

REPLY TO:

**Mila Pivnenko**

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**By Regular Mail**

May 29, 2024

Dear Ms. McDowell:

**Sharief Deona McDowell  
Reciprocal Order Application**

I am writing this letter on behalf of the Executive Director of the British Columbia Securities Commission (the Executive Director).

This letter notifies you and the British Columbia Securities Commission (the Commission) that the Executive Director is applying for orders against you under sections 161(6)(a) and 161(1) of the *Securities Act*, RSBC 1996, c. 418 (the Act). The Executive Director is not seeking a financial penalty.

The Executive Director is making this application based on the findings and orders in:

- *United States of America v. Sharief Deona McDowell*, ED CR 22-274-AB (Criminal Action); and
- *United States of America (Commodity Futures Trading Commission) v. Sharief Deona McDowell*, CFTC Docket No. 23-28 (CFTC Action).

**CRIMINAL ACTION**

1. On December 13, 2022 you entered a guilty plea pursuant to a plea agreement you signed on November 20, 2022, pleading guilty to one count of wire fraud, contrary to section 1343 of Title 18 United States Code.

Transcript of the Plea Proceeding, p. 4, lines 19-25; p. 8, lines 13-15; p. 33, lines 17-23

2. On July 7, 2023, the Honourable Justice Andre Birotte, Jr. of the United States District Court sentenced you to the following:

- a) Imprisonment for 63 months;
- b) Upon release from imprisonment, a supervised release for three years, with conditions, including a prohibition to engage in any business involving loan programs, telemarketing activities, investment programs, or any other business involving the solicitation of funds or cold calls to customers without the express prior approval of your probation officer;
- c) A special assessment of \$100; and
- d) Restitution in the amount of US\$2,446,093.96.

Judgment and Probation/Commitment Order

Transcript of the Sentencing Proceeding, p. 59, lines 21-25; p. 60, lines 1-7; p. 62, lines 3-25; p. 63, lines 1-25; p. 64, lines 1-25; p. 65, lines 1-6

**Summary of Findings in the Criminal Action**

3. The following facts are contained in the Information, the Plea Agreement and the Transcript of Plea Hearing.

- a) Beginning in or around October 2018, and continuing through at least March 2022, within the Central District of California, and elsewhere, you knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud investors and to obtain investors' money by means of materially false and fraudulent pretenses, representations, and promises.

Plea Agreement, p. 9, lines 25-28; p. 10, lines 1-3  
Plea Agreement, p. 24 – Attachment A, Information, para. 2

- b) As part of the fraudulent scheme, you started Presidential Investments Inc. LLC ("Presidential Investments"), a company purporting to invest and trade in commodity futures and options contracts. You operated and controlled Presidential Investments and directed nominees to open business bank accounts held in Presidential Investments' name at Wells Fargo Bank, Bank of America N.A., and U.S. Bank. You had access to and control of Presidential Investments' bank accounts, including an account ending in 2671 at Bank of America ("2671 Account").

Plea Agreement, p. 10, lines 4-12  
Plea Agreement, pp. 23-24 – Attachment A, Information, para. 1(b)-(e)

- c) You knowingly solicited money from victims by falsely representing that you would use their money to purchase commodity futures and options contracts through your company, Presidential Investments. You instructed victims to electronically transfer their money to Presidential Investments. Contrary to your representations, which you knew were false at the time they were made, you did not use investors' money to purchase commodity futures and options contracts on their behalf. Instead, you knowingly misappropriated the money for purposes you did not disclose to the investors. You used investors' money to pay for personal expenses and gifts for third parties, and to make payments to other investors, which you falsely represented were disbursements from the investors' own investment accounts.

Plea Agreement, p. 10, lines 13-26  
Plea Agreement, pp. 24-25 – Attachment A, Information, para. 3(a)-(f)

- d) To execute the scheme, you fabricated trade confirmations and account statements, which you sent to investors via e-mails, to deceive the investors into thinking that you executed trades on their behalf and that their investments were generating returns.

