

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,  
C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE  
ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY  
THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO THE  
SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO  
SECURITIES COMMISSION AND **DAVID CARTU**

Applicant

**APPLICATION RECORD  
(Returnable January 7, 2026)**

January 2, 2026

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Lawyers for the Applicant,  
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Court File No.

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IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,  
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Applicant

**NOTICE OF APPLICATION**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicant. The claim made by the Applicant appears on the following pages.

**THIS APPLICATION** will come on for a hearing (*choose one of the following*)

- In person
- By telephone conference
- By video conference

before a Judge presiding over the Ontario Superior Court of Justice (Commercial List) on January 7, 2026 at 11:00 a.m. (Eastern Standard Time), or as soon after that time as the motion can be heard, and heard by judicial video conference via Zoom at Toronto, Ontario. Zoom particulars to follow.

**IF YOU WISH TO OPPOSE THIS APPLICATION**, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

**IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION**, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer,

serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**

Date \_\_\_\_\_

Issued by \_\_\_\_\_  
Local Registrar

Address of court office: 330 University Avenue, 9th Floor  
Toronto ON M5G 1R7

**TO: THIS HONOURABLE COURT**

## APPLICATION

1. **THE APPLICANT**, the Ontario Securities Commission (the “**Commission**”), makes an application for a Receivership Order and a Claims Process Order that, *inter alia*:
  - (a) appoints BDO Canada Limited (“**BDO**”) as receiver (in such capacity, the “**Proposed Receiver**”), without security, over \$300,000 CAD (“**Settlement Funds**”) paid to the Commission to settle enforcement proceedings commenced by the Commission as described further below;
  - (b) stays all rights and remedies against the Proposed Receiver and the Settlement Funds;
  - (c) provides customary protections to the Proposed Receiver to allow the Proposed Receiver to carry out its mandate;
  - (d) approves and authorizes the Proposed Receiver to commence, oversee and administer a claims process for the purposes of identifying any and all claims that investors may have to the Settlement Funds;
  - (e) authorizes the Proposed Receiver to engage with investors with respect to the claims process, including the resolution of any disputes arising out of a claim in respect of the Settlement Funds;
  - (f) authorizes the Proposed Receiver to seek the advice and direction of the Court if any disputes arising out of the claims process cannot be resolved;
  - (g) authorizes the Receiver to distribute the Settlement Funds to investors with proven claims; and
  - (h) discharges the Receiver upon the completion of its mandate.
2. Such further and other relief as this Honourable Court deems just.

## THE GROUNDS FOR THE APPLICATION ARE:

### *Background*

3. On May 4, 2020, Staff of the Commission (“**Staff**”) commenced proceedings under section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the “**Act**”), against Jonathan Cartu (“**Jonathan**”), David Cartu (“**David**”), and Joshua Cartu (“**Joshua**”, and together with Jonathan and David, the “**Cartus**”) for alleged contraventions of Ontario securities law arising from the trading and distribution of binary options during approximately July 2013 to April 2017 (the “**Material Time**”).
4. Staff alleged that the Cartus operated online trading platforms that illegally sold binary options to Ontario investors and facilitated the trading of binary options on platforms owned by others, obtaining approximately \$1.4 million from about 700 Ontario investors. Staff of the Commission further alleged that the Cartus engaged in unregistered trading, effected distributions without a prospectus, and used deceptive practices including misrepresenting the location of operations and using aliases and nominees.
5. Before the hearing on the merits, David entered into a settlement agreement with the Commission (the “**Settlement Agreement**”) relating to his role in permitting two corporate entities of which he was the sole beneficial owner, UKTVM Ltd. (“**UKTVM**”) and Greymountain Management Limited (“**Greymountain**”), to engage in payment processing activities that facilitated the sale of binary options to Ontario investors without registration or an exemption. Under that Settlement Agreement, David paid the Settlement Funds to the Commission. The Settlement Funds are the subject of this application.

### *Settlement Agreement*

6. On May 18, 2021, David and the Commission finalized and executed the Settlement Agreement in which 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 and Greymountain to provide payment processing and related services to merchants in connection with their sale of binary options to Ontario investors.

7. These services facilitated payment flows of approximately \$1.33 million in connection with the sale of binary options to Ontario investors, which constituted acts in furtherance of trading for which registration was required.
8. Under the 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. The hearing panel approved the Settlement Agreement by order dated May 26, 2021.

