



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  
HUSSAIN DHALA**

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

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

**I. OVERVIEW**

1. Hussain Dhala (“Dhala”) is subject to an order made by the British Columbia Securities Commission (“BCSC”) dated August 31, 2015 (the “BCSC Order”) that imposes sanctions, conditions, restrictions or requirements upon him.
2. In its findings on liability dated August 31, 2015 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that Dhala perpetrated a fraud, and made false or misleading statements to BCSC investigation Staff while under oath.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC Order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).
4. As of the date of the Findings, Dhala was a resident of British Columbia, and had never been registered under the British Columbia *Securities Act*, RSBC 1996, c. 418 (the “BC Act”).

5. As of the date of the Findings, Dhala was the sole proprietor of HMD Capital, and HMD Capital had never been registered under the BC Act.
6. The BCSC Panel found that Dhala, a self-employed day trader, told four investors that he had an investment opportunity and could purchase shares for them in a private placement offered by Prophecy Platinum Corporation (“Prophecy”), a TSXV listed company. At Dhala’s instruction, the investors gave him \$38,250 to purchase the Prophecy shares. Dhala never purchased the shares, however, and instead spent \$26,900 of the investors’ funds on personal expenses.
7. The BCSC Panel also found that Dhala lied to BCSC Staff during an interview on February 26, 2013, while under oath. During the interview, Dhala stated that he dealt with only one investor with respect to buying shares of Prophecy, which was not true. Dhala had received the \$38,250 from the four investors prior to the date of the interview.

## **II. THE BCSC PROCEEDINGS**

### **The BCSC Findings**

8. In its Findings, the BCSC Panel found the following:
  - a. Dhala committed fraud with respect to four investors for a total of \$38,250, contrary to section 57(d) of the BC Act; and
  - b. Dhala made false or misleading statements to BCSC investigators while under oath, contrary to section 168.1(1)(a) of the BC Act.

### **The BCSC Order**

9. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Dhala:
  - a. under section 161(1)(b) of the BC Act, that Dhala permanently cease trading in securities and exchange contracts;

- b. under sections 161(1)(d)(i) and (ii) of the BC Act, that Dhala resign any position as, and is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant;
- c. under section 161(1)(d)(iii) of the BC Act, that Dhala be permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;
- d. under section 161(1)(d)(iv) of the BC Act, that Dhala be permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
- e. under section 161(1)(d)(v) of the BC Act, that Dhala is permanently prohibited from engaging in investor relations activities;
- f. under section 161(1)(g) of the BC Act, that Dhala disgorge to the BCSC \$26,900; and
- g. under section 162 of the BC Act, that Dhala pay an administrative penalty to the BCSC of \$125,000, where \$100,000 of such fine is in respect of Dhala's fraudulent misconduct and \$25,000 of such fine is in respect of Dhala's contravention of section 168.1(1)(a) of the BC Act.

### **III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION**

- 10. Dhala is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.
- 11. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 12. Staff allege that it is in the public interest to make an order against Dhala.

13. 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.
14. 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*.

**DATED** at Toronto, this 16<sup>th</sup> day of November, 2015.