



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 THE  
*COMMODITY FUTURES ACT*  
R.S.O. 1990, c. C.20, AS AMENDED**

**- and -**

**AXCESS AUTOMATION LLC,  
AXCESS FUND MANAGEMENT, LLC, AXCESS FUND, L.P.,  
GORDON ALAN DRIVER, DAVID RUTLEDGE, 6845941 CANADA INC. carrying on  
business as ANESIS INVESTMENTS, STEVEN M. TAYLOR,  
BERKSHIRE MANAGEMENT SERVICES INC. carrying on business as  
INTERNATIONAL COMMUNICATION STRATEGIES, 1303066 ONTARIO LTD.  
carrying on business as ACG GRAPHIC COMMUNICATIONS,  
MONTECASSINO MANAGEMENT CORPORATION,  
REYNOLD MAINSE, WORLD CLASS COMMUNICATIONS INC.  
and RONALD MAINSE**

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

Staff of the Ontario Securities Commission (the "Commission") make the following allegations:

**Overview**

1. Between about February 2006 and March 2009, Gordon Alan Driver ("Driver") was the directing mind of a fraudulent scheme involving Axxcess Automation LLC ("Axxcess Automation"), Axxcess Fund Management, LLC ("Axxcess Fund Management") and Axxcess Fund, L.P. ("Axxcess Fund") (collectively the "Axxcess Companies"). More than USD 15,000,000.00 was raised through trading in the Axxcess Automation and Axxcess

Fund Investments, which purportedly generated returns through Driver's use of proprietary trading software.

2. Driver, with and through the Axxess Companies: used the investors' funds to trade e-mini S&P 500 futures and incurred substantial losses; misrepresented these losses and misled investors about the state of their investments; used investors' funds to pay new or other investors; and misappropriated about USD 1.1 million for his personal use.
3. Steven M. Taylor ("Taylor") worked with Driver from the inception of the scheme in 2006. Taylor acted with and through Berkshire Management Services Inc. ("Berkshire") carrying on business as International Communication Strategies ("ICS"), 1303066 Ontario Ltd. ("1303066") carrying on business as ACG Graphic Communications ("ACG") and Montecassino Management Corporation ("Montecassino") (collectively the "Taylor Companies"). Taylor and the Taylor Companies knew, or ought to have known, that a fraud was being perpetrated.
4. The other respondents, David Rutledge ("Rutledge"), 6845941 Canada Inc. ("6845941") carrying on business as Anesis Investments ("Anesis"), Reynold Mainse, World Class Communications Inc. ("WCC") and Ronald Mainse traded to investors, but were not party to the fraud.

### **Corporate Respondents**

5. Axxess Automation was established in Nevada in 1987 as a sole proprietorship, and was converted to a limited liability company in October 2007.
6. Axxess Fund Management is a limited liability company which was incorporated in Nevada in June 2008. Axxess Fund Management obtained registration with the United States Commodity Futures Trading Commission ("CFTC") as a commodity pool operator in July 2008. Axxess Fund Management's CFTC registration has been under suspension since May 2009 because it is the subject of a CFTC proceeding, as described herein.

7. Axxcess Fund was registered in Nevada in June 2008. Axxcess Fund Management has been the general partner, investment or trading advisor and commodity pool operator of Axxcess Fund since November 2008. Axxcess Fund is a limited partnership between Axxcess Fund Management and purchasers of limited partnership interests.
8. 6845941 was incorporated federally in Canada in September 2007, and since early 2009 has carried on business as Anesis.
9. Berkshire was incorporated in Alberta in February 2007. In January 2009, Berkshire registered ICS as a trade name in Alberta.
10. 1303066 was incorporated in Ontario in June 1998. 1303066 carries on business as ACG.
11. Montecassino was incorporated in Alberta in July 2006.
12. WCC was incorporated in Ontario in September 1998. In December 2008, WCC's registration was cancelled for failure to comply with the *Corporations Tax Act*, R.S.O. 1990, c. C. 40, as amended.
13. The Axxcess Companies, 6845941, the Taylor Companies and WCC have never been reporting issuers in Ontario and have never been registered to trade securities or contracts in Ontario.

### **Individual Respondents**

14. Driver is a Canadian citizen who resides in both Ontario and Nevada. Driver founded Axxcess Automation in 1987. Driver is the owner and directing mind of Axxcess Automation and Axxcess Fund Management, and created Axxcess Fund. Driver obtained registration with the CFTC as an associated person and principal in September 2008. Driver's CFTC registration has been under suspension since May 2009 because he is the subject of a CFTC proceeding, as described herein.

