



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 REZWEALTH FINANCIAL SERVICES INC.,
PAMELA RAMOUTAR, JUSTIN RAMOUTAR,
TIFFIN FINANCIAL CORPORATION, DANIEL TIFFIN,
2150129 ONTARIO INC., SYLVAN BLACKETT,
1778445 ONTARIO INC. and WILLOUGHBY SMITH**

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

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

I. OVERVIEW

1. This proceeding involves the unregistered trading and illegal distribution of securities by the respondents between August 22, 2006 and December 31, 2009 (the “Material Time”).
2. Sylvan Blackett (“Blackett”) and 2150129 Ontario Inc. (“215 Inc.”) solicited Ontario residents, both directly and through Willoughby Smith (“Smith”) and 1778445 Ontario Inc. (“177 Inc.”), to invest in investment contracts offered by Blackett. Rezwealth Financial Services Inc. (“Rezwealth”), Pamela Ramoutar (“Pamela”) and Justin Ramoutar (“Justin”) solicited Ontario residents, both directly and through Daniel Tiffin (“Tiffin”) and Tiffin Financial Corporation (“Tiffin Financial”), to invest in investment contracts offered by Rezwealth. Rezwealth in turn invested part of the investor funds it received with Blackett.

3. Blackett, 215 Inc., Rezwealth, Pamela and Justin engaged in fraudulent conduct by misleading investors, using investor funds for personal expenditures and/or using investor funds to pay monthly returns and redemptions to other investors during the Material Time.

II. THE RESPONDENTS

4. 215 Inc. was incorporated in Ontario on October 3, 2007. 215 Inc. has never been registered with the Ontario Securities Commission (the "Commission") in any capacity.
5. Blackett is the sole director of 215 Inc. Blackett resided in Brampton, Ontario during the Material Time. Blackett has never been registered with the Commission in any capacity.
6. 177 Inc. was incorporated in Ontario on September 4, 2008. 177 Inc. has never been registered with the Commission in any capacity.
7. Smith is a director of 177 Inc. and is a resident of Brampton, Ontario. Smith has not been registered with the Commission in any capacity since September 30, 2005.
8. Rezwealth was incorporated in Ontario on May 11, 2007. Rezwealth has never been registered with the Commission in any capacity.
9. Pamela is a director of Rezwealth and is a resident of Toronto, Ontario. Pamela holds herself out as the President of Rezwealth. Pamela has not been registered with the Commission in any capacity since December 31, 2004.
10. Justin is Pamela's son and is a resident of Toronto, Ontario. He is the Treasurer and a director of Rezwealth. Justin has never been registered with the Commission in any capacity.
11. Tiffin Financial was incorporated in Ontario on December 24, 1999. Tiffin Financial has never been registered with the Commission in any capacity.

12. Tiffin is the sole director and officer of Tiffin Financial. Tiffin is a resident of Kincardine, Ontario. Tiffin has not been registered with the Commission in any capacity since August 10, 1999

III. BACKGROUND

A. Blackett and 215 Inc.

Trading in Securities and Illegal Distribution

13. During the Material Time, Blackett held himself out as a successful foreign currency trader. He solicited investments from Ontario residents, purportedly to engage in foreign currency trading (“Forex trading”) using investor funds. Investors entered into written agreements with Blackett and/or 215 Inc. with respect to these investments.
14. The investment offered by Blackett is an “investment contract” and therefore a “security” as defined in section 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) (the “Blackett Investment Contracts”).
15. Although the Blackett Investment Contracts were characterized on their face as “loan agreements” between Blackett and/or 215 Inc. and investors, Blackett represented to investors that he used investor funds to engage in Forex trading and that the monthly returns payable to investors would be funded by the profits he generated through Forex trading. Investors were typically promised a fixed return of 5% per month (or 60% per annum), although some investors were promised a fixed return of as much as 10% per month (or 120% per annum).
16. Blackett solicited Ontario residents to invest in the Blackett Investment Contracts by meeting with potential investors, discussing the nature of the investment and promised returns, and showing some investors a purported example of the profits he had generated through Forex trading. Blackett prepared and signed the Blackett Investment Contracts and deposited investor funds to several bank accounts in his name and in the name of 215 Inc. (the “Blackett Accounts”).

17. Blackett also solicited investors to invest in the Blackett Investment Contracts through associates, including Smith and 177 Inc.
18. As a result of this activity, Blackett raised at least \$3 million from approximately 56 investors through the sale of the Blackett Investment Contracts during the Material Time.

Fraudulent Conduct

19. Contrary to the representations made by Blackett to investors, most of the investor funds he and 215 Inc. received were not used for Forex trading. Rather, a large portion of investor funds deposited into the Blackett Accounts were used by Blackett for personal expenditures and to make monthly return and redemption payments to other investors.
20. Between January 1, 2008 and April 14, 2009:
 - (a) A total of approximately \$4.2 million was deposited into the Blackett Accounts, of which at least \$3 million was investor funds;
 - (b) Only approximately \$542,000 was transferred from the Blackett Accounts to Forex trading accounts;
 - (c) Only approximately \$28,000 was deposited back into the Blackett Accounts from Forex trading accounts;
 - (d) Approximately \$1.6 million was paid to investors from the Blackett Accounts to satisfy monthly return and redemption payments; and
 - (e) Approximately \$700,000 was paid out of the Blackett Accounts for personal expenditures by Blackett, including cash withdrawals and payments to retailers.

B. Smith and 177 Inc.

Trading in Securities and Illegal Distribution

21. Smith solicited Ontario residents to invest in the Blackett Investment Contracts, both directly and indirectly through 177 Inc.

