



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**

- and -

**IN THE MATTER OF
THOMAS ARTHUR WILLIAMS,
GLOBAL WEALTH CREATION OPPORTUNITIES INC.,
GLOBAL WEALTH CREATION OPPORTUNITIES INC. (BELIZE),
GLOBAL WEALTH FINANCIAL INC.,
GLOBAL WEALTH CREATION STRATEGIES INC.,
CDN GLOBAL WEALTH CREATION CLUB RW-TW,
2002 CONCEPTS INC., SUSAN GRACE NEMETH, RENEE MICHELLE PENKO,
IRENE G. BEILSTEIN and DENNIS CARL WEIGEL**

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

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

I. OVERVIEW

1. Thomas Arthur Williams (“Williams”), Global Wealth Creation Opportunities Inc., Global Wealth Creation Opportunities Inc. (Belize), Global Wealth Financial Inc., Global Wealth Creation Strategies Inc., CDN Global Wealth Creation Club RW-TW and 2002 Concepts Inc. (collectively, the “Global Entities”), Susan Grace Nemeth (“Nemeth”), Renee Michelle Penko (“Penko”), Irene G. Beilstein (“Beilstein”) and Dennis Carl Weigel (“Weigel”) (collectively, the “Respondents”) are subject to an order made by the British Columbia Securities Commission (the “BCSC”) dated August 17, 2016 (the “BCSC Order”) that imposes sanctions, conditions, restrictions or requirements upon them.

2. In its findings on liability dated January 14, 2016 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that each of the Respondents (except for 2002 Concepts Inc. (“2002 Concepts”)) engaged in unregistered trading and illegal distribution.
3. The BCSC Panel further found that Williams and each of the Global Entities perpetrated a fraud, and that, as the sole directing mind of each company, Williams was liable for the Global Entities’ contraventions of British Columbia securities law.
4. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”).

II. THE BCSC PROCEEDINGS

The BCSC Findings

5. The conduct for which the Respondents were sanctioned took place between February 2007 to April 2010 (the “Material Time”).

Individual Respondents

6. As of the date of the Findings, Williams was a resident of British Columbia. Williams was previously licensed by the Insurance Council of British Columbia from 1991 until the BCSC’s proceedings commenced. Williams was previously registered in various capacities, at various times, under the British Columbia *Securities Act*, RSBC 1996, c. 418 (the “BC Act”). Williams was not registered in any capacity under the BC Act during the Material Time. During the Material Time, Williams was the sole directing mind of each of the Global Entities.
7. As of the date of the Findings, Nemeth was a resident of British Columbia. Nemeth was previously licenced by the Insurance Council of British Columbia. Nemeth was previously registered in various capacities, at various times, under the BC Act. Nemeth was not registered in any capacity under the BC Act during the Material Time.
8. As of the date of the Findings, Penko was a resident of British Columbia. Penko was not registered in any capacity under the BC Act during the Material Time.

9. As of the date of the Findings, Beilstein was a resident of British Columbia and has never been registered under the BC Act.
10. As of the date of the Findings, Weigel was a resident of British Columbia and has never been registered under the BC Act.

Corporate Respondents – Global Entities

11. Global Wealth Creation Opportunities Inc. (“Global Opportunities”) was incorporated in British Columbia in February 2007. Global Opportunities has never been registered, and has never filed a prospectus, under the BC Act. Global Opportunities was dissolved in November 2011 for failure to file Annual Reports.
12. Global Wealth Creation Opportunities Inc. (Belize) (“Global Opportunities (Belize)”) was incorporated in July 2007. Global Opportunities (Belize) has never been registered, and has never filed a prospectus, under the BC Act.
13. Global Wealth Financial Inc. (“Global Financial”) was incorporated in British Columbia in October 2006. Global Financial has never been registered, and has never filed a prospectus, under the BC Act.
14. Global Wealth Creation Strategies Inc. (“Global Strategies”) was incorporated in British Columbia in October 2006. Global Strategies has never been registered, and has never filed a prospectus, under the BC Act. Global Strategies was dissolved in April 2012 for failure to file Annual Reports.
15. CDN Global Wealth Creation Club RW-TW (“Global Club”) is a general partnership registered with the British Columbia Registrar of Companies in May 2006. While Williams and his brother, Robert Laudy Williams (described further at paragraph 18 below) were the only partners shown on its registration, it was Williams who controlled Global Club. Global Club has never been registered, and has never filed a prospectus, under the BC Act.

