



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

CP 55, 19^e 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 -

**BUNTING & WADDINGTON INC., ARVIND SANMUGAM, JULIE WINGET and
JENIFER BREKELMANS**

**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. This proceeding involves unregistered trading in securities and unregistered advising with respect to investing in, buying or selling securities by the respondents between approximately February 2006 and June 2010 (the “Material Period”).
2. Arvind Sanmugam (“Sanmugam”) and Bunting & Waddington Inc. (“Bunting & Waddington”) engaged in fraudulent conduct by making misrepresentations to investors in order to induce them to engage the services of Bunting & Waddington and Sanmugam.

II. THE RESPONDENTS

3. Bunting & Waddington was incorporated in November 2001 pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B.16., and conducted business in several locations in the Toronto area.
4. Sanmugam was at all times the directing mind and *de facto* director of Bunting & Waddington. He is an Ontario resident.

5. Julie Winget (“Winget”) is an Ontario resident, Sanmugam’s common law wife, and was the sole director of Bunting & Waddington during the Material Period.
6. Jenifer Brekelmans (“Brekelmans”) is an Ontario resident, and was an employee of Bunting & Waddington during the Material Period.
7. Bunting & Waddington, Sanmugam, Winget and Brekelmans (collectively the “Respondents”) have never been registered with the Commission in any capacity.

III. THE ACTIVITY

a. Bunting & Waddington and Sanmugam

8. Bunting & Waddington held itself out as providing “market commentary” to its clients, who are investors located in Ontario (the “Investors”). Market commentary includes advice on buying and selling specific securities at particular prices on a specific date.
9. Sanmugam directed the Investors to open “trading accounts with margins and options” at an online discount brokerage service (the “Investor Accounts”). Sanmugam exercised control over the Investor Accounts in two ways:
 - (a) Investors would provide the passwords to their trading accounts to Sanmugam and he would execute trades in those accounts; or
 - (b) Sanmugam would direct Investors to execute specific trades within their accounts.
10. Bunting & Waddington and Sanmugam represented to some or all of the Investors that they could expect to earn a monthly return of \$8,000 on a total investment of \$100,000. Provided this 8% return was achieved in any given month, investors would pay Bunting & Waddington a monthly retainer of \$3500.
11. During the Material Period, Sanmugam exercised trading control over more than \$3,600,000 of the Investors’ funds.
12. Bunting & Waddington received in excess of \$475,000 in fees in respect of trading and advising activities directed by Sanmugam.

13. Sanmugam made the following misrepresentations to some or all of the Investors:
- (a) he was a successful trader;
 - (b) he had over 75 advisors working for him at Bunting & Waddington;
 - (c) Bunting & Waddington's market commentators were highly experienced, and each had a proven track record of generating high rates of return; and
 - (d) Investors would always retain full control over their invested funds.
14. These representations were misleading in the following ways:
- (a) through his trading and advising activities, Sanmugam lost over \$3.6 million of investor funds between February 2006 and June 2010 alone;
 - (b) there is no evidence of Sanmugam having any advisors working for him at Bunting & Waddington;
 - (c) Sanmugam was the only market commentator at Bunting & Waddington;
 - (d) there is no evidence of Sanmugam having a proven track record of generating high rates of return; and
 - (e) Sanmugam persisted in trading Investors' funds, notwithstanding repeated complaints from many of his Investors. He refused to communicate directly with some Investors when they tried to contact him.

b. Brekelmans

15. Sanmugam directed his employees, including Brekelmans, to trade in specific securities on behalf of some of the Investors, and to advise some of the Investors with respect to trading in securities.
16. Under Sanmugam's direction, Brekelmans traded in securities in some of the Investors' accounts and advised some of the Investors with respect to trading in specific securities.

c. Winget

17. Winget incorporated Bunting & Waddington in November 2001, and is identified on the Ministry of Government Services' Corporation Profile Report as its sole director.
18. In furtherance of the trading and advising activities described above, Winget opened the bank accounts for Bunting & Waddington, and was the sole signatory over those accounts. She caused Bunting & Waddington business expenses to be paid from those accounts, either by cheque, or by arranging for a payroll service.
19. Of the \$475,000 received into the Bunting & Waddington bank accounts, referred to in paragraph 12 above, Winget received a net amount of over \$200,000 in transfers into her personal bank account.

IV. BREACHES OF ONTARIO SECURITIES LAW

20. During the Material Period, each of the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to subsection 25(1)(a) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") as that section existed at the time the conduct at issue commenced in February 2006, and contrary to subsection 25(1) of the Act as subsequently amended on September 28, 2009.
21. During the Material Period, each of Bunting & Waddington, Sanmugam and Brekelmans advised and engaged in or held themselves out as engaging in the business of advising with respect to investing in, buying or selling securities without being registered to do so and without an exemption from the adviser registration requirement, contrary to subsection 25(1)(c) of the Act as that section existed at the time the conduct at issue commenced in February 2006, and contrary to subsection 25(3) of the Act as subsequently amended on September 28, 2009.
22. Sanmugam and Bunting & Waddington directly or indirectly engaged or participated in an act, practice or course of conduct relating to securities that he or it knew or reasonably

ought to have known, perpetrated a fraud on investors, contrary to subsection 126.1(b) of the Act.

23. Winget as director and Sanmugam as *de facto* director of Bunting & Waddington authorized, permitted or acquiesced in the corporate respondent's non-compliance with Ontario securities law and accordingly, failed to comply with Ontario securities law pursuant to section 129.2 of the Act.
24. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 22nd day of March, 2012.