22. Smith met with potential investors to discuss the Blackett Investment Contracts, assisted investors in completing the Blackett Investment Contracts, and accepted cheques from investors on behalf of Blackett. Smith also facilitated the payment of monthly returns to the investors he referred to Blackett using 177 Inc.'s bank account.
23. As a result of this activity, at least 48 investors invested approximately \$1.2 million in the Blackett Investment Contracts during the Material Time (the "Smith Investors").
24. Smith and 177 Inc. received commission payments from Blackett for referring investors. Blackett agreed to pay Smith a referral fee of 10% of the principal invested by the Smith Investors. During the Material Time, Smith and 177 Inc. received approximately \$137,000 from Blackett and 215 Inc., the majority of which was referral fees.

C. Rezwealth and the Ramoutars

Trading in Securities and Illegal Distribution

25. During the Material Time, Rezwealth solicited funds from Ontario residents for the purpose of investing with Blackett and other Forex traders, and in other ventures. Investors entered into written agreements with Rezwealth with respect to these investments.
26. The investment offered by Rezwealth is an "investment contract" and therefore a "security" as defined in section 1(1) of the Act (the "Rezwealth Investment Contracts").
27. The characterization of the Rezwealth Investment Contracts evolved over time. The investment was initially described as the pooling of investor funds for Forex trading and later described as the purchase of promissory notes or debentures. Regardless of the characterization of the investment, the key elements of the Rezwealth Investment Contracts remained the same. Investors were typically promised a return of 2% per month (or 24% per annum) on their invested principal. Some investors were promised a return of as much as 5% per month (or 60% per annum). Investors were told that their funds would be used for Forex trading, loans and other investments. Investors were also told that their monthly return payments and/or principal were "guaranteed".

28. Pamela was the directing mind of Rezwealth during the Material Time. She determined the rate of return offered by Rezwealth to investors and how investor funds were used by Rezwealth.
29. Pamela and Justin solicited Ontario residents to invest in the Rezwealth Investment Contracts by meeting with investors, discussing the features of the investment and telling investors that their monthly returns and/or principal were “guaranteed”. Justin advised investors to use borrowed funds to purchase the Rezwealth Investment Contracts.
30. Rezwealth also solicited investors to invest in the Rezwealth Investment Contracts through representatives and associates, including Tiffin, Tiffin Financial and Rezwealth employees.
31. During the Material Time, Rezwealth raised at least \$2.9 million from approximately 44 investors through the sale of the Rezwealth Investment Contracts.
32. Rezwealth, in turn, invested at least \$568,000 of the investor funds it raised in the Blackett Investment Contracts. Blackett promised Rezwealth a return of 5% to 8% per month and represented that these payments would be funded by the profits he generated through Forex trading. Rezwealth would retain the difference between the return paid by Blackett and the return promised to its investors.

Fraudulent Conduct

33. Between July 1, 2009 and December 31, 2009, Rezwealth accepted at least \$904,000 in new investments in the Rezwealth Investment Contracts, while continuing to make monthly interest payments to investors and to repay the principal of investors who elected to redeem.
34. Rezwealth stopped receiving monthly return payments from Blackett in April 2009.
35. During the period between July 1, 2009 and December 31, 2009, Rezwealth’s other investments and business operations did not generate sufficient revenue to cover its interest and principal repayment obligations to investors.

36. Rezwealth used at least part of the new investor funds it received between July 1, 2009 and December 31, 2009 to pay other investors their monthly returns and principal redemptions. Rezwealth's continued acceptance of new investor funds in order to meet its obligations to investors was misleading and/or fraudulent in the circumstances.

D. Tiffin and Tiffin Financial

Trading in Securities and Illegal Distribution

37. Tiffin solicited Ontario residents to invest in the Rezwealth Investment Contracts, both directly and indirectly through Tiffin Financial.
38. Tiffin sent emails to potential investors and posted promotional materials on Tiffin Financial's website regarding the Rezwealth Investment Contracts. In these materials, Tiffin represented that he had "joined forces with Rezwealth" to offer the Rezwealth Investment Contracts, and that they offered guaranteed returns of 24% per annum and guarantees on investors' principal. Tiffin also met with investors, discussed the features of the investment, assisted investors in completing the Rezwealth Investment Contracts, and facilitated the payment of investor funds to Rezwealth.
39. As a result of these activities, at least 19 investors invested at least \$2 million in the Rezwealth Investment Contracts during the Material Time (the "Tiffin Investors").
40. Tiffin and Tiffin Financial received commission payments from Rezwealth for referring investors. Rezwealth agreed to pay Tiffin a trailer fee of 2% per month (or 24% per annum) of the principal invested by the Tiffin Investors. During the Material Time, Tiffin and Tiffin Financial received a total of approximately \$548,000 in trailer fees from Rezwealth.

VI. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

41. The specific allegations advanced by Staff are:
- (a) During the Material Time, the respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being

registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the Act as that section existed at the time the conduct at issue commenced on August 22, 2006, and contrary to section 25(1) of the Act as subsequently amended on September 28, 2009;

- (b) During the Material Time, the respondents traded in securities of 215 Inc. and/or Rezwealth when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act;
 - (c) During the Material Time, 215 Inc., Blackett, Rezwealth, Pamela and Justin engaged or participated in acts, practices or courses of conduct relating to securities of 215 Inc. and/or Rezwealth that they knew or reasonably ought to have known perpetrated a fraud on persons or companies contrary to section 126.1(b);
 - (d) During the Material Time, each of the individual respondents who are directors and/or officers of the corporate respondents authorized, permitted or acquiesced in the corporate respondents' non-compliance with Ontario securities law, and accordingly failed to comply with Ontario securities law, contrary to section 129.2 of the Act; and
 - (e) The respondents' conduct was contrary to the public interest and harmful to the integrity of the capital markets in Ontario.
42. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, January 24, 2012.