



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 PHOENIX CREDIT RISK MANAGEMENT CONSULTING INC.,  
PHOENIX PENSION SERVICES INC., PHOENIX CAPITAL RESOURCES INC.,  
RATHORE & ASSOCIATES ASSET MANAGEMENT LTD., 2195043 ONTARIO INC.,  
JAWAD RATHORE, VINCENZO PETROZZA and OMAR MALONEY**

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

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

**Overview**

1. Between January 1, 2007 and June 30, 2009 (the “Relevant Time”), Jawad Rathore (“Rathore”) and Vincenzo Petrozza (“Petrozza”) were the sole officers and directors of Phoenix Credit Risk Management Consulting Inc. (“Phoenix CRMC”) and Phoenix Capital Resources Inc. (“Phoenix Capital Resources”).
2. During the Relevant Time, Rathore was the sole officer and director of Phoenix Pension Services Inc. (“Phoenix Pension”) and Rathore & Associates Asset Management Ltd. (“R&A”).
3. During the Relevant Time, Rathore and Petrozza had signing authority on the bank account of 2195043 Ontario Inc. (“2195043”). Rathore’s wife and Petrozza’s wife were each directors and shareholders of 2195043.

4. Phoenix CRMC, Phoenix Pension, Phoenix Capital Resources, R&A and 2195043 are collectively referred to herein as the “Companies.” The Companies and Rathore, Petrozza and Omar Maloney (“Maloney”) are collectively referred to herein as the “Respondents.”
5. The Companies are Ontario corporations, with the following incorporation dates:
  - R&A: November 21, 2001;
  - Phoenix Pension: July 12, 2002;
  - Phoenix CRMC: May 30, 2003;
  - Phoenix Capital Resources: February 8, 2006; and
  - 2195043: January 9, 2009.
6. During the Relevant Time, Maloney was an employee of Phoenix CRMC.
7. Prior to the Relevant Time, Phoenix Pension provided consulting services regarding funds in locked-in retirement accounts, including assisting individuals in unlocking or accessing funds in their retirement accounts to repay debts.
8. During the Relevant Time, Phoenix CRMC provided consulting services regarding funds in locked-in retirement accounts, including assisting individuals in unlocking or accessing funds in their retirement accounts to repay debts. Many clients of Phoenix CRMC were referred to it by collection agencies.
9. During the Relevant Time, Phoenix Capital Resources offered short term bridge loans to individuals who were unlocking funds in their retirement accounts to repay debt.
10. During the Relevant Time, Phoenix Pension, R&A and 2195043 received payments in respect of the Respondents’ referral of clients of Phoenix CRMC to purchase shares in Great Pacific International Inc. (“GPI”) and/or OSE Corp. (“OSE”).

11. None of the Respondents were registered with the Commission during the Relevant Time.

### **GPI and OSE**

12. During the Relevant Time, GPI and OSE were both reporting issuers listed on the TSX Venture Exchange (“TSXV”) carrying on business as oil and gas companies.
13. During the Relevant Time, Thalbinder Poonian (“Poonian”) was the President and a director of GPI and owned and/or controlled shares of GPI and OSE.
14. The Respondents were introduced to Poonian by a registered representative who was employed by an investment dealer registered with the Investment Dealers Association (as it then was).

### **The Phoenix Investors**

15. Some Phoenix CRMC clients had amounts remaining in their accounts after unlocking their retirement funds and repaying debts.
16. During the Relevant Time, Rathore and Maloney, with and through Phoenix CRMC, recommended to many of those clients the purchase of shares of GPI and OSE. Many of those clients subsequently purchased shares of GPI and/or OSE (the “Phoenix Investors”).
17. In many cases, the Respondents (other than Petrozza) told Phoenix Investors that the future value and price of GPI, OSE or both, would increase.
18. The Phoenix Investors purchased their shares in GPI and/or OSE in accounts held at registered investment dealers. Some of the accounts were with full service investment dealers and some were with discount brokerage firms. If a Phoenix Investor did not have a trading account, Phoenix CRMC offered to assist the client in opening an account at an investment dealer and in many cases did so.

