



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF TERRENCE BEDFORD

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

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

I. OVERVIEW

1. On March 8, 2013, Terrence Bedford ("Bedford") pleaded guilty in the Ontario Court of Justice to one count of engaging or participating in an act, practice or course of conduct relating to securities that he knew or reasonably ought to have known perpetrated a fraud on persons or companies to whom he traded securities, contrary to s. 126.1(b) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), and he thereby did commit an offence contrary section 122(1)(c) of the Act. The guilty plea was accepted by the Ontario Court of Justice, and he was convicted and sentenced to two years in the federal penitentiary.
2. Staff are seeking an inter-jurisdictional enforcement order reciprocating Bedford's convictions, pursuant to paragraph 1 of subsection 127(10) of the Act.
3. The convictions involved a US\$4,985,867 fraudulent investment fund scheme perpetrated in Ontario by Bedford on 22 American and 2 Ontario investors (the "Investors") through a fund called Greyhawk Equity Partners Limited Partnership (Millenium) ("Greyhawk Millenium"). Bedford orchestrated the fraud by misleading Investors into believing that

Greyhawk Millenium was a highly profitable investment fund providing substantial returns to Investors. Bedford created and disseminated to Investors false documents that misrepresented the actual investments and concealed the true value of the fund and the actual investment losses.

4. The conduct for which Bedford was sanctioned took place between 2006 and 2011 (the "Material Time"), although his dealings with the Investors commenced in 2000.

II. THE RESPONDENT AND HIS BUSINESS ENTITIES

5. Bedford is a resident of Ontario.

6. Greyhawk Millenium is an Ontario limited partnership formed by Bedford in 2000. Greyhawk Millenium's primary business was the investing in securities in Canada and the United States. Greyhawk Millenium offered an unlimited number of limited partnership units to Ontario and U.S. investors.

7. Greyhawk Equity Partners Ltd. ("Greyhawk GP") was incorporated federally in Canada in 1998.

8. Bedford is the sole director, managing partner and founder of Greyhawk Millenium and Greyhawk GP.

9. Bedford and Associates Research Group Inc. ("BARG") was incorporated provincially in Ontario in 1998. BARG is the 100% owner of Greyhawk GP.

10. Bedford was at all material times the directing mind of Greyhawk Millenium, Greyhawk GP and BARG and a signatory on bank accounts that received Investor funds. Greyhawk Millenium, Greyhawk GP and BARG have never been registered with the Commission.

III. THE ONTARIO COURT OF JUSTICE PROCEEDINGS

The Information

11. By Information sworn March 30, 2012, Bedford was charged with one count of engaging or participating in an act, practice or course of conduct relating to securities that he

knew or reasonably ought to have known perpetrated a fraud on persons or companies to whom he traded securities, contrary to s. 126.1(b) of the Act, alleging he thereby did commit an offence contrary section 122(1)(c) of the Act.

Bedford's Guilty Plea

12. On March 8, 2013, Bedford entered a guilty plea in the Ontario Court of Justice to one count of fraud contrary to s. 126.1(b) of the Act, thereby committing an offence contrary section 122(1)(c) of the Act. An Agreed Statement of Fact was filed in respect of the guilty plea and sentence.

13. Pursuant to the Agreed Statement of Fact, Bedford acknowledged, among other things, that he had orchestrated the fraud by misleading Investors into believing that Greyhawk Millenium was a highly profitable investment fund providing substantial returns to Investors. Bedford created and disseminated to Investors false documents, including fraudulent PriceWaterhouseCoopers ("PWC") audited financial statements and fraudulent assurance letters created by Bedford that misrepresented the actual investments and concealed the true value of the fund and the actual investment losses. PWC was never the auditor for Greyhawk Millenium. The fraudulent documentation contained information that the Investor's funds were secure and that they were receiving excellent returns. While the Investors' funds had, in fact, been used to purchase and sell a variety of securities, Bedford misrepresented the securities being purchased and sold. Bedford never advised Investors that the fund consistently lost money, and its actual value was in a negative position at all times. The total loss to Investors, as set out in the Agreed Statement of Fact, is US\$4,985,867, which includes fees paid to BARG.

14. On the basis of the Agreed Statement of Fact and his plea, the Ontario Court of Justice found Bedford guilty of the count on which he had been charged.

Bedford's Sentence

15. A sentencing hearing was subsequently held on June 21, 2013 before the Honourable Mr. Justice John Takach in the Ontario Court of Justice. On September 18, 2013, Justice Takach issued oral reasons for sentence and sentenced Bedford to a term of imprisonment of 2 years in the federal penitentiary.

IV. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

16. Pursuant to paragraph 1 of subsection 127(10) of the Act, Bedford's convictions for offences arising from transactions, business or a course of conduct related to securities or derivatives form the basis for an order in the public interest made under subsection 127(1) of the Act.

17. In addition, by engaging in the conduct described above, Bedford acted in a manner contrary to the public interest, and an order is warranted pursuant to section 127(1) of the Act.

18. Staff allege that it is in the public interest to make an order against Bedford.

19. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

20. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168.

DATED at Toronto, this 30th day of June, 2015.