

**IN THE MATTER OF**  
**NOVA TECH LTD**

**File No. 2023-6**

**MOTION**  
**OF STAFF 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 Moving Party, Staff of the Ontario Securities Commission (the **OSC** or the **Commission**), requests with notice, that the Tribunal make the following orders:

1. An Order extending the temporary order issued by the Commission on February 16, 2023 with respect to Nova Tech Ltd (**NovaTech**) and extended by the Tribunal on March 2, 2023, until the end of the enforcement proceeding, 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 motion are:

1. In January 2023, the Commission commenced its 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. On February 16, 2023, the Commission issued a temporary order with respect to NovaTech (the **Temporary Order**);
4. 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 15<sup>th</sup> day after its making unless extended by order of the Capital Markets Tribunal.
5. On March 2, 2023, the Tribunal extended the Temporary Order until the earlier of
  - (a) 10 days after the issuance of a Statement of Allegations naming NovaTech as a respondent, or
  - (b) 6 months after the issuance of the order.
6. The Commission expects to file a Statement of Allegations imminently;
7. 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. The Commission further found evidence that NovaTech appears to have breached the terms of the Temporary Order, and thereby contravened Ontario securities law;
8. In particular:
  - (a) NovaTech operates the website [www.novatechfx.com](http://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 (**Affiliate Marketing Program**) 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, 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;
- (h) In early February 2023, NovaTech announced that it “decided to place a temporary freeze in trading account withdrawals for a period of 60 days;”
- (i) Notwithstanding the freeze on withdrawals, NovaTech continued to make its Website and PAMM product available to Ontario investors and continued to accept new investments;

- (j) On March 14, 2023, NovaTech announced on its Website that it was limiting withdrawals to Mondays because of “an enormous backlog from customers who are requesting cashouts;”
- (k) On March 31, 2023, NovaTech announced further restrictions relating to PAMM account withdrawals;
- (l) In or around March 2023, NovaTech removed the option to select Canada and Ontario from certain menus on the Website;
- (m) Steps to circumvent the Website’s purported restrictions were discussed publicly, including in videos posted on YouTube, and by groups of investors participating in the Affiliate Marketing Program;
- (n) Despite the Temporary Order, units of the PAMM product continued to be sold to Ontario investors;
- (o) The OSC Inquiries & Contact Centre has received numerous complaints from Ontario investors in NovaTech; and
- (p) NovaTech’s PAMM product is a security as an “investment contract” under s. 1(1)(n) of the Act.

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

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

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

### **C. EVIDENCE**

The Moving Party intends to rely on the following evidence for the motion:

- 1. The Application Record of the Ontario Securities Commission, dated February 22, 2023, Exhibit No. 1 on the Application to Extend the Temporary Order, March 2, 2023;
- 2. The Second Extension Affidavit of Charlie Pettypiece, to be filed;

3. The Statement of Allegations, to be filed; and
4. Such further evidence as counsel may advise and the Tribunal may permit.

**Date:** August 21, 2023

**COUNSEL FOR STAFF OF THE  
ONTARIO SECURITIES COMMISSION**

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