



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
DANIEL P. REEVE**

**STATEMENT OF ALLEGATIONS
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)**

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.

A. ORDER SOUGHT

2. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 1 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):
 - (a) against Daniel Reeve (**Reeve** or the **Respondent**) that:
 - i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Reeve cease permanently;
 - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Reeve be prohibited permanently;
 - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Reeve permanently;

- iv. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Reeve resign any positions that he holds as a director or officer of any issuer or registrant, including an investment fund manager;
 - v. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Reeve be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager; and
 - vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Reeve be prohibited permanently from becoming or acting as a registrant, including an investment fund manager, or promoter;
- (b) such other order or orders as the Commission considers appropriate.

B. FACTS

Staff make the following allegations of fact:

(i) Overview

3. On October 13, 2017, following a trial before the Honourable Justice Skarica of the Ontario Superior Court of Justice (the **Superior Court**), Reeve was found guilty of one count of fraud over \$5,000 and one count of theft over \$5,000, contrary to sections 380(1) and 334(a) of the Criminal Code of Canada, RSC, 1985, c. C-46 (the **Criminal Code**).
4. A sentencing hearing was subsequently held before Justice Skarica who issued Reasons for Sentence dated June 22, 2018 (the **Reasons for Sentence**), and sentenced Reeve to, *inter alia*, a term of imprisonment of 14 years.
5. The offences for which Reeve was convicted arose from transactions, business or a course of conduct related to securities.

6. Staff is seeking an inter-jurisdictional enforcement order reciprocating Reeve's conviction, pursuant to paragraph 1 of subsection 127(10) of the Act.
7. The conduct for which Reeve was sanctioned took place between January 1, 2007 to September 30, 2009 (the **Material Time**).

(ii) The Respondent

8. Reeve is a resident of Ontario.
9. Reeve was previously registered under the Act in various capacities, including as a Salesperson under the category Mutual Fund Dealer from March 18, 2002 to April 1, 2002, and as a Salesperson under the category Mutual Fund Dealer & Limited Market Dealer from April 1, 2002 to June 21, 2005.

(iii) The Superior Court of Justice Proceedings

Conviction for Fraud

10. By Indictment dated December 17, 2013 (the **Indictment**), Reeve was charged with one count of fraud over \$5,000 and one count of theft over \$5,000, contrary to sections 380(1) and 334(a) of the Criminal Code.
11. On October 13, 2017, Justice Skarica of the Superior Court found Reeve guilty of both counts as charged on the Indictment. On the same day, Justice Skarica conditionally stayed the count of theft over \$5,000 against Reeve, given that the two counts within the Indictment dealt with the same set of facts.

The Findings

12. Following a trial that spanned almost two years, Reeve was found guilty of defrauding at least 41 victims of approximately \$10 million through several Ponzi schemes during the Material Time.

13. Prior to the Material Time, Reeve was a financial planner who owned and operated a number of investment offices in Kitchener, Ontario and surrounding areas. Reeve had established a financial investment business, DPR Financial, and had written several investment books and made media appearances regarding his approach to investing.
14. During the Material Time, Reeve solicited investors for various investments, which he characterized as low or no risk. Most investors were friends of Reeve or clients of DPR Financial. In other instances, Reeve either was, or had acted as, a financial advisor to certain investors.
15. Investors were encouraged to cash out their RRSPs or remortgage their homes to invest in one of Reeve's three companies: Reeve Hotel and Resorts Incorporated, Celebrity Management International Incorporated, or Millionaire Mortgage Incorporated. Investments predominantly took the forms of either a corporate bond or a private equity agreement. Some investors were told their investments would fund renovations to improve property Reeve owned, or would be used for the expansion of his business. Investors were also promised interest rates between 12 and 20 percent with varying terms of maturation.
16. In reality, investor funds were almost immediately diverted by Reeve to one of the following purposes, unbeknownst to the investors:
 - (a) Shareholder loans to Reeve and his ex-wife for, among other things, satisfying Reeve's spousal support and equalization obligations;
 - (b) Payment of expenses incurred by Reeve's failing companies; and
 - (c) Repayments to other investors in a Ponzi-like distribution.
17. Justice Skarica found that Reeve put almost \$12 million of the 41 victims' investments at risk, resulting in a loss of approximately \$10 million, and that restitution is unlikely.

The Sentence

18. A sentencing hearing was subsequently held from June 11-13, 2018 before Justice Skarica of the Superior Court. Justice Skarica sentenced Reeve to 14 years in custody, the statutory maximum for fraud pursuant to the Criminal Code, less a credit of 10 years for pretrial custody, resulting in a remaining sentence of 4 years to be served.
19. Justice Skarica also ordered Reeve to pay restitution in the amount of \$10,887,885, and a fine in lieu of forfeiture in the same amount, to be reduced by any amount paid towards the restitution order, within 10 years after Reeve completes his sentence. Justice Skarica further ordered that in default of payment of the fine, Reeve be imprisoned for an additional 10 years.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

20. Pursuant to paragraph 1 of subsection 127(10) of the Act, Reeve's convictions 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.
21. Staff allege that it is in the public interest to make an order against Reeve.
22. 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.

DATED at Toronto this 24th day of September, 2018.