



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
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG,
SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJIAINTS
SELECT AMERICAN TRANSFER CO.,
LEASESMART, INC., ADVANCED GROWING SYSTEMS, INC.,
INTERNATIONAL ENERGY LTD., NUTRIONE CORPORATION,
POCKETOP CORPORATION, ASIA TELECOM LTD.,
PHARM CONTROL LTD., CAMBRIDGE RESOURCES CORPORATION,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC., TCC INDUSTRIES, INC., FIRST NATIONAL
ENTERTAINMENT CORPORATION, WGI HOLDINGS, INC.
and ENERBRITE TECHNOLOGIES GROUP**

**STATEMENT OF ALLEGATIONS
(Section 127)**

Staff of the Ontario Securities Commission allege the following in respect of the Respondents:

I. THE RESPONDENTS

1. Irwin Boock, Stanton DeFreitas, Jason Wong, Saudia Allie, Alena Dubinsky and Alex Khodjiaints (the "Individual Respondents") are all residents of Ontario and are connected to each other through a complex scheme of securities fraud involving: a) the creation of fraudulent shell corporations by way of "corporate hijackings" as described herein; and b) the issuance of fraudulent or false securities in those corporations; and c) the trading of the fraudulent or false securities by the Respondents in Ontario and elsewhere.

2. Select American Transfer Co. (“Select American”) is a Delaware corporation that was established by Boock, DeFreitas and Wong in April 2005. Select American was operated as a transfer agent, primarily by DeFreitas, using aliases and nominees until May 2007, when it ceased operations due to cease trade orders issued by the Commission.
3. Compushare Transfer Corporation (“Compushare”) is also a Delaware corporation that operated out of Toronto as a transfer agent. Compushare was incorporated by Boock in September 2006 and was operated by him using aliases and nominees until May 2008, when it ceased operations due to cease trade orders and other regulatory action by the Commission.
4. By virtue of the corporate hijacking scheme described herein, the following entities are fraudulently created U.S. corporations, the securities of which were quoted for trading on the Pink Sheets LLC in the over-the-counter securities market in the U.S.:
 - (a) LeaseSmart, Inc. (“LeaseSmart”);
 - (b) Advanced Growing Systems, Inc. (formerly, The Bighub.com, Inc.) (“Bighub”);
 - (c) NutriOne Corporation (“NutriOne”);
 - (d) International Energy Ltd. (“International Energy”);
 - (e) Pocketop Corporation (formerly, Universal Seismic, Inc.) (“Pocketop”);
 - (f) Asia Telecom Ltd. (“Asia Telecom”);
 - (g) Pharm Control Ltd. (“Pharm Control”);
 - (h) Cambridge Resources Corporation (“Cambridge Resources”);
 - (i) WGI Holdings, Inc. (“WGI Holdings”);
 - (j) Federated Purchaser, Inc. (“Federated Purchaser”);
 - (k) First National Entertainment Corporation (“First National”);
 - (l) TCC Industries, Inc. (“TCC Industries”);
 - (m) Enerbrite Technologies Group Inc. (“Enerbrite”)

(collectively, the “Issuer Respondents”).

5. Select American and Compushare acted as the transfer agents to the Issuer Respondents and were the primary vehicles through which the corporate hijackings and share issuances were carried out.
6. Dubinsky and Khodjiains operated trading accounts in Ontario in 2006 and 2007 for the purpose of receiving and trading fraudulent or false securities in a number of the Issuer Respondents.

II. THE FRAUDULENT SECURITIES SCHEME

A. Corporate Hijacking

7. The corporate hijacking scheme used to perpetrate securities fraud with respect to the Issuer Respondents was carried out in the following manner:
 - (a) Corporate documents were filed with the relevant Secretary of State in the U.S. (either Delaware, Nevada, California or Florida) to incorporate a company with the same name as a defunct public issuer. Typically, the directors, officers and registered agents listed on the corporate documents were either fictitious identities or nominees and the purported corporate addresses for the newly created entities would be mailbox locations obtained through UPS or other virtual mailbox providers;
 - (b) Shortly thereafter, amendment documents were filed with the relevant Secretary of State to effect a name change of the newly created entity and a consolidation of the company's shares in the form of a reverse stock split;
 - (c) Subsequently, steps were taken to obtain a new CUSIP number for the renamed, newly created entity as if it was the successor company to the defunct public issuer; and

- (d) Documents containing false representations were then filed by the transfer agent with NASDAQ to obtain a new trading symbol for the renamed company and to effect the reverse stock split of the company's shares on a 1 for 1,000 basis.

