



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
FRED LOUIS SEBASTIAN**

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

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

I. OVERVIEW

1. Fred Louis Sebastian (“Sebastian”) is subject to an order made by the Financial and Consumer Affairs Authority of Saskatchewan (“FCAA”) dated August 27, 2015 (the “FCAA Order”) that imposes sanctions, conditions, restrictions or requirements upon him.
2. In its findings on liability dated July 23, 2015 (the “Findings”), a panel of the FCAA (the “FCAA Panel”) found that Sebastian acted as a dealer and adviser without being registered to do so and made an undertaking to an investor as to the future value of a security. The FCAA Panel further found that Sebastian perpetrated a fraud.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the FCAA 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. The conduct for which Sebastian was sanctioned took place in approximately 2012 (the “Material Time”).
5. During the Material Time, Sebastian was a resident of Saskatchewan. As of the date of the Findings, Sebastian had never been registered as a dealer or adviser under the Saskatchewan *Securities Act 1988*, S.S. 1988-89 C. S-42.2, as amended (the “Saskatchewan Act”).
6. During the Material Time, Sebastian befriended an elderly investor who was a resident of the same retirement home as Sebastian’s mother, regularly visiting the investor to play cards and accepting small loans from her. Sebastian presented himself as a successful businessman and introduced the investor to an investment opportunity in a corporation known as E-Debit, which trades on the over the counter market. Sebastian advised the investor not to tell her family about the investment, and claimed that the investor would double or triple her money within a few months.
7. Sebastian accepted five cheques from the investor totalling \$47,000 on the premise she would be investing in E-Debit. However, each of the investor’s cheques were instead deposited into Sebastian’s personal bank account, where the funds were utilized for the purpose of repayment of some of Sebastian’s personal loans and for various personal purchases. In response to requests for transaction documentation from the investor’s children, Sebastian subsequently provided the investor with four promissory notes in respect of the investor’s funds, which were neither invested in E-Debit as promised, nor recovered.

II. THE FCAA PROCEEDINGS

The FCAA Findings

8. In its Findings, the FCAA Panel found the following:
 - a. Sebastian acted as a dealer and adviser without being registered contrary to clauses 27(2)(a) and 27(2)(b) of the Saskatchewan Act;

- b. Sebastian made an oral undertaking to an investor as to the future value of a security, with intention of effecting a trade in that security, contrary to subsection 44(2) of the Saskatchewan Act; and
- c. Sebastian perpetrated a fraud, contrary to clause 55.1(b) of the Saskatchewan Act.

The FCAA Order

- 9. The FCAA Order imposed the following sanctions, conditions, restrictions or requirements upon Sebastian:
 - a. pursuant to clause 134(1)(a) of the Saskatchewan Act, all of the exemptions in Saskatchewan securities laws do not apply to Sebastian, permanently;
 - b. pursuant to clause 134(1)(d) of the Saskatchewan Act, Sebastian shall cease trading in any securities or exchange contracts in Saskatchewan, permanently;
 - c. pursuant to clause 134(1)(d.1) of the Saskatchewan Act, Sebastian shall cease acquiring securities for and on behalf of residents of Saskatchewan, permanently;
 - d. pursuant to clause 134(1)(e) of the Saskatchewan Act, Sebastian shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan;
 - e. pursuant to clause 134(1)(h)(i) of the Saskatchewan Act, Sebastian shall resign any position that he holds as a director or officer of any issuer, registrant or investment fund manager;
 - f. pursuant to clause 134(1)(h)(ii) of the Saskatchewan Act, Sebastian is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, permanently;
 - g. pursuant to clause 134(1)(h)(iii) of the Saskatchewan Act, Sebastian shall not be employed by any issuer, registrant or investment fund manager in any capacity that would entitle him to trade or advise in securities;

- h. pursuant to clause 134(1)(h.1) of the Saskatchewan Act, Sebastian is prohibited from becoming or acting as a registrant, an investment fund manager or a promoter, permanently;
- i. pursuant to section 135.1 of the Saskatchewan Act, Sebastian shall pay an administrative penalty to the FCAA in the amount of \$75,000; and
- j. pursuant to section 161 of the Saskatchewan Act, Sebastian shall pay to the FCAA costs of and related to the FCAA hearing in the amount of \$4,513.48.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 10. Sebastian is subject to an order of the FCAA 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 Sebastian.
- 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 16th day of November, 2015.