BETWEEN:

ONTARIO SECURITIES COMMISSION

(Applicant)

-and-

WESLEY WILLIAM ROBINSON AND DRR900306 NS LTD.

(Respondents)

APPLICATION FOR ENFORCEMENT PROCEEDING

(Subsections 127(1) and 127(4.0.2) of the *Securities Act*, RSO 1990, c S.5)

I. OVERVIEW

1. The Applicant, the Ontario Securities Commission (the **Commission**), requests that the Capital Markets Tribunal (the **Tribunal**) make an order in the public interest against the Respondents, reciprocating an order made by the Nova Scotia Securities Commission (the **NSSC**), without providing the Respondents an opportunity to be heard. This order is sought pursuant to s. 127(1) and paragraph 2 of s. 127(4.0.2) of the *Securities Act*, RSO 1990, c. S.5 (the **Act**).

2. The NSSC found that the Respondents, Wesley William Robinson (**Robinson**) and his company DRR900306 NS Ltd. (**DRR**) breached Nova Scotia securities laws by, among other violations, engaging in unregistered dealing and advising, illegal distribution, fraud, and breaching a temporary cease trade order issued by the NSSC. The Respondents' misconduct related to five separate investment schemes involving an aggregate of over $1,000,000, a significant portion of which was misappropriated for Robinson's personal use.

3. In addition to monetary sanctions, the NSSC imposed permanent market participation bans against the Respondents, including permanent trading bans and permanent bans on acting as registrants or promoters. A permanent director and officer ban was also imposed against Robinson.

4. The Tribunal has jurisdiction to make an order in the public interest under ss. 127(1) and 127(4.0.2) of the Act, reciprocating an order made by a securities regulatory authority of another province that imposes sanctions, conditions, restrictions or requirements on a person or company.

5. The orders requested herein are in the public interest. They are necessary to restrain potential future misconduct by the Respondents that exposes Ontario investors to unacceptable risks and to deter others from engaging in violations of Ontario securities laws.

II. GROUNDS

A. The NSSC Proceeding

6. On August 20, 2021, the NSSC panel released its written decision (the **Merits Decision**) following a four-day merits hearing. Despite an adjournment granted on the Respondents' request, Robinson and DRR did not participate in the merits hearing.

7. In the Merits Decision, the NSSC held that the investment contracts and promissory notes issued by the Respondents were "securities" within the meaning of s. 2(1)(aq) of the Nova Scotia *Securities Act*, RSNS 1989, Chapter 418, as amended (the **NS Act**).

8. The NSSC panel found that the Respondents breached Nova Scotia securities laws as follows:

   (a) acting as dealers and advisors without registration and without an applicable exemption, contrary to ss. 31(1) and 31(2), respectively, of the NS Act,

   (b) providing an undertaking relating to the future value or price of a security with the intention of effecting a trade in the security, contrary to s. 44(2) of the NS Act;

   (c) engaging in unfair practices, contrary to s. 44A(2) of the NS Act;

(d) distributing securities without a prospectus or preliminary prospectus, and without an applicable exemption, contrary to s. 58(1) of the NS Act;

(e) making misleading statements, contrary to ss. 50(2) and 132B(1) of the NS Act;

(f) perpetrating a fraud, contrary to s. 132A of the NS Act and part 3.1(1)(b) of National Instrument 23-101 *Trading Rules*;

(g) engaging in conduct contrary to the public interest; and

(h) breaching a temporary cease trade order issued by the NSSC.

9. Following the Merits Decision, the NSSC panel held a sanctions hearing in writing to determine what orders ought to be made against Robinson and DRR. The Respondents provided written submissions but offered no mitigating factors.

10. On January 6, 2022, the NSSC panel released its sanctions decision (the **Sanctions Decision**). In addition to monetary sanctions, the NSSC panel imposed the following market participation bans against Robinson and DRR:

(a) pursuant to s. 134(1)(a)(i) of the NS Act, the Respondents shall comply with Nova Scotia securities laws;

(b) pursuant to s. 134(1)(b)(ii) of the NS Act, trading in any securities and derivatives by the Respondents shall cease permanently;

(c) pursuant to s. 134(1)(c) of the NS Act, the exemptions contained in Nova Scotia securities law shall not apply to the Respondents permanently;

(d) pursuant to s. 134(1)(d)(ii) of the NS Act, Robinson is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and

(e) pursuant to s. 134(1)(g) of the NS Act, the Respondents are prohibited permanently from becoming or acting as a registrant or promoter.

B. The NSSC's Findings

11. The Commission relies on the following findings made by the NSSC panel in the Merits Decision and Sanctions Decision (together, the **NSSC Decision**).

i. The Respondents

12. At all material times, DRR was an active Nova Scotia Limited Company, registered with the Registry of Joint Stock Companies in Nova Scotia, with a registered office in Halifax, Nova Scotia.

13. Robinson was the director, president, secretary and recognized agent of DRR.

14. Robinson was also the Chairman and CEO of Robinson Capital International LLC (**Robinson Capital**), a Florida-based company.

15. Neither Robinson nor DRR were registered as advisors nor were they registered to trade or distribute securities in Nova Scotia, or elsewhere in Canada, at least since Robinson's registration as a mutual fund salesperson was canceled in 1997.

