

IN THE MATTER OF

NOVA TECH LTD

APPLICATION OF

THE ONTARIO SECURITIES COMMISSION

(For Extension of a Temporary Order Under Subsections 127(8) and 127(1)
of the *Securities Act*, RSO 1990 c S.5)

A. ORDER SOUGHT

The Applicant, the Ontario Securities Commission (**OSC** or the **Commission**), requests that the Capital Markets Tribunal (the **Tribunal**) make the following orders:

1. An Order extending the temporary order of the Commission dated February 16, 2023 made with respect to Nova Tech Ltd (**NovaTech**) for such period as it considers necessary if satisfactory information is not provided to the Tribunal within the fifteen-day period pursuant to subsection 127(8) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);
2. If necessary, an Order abridging the time required for service pursuant to Rules 3 and 4(2) of the Tribunal's *Rules of Procedure and Forms*; and
3. Such other Order as the Tribunal considers appropriate in the public interest.

B. GROUNDS

The grounds for the request are:

1. In January 2023, the Commission commenced its current investigation into NovaTech;
2. NovaTech has never been registered with the Commission in any capacity and has never filed a prospectus with the Commission;
3. During the course of the investigation, the Commission found evidence that NovaTech appeared to have traded securities without registration and without an exemption to the registration requirement, and distributed securities without a prospectus having been filed, or receipted, and

without an applicable exemption to the prospectus requirement, contrary to subsections 25(1) and 53(1) of the Act, respectively;

4. During the course of the investigation, the Commission found evidence of the following:
 - (a) NovaTech operates the website www.novatechfx.com (the **Website**). NovaTech was incorporated under the Business Companies (Amendment and Consolidation), Act Chapter 149 of the Revised Laws of Saint Vincent and the Grenadines with Business Company Number 25614 BC 2019. NovaTech also carries on business under the name “NovaTech” and “NovaTech, LTD;”
 - (b) One of the products offered by NovaTech through the Website is called the Percentage Allocation Management Module (**PAMM**), which is described as a “form of pooled money Forex trading” and a “unique product that allows investors to earn without having to trade;”
 - (c) NovaTech represents that returns from PAMM investments are generated by NovaTech’s own “experienced team of traders” with the goal of creating “sustainable passive profits;”
 - (d) Returns on investment are purportedly paid on a weekly basis from the “culmination of profits made from the trading activity that took place during the week;”
 - (e) The NovaTech Website includes performance reports showing weekly performance figures with an average of approximately 3% per week;
 - (f) NovaTech uses a form of multi-level marketing to promote investments in the PAMM product, where “sponsors” or “affiliates” can “earn a direct referral bonus for sponsoring new members...[and] earn indirect referral bonuses when your direct downlines sponsor new members;”
 - (g) In early February 2023, NovaTech announced that it “decided to place a temporary freeze in trading account withdrawals for a period of 60 days;”

- (h) Notwithstanding the freeze on withdrawals, NovaTech continued to make its Website and PAMM product available to Ontario investors and continued to accept new investments;
 - (i) In early February 2023, the Commission was able to create and fund a PAMM account on the NovaTech Website and obtain an apparent list of numerous other Ontario NovaTech accounts;
 - (j) The OSC Inquiries & Contact Centre has received complaints from Ontario investors in Novatech;
 - (k) NovaTech's PAMM product is a security as an "investment contract" under s. 1(1)(n) of the Act; and
 - (l) The Website also advertises the ability for investors to trade forex and crypto currency pairs using NovaTech's "Metatrader 5 Platform". This aspect of the NovaTech business may also involve trading in securities under the Act;
5. On February 16, 2023, the Commission issued a temporary order (the **Temporary Order**);
6. The Temporary Order provided that:
- (a) all trading in any securities by or of NovaTech, or by any person on their behalf, shall cease;
 - (b) the acquisition of any securities by NovaTech shall cease;
 - (c) any exemptions contained in Ontario securities law do not apply to NovaTech; and
 - (d) the Temporary Order shall take effect immediately and shall expire on the 15th day after its making unless extended by order of the Capital Markets Tribunal;
7. The investigation into the conduct described in the Temporary Order and this Application is continuing;

8. The Order sought by the OSC is necessary to protect investors from serious and ongoing harm and is in the public interest;

9. Subsections 127(1) and 127(8) of the Act; and

10. Such further grounds as counsel may advise and the Tribunal may permit.

C. EVIDENCE

The Applicant intends to rely on the following evidence at the Hearing:

1. The Affidavit of Charlie Pettypiece, to be filed; and

2. Such further evidence as counsel may advise and the Tribunal may permit

Date: February 21, 2023

**COUNSEL FOR THE
ONTARIO SECURITIES COMMISSION**

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