BRITISH COLUMBIA SECURITIES COMMISSION
Securities Act, RSBC 1996, c. 418

Citation: Re Williams, 2016 BCSECCOM 283 Date: 20160817

Thomas Arthur Williams, Global Wealth Creation Opportunities Inc., Global Wealth Creation Opportunities Inc. (Belize), Global Wealth Financial Inc., Global Wealth Creation Strategies Inc., CDN Global Wealth Creation Club RW-TW, 2002 Concepts Inc., Susan Grace Nemeth, Renee Michelle Penko, Paul Finney, Irene G. Beilstein, Christina Kiemel, Helena Yvonne Becker, Dennis Carl Weigel, Daniel Quoming Sam, Eric Clark, Sharon Downing and Robert Laudy Williams

Panel	Nigel P. Cave	Vice Chair
	George C. Glover, Jr.	Commissioner
	Don Rowlatt	Commissioner
Hearing Dates	May 26, 2016	
Submissions Completed	May 26, 2016	
Date of Decision	August 17, 2016	

Appearances

Mila Pivnenko	For the Executive Director
	For Thomas Arthur Williams
	For Global Wealth Creation Opportunities Inc.
	For Global Wealth Creation Opportunities Inc. (Belize)
	For Global Wealth Financial Inc.
	For Global Wealth Creation Strategies Inc.
	For CDN Global Wealth Creation Club RW-TW
	For 2002 Concepts Inc.
Susan Grace Nemeth	For Susan Grace Nemeth
Renee Michelle Penko	For Renee Michelle Penko
	For Paul Finney
Irene G. Beilstein	For Irene G. Beilstein
	For Christina Kiemel
	For Dennis Carl Weigel
Eric Clark	For Eric Clark

Decision

I. Introduction

[1] This is the sanctions portion of a hearing under sections 161(1) and 162 of the *Securities Act*, RSBC 1996, c. 418. The Findings of this panel on liability made on January 14, 2016 (2016 BCSECCOM 18), are part of this Decision.

[2] The panel found that:

a) Thomas Arthur Williams (Williams) and each of Global Wealth Creation Opportunities Inc., Global Wealth Creation Opportunities Inc. (Belize), Global Wealth Financial Inc., Global Wealth Creation Strategies Inc., CDN Global Wealth Creation Club RW-TW and 2002 Concepts Inc. (collectively, the Global Entities) contravened section 57(b) with respect to an aggregate of $11.7 million of securities sold to 123 investors;

b) each of the Global Entities, Williams, Penko, Nemeth, Beilstein and Weigel contravened sections 61 and 34 with respect to the following distributions

- Williams and Global Strategies - $5.3 million to 101 investors for 156 investments
- Global Opportunities - $2,893,307 to 51 investors for 83 investments
- Global Opportunities (Belize) - $2,893,307 to 51 investors for 83 investments
- Global Financial - $25,000 to one investor
- Global Club - $244,000 to five investors for seven investments
- Penko - $1,171,003 to 22 investors for 31 investments
- Nemeth - $1,249,723 to 19 investors for 34 investments
- Beilstein - $170,500 to three investors for five investments
- Weigel - $40,000 to three investors.

c) Williams was liable under section 168.2 with respect to each of the Global Entities' contraventions of sections 57(b), 61 and 34.

[3] All other allegations with respect to all of the other respondents were either settled prior to the commencement of the hearing on liability, discontinued by the executive director or dismissed in our Findings.

[4] We received written and oral submissions from the Executive Director and Penko. We also received written submissions at the sanctions stage from Beilstein. During the liability phase of the hearing, we also received written submissions from each of Penko, Beilstein and Nemeth and some of those submissions were relevant to the question of sanctions. We have considered those submissions at this time. Although they had the opportunity to make submissions to us, we did not receive written or oral submissions from any of the other respondents.

II. Position of the Parties

Executive Director

[5] The Executive Director seeks the following orders against Williams:

a) permanent market prohibitions (with an exception for personal trading accounts through a registrant);

b) under section 161(1)(g) of the Act, that Williams pay to the Commission $11.7 million; and

c) under section 162 of the Act, that Williams pay to the Commission an administrative penalty of $12.3 million.

[6] The Executive Director seeks the following orders against Nemeth:

a) market prohibitions lasting until the later of six years and when all financial sanctions against Nemeth are paid to the Commission (with an exception for personal trading accounts through a registrant);

b) under section 161(1)(g) of the Act, that Nemeth pay to the Commission $307,740; and

c) under section 162 of the Act, that Nemeth pay to the Commission an administrative penalty of $70,000.

[7] The Executive Director seeks the following orders against Penko:

a) market prohibitions lasting until the later of five years and when all financial sanctions against Penko are paid to the Commission, with exceptions allowing her to trade:

i) through her own account through a registrant, or
ii) in the course of her employment with a dealer registered under the applicable securities legislation, and only with or to the clients of that dealer;

b) under section 161(1)(g) of the Act, that Penko pay to the Commission $166,858; and

c) under section 162 of the Act, that Penko pay to the Commission an administrative penalty of $55,000.

[8] The Executive Director seeks the following orders against Beilstein:

a) market prohibitions lasting until the later of three years and when all financial sanctions against Beilstein are paid to the Commission (with an exception for personal trading accounts through a registrant);

b) under section 161(1)(g) of the Act, that Beilstein pay to the Commission $110,053; and

c) under section 162 of the Act, that Beilstein pay to the Commission an administrative penalty of $15,000.

[9] The Executive Director seeks the following orders against Weigel:

a) market prohibitions lasting until the later of one year and when all financial sanctions against Weigel are paid to the Commission (with an exception for personal trading accounts through a registrant);

b) under section 161(1)(g) of the Act, that Weigel pay to the Commission $33,167; and

c) under section 162 of the Act, that Weigel pay to the Commission an administrative penalty of $5,000.

[10] The Executive Director seeks the following orders against each of the Global Entities:

a) permanent market prohibitions; and

b) under section 161(1)(g) of the Act, that such entity pay to the Commission $11.7 million.

[11] In the case of the requested section 161(1)(g) orders against each of the Global Entities, the executive director says that Williams and each of these entities should be jointly and severally liable for $11.7 million.

[12] With respect to the requested section 161(1)(g) orders against each of Nemeth, Beilstein, Penko and Weigel, the Executive Director did not make any submissions that these amounts should be payable in any manner other than severally.

Respondents

[13] We did not receive any submissions on sanctions from any of Williams, the Global Entities, Nemeth or Weigel.

