



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 2196768 ONTARIO LTD
carrying on business as RARE INVESTMENTS,
RAMADHAR DOOKHIE, ADIL SUNDERJI
and EVGUENI TODOROV**

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

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

I. OVERVIEW

1. This proceeding involves the unregistered trading and illegal distribution of securities between January 2009 and March 2010 (the “Material Time”).

2. Staff of the Commission (“Staff”) allege that during the “Material Time”, 2196768 Ontario Ltd (“2196768 Ltd”) carrying on business as RARE Investments (“RARE”), and Ramadhar Dookhie (“Dookhie”), Adil Sunderji (“Sunderji”) and Evgueni Todorov (“Todorov”), who were the directing minds of RARE (collectively the “Respondents”), solicited investment funds for the purpose of trading in foreign currencies for profit (“Forex”) and raised approximately \$1.15 million from 15 investors (“RARE investors”) in Ontario. Staff allege that RARE investors advanced funds to the Respondents, who issued promissory notes for investor loans and subsequently lost the money in Forex trading or used the funds to repay previous debts unrelated to RARE, thereby engaging in fraudulent conduct in breach of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) and conduct contrary to the public interest.

II. THE RESPONDENTS

3. 2196768 Ltd was a private Ontario corporation, incorporated on January 30, 2009 and carried on business as RARE. Neither 2196768 Ltd or RARE have been registered with the Commission in any capacity.

4. Dookhie is a resident of Brampton, Ontario and is identified in the 2196768 Ltd Corporation Profile Report as a director and the president of the company. During the relevant period Dookhie was registered as a scholarship plan dealer with the Commission for the sole purpose of selling registered education scholarship plan investments, and also operated a tax preparation business operated as Liberty Tax Services (“Liberty Tax”).

5. Sunderji is a resident of Maple, Ontario and is identified in the 2196768 Ltd Corporation Profile Report as a director and officer. Sunderji was never registered in any capacity with the Commission.

6. Todorov is a resident of Toronto, Ontario. Todorov has never been registered in any capacity with the Commission.

7. Dookhie, Sunderji and Todorov were the directing minds of 2196768 Ltd and RARE during the Material Time, and made, wrote and were responsible for the oral and written representations made to potential investors concerning, among other things, RARE’s Forex trading strategy and the potential returns (the “representations”).

III. ISSUANCE OF PROMISSORY NOTES

8. Staff allege that during the Material Time the Respondents solicited loans from Ontario investors in exchange for promissory notes. As a result of the representations, investors were led to believe the Respondents had developed a highly profitable and safe investment strategy, trading in foreign currency exchange markets. Investors provided the loans to RARE and in return were issued promissory notes, guaranteeing the principal and a promise of high monthly interest payments. The representations led investors to believe that the RARE Forex trading

program protected their initial investment through various measures including the type of trading strategy employed, and the placement of half of the investments funds advanced into a guaranteed income certificate. During the Material Time, RARE received approximately \$1.15 million from 15 investors.

9. Twelve investors received a promissory note that came with a principal guarantee and a promise to pay interest of 2% paid every month or 24% per year. One investor received a promissory note that came with a principal guarantee and a promise to pay interest of 1% paid every month and one investor received promissory note that had the principal guaranteed but no specified interest payment. The representations led investors to believe that the RARE Forex trading program was profitable enough to cover the high interest payable on the loans. The 14 promissory notes were all with RARE; Dookhie signed all of them, Sunderji signed 11 and Todorov signed four.

10. In one case, the lender received a promissory note directly from Todorov notwithstanding that the lender understood that the funds would be forwarded to RARE for investment. The promissory note was payable on demand and promised to pay interest of 3% paid every month or 36% per year.

11. The promissory notes were securities as defined in the Act.

IV. FRAUDULENT CONDUCT

12. As a result of the representations, investors were led to believe that the Respondents had developed a leveraged Forex trading strategy that could produce a potential return on investment significantly in excess of that being earned on other investments. Dookhie and/or Todorov showed some potential RARE investors the results of a virtual online Forex test account to reinforce the representations that were made regarding the likely return on investments. The initial investment was to be returned at the end of one year. Many of the RARE investors were originally clients of Dookhie's tax preparation business, Liberty Tax.

13. Dookhie and Sunderji opened Forex trading accounts with ODL Securities (ODL). Both Dookhie and Sunderji were given formal trading authority by ODL. Todorov, who was described on the promissory notes as a “Trading Strategist” or a “FX Trading Strategist”, was given access to and trading authority for the online account by Dookhie and Sunderji. Dookhie, Sunderji and Todorov collectively made decisions regarding the trading strategy although Todorov made the majority of the actual trades.