16. DRR never filed a prospectus or preliminary prospectus with the NSSC, nor were any receipts for the same issued by the NSSC. Furthermore, DRR never filed any reports of trades with the NSSC relying on exemptions in Nova Scotia securities laws to distribute or sell securities in Nova Scotia.

ii. The Temporary Cease Trade Order

17. On December 16, 2019, the NSSC issued a temporary cease trade order against the Respondents (the **Temporary Order**). The Temporary Order was extended on January 5, 2020, June 4, 2020, July 27, 2020, January 25, 2021, and May 4, 2021 (the **Extension Orders**).

18. The Temporary Order and Extension Orders prohibited the Respondents from, among other things, acting as a dealer or adviser without registration, trading in securities, disseminating information to the public pertaining to the trading of securities, and acting as a registrant or promoter.

iii. The Five Impugned Transactions

19. Between 2014 and 2020, the Respondents solicited and obtained funds in connection with one purported investment scheme and four purported financing transactions.

Investor KH

20. In 2014, Robinson offered an investment opportunity to one investor, KH, and represented that her funds would be used to trade a bank instrument and obtain compounding returns. Robinson promised to achieve returns of 100% within 2 months and personally guaranteed KH's principal. KH invested $25,000 on August 29, 2014, but was never paid any returns on the investment nor repaid her principal. Contrary to Robinson's representations, KH's funds were misappropriated to pay for Robinson's personal expenses. Furthermore, no prospectus was issued to KH with respect to her investment.

Investors BS, JE, DL and GS

21. In four other instances between approximately 2017 to 2020, the Respondents, as well as Robinson Capital, entered into funding agreements to provide capital to four individuals or their companies for various business ventures. Robinson represented that he would use his own offshore capital to pledge assets and secure bank guarantees which he would monetize, hedge, and then lend to finance the business opportunities.

22. To facilitate the transactions Robinson asked each investor to pay an upfront bank facility fee, which Robinson promised would be reimbursed if the loan transaction did not close. Each funding agreement included a promissory note in favour of the investor for the amount of their bank facility fee plus annual interest of 1%.

23. Further to the funding agreements, the four investors paid their bank facility fees (totalling USD $860,000) to DRR as follows:

    (a) Investor BS transferred USD $150,000;

(b) Investor JE transferred USD $60,000;

(c) Investor DL transferred USD $100,000; and

(d) Investor GS transferred USD $550,000.

24. In each instance, the financing transaction was not completed. The investors did not receive the promised capital and the bank facility fees were not repaid. On the contrary, the funds extended by the investors to pay the upfront bank facility fees were misappropriated by the Respondents, including to pay for Robinson's personal expenses.

25. Furthermore, none of the four investors received prospectuses or offering memoranda in connection with their transactions.

iv. Breach of the Temporary Cease Trade Order

26. By continuing to post materials online promoting and soliciting investments from Nova Scotians since December 16, 2019, and by distributing securities to, soliciting investments from, and providing information about securities to DL and GS in 2020, the Respondents breached the Temporary Order and Extension Orders.

C. Jurisdiction of the Tribunal

27. KH's investment involved an investment contract, which is a security under the Act. The promissory notes issued by DRR and Robinson Capital are evidence of indebtedness and therefore are securities under the Act.

28. Pursuant to paragraph 2 of s. 127(4.0.2) of the Act, the Tribunal may make any of the orders described in paragraphs 1 to 8.5 of subsection 127(1) of the Act against a respondent, without giving the respondent an opportunity to be heard, where the respondent is subject to an order made by a securities regulatory authority of another province or territory in Canada, imposing sanctions, conditions, restrictions or requirements.

29. The NSSC, which is a "securities regulatory authority of another province or territory in Canada", as defined in subsection 127(10) of the Act, issued an order imposing sanctions against the Respondents within the meaning of s. 127(4.0.2).

30. Section 127(4.0.4) of the Act expressly allows the Tribunal to make an order under s. 127(4.0.2) even though the NSSC Merits Decision and NSSC Sanctions Decision predates the coming into force of s. 127(4.0.2).

31. It is in the public interest to make the requested orders. The Respondents pose a risk to Ontario investors. The requested order is necessary to protect the investing public and safeguard the integrity of Ontario's capital markets.

III. ORDER SOUGHT

32. The Commission requests that the Tribunal make the following orders, pursuant to s. 127(1) and paragraph 2 of s. 127(4.0.2) of the Act:

a) against Robinson:

i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Robinson shall cease permanently;

ii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Robinson permanently;

iii. pursuant to paragraphs 7, 8.1, and 8.3 of subsection 127(1) of the Act, Robinson shall resign any positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;

iv. pursuant to paragraphs 8, 8.2, and 8.4 of subsection 127(1) of the Act, Robinson is permanently prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

v. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Robinson is permanently prohibited from becoming or acting as a registrant, an investment fund manager or a promoter;

b) against DDR:

   i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by DDR shall cease permanently;

   ii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to DDR permanently;

   iii. pursuant to paragraph 8.5 of subsection 127(1) of the Act, DDR is permanently prohibited from becoming or acting as a registrant, an investment fund manager or a promoter; and

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

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ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

Arjun Bains
Litigation Counsel
Enforcement Division

LSO# 95861V
Email: abains@osc.ca

Emma Seip
Litigation Counsel
Enforcement Division

LSO# 93517M
Email: eseip@osc.ca