



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
THE *SECURITIES ACT*, RSO 1990, c S.5**

- and -

**IN THE MATTER OF
RTG DIRECT TRADING GROUP LTD. and
RTG DIRECT TRADING LIMITED**

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

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

I. OVERVIEW

1. RTG Direct Trading Group Ltd. (“RTG Group Ltd.”) and RTG Direct Trading Limited (“RTG Limited”) (together, the “Respondents”) are subject to an order made by the Financial and Consumer Affairs Authority of Saskatchewan (the “FCAA”) dated April 28, 2016 (the “FCAA Order”) that imposes sanctions, conditions, restrictions or requirements upon them.
2. In its findings on liability and sanctions dated February 19, 2016 (the “Findings”), a panel of the FCAA (the “FCAA Panel”) found that the Respondents “acted as dealers by engaging in the business of trading in securities or holding themselves out as engaging in the business of trading in securities in Saskatchewan,” without being registered to do so, in contravention of Saskatchewan securities laws.
3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the *Securities Act*, RSO 1990, c S.5 (the “Act”).

4. The conduct for which the Respondents were sanctioned took place between approximately April 2015 and August 2015 (the “Material Time”).
5. According to the Respondents’ shared website, RTG Group Ltd. has a contact address based in Majuro, Marshall Islands, and RTG Limited has a contact address based in London, United Kingdom.

II. THE FCAA PROCEEDINGS

The FCAA Panel’s Findings

The FCAA Panel made the following findings of fact:

6. Neither of the Respondents has ever been registered as a ‘dealer’ under the Saskatchewan *Securities Act, 1988*, SS 1988, c S-42.2 (the “Saskatchewan *Securities Act*”).
7. During the Material Time, the Respondents provided an online trading platform accessible by Saskatchewan residents, to trade binary options. The Respondents offered binary option trading which involved “0 risk trading,” and which was “risk free,” and, further, the Respondents represented that investors would “own the asset.”
8. During the Material Time, a resident of Saskatchewan (the “Investor”) opened a trading account and transferred approximately \$75,000 to the Respondents. Over a period of several months, the Investor purchased and/or traded binary options through the Respondents’ online trading platform. In an email to the Investor in May 2015, the Respondents indicated that “the Respondents and/or the Investor now ‘owned them’ (i.e. the platinum and silver trades) ‘risk free.’”
9. In June 2015, the Investor requested the return of \$10,000, and the Respondents returned \$10,000 to him in July 2015; however, shortly thereafter, the Respondents made an unauthorized withdrawal for the same amount from the Investor’s credit card.
10. The Respondents demanded copies of the Investor’s personal identification documents (for example, his passport and driver’s licence, among other things) and a further \$20,000 from the Investor (which was refused) in order to for him to obtain the return of his

principal investment funds. The Respondents also proposed that the Investor sign a “liquidity agreement” before he could receive the return of any of his principal investment funds.

11. When the Investor began to push for a return of his principal investment, “his losses began accumulating at an alarming rate in a manner that was inconsistent with the history of his earlier returns throughout the period when he was making additional deposits to his investment account.”
12. On August 27, 2015, “someone presumably acting on behalf of the Respondents, and posing as a representative of the United States Securities and Exchange Commission (SEC), sought additional funds (\$36,733 USD) from the Investor ...”. The Investor was “named as an alleged Defendant in a fabricated SEC administrative proceeding involving the Respondents (where the Administrative Law Judge signed Orders using President Barack Obama’s signature).”
13. The Investor last requested the return of all of his funds from the Respondents in August 2015, but the funds still remain in the possession of the Respondents.
14. In its Findings, the FCAA Panel held that:
 - a. the binary options solicited by the Respondents, were “option[s] or other interest[s] in a security” and therefore “securities” for purposes of the Saskatchewan *Securities Act*, and that binary options, including those solicited by the Respondents, are also “investment contracts” and therefore “securities” for purposes of the Saskatchewan *Securities Act*; and
 - b. the Respondents acted as dealers by engaging in the business of trading in securities or holding themselves out as engaging in the business of trading in securities in Saskatchewan contrary to subsection 27(2) of the Saskatchewan *Securities Act*.

The FCAA Order

15. The FCAA Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:
- a. pursuant to clause 134(1)(a) of the Saskatchewan *Securities Act*, all of the exemptions in Saskatchewan securities laws do not apply to the Respondents, permanently;
 - b. pursuant to clause 134(1)(d) of the Saskatchewan *Securities Act*, the Respondents shall cease trading in any securities or exchange contracts in Saskatchewan, permanently;
 - c. pursuant to clause 134(1)(d.1) of the Saskatchewan *Securities Act*, the Respondents shall cease acquiring securities for and on behalf of residents of Saskatchewan, permanently;
 - d. pursuant to section 135.1 of the Saskatchewan *Securities Act*, the Respondents shall pay an administrative penalty to the FCAA in the amount of \$25,000;
 - e. pursuant to section 135.6 of the Saskatchewan *Securities Act*, the Respondents shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of the Respondents' contraventions of the Saskatchewan *Securities Act*, in an amount to be determined; and
 - f. pursuant to section 161 of the Saskatchewan *Securities Act*, the Respondents shall pay to the FCAA the costs of and related to the FCAA hearing of the matter in the amount of \$2,195.88.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

16. The Respondents are subject to an order of the FCAA imposing sanctions, conditions, restrictions or requirements upon them.

17. 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.
18. Staff allege that it is in the public interest to make an order against the Respondents.
19. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Ontario Securities Commission may permit.
20. 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's *Rules of Procedure*.

DATED at Toronto, this 29th day of August, 2016.