15. Rutledge is an Ontario resident and ordained minister who was employed by a Christian non-profit charitable organization from 2003 to 2008. Rutledge incorporated 6845941 and is its sole officer.
16. Taylor is an Ontario resident. Taylor is the sole director and sole voting shareholder of Berkshire, the President and a director of 1303066 and the sole director and sole voting shareholder of Montecassino.
17. Reynold Mainse is an Ontario resident. Reynold Mainse was the President and sole director of WCC, which had contracts with the Christian non-profit charitable organization to lead and promote international humanitarian aid missions.
18. Ronald Mainse is an Ontario resident. Ronald Mainse was the President of the Christian non-profit charitable organization, with which he continues to be employed in a senior capacity.
19. Reynold and Ronald Mainse are brothers; Rutledge is their cousin.
20. Driver, Rutledge, Taylor, Reynold Mainse and Ronald Mainse have never been registered to trade securities or contracts in Ontario.

### **The Investment Schemes**

21. Between about February 2006 and March 2009, approximately 200 investors, most of whom were Ontario residents, invested a total of at least USD 15,000,000.00 in two schemes: the Axxess Automation Investment and the Axxess Fund Investment.

#### **(a) The Axxess Automation Investment**

22. Between about February 2006 and March 2009, investors were solicited to invest in the Axxess Automation Investment. The primary characteristics of the Axxess Automation Investment were:

- (a) Driver would trade e-mini S&P 500 futures through Axxess Automation, using the funds provided by the investor; and

- (b) the investor would recoup the entire investment, plus 25% of the returns generated by the investment (with the remaining 75% of the return on investment to be kept by Driver).

23. The Axxess Automation Investment was a “security” as defined in clauses (n) and/or (p) of section 1(1) of the *Securities Act*, R.S.O. 1990 c. S. 5, as amended (the “*Securities Act*”) and/or a “contract” as defined in section 1(1) of the *Commodity Futures Act*, R.S.O. 1990, c. C.20, as amended (the “*Commodity Futures Act*”).

**(b) The Axxess Fund Investment**

24. Beginning in 2008, investors were told that based on the returns in their investment accounts from the Axxess Automation Investment, they might qualify to become a limited partner in the Axxess Fund Investment. Axxess Fund Management was the general partner and commodity pool operator for the Axxess Fund Investment. The primary characteristics of the Axxess Fund Investment were:

- (a) limited partnership units in Axxess Fund could be purchased for USD 250,000.00 if the general partner, Axxess Fund Management, determined that the investor was eligible to participate; and
- (b) investors’ funds would be used to buy and sell futures contracts, futures options and other forms of investments.

25. The Axxess Fund Investment was a “security” as defined in clauses (e) and/or (n) of section 1(1) of the *Securities Act*.

**Driver and the Axxess Companies**

26. Driver was the directing and controlling mind of the Axxess Companies and traded in the Axxess Automation and Axxess Fund Investments.

27. Between February 2006 and March 2009, Driver, with and through the Axxess Companies:

- (a) conceived of and directed the Axxess Automation and Axxess Fund Investments;
- (b) traded to investors directly, and indirectly through persons and companies, including the other respondents;
- (c) received the monies invested in the Axxess Automation and Axxess Fund Investments;
- (d) used about USD 3,700,000.00 of investors' money to trade in e-mini S&P 500 futures, and incurred trading losses of about USD 3,550,000.00;
- (e) misrepresented trading profits and failed to disclose trading losses;
- (f) produced false client statements to investors in order to mislead them about the status of their investments;
- (g) used about USD 10,400,000.00 of investors' money to pay other investors; and
- (h) misappropriated about USD 1,100,000.00 of investors' money for Driver's own use.

### **Taylor and the Taylor Companies**

- 28. Taylor traded in the Axxess Automation and Axxess Fund Investments to about 130 investors (the "Taylor Investors"). Taylor dealt directly with Driver and acted as conduit between the Taylor Investors and Driver in respect of both the Axxess Automation and Axxess Fund Investments.
- 29. Between February 2006 and March 2009, Taylor, with and through the Taylor Companies:
  - (a) dealt directly with Driver to agree on the terms of the Axxess Automation Investment to be sold to the Taylor Investors;

- (b) acted as the administrator of the Axxess Automation and Axxess Fund Investments for the Taylor Investors;
- (c) hired staff to process the paperwork and investor funds;
- (d) created a “piggybank program” for about 50 of the Taylor Investors, and pooled their funds to invest;
- (e) solicited about USD 2,100,000.00 from the Taylor Investors;
- (f) received commissions totalling about USD 1,355,216.00; and
- (g) persisted in his conduct notwithstanding complaints from a number of Taylor Investors.

