



British Columbia Securities Commission

Citation: 2013 BCSECCOM 5

## **Temporary Order and Notice of Hearing**

**Won Sang Shen Cho, also known as Craig Cho,  
d.b.a. Chosen Media and Groops Media**

**(the Respondents)**

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

- ¶ 1 The 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*, RSBC 1996, c. 418 (the Act), based on the following facts:

#### **Background**

1. Wong Sang Shen Cho (Cho), also known as Craig Cho, is a British Columbia resident. Since 2002 Cho has conducted business as a sole proprietor under the following names (Cho's Businesses):
  - Interpower Sports (Interpower);
  - Chosen Media (Chosen); and
  - Groops Media (Groops).
2. Neither Cho nor Cho's Businesses have ever been registered or filed a prospectus under the Act.
3. Cho described Interpower as an online gaming company, Chosen Media as an online media company, website design company, and media buying agency, and Groops as a media company operating various websites.
4. In 1995 Cho was convicted of criminal fraud.

#### ***2002 Securities Commission Investigation and Warning***

5. In February 2002, Cho, doing business as Interpower, sought investors to fund an online gaming website. During an investigation into the possible illegal distribution of Interpower securities, Cho advised Staff that no capital had been raised from BC residents.



6. Staff closed the file by issuing Cho a verbal and written caution advising him of his obligations under the Act if he wished to distribute securities. Cho confirmed he had ceased his solicitations.

### **Misconduct**

#### ***Illegal Distribution***

7. Between January 2011 and February 2012 Cho, now doing business as Chosen, promoted securities on the Vancouver Craigslist website promising rates of return from 30% to 50% in 40 to 90 days.
8. Cho sought a minimum investment of \$5,000 and represented that he would deposit investor funds into accounts at various sports betting websites. Cho advised prospective investors that the online wagering would be “risk-free” and that profit would be generated by the “generous signup and reload bonuses” provided by the sports betting websites.
9. Cho raised \$101,846 from six investors with only one investor, who invested \$5,000, qualifying for an exemption. Out of the \$96,846 he raised from the five investors who did not qualify for an exemption, Cho returned \$52,892 in purported returns to them.
10. The Commission has frozen approximately \$36,000 in a bank account registered to Cho.
11. By distributing securities of Chosen without having filed a prospectus, Cho and Chosen contravened section 61 of the Act.

#### ***Misrepresentation***

12. In order to make the investment with Chosen more appealing, Cho told prospective investors that there were more investors with Chosen than there actually were.
13. By exaggerating the actual number of investors with Chosen, Cho made misrepresentations contrary to section 50(1)(d) of the Act.

#### ***Continuing Illegal Conduct***

14. In July 2012, during the Chosen investigation:
  - Cho acknowledged to Staff the past Commission communication with respect to Interpower;
  - Staff warned Cho that he must comply with the prospectus requirements in the Act when distributing securities through Chosen; and
  - Cho advised Staff he would not continue to solicit investments through Chosen.



15. Despite his assurances, in December 2012 Cho sent an email to an undercover Staff investigator who had previously communicated with Cho, promoting an investment with Groops media requiring a minimum \$10,000 investment and guaranteeing a minimum return of 20 percent within 6 months.

16. By attempting to distribute securities of Groops, without having filed a prospectus, Cho and Groops contravened section 61 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.

#### **Temporary Order**

- ¶ 3 The Executive Director, considering the length of time to hold a hearing under section 161(2) of the Securities Act to be prejudicial to the public interest, orders under section 161(1) of the Securities Act that (the Temporary Order):

- (a) The Respondents cease trading in all securities; and
- (b) The Respondents be prohibited from engaging in investor relation activities.

until January 30, 2013 at 9:00 am.

#### **Hearing Process**

- ¶ 4 A hearing will be held in the 12<sup>th</sup> Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **January 30, 2013, at 9:00 am**, at which time the Executive Director will ask the Commission to extend the temporary order until a hearing is held and a decision is rendered.
- ¶ 5 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](mailto:commsec@bcsc.bc.ca).



¶ 6 If the Respondents or their counsel do not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time and determinations adverse to the Respondent may be made.

¶ 7 January 15, 2013.

Paul C. Bourque  
Executive Director



¶ 8 Paul C. Bourque, Q.C.  
Executive Director