



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**

**- and -**

**IN THE MATTER OF  
AYAZ DHANANI (also known as AZIM VIRANI, MICHAEL LEE,  
ALEX NEBRIS, PAUL DHANANI, SAMUEL RAMOS, and RAHIM JIWA)**

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

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

**I. OVERVIEW**

1. Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) (“Dhanani” or the “Respondent”) is subject to an order made by the British Columbia Securities Commission (the “BCSC”) dated December 16, 2016 (the “BCSC Order”) that imposes sanctions, conditions, restrictions or requirements upon him.
2. In its findings on liability dated May 30, 2016 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that Dhanani perpetrated a fraud on three investors in the collective amount of \$188,000, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the “BC Act”).
3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”).

## II. THE BCSC PROCEEDINGS

### The BCSC Findings

4. The conduct for which Dhanani was sanctioned took place between 2013 and 2014.
5. As of the date of the Findings, Dhanani was a resident of British Columbia. Dhanani has never been registered in any capacity under the BC Act.

#### *Investor A*

6. Dhanani met Investor A in 2012 when they worked together. In June 2013, Dhanani presented Investor A with an investment opportunity, telling her that there was a mining company that was about to go public and that Dhanani had special access to the company's stock. Dhanani advised Investor A that the mining company's stock price would increase by 50% within a short time period.
7. Investor A gave Dhanani a cheque for \$13,800 to invest in stock of the mining company. Dhanani provided Investor A with a receipt in that amount, acknowledging that it was for a "stock purchase."
8. Dhanani gave Investor A's cheque to his father, who then deposited the cheque into his own bank account. Dhanani's father shares the same first initial with his son. Dhanani's father withdrew \$6,500 in cash, and gave that money to Dhanani. Over the following week, the remaining \$7,300 was consumed by cash withdrawals and personal expenditures of Dhanani's father.
9. Shortly thereafter, Dhanani told Investor A that her investment had generated returns. In fact, there was no investment as Dhanani had not used any of Investor A's money to buy stock. Investor A has never received any funds back from Dhanani.

#### *Investor B*

10. In approximately July 2013, Dhanani approached Investor B, who was working as a bank teller. Dhanani introduced himself as "Azim Virani."

11. During the BCSC proceedings, Investor B was shown a picture of Dhanani, and confirmed that he was the person with whom Investor B had all of his dealings, and who called himself “Azim Virani.” The BCSC Panel found that the person referred to under that name was Dhanani.
12. Dhanani told Investor B that his family owned a local hotel, and that he might be interested in hiring Investor B. Dhanani and Investor B met several times to discuss this job opportunity. During one meeting, Dhanani presented Investor B with an investment opportunity in an oil company that was about to complete an initial public offering. Dhanani said that Investor B would make an investment return of 40-50% in two weeks.
13. Investor B gave Dhanani four bank drafts totaling \$55,000. In return for each draft, Dhanani provided Investor B with a security agreement, guaranteeing the principal amount, and a receipt acknowledging payment for a “stock purchase.”
14. Dhanani gave his father the four bank drafts, who deposited them into two separate accounts. A total of \$38,500 was immediately withdrawn, some of which went to Dhanani, with the remainder withdrawn by Dhanani’s father to pay for personal expenses.
15. After providing Dhanani with the four bank drafts, Investor B met with Dhanani, who promised him that the stock investment was going well. Investor B has never received any funds back from Dhanani.

*Investor C*

16. In the fall of 2014, Investor C met Dhanani at a social function. A month later, Dhanani presented Investor C with an investment opportunity of shares in a gold mining company undergoing an initial public offering, which would result in a 20-40% return over a two month period.
17. Dhanani instructed Investor C to make a bank draft out in the name of “Zhongyun Zhang.” Dhanani’s explanation for those instructions was that he made stock investments in the names of others to avoid paying taxes.

18. Investor C provided a bank draft in the name of Zhang in the amount of \$120,000 to Dhanani. The funds eventually found their way, through the hands of several intermediaries, into a bank account in the name of Zhongyun Zhang, which was frozen by BCSC Staff as at the time of the BCSC proceedings.
19. In its Findings, the BCSC Panel concluded that:
  - a. Dhanani perpetrated a fraud on each of Investors A, B and C in the collective amount of \$188,800 in contravention of section 57(b) of the BC Act.

### **The BCSC Order**

20. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Dhanani:
  - b. under sections 161(1)(b) and (d)(i) through (v) of the BC Act, that Dhanani resign any position he holds as a director or officer of any issuer or registrant and that he permanently:
    - i. cease trading in, and be prohibited from purchasing, any securities and exchange contracts;
    - ii. be prohibited from becoming or acting as a director or officer of any issuer or registrant;
    - iii. be prohibited from becoming or acting as a registrant or promoter;
    - iv. be prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and
    - v. be prohibited from engaging in investor relations activities;
  - c. under section 161(1)(g) of the BC Act, that Dhanani pay to the BCSC \$188,800; and

- d. under section 162 of the BC Act, that Dhanani pay to the BCSC an administrative penalty of \$225,000.

### **III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION**

21. The Respondent is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.
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 Respondent.
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 *Ontario Securities Commission Rules of Procedure*.

**DATED** at Toronto, this 28<sup>th</sup> day of February, 2017.