**Rutledge, Reynold Mainse and Ronald Mainse**

- 30. Between July 2007 and March 2009, Rutledge’s trading in the Axxess Automation Investment resulted in investments by about 45 investors totalling approximately USD 2,051,199.39. Of this amount, Driver paid back about USD 746,507.00 to these investors, which Driver characterized as returns on investments.
- 31. Rutledge provided prospective investors with copies of the Private Offering Memorandum which described the Axxess Fund Investment.
- 32. Rutledge received commissions directly, and through 6845941, of about CAD 262,818.92.
- 33. Between July 2007 and March 2009, Reynold Mainse’s trading in the Axxess Automation Investment resulted in investments by about 22 investors of about USD 4,100,000.00. Of this amount, Driver paid back about USD 2,875,054.00 to these investors, which Driver characterized as returns on investments.
- 34. Reynold Mainse identified and corresponded with prospective investors and provided them with copies of the Private Offering Memorandum which described the Axxess Fund Investment.

35. Reynold Mainse received commissions directly, and through WCC, of about CAD 210,219.50.
36. Between July 2007 and March 2009, persons introduced by Ronald Mainse to the Axxess Automation Investment invested about USD 86,200.00. Ronald Mainse received commissions of about CAD 138,176.88, most of which were derived from investors in Rutledge's group.

### **SEC and CFTC Proceedings**

37. Driver and Axxess Automation are the subject of a proceeding commenced on May 14, 2009 by the United States Securities and Exchange Commission ("SEC"). Driver, Axxess Automation and Axxess Fund Management are the subject of a proceeding commenced on May 14, 2009 by the CFTC. As such, the Commission may make the orders sought herein against Driver, Axxess Automation and Axxess Fund Management in reliance on section 127(10) of the *Securities Act* and/or section 60(9) of the *Commodity Futures Act*.

### **Breaches of the *Securities Act* and *Commodity Futures Act* and Conduct Contrary to the Public Interest**

38. The respondents' activities in respect of the Axxess Automation Investment constituted trading in contracts without registration in respect of which no exemption was available, contrary to section 22 of the *Commodity Futures Act*.
39. The respondents' activities in respect of the Axxess Automation Investment constituted trading in securities without registration in respect of which no exemption was available, contrary to section 25 of the *Securities Act*.
40. The respondents, except Ronald Mainse, undertook activities in respect of the Axxess Fund Investment which constituted trading in securities without registration in respect of which no exemption was available, contrary to section 25 of the *Securities Act*.
41. The respondents, except Ronald Mainse, undertook activities in respect of the Axxess Fund Investment which constituted trades in securities which were distributions for



which no preliminary prospectus or prospectus was filed or receipted by the Director, contrary to section 53 of the *Securities Act*.

42. Driver, the Axxess Companies, Taylor and the Taylor Companies directly or indirectly engaged in or participated in an act, practice or course of conduct in respect of the Axxess Automation Investment relating to commodities or contracts which he or it knew, or reasonably ought to have known, perpetrated a fraud on investors, contrary to section 59.1(b) of the *Commodity Futures Act*.
43. Driver, the Axxess Companies, Taylor and the Taylor Companies directly or indirectly engaged in or participated in an act, practice or course of conduct in respect of the Axxess Automation and Axxess Fund Investments relating to securities which he or it knew, or reasonably ought to have known, perpetrated a fraud on investors, contrary to section 126.1(b) of the *Securities Act*.
44. Each of the individuals who are directors and officers of the corporate respondents, including *de facto* directors and officers of the corporate respondents, authorized, permitted or acquiesced in the corporate respondents' non-compliance with Ontario commodity futures law and accordingly, failed to comply with Ontario commodity futures law contrary to section 60.5 of the *Commodity Futures Act*.
45. Each of the individuals who are directors and officers of the corporate respondents, including *de facto* directors and officers of the corporate respondents, authorized, permitted or acquiesced in the corporate respondents' non-compliance with Ontario securities law and accordingly, failed to comply with Ontario securities law contrary to section 129.2 of the *Securities Act*.
46. The respondents' conduct was contrary to the public interest and harmful to the integrity of the Ontario capital markets.

**DATED** at Toronto this 12<sup>th</sup> day of August, 2010.