



ONTARIO SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**COUNSEL/ENDORSEMENT SLIP**

COURT FILE NO.: CL-25-00753621-0000

DATE: January 07, 2026

NO. ON LIST: 3

TITLE OF PROCEEDING: ONTARIO SECURITIES COMMISSION v. DAVID CARTU

BEFORE: JUSTICE J. DIETRICH

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party:**

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**For Defendant, Respondent, Responding Party:**

Name of Person Appearing	Name of Party	Contact Info
Josie Parisi	BDO Canada Limited	jparisi@bdo.ca

**For Other, Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info

## ENDORSEMENT OF JUSTICE J. DIETRICH:

### **Introduction**

- [1] The Ontario Securities Commission (the “**Commission**”) seeks two Orders.
- [2] First, an Order (the “**Receivership Order**”) is sought appointing BDO Canada Limited (“**BDO**”) as receiver (the “**Receiver**”), over \$300,000 (“**Settlement Funds**”) paid to the Commission to settle enforcement proceedings commenced by the Commission against David Cartu. The draft order provided also provides for the discharge and release of the Receiver upon filing of a certificate by the Receiver.
- [3] Second, an order is sought approving and authorizing a claims process (the “**Claims Process**”) to be conducted by the Receiver to ascertain and determine any and all claims that Ontario Investors (the “**Investors**”) of the Cartu Corporations (as defined below) may have to the Settlement Funds (the “**Claims Process Order**”).
- [4] The matter is proceeding on an *ex parte* basis. I am satisfied this appropriate given the nature of the appointment only over Settlement Funds.
- [5] Defined terms used but not otherwise defined herein have the meaning provided to them in the factum of the Commission filed for use at this hearing.

### **Background**

- [6] On May 4, 2020, Staff of the Commission (“**Staff**”) commenced proceedings under s. 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the “**Act**”), against Jonathan Cartu, Joshua Cartu, and David Cartu (“**David**”, and collectively, the “**Cartus**”) for alleged contraventions of Ontario securities law arising from the trading and distribution of binary options between approximately July 2013 to April 2017 (the “**Material Time**”).
- [7] The allegations were that the Cartus operated online trading platforms that illegally sold binary options to Investors and facilitated the trading of binary options on platforms owned by others, in which the Cartus obtained approximately \$1.4 million from roughly 700 Investors through their conduct in contravention of the Act (the “**Allegations**”).
- [8] Before a hearing on the merits, David entered into a settlement agreement with the Commission (the “**Settlement Agreement**”) in relation to the Allegations. In the Settlement Agreement, David admitted that, during the Material Time, he contravened subsection 25(1) of the Act and acted contrary to the public interest by knowingly permitting UKTVM Ltd. and Greymountain Management Limited (collectively, the “**Cartu Corporations**”), entities solely controlled by David, to carry out payment

processing activities that facilitated the sale of binary options to Investors without registration or an applicable exemption.

- [9] Under that Settlement Agreement, David agreed to pay an administrative penalty of \$300,000 to the Commission for allocation or use by the Commission in accordance with statutory allocation provisions then in force. Those Settlement Funds as paid to the Commission are the subject of this application.
- [10] As part of its investigation, Staff compiled a list of Investors (the “**Investor List**”) identifying, among other things, each Investor’s name, city of residence, transaction details, and investment amounts. Based on the Panel’s findings, 716 Investors invested in binary options during the Material Time, and certain Investors lost some or all of their investments. It is proposed that the Settlement Funds will be allocated to Investors on a pro rata basis based on their losses; however, the Settlement Funds are insufficient to make Investors whole.
- [11] The proposed Claims Process is designed to efficiently ascertain and determine any claims to the Settlement Funds and distribute them accordingly.
- [12] The proposal is that the Settlement Funds will be distributed to Investors with Proven Claims on a *pro rata* basis with any uncashed cheques remaining after six months will be redistributed to other Investors with Proven Claims provided the uncashed amount totals at least \$50,000, and if the uncashed amount is less than \$50,000, it will be returned to the Commission.