[14] Beilstein provided written submissions in connection with sanctions. Reproduced is the final portion of those submissions:

> I will not attend any panel to submit any responses I have. I have no desire to subject myself to further degradations resulting from a process that seems to already have it [sic] determination. The fault lies in the mismanagement of a company that did not have a compliance officer. Had this person been in place none of the remaining events would have occurred for the finders. Why is the focus on the finders and not the Corporation and Manager?

> As a result I feel I have suffered enough and the cost has been great. I wish to be done with events.

[15] In submissions made during the liability phase of the hearing, Beilstein submitted that she has invested and lost money in the Ponzi scheme and was therefore a victim.

[16] In submissions during the liability phase of the hearing, both Beilstein and Nemeth submitted that they did not have any ability to pay any financial sanctions that we might impose.

[17] Penko provided submissions on sanctions. She submits that she was an investor in the scheme and lost money as a consequence. She submits that there are a number of mitigating circumstances applicable to her that we should consider. She submits that she is genuinely remorseful for what has occurred and that she had taken responsibility for her role in the misconduct. She submits that she has a limited ability to pay any financial sanctions that we might impose. Finally, she submits that we should take her current registration status with the Commission, as an exempt market dealer under strict supervision, into account in our sanctions decision.

[18] As noted above, each of Penko, Beilstein and Nemeth submitted that they have a limited ability to pay any financial sanctions that we might impose against them. The evidence that was tendered in support of these submissions comes from affidavits filed by Beilstein and Nemeth. Beilstein's affidavit says that she declared bankruptcy in June 2011 and was discharged therefrom in June 2013. She says that she has current assets of $3,000. Nemeth's affidavit says that her current asset value is less than $5,000. We do not have any evidence in support of Penko's submissions regarding her ability to pay any financial sanctions. While evidence of current assets is one element of a person's financial circumstances, it does not constitute sufficient evidence, in and of itself, to support a finding that a person cannot pay, now or in the future, any financial sanctions that we might impose. We have no evidence of the income of any of Penko, Beilstein or Nemeth nor a complete picture of each of their total (current or otherwise) assets and liabilities. As a consequence, we have not considered ability to pay as a factor in our considerations, in this case, with respect to the appropriate financial sanctions for these respondents.

III. Analysis

A. Factors

[19] Orders under sections 161(1) and 162 of the Act are protective and preventative, intended to be exercised to prevent future harm. See *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)* 2001 SCC 37.

[20] In *Re Eron Mortgage Corporation* [2000] 7 BCSC Weekly Summary 22, the Commission identified factors relevant to sanction as follows (at page 24):

In making orders under sections 161 and 162 of the Act, the Commission must consider what is in the public interest in the context of its mandate to regulate trading in securities. The circumstances of each case are different, so it is not possible to produce an exhaustive list of all of the factors that the Commission considers in making orders under sections 161 and 162, but the following are usually relevant:

- the seriousness of respondent's conduct,
- the harm suffered by investors as a result of the respondent's conduct,
- the damage done to the integrity of the capital markets in British Columbia by the respondent's conduct,
- the extent to which the respondent was enriched,
- factors that mitigate the respondent's conduct,
- the respondent's past conduct,
- the risk to investors and the capital markets posed by the respondent's continued participation in the capital markets of British Columbia,
- the respondent's fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,
- the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets,
- the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
- orders made by the Commission in similar circumstances in the past.

III. Application of the factors

Seriousness of conduct

[21] This Commission has repeatedly found that fraud is the most serious misconduct under the Act. As noted in *Manna Trading Corp Ltd. (Re)*, 2009 BCSECCOM 595, "nothing strikes more viciously at the integrity of our capital markets than fraud". Williams and each of the Global Entities have been found liable for that misconduct.

[22] The fraud in this case was a massive Ponzi scheme which was exacerbated by the diversion by Williams and the Global Entities of approximately $6 million of funds raised from investors to various entities controlled by persons with a significant history of securities and/or criminal misconduct. The scope of the fraudulent conduct in this case in terms of the number of investors, the amount of money raised from investors and the extent of the deceit visited on investors was extremely significant. We find the fraudulent misconduct of Williams and the Global Entities alone (without regard to their other misconduct) to be on the upper end of seriousness of the matters that the Commission oversees.

[23] Contraventions of sections 61 and 34 of the Act are also inherently serious. These sections are two of the Act's foundational requirements for protecting investors and preserving the integrity of the capital markets.

[24] Section 61 requires that those who wish to distribute securities file a prospectus with the Commission. This is intended to ensure that investors receive the information necessary to make an informed investment decision.

[25] Section 34 requires that those who trade in securities are properly licensed to do so. This requirement ensures that those who purchase securities do so from persons who fulfill certain obligations (e.g. know your client and suitability of investment) in connection with those transactions. These obligations on registrants provide basic protections to investors.

[26] Securities legislation provides exemptions from sections 61 and 34 if the issuer and those who trade in securities meet certain specified requirements. These requirements are designed to protect investors and markets, so persons who intend to rely on the exemptions must ensure that they are met.

[27] All of the respondents (who are subject to sanctions in this phase of the hearing) contravened sections 61 and 34, although the scope of their contraventions varies greatly as among the respondents.

[28] It is clear that Williams was at least generally aware of the requirements with respect to the obligations relating to selling securities under the Act. Williams was previously a registrant (as described below).

[29] The executive director does not suggest that the other respondents acted in a manner to intentionally contravene the Act. However, the other respondents were not diligent; in fact, there is no evidence that they turned their minds at all to determining whether the requirements of the Act or the exemptions from the requirements of sections 61 and 34 were met with respect to a significant number of the investors to whom they sold securities. Consequently, those investors were denied critical protections intended by the Act.

Harm to investors

[30] The harm to investors in this case is significant.

[31] Like all Ponzi schemes, part of the money raised from investors was paid to the investors as purported returns on their investments. In total, approximately $4.9 million was paid to the investors in this case.

[32] In addition to the direct financial loss of their investments, we heard testimony from a number of investors who were persuaded to withdraw funds from other investments, including retirement plans, or to borrow money in order to purchase securities of the Global Entities. There has also been significant indirect financial loss, by way of incurred interest expense and withdrawals from retirement planning and other investments, as a consequence of the misconduct in this case.

Enrichment

[33] The evidence of the enrichment of the respondents resulting from their misconduct is not clear in the case of every respondent.

[34] All of the funds raised from investors were deposited into the bank account of one or more of the Global Entities.

[35] The evidence of the banking records of the Global Entities indicated that payments in the following amounts were made to each of the following individual respondents (who remain part of these proceedings):

Williams received $440,300

Beilstein received $112,619

Nemeth received $307,740

Penko received $166,858

Weigel received $33,167

[36] The Global Entities paid commissions (or trailer fees) to finders for identifying investors who invested in the Global Entities.

