



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
SANDY WINICK, ANDREA LEE MCCARTHY,
KOLT CURRY, LAURA MATEYAK, GREGORY J. CURRY,
AMERICAN HERITAGE STOCK TRANSFER INC.,
AMERICAN HERITAGE STOCK TRANSFER, INC.,
BFM INDUSTRIES INC., LIQUID GOLD INTERNATIONAL INC.,
and NANOTECH INDUSTRIES INC.**

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

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

I. OVERVIEW

1. This case concerns three distinct but related schemes, together involving fraud, misrepresentations to investors, illegal distribution and the unregistered trading of securities.

I. From June of 2009 through December of 2010, 28 investors outside of Canada purchased shares in an Ontario company called BFM Industries Inc. through telephone sales people claiming to represent Denver Gardner Inc., a non-existent investment bank allegedly operating out of Singapore. BFM Industries Inc. never had an operating business or any assets other than cash during this investment scheme (the “BFM Scheme”). Despite this, the equivalent of more than CDN \$360,000 was raised through the sale of shares in BFM Industries Inc. and deposited to bank accounts in Ontario. Over 50% of those funds were

withdrawn in cash, transferred to accounts held by Sandy Winick or Andrea McCarthy or used to pay personal credit card bills.

- II. From June of 2009 through November of 2010, at least four investors outside of Canada purchased shares in an Ontario company called Liquid Gold International Inc. through telephone sales people claiming to represent Denver Gardner Inc. Liquid Gold International Inc. never had an operating business or any assets other than cash during this investment scheme (the “Liquid Gold Scheme”). Liquid Gold International Inc. received approximately USD \$2.6 million during the Liquid Gold Scheme, of which approximately USD \$85,000 was from the sale of its shares to investors. Over 98% of the funds received by Liquid Gold International Inc. were disbursed on expenses apparently unrelated to the alleged business of the company, including payments to credit cards in Sandy Winick’s name and transfers to bank accounts in Andrea McCarthy’s name and Kolt Curry’s name.
- III. From May of 2009 through August of 2010, at the direction of Sandy Winick, Kolt Curry and others sent correspondence from an Ontario company called American Heritage Stock Transfer Inc. and a Nevada company called American Heritage Stock Transfer, Inc. to approximately 10,000 people enclosing share and warrant certificates in a Wyoming company called Nanotech Industries Inc. (the “Nanotech Letter”). The recipients of the Nanotech Letter included both BFM Investors and Liquid Gold Investors. The Nanotech Letter stated that the recipient was entitled to an unpaid dividend in the form of shares and warrants; it further claimed that the warrants could be exercised at \$2.75 and that Nanotech Industries Inc. was trading at \$4.93 per share at the date of the letter, implying investors could make an immediate and substantial profit. In fact, Nanotech Industries Inc. had not traded at \$4.93 since October 2008 and was listed as inactive by the State of Wyoming for the duration of this investment scheme (the “Nanotech Letter Scheme”). Staff are not aware of any investors who sent money in response to the Nanotech Letter.

II. THE INDIVIDUAL RESPONDENTS

2. Sandy Winick (“Winick”) is a resident of Stoney Creek, Ontario, and has never been registered with the Ontario Securities Commission (the “Commission”) in any capacity. Winick is married to Jodi Winick, but lived with Andrea McCarthy.

3. Andrea McCarthy (“McCarthy”) is a resident of Stoney Creek, Ontario. McCarthy has never been registered with the Commission in any capacity.

4. Kolt Curry (“Curry”) is a resident of Aurora, Ontario, and has never been registered with the Commission in any capacity.

5. Laura Mateyak (“Mateyak”) is a resident of Aurora, Ontario, and the wife of Curry. Mateyak has never been registered with the Commission in any capacity.

6. Gregory J. Curry (“Greg Curry”) is a Canadian citizen and a resident of Bangkok, Thailand, and the father of Curry. Greg Curry has never been registered with the Commission in any capacity.

III. THE CORPORATE RESPONDENTS

7. BFM Industries Inc. (“BFM”) is a company incorporated under the laws of Ontario with its head office at the residential address of McCarthy and Winick. Winick was at all times a directing mind and *de facto* director and officer of BFM. McCarthy and Greg Curry are registered as directors of BFM. BFM has never filed with the Commission or received a receipt for a prospectus. BFM has never been registered with the Commission in any capacity.

8. Liquid Gold International Inc. (“Liquid Gold”) is a company incorporated under the laws of Ontario. Liquid Gold maintains business addresses in Toronto and Stoney Creek, Ontario, and in Evansville, Indiana. Winick was at all times a directing mind and *de facto* director and officer of Liquid Gold. McCarthy is the sole registered director of Liquid Gold. Liquid Gold has never filed with the Commission or received a receipt for a prospectus. Liquid Gold has never been registered with the Commission in any capacity.

