



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF *THE SECURITIES ACT*  
R.S.O. 1990, c. S.5, AS AMENDED**

**- and -**

**IN THE MATTER OF SIMPLY WEALTH FINANCIAL GROUP INC.,  
NAIDA ALLARDE, BERNARDO GIANGROSSO,  
K&S GLOBAL WEALTH CREATIVE STRATEGIES INC., KEVIN PERSAUD,  
MAXINE LOBBAN and WAYNE LOBBAN**

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

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

**I. THE RESPONDENTS**

1. Simply Wealth Financial Group Inc. (“Simply Wealth”) was incorporated in Ontario on January 14, 2003 and has its registered office in North York, Ontario. Simply Wealth has never been registered with the Ontario Securities Commission (the “Commission”) in any capacity.
2. Naida Allarde (“Allarde”) is a director and officer of Simply Wealth. She resides in Woodbridge, Ontario. Allarde was registered with the Commission as a salesperson in the category of Scholarship Plan Dealer from May 1, 2000 to November 27, 2000, from December 22, 2000 to December 31, 2002 and from March 5, 2003 to July 30, 2004.
3. Bernardo Giangrosso (“Giangrosso”) is a director and officer of Simply Wealth. He resides in Woodbridge, Ontario. Giangrosso has never been registered with the Commission in any capacity.
4. K&S Global Wealth Creative Strategies Inc. (“K&S”) was incorporated in Ontario on September 7, 2007 and has its registered office in Pickering, Ontario. K&S has never been registered with the Commission in any capacity.
5. Kevin Persaud (“Persaud”) is the sole director of K&S and was at all material times the directing mind of K&S. He resides in Pickering, Ontario. Persaud has never been registered with the Commission in any capacity.

6. Maxine Lobban resides in Brampton, Ontario. She was registered with the Commission as a salesperson in the category of Scholarship Plan Dealer from April 5, 2000 to November 14, 2001, from November 28, 2001 to September 4, 2002, from September 27, 2002 to December 31, 2003 and from March 29, 2004 to December 31, 2006.
7. Wayne Lobban resides in Brampton, Ontario. He was registered with the Commission as a salesperson in the category of Scholarship Plan Dealer from February 28, 2003 to December 31, 2003.

## **II. TRADING IN SECURITIES OF GOLD-QUEST**

### **(i) The Gold-Quest Pyramid Scheme**

8. Gold-Quest International (“Gold-Quest”) is a Panamanian corporation that was controlled by a number of individuals resident in the United States.
9. From June 2006 to May 2008 (the “Material Time”), Gold-Quest accepted approximately \$29 million (U.S.) from investors, including investors in Ontario, through direct solicitations, an Internet website maintained by Gold-Quest and by referrals from existing investors.
10. On May 6, 2008, the Securities and Exchange Commission of the United States (the “SEC”) filed a complaint in the United States District Court, District of Nevada, alleging that Gold-Quest was operating a pyramid or “Ponzi” scheme. Gold-Quest has never been registered in any capacity with the SEC. The SEC further alleged that Gold-Quest used very little of the money that it raised for legitimate investments, but rather that the vast majority of new investor funds were used by Gold-Quest to make payments to current investors and commissions to participants in the Ponzi scheme.
11. Investors entered into one-year investment contracts with Gold-Quest. Gold-Quest stated that investor funds would be invested in the foreign exchange or “forex” market. Gold-Quest informed investors that they would receive an annual return on investment of 87.5 percent. However, in order to receive this 87.5 percent annual return, investors were required to leave their funds with Gold-Quest for a year.
12. Individuals who introduced an investor to Gold-Quest would receive the title “Administrative Manager” for the new investor. Administrative Managers would receive an up-front commission of ten percent of that investor’s original investment and then a further four percent per month for a year (for a total commission of 58 percent of the principal invested). The individual who had introduced the Administrative Manager to Gold-Quest would receive the title “Managing Director” for the new investor and would receive a commission of 1.5 percent per month for a year (for a total of 18 percent of the principal invested). Lastly, the individual who introduced the Managing Director to Gold-Quest would receive the title “Supervisory Managing Director” for the new investor and would receive a commission of one percent per month for a year (for a total of 12 percent

of the principal invested). In sum, when a new investor sent funds to Gold-Quest, 88 percent of the investor's funds were earmarked for commissions to be paid to the investor's Administrative Manager, Managing Director and Supervisory Managing Director over the course of a year.

13. During the Material Time, despite receiving no income from its investments or business operations, Gold-Quest disbursed approximately \$20.3 million (U.S.) through distributions to investors and payment of commissions.
14. Gold-Quest has ceased to operate and has been put into receivership by order of the United States District Court. As of December 12, 2008, the receiver appointed by the United States District Court had only recovered \$273,475.85 (U.S.).
15. On January 14, 2010, the Alberta Securities Commission (the "ASC") released its decision in the matter of Gold-Quest International Corp. et al. following a hearing on the merits. The ASC found that Gold-Quest illegally traded in and distributed its securities in Alberta and that Gold-Quest was "a sham investment scheme, a classic Ponzi scheme and a classic pyramid scheme."