[37] We received submissions from each of Beilstein, Nemeth and Penko that they received commissions from the sale of products other than securities of the Global Entities. There was evidence of payments for commissions on tax shelter products within the banking records of the Global Entities. Further, Nemeth and Beilstein gave oral testimony, which was not contradicted by any other evidence, as to having received payments from Williams for the sale of products unrelated to the Global Entities.

[38] Beilstein also testified that she received a monthly amount of $1,700 from the Global Entities for performing her administrative duties on behalf of these entities and Williams.

[39] Based on the evidence before us, we cannot say that the full amounts set out in paragraph 35 represent the enrichment received by the various listed respondents arising from their misconduct as set out in our Findings.

Aggravating and mitigating factors

[40] There are no mitigating factors with respect to Williams or the Global Entities.

[41] It is clear that aggravating factors include that the entire investment scheme was a Ponzi scheme and that certain of the funds were diverted to persons with a history of criminal and securities related fraud and other misconduct.

[42] The executive director also submits that Williams' previous registration history under the Act is an aggravating factor. Williams was registered in various registration categories over a 12 year period including an extensive period as a mutual fund representative. Several previous decisions of this Commission have held that a previous history of registration under the Act may be an aggravating factor – see *Re Waters*, 2014 BCSECCOM 369 and *Re McIntosh*, 2015 BCSECCOM 69. In particular, those decisions have held that a previous period of registration should have made the respondent aware of

the Act's registration requirements to sell securities. We find that logic applies in this case as well.

[43] Penko submits that we view her current period of registration under the Act, without any prior history of regulatory misconduct, as a mitigating factor. She also submits that her role on the Associate Coordinating Committee (ACC), which she says helped collect documents for subsequent delivery to regulators and which also provided information to investors following the collapse of the Ponzi scheme, should be viewed as a mitigating factor. She also submits that she worked a significant number of hours on behalf of the Global Entities and that her compensation for that work was reasonable, that she has had to pay tax on the amounts received by her as commissions and that she was herself an investor in the securities of the Global Entities. All of these things, she says, should be mitigating factors in any financial sanctions we determine. Finally, she says that she has provided approximately $2,000 from her personal resources to two of her former clients who suffered significant losses in the scheme.

[44] Beilstein also says that we should take her own lost investments in the securities of the Global Entities into account in determining the appropriate sanction for her in this matter.

[45] We do not find that losses of investments in the scheme by the respondents is in any way a mitigating factor. Nor do we find a respondent's tax consequences or the amount of work coincident with the misconduct to be relevant as mitigating factors.

[46] The role of the ACC as a mitigating factor is not clear from the evidence. Participation in that ACC's efforts might reflect remorse and concern for investor outcomes. However, it might also have had the effect of delaying regulatory efforts to investigate the nature of the misconduct committed by the respondents in this case. It may also have had the effect of delaying investor claims against the respondents. We have not taken Penko's role in the ACC into account in determining the appropriate sanctions in this case.

[47] We do find that Penko, throughout the hearing, and in her written submissions displayed genuine remorse for her role in the scheme. The executive director also acknowledges this remorse. We have taken this remorse into account in determining what sanctions are necessary to accomplish the goal of specific deterrence in the case of Penko.

[48] We have taken Penko's existing registration status into account in our sanctions. She is currently registered under the Act in a manner that requires strict supervision. This is her current livelihood. There have been no other securities regulatory concerns raised with respect to Penko arising from her current registration status. We are prepared to allow this arrangement to continue in order to allow her to keep her current job.

[49] The executive director submits that Nemeth has two aggravating factors. First, she was previously a registrant restricted to selling scholarship plan securities. Her last registration in this category ended in 2002. Secondly, the executive director says that Nemeth failed to cooperate with the Commission's investigation. In particular, the executive director points to Nemeth's failure to answer questions from a Commission

investigator on a phone call and that Nemeth did not respond to Commission staff when they subsequently tried to contact her.

[50] As noted above, we find Nemeth's previous history of registration an aggravating factor. Her registration history suggests that she should have been aware, at least, of the registration requirements associated with the sale of securities.

[51] However, we do not view her conduct with respect to the investigation to be an aggravating factor. Not every refusal to answer questions from Commission staff is such that it can be viewed as an obstruction of the investigation. Nemeth's conduct certainly shows no voluntary cooperation, from which we infer a lack of remorse, but that is not conduct that can be viewed as an aggravating factor.

Previous orders

[52] The executive director directed us to a number of previous decisions of this Commission for guidance on the appropriate sanctions in this case. With respect to contraventions of section 57(b), he directed us to the decision in *Re Zhu*, 2015 BCSECCOM 264. With respect to contraventions of sections 34 and 61, he directed us to the decisions in *Re JV Raleigh Superior Holdings Inc. et al.*, 2012 BCSECCOM 492, *Re HRG Healthcare*, 2016 BCSECCOM 5, *Re VerifySmart*, 2012 BCSECCOM 176 and *Re Wireless Wizard*, 2015 BCSECCOM 443.

[53] None of the respondents referred to any previous orders of this Commission with respect to the appropriate sanctions in the circumstances.

[54] In *Zhu*, the Commission found that the respondents had engaged in fraudulent and illegal distributions to hundreds of investors that raised approximately $14 million. All of the respondents were permanently banned from the capital markets. In addition, the respondents were made jointly and severally liable for orders under section 161(1)(g) to disgorge $14 million. Each of the individual respondents also received administrative penalties under section 162 of $14 million. The sanctions took into account that the individual respondents were found to have committed additional contraventions of the Act when they took steps to interfere with the Commission investigation of their activities and lied to Commission investigators.

[55] In *VerifySmart*, the Commission found that the respondents had raised over $1.2 million from 99 investors through illegal distributions. The Commission banned the individual respondents from the capital markets for five years, ordered each of them to pay an administrative penalty of $50,000, and ordered them and the corporate respondents to pay to the Commission the $1.2 million, the amount raised. In doing so, the Commission rejected the individual respondents' submissions that they had no current ability to pay any financial sanction, on the basis that they neither provided any evidence to prove the assertion nor would any such evidence be proof of their inability to pay in the future should their circumstances change.

[56] In *JV Raleigh*, the issuer and two individual respondents illegally distributed $5.7 million of securities of JV Raleigh. The panel ordered that the respondents be permanently barred from the capital markets. They ordered the three respondents to pay the amount of the funds illegally raised (i.e. $5.7 million) and the two individual respondents to pay administrative penalties of $750,000 (for the respondent with a history of securities regulatory misconduct) and $500,000, respectively.

