



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 19<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

**- and -**

**WILTON J. NEALE, MULTIPLE STREAMS OF INCOME (MSI) INC.  
and 360 DEGREE FINANCIAL SERVICES INC.**

**STATEMENT OF ALLEGATIONS**

Staff of the Ontario Securities Commission (the “Commission”) make the following allegations:

**I. Overview**

1. During 2007 and 2008, two separate but related foreign exchange (“forex”) investment schemes were conceived and promoted to Ontario investors, one under the name of Prosporex and the other under the name of Dominion. Both of the forex schemes involved persons holding insurance licences issued by the Financial Services Commission of Ontario (“FSCO”) and their associates. These schemes are the subject of separate proceedings.
2. Both of the forex schemes were structured as “investment clubs”. Individual investors signed investment contracts and pooled their funds with the funds of others, with the pooled funds to be invested by third party forex brokers in foreign exchange transactions. The investors were to share the resulting investment gains or losses.
3. Both of the forex investment schemes utilized multi-level or pyramid marketing techniques whereby investors were compensated to recruit others to purchase forex investment contracts. In both of the forex schemes false promises and unrealistic forward looking

statements about investment return were made to the investors so as to persuade them to purchase the forex investment contracts.

4. In facilitating this scheme described herein, these Respondents engaged in conduct contrary to securities law and contrary to the public interest.

## **II. The Respondents**

5. Wilton J. Neale (“Neale”) was licensed as a sales person of Keybase Financial Group Inc., a dealer registered in the category of mutual funds dealer from February 18, 2006 to January 18, 2007 when he was terminated for cause. Neale has not been registered by the Commission in any capacity since that date.
6. Neale was also licensed to sell life insurance and accident and sickness insurance by FSCO at the material time. FSCO issued a permanent cease and desist order against Neale on March 4, 2009 prohibiting him from carrying on the business of insurance in the Province of Ontario.
7. 360 Degree Financial Services Inc. (“360”) was incorporated in Ontario by Neale on February 2, 2005. Neale at all material times was the sole officer, director and controlling mind of 360°, which was also licensed by FSCO to sell insurance products.
8. FSCO issued a permanent cease and desist order against 360° on March 4, 2009 prohibiting it from carrying on the business of insurance in Ontario.
9. Multiple Streams of Income (MSI) Inc., (“MSI”) was incorporated under the *Canada Business Corporations Act* by Neale on July 7, 2006. Neale is the sole officer and director of MSI and is its controlling mind. MSI was never registered in any capacity with the Commission nor was it licensed by FSCO.

### **III. Other Relevant Entities and Individuals**

10. 360° was party to a Distribution Agreement with AGF Trust which enabled 360° to apply on behalf of its customers to AGF Trust for loans which were required to be invested in RSP eligible products (the “Distribution Agreement”).
11. Albert James (“James”) and Ezra Douse (“Douse”) both came into contact with Neale in 2008. James, Douse and others are the incorporators of Dominion Investments Club Inc. (“Dominion”), which they incorporated in Ontario on June 11, 2008. Dominion was one of the two forex investment clubs referred to in paragraphs 1 and 2 of this Statement of Allegations.
12. James and Douse modeled Dominion on the Prosporex forex scheme, with which they were familiar. As with the Prosporex scheme, Dominion investors were counseled to apply for RSP loans and to invest borrowed money. To that end James and Douse obtained Neale’s and 360°’s assistance in obtaining RSP loans by means of 360°’s Distribution Agreement, as described in paragraphs 18 and following.

### **IV. Staff’s Allegations**

13. Staff allege that these Respondents were involved in two streams of activity which were contrary to Ontario securities law and contrary to the public interest:
  - (a) The issuance and sale of debenture securities by Neale and MSI, which were not subject to a prospectus nor entitled to a prospectus exemption, in circumstances in which MSI and Neale were not registered to trade or advise in securities; and,
  - (b) The involvement of Neale and 360° in facilitating the Dominion forex investment scheme.