Plea Agreement, p. 10, lines 27-28; p. 11, lines 1-3

- e) You admitted that you intentionally defrauded at least 28 investors, and as a result of the scheme to defraud, caused investors a total of approximately US\$2.6 million in losses.

Plea Agreement, p. 11, lines 21-23  
Plea Agreement, p. 25 – Attachment A, Information, para. 3(g)  
Plea Agreement, p. 30 – Attachment B, List of Victims

- f) You committed this fraud in violation of a prior judicial order which permanently prohibited you from directly or indirectly engaging in conduct, including, but not limited to, cheating, defrauding, or deceiving any other person in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction.

Plea Agreement, p. 11, lines 24-28; p. 12, lines 1-4  
Plea Agreement, pp. 31-46 – Attachment C, *US Commodity Futures Trading Commission v. 20/20 Trading Company, Inc. et al.*, Consent Order for Permanent Injunction, Civil Monetary Penalty, and Other Equitable Relief Against Defendants (20/20 Order)

4. “Dee” is an alias you used when interacting with investors.

Position with Respect to Sentencing, Exhibits 4, 5 and 10, Page ID #187, #190 and #204

#### **CFTC ACTION**

5. The CFTC filed a complaint alleging you engaged in fraud, made false statements, and failed to register as a commodity trading advisor (CTA), contrary to sections of the *Commodity Exchange Act* and *Regulations* (collectively, CEA Provisions). On May 25, 2023, in anticipation of an administrative proceeding to be instituted against you, you submitted an offer of settlement, which the CFTC accepted.

Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the *Commodity Exchange Act*, Making Findings, and Imposing Remedial Sanctions (CFTC Order), p. 1

6. On the basis of your offer, the CFTC made findings and imposed the sanctions on you, including the following:
- a) Permanent ban from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity;
  - b) Permanent bans from, directly or indirectly:
    - i. entering into any transactions involving “commodity interests”, for your own personal accounts or for any accounts in which you have a direct or indirect interest;
    - ii. having any commodity interests traded on your behalf;
    - iii. controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity interests;
    - iv. soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;
    - v. applying for registration or claiming exemption from registration with the CFTC in any capacity, and engaging in any activity requiring such registration or exemption from registration with the CFTC; and/or
    - vi. acting as a principal, agent or any other officer or employee of any person, registered, required to be registered, or exempted from registration with the CFTC;
  - c) Civil monetary penalty in the amount of US\$2,376,509.96; and
  - d) Restitution in the amount of US\$2,376,509.96.

CFTC Order, pages 8-10, B, C, D and E(2)

**Summary of Findings in the CFTC Action**

7. The following facts are contained in the CFTC Order:

- a) You were not registered with the CFTC in any capacity during or after the period of October 2018 to March 2022, but were registered with the CFTC in various capacities between 1999 and 2009, including with 20/20 Trading Company, Inc. (20/20 Trading)

CFTC Order, p. 2(B)

- b) From October 2018 through at least March 2022, doing business through Presidential Investments, a company you founded and controlled, you engaged in a fraudulent scheme through which you solicited and accepted more than US\$2 million from at least 29 individuals or entities for the purported purpose of trading commodity futures contracts and options on commodity futures contracts on their behalf and then misappropriated the funds for your personal use.

CFTC Order, p. 2(A)

- c) In the course of soliciting prospective and existing clients, you knowingly made false and misleading material statements. Among other misrepresentations, you told clients that you used the funds they transferred to Presidential Investments to trade options on futures contracts on their behalf. You also told clients that you would trade futures contracts to grow their accounts in order to reach the margin amounts needed to invest in options.

CFTC Order, pp. 2-3(C)(1)

- d) Contrary to your representations, you did not conduct any trading on behalf of your clients and instead misappropriated client funds for your direct personal benefit.

CFTC Order, p. 3(C)(1)

- e) To conceal and perpetuate your scheme, you created and distributed fabricated trade confirmations to clients that falsely reflected profitable returns from your supposed trading activity.

