

**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, C. S.5, as amended**

- AND -

**IN THE MATTER OF
ANDREW KEITH LECH**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission make the following allegations:

Background

1. Andrew Keith Lech is an individual residing in Peterborough, Ontario.
2. Lech was registered with the Commission between April 10, 1987 and June 15, 1987 as a salesperson with B.M. Young & Partners Securities Inc. His registration was restricted to soliciting expressions of interest only from prospective clients to receive company advertising.
3. Lech has never been registered with the Commission in any other capacity at any other time.

Lech's Investment Activities

4. From at least 1988 to present, Lech has been soliciting and collecting funds for investment purposes from individuals residing in Ontario.

5. Lech also uses other individuals to collect investor funds on his behalf (the “Intermediaries”).
6. Lech represents to the individuals and to the Intermediaries that he will invest these funds on their behalf. He represents that the funds will be invested in securities, including options in the form of puts and calls.
7. Lech further represents that he will provide a guaranteed rate of return on these investments. He has promised rates which vary between 15% and 40%, as well as a guaranteed return of principal.
8. The Intermediaries repeat Lech’s representations to potential investors. After receiving investor funds, the Intermediaries issue promissory notes for the sums provided. The promissory notes are countersigned by Lech.
9. Lech has collected at least \$25 million from at least 150 individuals in this manner. At least one Intermediary operates in the United States and has collected at least an additional US\$ 20 million from at least 180 individuals in that country.

Violations of the *Securities Act*

10. Lech’s conduct, as described above, constitutes trading in securities without registration, contrary to section 25 of the *Securities Act*.
11. Lech’s conduct, as described above, constitutes advising in securities without registration, contrary to section 25 of the *Securities Act*.

12. Lech is making representations concerning the future value of securities with the intention of effecting a trade in such securities, contrary to section 38(2) of the *Securities Act*.
13. Lech's conduct, as described above, constitutes a distribution of securities conducted without a prospectus, contrary to section 53 of the *Securities Act*.

Conduct Contrary to the Public Interest

14. Lech's conduct, as described above, is contrary to the public interest.
15. Lech is failing to provide adequate disclosure to his investors concerning his investment activities, including failing to specify how and where their funds are invested, and any risks associated with their investments.
16. Lech is failing to deal fairly, honestly and in good faith with his investors.
17. Such additional allegations as Staff may advise and the Commission may permit.

DATED at Toronto, this 7th day of May, 2003