16. 2002 Concepts was incorporated in British Columbia in February 2002. 2002 Concepts has never been registered, and has never filed a prospectus, under the BC Act. 2002 Concepts was dissolved in August 2008 for failure to file Annual Reports.

Other Respondents – BCSC Proceeding

17. Paul Finney, Christina Kiemel, Helena Yvonne Becker and Eric Clark were also named as respondents in the BCSC proceedings. The allegations with respect to each were either discontinued by the BCSC's Executive Director or dismissed by the BCSC Panel in the Findings.
18. Sharon Downing, Daniel Quo Ming Sam and Robert Laudy Williams were also named as respondents in the BCSC proceedings. Each of them settled with the BCSC on March 30, 2015, April 27, 2015 and May 7, 2015, respectively.

Background

19. A summary of the Respondents' conduct is as follows. Williams started promoting investments in the Global Entities in February 2007 and continued this activity to at least April 2010. In total, Williams and the Global Entities raised \$11.7 million from 123 investors.
20. During the Material Time, investors lent money to differing Global Entities, under differing agreements (the "Global Scheme"):
 - a. a Participation Agreement when money was lent to Global Club;
 - b. an Agreement when money was lent to Global Opportunities;
 - c. a Loan Agreement when money was lent to Global Opportunities Belize; and
 - d. an Agreement when money was lent to Global Financial.
21. Although money was lent by the investors to different Global Entities under the terms of different agreements, investors were to receive consistent returns between the different Global Entities during the Material Time. Investors were promised monthly returns between 2% and 6% per month.

22. Investors were initially told that their funds were being invested, by the applicable Global Entity, in something called a “managed risk opportunity.” Williams described managed risk opportunity to investors as the deposit of funds in a foreign financial institution, as security for further financial transactions by that institution. Williams advised investors that the funds were secure and would not be put at risk.
23. During the Material Time, Williams, through Global Strategies, hired Nemeth, Penko, Beilstein and Weigel as associates or “finders.” All of the individual respondents, other than Williams, were finders and acted as intermediaries between investors and Williams. Williams and the finders persuaded investors to lend money to the Global Entities, and the finders earned commissions for doing so. The finders were instructed by Williams to refer to monies given by investors to the Global Entities as “loans” and not “investments.”
24. Global Strategies did not issue securities to investors but did have investor funds flow through its accounts when commission payments were required to be made to the finders. 2002 Concepts Inc. did not issue securities to investors; however, its accounts were used to deposit investor funds.
25. While some investors received cash distributions on their investments as promised early on in the Global Scheme, all other investors received account statements showing that their accounts were credited with the promised returns. The Global Entities started missing payments to investors in mid to late 2009, and, ultimately, in the first half of 2010, the Global Scheme collapsed as investor demands for cash payments continued to be unmet.
26. The BCSC Panel found that no funds had ever been paid by the Global Entities to any entity consistent with what was described as the managed risk opportunity, and that no money was ever received by any Global Entity from investments. The Global Entities had no revenue other than investor loans, a fact that was never disclosed to investors.
27. The BCSC Panel further found that investor funds had not been invested in safe investments as represented, but instead were used to make payments to earlier investors,

to pay commissions to Williams and the finders, and were sent by Williams to other entities that were controlled by individuals with a history of criminal or securities regulatory fraud.

28. The BCSC Panel found that most investors lost their investments in the Global Scheme, which the BCSC Panel characterized as a Ponzi scheme.
29. In its Findings, the BCSC Panel concluded that:
 - a. Williams and each of the Global Entities perpetrated a fraud, contrary to section 57(b) of the BC Act with respect to an aggregate of \$11.7 million of securities sold to 123 investors;
 - b. each of the Global Entities (except for 2002 Concepts), Williams, Penko, Nemeth, Beilstein and Weigel engaged in illegal distribution and unregistered trading, contrary to sections 34 and 61 of the BC Act, with respect to the following distributions:
 - Williams and Global Strategies - \$5.3 million to 101 investors for 156 investments;
 - Global Opportunities - \$2,893,307 to 51 investors for 83 investments;
 - Global Opportunities (Belize) - \$2,893,307 to 51 investors for 83 investments;
 - Global Financial - \$25,000 to one investor;
 - Global Club - \$244,000 to five investors for seven investments;
 - Penko - \$1,171,003 to 22 investors for 31 investments;
 - Nemeth - \$1,249,723 to 19 investors for 34 investments;
 - Beilstein - \$170,500 to three investors for five investments;

