



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
PORTFOLIO CAPITAL INC., DAVID ROGERSON
and AMY HANNA-ROGERSON**

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

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

I. OVERVIEW

1. This proceeding involves an investment scheme that was created and carried out by Portfolio Capital Inc. (“Portfolio Capital”), David Rogerson (“Rogerson”) and Amy Hanna-Rogerson (“Hanna-Rogerson”) during the period of May 2007 to March 2012 (the “Material Time”), in which the Respondents solicited and sold shares of PlusPetro Inc. (Panama) (“PlusPetro Panama”) to investors in Ontario. The Respondents engaged in fraudulent conduct by making untrue or misleading statements to investors regarding the business of PlusPetro Panama, the use of investor funds and the future value of the PlusPetro Panama shares.

II. THE RESPONDENTS

2. Portfolio Capital is a corporation which was incorporated pursuant to the *Ontario Business Corporations Act*, R.S.O. 1990, c. B.16 on May 23, 2007. Its registered address is 110 Cumberland Street, Suite 317, Toronto, which is a United Parcel Services mailbox. Portfolio

Capital purports to be an investment banking firm. Portfolio Capital has never been a reporting issuer in Ontario and has never been registered with the Commission in any capacity.

3. Rogerson was a resident of Bala, Ontario during the Material Time. He has never been registered with the Commission in any capacity. Throughout the Material Time, he was the President and directing mind of Portfolio Capital.

4. Hanna-Rogerson was a resident of Bala, Ontario during the period of May 2007 to November 2010. She is the spouse of Rogerson. She is the sole director of Portfolio Capital. She has never been registered with the Commission in any capacity. Hanna-Rogerson controlled and is the sole signatory on Portfolio Capital's two bank accounts, which received all investor funds.

III. PARTICULARS OF THE ALLEGATIONS

A. Unregistered Trading

5. During the Material Time, Portfolio Capital offered Share Purchase Agreements ("SPA") to residents of Ontario and to residents of other jurisdictions for the purchase of PlusPetro Panama shares. The SPAs are investment contracts within the definition of security in section 1(1) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "*Act*").

6. During the Material Time, PlusPetro Panama shares were sold to more than 200 investors and potential investors raising approximately USD 980,000.00 and CAD 544,000.00.

7. Rogerson met with and told investors that PlusPetro Panama was a start-up company that had the opportunity to purchase the rights to a break-through technology known as Crude Oil Additive Technology Solution ("COATS"), which is an alleged oil additive. According to the representations made to investors by Rogerson, the COATS technology has the ability to lower viscosity in crude oil to make it easier to transport.

8. Investors were told by Rogerson that their funds would be used for the start-up operations of PlusPetro Panama, including securing financing to acquire COATS and testing of the

technology. Rogerson created and provided investors with promotional materials regarding the COATS technology and the PlusPetro Panama investment.

9. Hanna-Rogerson also met with and provided information to several investors regarding purchasing PlusPetro Panama shares.

10. After agreeing to invest, investors executed SPAs with Portfolio Capital for the purchase of PlusPetro Panama shares, which were signed by Rogerson as President of Portfolio Capital. Investors purchased PlusPetro Panama shares for prices ranging from \$0.25 to \$0.50 per share. Investors, however, never received share certificates for the PlusPetro Panama shares they purchased as they were told that the printing of such share certificates was expensive and environmentally wasteful.

11. Investors were directed to pay for their investment by way of cheque or bank draft made payable to Portfolio Capital or by wire transfer to a Portfolio Capital bank account located at a Toronto Dominion bank located in Bala, Ontario. Each of Rogerson and Hanna-Rogerson accepted funds from investors on behalf of Portfolio Capital and deposited the investor funds into Portfolio Capital's bank accounts.

12. Rogerson and Hanna-Rogerson sold shares of PlusPetro Panama to Ontario residents in circumstances where there were no exemptions available to them under the *Act*.

B. Illegal Distribution

13. The sale of PlusPetro Panama shares was a trade in securities not previously issued and was therefore a distribution.

14. Portfolio Capital has never filed a preliminary prospectus or a prospectus with the Commission and no receipts have been issued by the Director in relation to PlusPetro Panama securities. No exemption from the prospectus and registration requirements under the *Act* was available to Portfolio Capital in the circumstances.

C. Fraudulent Conduct

15. Rogerson told investors that their funds would be used for the start-up operations of PlusPetro Panama. Investors received multiple Shareholder Update Letters from Rogerson during the Material Time which stated that PlusPetro Panama was very close to securing financing and would imminently purchase the COATS technology and then commence marketing and selling the technology to large oil companies. The Shareholder Update Letters were also used to solicit further funds from investors.

16. These representations were untrue and misleading and perpetrated a fraud on investors. Staff allege that PlusPetro Panama has not carried on any legitimate business operations and that there is no evidence that the COATS technology exists.

17. Contrary to the representations set out above in paragraph 15, the Respondents personally profited by using investor funds for personal expenditures, including, among other things, food and alcohol, pet care and property expenses, including mortgage payments.

18. The Respondents engaged in a course of conduct relating to securities of PlusPetro Panama that they knew or reasonably ought to have known would result in a fraud on persons or companies.

D. Representations Regarding Listing The PlusPetro Panama Shares On The Toronto Stock Exchange (“TSX”)

19. Rogerson told potential investors that once PlusPetro Panama purchased COATS, it would apply to have the PlusPetro Panama shares listed on the TSX. Potential investors were further told by Rogerson that their shares would increase in value from \$0.50 a share to prices ranging from \$5.00 to \$10.00 per share once the PlusPetro Panama shares were listed on the TSX. These representations were made by Rogerson with the intention of effecting trades in PlusPetro Panama shares.

20. During the Material Time, Rogerson, as President of Portfolio Capital, also drafted and sent Shareholder Update Letters to investors which stated that PlusPetro Panama would be listing its shares on the TSX in the coming months.

21. Neither Rogerson nor PlusPetro Panama have ever made an application to have the PlusPetro Panama shares listed on the TSX. Neither Rogerson nor PlusPetro Panama have ever sought permission of the Director to make representations to investors regarding listing PlusPetro Panama shares on the TSX.

IV. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

22. The specific allegations advanced by Staff are:

- a) During the Material Time, the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the *Act* as that section existed at the time the conduct at issue commenced in May 2007, and contrary to section 25(1) of the *Act* as subsequently amended on September 28, 2009;
- b) During the Material Time, the Respondents traded in securities of PlusPetro Panama 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*;
- c) During the Material Time, the Respondents engaged in or participated in acts, practices or courses of conduct relating to securities of PlusPetro Panama that they knew or ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the *Act*;
- d) During the Material Time, Rogerson made misleading representations to investors regarding the future listing and future value of PlusPetro Panama shares with the intention of effecting a trade in those shares, contrary to section 38(3) of the *Act*;

- e) During the Material Time, Hanna-Rogerson authorized, permitted or acquiesced in Portfolio Capital's non-compliance with Ontario securities law and accordingly failed to comply with Ontario securities law, contrary to section 129.2 of the *Act*; and
- f) The Respondents' conduct was contrary to the public interest and harmful to the integrity of the capital markets in Ontario.

23. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, March 25, 2013