**(a) The MSI Debenture Offering: Unauthorized trading in and distribution of securities by MSI**

14. During the years 2007 and 2008, 360° was experiencing financial difficulty. In an effort to raise capital for 360° Neale through MSI solicited investors to purchase debentures issued by MSI.
15. Neale solicited investment capital totaling almost \$700,000 from several individuals and caused MSI to issue debentures to them.
16. Although some of the MSI debenture investors were told that their money would be applied to special projects of benefit to their community, the funds raised were in fact commingled in the bank account of 360° and used by 360° in the ordinary course of its business.
17. None of the debentures were repaid at maturity or at any other time.
18. Neale and MSI were not registered to trade or advise in securities. MSI was at no time registered to issue securities. The MSI debenture securities were not offered pursuant to a prospectus nor was there any prospectus exemption available to MSI for the debenture financing described above.

**(b) 360°'s Role in Facilitating the Dominion Investments Club Inc. Forex Scheme**

19. 360° entered into the Distribution Agreement with AGF Trust on May 10, 2007. The purpose of that agreement was to allow 360°, as a managing general insurance agency, to avail itself of programs offered by AGF Trust, including the provision of loans for the purpose of making RSP-eligible investments.
20. The Distribution Agreement provided for a "Multi Fund Option" whereby AGF loan proceeds were paid to 360°, and 360° undertook to AGF Trust as follows:

**“You (viz. 360°) agree to invest such loan proceeds in eligible investments in accordance with the Customer’s Investment instructions upon receipt of Loan proceeds from AGF Trust.”**

21. Neale was aware of the terms and conditions of the Distribution Agreement and the AGF Trust RSP loan application form.
22. In the early months of 2008 Neale was approached by James on behalf of Dominion who proposed that 360° would apply for AGF Trust RSP loans on behalf of the Dominion investors. Using the Multi Fund Option, 360° would receive the loan proceeds, and then transfer the loan proceeds to Dominion which in turn would invest the proceeds with foreign exchange brokers ostensibly on behalf of the Dominion investors.
23. Neale agreed with James’ proposal and the two entered into an arrangement whereby he received fees and commissions for facilitating RSP loans from AGF Trust to 360° on behalf of Dominion. When the RSP loan proceeds were received by 360°, 360° unbeknownst to AGF Trust, transferred the loan proceeds to Dominion for the purpose of making forex investments having first deducted commissions and fees from the loan proceeds.
24. Neale and 360° knew or ought to have known that the forex investment was not an RSP-eligible investment and that it was not appropriate for 360° to obtain RSP loans from AGF Trust and to then direct the loan proceeds into forex investments.
25. Neale on behalf of 360° facilitated approximately \$1million in RSP loans from AGF Trust, the proceeds of which were not directed to RSP eligible products.
26. Of the approximately \$1 million borrowed from AGF Trust, 360° retained approximately \$200,000 from the AGF Trust loan proceeds for its own use and did not transfer those funds to Dominion as it had agreed to do, thereby depriving the borrowers of those funds.
27. The majority of the Dominion investors lost all or substantially all of their invested capital. As that capital had been borrowed from AGF Trust, they remain indebted to AGF Trust for

the amounts of their RSP loans. The value of their Dominion investments is presently nil. The investors have been financially harmed by virtue of their involvement with the respondents.

**V. Conduct Contrary to Ontario Securities Law and Public Interest**

28. Based on the foregoing, Neale, 360° and MSI have acted contrary to the public interest;
29. Neale and MSI have engaged in the unauthorized distribution of securities contrary to Section 53(1) of the *Act*;
30. Neale, MSI, and 360° engaged in misleading conduct contrary to Section 126.2 of the *Act*;
31. Neale and MSI have engaged in unregistered trading of securities pursuant to S.25(1)(a) of the *Act*; *and*
32. Such further and other allegations as Staff may advise the Commission permit.

**DATED** at Toronto, the 12<sup>th</sup> day of March, 2010.