B. Select American Transfer Co.

- 8. DeFreitas, Boock and Wong are the founders of Select American. Between April and August 2005, DeFreitas and Wong operated Select American jointly and were the directing minds of Select American.
- 9. Between April 2005 and July 2005, Boock, DeFreitas and Wong, acting individually or in concert, usurped the corporate identity of a number of defunct public issuers using the corporate hijacking scheme described above, including but not limited to LeaseSmart, Bighub, NutriOne and International Energy.
- 10. Boock, DeFreitas and Wong, using Select American as the vehicle, caused the companies to obtain quotations for trading on the Pink Sheets as if they were the legitimate defunct public issuers whose identities had been hijacked and, further, caused the companies to issue fraudulent shares as if they were the shares of the defunct public issuers.
- 11. In or around August 2005, Wong left Select American. Following Wong's departure, DeFreitas operated Select American using aliases and nominees. The day-to-day operations, however, were run with the assistance of Saudia Allie, a friend of DeFreitas' who was employed as the office manager of Select American.
- 12. Following Wong's departure, Boock and DeFreitas, acting individually or in concert, created additional fraudulent shell companies for which Select American acted as the transfer agent, including but not limited to Pocketop, Asia Telecom, Pharm Control and Cambridge Resources.

13. Following their incorporation, Boock and DeFreitas used Select American as the transfer agent to these entities to obtain quotations for trading on the Pink Sheets as if they were the legitimate defunct public issuers whose identities had been hijacked and, further, caused the companies to issue fraudulent shares as if they were the shares of the defunct public issuers.
14. In certain cases, Boock and DeFreitas also caused these companies to set up false web sites and issue false or promotional press releases as a means of creating a market for the fraudulent shares.
15. Boock and DeFreitas also sold some of the fraudulently created shell companies to third parties who were seeking to “go public” by way of a reverse takeover or reverse merger with an existing privately-held company. More particularly, DeFreitas sold NutriOne and Cambridge Resources to third parties in Montreal and Boock sold International Energy to a third party in Florida and Pharm Control to a third party in Ontario. In other cases, however, the fraudulent shell companies were purely vehicles for DeFreitas and Boock to issue and trade fraudulent securities.
16. In her role, Allie participated in and facilitated the fraudulent scheme by assisting DeFreitas in operating Select American, including by preparing the fraudulent share certificates for the shares of the Issuer Respondents for which Select American was the transfer agent. In preparing the share certificates, Allie knowingly and fraudulently signed the share certificates in a manner that purported the shares to be authenticated by the officers and directors of Select American. Allie knew the officers and directors of Select American to be either aliases or nominees.

C. Compushare as a Vehicle for Additional Shell Companies

17. Between August 2006 and March 2007, Boock used Compushare as a separate vehicle through which to perpetrate securities fraud. In that period, Boock created the following fraudulent entities: WGI Holdings, Federated Purchaser and Enerbrite.

18. Using Compushare as the vehicle, Boock then caused the companies to obtain quotations for trading on the Pink Sheets as if they were the legitimate defunct public issuers whose identities had been hijacked and, further, caused the companies to issue fraudulent shares as if they were the shares of these defunct public issuers.
19. In certain cases, Boock caused these companies to set up false web sites and issue promotional or false press releases as a means of creating a market for the securities.
20. With respect to Enerbrite, Boock acted together in concert with Wong in incorporating the initial fraudulent entity in September 2006, which was initially named IDF International but which was renamed Compliance Resource Group and was merged with and further renamed Enerbrite following the sale of the entity as a shell company by Boock.
21. In addition to selling this predecessor shell to Enerbrite, Boock sold the predecessor shell of Federated Purchaser to third parties for the purposes of a reverse merger.

D. Cease Trade of Select American and Continued Operation of Compushare

22. In or around April 2007, DeFreitas caused Select American to be sold to a third party in Montreal. Shortly thereafter, on or around May 18, 2007, the Commission issued temporary cease trade orders in respect of Select American and others, including DeFreitas and the fraudulent shell companies identified above for which Select American was the transfer agent. Following the cease trade orders, Select American ceased operations.
23. Boock, however, continued to perpetrate securities fraud using Compushare as the vehicle to carry out corporate hijackings and to issue and trade securities of the hijacked entities.

24. In December 2007 and February 2008, respectively, Boock incorporated First National and TCC Industries. Compushare acted as the transfer agent for both entities and, using Compushare as the vehicle, Boock caused these entities to obtain quotations on the Pink Sheets and to issue fraudulent shares for trading in the over-the-counter securities market.