[57] The panel found the respondents' misconduct to be on same the level as fraud as the evidence indicated that the respondents did not use the funds in the manner that they told investors that they would. One of the individual respondents had a history of securities regulatory misconduct that was of a similar nature to that before the panel. In addition, there was clear evidence that one of the individual respondents was directly enriched by the funds illegally raised. The panel also found that most of the funds raised illegally were forwarded to entities that were controlled by the individual respondents. The panel found that both of the individual respondents received a significant indirect financial benefit as a result.

[58] In *HRG*, the two individual respondents and the corporate respondents were found to have contravened section 61 (in differing amounts) and to have filed Exempt Distribution Reports that contained inaccurate information. The corporate respondent was found to have contravened section 61 with respect to issuances of approximately $4 million of securities to over 100 investors. The corporate respondent had gone bankrupt and was banned permanently from the capital markets. The two individual respondents were each banned from the capital markets for seven years and each was ordered to pay an administrative penalty under section 162 of $75,000. In addition, one of the individual respondents, who received commissions on the illegal distributions that he directly participated in, was ordered to pay the amount of those commissions to the Commission under section 161(1)(g).

[59] Finally, in *Wireless Wizard*, the corporate respondent and one of the individual respondents were found to have contravened sections 34 and 61 with respect to issuances of securities to two investors for approximately $60,000. The other two individual respondents were found to have contravened sections 34 and 61 with respect to only one of the two distributions (for approximately $50,000). The investor to whom this distribution of approximately $50,000 was made had obtained repayment of those funds prior to the Commission hearing, leaving only one investor with an investment of $10,000 remaining unpaid. The corporate respondent had gone bankrupt and was permanently banned from the capital markets. The individual respondents received market prohibitions ranging from five years (due to a prior history of regulatory misconduct for one of the individual respondents) to one year for the other two individual respondents. The respondents were ordered, jointly and severally, to pay $10,000 to the Commission under section 161(1)(g). The individual respondents received administrative penalties of $10,000 (for the respondent with a prior history of regulatory misconduct) and $5,000 for the other two individual respondents.

IV. Appropriate Orders

[60] In determining the appropriate orders in the public interest, the following is our assessment of each respondent individually with respect to each of the three requested orders (market prohibitions, orders under section 161(1)(g) and administrative penalties under section 162).

Williams

A. Market prohibitions

[61] Williams was the central figure in a multi-million dollar Ponzi scheme. In magnitude and scope, his misconduct was at the very upper end of seriousness. Williams' scheme resulted in the diversion of millions of dollars of investors' money finding its way to individuals with a history of serious securities regulatory or criminal misconduct. All of his misconduct was within the context of a scheme designed to hide this diversion of funds.

[62] We note that Williams also was the architect of a scheme that he attempted to intentionally structure in a manner that he wrongly believed would circumvent the requirements of section 61 and 34 of the Act. This is very serious misconduct in and of itself. Williams represents a serious risk to our capital markets and must be banned permanently from participating therein.

[63] The executive director asked for permanent market prohibitions against Williams but suggested that an exception from his prohibitions on trading might be made for him to trade securities through his own account through a registrant. This exception to a ban on trading is one that is ordered by panels in certain circumstances where there is evidence of a need for this exemption and the panel has made a determination that such an exemption is appropriate and in the public interest. We do not have any evidence of a need for this exception in this case nor that such an exception would be in the public interest.

B. Section 161(1)(g) Order

[64] All of the $11.7 million that was fraudulently raised in this case (as was the subset of this amount that was also raised via illegal distributions) was obtained by the Global Entities. The evidence is clear that the Global Entities were little more than sham entities used by Williams to carry out his Ponzi scheme. There is no evidence that they carried on any actual businesses. Williams controlled and was the directing mind of each of the Global Entities. Williams had control over the bank accounts of these entities and clearly co-mingled the funds as among them.

[65] Although the evidence suggests that only a small portion of the funds received by the Global Entities was then transferred to a personal account of Williams, it is clear that Williams controlled all of the funds in the accounts of the Global Entities and used them in a manner that was inconsistent with the purposes for which they were purportedly obtained.

[66] In this case, the investors in the Global Entities received payments (whether as a return of their investments or as purported returns on their investments) totaling $4.9 million in aggregate. Where those payments were purported returns on investments, Williams and the Global Entities were using those payments as a method of perpetuating the fraud by creating a false impression that the investment returns were real and thereby inducing existing and future investors to invest more money in the scheme. Therefore, these payments to investors cannot be viewed as a mitigating factor in our sanctions decisions against Williams and the Global Entities.

[67] Previous decisions of this Commission in Ponzi scheme cases have made orders against respondents under section 161(1)(g) equal to the net difference between the funds raised from investors and the funds returned to investors, see *Samji (Re)*, 2015 BCSECCOM 29, *Nelson (Re)*, 2016 BCSECCOM 50 and *International Fiduciary Corp. SA (Re)*, 2008 BCSECCOM 107. We see no reason in this case to depart from that approach to our orders unders under section 161(1)(g) against Williams and the Global Entities.

[68] As the Global Entities were really the alter ego of Williams, we think it appropriate that Williams be ordered under section 161(1)(g) to pay to the Commission $6.8 million, the net amount fraudulently raised from investors in this case.

C. Administrative penalty

[69] There are no mitigating factors applicable to Williams. We have no evidence of Williams' personal circumstances so there are no issues of how to balance his current or future ability to pay an administrative penalty against the need for us to impose a sanction that provides the appropriate significant specific and general deterrence.

[70] The executive director has asked for an administrative penalty of $12.3 million against Williams. In the executive director's submissions, he says that he arrived at that figure by combining an administrative penalty of $600,000 for Williams' contraventions of section 61 and 34 and an administrative penalty of $11.7 million for his fraudulent misconduct.

[71] The executive director says that he derived the $11.7 million figure from looking at the administrative penalty in the *Zhu* decision where the quantum of the administrative penalty was equal to the amount obtained through the respondents' fraudulent misconduct.

[72] It is not clear to us how the executive director derived the requested $600,000 administrative penalty for the illegal distributions as that figure is significantly in excess of any of the administrative penalties imposed on respondents for illegal distributions in the cases provided to us as guidance (except for the JV Raleigh case where the panel found the illegal distributions to be similar in seriousness to fraud).

[73] The executive director did not explain the logic of "stacking" administrative penalties in the context of respondents who have engaged in more than one kind of misconduct. The concept of "stacking" sanctions seems far more appropriate in the penal context where there should be some form of sanction levied for each crime committed. In our regulatory context, where our orders are to be preventative and protective, this kind of approach of a formulaic "stacking" of penalties is not sufficiently broad. We must look at the entirety of the misconduct, all of the *Eron* factors and the respondent's specific circumstances to determine the appropriate sanctions. Of course, it may well be that multiple kinds of misconduct suggest that a particular respondent does represent a greater risk to the markets and that a greater administrative penalty is warranted.

