



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

22nd 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
NEW HUDSON TELEVISION CORP., NEW HUDSON TELEVISION LLC, AND JAMES
DMITRY SALGANOV**

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

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

I. OVERVIEW

1. This proceeding involves unregistered trading, advising, the making of prohibited representations, an illegal distribution and fraud in respect of the securities of New Hudson Television Corp., (“NHTV Corp.”) and New Hudson Television LLC, (“NHTV LLC”) by the respondents between December 30, 2010 and November 30, 2011 (the “Material Time”).
2. NHTV Corp., was incorporated in Ontario on April 14, 2003. On February 9, 2011, NHTV LLC filed an “Amendment to Articles of Organization” with the State of Wyoming in order to effect a “convergence” between NHTV LLC and NHTV Corp. Dmitry James Salganov, also known as “James Dmitry Salganov” (collectively “Salganov”) executed the “convergence” and purportedly moved NHTV Corp., into the United States and changed the name of NHTV Corp., to NHTV LLC. The “convergence” amounted to nothing more than filing the aforementioned amendment with the State of Wyoming and a purported conversion of “Founders” shares into the surviving company.
3. Between approximately September 2003 and December 2006 NHTV Corp., raised approximately CDN\$3.5 million from the sale of NHTV Corp. shares (the “NHTV Corp. Securities”) to more than 400 investors, the majority of whom lived in Ontario (the “Original Distribution”). The Original Distribution was a private placement distribution in which NHTV Corp., purported to

rely on the Accredited Investor exemption at that time, pursuant to section 2.3 of Ontario Securities Commission (the “Commission”) Rule 45-501.

4. During the Material Time, Salganov was the sole directing mind of NHTV Corp., and NHTV LLC.
5. During the Material Time, at least 98 of the more than 400 investors from the Original Distribution (the “Investors”), were solicited by NHTV LLC representatives to convert their NHTV Corp. Securities into an NHTV LLC “Class A Offering” in “members interests” (“NHTV LLC Class A Offering”) and/or a “Senior Debt Offering” in “secured promissory notes” (the “NHTV LLC Senior Debt Offering”), (collectively the “NHTV LLC Securities”), and/or purchase NHTV LLC Securities.
6. During the Material Time after the “convergence”, NHTV LLC, was seeking to raise US\$5 million dollars via a private offering of the NHTV LLC Securities, again relying on the Accredited Investor Exemption, pursuant to section 2.3 of National Instrument 45-106 (“National Instrument 45-106”).
7. NHTV LLC representatives made prohibited undertakings to the Investors about the future price of NHTV LLC Class A Offering and that NHTV LLC Class A Offering would be listed on a stock exchange, contrary to section 38 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the “Act”).
8. At least five of the Investors paid US\$235,800 for the purchase of the NHTV LLC Class A Offering (the “NHTV LLC Funds”), four of whom do not meet the definition of an Accredited Investor as defined in National Instrument 45-106. One of the five investors may have met the Minimum Amount Investment Exemption, pursuant to section 2.10 of National Instrument 45-106.
9. Salganov controlled the NHTV LLC Funds that were deposited and subsequently disbursed to several bank account(s) of NHTV LLC held at a Wells Fargo Bank in Cheyenne, Wyoming (the “NHTV LLC Accounts”).

10. NHTV LLC, has never filed a prospectus or preliminary prospectus with the Commission or obtained receipts for them from the Director as required by section 53 of the Act.
11. The trading of NHTV LLC Securities as set out herein constituted a distribution of NHTV LLC Securities by Salganov, NHTV LLC, and its representatives in circumstances where there were no exemptions available to them under the Act, contrary to section 53 of the Act.
12. Salganov and NHTV LLC representatives engaged in fraudulent conduct by making false, inaccurate and misleading statements to the Investors orally and in writing, contrary to section 126.1(b) of the Act.

II. THE CORPORATE RESPONDENTS

13. NHTV Corp., was incorporated in Ontario on April 14, 2003.
14. NHTV LLC, was registered in the State of Wyoming on December 30, 2010. The principal office for NHTV LLC is a “virtual office” in Tampa, Florida.
15. NHTV Corp. and NHTV LLC are not registered with the Commission in any capacity, nor are they listed on any public exchange in Canada or the United States.
16. NHTV LLC is not a reporting issuer or registrant in Ontario.

III. THE INDIVIDUAL RESPONDENT

17. Salganov is the sole directing mind of NHTV Corp., and NHTV LLC. The Corporate Profile Report for NHTV Corp., lists Salganov as the sole director and officer of NHTV Corp. Salganov held himself out as the “Founder and Chairman of the Board” of NHTV LLC.
18. During the Material Time, Salganov was a Canadian citizen, residing in Bradenton, Florida. Salganov is currently a resident of Toronto, Ontario.
19. Salganov has not been registered with the Commission since November 1999.