CFTC Order, p. 3(C)(1)

- f) To deter clients from demanding withdrawals from their accounts, you misrepresented to them that you were in the process of selling Presidential Investments, had hired an attorney to assist with the acquisition, and could not release any funds until the sale was finalized. These representations were false. In addition, when certain clients requested to receive funds from their accounts with Presidential Investments, you falsely represented that their funds could not be returned because the banks where Presidential Investments held one or more of its accounts had frozen the accounts or restricted wire transfers from those accounts.

CFTC Order, p. 3(C)(1)

- g) At your direction, 29 clients deposited a total of at least US\$2,608,768.96 with Presidential Investments for the purpose of futures and options trading. You repaid clients approximately US\$232,259 in principal and an additional US\$357,872 in false profits, typically by diverting incoming funds from certain clients and passing them to other clients in the manner of a

Ponzi scheme. After accounting for the repayment of principal to clients, you misappropriated approximately US\$2,376,509.96 of client funds, including to pay for various personal expenses and Ponzi payments to other clients.

CFTC Order, pp. 3-4(C)(2)

- h) By March 2022, Presidential Investments' bank accounts were either closed or had a collective balance of zero. You eventually stopped responding to communications from all clients of Presidential Investments and have not returned the majority of their investment funds despite repeated requests.

CFTC Order, p. 4(C)(2)

- i) Acting as a CTA, you violated the CEA Provisions by:
- i. directly or indirectly cheating, defrauding, deceiving, and/or misleading other persons in connection with an offer to enter into, the entry into, the confirmation of the execution of, and/or the maintenance of commodity option transactions;
  - ii. making false and misleading statements and otherwise deceiving clients and misappropriating funds provided by clients for futures and options trading; and
  - iii. failing to register as a CTA.

CFTC Order, p. 2(A)

#### **JURISDICTION OF THE BRITISH COLUMBIA SECURITIES COMMISSION**

8. CFTC regulates accounts, agreements (including any transaction which is of the character of, or is commonly known to the trade as, an "option", "privilege", "indemnity", "bid", "offer", "put", "call", "advance guaranty", or "decline guaranty"), and transactions involving swaps or contracts of sale of a commodity for future delivery.

[Commodity Exchange Act](#), sec. 2(a)(1)(A) [7 U.S.C. 2], p. 27

9. CFTC found that you purported to trade commodity futures contracts and options on commodity futures contracts.

CFTC Order, p. 2(A)

10. Under s. 1 of the Act:

- a) the definition of "security" includes a derivative;
- b) the definition of "derivative" includes an option, swap, futures contract, forward contract or other financial or commodity contract or instrument if the market price or value of, or the delivery obligations, payment obligations or settlement obligations connected to, the option, swap, contract or instrument reference, or are derived from or based on, an underlying interest.

The Act, [section 1](#), definition of "security", (p); definition of "derivative", (a)

11. The commodity futures contracts and options on commodity futures contracts that you purported to trade are derivatives and therefore, a "security" as defined in the Act. Therefore, the Commission has jurisdiction in this case.

### THIS APPLICATION

12. With this letter, the Executive Director is applying to the Commission for orders against you under [section 161](#) of the Act. I have enclosed a copy of section 161 of the Act for your reference.
13. In making orders under section 161 of the Act, the Commission must consider what is in the public interest in the context of its mandate to regulate trading in securities.
14. Orders under section 161(1) of the Act are protective, preventative and intended to be exercised to prevent future harm.

[\*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)\*](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII), paras. 36, 39 and 56

15. In [\*Re Eron Mortgage Corporation\*](#), [2000] 7 BCSC Weekly Summary 22, and in subsequent decisions, the Commission identified factors to consider when determining orders under section 161(1).
16. The following factors from *Re Eron* are relevant in this proceeding:
  - (a) the seriousness of the respondent's conduct,
  - (b) the harm suffered by investors as a result of the respondent's conduct,
  - (c) the extent to which the respondent was enriched;
  - (d) factors that mitigate the respondent's conduct;
  - (e) the respondent's past conduct;
  - (f) the risk to investors and the capital markets posed by the respondent's continued participation in the capital markets of British Columbia,
  - (g) the respondent's fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,
  - (h) the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
  - (i) orders made by the Commission in similar circumstances in the past.