[74] Williams' misconduct requires a significant administrative penalty, which will serve as a deterrent for both him and others who might engage in significant and widespread fraudulent misconduct as well as serious breaches of sections 34 and 61. We find the figure of $15,000,000 to be appropriate in all of the circumstances.

Global Entities

A. Market prohibitions

[75] Each of the Global Entities other than Global Opportunities (Belize), Global Financial and Global Club, have been dissolved under their corporate legislation and have therefore ceased to exist. However, there are provisions under most corporate legislation to bring back into existence dissolved corporations so we think it in the public interest to make orders against these entities even though they are currently dissolved.

[76] For all of the reasons given with respect to Williams and given that these entities have largely ceased to exist and the evidence of the records with respect to their issuances of securities and other activities is muddled at best, we think it in the public interest to issue permanent market prohibitions against each of the Global Entities.

B. Section 161(1)(g) Order

[77] As noted above, the evidence is clear that all of the $11.7 million fraudulently raised from investors was received by one or more of the Global Entities. All of the Global Entities were alter egos of Williams and each played a role in the scheme and the multiplicity of the Global Entities assisted in the obfuscation of the scheme. The evidence is also clear that funds raised were co-mingled among the bank accounts of various of the Global Entities.

[78] As the Global Entities were really just the alter ego of Williams and there was neither a clear separation of the activities of the Global Entities from Williams or from each other nor a clear separation of funds, it is appropriate in this circumstance to order that each of the Global Entities be ordered to pay to the Commission under section 161(1)(g) $6.8 million, the net amount fraudulently raised from investors and that each of the Global Entities and Williams be jointly and severally liable for this amount.

C. Administrative penalty

[79] The executive director did not ask for an order for administrative penalties to be made against any of the Global Entities.

[80] With respect to those Global Entities that have ceased to exist, this position is logical. However, the panel has struggled with whether this is appropriate with respect to the Global Entities that continue to exist. In our view, it would normally be consistent with the principles of specific and general deterrence which we apply in determining sanctions to make an order under section 162 against the remaining Global Entities. However, in this case, as we are of the view that the Global Entities were really just the alter ego of Williams and did not act independently of Williams, we do not think it necessary to make orders under section 162 against any of the Global Entities.

Penko

A. Market prohibitions

[81] Penko has been found liable for contraventions of sections 34 and 61 for distributions of securities of just under $1.2 million.

[82] The executive director has asked that we make orders against her for market prohibitions of five years, with the following two exceptions:

a) that she may trade securities through her own account through a broker; and

b) that she may remain a registrant, under conditions of registration as set out in Schedule A to this decision, employed with a dealer registered under the applicable securities legislation, and only with or to clients of that dealer.

[83] The executive director cites the orders made against the individual respondents in the *HRG* and *VerifySmart* decisions as supporting the five year market prohibitions against Penko.

[84] In *HRG*, Mohan, one of the individual respondents, received seven year market prohibitions. Mohan was found to have directly engaged in illegal distributions in the amount of approximately $1.7 million but also to be liable under section 168.2(1) of the Act for almost $3.5 million of illegal distributions carried out by the corporate respondent. Mohan had no mitigating factors.

[85] Relative to Mohan, Penko engaged in a smaller amount of illegal distributions, was not found to be liable under section 168.2(1) for any of the illegal distributions carried out by the Global Entities and has a mitigating factor – her remorse. As noted earlier, we are also prepared to allow her current registration status to continue under strict supervision.

[86] In *VerifySmart*, Scammell, one of the individual respondents, received five year market prohibitions. Scammell engaged in illegal distributions totaling approximately $1.25 million and was not enriched by his misconduct.

[87] Penko's circumstances are more aligned with Scammell than with Mohan. In fact, Penko's mitigating circumstances suggest that she is less of a risk to the markets than Scammell.

[88] We order four year market prohibitions against Penko. We agree with the submissions of the executive director that the two exceptions to her market prohibitions set out above are appropriate and in the public interest.

B. Section 161(1)(g) Order

[89] The executive director submits that we make a section 161(1)(g) order against Penko in the amount of $166,858. This amount represents the total amount paid to Penko out of the bank accounts of the Global Entities.

[90] The executive director acknowledged during oral submissions that this amount did not necessarily relate to commissions earned by Penko on her $1.17 million of illegal distributions. In fact, the executive director acknowledged that the $166,858 might include: commissions on the sale of securities unrelated to the Global Entities; commissions on the sale of securities of the Global Entities which were completed in compliance with the Act; reimbursement of expenses; and returns of interest or principal on the amount she invested in the Global Entities.

[91] In response to questions raised by the panel about the uncertainty of the purposes of the payments to Penko, the executive director made two submissions.

[92] First, the executive director submits that all of the funds were derived from the fraudulent misconduct of Williams and the Global Entities and that the finders should not be enriched in any manner from these fraudulently derived proceeds.

[93] Secondly, the executive director submits that the record keeping of the respondents was simply insufficient to be able to properly identify the amounts which represented commissions on the illegal distributions. The executive director argues that the evidentiary burden of proving the amount attributable to the illegal distributions should fall on each individual respondent.

[94] The executive director's first submission was not factually true. The banking records should that there was approximately $600,000 of cash that flowed through the accounts of the Global Entities that was unrelated to the subject matter of this hearing. Secondly, this submission is inconsistent with the wording of section 161(1)(g) which requires that orders may be made for amounts obtained directly or indirectly from a respondent's misconduct. In this case, there was no allegation of fraud against any finder and none was found liable for fraud. Their misconduct was engaging in illegal distributions. Orders against a finder under section 161(1)(g) must therefore relate in some way to that misconduct, not the fraud of Williams and the Global Entities.

[95] The executive director's second submission on the evidentiary onus was recently addressed in *Re Zhong*, 2015 BCSECCOM 383 (para 51 and 52)

> However, we find that the executive director has not proven the appropriate amount of commissions to be paid under section 161(1)(g). In our view, under section 161(1)(g), the executive director must prove, on a balance of probabilities, a reasonable approximation of the amount obtained by a respondent as a result of misconduct. The respondent may then attempt to prove that that amount is unreasonable. Any ambiguity is resolved in favour of the executive director, since a respondent should not benefit from any ambiguity when his or her wrong-doing gave rise to the uncertainty.
>
> As the Ontario Securities Commission stated in *Re Limelight Entertainment*, (2008) 31 OSCB 12030 (paragraph 53), which was quoted with approval in *Re Ground Wealth Inc.*, (2015) 38 OSCB 9835 (paragraph 28):
>
> > Staff has the onus to prove on a balance of probabilities the amount obtained by a respondent as a result of his or her non-compliance with the Act. Subject to that onus, we agree that any risk of uncertainty in calculating disgorgement should fall on the wrongdoer whose non-compliance with the Act gave rise to the uncertainty.