### ***Investor List***

9. As part of its investigation, Staff compiled a list of Ontario investors (the “**Investor List**”) with names, city of residence, transaction details, and amounts. Based on the panel’s findings, 716 Ontario investors invested in binary options during the Material Time, and some investors lost some or all of their investments. The Settlement Funds will be insufficient to make investors whole.

### ***Claims Process***

10. The Proposed Receiver will conduct a claims and distribution process (the “**Claims Process**”) consistent with the Commission’s investigation findings. The Proposed Receiver will rely on the Investor List with the claim amounts as calculated by the Commission (the “**Assessed Claims**”) to establish proven claims for the purposes of distributing the Settlement Funds equitably to Ontario investors.
11. The Proposed Receiver will send each known investor on the Investor List a claims package that will include a letter to investors (the “**Notice of Claim**”), a Proof of Claim Form (the “**Proof of Claim**”), and related instructions describing the process (collectively, the “**Claims Package**”) by electronic or ordinary mail to the last known address. Each Claims Package will include the Assessed Claim for that investor in their enclosed Notice of Claim.
12. A public notice (the “**Public Notice**”) will be published in a national newspaper, calling for claims from Ontario investors who invested during the Material Time and providing

participation instructions. The Public Notice will also be posted on the Proposed Receiver's website and on the Commission's website.

13. The Claims Process will also provide Ontario investors not identified on the Investor List but who lost money as a result of the Cartus' conduct during the Material Time ("**Unknown Ontario Investors**") an opportunity to prove their respective claims by submitting a Proof of Claim to the Proposed Receiver on or before March 6, 2026 (the "**Claims Bar Date**"). Any Unknown Ontario Investor who fails to submit a Proof of Claim by the Claims Bar Date will be forever barred from filing a claim and participating in any distribution from the Settlement Funds.
14. If an investor agrees with the Assessed Claim as stated, that amount will become a Proven Claim, and no further proof will be required. If an investor disagrees with their Assessed Claim, the investor must complete and return a Proof of Claim by the Claims Bar Date, with evidence supporting the different amount claimed. Any known Ontario investor who does not return a completed Proof of Claim by the Claims Bar Date will have their Assessed Claim deemed accepted.
15. All claims will be reviewed by the Proposed Receiver on or before the Claims Bar Date. Where a claim is revised or disallowed, the Proposed Receiver will issue a Notice of Revision or Disallowance ("**Notice of Revision or Disallowance**") on or before March 27, 2026, providing reasons. Investors may dispute a Notice of Revision or Disallowance by delivering a notice of dispute (the "**Dispute Notice**") to the Proposed Receiver by April 15, 2026 (the "**Dispute Notice Deadline**").
16. If there are any outstanding disputes, following the Dispute Notice Deadline, the Proposed Receiver shall file a report with the Court summarizing all Dispute Notices received and shall bring a motion for advice and directions from the Court in respect of the resolution of any outstanding Dispute Notices.
17. The Settlement Funds will be distributed to investors with Proven Claims on a pro rata basis 60 days after the Dispute Notice Deadline or final determination of outstanding disputes, as applicable. 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. If the uncashed amount is less than \$50,000, it will be returned to the Commission.

18. Once the Proposed Receiver has completed all its duties, it will file a certificate confirming completion of its mandate and discharge.

### ***Proposed Appointment of the Receiver***

19. The Commission seeks the appointment of BDO as Proposed Receiver over the Settlement Funds for the limited purposes of administering the Claims Process to determine individual investor claims and distributing the Settlement Funds on a pro rata basis to Ontario investors with Proven Claims who suffered losses as a result of the Cartus' conduct during the Material Time.
20. BDO is experienced in claims administration and distributions and requires certain Court-ordered protections to carry out the mandate. The Proposed Receiver's and its counsel's fees will be paid by the Commission and will not be paid from the Settlement Funds.
21. The appointment of the Proposed Receiver is just and convenient in the circumstances.
22. BDO has consented to act as the Proposed Receiver, if appointed by the court.

### ***Rules and Statutes***

23. Rules 1.04, 2.03, 3.02, 14.05(2), 16 and 41 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 192, as amended, and sections 101 and 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.
24. The *Securities Act*, R.S.O. 1990, C. S-5, as amended, and more particularly, section 129.
25. The *Securities Commission Act*, 2021, SO 2021, c 8, Sch 9, as amended, and more particularly, section 19(2).

26. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be filed at the hearing of this application:

1. the Affidavit of Cullen Price, to be sworn;
2. the consent of BDO to act as Proposed Receiver; and
3. such further and other evidence as counsel may advise and this Court may permit.

December 11, 2025

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Lawyer for the Applicant, Ontario Securities  
Commission

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

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Court File No. CV-

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

**NOTICE OF APPLICATION**

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# **TAB 2**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT* R.S.O.  
1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF  
JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS  
OBTAINED BY THE **ONTARIO SECURITIES COMMISSION**  
PURSUANT TO THE SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO  
SECURITIES COMMISSION AND **DAVID CARTU**

**AFFIDAVIT OF CULLEN PRICE  
(Sworn January 1, 2026)**

I, Cullen Price, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND  
SAY:**

1. I am an Associate General Counsel in the General Counsel's Department of the Applicant, the Ontario Securities Commission (the "**Commission**"). This affidavit is based on my review of the Commission's documents in this matter, together with information provided to me by Rahul Kumar ("**Kumar**"), Manager, Finance and Administration, at the Commission. I believe the information provided to me by Kumar is correct and reliable.

2. This affidavit is sworn in support of an Application by the Commission for orders (respectively, the "**Receivership Order**" and the "**Claims Process Order**"), substantially in the forms attached to the Commission's Application Record at Tabs 3 and 4, that, *inter alia*:

- (a) appoints BDO Canada Limited ("**BDO**") as Receiver (in such capacity, the "**Receiver**"), without security, over \$300,000 CAD ("**Settlement Funds**") paid to the Commission to settle enforcement proceedings commenced by the Commission as described further below;
- (b) stays all rights and remedies against the Receiver and the Settlement Funds;

- (c) provides customary protections to the Receiver to allow the Receiver to carry out its mandate;
- (d) approves and authorizes the Receiver to commence, oversee and distribute a claims process (the “**Claims Process**”) for the purpose of identifying any and all claims that investors may have to the Settlement Funds;
- (e) authorizes the Receiver to engage with investors with respect to the Claims Process, including the resolution of any disputes arising out of a claim in respect of the Settlement Funds;
- (f) authorizes the Receiver to seek the advice and direction of the Court if any disputes arising out of the Claims Process cannot be resolved;
- (g) authorizes the Receiver to distribute the Settlement Funds to investors with proven claims; and
- (h) discharges the Receiver upon the completion of its mandate.

## **I. BACKGROUND AND OVERVIEW**

3. On May 4, 2020, Staff of the Commission commenced proceedings under s. 127 of the *Securities Act*, R.S.O. 1990, c. S. 5 (the “**Act**”) against Jonathan Cartu (“**Jonathan**”), David Cartu (“**David**”), and Joshua Cartu (“**Joshua**”, collectively, the “**Cartus**”) in relation to alleged contraventions of Ontario securities law relating to the trading and distribution of binary options. The Cartus, who are brothers, are Canadians from Ontario with dual Israeli citizenship.

4. Staff of the Commission alleged that from approximately July 2013 to April 2017 (“**Material Time**”), the Cartus operated online trading platforms that illegally sold binary options to Ontario investors and facilitated the trading of binary options on platforms owned by others, obtaining \$1.4 million from approximately 700 Ontario investors. Specifically, the Staff of the Commission alleged that, through the operation of an interconnected business operation comprised of several entities, the Cartus contravened Ontario securities law and engaged in conduct contrary to the public interest by:

- (a) engaging in unregistered trading of securities without an available exemption contrary to s. 25(1) of the Act;
- (b) engaging in distributions of securities without a prospectus and without an available exemption contrary to section 53(1) of the Act;
- (c) engaging in deceptive behaviour by lying about the location of their operations, using aliases and obscuring their connection to the companies they owned and operated through the use of nominees, and
- (d) authorizing, permitting and/or acquiescing in the conduct of the companies they operated.

5. Prior to the hearing on the merits, David entered into a settlement agreement with Staff of the Commission in relation to his role in permitting two corporate entities, of which he was the sole beneficial owner, to engage in payment processing activities that facilitated the sale of binary options to Ontario investors without registration (or an exemption from such requirement) in contravention of Ontario securities laws. Pursuant to the terms of the settlement agreement, David paid the Settlement Funds to the Commission. These Settlement Funds are the subject of this Application.