E. Cease Trade of Compushare

25. On May 5, 2008, the Commission issued temporary cease trade orders against Boock, Compushare and others, including the fraudulently created entities for which Compushare acted as the transfer agent. Following the cease trade orders issued by the Commission, Compushare ceased operations.

F. Trading by Individual Respondents

(i) Trading by Wong

26. For his involvement in the scheme as described above, Wong primarily received fraudulent shares in lieu of compensation, including shares of LeaseSmart, International Energy, Asia Telecom and Pocketop.
27. Between February and March 2006, Wong sold the fraudulent shares of LeaseSmart he had received through a corporate trading account held at RBC Direct Investing Inc. (“RBC”) and controlled by him.
28. Subsequently, between November 2006 and February 2007, Wong sold the additional fraudulent shares he had received in International Energy, Asia Telecom and Pocketop. These trades were made through a separate corporate trading account at RBC controlled by Wong.
29. In November 2007, Wong received additional compensation from Boock in respect of his involvement in the scheme as described herein.

(ii) Trading by DeFreitas – The Franklin Ross Accounts

30. Between November 2006 and May 2007, DeFreitas operated approximately 48 nominee accounts at Franklin Ross, a brokerage firm in the U.S. DeFreitas opened and operated the accounts purportedly as a “foreign affiliate” to the firm (the “Franklin Ross Accounts”). DeFreitas was recommended to Franklin Ross by Wong.
31. A number of the Franklin Ross Accounts were opened by DeFreitas solely for the purpose of trading in fraudulent securities of companies for which Select American was the transfer agent.
32. In at least 23 of the 48 Franklin Ross Accounts, DeFreitas engaged in a wholesale liquidation of fraudulent securities in LeaseSmart, Bighub, International Energy, NutriOne, Pocketop, Asia Telecom, Pharm Control and Cambridge Resources as well as others for which Select American was the transfer agent and which exhibited the same pattern of fraudulent corporate history.
33. The proceeds of trading from these 23 accounts totalled over USD \$750,000 in 2006 and over USD \$2.3 million in 2007. All of the trading proceeds were transferred to bank accounts in Ontario that were controlled and owned by DeFreitas.

(iii) Trading by DeFreitas and Boock – The Scottrade Account

34. In January 2007, using fraudulent and deceitful means, DeFreitas and Boock caused a corporate trading account to be opened at Scottrade, a retail brokerage firm in the U.S. that offers discount brokerage services online, in order to trade additional fraudulent securities (the “Scottrade Account”). The Scottrade Account was opened in the name of For Better Living Inc., a company created by DeFreitas and Boock using aliases and nominees.

35. In February and March 2007, DeFreitas and Boock caused share certificates representing millions of fraudulent shares in International Energy, Asia Telecom, Pharm Control and Universe Seismic to be issued by the respective entities and to be deposited to the Scottrade Account. Using the online trading services of Scottrade, Boock sold the fraudulent shares from Ontario between February and October 2007.
36. In July 2007, using fraudulent and deceitful means, DeFreitas and Boock caused approximately \$120,000 of the proceeds of the trading in the Scottrade Account to be transferred to them in Ontario.

(iv) Trading by Dubinsky and Khodjiants

37. Alena Dubinsky and Alex Khodjiants are residents of Toronto. Dubinsky is the girlfriend of Khodjiants. Their involvement in the scheme is described below and includes: a) fraudulent and manipulative trading of shares of a number of the Issuer Respondent; and b) participation in an illegal distribution of those shares.

- **RBC Account**

38. In June 2006, at the instruction of Khodjiants, Dubinsky opened an account at RBC in her name.
39. The account was operated and maintained by Dubinsky and Khodjiants between June 2006 and March 2007.
40. Between July and September 2006, millions of fraudulent share certificates were issued to Khodjiants in Dubinsky's name, including shares of: BigHub (42.5 million), Leasesmart (30 million), El Apparel (the fraudulent predecessor company to NutriOne) (12 million), Universal Seismic (the fraudulent predecessor company to Pocketop) (1.8 million) and International Energy (.25 million).

41. At the time, Boock and DeFreitas controlled the issuance of shares in these companies and caused the shares to be issued to Khodjiants in Dubinsky's name.
42. At the instruction of Khodjiants, Dubinsky deposited the shares to the RBC account, a significant number of which were sold by December 2006. All of the sales were carried out by or at the instruction of Khodjiants.
43. Around that time, RBC expressed concerns to Dubinsky regarding the questionable nature of the securities and the trading in the account.
44. As of December 2006, the only activity in the account at RBC had been: a) the delivery of over 100 million securities in entities whose securities were quoted for trading on the Pink Sheets, all of which had Select American as the transfer agent; and b) significant selling activity with respect to the shares.
45. In March 2007, RBC advised Dubinsky that it was restricting the account due to its concerns regarding the securities and the transactions in the account.

