



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
THE *SECURITIES ACT*, RSO 1990, c S.5**

- and -

**IN THE MATTER OF
ROBERT JAY MAJOR, GARY MATTISON CLEMENTS
and 1429250 ALBERTA LTD.**

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

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

I. OVERVIEW

1. On August 3, 2016, Robert Jay Major (“Major”), Gary Mattison Clements (“Clements”) and 1429250 Alberta Ltd. (“142 Alberta”) (collectively, the “Respondents”) entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the “ASC”) (the “Settlement Agreement”).
2. Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990, c S.5 (the “Act”).

II. THE ASC PROCEEDINGS

Agreed Facts

4. In the Settlement Agreement, the Respondents agreed with the following facts (the “Agreed Facts”):

Parties

5. Major is an individual and resident of Grande Prairie, Alberta. At all material times, he was a director and officer of Discovery Bay Games, Inc. (“DBG”), Discovery Bay Games Alberta, Inc. (“DBG-AB”), and 142 Alberta.
6. Clements is an individual and resident of Grande Prairie, Alberta. At all material times, he was a director of DBG-AB.
7. 142 Alberta is an Alberta corporation, carrying on business under the name Major Investments. Through 142 Alberta, Major conducted some or all of the fundraising described below.
8. DBG was an Alberta corporation. It is now struck.
9. DBG-AB was an Alberta corporation, created to raise RRSP funds for DBG. It is now dissolved.

Circumstances

10. DBG owned and published a portfolio of games and puzzles.
11. From 2009 to 2011, the Respondents raised at least \$12 million from the sale of various DBG and DBG-AB securities (“Securities”) to at least 100 Alberta investors.
12. None of the Respondents, DBG, or DBG-AB were registered with the ASC’s Executive Director at any time, in any capacity.
13. The sales of the Securities were trades, as defined in the *Alberta Securities Act*, RSA 2000, c S-4 (the “Alberta Act”). Further, as first trades in securities which had not been

previously issued, the sales of the Securities were also distributions under the Alberta Act.

14. Some or all of the Respondents made statements to Alberta investors which failed to state a fact or facts necessary to make the statements not misleading by failing to adequately set out the risk associated with the investments and failing to set out the commissions paid. These omissions would reasonably be expected to have a significant effect on the market price or value of the Securities.
15. Major, with the intention of effecting a trade in the Securities and without the written permission of the ASC's Executive Director, represented to an investor or investors that DBG may be going public.

Admitted Breaches of Alberta Securities Laws

16. Based on the Agreed Facts, the Respondents admitted that they:
 - a. breached s. 75(1) of the Alberta Act by:
 - i. trading and dealing in the Securities without registration; and
 - ii. acting as advisers without registration;
 - b. breached s. 110(1) of the Alberta Act by distributing the Securities without filing a preliminary prospectus or prospectus with the ASC's Executive Director and obtaining a receipt therefor; and
 - c. breached s. 92(4.1) of the Alberta Act by making statements to Alberta investors which failed to state a fact or facts necessary to make the statements not misleading, as further detailed above;
17. Based on the Agreed Facts, Major further admitted that he breached s. 92(3)(b)(i) of the Alberta Act by representing to an investor or investors that DBG may be going public, with the intention of effecting a trade in the Securities and without the written permission of the ASC's Executive Director (together with the breaches admitted in paragraph 16 above, the "Admitted Breaches").

The Settlement Agreement and Undertakings

18. Pursuant to the Settlement Agreement, and based on the Agreed Facts and Admitted Breaches, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta, as set out below:

a. Major:

- i. pay to the ASC the amount of \$135,000, representing \$115,000 for settlement and \$20,000 for investigation and legal costs incurred by ASC Staff;
- ii. resign all positions he may have as a director or officer of any issuer that relies on any exemptions contained in Alberta securities laws or that distributes securities to the public; and
- iii. refrain for a period of 15 years from the date of the Settlement Agreement from:
 1. becoming or acting as a director or officer, or both, of any issuer that relies on any exemptions contained in Alberta securities laws or that distributes securities to the public;
 2. trading in or purchasing any securities or derivatives except trades that are made through a registrant who has first been given a copy of the Settlement Agreement;
 3. relying on any or all of the exemptions contained in Alberta securities laws;
 4. engaging in any investor relations activities;
 5. advising in securities or derivatives;

6. becoming or acting as a registrant, investment fund manager or promoter; and
7. acting in a management or consultative capacity in connection with activities in the securities market;

b. Clements:

- i. pay to the ASC the amount of \$30,000, representing \$25,000 for settlement and \$5,000 for investigation and legal costs incurred by ASC Staff;
- ii. resign all positions he may have as a director or officer of any issuer that relies on any exemptions contained in Alberta securities laws or that distributes securities to the public; and
- iii. refrain for a period of seven (7) years from the date of the Settlement Agreement from:
 1. becoming or acting as a director or officer, or both, of any issuer that relies on any exemptions contained in Alberta securities laws or that distributes securities to the public;
 2. trading in or purchasing any securities or derivatives except trades that are made through a registrant who has first been given a copy of the Settlement Agreement;
 3. relying on any or all of the exemptions contained in Alberta securities laws;
 4. engaging in any investor relations activities;
 5. advising in securities or derivatives;
 6. becoming or acting as a registrant, investment fund manager or promoter; and

7. acting in a management or consultative capacity in connection with activities in the securities market;

c. 142 Alberta:

i. agreed and undertook to the ASC's Executive Director to refrain for a period of 15 years from trading in or purchasing any securities or derivatives.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

19. The Respondents are subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements upon them.
20. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
21. Staff allege that it is in the public interest to make an order against the Respondents.
22. 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.
23. 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 29th day of September, 2016.