[\*Re Eron Mortgage Corporation\*](#), [2000] 7 BCSC Weekly Summary 22

### Application of the Factors

#### ***Seriousness of the Conduct***

17. The Commission has repeatedly found that fraud is the most serious misconduct prohibited by the Act. As the panel has stated, "nothing strikes more viciously at the integrity of our capital markets than fraud."
- [\*Re Manna Trading Corp. Ltd.\*](#), 2009 BCSECCOM 595, para. 18
18. Even in cases of fraud there are varying degrees of seriousness. The Commission has previously held that the most serious types of fraud possible in an investment context include the following factors, which are all present in your case:
    - a) the development of a scheme which is entirely fraudulent from the outset;
    - b) the falsification of documents or multiple deceitful statements extending over a long period of time which create significant losses;

- c) collecting money from investors and using a significant amount of those funds for their own benefit instead of for purposes which had been described to investors;

Re Bridges, 2024 BCSECCOM 36, para. 15

- d) paying certain investors with the funds from other investors in the manner of a Ponzi scheme.

Re Williams, 2016 BCSECCOM 283, para. 41

- 19. Misrepresentation, in the scale of seriousness of misconduct, stands not far behind fraud. Those who operate and profit in the capital markets by misstating material facts undermine the confidence of the public in one of the cornerstones of capital markets regulation, the provision of accurate and complete information for investors to make informed investment decisions.

Michaels (Re), 2014 BCSECCOM 457, para. 8

- 20. Unregistered trading or advising is inherently serious as registration is one of the Act's foundational requirements for protecting investors.

Robert Waters, 2014 BCSECCOM 369, para. 7

- 21. Your overall misconduct was egregious and is at the very highest level of seriousness because:

- a) You never intended to operate a legitimate business and from its formation, intended to use Presidential Investments to commit fraud, after having been prohibited by the prior 20/20 Order from doing precisely that. You took steps to conceal your conduct by registering the business and opening bank accounts in the names of other people;

Transcript of the Plea Proceeding, p. 30, lines 11-24; p. 32, lines 24-25; p. 33, lines 1-5 and 14-23

Transcript of the Sentencing Proceeding, p. 48, lines 4-16

- b) Over the course of more than three years, you made material misrepresentations and false statements for the purpose of executing your fraudulent scheme. For the entire period that you operated Presidential Investments, you never engaged in any trading or other legitimate income-generating activities. You misappropriated the funds that you received;

Transcript of the Plea Proceeding, p. 30, lines 11-12; p. 31, lines 3-18

CFTC Order, p. 3(C)(1)

- c) The extent of your deceit on investors was broad and substantial, and caused over US\$2.6 million in losses. To conceal and prolong your scheme, you fabricated trade confirmations and account statements that you sent to investors, and used money provided by new investors to repay earlier investors. You made false statements to investors who sought to withdraw money from their accounts, and you offered false explanations for payout delays;

Transcript of the Plea Proceeding, p. 31, lines 14-24; p. 32, lines 20-23

Transcript of the Sentencing Proceeding, p. 58, lines 11-20

Plea Agreement, p. 11, lines 21-23

CFTC Order, p. 3(C)(1) and (2)

- d) While unregistered to do so, you engaged in the business of advising others regarding discretionary futures and options trading.

CFTC Order, p. 5(B)

***Harm suffered by investors***

22. You stated that you are guilty and that you defrauded the investors because of “greed and stupidity”.

Transcript of the Sentencing Proceeding, p. 31, line 3; p. 41, lines 17-20

23. Your victims trusted you. Some of them embraced you as part of their families. Many victims invested their retirement money, and one sold their business believing that they were making money with you.

Transcript of the Sentencing Proceeding, p. 47, lines 2-7 and 13-22

24. Your conduct resulted in significant harm to at least 28 investors. You caused the investors over US\$2.6 million in losses.

