



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
ROY PING BAI (aka PING BAI)
and RBP CONSULTING**

**STATEMENT OF ALLEGATIONS
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)**

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.
- A. ORDER SOUGHT**
2. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):
 - (a) against Roy Ping Bai (also known as Ping Bai) (**Bai**) that:
 - i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Bai cease permanently;
 - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Bai cease permanently;
 - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Bai permanently;

- iv. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Bai resign any positions that he holds as a director or officer of any issuer or registrant, including an investment fund manager;
 - v. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Bai be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager; and
 - vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Bai be prohibited permanently from becoming or acting as a registrant, including an investment fund manager, or promoter;
- (b) against RBP Consulting (**RBP**) that:
- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by RBP cease permanently;
 - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by RBP cease permanently;
 - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to RBP permanently; and
 - iv. pursuant to paragraph 8.5 of subsection 127(1) of the Act, RBP be prohibited permanently from becoming or acting as a registrant, including an investment fund manager, or promoter; and
- (c) such other order or orders as the Commission considers appropriate.

B. FACTS

Staff make the following allegations of fact:

3. Bai and RBP (together, the **Respondents**) are subject to an order made by the British Columbia Securities Commission (the **BCSC**) dated May 11, 2018 (the **BCSC Order**) that imposes sanctions, conditions, restrictions or requirements upon them.
4. In its findings on liability dated February 6, 2018 (the **Findings**) a panel of the BCSC (the **BCSC Panel**) found that the Respondents perpetrated a fraud, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the **BC Act**).

(i) The BCSC Proceedings

Background

5. The conduct for which the Respondents were sanctioned occurred between February 2012 and July 2014 (the **Material Time**).
6. Bai was a resident of Vancouver and West Vancouver, British Columbia during the Material Time.
7. RBP is a general partnership registered in British Columbia in 2008. Bai and his wife were RBP's only partners, and Bai was its sole operating and controlling mind. RBP was Bai's alter ego. Bai's wife was not named as a respondent and no allegations of wrongdoing were asserted against her.
8. During the Material Time, Bai (directly or through RBP) received a total of \$1,530,000 from nine investors for the purpose of investing in foreign exchange trading. Investors received letter agreements on RBP letterhead documenting their investments, which promised high rates of return (generally 5% per month or 30-60% per annum).
9. The Respondents subsequently provided investors various correspondence, advising that RBP would be obtaining a public listing of its securities, but that the related process was delayed due to problems with its securities

regulatory filings. The Respondents also advised investors that, among other things, returns on their investments were delayed due to a tax audit.

10. The BCSC Panel found that the Respondents deposited approximately \$129,000 into foreign exchange trading accounts. The remainder of the investors' funds were used for purposes other than what was represented, including payments to other investors and Bai's personal expenditures.
11. The BCSC Panel further found that the investors' funds have been lost, and noted that the Respondents' correspondence to investors was designed to forestall them seeking the return of their funds, and from learning of the Respondents' misappropriation of their investments.

BCSC Findings - Conclusions

12. In its Findings, the BCSC Panel concluded that:
 - (a) The Respondents contravened section 57(b) of the BC Act by perpetrating a fraud with respect to nine investors for total proceeds of \$1,401,000.

(ii) The BCSC Order

13. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:
 - (a) under section 161(1)(d)(i) of the BC Act, Bai resign any position he holds as a director or officer of an issuer or registrant;
 - (b) Bai is permanently prohibited:
 - i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;
 - ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;

- iii. under section 161(1)(d)(ii) of the BC Act, from becoming or acting as a director or officer of any issuer or registrant;
 - iv. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
 - v. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
 - vi. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;
- (c) Bai pay to the BCSC \$1,291,000 pursuant to section 161(1)(g) of the BC Act;
- (d) Bai pay to the BCSC an administrative penalty of \$1,000,000 under section 162 of the BC Act;
- (e) RBP is permanently prohibited:
- i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;
 - ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;
 - iii. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
 - iv. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
 - v. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

14. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon them.
15. 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.
16. Staff allege that it is in the public interest to make an order against the Respondents.
17. 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.

DATED at Toronto this 13th day of August, 2018.