



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 19e étage  
20, rue queen ouest  
Toronto ON M5H 3S8

## SCHEDULE A

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**IN THE MATTER OF THE *SECURITIES ACT*,  
R.S.O. 1990, c. S.5, as amended**

**- and -**

**ALBERT LESLIE JAMES, EZRA DOUSE  
and DOMINION INVESTMENTS CLUB INC.**

**SETTLEMENT AGREEMENT OF ALBERT LESLIE JAMES, EZRA  
DOUSE and DOMINION INVESTMENTS CLUB INC.**

### **I. INTRODUCTION**

1. By Notice of Hearing dated March 12, 2010 (the “Notice of Hearing”), the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a Hearing to consider:

- (i) whether, pursuant to s. 127(5) of the Act that the temporary order made January 15, 2010 against the above noted Respondents be continued to the conclusion of the hearing on the merits.
- (ii) whether, in the opinion of the Commission, it is in the public interest, pursuant to ss. 127 and 127.1 of the Act to order that:
  - (a) trading in any securities by the Respondents cease permanently or for such period as is specified by the Commission;
  - (b) the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission;
  - (c) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

- (d) the Respondents be reprimanded;
  - (e) Albert Leslie James, Ezra Douse (the “Individual Respondents”) resign one or more positions that they hold as a director or officer of any issuer, registrant or investment fund manager;
  - (f) the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, a registrant or investment fund manager;
  - (g) the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;
  - (h) the Respondents each pay an administrative penalty of not more than \$1 million for each failure by that Respondent to comply with Ontario securities law;
  - (i) each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law;
  - (j) the Respondents be ordered to pay the costs of the Commission investigation and the hearing; and,
- (ii) whether to make such further orders as the Commission considers appropriate.

2. Staff of the Commission (“Staff”) has agreed to recommend settlement of the proceeding initiated in respect of the Respondents Albert Leslie James (“James”), Ezra Douse (“Douse”) and Dominion Investments Club Inc. (“Dominion”), collectively referred to as “the Respondents”, by the Notice of Hearing in accordance with the terms and conditions set out below. The Respondents consent to the making of an Order against them in the form attached as Schedule “A” on the basis of the facts set out below.

## **II. STATEMENT OF FACTS**

### **Acknowledgement**

3. For the purposes of this proceeding and any other proceeding commenced by a Securities Regulatory Agency, the Respondents agree with the facts set out in this Part II.

**Facts**

4. In 2008 a foreign exchange (“forex”) investment program was conceived and promoted to Ontario investors under the name Dominion Investment Clubs. It was modelled on an identical forex investment program which had operated in Ontario since 2007, under the name Prosporex Investment Club Inc. (“Prosporex”).
5. James is an individual residing in the Province of Ontario and has never been registered by the Commission in any capacity.
6. Douse is an individual residing in the Province of Ontario and has never been registered by the Commission in any capacity.
7. James and Douse had both been investors in Prosporex in 2007. Douse worked for Prosporex as a sales presenter until March 2008 when he was laid off.
8. Dominion Investments Club Inc. (“Dominion”) is an Ontario company which was incorporated on June 11, 2008 by James, James’ then wife, Noni James (“Noni”), Douse and David Whitely (“Whitely”). It has never been registered by the Commission in any capacity.
9. Prior to the incorporation of Dominion on June 11, 2008, James had undertaken the same forex investment program through an unincorporated entity which was called “Dominion Investments”. Dominion Investments originally took in funds from 15 customers who invested in the forex program using their own resources and did not borrow money to invest.
10. In or about May 2008 James approached Douse and Douse agreed to become involved in promoting the Dominion forex investment program and to become an owner of Dominion. As a result the corporate Respondent was incorporated. James and Douse intentionally modelled the Dominion forex investment program on Prosporex’s forex investment program in all material respects including the use of AGF Trust RSP loan proceeds as more particularly described below.

