



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
OPTAM HOLDINGS INC.,
INFINIVEST MORTGAGE INVESTMENT CORPORATION,
and WADE ROBERT CLOSSON**

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

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

I. OVERVIEW

1. Optam Holdings Inc. (“Optam”), Infinivest Mortgage Investment Corporation (“Infinivest”) and Wade Robert Closson (“Closson”) (collectively, the “Respondents”) are subject to an order made by the Alberta Securities Commission (the “ASC”) dated December 29, 2015 (the “ASC Order”) that imposes sanctions, conditions, restrictions or requirements upon them.
2. In its findings on liability and sanctions dated December 29, 2015 (the “Findings”), a panel of the ASC (the “ASC Panel”) found that the Respondents each engaged in unregistered trading and illegal distribution. The ASC Panel further found that Closson perpetrated a fraud.
3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990, c S.5 (the “Act”).

II. THE ASC PROCEEDINGS

Statement of Admissions

4. Prior to the commencement of the ASC proceedings, the Respondents entered into a Statement of Admissions (the “Statement”). The Respondents made admissions therein concerning the allegations of unregistered trading and illegal distribution against them by ASC Staff, and further admitted that their conduct was contrary to the public interest. Closson also made admissions concerning the allegation of fraud against him by ASC Staff. A summary of the admissions and the ASC Panel’s Findings is as follows.

Admitted Facts

5. The Respondents admitted certain facts within the Statement of Admissions, which the ASC Panel accepted as accurate. The admitted facts are as follows.
6. The conduct for which the Respondents were sanctioned took place between approximately January 1, 2009 and April 2, 2013 (the “Material Time”).
7. At the time of the ASC proceedings, Closson resided at or near St. Albert, Alberta. During the Material Time, Closson was an officer and director of Optam and Infinivest, and he was not registered with the ASC.
8. Optam was incorporated in Alberta. During the Material Time, Optam was neither a reporting issuer in Alberta, nor registered with the ASC and had not filed a prospectus with the ASC.
9. Infinivest was incorporated in Alberta. During the Material Time, Infinivest was neither a reporting issuer in Alberta, nor registered with the ASC and had not filed a prospectus with the ASC.
10. During the Material Time, Closson raised approximately \$10.8 million from as many as 125 investors for the benefit of Optam and Infinivest (collectively, the “Issuers”). Funds were raised in two ways:

- a. Investors provided approximately \$6.9 million to Optam and in return received promissory notes issued by Closson and Optam (the “Optam Scheme”); and
 - b. Investors provided approximately \$3.9 million to Infinivest in return for preferred shares in Infinivest (the “Infinivest Scheme”).
11. Infinivest was ostensibly in the business of mortgage lending as a mortgage investment corporation, administered by Closson through Optam, or, alternatively, Closson administered the investment funds provided to Optam through Infinivest and other entities he controlled. Infinivest was also used to permit investors to transfer registered accounts to Closson’s control.
12. Investors received either promissory notes issued by Closson and Optam in the Optam Scheme, or preferred shares in Infinivest in the Infinivest Scheme. Investors in the Optam Scheme were to earn a return (generally, 18% annually) from the profits of the purported mortgage investment operation to which their pooled money was supposedly directed, while investors in the Infinivest Scheme were to receive dividends from the same purported operation.
13. Neither of the Issuers filed a prospectus or offering memorandum with the ASC. Further, no effort was made by the Respondents to qualify investors, or otherwise comply with the conditions of any prospectus or registration exemptions, under National Instrument 45-106 *Prospectus and Registration Exemptions* (now named *Prospectus Exemptions*) or National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.
14. Closson authorized, permitted or acquiesced in the Optam and Infinivest Schemes, and solicited or acquiesced to the sales of promissory notes and shares issued in the schemes “continually and regularly with the expectation of remuneration or compensation.”
15. In the course of raising funds for the Issuers, Closson made several material representations to investors, including that their investments would be used to fund mortgages, the investors’ funds would be secured by real estate, and interest payments to

investors (as well as Clossen's fees) would be paid from income generated by the mortgages.

16. In fact, the following occurred: after approximately August 15, 2008, investors' money was not used to fund any mortgages. Aside from one or two investments made very early in the Optam Scheme, none of the investments were secured by any encumbrance on any real estate in favour of the investors. Instead, Clossen diverted money to uses not authorized by the investors, including approximately \$5.6 million of new investor money used to pay returns to other investors, applying approximately \$3.9 million to projects outside the scope of the investments; and removing at least approximately \$800,000 for his own use.
17. Further, without disclosure to investors, Clossen continued to sell the Optam notes and Infinivest shares when he knew or ought to have known that one or more of himself, and/or the Issuers, were insolvent or on the cusp of bankruptcy. Clossen and the Issuers declared bankruptcy on or about March 28, 2013.
18. While investors received some payments of interest, principal and dividends, almost all of the principal invested in the Optam Scheme and the Infinivest Scheme remains outstanding.

The ASC Findings

19. The ASC Panel found the following, consistent with the admissions of the Respondents contained within the Statement:
 - a. the Respondents each engaged in unregistered trading, contrary to section 75 of the Alberta *Securities Act*, RSA 2000 c S-4 (the "Alberta Act");
 - b. the Respondents each engaged in an illegal distribution of securities, contrary to section 110 of the Alberta Act;
 - c. Clossen engaged in a course of conduct relating to securities that perpetrated a fraud on investors, contrary to section 93(b) of the Alberta Act; and

- d. the Respondents' misconduct was contrary to the public interest.

The ASC Order

- 20. The ASC Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:
 - a. under section 198(1)(a) of the Alberta Act, all trading in or purchasing in respect of any security or derivative of Optam or Infinivest must cease, permanently;
 - b. under sections 198(1)(b) and (c) of the Alberta Act, the Respondents are each permanently prohibited from trading in and purchasing all securities or derivatives, and all exemptions contained in Alberta securities laws do not apply to them, permanently;
 - c. under sections 198(1)(e.1), (e.2) and (e.3) of the Alberta Act, the Respondents are each permanently prohibited from advising in securities or derivatives, becoming or acting as a registrant, investment fund manager or promoter, or acting in a management or consultative capacity in connection with activities in the securities market;
 - d. under sections 198(d) and (e) of the Alberta Act, Closson must immediately resign all positions he holds as, and he is permanently prohibited from becoming or acting as, a director or officer of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;
 - e. under section 199 of the Alberta Act, Closson must pay an administrative penalty to the ASC of \$1 million; and
 - f. under section 202 of the Alberta Act, Closson must pay to the ASC \$30,000 of the costs of the ASC's investigation.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

21. The Respondents are subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements upon them.
22. 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 on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
23. Staff allege that it is in the public interest to make an order against the Respondents.
24. 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.
25. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Commission's *Rules of Procedure*.

DATED at Toronto, this 18th day of October, 2016.