6. The matter proceeded to a hearing on the merits with respect to Jonathan and Joshua, with the hearing panel ultimately concluding that each of the Cartus operated an interconnected business operation to promote, sell, and process binary options transactions from headquarters in Israel. Following a separate hearing to consider sanctions and costs, another hearing panel imposed various sanctions against Jonathan and Joshua in relation to the above findings, including monetary sanctions. The Commission has not recovered any of these monetary sanctions to date.

7. The Commission is seeking to have the proposed Receiver appointed over the Settlement Funds to administer the Claims Process through which investors who reside in Ontario and had lost money as a result of the Cartus' conduct during the Material Time may make a claim for compensation from these funds (a "**Claim**").

## II. TERMS OF SETTLEMENT AND COMMISSION MERITS HEARING

### David Cartu Settlement Agreement

8. On May 18, 2021, a settlement agreement was finalized and executed by David and the Commission (“**Settlement Agreement**”), a copy of which is attached hereto as **Exhibit “A”**.

9. In summary, under the terms of the Settlement Agreement, David admitted that during the Material Time he contravened the registration requirement in Ontario securities law and acted contrary to the public interest by knowingly permitting UKTVM Ltd. (“**UKTVM**”) and Greymountain Management Limited (“**Greymountain**”) to provide payment processing and related services to merchants in connection with their sale of binary options to Ontario investors. These services facilitated the payment of approximately \$1.33 million in connection with the sale of binary options to Ontario investors and constituted acts in furtherance of trading in securities for which registration was required under section 25(1) of the Act. The merchants’ activities resulted in investor losses.

10. The Settlement Agreement contained the following agreed-upon facts and admissions:

- (a) During the relevant period, David, then a resident of Israel, was the sole beneficial owner of each of UKTVM and Greymountain, offshore companies, which provided payment processing services to online merchants in connection with the sale of binary options to investors.
- (b) None of the Cartus, UKTVM, or Greymountain was registered under Ontario securities law.
- (c) There was no evidence that David received funds from or communicated with any Ontario investor, that he initiated or solicited any Ontario investor to purchase binary options, or that he engaged in any dishonest conduct toward Ontario investors.

## **UKTVM**

- (d) UKTVM was incorporated in the United Kingdom on October 8, 2012. It provided administrative services to a merchant that sold binary options whose website was accessible to Ontario investors. Among other services, investor deposits to the merchant's website by credit or debit card were indirectly facilitated by UKTVM, which entered into an agreement with a third-party payment processor for that purpose. The merchant's website stated that the processing was provided by UKTVM. The name of the merchant and/or UKTVM appeared on some credit card statements of investors in Ontario and elsewhere. In exchange for UKTVM's services, UKTVM charged the merchant a commission of approximately 5% of investor deposits and charged a fee for certain other services.
- (e) UKTVM ceased operations in December 2014.
- (f) The services UKTVM provided to the merchant indirectly facilitated payment for the sale of binary options to Ontario investors in an amount not exceeding \$132,000.

## **Greymountain**

- (g) Greymountain was incorporated in Ireland on May 20, 2014. Greymountain provided technical and IT services to the merchant. In connection with these services, Greymountain entered into service agreements with third-party payment processors to facilitate investor deposits to the merchant's website by credit or debit card. The merchant's website stated that processing and "White Label Solutions" were provided by Greymountain. Subsequently, the name of the merchant and/or Greymountain appeared on some credit card statements of Ontario investors.
- (h) Commencing in or about December 2014, Greymountain began providing "White Label Solutions" for other binary option merchants as well. The services provided by Greymountain to these merchants included indirectly facilitating credit and debit card deposits by investors in Ontario and elsewhere. In particular, Greymountain's technology enabled certain merchants to receive funds from credit and debit card companies.

- (i) In exchange for Greymountain's services, Greymountain charged merchants a commission of approximately 7% of investor deposits from Ontario investors and charged a fee for certain other services. The name "Greymountain" appeared on some credit card statements of investors in Ontario who invested in binary options sold by the merchants
- (j) The services provided by Greymountain to merchants indirectly facilitated payment for the sale of binary options to Ontario investors in the total amount of approximately \$1.2 million.
- (k) Greymountain went into liquidation in July 2017. While Greymountain was in liquidation, the Cartus and Greymountain employees assisted the liquidator in recovering funds from merchants for investors.
- (l) By knowingly permitting UKTVM and Greymountain to engage in activities that constituted acts in furtherance of trading in securities, David contravened subsection 25(1) of the Act and acted contrary to the public interest. The business of UKTVM and Greymountain indirectly facilitated trading by Ontario investors in binary options who transacted with merchants that contravened sections 25 and 53 of the Act, and whose activities resulted in investors' losses.