[96] We do not view the $166,858 as a reasonable approximation of the amount of the commissions obtained by Penko through her misconduct.

[97] However, evidence was led during the hearing about the general commission structure that finders received in return for finding investors. Finders initially received trailer fees (or commissions) on the amounts invested by their clients. In their interview with Commission staff, various finders described receiving monthly amounts based on different percentages. Originally, the percentage appears to have been 1.5%. They also received a smaller trailer fee on amounts raised by other finders that they brought to Williams. The evidence was that these trailer fees changed over time but that, in general, commissions were reduced during the latter part of the scheme.

[98] We think it reasonable to estimate that Penko, Nemeth, Beilstein and Weigel all obtained a similar percentage on funds raised from investors through illegal distributions.

[99] Penko answered questions in a compelled interview with Commission staff. She estimated that she received approximately $155,000 in commissions from the Global Entities. This equates to a roughly 13% commission (on average) structure. Therefore, we find this percentage to be a reasonable estimate of the commissions earned (on average) by each of Penko, Nemeth, Beilstein and Weigel.

[100] We had no evidence from any respondent that this 13% estimated commission rate would be unreasonable.

[101] Using this 13% average commission rate on the amount of Penko's illegal distributions we make an order in the amount of $155,000 under section 161(1)(g) against her.

C. Administrative penalty

[102] The executive director has asked for an order under section 162 against Penko in the amount of $55,000. The executive director submits that the administrative penalties against the individual respondents in the *HRG* and *VerifySmart* decisions support this amount.

[103] As noted above, Penko's conduct was similar to Scammell in *VerifySmart* who was ordered to pay $50,000 under section 162. The executive director argues that Penko should be ordered to pay more than Scammell due to the fact that she was enriched through her misconduct and Scammell was not. However, our order under section 161(1)(g) has already addressed Penko's enrichment due to her misconduct. Therefore, we do not agree that her administrative penalty should be more than Scammell's. Given her mitigating circumstances, we find that an order under section 162 in the amount of $40,000 is appropriate and in the public interest against Penko.

Beilstein

A. Market prohibitions

[104] The executive director submits that we make an order for three year market prohibitions against Beilstein. He submits that it would be appropriate to provide an exception to the prohibitions on trading to allow her to trade through her own account through a registrant.

[105] The executive director submits that while Beilstein does not have any mitigating or aggravating circumstances, her role as office administrator for Williams and the Global Entities helped assist him in carrying out the fraudulent scheme. He says we should consider this in our sanctions decision.

[106] However, the executive director's submissions do not suggest that we should view Beilstein's role as office administrator as an aggravating factor. While the panel was troubled by certain of the evidence it saw and heard about the role of Beilstein in her capacity as office administrator for Williams and the Global Entities, we do not see how that role aggravates her misconduct of carrying out illegal distributions. As a consequence, we do not take that role into account in determining the appropriate sanctions with respect to Beilstein.

[107] The executive director submits that the nature of Beilstein's misconduct falls somewhere between that of the individuals respondents in *HRG* and in *Wireless Wizard.*

[108] We agree with the executive director that Beilstein's misconduct falls between that of the individual respondents in *HRG* and *Wireless Wizard* and the quantum of her illegal distributions was significantly less than that of Penko (although, as noted, Penko has mitigating circumstances). We find three year market prohibitions against Beilstein to be appropriate and in the public interest. We also agree with the executive director that it is appropriate and in the public interest to provide an exception to allow Beilstein to trade securities through her own account through a registered advisor.

B. Section 161(1)(g) Order

[109] The executive director has asked for an order under section 161(1)(g) in the amount of $110,053 against Beilstein. This amount represents the total amount paid to Beilstein out of the bank accounts of the Global Entities.

[110] As noted above, this amount is not a reasonable approximation of the amounts she received as commissions for her misconduct. Beilstein was found to have assisted in raising approximately $170,000 through illegal distributions. Further, there was evidence that for some period of time Beilstein also received a monthly amount for performing administrative services for Williams and the Global Entities.

[111] Applying the 13% average commission derived as noted above to the amount of her illegal distributions, we find that an order for $22,000 under section 161(1)(g) is appropriate and in the public interest against Beilstein.

C. Administrative penalty

[112] The executive director has asked for an order under section 162 in the amount of $15,000 against Beilstein.

[113] The executive director says that Beilstein's misconduct falls somewhere between the misconduct of Downie, one of the individual respondents in *HRG* (who received a $50,000 administrative penalty), and of Keller, one of the individual respondents in *Wireless Wizard* (who received a $5,000 administrative penalty). He argues that the misconduct was much closer to that of Keller than of Downie in *HRG*.

[114] Beilstein's misconduct is significantly different from that of Keller in *Wireless Wizard*. Beilstein was responsible for significantly larger illegal distributions in terms of amounts raised and number of investors. In the *Wireless Wizard* case, one of the two investors had been repaid his investment amount.

[115] We find that it is appropriate and in the public interest to order that Beilstein pay $25,000 to the Commission pursuant to section 162.

Nemeth

A. Market prohibitions

[116] The executive director submits that we make an order for six year market prohibitions against Nemeth. He submits that it would be appropriate to provide an exception to the prohibitions on trading to allow her to trade through her own account through a registrant.

[117] Nemeth has no mitigating circumstances. Nemeth's history of registration is an aggravating circumstance. The magnitude of Nemeth's misconduct is similar to that of Penko in that she raised approximately $1.25 million in illegal distributions. The executive director submits that the *HRG* and *VerifySmart* decisions against the individual respondents are useful guidance on the length of market prohibitions for Nemeth.

[118] The size of the illegal distributions engaged in by Nemeth were similar to Scammell from *VerifySmart*, who received five year market prohibitions. However, Nemeth has an aggravating factor of her previous registration under the Act. We find seven year market prohibitions to be appropriate and in the public interest against Nemeth. We agree with the executive director that it would be appropriate and in the public interest to allow Nemeth to trade securities through her account through a registered advisor.

B. Section 161(1)(g) Order

[119] The executive director has asked for an order under section 161(1)(g) in the amount of $307,740 against Nemeth. This amount represents the total amount paid to Nemeth out of the bank accounts of the Global Entities.

[120] As noted above, this amount is not a reasonable approximation of the amounts she received as commissions for her misconduct. Nemeth was found to have assisted in raising approximately $1.25 million through illegal distributions.

