



Ontario
Securities
Commission
3S8

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
CHRISTOPHER UITVLUGT**

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**) 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

2. Staff make the following allegations of fact:

(i) Overview

3. On June 15, 2018, Christopher Uitvlugt (**Uitvlugt**) was indicted on three counts contrary to the Criminal Code of Canada (**CCC**). On November 11, 2018, Uitvlugt pled guilty before the Honourable Justice G.W. Tranmer of the Ontario Superior Court of Justice (East Region) to count 1 of fraud over \$5000 contrary to section 380(1)(a) of the CCC. The remaining two counts were withdrawn.
4. A sentencing hearing was subsequently held before Justice Tranmer who issued Reasons for Sentence on November 12, 2019 (the **Reasons for Sentence**), sentencing Uitvlugt to a custodial sentence of five years less days spent in pre-trial custody. Uitvlugt was also ordered to forfeiture a list of property.

5. The offences for which Uitvlugt was charged arose from transactions, business or a course of conduct related to securities.
6. Staff is seeking an inter-jurisdictional enforcement order reciprocating Uitvlugt's conviction, pursuant to paragraph 1 of subsection 127(10) of the Act.

(ii) The Respondent

7. Uitvlugt is a resident of Kingston, Ontario.

Facts

8. Uitvlugt has pled guilty to the facts as set out below:
 - a. Uitvlugt was the CEO of Next Level Investments (**Next Level**), originally located in Kingston, Ontario. Next Level was registered in Ontario on April 8th, 2016.
 - b. Next Level was modelled to solicit money from individuals on the premise that their funds would be invested in the foreign exchange, or For-Ex market, by Uitvlugt, and that fifty percent of the profits would be returned to the investor, and the remaining fifty percent would be kept by Next Level.
 - c. During the early stages of the business, Uitvlugt offered a position to his friend and roommate, as a sales representative, notwithstanding neither of the men had worked in, or had any formal education, in the financial or investment sector, nor did they have the necessary registration required by the Ontario *Securities Act* RSO 1990, c S.5, as amended (the **Act**) to operate such a business or sell investments to the public.
 - d. In December of 2016, Next Level became Next Level Capital Group (**Next Level Capital**) and by this time, the business had a stand-alone location and had expanded to include several unregistered sales representatives and administrative staff.
 - e. Next Level offered clients a range of investment services, including expert analysis, strategic planning and risk management despite not having a single employee who possessed the education and registration credentials required in the financial and

investment sector.

- f. Next Level and Next Level Capital were offering clients the opportunity to make up to a 550% rate of return on three-month term investments through For-Ex market trading that Uitvlugt would conduct on their behalf.
- g. Next Level accumulated millions of dollars from investors during its short existence. Approximately \$4.8 million of investor funds were deposited into Next Level accounts; however, only \$24,000 of those investor funds were used in Uitvlugt's "FX Glory" and "AVA Trade" For-Ex trading accounts. Uitvlugt's For-Ex trades resulted in a net loss of approximately five thousand dollars.
- h. The police reviewed Uitvlugt's personal and business accounts, along with the Next Level Capital accounts, and determined that Next Level was a "ponzi" scheme whereby new investor funds were clearly utilized to pay out earlier investors.
- i. Uitvlugt used investor funds to pay for his personal expenses and to fund his lifestyle including his Lamborghini and Audi vehicles and for Next Level expenses, including the purchase of a piece of real property in Kingston, Ontario. However, the bank statements do not reflect all of the money received by Next Level during this time. Evidence from witnesses, and a photograph stored on Uitvlugt's computer, indicated that substantial cash was also received from investors. The amounts received, and paid out in cash transactions, cannot be quantified, as they are not reflected in the bank records.
- j. A search of Uitvlugt's residence recovered 68 opened envelopes, with investor names and amounts written on them, found near an open safe. According to the writing on the envelopes, they should have contained \$196,900.

Uitvlugt's Sentence

- 9. On November 12, 2019, a sentencing hearing was held before Justice Tranmer. Uitvlugt was sentenced to a custodial sentence of five years less 108 days with credit at one and a half days per day spent in pre-trial custody. The balance of the counts as listed in the Indictment were withdrawn.

10. Uitvlugt was also subject to a Forfeiture Order that relates to contents of bank accounts, vehicles, boat and motor, bicycles, car parts, cash money and real property.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

11. Pursuant to paragraph 1 of subsection 127(10) of the Act, Uitvlugt's conviction for offences arising from transactions, business or a course of conduct related to securities or derivatives may form the basis for an order in the public interest made under subsection 127(1) of the Act.

12. Staff allege that it is in the public interest to make an order against Uitvlugt.

13. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

D. ORDER SOUGHT

14. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 1 of subsection 127(10) of the Ontario Securities Act, RSO 1990 c S.5 (the Act):

(a) against Uitvlugt that:

- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Uitvlugt cease permanently;
- ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Uitvlugt be prohibited permanently;
- iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Uitvlugt permanently;
- iv. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Uitvlugt resign any positions that he holds as a director or officer of any issuer or registrant;

- v. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Uitvlugt be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant;
 - vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Uitvlugt be prohibited permanently from becoming or acting as a registrant or promoter; and
- (b) such other order or orders as the Commission considers appropriate.

DATED this 26th day of April, 2022.

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