

2012 BCSECCOM 90

Notice of Hearing

**Samuel Richard Allaby,
Gaia Equity Investments, and Midas Group Holdings Ltd.
(collectively the Respondents)**

Section 161 of the *Securities Act*, RSBC 1996, c. 418

¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, R.S.B.C. 1996, c. 418 (the Act) based on the following facts:

Background

1. Midas Group Holdings Ltd. (Midas) is a British Columbia (BC) company incorporated on November 5, 2010.
2. Gaia Equity Investments (Gaia) purports to be a company that guarantees BC investors a risk free monthly rate of return of up to 9.83% by offering investments in renewable energy projects in developing countries (the Investment), and is a subsidiary of Midas.
3. Samuel Richard Allaby (Allaby) is a BC resident, the incorporator and sole director of Midas, and an agent of Gaia.
4. In December 2010, Allaby opened a bank account in Midas' name and designated himself as its sole signatory (the Account).

The Gaia/Midas Investment

5. In March 2011, Commission staff discovered an advertisement in the Financial Services section of Vancouver's "Craigslist" webpage that promoted the Investment (the Advertisement).
6. On March 7, 2011, a Commission investigator posing as an investor contacted Gaia through its website (the Website). Gaia responded by emailing the investigator a Gaia investment agreement form (the Investment Agreement).
7. The Investment Agreement included banking information for depositing money into the Account.

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Misconduct

False statements

8. Allaby, Gaia, and Midas made the following promotional statements concerning the Investment, in the Advertisement, the Website and the Investment Agreement:
 - (a) “leading Wall Street investment firms, hedge funds, and multinational insurance companies have trusted Gaia to manage their assets”;
 - (b) “investors have committed over \$4.2 billion to Gaia and enjoyed returns averaging 257% per annum since 2008”;
 - (c) Gaia raises investor capital for green energy projects, “maintaining direct involvement and partial oversight” in those projects;
 - (d) Gaia’s office is located in Vancouver, British Columbia, and it maintains additional offices in Montreal, New York City, Paris and London;
 - (e) an investment would be safer than it would be in any FDIC-insured bank, and there would be “absolutely no risk”; and
 - (f) a risk-free monthly rate of return of 5.74% to 9.83%, guaranteed by the World Bank and the International Monetary Fund.

9. These statements were false:
 - (a) Gaia does not have any clients;
 - (b) Gaia does not have any funds under management;
 - (c) Gaia has not invested in any kind of project or business;
 - (d) Gaia’s Vancouver office address corresponds to a mailbox rented by Allaby for three months at a cost of approximately \$60, and Gaia has no other offices;
 - (e) Gaia’s claimed rate of return is impossible without risk. Very high rates of return can never be achieved without risk of loss;
 - (f) Gaia does not have partnerships with the World Bank or the International Monetary Fund.

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10. The Respondents, with the intention of effecting a trade in a security, made statements that they knew were misrepresentations, contrary to section 50(1)(d) of the Act, and that created the misleading appearance that Gaia had engaged in trading activity in securities that had brought over \$4.2 billion under its management, contrary to section 57(a) of the Act.
11. Allaby, as the sole director of Midas and as an agent of Gaia, authorized, permitted, or acquiesced in the foregoing breaches of the Act, and therefore contravened the same provisions under section 168.2 of the Act.

Public Interest

- ¶ 2 It is in the public interest that the Commission issue orders under sections 161 and 162 of the Act.

Hearing Process

- ¶ 3 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, BC, on **April 3, 2012, at 9:00 am** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.
- ¶ 4 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2, phone: 604-899-6500; email: commsec@bcsc.bc.ca.
- ¶ 5 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

- ¶ 6 March 17 , 2012

Paul C. Bourque

- ¶ 7 Paul C. Bourque, Q.C.
Executive Director