19. The Phoenix Investors were, in some cases, referred to representatives of GPI and OSE, including Poonian, who gave them information regarding GPI and OSE. Sometimes one of the Respondents (other than Petrozza), or an employee of one of the Companies, participated in those calls.
20. In order to effect many of the purchases, one of the Respondents (other than Petrozza), or an employee of one of the Companies participated in a three-way telephone call with the Phoenix Investor and a representative of the Phoenix Investor's investment dealer. Purchases were occasionally effected by the Phoenix Investors directly.
21. The Phoenix Investors thereby acquired shares of GPI, OSE, or both.
22. During the Relevant Time, the Phoenix Investors purchased approximately 11 million GPI shares and approximately 4.9 million OSE shares.
23. The Phoenix Investors invested a total of approximately \$16.5 million in GPI and OSE.
24. In many cases, the shares purchased by the Phoenix Investors through the TSXV were sold by Poonian personally, or persons and companies related to and/or controlled or directed by him (the "Poonian Sellers"). Poonian effected these sales by specifying to the Respondents the timing and price of purchases by the Phoenix Investors.
25. Pursuant to an agreement with Poonian, certain of the Respondents, directly or indirectly, received compensation for referring investors to GPI and OSE from persons and companies related to, directed by and/or associated with Poonian. The compensation was typically a percentage of the amounts invested in GPI and OSE by the Phoenix Investors.
26. During the Relevant Time, approximately \$3 million in compensation was paid to Phoenix Pension, R&A and 2195043 for the sale of GPI and OSE shares to the Phoenix Investors.
27. The Respondents did not disclose to the Phoenix Investors that they received compensation for referring Phoenix Investors to GPI and/or OSE.

28. During the Relevant Time, certain of the Companies caused approximately \$261,787.55 in cheques to be issued to or for the benefit of several Phoenix Investors. Some of the cheques contained the notation "Dividends." During the Relevant Time, GPI and OSE did not declare dividends.
29. During the Relevant Time, certain of the Companies also made payments to or for the direct benefit of Phoenix Investors in the amount of approximately \$10,500.00.
30. As outlined above, during the Relevant Time, Phoenix Capital Resources offered short term bridge loans to individuals who were unlocking funds in their retirement accounts to repay debt. These funds were advanced either directly to Phoenix Investors or to third party collection agencies as payments towards debts owing by Phoenix Investors. Debts owing to Phoenix Capital Resources by Phoenix Investors in the amount of approximately \$22,500.00 as a result of such loans have been unconditionally forgiven by the Respondents.

**Conduct Contrary to the *Securities Act* and Contrary to the Public Interest**

31. The Respondents' activities in respect of GPI and OSE constituted trading in securities without registration in respect of which no exemption was available, contrary to section 25 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*").
32. In their roles as directors and officers, including *de facto* directors and officers, Rathore and Petrozza authorized, permitted or acquiesced in the non-compliance of the Companies with Ontario securities law and, accordingly, failed to comply with Ontario securities law contrary to section 129.2 of the *Securities Act*.
33. The Respondents, except Petrozza, gave undertakings as to the future value or price of GPI and OSE with the intention of effecting trades in those securities, contrary to section 38(2) of the *Securities Act*.
34. The Respondents engaged in conduct contrary to the public interest by:

- a. failing to do adequate due diligence with respect to Poonian, the Poonian Sellers, GPI and OSE, before recommending shares of those companies to Phoenix Investors;
- b. receiving compensation from Poonian or from others associated or related to him for referring Phoenix Investors;
- c. failing to advise the Phoenix Investors that they received compensation for referring the Phoenix Investors to purchase GPI and/or OSE; and
- d. describing payments to Phoenix Investors as dividends when they were not.

**DATED** at Toronto, the 15<sup>th</sup> day of December, 2011.