



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
ANDRE LEWIS**

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

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

I. OVERVIEW

1. On June 18, 2014, following a trial by jury, Andre Lewis (“Lewis”) was found guilty in the Superior Court of Justice of one count of defrauding the public of an amount exceeding \$5,000, contrary to section 380(1)(a) of the Criminal Code, R.S.C., 1985, c. C-46 (“Criminal Code”). On July 11, 2014, Lewis was sentenced by the Court to 7 years in prison.
2. The offence for which Lewis was convicted arose from transactions, business or a course of conduct related to securities.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating Lewis’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”).
4. The conduct for which Lewis was sanctioned took place between January 1, 2004 and October the 27, 2011 (the “Material Time”).

II. THE RESPONDENT

5. Lewis is a resident of Ontario.
6. During the Material Time, Lewis operated Lexxco Corp. (“Lexxco”), an Etobicoke real estate and financial services firm. Lewis incorporated Lexxco in 2002. Lexxco was licenced as a mortgage administrator with the Financial Services Commission of Ontario (“FSCO”) from January 30, 2009 to September 8, 2011. FSCO revoked Lexxco’s licence on November 26, 2014.
7. During the Material Time, Lewis defrauded 33 victims of \$7,527,630 in a large-scale, sophisticated mortgage investment scam in the nature of a Ponzi scheme.
8. Lewis, through his various companies under Lexxco, solicited money for investments in private mortgages, offering rates of return of 10 per cent. Lewis placed ads in newspapers, radio ads, and promotional material explaining the benefits of private mortgage investments. Lewis advertised the investments as safe and secure, and in exchange for their investments, he provided investors with promissory notes promising the return of their principal at the end of the term.
9. Lewis invested a small portion of the funds raised from investors in mortgages, however, most of the properties were sold under power of sale at a loss to investors. Most of the funds were deposited into bank accounts under Lewis’s control and used for his own benefit, and also used to pay “interest” to other investors.

III. THE SUPERIOR COURT OF JUSTICE PROCEEDINGS

Lewis’s Conviction

10. By Information sworn June 29, 2012, and amended June 24, 2013, Lewis was charged with one count of defrauding the public of an amount exceeding \$5,000, contrary to section 380(1)(a) of the Criminal Code (the “Information”).
11. Lewis pleaded not guilty to the charge.

12. On June 18, 2014, following a 39-day trial held between April and June 2014, a jury found Lewis guilty of one count of defrauding the public of an amount exceeding \$5,000.

Lewis's Sentence

13. A sentencing hearing was subsequently held on July 3, 2014 before Justice Katherine B. Corrick of the Superior Court of Justice. Justice Corrick issued oral reasons for sentence on July 11, 2014, and sentenced Lewis to a term of imprisonment of 7 years.

V. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

14. Pursuant to paragraph 1 of subsection 127(10) of the Act, Lewis's conviction for offences arising from transactions, business or a 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.
15. Staff allege that it is in the public interest to make an order against Lewis.
16. 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.
17. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the *Ontario Securities Commission Rules of Procedure*, (2014) 37 O.S.C.B. 4168.

DATED at Toronto, this 1st day of April, 2015.