9. Nanotech Industries Inc., formerly called Amerossi EC Inc., as well as Microgenix Filtration Systems, Inc. (and in each case is referred to as “Nanotech”), is a company

incorporated under the laws of the State of Wyoming with its head office in Bangkok, Thailand. Winick was at all times a directing mind and *de facto* director and officer of Nanotech. Nanotech has never filed with the Commission or received a receipt for a prospectus. Nanotech has never been registered with the Commission in any capacity.

10. American Heritage Stock Transfer Inc. (“AHST Ontario”) is a company incorporated under the laws of Ontario with its head office in Aurora and previously in Markham, Ontario. Mateyak is the President, Secretary, Treasurer and General Manager of AHST Ontario. Curry is the former President, Secretary and General Manager of AHST Ontario and was at all times a directing mind and *de facto* director and officer of AHST Ontario. AHST Ontario has never been registered with the Commission or the United States Securities and Exchange Commission (“SEC”) in any capacity.

11. American Heritage Stock Transfer, Inc. (“AHST Nevada”) is a company incorporated under the laws of the State of Nevada with a registered business address in the State of Nevada (together with AHST Ontario: the “AHST Companies”). AHST Nevada also used the same Markham, Ontario, address as AHST, Ontario. Curry is a director, the Secretary and the Treasurer of AHST Nevada. AHST Nevada registered with the SEC as a transfer agent in December 2004. However, AHST Nevada’s corporate status was listed as revoked by the Nevada Secretary of State during the time of the Nanotech Letter Scheme. AHST Nevada has never been registered with the Commission in any capacity.

IV. PARTICULARS

The BFM Scheme

12. The BFM Scheme took place from June of 2009 through December of 2010.

13. Winick was at all times a directing mind of the BFM Scheme.

14. BFM was incorporated on November 25, 2008, by McCarthy at Winick’s instruction, and registered to McCarthy’s home address.

15. BFM’s advertised mailing address was a mailbox on Yonge Street in Toronto that named Winick on the service agreement (the “Yonge Street Mailbox”).

16. BFM held itself out as a company that “produces White Label High Quality all-natural fresh fish organic liquid fertilizer. BFM Industries manufactures this high quality product to the exact specifications and requirements of our customers.”

17. BFM never operated any fertilizer manufacturing business or other business and never had any assets other than funds raised from investors by selling BFM’s securities (the “BFM Investor Funds”).

18. BFM sold previously unissued securities to 28 members of the public (the “BFM Investors”) through telephone representatives claiming to work for Denver Gardner Inc. (“Denver Gardner”) without registration and without having filed a prospectus.

19. The BFM Investor Funds totalled CDN \$360,000, and were deposited into Canadian and US Dollar bank accounts in Ontario (collectively, the “BFM Accounts”).

20. The BFM Investor Funds were disbursed for purposes unrelated to the alleged business of BFM, including the following:

- (a) Approximately 43% was used to make payments on credit cards in the name of Winick, Jodi Winick and McCarthy;
- (b) Approximately 15% was transferred to a joint account held by Winick and McCarthy;
- (c) Approximately 10% was withdrawn in cash;
- (d) Approximately 8% was transferred into accounts Winick directed McCarthy to open in the name of other corporations;
- (e) Approximately 5% was used to pay printing expenses related to the Nanotech Letter;
- (f) Approximately 4% was transferred to personal accounts held by Curry and Mateyak;
- (g) Approximately 3% was used to pay municipal and federal taxes unrelated to the business of BFM;
- (h) Approximately 1% was transferred to an account held by a company owned and controlled by McCarthy; and,

- (i) Additional BFM Investor Funds were transferred from the BFM Accounts for other purposes unrelated to the alleged business of BFM, including car payments and Jodi Winick's hydro bill.
21. At Winick's direction, McCarthy participated in and facilitated the BFM Scheme by:
- (a) Acting as the sole signatory to the BFM Accounts;
 - (b) Disbursing funds from the BFM Accounts to pay expenses arising from the Nanotech Letter Scheme;
 - (c) Disbursing funds from the BFM Accounts to pay her own personal expenses, as well as personal expenses of Winick and Jodi Winick;
 - (d) Disbursing funds from the BFM Accounts to other recipients as and when instructed by Winick;
 - (e) Signing BFM share certificates;
 - (f) Delivering BFM share certificates to investors; and,
 - (g) Creating the the BFM website, registering it to her home address and acting as the administrative and technical contact.

