



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF USI-TECH LIMITED

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 USI-Tech Limited (**USI-Tech** or the **Respondent**) that:
 - i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by or of USI-Tech cease permanently; and
 - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities of USI-Tech cease permanently;
 - (b) such other order or orders as the Commission considers appropriate.

B. FACTS

Staff make the following allegations of fact:

3. USI-Tech is subject to an order made by the Autorité des marchés financiers (**AMF**) dated March 19, 2018 (the **AMF Order**) that imposes sanctions, conditions, restrictions or requirements upon it.
4. In findings on liability dated March 19, 2018 (the **Findings**) an Administrative Judge of the Financial Markets Administrative Tribunal (the **AMF Tribunal**) found that USI-Tech was engaging in an ongoing illegal distribution of securities and unregistered dealing, contrary to sections 11 and 148, respectively, of the Quebec *Securities Act*, CQLR, c V-1.1 (the **Quebec Act**).

(i) The Respondent

5. USI-Tech is a company purportedly headquartered in Dubai, United Arab Emirates.
6. USI-Tech is not a reporting issuer in Ontario and has never filed a prospectus in Ontario.

(ii) The AMF Proceedings*Background*

7. The AMF Tribunal held a hearing at its head office on March 2, 2018. AMF counsel attended at the hearing and, although duly notified of the hearing, USI-Tech did not attend.
8. An AMF investigator testified at the hearing, where she related facts alleged against USI-Tech and certain of its representatives. The AMF investigator also filed a series of exhibits in support of her testimony.

9. At the time of the AMF proceedings, USI-Tech and certain of its representatives were actively soliciting investments in USI-Tech through presentations, websites and social media.
10. Using various websites, including <https://usi-tech.info>, <http://usitech.io> and <http://usitech-int.com>, as well as Facebook pages for USI-Tech Technology and USI-Tech Bitcoin, among others, USI-Tech and certain of its representatives promoted financial products offered by USI-Tech, namely "Bitcoin Packages" (**BTC Packages**) and the "Token."
11. BTC Packages offered investors a 1% daily return for 140 days, generated through Bitcoin trading using USI-Tech's automated trading software, and through crypto currency mining using computational algorithms embedded in the software.
12. Token investments were to provide investors with returns based upon the hypothetical success of a new crypto currency, the "Tech Coin," which USI-Tech intended to create and market.

AMF Findings - Conclusions

13. In its Findings, the AMF concluded that:
 - (a) the evidence established that USI-Tech and certain of its representatives used various websites and social media platforms accessible to the public to engage in solicitation and investment relating to financial products to which the Quebec Act applies;
 - (b) the evidence established that a number of the financial products offered to the public, including the BTC Package and the "Token" constitute "investment contracts" and are, therefore, subject to the Quebec Act;

- (c) the evidence established that USI-Tech was not registered with the AMF, nor had it filed a prospectus with the AMF or received any exemption from doing so;
- (d) it appeared from the evidence that USI-Tech had breached prospectus and registration requirements as set out in sections 11 and 148, respectively, of the Quebec Act, and was continuing to do so; and
- (e) the breaches by USI-Tech were serious and contrary to the public interest, particularly because they are central to the registration and financial information systems set out under the Quebec Act, the purpose of which is to protect the investing public and ensure the integrity of the financial centre.

(iii) The AMF Order

14. The AMF Order imposed the following sanctions, conditions, restrictions or requirements upon USI-Tech:
- (a) prohibiting USI-Tech from engaging in any activity with a view to performing, directly or indirectly, any transaction on any form of investment set out in section 1 of the Quebec Act, including soliciting and canvassing investors in Quebec;
 - (b) ordering USI-Tech to make inaccessible, for any IP address in Quebec, the websites <https://usi-tech.info>, <http://usitech.io> and <https://usitech-int.com>, and any other site of the same nature as those sites published or disseminated, directly or indirectly by the latter, within 24 hours' notice of the AMF Order, in order to prevent any person residing in Quebec from being able to view those websites, and ordering that the AMF Order be published on the home page of those sites; and
 - (c) ordering USI-Tech to remove, within 24 hours' notice of the AMF Order, any advertisement or solicitation on the websites

tech.info, <http://usitech.io> and <https://usitech-int.com>, and on the USI--Tech Technology and USI-Tech Bitcoin Facebook pages, any form of investment set out in section 1 of the Quebec Act, and any advertisement or solicitation of the same nature published or released, directly or indirectly, by USI-Tech.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

15. The Respondent is subject to an order of the AMF imposing sanctions, conditions, restrictions or requirements upon it.
16. 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.
17. Staff allege that it is in the public interest to make an order against the Respondent.
18. 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 4th day of December, 2018.

Alexandra Matushenko
Litigation Counsel
Enforcement Branch

Tel: (416) 593-8287
Email: amatushenko@osc.gov.on.ca