



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 A25 GOLD PRODUCERS CORP.
DAVID AMAR, JAMES STUART ADAMS and
AVI AMAR**

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

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

I. OVERVIEW

1. This proceeding relates to A25 Gold Producers Corp. (“A25”), David Amar, James Stuart Adams (“Adams”) and Avi Amar (collectively, the “Respondents”) selling securities of A25 through fraudulent means, unregistered trading, and illegal distributions.
2. Between March 1, 2007 and December 31, 2012, (the “Relevant Period”), the Respondents raised from Ontario in excess of €1 million from investors in Canada and Europe and, in addition, the Respondent David Amar profited in excess of €770,000 from the sale of A25 shares on the Frankfurt Stock Exchange.
3. By this conduct, the Respondents breached sections 25, 53, 126.1, and 129.2 of the *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”), and acted in a manner that was contrary to the public interest.

II. THE RESPONDENTS

4. A25 is a corporation incorporated in the province of British Columbia on March 1, 2007. It is operated out of David Amar's condominium in Toronto, Ontario.
5. David Amar is a resident of Toronto, Ontario. David Amar is the directing mind of and a *de facto* director of A25. He controls A25. David Amar is the directing mind of and is an officer and a director of Worldwide Graphite Producers Ltd. ("Worldwide Graphite") and Western Fortune Graphite Ltd. ("Western Fortune"), which are the companies that sold mining claims to A25.
6. Adams is a resident of Toronto, Ontario. He is a director of A25 and carried the title of President of A25 during the Relevant Period. Adams is the sole director of and controls Integral Transfer Agency Inc., which is A25's share transfer agent.
7. Avi Amar is a resident of Toronto, Ontario. He is the son of David Amar. He is a director of A25 and carried the titles of Secretary and Treasurer of A25 during the Relevant Period. He is also an officer and director of Western Fortune and Worldwide Graphite.

III. FRAUDULENT CONDUCT

a. The Circumstances

8. Between March 2007 and December 2010, the Respondents caused or permitted A25 to acquire mining claims from Western Fortune and Worldwide Graphite (the "Mining Claim Transfers"). These mining claims were sold to A25 at prices much higher than it cost to stake and maintain them; and, in some cases, they were sold to A25 shortly after they were staked.
9. As consideration for the Mining Claim Transfers, A25 agreed to provide Western Fortune and Worldwide Graphite cash payments over time and A25 shares. During the Relevant Period, A25 made some of these cash payments. A25 defaulted on paying the remainder of the cash payments, and they remained a liability of A25.
10. As a result of the Mining Claim Transfers,

- a. David Amar, the directing mind of Western Fortune and Worldwide Graphite, directly or indirectly, owned or controlled substantially all of the 30 million outstanding shares of A25.
 - b. As well, the cash payment liabilities owed by A25 to Western Fortune and Worldwide Graphite arising from the Mining Claims Transfers remained to be paid; and, any money raised by A25 from the sale of its shares or otherwise would need to be paid to Western Fortune and Worldwide Graphite to satisfy these liabilities.
 - c. Furthermore, as a result of A25's default on the cash payments, depending on the terms of the Mining Claim Transfer agreements, Western Fortune and Worldwide Graphite could either revoke the ownership of the mining claims from A25 or not be required to transfer ownership to A25 (as some of the agreements did not have ownership being transferred until full payment was received).
11. Within a listing application submitted on or about September 1, 2008 to the Frankfurt Stock Exchange, A25 provided the names of its 53 shareholders that it said held a total of 30 million shares. In fact, at the time of the application to the Frankfurt Stock Exchange, David Amar owned or controlled all of the shares of A25.
 12. The only A25 shares that were listed on the Frankfurt Stock Exchange were the 30 million A25 shares owned or controlled, directly or indirectly, by David Amar as a result of the initial Mining Claim Transfers.
 13. David Amar, Adams, and Avi Amar (collectively, the "Individual Respondents") caused A25 to hire salespersons and an escrow agent who marketed and sold A25 treasury shares directly to approximately 49 investors in Canada and Europe in 2009 and 2010. David Amar also hired salespersons, brokers and an escrow agent who marketed and sold the shares he owned or controlled and that were listed on the Frankfurt Stock Exchange. Commissions arising from these sales for salespersons, brokers and escrow agents ranged from 35% to as high as 71%.

14. Throughout 2010, the Individual Respondents caused A25 to issue a series of press releases that provided A25 investors or prospective investors an inaccurate, incomplete, and/or misleading indication of the number of mining claims acquired by A25. These press releases referred to the following mineral properties: Golden Peak, White Star, Prident, IXL, Pillars of Boaz, and tenure 689804. In fact, during this period, there was only a single acquisition by A25 of mineral tenure 689804 that was completed on or about November 26, 2010.
15. On or about November 17, 2010, David Amar caused Worldwide Graphite to write to A25's Board of Directors to "authorize and direct" them to consolidate A25's shares 1000:1 (the "Share Consolidation"). Worldwide Graphite represented to the A25 Board that it and its shareholders directly owned or controlled through proxy votes 72.28% of the issued and outstanding shares of A25. A25's Board, including Adams and Avi Amar, passed a resolution authorizing the Share Consolidation, and proceeded to implement the Share Consolidation.

