



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF
DAVEED ZARR (formerly known as ASI LALKY)**

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

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

I. OVERVIEW

1. Daveed Zarr (formerly known as Asi Lalky) (“Zarr”) is subject to an order made by the British Columbia Securities Commission (“BCSC”) dated October 31, 2014 (the “BCSC Order”) that imposes sanctions, conditions, restrictions or requirements upon him.
2. In its findings on liability dated August 25, 2014 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that Zarr engaged in an illegal distribution of securities, unregistered trading and made misrepresentations to investors.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC 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 Zarr was sanctioned took place between September 2010 and January 2012 (the “Material Time”).

5. During the Material Time, Zarr was a resident of British Columbia. As of the date of the Findings, Zarr had never been registered under the British Columbia *Securities Act*, RSBC 1996, c. 418 (the “BC Act”).
6. Zarr was the sole director and officer of Zarr Energy Corporation (“Zarr Energy”). Zarr Energy has never filed a prospectus under the BC Act.
7. During the Material Time, Zarr created a website for Zarr Energy, through which he sought investors to purchase Zarr Energy shares. Zarr published an advertisement online through Craigslist’s Vancouver website directing readers to the Zarr Energy website. He also published similar advertisements on the online Alibaba.com website.
8. Zarr also placed various advertisements online through Craigslist websites in Vancouver, Calgary, Ottawa and San Diego offering foreign exchange trading investments. Zarr made false or misleading representations in the advertisements and in correspondence with a BCSC investigator posing as an investor, including that he was a professional currency trader, and that the investments he was offering would provide a 50% annual return.

II. THE BCSC PROCEEDINGS

The BCSC Findings

9. In its Findings, the BCSC Panel found the following:
 - a. Zarr distributed shares of Zarr Energy without having filed a prospectus, contrary to section 61(1) of the BC Act;
 - b. Zarr traded in a security without being registered, contrary to section 34(a) of the BC Act; and
 - c. Zarr made misrepresentations with the intention of effecting a trade in a security, contrary to section 50(1)(d) of the BC Act.

The BCSC Order

10. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Zarr:
- a. until the later of the date on which Zarr has made the payment to the BCSC ordered in paragraph 35(B) of the BCSC Order and October 31, 2018:
 - i. under section 161(1)(b)(ii) of the BC Act, Zarr is prohibited from trading in, or purchasing, any securities or exchange contracts, except that he may trade and purchase securities for his own account through a registrant, if, prior to such trade or purchase, he gives the registrant a copy of the BCSC Order;
 - b. under section 161(1)(c) of the BC Act, any or all of the exemptions set out in the BC Act, the regulations or a decision do not apply to Zarr,
 - c. under section 161(1)(d) of the BC Act, Zarr:
 - i. resign any position that he holds as a director or officer of an issuer or registrant,
 - ii. is prohibited from becoming or acting as a director or officer of any issuer or registrant,
 - iii. is prohibited from becoming or acting as a registrant or promoter,
 - iv. is prohibited from acting in a management or consultative capacity in connection with activities in the securities market, and
 - v. is prohibited from engaging in investor relations activities; and
 - d. under section 162 of the BC Act, Zarr pay to the BCSC an administrative penalty of \$20,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

11. Zarr is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.
12. 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 may form the basis for an order in the public interest made under subsection 127(1) of the Act.
13. Staff allege that it is in the public interest to make an order against Zarr.
14. 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.
15. 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 30th day of June, 2015.