- Weigel - \$40,000 to three investors; and
- c. Williams was liable under section 168.2 of the BC Act with respect to each of the Global Entities' contraventions of sections 57(b), 61 and 34 of the BC Act.

The BCSC Order

30. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements:
- a. upon Williams:
 1. under section 161(1)(b) of the BC Act, that Williams permanently cease trading in, and is prohibited from purchasing, any securities;
 2. under section 161(1)(c) of the BC Act, that all exemptions set out in the BC Act do not apply to Williams, on a permanent basis;
 3. under section 161(1)(d)(i) of the BC Act, that Williams resign any position he holds as a director or officer of an issuer or registrant;
 4. under section 161(1)(d)(ii) of the BC Act, that Williams is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant;
 5. under section 161(1)(d)(iii) of the BC Act, that Williams is permanently prohibited from becoming or acting as a registrant or promoter;
 6. under section 161(1)(d)(iv) of the BC Act, that Williams is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market;
 7. under section 161(1)(d)(v) of the BC Act, that Williams is permanently prohibited from engaging in investor relations activities;

8. under section 161(1)(g) of the BC Act, that Williams pay to the BCSC \$6.8 million; and
 9. under section 162 of the BC Act, that Williams pay to the BCSC an administrative penalty of \$15 million;
- b. against Nemeth:
10. under section 161(1)(b) of the BC Act, that Nemeth cease trading in, and is prohibited from purchasing, any securities, except through her own account through a registrant, provided that a copy of the BCSC Order is provided to the registrant;
 11. under section 161(1)(c) of the BC Act, that all exemptions set out in the BC Act do not apply to Nemeth, except for those exemptions necessary to enable Nemeth to trade or purchase securities in her own account;
 12. under section 161(1)(d)(ii) of the BC Act, that Nemeth is prohibited from becoming or acting as a director or officer of any issuer or registrant;
 13. under section 161(1)(d)(iii) of the BC Act, that Nemeth is prohibited from becoming or acting as a registrant or promoter;
 14. under section 161(1)(d)(iv) of the BC Act, that Nemeth is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market;
 15. under section 161(1)(d)(v) of the BC Act, that Nemeth is prohibited from engaging in investor relations activities;

until the later of seven years from the date of the BCSC Order and the date on which Nemeth's payments ordered under sections 161(1)(g) and 162 of the BC Act have been made;

16. under section 161(1)(d)(i) of the BC Act, that Nemeth resign any position she holds as a director or officer of any issuer or registrant,
 17. under section 161(1)(g) of the BC Act, that Nemeth pay to the BCSC \$162,500, and
 18. under section 162 of the BC Act, that Nemeth pay to the BCSC an administrative penalty of \$70,000;
- c. against Penko:
19. under section 161(1)(b) of the BC Act, that Penko is prohibited from purchasing or trading in securities, except:
 - i) through her own account through a registrant, provided that a copy of the BCSC Order is provided to that registrant; and
 - ii) in the course of her employment with a dealer registered under the applicable securities legislation, and only with or to the clients of that dealer;
 20. under section 161(1)(c) of the BC Act, that all exemptions set out in the BC Act do not apply to Penko, except for those exemptions necessary to enable Penko to trade or purchase securities in her own account;
 21. under section 161(1)(d)(iv) of the BC Act, that [Penko] is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market, except in connection with her employment with a dealer under the applicable securities legislation;
 22. under section 161(1)(d)(v) of the BC Act, that Penko is prohibited from engaging in investor relations activities, except in connection with her employment with a dealer under the applicable securities legislation;

23. under section 161(1)(f) of the BC Act, that a condition of strict supervision of Penko's registrable activities is imposed, in the form attached as Schedule A to the BCSC Order;

until the later of four years from the date of the BCSC Order and the date on which Penko's payments ordered under sections 161(1)(g) and 162 of the BC Act have been made;