[121] Applying the 13% average commission derived as noted above to the amount of her illegal distributions, we find that an order for $162,500 under section 161(1)(g) is appropriate and in the public interest against Nemeth.

C. Administrative penalty

[122] The executive director has asked for an order under section 162 against Nemeth in the amount of $70,000. The executive director submits that the administrative penalties against the individual respondents in the *HRG* and *VerifySmart* decisions support this amount.

[123] As noted above, Nemeth's conduct was far more similar to Scammell in *VerifySmart*. He received an order for $50,000 under section 162. The executive director argues that Nemeth's order should be more than Scammell due to her aggravating factor of prior registration. We agree with this submission. We find that an order under section 162 in the amount of $70,000 is appropriate and in the public interest.

Weigel

A. Market prohibitions

[124] The executive director submits that we make an order for one year market prohibitions against Weigel. He submits that it would be appropriate to provide an exception to the prohibitions on trading to allow him to trade through his own account through a registrant.

[125] The executive director submits that Weigel's misconduct is most similar to Keller's in *Wireless Wizard*. We agree that Weigel's misconduct was more modest than that of Penko, Beilstein and Nemeth, as he was involved in illegal distributions totaling $40,000, substantially less than these other finders and that his sanctions should reflect this.

[126] We agree that one year market prohibitions are appropriate and in the public interest against Weigel.

B. Section 161(1)(g) Order

[127] The executive director has asked for an order under section 161(1)(g) in the amount of $33,167 against Weigel. This amount represents the total amount paid to Weigel out of the bank accounts of the Global Entities.

[128] As noted above, this amount is not a reasonable approximation of the amounts he received as commissions for his misconduct. Weigel was found to have assisted in raising $40,000 through illegal distributions.

[129] Applying the 13% average commission derived as noted above to the amount of his illegal distributions, we find that an order for $5,200 under section 161(1)(g) is appropriate and in the public interest against Weigel.

C. Administrative penalty

[130] The executive director has asked for an order under section 162 in the amount of $5,000 against Weigel.

[131] The executive director says that Weigel's misconduct is similar to that of Keller in *Wireless Wizard* (who received a $5,000 administrative penalty). We agree with this submission.

[132] We find that it is appropriate and in the public interest to order that Weigel pay $5,000 to the Commission pursuant to section 162.

V. Appropriate orders

[133] Considering it to be in the public interest, and pursuant to sections 161 and 162 of the Act, we order that:

Williams:

1. under section 161(1)(b) of the Act, that Williams permanently cease trading in, and is prohibited from purchasing, any securities,

2. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Williams, on a permanent basis,

3. under section 161(1)(d)(i), that Williams resign any position he holds as a director or officer of an issuer or registrant,

4. under section 161(1)(d)(ii), that Williams is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant,

5. under section 161(1)(d)(iii) of the Act, that Williams is permanently prohibited from becoming or acting as a registrant or promoter,

6. under section 161(1)(d)(iv) of the Act, that Williams is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

7. under section 161(1)(d)(v) of the Act, that Williams is permanently prohibited from engaging in investor relations activities,

8. under section 161(1)(g) of the Act, that Williams pay to the Commission $6.8 million, and

9. under section 162 of the Act, that Williams pay to the Commission an administrative penalty of $15 million;

Nemeth:

10. under section 161(1)(b) of the Act, that Nemeth cease trading in, and is prohibited from purchasing, any securities, except through her own account through a registrant, provided that a copy of this order is provided to the registrant,

11. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Nemeth, except for those exemptions necessary to enable Nemeth to trade or purchase securities in her own account,

12. under section 161(1)(d)(ii), that Nemeth is prohibited from becoming or acting as a director or officer of any issuer or registrant,

13. under section 161(1)(d)(iii) of the Act, that Nemeth is prohibited from becoming or acting as a registrant or promoter,

14. under section 161(1)(d)(iv) of the Act, that Nemeth is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

15. under section 161(1)(d)(v) of the Act, that Nemeth is prohibited from engaging in investor relations activities,

    until the later of seven years from the date of this decision and the date on which her payments ordered under sections 161(1)(g) and 162 have been made,

16. under section 161(1)(d)(i), that Nemeth resign any position she holds as a director or officer of any issuer or registrant,

17. under section 161(1)(g) of the Act, that Nemeth pay to the Commission $162,500, and

18. under section 162 of the Act, that Nemeth pay to the Commission an administrative penalty of $70,000;

Penko:

19. under section 161(1)(b) of the Act, that Penko is prohibited from purchasing or trading in securities, except:

    i) through her own account through a registrant, provided that a copy of this order is provided to that registrant, and

    ii) in the course of her employment with a dealer registered under the applicable securities legislation, and only with or to the clients of that dealer,

20. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Penko, except for those exemptions necessary to enable Penko to trade or purchase securities in her own account,

21. under section 161(1)(d)(iv) of the Act, that Penko is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market, except in connection with her employment with a dealer under the applicable securities legislation,

22. under section 161(1)(d)(v) of the Act, that Penko is prohibited from engaging in investor relations activities, except in connection with her employment with a dealer under the applicable securities legislation,

23. under section 161(1)(f) of the Act, that a condition of strict supervision of Penko's registrable activities is imposed, in the form attached hereto as Schedule A to this order,

    until the later of four years from the date of this decision and the date on which her payments ordered under sections 161(1)(g) and 162 have been made,

24. under section 161(1)(d)(i), that Penko resign any position she holds as a director or officer of any issuer or registrant,

25. under section 161(1)(g) of the Act, that Penko pay to the Commission $155,000, and

26. under section 162 of the Act, that Penko pay to the Commission an administrative penalty of $40,000;

Beilstein:

27. under section 161(1)(b) of the Act, that Beilstein cease trading in, and is prohibited from purchasing, any securities, except through her own account through a registrant, provided that a copy of this order is provided to that registrant,

28. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Beilstein, except for those exemptions necessary to enable Beilstein to trade or purchase securities in her own account,

29. under section 161(1)(d)(ii), that Beilstein is prohibited from becoming or acting as a director or officer of any issuer or registrant,

30. under section 161(1)(d)(iii) of the Act, that Beilstein is prohibited from becoming or acting as a registrant or promoter,

31. under section 161(1)(d)(iv) of the Act, that Beilstein is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

32. under section 161(1)(d)(v) of the Act, that Beilstein is prohibited from engaging in investor relations activities,

    until the later of three years from the date of this decision and the date on which her payments ordered under sections 161(1)(g) and 162 have been made,

33. under section 161(1)(d)(i), that Beilstein resign any position she holds as a director or officer of any issuer or registrant,

34. under section 161(1)(g) of the Act, that Beilstein pay to the Commission $22,000, and

