



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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

**- AND -**

**IN THE MATTER OF  
GLOBAL CONSULTING AND FINANCIAL SERVICES, GLOBAL CAPITAL GROUP,  
CROWN CAPITAL MANAGEMENT CORP., MICHAEL CHOMICA, JAN CHOMICA  
and LORNE BANKS**

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

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

**Overview**

1. This proceeding involves three fraudulent advance-fee schemes perpetrated from locations in Ontario that targeted members of the public in Ontario and various jurisdictions outside Canada including the United Kingdom, Europe, Asia and Africa.
2. In an advance-fee fraud, investors are persuaded, on the basis of deceit, to make up-front payments in order to take advantage of an offer promising significantly more in return.
3. Approximately \$550,000 was raised from approximately 68 members of the public pursuant to these fraudulent advance-fee schemes from October 2009 to November 2010 (the “Material Time”).

**The Corporate Respondents**

4. Global Consulting and Financial Services (“Global Consulting”) is a sole proprietorship registered in Ontario to Jan Chomica.

5. Global Capital Group (“Global Capital”) is a sole proprietorship registered in Ontario to “Jalil Khan”.
6. Crown Capital Management Corp. (“Crown Capital”) is an Ontario corporation. Michael Chomica was a director and officer of Crown Capital from June 11 1992 until April 30, 2010 when “Peter Kuti” became the sole officer and director of Crown Capital.
7. None of Global Consulting, Global Capital or Crown Capital has ever been registered in any capacity with the Commission.

### **The Individual Respondents**

8. Jan Chomica is a resident of Ontario.
9. Jan Chomica opened banks accounts in the name of Global Consulting at bank branches located in Ontario (the “Global Consulting Bank Accounts”) and was the sole signatory on those accounts during the Material Time.
10. Michael Chomica is a resident of Ontario.
11. Lorne Banks (“Banks”) is a resident of Ontario. Banks was last registered with the Commission as a salesperson from November 22, 1988 to February 28, 1991. Banks was not registered with the Commission in any capacity during the Material Time.
12. Neither Michael Chomica nor Jan Chomica has ever been registered in any capacity with the Commission.

### **The Global Consulting Scheme**

13. From approximately January 2008 to October 2010, persons falsely purporting to be representatives of various organizations solicited shareholders primarily residing in the United Kingdom (the "Global Consulting Investors") for the purpose of inducing them to make various payments as part of a fraudulent advance-fee scheme (the "Global Consulting Scheme").

14. The Global Consulting Scheme involved an artificial offer to purchase shares owned by the Global Consulting Investors at inflated prices. The offer to purchase the Global Consulting Investors' shares and the subsequent communications were part of an artifice designed solely to extract money from the Global Consulting Investors.
15. As part of the Global Consulting Scheme, the Global Consulting Investors were contacted by persons purporting to act for various governmental agencies, including the U.S. Securities and Exchange Commission and the Commission, as well as certain fictitious organizations purportedly involved in the transactions, and directed to make certain payments in order to complete the transactions. The payments were purportedly necessary to cover taxes and various other costs.
16. The persons carrying out the solicitations did not work for the governmental agencies they purported to represent, they used aliases when communicating with the Global Consulting Investors and they presented the Global Consulting Investors with false and forged documents.
17. In and around October 2009, Michael Chomica made the Global Consulting Bank Accounts available to the perpetrators of the Global Consulting Scheme.
18. From approximately October 2009 to October 2010 (the "Global Consulting Material Time"), pursuant to the solicitations outlined above, the Global Consulting Investors were instructed to send their advance fees to the Global Consulting Bank Accounts.
19. At least 4 Global Consulting Investors paid advance-fees totalling USD \$109,685 and CAD \$23,478 to the Global Consulting Bank Accounts as a result of the solicitations outlined above.
20. The majority of the funds deposited into the Global Consulting Bank Accounts by the Global Consulting Investors were withdrawn as cash. During the Global Consulting Material Time, Jan Chomica carried out transactions in the Global Consulting Bank Accounts at Michael Chomica's direction.

