

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF FRANKLIN DANNY WHITE,
NAVEED AHMAD QURESHI,
WNBC THE WORLD NETWORK BUSINESS CLUB LTD.,
MMCL MIND MANAGEMENT CONSULTING,
CAPITAL RESERVE FINANCIAL GROUP, and
CAPITAL INVESTMENTS OF AMERICA**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (the “Commission”) make the following allegations:

The Individual Respondents

1. Franklin Danny White (“White”) is a resident of Pontypool, Ontario. White has never been registered with the Commission.
2. Naveed Qureshi (“Qureshi”) is a resident of Toronto, Ontario. Qureshi has never been registered with the Commission.

The Corporate Respondents

3. None of the corporate respondents are reporting issuers in Ontario, nor are they registrants in Ontario.

(a) White Companies

4. WNBC The World Network Business Club Ltd. (“WNBC”) was incorporated in Ontario on June 29, 2000. White was at all times the sole director and officer of WNBC. Its incorporation was cancelled on February 26, 2007.
5. MMCL Mind Management Consulting (“MMCL”) is an unincorporated business operated by White. White was at all times and is the sole owner of MMCL and the sole authorized signing officer for MMCL’s bank account.

(b) Qureshi Companies

6. Capital Reserve Financial Group (“Capital Reserve”) is a sole proprietorship owned and operated by Qureshi. Its business name was registered on July 29, 2002, which registration was cancelled on September 4, 2003. Qureshi re-registered Capital Reserve as a business name on September 4, 2003. Its stated business activity is “asset management”.
7. Capital Investments of America (“Capital Investments”) is a sole proprietorship owned and operated by Qureshi. Its business name was registered on October 19, 2005. Its stated business activity is “asset management/forex trading”.

Scope of Activity

8. Between May 2002 and March 2005, White, Qureshi, and WNBC sold investments totalling approximately \$1 million to investors in Ontario, as described below.

WNBC

9. WNBC purported to be a business club offering investment seminars, access to onshore and offshore investments, private and offshore banking, tax reduction strategies, asset protection, business consulting and education, networking, stress reduction approaches, and financial education to its members. WNBC operated in Toronto but had “Satellite” clubs in, among other cities, Oakville, Etobicoke, and Calgary. Satellite clubs were

operated by “Champions”, who were local club members who hosted a viewing of a video-recording of the weekly WNBC Toronto meeting.

The Eggvestment Scheme

10. Among other investment “opportunities”, including the sale of securities in an auto sharing business called Greenfleet, White, Qureshi, and WNBC promoted an investment program called Eggvestments to members of WNBC (the “Investors”). Investors were sold “Eggs” for a minimum \$1,000 each. Investor funds were to be provided to Qureshi and pooled to invest in the foreign currency exchange markets at the discretion of Qureshi.
11. The Eggvestments were promoted by White and Qureshi personally during regularly scheduled WNBC meetings and through the WNBC website. Investors signed contracts evidencing their investments. The investment contracts were signed on behalf of WNBC by White, Qureshi, and other employees of WNBC at the direction of White.
12. In 2002, before the “investment opportunity” was called Eggvestment, the investment contract provided for a one-year term and a “planned” return of capital plus 15%. By 2003, the investment had acquired the “Eggvestment Program” title. The rate of return had increased to a minimum 18% (over one year), 19% (over two years), and 20% (over three years). While the contract stipulated that WNBC made no “explicit guarantees”, the investment contract stated that Qureshi had provided a guarantee of the rate of return to WNBC.
13. The investment contract also stated that “in all cases full disclosure will be provided to the investor via monthly reports”. However, the WNBC website Q&A section on the Eggvestment Program answered the question “How can I find out about the EGG’s performance during the course of the investment period?” with “You already know about the performance of your eggvestment. As specified in the contract, the minimum return guarantee is 18% for 1 year, 19% for 2 years and 20% for 3 years.”

14. At the direction of White and Qureshi:
 - (a) most Investors provided funds to MMCL;
 - (b) some provided funds directly to Qureshi or Capital Reserve; and
 - (c) other funds were directed to WNBC.
15. Of the funds provided to MMCL, White caused MMCL to transfer certain funds to an account held by WNBC in Cyprus. In turn, White directed some of the funds to accounts controlled by Qureshi, including the accounts of Capital Reserve and Capital Investments. In one instance, White retained control over funds paid directly to WNBC.
16. While some Investors received re-payment of their principal investment from, variously, Capital Reserve, Capital Investments, Qureshi, White, and WNBC, approximately two-thirds of the funds have not been repaid to the Investors.
17. There is no evidence that Qureshi invested all but a small proportion of Investor funds in the foreign currency market.

Investment Contracts

18. The investments described herein are “investment contracts” and therefore “securities” as defined in section 1(1)(n) of the Ontario *Securities Act*, R.S.O. 1990, c.S.5, as amended (the “Act”).

Unregistered Trading

19. The activities of the respondents constituted trading and advising in securities without registration in respect of which no exemption was available, contrary to section 25 of the Act.

Unlawful Distributions

20. The activities of the respondents constituted distributions of securities for which no preliminary prospectus and prospectus were issued nor received by the Director, contrary to section 53 of the Act.

Conduct Contrary to the Public Interest

21. The respondents' conduct was contrary to the public interest and harmful to the integrity of the Ontario capital markets.
22. Staff reserve the right to make such further and other allegations as Staff may submit and the Commission may permit.

DATED AT TORONTO this 7th day of February 2008.