11. Using Prosporex as their model, James and Douse structured the Dominion forex investment program as an “investment club”. Individual investors signed forex investment contracts and pooled their funds with the funds of others, on the understanding that the pooled funds were to be invested by third party forex brokers (i.e. parties other than the Respondents) in foreign exchange transactions. The investors were to share in the resulting investment gains or losses from that activity.

12. As had been the case in Prosporex, Dominion required investors to sign a Participation Agreement which provided in material part as follows:

**“This agreement is for the purpose of participating collectively in the pooling of funds for Foreign Currency Trading Accounts and sharing in the profits and loss of this initiative.**

**Dominion Investments is not a Currency Trader or Brokerage House and does not make any claim to be so. We are simply managing the pooling of members to participate in this income generating service through our relationships with highly experienced and registered Traders and Brokerage Firms.”**

13. The Participation Agreement and the activities described therein constituted an investment contract and hence a security within the meaning of the *Securities Act* (“the Act”).

14. The Participation Agreement also provided for the payment of monthly returns on contributed capital as follows:

**“1)Proposed monthly Payout: 12.5% of your contribution payable monthly from net profits. Monthly returns/payments start 90 days after the account setup date and are made between the first and the fifth day of each month or the next business day thereafter when not compounding.”**

Dominion investors received cheques ostensibly representing between 5% and 10% as a monthly return on their invested capital.

15. The monthly “returns” on the investments did not derive from foreign currency trading profits but rather were funded by new money coming into the forex investment scheme from later

Dominion investors. The respondents misled the Dominion investors by representing to them that the monthly cheques which they received constituted profits from forex trading when in fact there were no profits from forex trading.

16. As had occurred at Prosporex, Dominion paid financial incentives to those who brought new investors into the program.

17. Douse and James both promoted and sold forex investments offered by Dominion to prospective investors and advised investors to borrow money and to purchase the forex investments. Although they advised investors that there was risk involved and that they could lose their investment, Douse and James represented that the forex investments were likely to be profitable. As a result, some investors were led to believe that the profitability of their investment was virtually assured.

18. In order to facilitate Dominion's sale of the forex investments, and again modelling their approach on Prosporex, Douse and James advised investors to invest utilizing borrowed funds. This occurred in the following manner.

19. James, Douse and Dominion came into contact with Wilton J. Neale ("Neale"), the owner and operator of a licensed insurance agency called 360 Degree Financial Services Inc. ("360") in our about the summer of 2008.

20. James and Douse were aware that 360° was party to a Distribution Agreement with AGF Trust Company ("AGF Trust") whereby 360° was permitted to apply to AGF Trust for RSP loans on behalf of 360°'s customers. The proceeds of those loans were intended to be directed to RSP investments.

21. As had been the case with Prosporex, James and Douse wanted a source of capital that could be used by Dominion investors to invest in forex. To that end they proposed to Neale that Neale apply to AGF Trust for RSP loans under 360°'s Distribution Agreement with AGF Trust. They proposed to Neale that 360° would receive the loan proceeds and transfer the loan proceeds to

Dominion to be invested in forex. James, Douse and Dominion entered into an arrangement with Neale whereby, in exchange for a fee, Neale would submit AGF Trust loan applications on behalf of investors in Dominion and cause the loan proceeds to be transferred to Dominion.

22. The Distribution Agreement between 360° and AGF Trust and the loan applications submitted thereunder required 360° to invest the loan proceeds in RSP eligible products. The forex investment program was not an RSP eligible product.

23. Following June 2008, and relying in part on what they had been told by Neale, James, Douse and Dominion participated in a course of conduct whereby 360° applied for AGF Trust RSP loans, forwarded the loan proceeds to Dominion, and Dominion invested those proceeds in the forex product. James and Douse knew or ought to have known that the forex product was not an RSP-eligible investment. Notwithstanding that James and Douse did not deal directly with AGF Trust, they knew or ought to reasonably have known that approximately \$1 million dollars worth of AGF RSP loans had been obtained by 360° through questionable means and channeled into a non RSP-eligible investment, namely the Dominion forex trading program. James, Douse and Dominion profited from this activity.

