GTDH prepared or directed the preparation of various marketing materials and used those materials to solicit investments. They also arranged for payments to people who referred investors for Go-To LPs.

45. Subscription documents for units of the Go-To LPs were prepared at Furtado's direction. He was responsible for signing and accepting all subscriptions on behalf of the respective Go-To LPs and their GPs.

46. GTDH charged administration and other fees to the Go-To LPs and was responsible for Furtado's salary. The administrative services provided by GTDH included managing tasks relating to unitholders.

47. Furtado also charged fees to most of the Go-To LPs, including guarantee fees for providing personal guarantees for some Go-To LP obligations.

48. At all relevant times, neither Furtado nor GTDH were registered with the Commission to engage in the business of trading in securities and no exemptions from the registration requirement were available.

**C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST:**

49. Staff allege the following breaches of Ontario securities law and/or conduct contrary to the public interest:

- a) the Respondents engaged or participated in acts, practices, or courses of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(1)(b) of the Act;
- b) Furtado, GTDH, and the Adelaide GP made untrue statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship and/or omitted information necessary to prevent statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act;
- c) Furtado and GTDH engaged in, and held themselves out as engaging in, the business of trading in securities without being registered to do so and without an applicable exemption from the registration requirement, contrary to subsection 25(1) of the Act;
- d) Furtado misled Staff by making statements that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to subsection 122(1)(a) of the Act; and
- e) Furtado, as the sole officer and director of all of the corporate Respondents, authorized, permitted or acquiesced in their breaches of the Act above and is thereby liable for such breaches pursuant to section 129.2 of the Act.

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

**D. ORDERS SOUGHT:**

51. Staff request that the Commission make the following orders:

- a) that trading in any securities or derivatives by or of the Respondents cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;
- b) that the Respondents be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- c) that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;
- d) that Furtado be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- e) that Furtado resign one or more positions that he holds as a director or officer of any issuer or registrant pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
- f) that Furtado be prohibited from becoming or acting as a director or officer of any issuer or registrant, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

- g) that the Respondents be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- h) that the Respondents each pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;
- i) that the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;
- j) that the Respondents pay costs of the Commission investigation and hearing, pursuant to section 127.1 of the Act; and
- k) such other order as the Commission considers appropriate in the public interest.

**DATED** this 30<sup>th</sup> day of March, 2022.

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