The Liquid Gold Scheme

22. The Liquid Gold Scheme took place from June of 2009 through November of 2010
23. Winick was at all times a directing mind of the Liquid Gold Scheme.
24. Liquid Gold was incorporated by McCarthy in May, 2009, at the request of Winick.
25. Liquid Gold's registered business address is the Yonge Street Mailbox.
26. Liquid Gold held itself out as a company specialising in "the recovery of additional hydrocarbons from domestic sources, lessening the United States' dependence on foreign oil."

27. Liquid Gold never operated any oil or hydrocarbon recovery business or other business and never had any assets other than cash.
28. Liquid Gold sold previously unissued securities to at least four members of the public (the “Liquid Gold Investors”) through telephone representatives claiming to work for Denver Gardner without registration and without having filed a prospectus.
29. During the Liquid Gold Scheme, a total of approximately USD \$2.6 million was deposited into Canadian and US Dollar bank accounts in Ontario (the “Liquid Gold Accounts”). Funds deposited into the Liquid Gold Accounts included approximately CDN \$85,000 raised through the sale of Liquid Gold shares (the “Liquid Gold Investor Funds”) and funds from other sources.
30. Over 98% of the approximately USD \$2.6 million in the Liquid Gold Accounts were disbursed for purposes unrelated to the alleged business of Liquid Gold, including the following:
- (a) Approximately 24% was used to make payments on credit cards in Winick’s name;
 - (b) Approximately 6% was transferred to Curry;
 - (c) Approximately 4% was used to pay personal tax debts of Winick and Jodi Winick;
 - (d) Approximately 4% was transferred to McCarthy or McCarthy and her father;
 - (e) Approximately 3% was withdrawn in cash;
 - (f) Approximately 2% was transferred to Jodi Winick;
 - (g) Approximately 2% was transferred to pay a line of credit in the name of McCarthy;
 - (h) Approximately 1% was used to pay printing expenses related to the Nanotech Letter;
and,
 - (i) Additional funds were transferred from the Liquid Gold Accounts to other sources unrelated to the alleged business of Liquid Gold.

31. At Winick's direction, McCarthy participated in and facilitated the Liquid Gold Scheme by:

- (a) Acting as a signatory on the Liquid Gold Accounts;
- (b) Disbursing funds from the Liquid Gold Accounts to pay her own personal expenses, as well as personal expenses of Winick, Jodi Winick, and others;
- (c) Disbursing funds from the Liquid Gold Accounts to other recipients as and when instructed by Winick; and,
- (d) Disbursing funds from the Liquid Gold Accounts to pay expenses arising from the Nanotech Letter Scheme.

The Nanotech Letter Scheme

32. The Nanotech Letter Scheme took place from May of 2009 through August of 2010.

33. At all times, Winick was a directing mind of the Nanotech Letter Scheme.

34. Nanotech held itself out as a company engaged in natural resource development in oil, gas and precious metals and claimed it was involved "in the exploration, production and drilling of oil and gas in Toronto, Canada."

35. Nanotech never operated any oil, gas or exploration business or other business during the time of the Nanotech Letter Scheme and never had any assets.

36. Through the Nanotech Letter, Nanotech, the AHST Companies, Winick and Curry distributed previously unissued securities to the public from Ontario without registration and without having filed a prospectus.

37. Winick gave Curry a list of approximately 10,000 names and instructed Curry to send each of them a copy of the Nanotech Letter enclosing share and warrant certificates (the "Nanotech Share Certificates"; the "Nanotech Warrants").

38. The Nanotech letters were sent from Ontario and addressed to residents of Europe, Asia, Africa and Australia.

39. In the Nanotech Letter, Winick, Curry and the AHST Companies falsely claimed that Nanotech was trading at \$4.93; the letter further stated that the Nanotech Warrants could be exercised at \$2.75 per share, falsely implying that investors could make an immediate and substantial profit when, in fact:

- (a) Nanotech had not traded at \$4.93 since October of 2008; and,
- (b) Nanotech had been listed as inactive by the Wyoming Secretary of State since March 14, 2009.

40. Recipients of the Nanotech Letter who wished to exercise their warrants were directed in the Nanotech Letter to send certified funds, cashier's cheques or wire transfers to AHST Ontario. Earlier versions of the letter gave AHST Ontario's Markham address; later versions directed investors to send funds to a rented mailbox in Hamilton.

41. The Nanotech Letter also included an SEC transfer agent registration number for the AHST Companies. However, while AHST Nevada was registered with the SEC as of December 2004, AHST Nevada was not an active company at any time during the Nanotech Letter Scheme and AHST Ontario has never been registered with the SEC.