- **HSBC Account**

46. In February 2007, as a result of the difficulties in trading in the RBC account, Khodjiants instructed Dubinsky to open a trading account at HSBC Securities (Canada) Inc. ("HSBC").
47. As with the account at RBC, Dubinsky opened the account at HSBC in her name.
48. In March 2007, at the instruction of Khodjiants, Dubinsky deposited millions of fraudulent shares of the Bighub (10 million), LeaseSmart (10 million), International Energy (289 million) and Universal Seismic (the fraudulent predecessor to Pocketop) (1.5 million), all of which had also been traded in her account at RBC. In addition, Dubinsky deposited millions of shares of Pharm Control and Asia Telecom to the account.

49. At that time, Boock and DeFreitas controlled the issuance of shares in these companies and caused the shares identified above to be issued to Khodjiants in Dubinsky's name.
50. Once the shares were deposited, Khodjiants proceeded to engage in manipulative trading in respect of the securities, and in particular in respect of the shares of Pharm Control and Asia Telecom.
51. Over a 5 day trading period between March 7 and 13, 2007, Khodjiants sold approximately 40 million shares of Pharm Control, which represented virtually all of the Pharm Control shares issued to him in Dubinsky's name. Khodjiants carried out the selling following an intensive period of promotional press releases by or on behalf of Pharm Control.
52. The sales of Pharm Control as identified constituted approximately 40% of the total volume of trading in Pharm Control on those days.
53. With respect to the securities of Asia Telecom, most of the trading occurred on 4 separate days within a 6 day period between March 7 and 14, 2007 and consisted of selling large quantities of shares on days when Asia Telecom had made press releases containing promotional information regarding its purported business.
54. In that 4 day period, Khodjiants sold approximately 60 million shares of Asia Telecom, which represented virtually all of the Asia Telecom shares issued to him in Dubinsky's name.
55. The sales of Asia Telecom as identified constituted approximately 25% of the total volume of trading in Asia Telecom on those days.
56. In addition to the fraudulent and manipulative nature of the trading by Khodjiants, the trades in the securities of Pharm Control and Asia Telecom were trades in securities not previously issued. Neither a preliminary prospectus nor a prospectus had been filed with

the Commission and no receipts had been issued by the Director to qualify the trading of these securities in Ontario.

57. On or around March 12, 2007, Dubinsky sought to withdraw \$400,000 in trading proceeds from the account. HSBC did not allow the withdrawal due to its concerns regarding the questionable nature of the securities and the trading that had been carried out in the account.
58. As of March 19, 2007, HSBC restricted the account and any remaining securities were not sold. As of that time, very few securities remained in the account.
59. During the operation of the account at HSBC, the only account activity was: a) the delivery of hundreds of millions of fraudulent shares in entities quoted for trading on the Pink Sheets for which Select American acted as the transfer agent; and b) the virtual wholesale liquidation of those shares on successive or near successive days following the issuance of promotional press releases by the company.
60. The total proceeds generated from the trading in the account at HSBC (attributable almost entirely to trading the fraudulent securities of Pharm Control and Asia Telcom) was approximately \$1 million. The trading was the most profitable trading of all the trading across Canada in these securities.
61. The trading in the account was fraudulent, manipulative and constituted an illegal distribution in which both Dubinsky and Khodjiants participated.

BREACHES OF THE ACT

62. With respect to each of the Individual Respondents, by their involvement in the securities scheme described above, each of them has engaged in acts, practices or courses of conduct relating to securities that they knew or reasonably ought to have known resulted in or contributed to a misleading appearance of trading activity in, or an artificial price

for, the securities contrary to subsection 126.1(a) of the Securities Act (the “Act”) and, further, perpetrated a fraud on persons or companies contrary to subsection 126.1(b) of the Act.

63. In addition, Dubinsky and Khodjiants, in trading and carrying out acts in furtherance of trading in the securities of Pharm Control and Asia Telecom as described above, participated in an illegal distribution of those securities contrary to section 53 of the Act.
64. With respect to the Issuer Respondents, by virtue of their status as instruments for securities fraud and by virtue of their fraudulent corporate history, it is contrary to the public interest that their securities trade in Ontario’s capital markets.
65. With respect to Select American and Compushare, by virtue of their status as vehicles for securities fraud, it is contrary to the public interest that they be permitted to trade or act as market participants in Ontario’s capital markets.
66. Such further and other allegations as Staff may advise and the Commission may permit.

DATED this 16th day of October, 2008.