11. Under the terms of the Settlement Agreement, David agreed to pay an administrative penalty of CAD \$300,000 to the Commission for allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

12. The Settlement Agreement was approved, and the terms granted pursuant to an order of the hearing panel dated May 26, 2021 ("**Settlement Order**") that was accompanied by reasons ("**Reasons for Approval of the Settlement**"). A copy of the Settlement Order is attached hereto as **Exhibit "B"** and a copy of the Reasons for Approval of the Settlement is attached hereto as **Exhibit "C"**.

### **Hearing on the Merits**

13. The proceedings with respect to Jonathan and Joshua concluded following a hearing on the merits, which took place over September and October of 2021, with the Commission hearing panel

issuing its Reasons and Decision on April 7, 2022 (“**Reasons and Decision**”). A copy of the Reasons and Decision is attached hereto as **Exhibit “D”**.

14. The panel concluded, among other things, that through their operation of certain interconnected business operations, Jonathan and Joshua had breached s. 25(1) (registration) and s. 53(1) (prospectus) requirements of the Act.

15. On July 25, 2022, the hearing panel issued its Reasons and Decision on Sanctions and Costs (the “**Sanctions Decision**”), a copy of which is attached hereto as **Exhibit “E”**.

16. The Sanctions Decision held that Jonathan and Joshua’s misconduct was serious and resulted in 716 Ontario investors investing at least \$1,407,278 in binary options, some of whom lost some or all of their investment. Accordingly, the Settlement Funds will be insufficient to fully compensate impacted investors, who will suffer a shortfall.

17. The panel further found that funds obtained from Ontario investors were included in the approximately \$233,000,000 generated through the Cartus’ global operations over their four years in business.

18. The panel imposed a number of sanctions against Jonathan and Joshua, including administrative penalties and disgorgement of investor funds. I have been advised by Kumar that to date, Jonathan and Joshua have not paid any of the monetary sanctions owing to the Commission. The Commission does not anticipate any further payments to be made because the whereabouts of Jonathan and Joshua are unknown and any realizable assets have not been identified.

### **III. COMMISSION’S AUTHORITY TO ALLOCATE FUNDS**

19. The amount payable under the Settlement Order was designated by the hearing panel for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) of the Act or (ii) section 19(2) of the *Securities Commission Act*, 2021 SO 2021, c 8, Sch 9 (“**SCA**”).

20. At the time the Settlement Order was issued, subsection 3.4(2)(b) of the Act provided:

The Commission shall pay into the Consolidated Revenue Fund money received by the Commission pursuant to an order under paragraph 9 [administrative penalty] or 10

[disgorgement] of subsection 127 of this Act...or as payment to settle enforcement proceedings commenced by the Commission, other than money,

...

(b) that is designated under the terms of the order or settlement,

(i) for allocation to or for the benefit of third parties, or

(ii) for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets.

21. On December 9, 2021, section 3.4(2)(b) of the Act was repealed and replaced with subsection 19(2) of the SCA. Similar to its predecessor provision, subsection 19(2) authorizes the Commission to allocate administrative penalty money, settlement money, and any money that was previously designated by a hearing panel under subsection 3.4(2)(b) of the Act, “to or for the benefit of third parties.” Subsection 19(2) of the SCA provides:

(2) The Commission shall pay into the Consolidated Revenue Fund money received by the Commission pursuant to an order under paragraph 9 of subsection 127 (1) of the *Securities Act* [administrative penalty] or paragraph 9 of subsection 60 (1) of the *Commodity Futures Act* [administrative penalty], money received as payment to settle enforcement proceedings commenced by the Commission, and money described in subsections 128.1 (14) and (15) of the *Securities Act* or subsections 60.2.1 (14) and (15) of the *Commodity Futures Act*, other than,

(a) money to reimburse the Commission for costs incurred to enforce an order of the Tribunal or for costs to be incurred for that purpose;

(b) money that the Commission allocates,

(i) to or for the benefit of third parties,

(ii) for use, by the Commission or third parties, for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets,

(iii) for use to pay administrative costs in relation to the distribution of disgorged amounts in accordance with subsection 128.1 (9) or (12) of the *Securities Act* or subsection 60.2.1 (9) or (12) of the *Commodity Futures Act*, or

(iv) for any other purpose specified in the regulations;

(c) previously designated money that the Commission allocates for a purpose described in clause (a) or (b); or

(d) previously designated money that the Commission allocates for any additional purpose specified in the regulations.