Plea Agreement, p. 11, lines 21-23  
Plea Agreement, p. 25 – Attachment A, Information, para. 3(g)  
Plea Agreement, p. 30 – Attachment B, List of Victims

25. Although you repaid some money to investors, you did not pay money back directly to those who had lost it.

Transcript of the Sentencing Proceeding, p. 11, lines 1-4

***Enrichment***

26. After subtracting the amount paid to investors, you remain enriched by at least US\$2.4 million.

Transcript of the Sentencing Proceeding, p. 10, lines 23-24; p. 60, lines 5-7  
Plea Agreement, p. 15, lines 10-11

***Mitigating and Aggravating Factors***

27. The Commission has previously held that it is a significant mitigating factor when respondents admit liability pre-hearing.

[Re Flexfi Inc.](#), 2018 BCSECCOM 166, para. 70

28. Your guilty plea in the Criminal Action and your consent to the CFTC Order are mitigating factors.
29. You were previously registered with CFTC in various capacities between 1999 and 2009.

CFTC Order, p. 2(B)



30. The Commission has found that previous history of registration is an aggravating factor as it suggests that the person should have been aware, at least, of the registration requirements and the fundamental prohibition against unregistered advising.

[Re Williams](#), 2016 BCSECCOM 283, para. 50

[Re McIntosh](#), 2015 BCSECCOM 69, para. 20

***Past conduct***

31. You have prior history of securities related misconduct. You have previously entered into the 20/20 Order. You agreed to be permanently prohibited from defrauding or deceiving any person in connection with any commodity option transaction.

Plea Agreement – Attachment C, 20/20 Order, p. 39

***Risk to investors and the capital markets***

32. Public confidence in our capital markets is dependent on the honesty and integrity of those who participate in it.
33. Your violations were egregious. You misappropriated millions of dollars, causing harm to investors and the markets. Your misconduct was both recurring and long-lasting, continuing for over three years.
34. At your sentencing hearing, you stated that you were “very ambitious”, had “high aspirations and goals”, and denied any wrongdoing with respect to your involvement with 20/20 Trading despite having signed the injunction permanently prohibiting you from defrauding and having admitted to the injunction in your guilty plea.

Transcript of the Sentencing Proceeding; p. 36, lines 23-24; p. 38, lines 15-16; p. 40, lines 7-13; p. 48, lines 5-10

35. You also stated that you intended to trade stock indexes in the cash market on the SEC products.

Transcript of the Sentencing Proceeding, p. 35, lines 6-17

36. While under indictment, pending sentencing, you had a Facebook page soliciting people to give you money to help them become more financially productive, without disclosing that you were convicted of defrauding at least 28 other people of over US\$2 million.

Transcript of the Sentencing Proceeding, p. 15, lines 6-16; p. 17, lines 4-9; p. 18, lines 6-10

37. Your statements and actions demonstrate that you may be involved in the securities market in the future. Based on your disciplinary history, the extreme seriousness of your misconduct, and your desire to trade stock indexes in the cash market, there is a significant likelihood of future violations. You pose a significant risk of future harm to investors and to the capital markets.

***Fitness to be a registrant or a director or officer***

38. Participants who engage in the securities industry do so voluntarily and for their own profit. In exchange for the privilege of participating, individuals and companies must comply with securities laws. Compliance is paramount, ensuring the protection of the public and the integrity of the capital markets.

39. Honesty is a critical part of being a registrant or a director or an officer of an issuer. In fact, it is part of the basic duties of those positions.

[Re SBC Financial Group Inc.](#), 2018 BCSECCOM 267, para. 34

40. As a director of Presidential Investments, you occupied a position of trust and responsibility. Yet, you engaged in unregistered advising and committed acts of deceit against investors. You used the proceeds of your dishonesty for your own personal benefit. You have not complied with a prior injunction prohibiting you from defrauding. Prior to sentencing, you continued to solicit investors to give you money without disclosing that you were a convicted felon.
41. Your conduct is completely inconsistent with conduct acceptable for a registrant, director or officer of an issuer, or those otherwise engaged in our capital markets. You pose a great risk to our markets and are ill-suited to participate in them as a registrant, director, officer, promoter or advisor to any private or public issuers going forward.