b. Deceit, Falsehood, or Other Fraudulent Means

16. Within the sales approach used for A25 securities during the Relevant Period, the Respondents and/or their salespersons, brokers or escrow agents misled A25 investors and prospective A25 investors by failing to state facts and/or concealing facts, including, among other facts, that:
- a. the Mining Claim Transfers were related party transactions;
 - b. David Amar was the directing mind of A25 and of the parties that sold the mining claims acquired by A25 in the Mining Claim Transfers;
 - c. David Amar had determined the terms of the Mining Claim Transfers including the price;
 - d. the mining claims acquired by A25 in the Mining Claim Transfers were sold to A25 at prices much higher than it cost to stake and maintain the mining claims; and, in some cases, they were sold to A25 shortly after they were staked;

- e. as a result of A25's default on some of the cash payments owing under the terms of the Mining Claims Transfers, depending on the wording of the specific Mining Claims Transfer agreement, Western Fortune and Worldwide Graphite could either revoke the mining claims acquired by A25 in the Mining Claims Transfers or not be required to transfer ownership to A25;
 - f. A25 had obtained its listing on the Frankfurt Stock Exchange by misrepresenting the nature of its shareholdings. As of the date of listing, David Amar, directly or indirectly, owned or controlled all the A25 shares listed to be sold on the Frankfurt Stock Exchange; and
 - g. the money raised from the sale of A25 treasury shares would be used substantially to pay commissions of salespersons, brokers and/or escrow agents for selling and marketing the A25 shares, and to repay A25's cash payment liabilities owed indirectly to David Amar as a result of the Mining Claim Transfers.
17. Additionally, within the sales approach used for A25 securities during the Relevant Period, the Respondents and/or their salespersons, brokers or escrow agents provided or participated in providing information to A25 investors and prospective A25 investors that was false, inaccurate and/or misleading with respect to, but not limited to, the following matters:
- a. the current state of and future plans for the development of the A25 mining claims,
 - b. the number of mining claims acquired by A25, and
 - c. the use of funds raised by the distribution of the A25 shares.

c. Deprivation

18. Once in possession of funds from A25 investors through the sale of A25 treasury shares, the Respondents caused or participated in causing the funds raised to be utilized for purposes other than as intended and disclosed to the investors. In particular, of the approximately €1 million raised from A25 investors,

- a. none was used to explore or improve the A25 mining claims;
 - b. approximately 71% was used to pay commissions to salespersons, brokers and/or escrow agents; and
 - c. approximately 29% was used not to A25's benefit but for the personal benefit of the Respondents and/or of David Amar, with Avi Amar and Adams' knowledge or in circumstances that they ought reasonably to have had knowledge.
19. Furthermore, during the Relevant Period, David Amar profited in excess of €770,000 from the sale on the Frankfurt Stock Exchange of A25 shares owned or controlled directly or indirectly by him.
20. After the Share Consolidation and within the Relevant Period, David Amar used investor funds and additional Mining Claim Transfers (including some that were initiated prior to the Share Consolidation but closed after the Share Consolidation) to acquire post-Share Consolidation A25 shares and to leave himself again as the owner, directly and indirectly, of substantially all of the outstanding A25 shares.

d. Conclusion

21. By this conduct, during the Relevant Period, the Respondents directly or indirectly engaged or participated in an act, practice or course of conduct relating to A25 securities that they knew or reasonably ought to have known perpetrated a fraud on persons purchasing A25 securities, contrary to section 126.1 of the Act.

IV. UNREGISTERED TRADING

22. During the Relevant Period, none of the Respondents were registered in any capacity with the Commission.
23. During the Relevant Period, the Respondents participated in acts, solicitations, conduct, or negotiations, directly or indirectly, in furtherance of the sale or disposition of A25 securities for valuable consideration, in circumstances where there were no exemptions available to the Respondents under the Act. Among other things, the Respondents engaged from Ontario

salespersons, brokers, and/or escrow agents, or representatives of A25 who contacted members of the public in Canada and Europe to solicit them to purchase A25 securities.

24. Through these acts, the Respondents traded in securities without being registered to trade in securities contrary to section 25 of the Act as that section existed at the time the conduct at issue commenced in March 2007, contrary to section 25(1) of the Act, as subsequently amended on September 28, 2009.

V. ILLEGAL DISTRIBUTIONS

25. No prospectus or preliminary prospectus was filed with the Commission and no receipt for them has ever been issued by the Director as required by subsection 53(1) of the Act with respect to the trades of A25 securities set out above.
26. The trading of A25 securities as set out above constituted distributions of these securities by the Respondents in circumstances where there were no prospectus exemptions available to them under the Act contrary to section 53(1) of the Act.

VI. LIABILITY OF DIRECTORS AND OFFICERS

27. During the Relevant Period, the Individual Respondents as directors and/or officers of A25, including as *de facto* directors or officers of A25, authorized, permitted or acquiesced in A25's non-compliance with Ontario securities law, and accordingly, failed to comply with Ontario securities law contrary to section 129.2 of the Act.

VII. CONDUCT CONTRARY TO THE PUBLIC INTEREST

28. By reason of the foregoing, the Respondents engaged in conduct contrary to the public interest.
29. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 18th day of December, 2013.