35. under section 162 of the Act, that Beilstein pay to the Commission an administrative penalty of $25,000;

Weigel:

36. under section 161(1)(b) of the Act, that Weigel cease trading in, and is prohibited from purchasing, any securities, except through his own account through a registrant, provided that a copy of this order is provided to that registrant,

37. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Weigel, except for those exemptions necessary to enable Weigel to trade or purchase securities in his own account,

38. under section 161(1)(d)(ii), that Weigel is prohibited from becoming or acting as a director or officer of any issuer or registrant,

39. under section 161(1)(d)(iii) of the Act, that Weigel is prohibited from becoming or acting as a registrant or promoter,

40. under section 161(1)(d)(iv) of the Act, that Weigel is prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

41. under section 161(1)(d)(v) of the Act, that Weigel is prohibited from engaging in investor relations activities,

    until the later of one year from the date of this decision and the date on which his payments ordered under sections 161(1)(g) and 162 have been made,

42. under section 161(1)(d)(i), that Weigel resign any position he holds as a director or officer of any issuer or registrant,

43. under section 161(1)(g) of the Act, that Weigel pay to the Commission $5,200, and

44. under section 162 of the Act, that Weigel pay to the Commission an administrative penalty of $5,000;

Global Wealth Creation Opportunities Inc.:

45. under section 161(1)(b) of the Act, that Global Wealth Creation Opportunities Inc. permanently cease trading in, and is prohibited from purchasing, any securities,

46. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Global Wealth Creation Opportunities Inc., on a permanent basis,

47. under section 161(1)(d)(iv) of the Act, that Global Wealth Creation Opportunities Inc. is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

48. under section 161(1)(d)(v) of the Act, that Global Wealth Creation Opportunities Inc. is permanently prohibited from engaging in investor relations activities, and

49. under section 161(1)(g) of the Act, that Global Wealth Creation Opportunities Inc. pay to the Commission $6.8 million;

Global Wealth Creation Opportunities Inc. (Belize):

50. under section 161(1)(b) of the Act, that Global Wealth Creation Opportunities Inc. (Belize) permanently cease trading in, and is prohibited from purchasing, any securities,

51. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Global Wealth Creation Opportunities Inc. (Belize), on a permanent basis,

52. under section 161(1)(d)(iv) of the Act, that Global Wealth Creation Opportunities Inc. (Belize) is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

53. under section 161(1)(d)(v) of the Act, that Global Wealth Creation Opportunities Inc. (Belize) is permanently prohibited from engaging in investor relations activities, and

54. under section 161(1)(g) of the Act, that Global Wealth Creation Opportunities Inc. (Belize) pay to the Commission $6.8 million;

Global Wealth Financial Inc.:

55. under section 161(1)(b) of the Act, that Global Wealth Financial Inc. permanently cease trading in, and is prohibited from purchasing, any securities,

56. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Global Wealth Financial Inc., on a permanent basis,

57. under section 161(1)(d)(iv) of the Act, that Global Wealth Financial Inc. is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

58. under section 161(1)(d)(v) of the Act, that Global Wealth Financial Inc. is permanently prohibited from engaging in investor relations activities, and

59. under section 161(1)(g) of the Act, that Global Wealth Financial Inc. pay to the Commission $6.8 million;

Global Wealth Creation Strategies Inc.:

60. under section 161(1)(b) of the Act, that Global Wealth Creation Strategies Inc. permanently cease trading in, and is prohibited from purchasing, any securities,

61. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to Global Wealth Creation Strategies Inc., on a permanent basis,

62. under section 161(1)(d)(iv) of the Act, that Global Wealth Creation Strategies Inc. is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

63. under section 161(1)(d)(v) of the Act, that Global Wealth Creation Strategies Inc. is permanently prohibited from engaging in investor relations activities, and

64. under section 161(1)(g) of the Act, that Global Wealth Creation Strategies Inc. pay to the Commission $6.8 million;

CDN Global Wealth Creation Club RW-TW:

65. under section 161(1)(b) of the Act, that CDN Global Wealth Creation Club RW-TW permanently cease trading in, and is prohibited from purchasing, any securities,

66. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to CDN Global Wealth Creation Club RW-TW, on a permanent basis,

67. under section 161(1)(d)(iv) of the Act, that CDN Global Wealth Creation Club RW-TW is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

68. under section 161(1)(d)(v) of the Act, that CDN Global Wealth Creation Club RW-TW is permanently prohibited from engaging in investor relations activities, and

69. under section 161(1)(g) of the Act, that CDN Global Wealth Creation Club RW-TW pay to the Commission $6.8 million;

2002 Concepts Inc.:

70. under section 161(1)(b) of the Act, that 2002 Concepts Inc. permanently cease trading in, and is prohibited from purchasing, any securities,

71. under section 161(1)(c) of the Act, that all exemptions set out in the Act do not apply to 2002 Concepts Inc., on a permanent basis,

72. under section 161(1)(d)(iv) of the Act, that 2002 Concepts Inc. is permanently prohibited from acting in a management or consultative capacity in connection with the activities in the securities market,

73. under section 161(1)(d)(v) of the Act, that 2002 Concepts Inc. is permanently prohibited from engaging in investor relations activities, and

74. under section 161(1)(g) of the Act, that 2002 Concepts Inc. pay to the Commission $6.8 million.

Joint and Several Liability

75. With respect to the orders under section 161(1)(g) made against each Global Entity and Williams, they are each jointly and severally liable to pay to the Commission $6.8 million;

August 17, 2016

For the Commission

Nigel P. Cave
Vice Chair

George C. Glover, Jr.
Commissioner

Don Rowlatt
Commissioner

Appendix "A"

While you are under strict supervision, your chief compliance officer or branch manager will:

- approve any new accounts that you open, including ensuring that you learned the essential facts for every client.

- approve in advance transactions that you make on behalf of each client, including ensuring that you determined:
  - the general investment needs and objectives of the client,
  - the appropriateness of a recommendation made to the client, and
  - the suitability of a proposed purchase or sale for the client.

- review all your trading activity on a daily basis, including ensuring that:
  - there was no excessive trading or churning,
  - no improper use of discretion, and
  - there was proper disclosure.

- prepare a monthly supervision report by the 15th of each month. The report will outline your trading activity for the preceding month and will include:
  - each trade,
  - the value of each trade,
  - the names of the clients for whom you made each trade,
  - whether you handled client funds and accounts in compliance with the *Securities Act* and *Rules*, and
  - any problems.

- notify the Manager, Registration Branch, Capital Markets Regulation Division in writing within five days of identifying any violations of firm policy or procedure, client complaints or any change that may affect this supervision condition (including a change in your position).