



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
TINASHE (NASH) SYLVESTER NYADONGO AND 10194131 CANADA LTD., doing
business as FUTURE GROWTH INVESTMENTS**

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

A. OVERVIEW

1. An inter-jurisdictional enforcement order using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Capital Markets Tribunal's (the **Tribunal**) *Rules of Procedure* is sought based on a finding by the Alberta Securities Commission (**ASC**) that the Respondents (as defined below) engaged in fraud and illegal distributions of securities, in relation to sales of \$1.2 million worth of shares to approximately 28 Canadian investors, including 6 from Ontario.

B. FACTS

2. The ASC issued an order on February 24, 2022 (the **ASC Order**) that imposed sanctions on Tinashe (Nash) Sylvester Nyadongo (**Nyadongo**) and 10194131 Canada Ltd., doing business as Future Growth Investments (**Numberco**) (together, the **Respondents**), including prohibitions on trading or purchasing securities or derivatives, and removals of exemptions under Alberta securities laws. In addition, Nyadongo was prohibited from acting in various capacities, including as a director or officer of any issuer or as a registrant. The conduct sanctions in respect of Nyadongo were ordered for a period of 20 years, or until the date when the administrative penalty ordered by the ASC is paid in full, whichever is later. The conduct sanctions in respect of Numberco are permanent. Nyadongo was also ordered to pay an administrative penalty of \$150,000, disgorgement of \$234,000, and costs of \$10,000.

3. In its Sanctions Decision dated February 24, 2022, a panel of the ASC (the **ASC Panel**) held that the Respondents breached s. 110(1) of the Alberta *Securities Act* by distributing Numberco shares without having filed and received a receipt for a preliminary prospectus or a prospectus, and, in certain cases, without an available prospectus exemption; and breached s. 93(1)(b) by directly or indirectly engaging or participating in an act, practice, or course of conduct relating to securities that they knew or ought to have known may perpetrate a fraud on certain investors.
4. The Sanctions Decision and ASC Order were based on the Statement of Admissions and Joint Submission on Sanctions (August 3, 2021), (the **Statement**) signed by the ASC and the Respondents. The Statement sets out admissions of the Respondents. Those admissions include the following:
 - (a) The Respondents raised approximately \$1.2 million by selling shares in Numberco to approximately 28 investors, including 6 from Ontario, without filing a preliminary prospectus or prospectus, and without attempting to qualify Numberco investors for any prospectus exemption. These sales were illegal distributions.
 - (b) 19 of the 28 investors held locked-in retirement accounts or other registered accounts (**Registered Accounts**) and wanted to “unlock” or otherwise access funds in their Registered Accounts prior to retirement (**Unlock Investors**). The Respondents deceived Unlock Investors about how their funds would be used. Among other false and misleading representations, the Respondents told Unlock Investors that Numberco would transfer a portion of the funds in the Registered Accounts to the investors and withhold the remaining balance to pay taxes. The Respondents used the withheld funds for Nyadongo’s personal use and/or for other unauthorized uses. Unlock Investors accounted for approximately \$750,000 of the total amount raised.
 - (c) At least \$234,000 of the \$1.2 million raised was used for Nyadongo’s personal use or benefit. A further \$440,000 was loaned to a small Calgary business owned by an acquaintance of Nyadongo. As of the date of the Statement, Numberco had no funds remaining in its bank account and all of the funds transferred to Nyadongo’s personal accounts had been spent by Nyadongo.

- (d) During the period of November 2017 to March 2019 (the **Material Time**), Nyadongo resided in Calgary. Nyadongo was a director of Numberco and its guiding mind during the Material Time. Since March 19, 2019, Nyadongo has been the sole director and officer of Numberco.

C. JURISDICTION

5. Pursuant to paragraph 4 of subsection 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**), the ASC Order, being an order made by a securities regulatory authority that imposes sanctions, conditions, restrictions or requirements on a person or company, may form the basis for an order in the public interest made under subsection 127(1) of the Act. In addition, the Respondents acknowledged that the Statement may form the basis of securities-related orders in other jurisdictions.
6. It is in the public interest to make an order against the Respondents.

D. ORDER SOUGHT

7. It is requested that the Tribunal make the following inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Act:
- a) against Nyadongo that:
- i. pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, Nyadongo is prohibited from trading in or acquiring any securities or derivatives until February 24, 2042 or the date on which the administrative penalty ordered against Nyadongo by the ASC (the **ASC Administrative Penalty**) is paid in full, whichever is later, except that this order does not preclude Nyadongo from trading in or purchasing securities or derivatives through a registrant (who has first been given a copy of this Order) in registered retirement savings plans, registered retirement income funds, registered education savings plans and tax-free savings accounts (each as defined in the *Income Tax Act* (Canada)) and locked-in retirement accounts, each for the benefit of one or more of Nyadongo, his spouse and his dependent children;

- ii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Nyadongo until February 24, 2042 or the date on which the ASC Administrative Penalty is paid in full, whichever is later;
- iii. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Nyadongo resign any positions he holds as a director or officer of an issuer or registrant;
- iv. pursuant to paragraph 8, 8.2 and 8.4 of subsection 127(1) of the Act, Nyadongo is prohibited from becoming or acting as a director or officer of any issuer or registrant until February 24, 2042 or the date on which the ASC Administrative Penalty is paid in full, whichever is later; and
- v. pursuant to paragraph 8.5 of subsection 127(1) of the Act, from becoming or acting as a registrant or promoter until February 24, 2042 or the date on which the ASC Administrative Penalty is paid in full, whichever is later.

b) against Numberco that:

- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Numberco cease permanently;
- ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Numberco cease permanently; and
- iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Numberco permanently.

c) such other order or orders as the Tribunal considers appropriate.

8. These allegations may be amended and further and other allegations may be added as the Tribunal may permit.

DATED at Toronto this 19th day of July, 2022.

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