24. under section 161(1)(d)(i) of the BC Act, that Penko resign any position she holds as a director or officer of any issuer or registrant;
25. under section 161(1)(g) of the BC Act, that Penko pay to the BCSC \$155,000; and
26. under section 162 of the BC Act, that Penko pay to the BCSC an administrative penalty of \$40,000;

d. against Beilstein:

27. under section 161(1)(b) of the BC Act, that Beilstein cease trading in, and is prohibited from purchasing, any securities, except through her own account through a registrant, provided that a copy of the BCSC Order is provided to that registrant;
28. under section 161(1)(c) of the BC Act, that all exemptions set out in the BC Act do not apply to Beilstein, except for those exemptions necessary to enable Beilstein to trade or purchase securities in her own account;
29. under section 161(1)(d)(ii) of the BC Act, that Beilstein is prohibited from becoming or acting as a director or officer of any issuer or registrant;
30. under section 161(1)(d)(iii) of the BC Act, that Beilstein is prohibited from becoming or acting as a registrant or promoter;

31. under section 161(1)(d)(iv) of the BC Act, that Beilstein is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market;
32. under section 161(1)(d)(v) of the BC Act, that Beilstein is prohibited from engaging in investor relations activities;

until the later of three years from the date of the BCSC Order and the date on which Beilstein's payments ordered under sections 161(1)(g) and 162 of the BC Act have been made;

33. under section 161(1)(d)(i) of the BC Act, that Beilstein resign any position she holds as a director or officer of any issuer or registrant;
34. under section 161(1)(g) of the BC Act, that Beilstein pay to the BCSC \$22,000; and
35. under section 162 of the BC Act, that Beilstein pay to the BCSC an administrative penalty of \$25,000;

e. against Weigel:

36. under section 161(1)(b) of the BC Act, that Weigel cease trading in, and is prohibited from purchasing, any securities, except through his own account through a registrant, provided that a copy of the BCSC Order is provided to that registrant;
37. under section 161(1)(c) of the BC Act, that all exemptions set out in the BC Act do not apply to Weigel, except for those exemptions necessary to enable Weigel to trade or purchase securities in his own account;
38. under section 161(1)(d)(ii) of the BC Act, that Weigel is prohibited from becoming or acting as a director or officer of any issuer or registrant;

39. under section 161(1)(d)(iii) of the BC Act, that Weigel is prohibited from becoming or acting as a registrant or promoter;
40. under section 161(1)(d)(iv) of the BC Act, that Weigel is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market;
41. under section 161(1)(d)(v) of the BC Act, that Weigel is prohibited from engaging in investor relations activities;

until the later of one year from the date of the BCSC Order and the date on which his payments ordered under sections 161(1)(g) and 162 of the BC Act have been made,

42. under section 161(1)(d)(i) of the BC Act, that Weigel resign any position he holds as a director or officer of any issuer or registrant;
 43. under section 161(1)(g) of the BC Act, that Weigel pay to the BCSC \$5,200;
and
 44. under section 162 of the BC Act, that Weigel pay to the BCSC an administrative penalty of \$5,000;
- f. against each of the Global Entities:
45. under section 161(1)(b) of the BC Act, that each of the Global Entities permanently cease trading in, and is prohibited from purchasing, any securities;
 46. under section 161(1)(c) of the BC Act, that all exemptions set out in the BC Act do not apply to each of the Global Entities, on a permanent basis;
 47. under section 161(1)(d)(iv) of the BC Act, that each of the Global Entities is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market;
 48. under section 161(1)(d)(v) of the BC Act, that each of the Global Entities is permanently prohibited from engaging in investor relations activities; and

49. under section 161(1)(g) of the BC Act, that each of the Global Entities pay to the BCSC \$6.8 million;

Joint and Several Liability

50. With respect to the orders under section 161(1)(g) of the BC Act made against each Global Entity and Williams, they are each jointly and severally liable to pay to the BCSC \$6.8 million.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

31. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon them.
32. 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.
33. Staff allege that it is in the public interest to make an order against the Respondents.
34. 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.
35. 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 10th day of January, 2017.