#### ***Deterrence***

42. The seriousness of your misconduct demonstrates an overwhelming need to protect the investing public against future harm from you. There is also a need to send a message to others who might be like-minded to emulate such misconduct.
43. Permanent market bans are proportionate to your misconduct and are necessary to ensure that you and others will be deterred from engaging in similar misconduct in the future.

#### ***Previous orders***

44. We refer to a number of decisions for guidance on the appropriate sanction. The Commission ordered permanent market bans in the three decisions below. The decisions involve fraud in the form of misappropriation of investor funds, quantum of between \$1.4 million and \$3 million and similarly to you, the respondents in the decisions were significantly enriched by their misconduct:
- [Re Castano](#), 2018 BCSECCOM 338
    - The case involved a reciprocal order issued by the Commission in connection with a criminal conviction for fraud. Over the period of one year, Castano misappropriated approximately \$2.5 million from investors and used the funds to make interest payments owed to earlier investors or to pay his personal expenses, causing over \$1.5 million in investor losses. Castano also traded without registration and distributed securities without a prospectus. There were a number of aggravating factors in Castano's conduct, including "the magnitude, complexity and the duration of the fraud; the sizable number of victims involved; the impact of the offence upon those victims; the lack of proper licensing as an investor advisor".
  - [Re EagleMark](#), 2017 BCSECCOM 42
    - The respondent Lian raised approx. US\$3.2 million from investors, and fraudulently spent approximately US\$2.4 million of these funds on expenditures unrelated to the development of the business as promised to investors. Lian also authored false and misleading information emails to investors, and breached a cease trade order and a temporary order.
  - [Re Bai](#), 2018 BCSECCOM 156
    - The respondent Bai perpetrated fraud in the aggregate amount of approximately \$1.4 million, misappropriating most of the money the investors provided for forex

exchange trading and spending it on payments of purported returns or lavish personal expenses. Bai then carried out an extensive campaign of deceit designed to forestall investors from seeking the return of their funds and from learning of his misappropriation.

45. The most similar decision in terms of quantum and misconduct is Castano. Both you and Castano misappropriated approx. \$2.5 million, engaged in fraud and unregistered activities, and have aggravating factors. Based on the similarities between your case and the facts in the precedent, permanent market bans are reasonable.

### ***The Davis Consideration***

46. In the Court of Appeal decision in [\*Davis v. British Columbia \(Securities Commission\)\*](#), 2018 BCCA 149, the Court identified that it is incumbent upon a tribunal to consider a respondent's individual circumstances when determining whether measures short of a permanent ban would protect the investing public where a person's livelihood is at stake.
47. You are currently serving a 63-month prison sentence, following which you will be on a 3-year supervised release and expressly prohibited from engaging in any business involving solicitation of funds without the express prior approval of your probation officer. You were permanently prohibited from engaging in any transactions involving "commodity interests". Considering your individual circumstances, permanent prohibitions will not deprive you of your livelihood.
48. The Executive Director is unaware of any individual circumstances that would support orders short of a permanent market ban.

### **CONNECTION TO B.C.**

49. At least one investor who provided money to Presidential Investments was a resident of British Columbia.

Affidavit #1 of Christopher C.C. Cheng, paras. 3-5 and Exhibits A and B

### **ORDERS SOUGHT**

50. Although there is no limitation on the Commission from imposing a capital market sanction that is similar or different to the sanctions imposed by the United States District Court or the CFTC, the Commission needs to consider what is reasonable based on the evidence known to it, as well as what is in the public interest.
51. In seeking orders under 161(1) of the Act, the Executive Director has taken the following factors into consideration when applying for orders in this proceeding:
- (a) the circumstances of your misconduct;
  - (b) the documents from the Criminal Action and the CFTC Action;
  - (c) the factors from *Eron* and *Davis*;
  - (d) the sanctions ordered in previous cases cited above;
  - (e) the enforcement orders available under the Act;
  - (f) your individual circumstances; and
  - (g) the public interest.
52. The Executive Director is seeking the following orders pursuant to section 161(1) of the Act:

- (a) under section 161(1)(d)(i), you resign any position you hold as a director or officer of an issuer or registrant;
- (b) you are permanently prohibited:
  - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives;
  - (ii) under section 161(1)(c), from relying on any of the exemptions set out in this Act, the regulations or a decision;
  - (iii) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
  - (iv) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
  - (v) under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets;
  - (vi) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of
    - (A) an issuer, security holder or party to a derivative, or
    - (B) another person that is reasonably expected to benefit from the promotional activity; and
  - (vii) under section 161(1)(vi) from engaging in promotional activities on the person's own behalf in respect of circumstances that would reasonably be expected to benefit the person.

53. The Executive Director is not seeking any monetary sanctions against you.

#### **SUPPORTING MATERIALS**

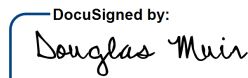
54. In making this application, the Executive Director relies on the following, copies of which are enclosed:
- (a) Judgment and Probation/Commitment Order
  - (b) Plea Agreement, including Attachment A – Information, Attachment B – List of Victims, Attachment C, *US Commodity Futures Trading Commission v. 20/20 Trading Company, Inc. et al.*, Consent Order for Permanent Injunction, Civil Monetary Penalty, and Other Equitable Relief Against Defendants
  - (c) Transcript of the Plea Proceeding
  - (d) Transcript of the Sentencing Proceeding
  - (e) Position with Respect to Sentencing, Exhibits 4, 5 and 10
  - (f) The CFTC Order
  - (g) Affidavit #1 of Christopher C.C. Cheng
  - (h) [\*Commodity Exchange Act\*](#), sec. 2(a)(1)(A) [7 U.S.C. 2], p. 27
  - (i) [\*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)\*](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII)
  - (j) [\*Re Eron Mortgage Corporation\*](#), [2000] 7 BCSC Weekly Summary 22
  - (k) [\*Re Manna Trading Corp. Ltd.\*](#), 2009 BCSECCOM 595

- (l) [Re Bridges](#), 2024 BCSECCOM 36
- (m) [Re Williams](#), 2016 BCSECCOM 283
- (n) [Michaels \(Re\)](#), 2014 BCSECCOM 457
- (o) [Robert Waters](#), 2014 BCSECCOM 369
- (p) [Re Flexfi Inc.](#), 2018 BCSECCOM 166
- (q) [Re McIntosh](#), 2015 BCSECCOM 69
- (r) [Re SBC Financial Group Inc.](#), 2018 BCSECCOM 267
- (s) [Re Castano](#), 2018 BCSECCOM 338
- (t) [Re EagleMark](#), 2017 BCSECCOM 42
- (u) [Re Bai](#), 2018 BCSECCOM 156
- (v) [Davis v. British Columbia \(Securities Commission\)](#), 2018 BCCA 149

## YOUR RESPONSE

55. You are entitled to respond to this application. To do so, you must deliver any response in writing, together with any supporting materials, to the Commission Hearing Office by **Monday, July 8, 2024**.
56. The contact information for the Commission Hearing Office is:
- Commission Hearing Office  
British Columbia Securities Commission  
PO Box 10142, Pacific Centre  
12<sup>th</sup> Floor, 701 West Georgia Street  
Vancouver, BC V7Y 1L2  
E-mail: [hearingoffice@bcsc.bc.ca](mailto:hearingoffice@bcsc.bc.ca)  
Telephone: 604-899-6500
57. If you do not respond within the time set out above, the Commission will decide this application and may make orders against you without further notice.
58. The Commission will send you a copy of its decision.
59. **If you have any questions regarding this application, please contact Ms. Mila Pivnenko, at 604-899-6610, or [mpivnenko@bcsc.bc.ca](mailto:mpivnenko@bcsc.bc.ca).**

Yours truly,

DocuSigned by:  


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5/30/2024 | 12:04 PM PDT

Douglas B. Muir  
Director, Enforcement

MP/crc  
Enclosures

cc: Hearing Office (by email to [hearingoffice@bcsc.bc.ca](mailto:hearingoffice@bcsc.bc.ca))