42. At Winick's direction, Curry participated in and facilitated the Nanotech Letter Scheme by:

- (a) Collaborating with Winick on drafting the Nanotech Letter;
- (b) Assisting with the printing and mailing of approximately 10,000 Nanotech Letters, including the Nanotech Share Certificates and the Nanotech Warrants;
- (c) Signing the Nanotech Share Certificates and the Nanotech Warrants sent with the Nanotech Letter;
- (d) Permitting the Nanotech Letter, the Nanotech Share Certificates and the Nanotech Warrants to be sent on behalf of the AHST Companies; and,
- (e) Offering in the Nanotech Letter to collect through the AHST Companies any funds sent by investors in response to the Nanotech Letter.

V. ALLEGATIONS

43. Staff make the following specific allegations with respect to the BFM Scheme:
- (a) From June, 2009 through December, 2010, Winick, McCarthy and BFM directly or indirectly, engaged in or participated in an act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that they knew or reasonably ought to have known perpetrated a fraud on other persons or companies contrary to section 126.1(b) of the Act;
 - (b) From June, 2009 through December, 2010, Winick, McCarthy and BFM traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to s. 25(1)(a) of the Act, as that section existed at the time the conduct commenced, and contrary to s. 25(1) of the Act, as subsequently amended on September 28, 2009;
 - (c) From June, 2009 through December, 2010, Winick, McCarthy and BFM distributed the securities of BFM without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to section 53(1) of the Act;
 - (d) McCarthy and Greg Curry, being directors and/or officers of BFM, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by BFM or by the employees, agents or representatives of BFM, contrary to section 129.2 of the Act and contrary to the public interest; and,
 - (e) Winick, being a directing mind and *de facto* director and officer of BFM, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by BFM or by the employees, agents or representatives of BFM, contrary to section 129.2 of the Act and contrary to the public interest.
44. Staff make the following specific allegations with respect to the Liquid Gold Scheme:

- (a) From June of 2009 through November of 2010, Winick, McCarthy and Liquid Gold directly or indirectly, engaged in or participated in an act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that they knew or reasonably ought to have known perpetrated a fraud on other persons or companies contrary to section 126.1(b) of the Act;
 - (b) From June of 2009 through November of 2010, Winick, McCarthy and Liquid Gold traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to s. 25(1)(a) of the Act, as that section existed at the time the conduct commenced, and contrary to s. 25(1) of the Act, as subsequently amended on September 28, 2009;
 - (c) From June of 2009 through November of 2010, Winick, McCarthy and Liquid Gold distributed the securities of Liquid Gold without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to section 53(1) of the Act;
 - (d) McCarthy, being a director of Liquid Gold, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by Liquid Gold or by the employees, agents or representatives of Liquid Gold, contrary to section 129.2 of the Act and contrary to the public interest; and,
 - (e) Winick, being a directing mind and *de facto* director and officer of Liquid Gold, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by Liquid Gold or by the employees, agents or representatives of Liquid Gold, contrary to section 129.2 of the Act and contrary to the public interest.
45. Staff make the following specific allegations with respect to the Nanotech Letter Scheme:
- (a) From May of 2009 through August of 2010, Winick, Curry, AHST Ontario and AHST Nevada traded and engaged in or held themselves out as engaging in the

- business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to s. 25(1)(a) of the Act, as that section existed at the time the conduct commenced, and contrary to s. 25(1) of the Act, as subsequently amended on September 28, 2009;
- (b) From May of 2009 through August of 2010, Winick, Curry, AHST Ontario and AHST Nevada distributed securities of Nanotech without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement contrary to section 53(1) of the Act;
- (c) From September 28, 2009 through August of 2010, Winick, Curry, AHST Ontario and AHST Nevada made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship with Winick, Curry, AHST Ontario or AHST Nevada that were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to section 44(2) of the Act;
- (d) Winick, being a directing mind and *de facto* officer and director of Nanotech and the AHST Companies, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 44(2) of the Act, as set out above, by AHST or by the employees, agents or representatives of Nanotech and the AHST Companies, contrary to section 129.2 of the Act and contrary to the public interest;
- (e) Mateyak, being a director and officer of AHST Ontario, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 44(2) of the Act, as set out above, by the AHST Companies or by the employees, agents or representatives of the AHST Companies, contrary to section 129.2 of the Act and contrary to the public interest; and,
- (f) Curry, being a directing mind and *de facto* director and officer of AHST Ontario, and a director and officer of AHST Nevada, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 44(2) of the Act, as set out above,

by the AHST Companies or by the employees, agents or representatives of the AHST Companies, contrary to section 129.2 of the Act and contrary to the public interest.

VI. CONDUCT CONTRARY TO THE PUBLIC INTEREST

46. The conduct of the Respondents contravened Ontario securities law and is contrary to the public interest.

47. The Staff seek enforcement orders under section 127 of the Act and costs under s. 127.1 of the Act.

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

DATED at Toronto this 27th day of January, 2012.