**(ii) Trading in Gold-Quest Securities in Ontario**

16. Gold-Quest has never been registered in any capacity with the Commission. No preliminary prospectus or prospectus has ever been filed with the Commission to attempt to qualify the trading of Gold-Quest securities.
17. During the Material Time, Simply Wealth, Allarde, Giangrosso, K&S, Persaud, Maxine Lobban and Wayne Lobban (collectively, the "Respondents") promoted securities in Gold-Quest to Ontario residents.
18. The Respondents invested personally in Gold-Quest and were Administrative Managers, Managing Directors and/or Supervisory Managing Directors for other Ontario investors.
19. During the Material Time, approximately 94 Ontario residents invested at least \$1.6 million (U.S.) with Gold-Quest as a result of promotional activities conducted by Allarde, Giangrosso and Simply Wealth (the "Allarde Investors"). These activities included recommending investment in Gold-Quest, providing information regarding the nature of the investment in Gold-Quest, facilitating the process of investing in Gold-Quest, and, in certain cases, facilitating the transfer of funds to Gold-Quest on behalf of investors.
20. Simply Wealth, Allarde and Giangrosso received payments from Gold-Quest for referring the Allarde Investors pursuant to the commission structure outlined in paragraph 12 above.
21. During the Material Time, approximately nine Ontario residents invested at least \$69,000 (U.S.) with Gold-Quest as a result of promotional activities conducted by K&S and

Persaud (the “Persaud Investors”). These activities included recommending investment in Gold-Quest, providing information regarding the nature of the investment in Gold-Quest and providing the documents required to invest in Gold-Quest.

22. Among the Persaud Investors was Donald Iain Buchanan (“Buchanan”). Buchanan, both personally and through 1725587 Ontario Inc., carrying on business as Health and Harmony, subsequently promoted investment in Gold-Quest to Ontario residents, resulting in additional investments of approximately \$1,800,000 (U.S.) with Gold-Quest (the “Buchanan Investors”). The Ontario Securities Commission issued its Reasons and Decision with respect to Buchanan’s conduct on November 26, 2010.
23. K&S and Persaud received payments from Gold-Quest for referring the Persaud Investors pursuant to the commission structure outlined in paragraph 12 above. In particular, K&S and Persaud were the Managing Directors and/or Supervisory Managing Directors for the Buchanan Investors.
24. During the Material Time, approximately 65 Ontario residents invested at least \$675,000 (U.S.) with Gold-Quest as a result of promotional activities conducted by Maxine Lobban and Wayne Lobban (the “Lobban Investors”). These activities included recommending investment in Gold-Quest, providing information regarding the nature of the investment in Gold-Quest and facilitating the process of investing in Gold-Quest.
25. Maxine Lobban and Wayne Lobban received payments from Gold-Quest for referring the Lobban Investors pursuant to the commission structure outlined in paragraph 12 above.
26. The Respondents were aware of the nature of the investment contract entered into by the investors they referred to Gold-Quest, as well as the terms of the commission structure outlined in paragraph 12 above.
27. However, Simply Wealth, Allarde and Giangrosso did not inform the Allarde Investors of the commission structure outlined in paragraph 12 above, nor did Maxine Lobban and Wayne Lobban inform all of the Lobban Investors of this structure.
28. There were no exemptions under the Act which allowed the Respondents to trade Gold-Quest securities in Ontario.

### **III. VIOLATIONS OF THE SECURITIES ACT AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

29. The conduct of Simply Wealth, and its directors Allarde, and Giangrosso, was contrary to the public interest and constituted the following breaches of the Act:
  - (i) trading without registration contrary to section 25 of the Act;
  - (ii) an illegal distribution of securities contrary to section 53 of the Act; and

- (iii) as directors of Simply Wealth, Allarde and Giangrosso authorized, permitted or acquiesced in breaches of section 25 and 53 of the Act by Simply Wealth contrary to section 129.2 of the Act.
- 30. The conduct of K&S, and its director Persaud, was contrary to the public interest and constituted the following breaches of the Act:
  - (i) trading without registration contrary to section 25 of the Act;
  - (ii) an illegal distribution of securities contrary to section 53 of the Act; and
  - (iii) as a director of K&S, Persaud authorized, permitted or acquiesced in breaches of sections 25 and 53 of the Act by K&S contrary to section 129.2 of the Act.
- 31. The conduct of Maxine Lobban and Wayne Lobban was contrary to the public interest and constituted the following breaches of the Act:
  - (i) trading without registration contrary to section 25 of the Act; and
  - (ii) an illegal distribution of securities contrary to section 53 of the Act.
- 32. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 16<sup>th</sup> day of February, 2011.