



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  
URANIUM308 RESOURCES INC., MICHAEL FRIEDMAN, GEORGE SCHWARTZ,  
PETER ROBINSON, and SHAFI KHAN**

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

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

**THE RESPONDENTS**

1. Uranium308 Synergies Inc. (“Synergies”) was incorporated in Ontario in April, 2007.
2. On June 7, 2007, the corporate name of Synergies was changed to Uranium308 Resources Inc. (“Uranium308”).
3. Michael Friedman (“Friedman”) is the sole registered Director of Uranium308 and the President of Uranium308. Friedman is a resident of Ontario.
4. George Schwartz (“Schwartz”) is a resident of Ontario and was a directing mind of Uranium308.

5. Peter Robinson (“Robinson”) is a resident of Ontario and was a salesperson of Uranium308 securities.
6. Shafi Khan (“Khan”) is a resident of Ontario and was a salesperson of Uranium308 securities.

## **II. BACKGROUND**

- **Trading in Securities of Uranium308**

7. Staff allege that Uranium308, Friedman, Schwartz, Robinson and Khan (collectively the “Respondents”) traded in securities of Uranium308 between and including July 1, 2007 and December 31, 2008 (the “Material Time”).
8. The Respondents traded in securities of Uranium308 from offices in the Toronto area. The Uranium308 website and investor relations documents showed two addresses for Uranium308 that differed from the actual office address. The publicly disclosed addresses were virtual offices.
9. Uranium308 never filed a prospectus or a preliminary prospectus with the Ontario Securities Commission (the “Commission”).
10. Uranium308 has never been registered with the Commission.
11. Friedman, Schwartz, Robinson and Khan were not registered with the Commission in any capacity during the Material Time.
12. During the Material Time, Schwartz was prohibited from trading in securities by the Commission as a result of a temporary cease trade order originally made against Schwartz and Euston Capital Corp. (“Euston”) on May 1, 2006 (the “Temporary Order”). The Temporary Order was extended as against Schwartz and Euston on May 11, June 9,

October 17, and December 4, 2006 and the Temporary Order remained in effect during the Material Time.

13. During the Material Time, residents of Ontario and elsewhere in Canada received unsolicited phone calls from salespersons, agents and representatives of Uranium308 and were solicited to purchase shares of Uranium308.
14. The salespersons, agents and representatives of Uranium308 told potential investors that Uranium308 would be going public in the future. Potential investors were also told that Uranium308 owned certain properties in Zambia and New Mexico.
15. During the Material Time, approximately \$2.3 million was received from over one hundred individuals and companies (collectively the “Investors”) that purchased shares of Uranium308 as a result of being solicited to do so by the salespersons, agents and representatives of Uranium308.
16. The Respondents participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of securities for valuable consideration, in circumstances where there were no exemptions available to the Respondents under the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the “Act”).

- **Fraudulent Conduct**

17. During the Material Time, the Respondents and other employees, representatives or agents of Uranium308 provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:
  - (a) that Uranium308 owned certain properties in Zambia and New Mexico, U.S.A.;  
and
  - (b) that the net proceeds of the sale of Uranium308 shares was to be used for the exploration and development of the Zambian and New Mexico properties.

18. The false, inaccurate and misleading representations were made with the intention of effecting trades in Uranium308 securities.
19. The Respondents and other employees, representatives or agents of Uranium308 engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on persons purchasing securities of Uranium308.

- **Misleading Staff of the Commission**

20. In May 2008, Friedman sent correspondence to Staff in response to certain inquiries made by Staff. Staff allege that this correspondence was written by Schwartz and signed by Friedman. Staff allege that several statements contained in this correspondence were, in a material respect and at the time and in light of the circumstances under which they were made, misleading or untrue. Staff allege that misleading or untrue statements were made with respect to, *inter alia*, the following: the nature of the operations of Uranium308, the role played by Schwartz in Uranium308, the financial situation of Uranium308, and the sale of Uranium308 shares to persons or companies in Ontario.

- **Breach of Commission Order**

21. During the Material Time, Schwartz was prohibited by the Commission from trading in securities. Staff allege that, during the Material Time, Schwartz traded in the securities of Uranium308 and, by so doing, violated Ontario securities laws.

### **III. Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest**

22. The specific allegations advanced by Staff are:
  - (a) During the Material Time, the Respondents engaged or participated in acts, practices or courses of conduct relating to securities of Uranium308 that the Respondents knew or reasonably ought to have known perpetrated a fraud on

persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest;

- (b) During the Material Time, the Respondents traded in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- (c) During the Material Time, Uranium308, Robinson, Khan and representatives of Uranium308 made representations without the written permission of the Director, with the intention of effecting a trade in securities of Uranium308, that such security would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to section 38(3) of the Act and contrary to the public interest;
- (d) During the Material Time, the Respondents traded in securities of Uranium308 when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act and contrary to the public interest;
- (e) During the Material Time, Friedman and Schwartz, being directors and/or officers of Uranium308, did authorize, permit or acquiesce in the commission of the violations of sections 25, 38, 53 and 126.1 of the Act, as set out above, by Uranium308 or by the employees, agents or representatives of Uranium308, contrary to section 129.2 of the Act and contrary to the public interest;
- (f) During the Material Time, Friedman and Schwartz made statements to Staff that, in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue, contrary to section 122(1)(a) of the Act and contrary to the public interest; and

- (g) During the Material Time, Schwartz violated Ontario securities laws by trading in securities while he was prohibited from doing so by order of the Commission, contrary to section 122(1)(c) of the Act and contrary to the public interest.
23. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

**DATED** at Toronto, March 2<sup>nd</sup>, 2010.