### **The Conduct of These Respondents**

24. Douse and James knew or ought reasonably to have known that their conduct, particularized above, was misleading to Dominion investors. Further, they ought reasonably to have known that AGF Trust would be misled regarding the use of the borrowed funds for a non-registered investment.

25. The Respondents also acknowledge that the above conduct constitutes an unregistered distribution of securities by them and an unregistered sale and advising in relation to securities. They acknowledge that their conduct is a violation of Sections 25(1)(a) and (c) of the *Securities Act*.

26. These Respondents acknowledge that their conduct aforesaid was contrary to Section 53(1) as constituting an illegal distribution of securities.

27. These Respondents acknowledge that their conduct was misleading contrary to Section 126.2 of the *Act* and that they have acted contrary to the public interest.

**Terms of Settlement**

28. The Respondents agree to the following terms of settlement:

- (a) That they will be reprimanded by the Commission;
- (b) That all monies recovered by them from the Dominion forex investment program will be disgorged to the Commission for the benefit of third parties;
- (c) That each of Douse and James will be pay an administrative penalty of \$250,000;
- (d) That each of Douse and James will cease trading in all securities for a period of 15 years;
- (e) That any exceptions contained in the *Act* will not apply to them;
- (f) That each James and Douse will be prohibited from becoming, acting or holding the title of director or officer in any market participant for a period of 15 years;
- (g) Upon the approval of this settlement, that each of Douse and James will make a payment of \$5,000 to the Commission in respect of a portion the Commission's costs incurred in relation to this matter; and
- (h) That each of James and Douse will attend the hearing in person.

29. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

30. A fax copy of any signature will be treated as an original signature.

Dated this 17<sup>th</sup> day of September, 2010

          "Albert James"            
Albert Leslie James

          "Alistair Crawley"            
Witness

          "Ezra Douse"            
Ezra Douse

          "Suzanne Haskett"            
Witness

          "Ezra Douse"            
Dominion Investors Club Inc.  
by its duly authorized signatories

          "Tom Atkinson"            
Director, Enforcement Branch



**SCHEDULE “A”**

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**- and -**

**ALBERT LESLIE JAMES, EZRA DOUSE  
and DOMINION INVESTMENTS CLUB INC.**

**ORDER**

**WHEREAS** on March 12, 2010, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) in relation to Albert Leslie James, Ezra Douse and Dominion Investments Club Inc. (the “Respondents”);

**AND WHEREAS** the Respondents entered into a settlement agreement with Staff of the Commission (“Staff”) dated September 17, 2010 (the “Settlement Agreement”), a copy of which is attached as Schedule “A” to this Order, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement, and upon hearing submissions from counsel for Staff and counsel for the Respondents;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED:**

1. That the Settlement Agreement is approved;

2. That the Respondents will be reprimanded by the Commission;
3. That all monies recovered by the Respondents from the Dominion forex investment program will be disgorged to the Commission for the benefit of third parties pursuant to s. 3.4(2)(b) of the Act;
4. That each of Douse and James will pay an administrative penalty of \$250,000 pursuant to s. 3.4(2)(b) of the Act;
5. That each of Douse and James will cease trading in all securities for a period of 15 years;
6. That any exemptions contained in the *Act* will not apply to the Respondents;
7. That each James and Douse will be prohibited from becoming, acting or holding the title of director or officer in any market participant for a period of 15 years;
8. That upon the approval of this settlement, that each of Douse and James will make a payment of \$5,000 to the Commission in respect of a portion the Commission's costs incurred in relation to this matter; and
9. That each of James and Douse will attend the hearing in person.

**DATED** at Toronto this      day of September, 2010.

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