21. The purported purchases of the Global Consulting Investors' shares never occurred and the Global Consulting Investors suffered a complete loss of the amounts they paid as advance fees.

### **The Global Capital Scheme**

22. From approximately March 2010 to September 2010 (the “Global Capital Material Time”), Michael Chomica and Banks, using aliases and purporting to act on behalf of Global Capital Group (“Global Capital”), solicited shareholders residing in Europe, the United Kingdom, Asia and Africa (the “Global Capital Investors”) for the purpose of inducing them to make various payments as part of a fraudulent advance-fee scheme (the “Global Capital Scheme”).
23. The Global Capital Scheme was operated from Michael Chomica’s residential apartment located on Bloor Street East in Toronto (the “Bloor Street Address”). Michael Chomica and Banks made the solicitations to the Global Capital Investors in connection with the Global Capital Scheme from the Bloor Street Address.
24. The Global Capital Scheme involved an artificial offer to exchange shares in Dixon, Perot & Champion Inc. (the “DP&C Shares”) owned by the Global Capital Investors for shares in Microsoft Inc. (the “Microsoft Shares”). The DP&C Shares were virtually worthless and illiquid at the time of the solicitations, however, the Global Capital Investors were told that Global Capital valued them at prices ranging from USD \$6 to \$14. Whereas the Microsoft Shares were valued at prices ranging from USD \$24 to \$27.
25. The offer to exchange the Global Capital Investors’ shares and the subsequent communications were part of an artifice designed solely to extract money from the Global Capital Investors.
26. As part of the Global Capital Scheme, the Global Capital Investors were informed by Michael Chomica and Banks that they had to make certain payments in order to complete the transactions. The payments were purportedly necessary in order to cover the difference in value between the DP&C Shares and the Microsoft Shares. However, once

this initial payment was made, the Global Capital Investors were solicited by Michael Chomica and Banks for additional payments to cover taxes and various other costs.

27. The Global Capital Investors were instructed by Michael Chomica and Banks to send the funds representing the advance fees to the account of Commonwealth Capital Corp. (“Commonwealth”), an Isle of Man corporation, at the Bank of Nevis in St. Kitts and Nevis (the “Commonwealth Bank Account”).
28. At least five Global Capital Investors paid advance-fees totalling US\$160,470 to the Commonwealth Bank Account as a result of the solicitations noted above.
29. The majority of the funds transferred to the Commonwealth Bank Account by the Global Capital Investors were transferred to the Global Consulting Bank Accounts referred to above.
30. The majority of the funds deposited into the Global Consulting Bank Accounts were withdrawn as cash. During the Global Capital Material Time, Jan Chomica carried out transactions in the Global Consulting Bank Accounts at Michael Chomica’s direction.
31. The purported exchange of the Global Capital Investors’ shares never occurred, the Global Capital Investors never received any Microsoft Shares and the Global Capital Investors suffered a complete loss of the amounts paid towards the advance fees.

### **The Crown Capital Scheme**

32. From approximately March 2010 to November 2010 (the “Crown Material Time”), Michael Chomica and other persons (the “Chomica Associates”), using aliases and purporting to act on behalf of Crown Capital and Kuti Consulting, solicited shareholders residing primarily in Ontario (the “Crown Investors”) for the purpose of inducing them to make various payments as part of a fraudulent advance-fee scheme (the “Crown Scheme”).