### **Issues**

- [13] The issues before the Court are whether the Court should:
- (a) appoint BDO as Receiver over the Settlement Funds;
  - (b) approve the Claims Process;
  - (c) approve the distribution of the Settlement Funds in the manner set out in the First Report; and
  - (d) approve the discharge and release of the Receiver upon completing the Receiver filing a certificate that it has completed its duties.

### **Analysis**

- [14] Section 129 of the Act, provides the Court with the jurisdiction to appoint, at the Commission’s request, a receiver of property of any person or company if the Court is satisfied that it is “appropriate for the due administration of Ontario securities law.”

Section 101 of the *Courts of Justice Act* provides that the Court may appoint a receiver if it is just and convenient to do so.

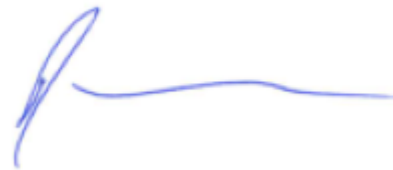
- [15] The criteria for determining what is in the best interests of creditors, security holders or subscribers for the appointment of a receiver under the Act are broader than a solvency test. The criteria should take into consideration all the circumstances and whether, in the context of those circumstances, it is in the best interests of creditors that a receiver be appointed: see *Ontario (Securities Commission) v. Sextant Strategic Opportunities Hedge Fund L.P.*, 2009 CanLII 38503 (ON SC) at para 54.
- [16] I am satisfied that it is appropriate to appoint the Receiver over the Settlement Funds as the appointment of a receiver for the purposes of ascertaining and determining Investors harmed by persons that contravened the Act is inherently in the public interest, consistent with the purpose of the Act and promotes the due administration of securities law in Ontario. The assessment, evaluation, and individual adjudication of filed claims is required, and BDO requires the customary protections and the assistance of this Court to carry out its proposed mandate.
- [17] As well, based on the amount of the Settlement Funds held by the Commission and the details of the Investor List, it appears that the Settlement Funds will be insufficient to make the Investors who were harmed by the conduct of the Cartus whole and a receiver is required to ensure that the funds are properly distributed to these Investors in a fair and equitable manner. I note that doing so is consistent with other decisions of this Court referenced at footnote 8 of the Commission's factum.
- [18] I am also satisfied that the appointment is just and convenient having regard to all of the circumstances including the nature of the property and the rights and interest of all parties in relation to the property: see *Bank of Nova Scotia v Freure Village on Clair Creek*, 1996 CanLII 8258 (ONSC) at para 10.
- [19] The proposed Claims Process is designed to efficiently ascertain and determine any claims to the Settlement Funds and distribute them accordingly. Key provisions include that the Receiver will rely on the Investor List and the claim amounts as calculated by the Commission to establish proven claims for the purpose of distributing the Settlement Funds equitably to Investors. Notices are to be delivered to known investors and a public notice will be published. A claims bar date of March 6, 2026 is proposed. Notices of Revision or disallowance are to be sent with 3 weeks thereafter. Any unresolved disputes may be resolved through a motion to the Court. I am satisfied that the proposed claims process is reasonable and should be approved.

- [20] As for the proposed distribution, I am satisfied that this is consistent with previous orders of this Court (see footnote 20 of the Commission's factum) and that the pre-allocated *pro rata* methodology is appropriate in the circumstances.
- [21] Although the Receiver's role is narrow, and I appreciate the desire for cost efficiency, I am not prepared to grant the Receiver a release in connection with a discharge at this time. That is relief that the Receiver should return to Court to request at the appropriate time (once the substantive mandate has been completed).

**Disposition**

- [22] Orders to go in the form signed by me this day.

Date: Jan 07, 2026

A handwritten signature in blue ink, consisting of a large, stylized initial 'J' followed by a long, horizontal, slightly wavy line.

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Jane O. Dietrich