



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 MAPLE LEAF INVESTMENT FUND CORP.,  
JOE HENRY CHAU (aka: HENRY JOE CHAU, SHUNG KAI CHOW and HENRY SHUNG  
KAI CHOW), TULSIANI INVESTMENTS INC., SUNIL TULSIANI  
and RAVINDER TULSIANI**

**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 the sale of securities of Maple Leaf Investment Fund Corp. ("MLIF") to over 80 investors. Staff allege that the MLIF securities were sold to investors in breach of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") and in a manner that was contrary to the public interest.
2. Staff allege that the conduct at issue transpired during the period June 2007 up to and including April 2009 ("Material Time").

**II. BACKGROUND**

**A. The Corporate Respondents**

3. None of the corporate respondents were registered with the Commission in any capacity during the Material Time.
4. MLIF is an Ontario company incorporated on January 11, 2007. MLIF purports to be an investment company. During the Material Time, MLIF represented to investors that

MLIF was going to construct and operate a hotel, casino and condominiums on the island of Curaçao in the Netherlands Antilles in the Caribbean (the “Project”).

5. Tulsiani Investments Inc. (“Tulsiani Investments”) is an Ontario company incorporated on May 28, 2007. Tulsiani Investments purports to offer investors high-yield revenue properties that hold great potential for growth. During the period of at least December 2008 up to and including January 2009, Tulsiani Investments operated an investment club named Private Investment Club (“PIC”) which provided investment opportunities to fee paying members.

#### **B. The Individual Respondents**

6. None of the individual respondents were registered in any capacity with the Commission during the Material Time.
7. Joe Henry Chau, also known as Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow (“Chau”) was a resident of Markham, Ontario during part of the Material Time. Chau is the president, chief executive officer and a director of MLIF.
8. Sunil Tulsiani (“Sunil”) is a resident of Brampton, Ontario. Sunil is the president and a director of Tulsiani Investments.
9. Ravinder Tulsiani (“Ravinder”) is a resident of Brampton, Ontario. From at least December 2008 up to and including January 2009, Ravinder was the chief executive officer and a director of Tulsiani Investments. Ravinder is a former registrant in various capacities, whose registration with the Commission ended on April 25, 2006.

#### **C. The Sale and Promotion of MLIF securities**

10. From June 2007 up to and including January 2009, MLIF and Chau sold four series of MLIF bonds to the public, namely the 100, 200, 300 and 400 bond series. In particular, Chau and MLIF:
  - a. maintained a website for MLIF promoting the Project and MLIF bonds;

- b. placed advertisements in newspapers promoting the MLIF bonds;
  - c. employed and/or contracted telemarketers to promote and sell MLIF bonds;
  - d. conducted seminars and meetings and provided written materials to investors promoting the Project and MLIF bonds;
  - e. accepted funds from investors for the purchase of MLIF bonds;
  - f. drafted and provided forms to investors for the purchase of MLIF bonds, including subscription agreements (the “Forms”); and
  - g. assisted and directed investors on how to complete the Forms.
11. From December 2008 up to and including January 2009, Sunil, Ravinder and Tulsiani Investments sold the MLIF 400 bond series to the public, mainly to PIC members. In particular, Sunil, Ravinder and/or Tulsiani Investments:
- a. invited potential investors to attend meetings and/or seminars to learn about the MLIF bond series;
  - b. made representations to potential investors about the bonds at meetings, seminars and/or in emails;
  - c. accepted funds from investors for the purchase of bonds and delivered the funds to a lawyer to be placed in his trust account;
  - d. controlled the use of investor funds; and
  - e. assisted and directed investors on how to complete forms relating to the bonds;
12. In addition, in selling the MLIF 400 bond series, Sunil and Tulsiani Investments provided advice to potential investors with regard to the MLIF 400 bond series, including providing opinions on the merits of the investments and their level of risk and by expressly or impliedly recommending or endorsing them.

13. In total, Chau, MLIF, Sunil, Ravinder and Tulsiani Investments raised over \$4.5 million from the sale of MLIF bonds to over 80 investors. Approximately \$1.4 million of this amount was returned to investors as “interest” and/or “redemptions”.

#### **TRADING IN SECURITIES OF MLIF**

14. Staff allege that, in relation to the conduct referred to above, Chau, MLIF, Sunil, Ravinder and Tulsiani Investments traded in securities of MLIF and that Sunil and Tulsiani Investments advised investors to invest in MLIF securities.
15. The sale of MLIF bonds referred to above were trades in securities not previously issued and were therefore distributions. MLIF has never filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued to qualify the sale of MLIF securities.
16. During the Material Time, none of Chau, MLIF, Sunil, Ravinder or Tulsiani Investments was registered with the Commission to trade in securities and none of Sunil or Tulsiani Investments was registered with the Commission to advise in securities.

#### **PROHIBITED REPRESENTATIONS**

17. Staff allege that Chau and MLIF made prohibited representations to investors with the intention of effecting a trade in securities of MLIF, that such security would be listed on a stock exchange. In particular,
  - a. Chau and MLIF represented to potential investors of MLIF bonds that the bonds were convertible into MLIF founder shares which shares would be listed on the TSX Venture; and
  - b. Chau and MLIF represented to potential investors of MLIF founder shares that MLIF expected that these shares would be listed on the TSX Venture.

**FRAUDULENT CONDUCT**

18. Staff allege that Chau and MLIF engaged in acts, practices or courses of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on investors and that was contrary to the public interest by:
- a. making representations to investors in the 100, 200 and 300 bond series, which they knew or reasonably ought to have known were false, inaccurate and misleading, that:
    - i. investor funds would be placed in a GIC at the TD Bank, where they would remain;
    - ii. investor funds were to be used as collateral to assist MLIF in obtaining a construction loan for the Project; and
    - iii. investors would be paid interest on their bonds, partly from the GIC at the TD Bank and partly from MLIF;
  - b. failing to maintain investor funds in GICs as represented to investors and cashing the GICs shortly after purchasing them;
  - c. paying amounts purporting to be “interest” to investors in the absence of any revenue, profit or retained earnings by MLIF;
  - d. paying earlier investors “interest” and “redemptions” with new investor funds; and
  - e. using investor funds, in part, for Chau’s personal purposes and for purposes unrelated to the Project.

**STAFF'S ALLEGATIONS -- Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest**

19. The specific allegations advanced by Staff are:

- a. Chau, MLIF, Sunil, Ravinder and Tulsiani Investments traded in securities of MLIF without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- b. Sunil and Tulsiani Investments engaged in advising with respect to investing in securities of MLIF without being registered to advise in securities, contrary to section 25(1)(c) of the Act and contrary to the public interest;
- c. Chau and MLIF made representations without the written permission of the Director, with the intention of effecting a trade in securities of MLIF 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. Chau and MLIF traded in securities of MLIF 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. Chau and MLIF engaged or participated in acts, practices or courses of conduct relating to MLIF securities that Chau and MLIF 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;
- f. Chau being a director and officer of MLIF, did authorize, permit or acquiesce in the commission of the violations of sections 25, 38, 53 and 126.1 of the Act, by MLIF; and

- g. Sunil and Ravinder, being directors of Tulsiani Investments did authorize, permit or acquiesce in the commission of the violations of section 25 of the Act, set out above, by Tulsiani Investments.
20. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 12th day of February, 2010