33. The Crown Scheme was operated from the Bloor Street Address. Michael Chomica and the Chomica Associates made the solicitations to the Crown Investors in connection with the Crown Scheme from the Bloor Street Address.
34. The Crown Scheme involved an artificial offer to purchase shares owned by the Crown Investors at inflated prices. The offer to purchase the Crown Investors' shares and the subsequent communications were part of an artifice designed solely to extract money from the Crown Investors.
35. As part of the Crown Scheme, the Crown Investors were informed by Michael Chomica and the Chomica Associates that they had to make certain payments in order to complete the transactions. The initial payments were purportedly to cover commissions. However, once the Crown Victim made these payments, Michael Chomica and the Chomica Associates advised the Crown Investors that the intended purchaser of their shares had encountered financial difficulties and instead wished to exchange Microsoft Shares for the shares held by the Crown Investors.
36. The Crown Investors were then directed to make additional payments that were purportedly necessary to cover the difference in value between the Crown Investors' shares and the Microsoft Shares.
37. The shares held by the Crown Investors were virtually worthless and illiquid at the time of the solicitations; however, Michael Chomica and the Chomica Associates told the Crown Investors that Crown Capital had valued them at prices ranging from USD \$5 to \$7.50. Whereas the Microsoft Shares were valued at or around USD \$23.
38. The Crown Investors were instructed by Michael Chomica and the Chomica Associates to send the funds representing the advance fees to bank accounts in Toronto in the name of Crown Capital and Kuti Consulting (the "Crown Bank Accounts").
39. The Crown Bank Accounts were opened by an individual using an Ontario driver's license bearing the name "Peter Kuti" (the "Kuti License"). The Kuti License was obtained using false identification. "Peter Kuti" was the sole signatory on the Crown Bank Accounts.

40. Fifty-nine Crown Investors paid advance fees totalling USD \$145,347 and CAD \$109,427 (net of deposits that were rejected and returned to the complainants) as a result of the solicitations outlined above.
41. The majority of the funds deposited into the Crown Bank Accounts by the Crown Investors were withdrawn as cash and/or used to purchase gold.
42. The purported purchase and/or exchange of the Crown Investors' shares never occurred, the Crown Investors never received any Microsoft Shares and the Crown Investors suffered a complete loss of the amounts paid towards the advance fees.

#### **Michael Chomica's Convictions for Fraud Contrary to Section 126.1 of the Act**

43. On February 14, 2013, Michael Chomica pleaded guilty in the Ontario Court of Justice to 3 counts of fraud contrary to section 126.1(b) of the Act in connection with the Global Consulting Scheme, the Global Capital Scheme and the Crown Capital Scheme. Michael Chomica's guilty plea was accepted by the Court and he was convicted and sentenced to 2 years in the penitentiary.
44. As part of his plea of guilt, Michael Chomica admitted the truth of a Statement of Facts for Guilty Plea (the "Statement of Facts") that was filed as an exhibit in that proceeding.
45. Staff pleads and relies upon all the facts admitted in the Statement of Facts.
46. Michael Chomica's conviction for fraud arose from transactions, business and/or a course of conduct relating to securities.
47. Pursuant to subsection 127(10)1 of the Act, Michael Chomica's convictions for fraud contrary to section 126.1(b) of the Act may form the basis for an order in the public interest under subsection 127(1) of the Act.

**Breaches of the *Securities Act* and Conduct Contrary to the Public Interest**

48. The specific allegations advanced by Staff are as follows:
- a) Global Consulting, Global Capital, Crown Capital, Michael Chomica, Jan Chomica and Banks (the “Respondents”) engaged in and held themselves out as engaging in the business of trading in securities without registration in circumstances where no exemption was available, contrary to section 25 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");
  - b) the Respondents directly or indirectly engaged in or participated in an act, practice or course of conduct relating to securities which they or it knew, or reasonably ought to have known, perpetrated a fraud on investors, contrary to section 126.1(b) of the Act;
  - c) Jan Chomica authorized, permitted or acquiesced in Global Consulting’s non-compliance with Ontario securities law contrary to section 129.2 of the Act; and
  - d) the Respondents’ conduct was contrary to the public interest and harmful to the integrity of the Ontario capital markets.
49. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

**DATED** at Toronto this 13<sup>th</sup> day of September, 2013.