14. Of the \$1.15 million in loans received from the RARE investors, approximately \$683,000 was lost through trading in Forex. RARE investors were not informed by Dookhie, Sunderji or Todorov of the extent of the losses and were led to believe that their investment was still secure. In most cases the RARE investors received sporadic interest payments for the first few months and then the payments stopped. RARE investors were advised by Dookhie, Sunderji or Todorov that losses from the Forex trading prevented further interest payments but the principal investments were still secure.

15. As the promissory notes came due, the RARE investors were issued new RARE promissory notes but with a lower monthly interest rate between 1% to 1.5%. These new notes, signed by Dookhie only, promised only accrued interest to be added to the principal owing. At the time of the renewals, the RARE investors were not made aware of the extent of the trading losses and that the ODL Forex trading had ceased.

16. During the Material Time, two of the RARE investors were issued RARE promissory notes valued at \$150,000 above their actual investment in RARE to reflect amounts owing to them from previous loans made to Dookhie.

17. During the Material Time, two individuals who made no actual investments in RARE were issued RARE promissory notes valued at \$100,000 to reflect amounts owing to them from previous loans made to Dookhie.

18. During the Material Time, one individual who made no actual investment in RARE was paid \$50,000 from the RARE bank account as a repayment of a previous loan made to Todorov.

19. During the Material Time, without the knowledge or authorization of the RARE investors, Dookhie made interest payments from the RARE bank account to individuals who were owed money from previous loans.

20. During the Material Time, without the knowledge or authorization of the RARE investors, funds were transferred in and out of the RARE bank account to accounts held by Dookhie, Sunderji and Todorov. In particular:

- (a) from February 25, 2009 to June 8, 2009, in eight transactions, a total of \$120,500 was transferred to Dookhie's company, Liberty Tax. In May and June 2010, after the Material Time \$37,750 was deposited by Dookhie into the RARE account;
- (b) on April 2, 2009, \$16,000 was transferred to an account controlled by Todorov and from February 8, 2010 to March 8, 2010, \$44,150 was deposited by Todorov into the RARE account; and
- (c) on April 2, 2009, \$16,000 was transferred to an account controlled by Sunderji and on May 22, 2009, \$10,000 was deposited by Sunderji into the RARE account.

21. During the Material Time and without the knowledge or authorization of the RARE investors, Dookhie transferred \$70,000 as a loan from RARE bank account to Rouzbeth Vatanchi, a business acquaintance of Todorov. Vatanchi repaid the \$70,000 without interest. A further payment of \$5712.50 was made to Vatanchi that has never been repaid.

22. During the Material Time and without the knowledge or authorization of the RARE investors, Dookhie transferred \$8,400 from the RARE bank account to Viet Hoang as a commission payment for loans obtained from RARE investors.

V. UNREGISTERED TRADING

23. During the Material Time, the Respondents received approximately \$1.15 million from 15 investors for the purpose of investing in a Forex trading program. The Respondents pooled investors' monies and transferred some but not all clients' monies to a Forex trading account held in the name of RARE. Dookhie, Sunderji and Todorov collectively made trading decisions and all were actively involved in the trading in the Forex account using investors' funds.

24. By accepting investor monies on the basis that the Respondents would invest these monies in a Forex trading program, the Respondents traded in securities, namely investment contracts, without being registered to trade in such securities contrary to subsection 25(1) of the Act.

VI. ILLEGAL DISTRIBUTION

25. During the Material Time, the Respondents distributed securities, namely investment contracts, without filing a preliminary prospectus and prospectus and obtaining a receipt therefore from the Director and without an exemption to the prospectus requirement. Accordingly, the Respondents breached subsection 53(1) of the Act.

VI. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

26. Staff allege that the foregoing conduct engaged in by the Respondents constituted breaches of Ontario securities law and/or was contrary to the public interest. In particular:

- (a) during the Material time the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without registration or an appropriate exemption from the registration requirements, contrary to s.25(1)(a) of the Act as that section existed at the time the conduct commenced in January 2009, and contrary to section 25(1) of the Act as subsequently amended on September 28, 2009 and contrary to the public interest;

- (b) during the Material Time the Respondents traded in securities when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director to qualify the sale of the investment contracts, contrary to section 53(1) of the Act;
- (c) during the Material Time the Respondents made misleading or fraudulent misrepresentations to investors and misappropriated investors funds knowing or having reasonably ought to have known that they would result in a fraud on a person, contrary to s.126.1 of the Act and contrary to the public interest; and
- (d) the course of conduct engaged in by the Respondents as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest.

27. As officers and directors of 2196768 Ltd, Dookhie, Sunderji and Todorov have authorized, permitted or acquiesced in breaches by RARE of s. 25, s. 53 and s. 126.1 contrary to s. 129.2 of the Act and in doing so engaged in conduct contrary to the public interest.

28. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 22nd day of November, 2011.