



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
WEIZHEN TANG**

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

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. On October 30, 2012, following a trial in the Ontario Superior Court of Justice before a judge and jury, Weizhen Tang (“Tang”) was found guilty of one count of fraud over \$5,000 contrary to section 380(1) of the *Criminal Code*, R.S.C., 1985, c. C-46, as amended (the “Criminal Code”).
2. A sentencing hearing was subsequently held before Justice O’Marra who issued oral reasons on February 1, 2013 (the “Reasons for Sentence”) and sentenced Tang to, *inter alia*, a term of imprisonment of six years.
3. The offence for which Tang was convicted arose from a transaction, business or course of conduct related to securities and/or derivatives.
4. Staff are seeking an inter-jurisdictional enforcement order reciprocating Tang’s conviction, pursuant to paragraph 1 of subsection 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).

5. The conduct for which Tang was convicted took place between January 2006 and March 2009 (the “Material Time”).

II. THE RESPONDENT

6. Tang is resident of Ontario. From January 22, 2008 to March 17, 2009 Tang was registered with the Ontario Securities Commission (the “Commission”) as a Trading Officer of Weizhen Tang Corp., a dealer registered in the category of limited market dealer.

III. THE SUPERIOR COURT OF JUSTICE PROCEEDINGS

The Conviction

7. The offence with which Tang was charged was set forth in the indictment, on which he was tried and convicted, as follows:

WEIZHEN TANG stands charged that he, during the period from and including the 1st day of March in the year 1999, to and including the 31st day of March in the year 2009, at the City of Toronto, in the Toronto Region, by deceit, falsehood or other fraudulent means, did defraud members of the public of monies of a value exceeding five thousand dollars, contrary to section 380(1) (a) of the Criminal Code, as amended.

The Sentencing Findings

8. In the Reasons for Sentence, Justice O’Marra found, among other things, that:
 - a. [t]he nature of [Tang’s] offence involved defrauding investors from Canada, [the] United States and China in an investment fund he managed;
 - b. [Tang] raised over \$50 million from January 2006 to March 2009;
 - c. by February 27, 2009, there was little more than \$1,400 left in the fund; and
 - d. there was overwhelming evidence presented at the trial that Mr. Tang committed fraud:

- i. by making false representations to potential investors as to the nature of the investments he would make for them;
- ii. by providing false account statement about the earned returns on the investors' investment contributions;
- iii. by using money of recent investors to redeem the accounts of earlier investors, a fraudulent practice referred to as a "Ponzi" scheme; and
- iv. the unwarranted collection of service and commission fees, contrary to representations made to his investors of his "no profit, no fees" policy.

The Sentence

9. Justice O'Marra sentenced Tang to six years in the penitentiary and ordered Tang to pay a fine in lieu of forfeiture of \$2,849,459.50 within five years after he completes his sentence. Justice O'Marra further ordered that in default of payment of the fine, Tang be imprisoned for an additional five years.

IV. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

10. Pursuant to paragraph 1 of subsection 127(10) of the Act, Tang's conviction for an offence arising from a transaction, business or course of conduct related to securities or derivatives may form the basis for an order in the public interest made under subsection 127(1) of the Act.
11. Staff submit that it is in the public interest to make orders against Tang.
12. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

DATED at Toronto, this 30th day of September 2013.