

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

- AND -

**IN THE MATTER OF
FOREIGN CAPITAL CORPORATION, MONTPELLIER GROUP INC. and
PIERRE ALFRED MONTPELLIER**

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

Background

1. Pierre Alfred Montpellier was registered with the Ontario Securities Commission (the "Commission") as a Mutual Fund Salesman between June 17, 1994 and December 10, 1998.
2. The Montpellier Group Inc. is an Ontario corporation. It has never been registered with the Commission in any capacity. Montpellier is the President, Secretary, Treasurer and sole Director of the Montpellier Group Inc.
3. Foreign Capital Corporation is an Ontario corporation. It has never been registered with the Commission in any capacity. Montpellier is the President, Secretary, Treasurer and sole Director of Foreign Capital Corporation.

Montpellier's Guilty Plea

4. On April 14, 2004, Montpellier pled guilty in the Ontario Superior Court of Justice to two charges under the Criminal Code of Canada. Specifically, he acknowledged that:

- (a) between October 1, 1995 and December 31, 1998, in the Regional Municipality of Sudbury...he did by deceit, falsehood or other fraudulent means, defraud 128 investors in Foreign Capital Corporation of \$5,347,300.00...by falsely representing to the investors, that their money was to be invested in private placement programs,
- (i) secured by a major international bank,
 - (ii) deposited in an escrow account in trust with an independent law firm, bank or brokerage firm,
 - (iii) which would not release funds until invested in secure financial instruments or major banks and/or governments, and
 - (iv) protected, for the prompt return of capital, in the event of non-performance or upon request

contrary to section 380(1)(a) of the Criminal Code of Canada; and

- (b) between October 1, 1995 and December 31, 1998, in the Regional Municipality of Sudbury...he did steal \$5,347,300.00, the property of 128 investors in Foreign Capital Corporation, by converting such money to his own use, contrary to section 334(a) of the Criminal Code of Canada.

Facts Supporting the Guilty Plea

5. As part of his plea of guilty, he acknowledged the following facts:
- (a) in 1994, he was licensed by the Commission to sell mutual funds under the sponsorship of Regal Capital Planners;
 - (b) in 1995, operating under the name of the Montpellier Group Inc., he opened an office in Sudbury, Ontario offering investment counselling and mutual fund sales;

- (c) shortly thereafter, he incorporated a company called Foreign Capital Corporation;
 - (d) he induced at least 128 investors to invest in Foreign Capital Corporation's "trading program"; and
 - (e) he made the following representations concerning the trading program:
 - (i) its purpose was to pool investors' money and loan it to foreign countries or companies for disaster relief or to purchase overseas bank instruments;
 - (ii) all capital invested would be secure from loss;
 - (iii) all funds invested would receive interest payments at a guaranteed rate of between 7% and 20% per annum;
 - (iv) all funds invested would be secured by a major international bank;
 - (v) all funds invested would be deposited in an escrow account held in trust by an independent law firm, bank or brokerage firm;
 - (vi) all funds invested would be held in this account until invested in accordance with the trading program's objectives; and
 - (vii) he would receive a portion of the investors' profits from the program, but would not receive any portion of the capital invested.
6. All of these representations were false. Instead, all funds invested in the trading program were either transferred to other investors in the form of "interest payments" or converted to his own use.

7. In December of 1998, after Staff of the Commission and the Ontario Provincial Police began to investigate the affairs of Foreign Capital Corporation and the Montpellier Group Inc., Montpellier fled to London, England.
8. An information charging Montpellier with fraud and theft contrary to the Criminal Code of Canada was sworn on August 1, 2001, and he was arrested at his residence in England on September 28, 2001.
9. He was returned to Canada by members of the Ontario Provincial Police on November 1, 2001 and was remanded into custody pending trial.

Reasons for Sentence

10. On the trial date, after accepting Montpellier's plea of guilty, Madam Justice Gauthier sentenced him to 2 years of incarceration in a federal institution. Coupled with the 2.5 years of pre-trial incarceration that he had already served, Montpellier was sentenced to a total of 4.5 years of incarceration.
11. In passing sentence, Her Honour made the following remarks:

I have taken into account the lavish and luxurious lifestyle this accused enjoyed as a result of his offences. He may only be able to imagine the anxiety, the pain and perhaps the real fear...for which he is responsible. Likewise, for many of the victims they too can only imagine what it might be like to wear fine clothing, to drink champagne and to otherwise have such a luxurious lifestyle that this accused person enjoyed.

...

I have considered the loss sustained by the victims of these offences. The victims here are numerous, they come from all walks of life. There were many elderly people. People with compromised health, people who had lost their spouse, all those people had their trust betrayed. There were people with limited or fixed incomes who turned to the accused to act in their best interests with all the money they had or all the money which the accused encouraged them to borrow.

...

I have considered that the breach of trust involved not only the 128 investors, but the members of this community generally. The breach of trust committed by Mr. Montpellier was that of a person who was an integral part of the business community and who was entrusted with large amounts of money, for some, their entire life's savings. The effect on the members of the community generally is a negative one.

12. Staff pleads and relies upon all of the facts read in as part of Montpellier's guilty plea, and all of Madam Justice Gauthier's reasons for sentence.

Conduct Contrary to the Public Interest

13. By engaging in the conduct described above, Montpellier, the Montpellier Group Inc. and Foreign Capital Corporation acted in a manner contrary to the public interest.
14. Staff reserves the right to make such other allegations as it may advise and the Commission may permit.

DATED at Toronto this 20th day of January, 2005.