Unregistered Trading and Advising in Securities Contrary to Section 25 of the Act

20. During the Material Time, NHTV LLC representatives contacted the Investors by telephone and/or email to convert their NHTV Corp. Securities into NHTV LLC Securities, and/or purchase NHTV LLC Securities.
21. The Investors were provided with an NHTV LLC private placement memorandum (the "PPM") detailing the NHTV LLC Securities, ("The Offering"). The period of The Offering was January 5, 2011 to November 30, 2011.
22. The PPM specified that NHTV LLC, would use the proceeds raised through The Offering to market its services with "the eventual goal of going public in the United States, and Canadian Markets."
23. Five of the Investors executed The Offering with NHTV LLC and paid the NHTV LLC Funds into a Wells Fargo bank account in Cheyenne, Wyoming in the name of NHTV LLC, (the "Wells Fargo Account").
24. NHTV LLC was never listed on a United States or Canadian public market.
25. Through the "convergence," Salganov and NHTV Corp. traded in NHTV Corp. Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act and contrary to the public interest;
26. NHTV LLC and its representatives, including Salganov, traded in NHTV LLC Securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act.
27. Through the "convergence," Salganov and NHTV Corp. advised in NHTV Corp. Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(3) of the Act and contrary to the public interest;
28. NHTV LLC and its representatives, including Salganov, advised in NHTV LLC Securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(3) of the Act.

Prohibited Representations Contrary to Section 38 of the Act

29. NHTV LLC's representatives, including Salganov, made misleading oral representations to the Investors about the future value of the NHTV LLC Class A Offering, contrary to section 38(2) of the Act.

30. NHTV LLC and its representatives, including Salganov, made misleading oral and written representations to the Investors that the NHTV LLC Class A Offering would be listed on a United States or Canadian public market when the Director had not provided written permission to Salganov or NHTV LLC, to make these representations, contrary to section 38(3) of the Act.

Illegal Distribution of Securities of NHTV LLC Contrary to Section 53 of the Act

31. NHTV LLC has never filed a prospectus or preliminary prospectus with the Commission or obtained receipts for them from the Director as required by section 53(1) of the Act.

Fraudulent Conduct Contrary to Section 126.1 of the Act

32. Salganov and the NHTV LLC representatives provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:

(a) by copying substantial portions of text, statistics and projected financial results from a 2006 NHTV Corp., business plan into the NHTV LLC PPM;

(b) that "New Hudson Broadband Corp.," an Ontario Corporation, had relocated to the United States and was an operating LLC;

(c) that the NHTV LLC Funds would be deposited in the "Company's UBS Financial Services brokerage account investing in UBS Short Term AAA rate insured instruments";

(d) by copying text from other websites onto NHTV LLC's website; and,

(e) by not advising Investors that approximately US\$175,000 of NHTV LLC Funds were withdrawn in cash from the NHTV LLC Accounts and not used as set out in the PPM.

33. Salganov, and NHTV LLC, on their own and through NHTV LLC representatives engaged in a course of conduct relating to the NHTV LLC Securities that they knew or reasonably ought to

have known would result in a fraud on persons or companies contrary to section 126.1(b) of the Act.

IV. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

34. The specific allegations advanced by Staff relating to the trading in NHTV Corp. Securities and NHTV LLC Securities during the Material Time are as follows:

- (a) Through the “convergence,” Salganov and NHTV Corp. traded in NHTV Corp. Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- (b) Salganov, NHTV LLC, and its representatives traded in NHTV LLC Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- (c) Through the “convergence,” Salganov and NHTV Corp. advised in NHTV Corp. Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(3) of the Act and contrary to the public interest;
- (d) Salganov, NHTV LLC, and its representatives advised in NHTV LLC Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(3) of the Act and contrary to the public interest;
- (e) Salganov, and NHTV LLC representatives made misleading oral undertakings to the Investors about the future value or price of the NHTV LLC Securities, contrary to section 38(2) of the Act and contrary to the public interest;
- (f) Salganov, NHTV LLC, and its representatives made misleading oral and written representations to the Investors that NHTV LLC would be listed on a United States or Canadian public market, when the Director had not provided written permission to Salganov, or NHTV LLC to make these representations, contrary to section 38(3) of the Act and contrary to the public interest;

- (g) NHTV LLC has never filed a prospectus or preliminary prospectus with the Commission or obtained receipts for them from the Director as required by section 53(1) of the Act. The trading of NHTV LLC Securities as set out above constituted a distribution of NHTV LLC Securities by Salganov and NHTV LLC in circumstances where there were no exemptions available to them under the Act, contrary to section 53(1) of the Act and contrary to the public interest;
 - (h) Salganov and NHTV LLC, engaged in or participated in acts, practices or courses of conduct relating to NHTV LLC Securities that Salganov and NHTV LLC knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest; and,
 - (i) Salganov did authorize, permit or acquiesce in the non-compliance with sections 25(1)(a), 25(3), 38(2), 38(3), 53(1) and 126.1(b) of the Act, as set out above, by NHTV Corp., and NHTV LLC, and their representatives, and is deemed to also have not complied with Ontario securities law, by virtue of section 129.2 of the Act and contrary to the public interest.
35. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto, October 1, 2013.