**Interpretation, previously designated money**

(2.1) In subsection (2),

“previously designated money” means money that,

(a) has been received by the Commission according to the terms of an order or as a payment to settle enforcement proceedings commenced by the Commission, and

(b) was designated under clause 3.4 (2) (b) of the *Securities Act*, as that clause read immediately before its repeal.

22. I am advised by Kumar that the \$300,000 administrative penalty was received from David and remains in the Commission’s sanctions and settlement orders account. Further, the Commission approved allocating the payment to the Ontario investors who lost money as a result of the Cartus’ conduct during the Material Time, with the distribution to be administered by a receiver appointed under section 129 of the Act.

**IV. THE INVESTOR LIST**

23. As part of its investigation, Staff of the Commission compiled information about the Ontario investors (the “**Investor List**”), which was filed as evidence in the hearing on the merits that proceeded against Jonathan and Joshua. The Investor List was filed as an exhibit to the affidavit of Christine George (“**George**”), who was then a Senior Forensic Accountant in the Commission’s Enforcement Branch.

24. I have reviewed George’s affidavit and the Investor List, which provides details of credit and debit transactions of the Ontario investors who were identified in the Staff of the Commission’s investigation, including their names, the city in Ontario where the customer resides, the date of the transaction, and the amount of the transaction.

25. The Investor List, along with related underlying records, has been provided to BDO in connection with the proposed appointment as the receiver over the Settlement Funds. BDO has advised me that they have reviewed the Investor List and records and have confirmed that there is sufficient information to carry out a distribution to the Ontario investors.

#### IV. APPOINTMENT OF RECEIVER

26. The Commission seeks the appointment of BDO as Receiver over the Settlement Funds recovered under the Settlement Order. I am informed by Ms. Parisi of BDO and verily believe that BDO has extensive experience and expertise in acting as a receiver or Trustee in bankruptcy, administering claims processes, and distributing funds.

27. Based on the amount held by the Commission, the Investor List, and the findings of the hearing panel, the amount available for distribution by BDO, in its capacity as Receiver, will be insufficient to make the Ontario investors whole. I am informed by Ms. Parisi and external counsel to the Commission that the Court's appointment of the Receiver will be of assistance to the distribution of the amounts held by the Commission for the following reasons:

- (a) the proposed Receiver has experience conducting claims processes for the identification of persons that may have claims arising from contraventions of Ontario securities law;
- (b) the proposed Receiver would be well positioned to deal with the potential for incomplete information with respect to the Investor List and issues with locating and informing the investors of the distribution;
- (c) the assessment, evaluation and individual adjudication of Claims may be required; and
- (d) the proposed Receiver requires certain Court-ordered protections to carry out its proposed mandate.

28. The appointment of the Receiver is requested for the limited purpose of: (i) administering the Claims Process to determine individual investors' Claims, and (ii) distributing the Settlement Funds on a pro rata basis, based on the Proven Claims (as defined below), to the Ontario investors who lost money as a result of the Cartus' conduct during the Material Time. For clarity, no distribution is proposed in this proceeding to any investor who resided outside Ontario during the Material Time, even if that investor was harmed by the Cartus' conduct during the Material Time,

as the conduct giving rise to the OSC proceeding and the payment of Settlement Funds related to the illegal sale of binary options to investors residing in Ontario.

29. The fees of the Receiver and its counsel will not be paid from the Settlement Funds but will be paid by the Commission from other funds available for allocation to, or for the benefit of, third parties.

## V. CLAIMS PROCESS

30. The Commission also seeks the approval of the Claims Process as set out in the Claims Process Order. The salient provisions of the Claims Process are summarized as follows:

- (a) the Receiver will post a notice relating to the Claims Process (the “**Public Notice**”) in a national newspaper in Canada which may, at the Receiver’s discretion, include the Globe and Mail, National Post, or any other publication as the Receiver deems appropriate, in the form attached to the Claims Process Order as Schedule “B”. The Public Notice will call for Claims from the Ontario investors who lost money as a result of the Cartus’ conduct during the Material Time and provide instructions describing how to access the Case Website in order to participate in the Claims Process;
- (b) the Receiver shall create and maintain a case website in accordance with the Commercial List Practice Directions (the “**Case Website**”) and will post the Public Notice as well as the other forms and documents related to the Claims Process on the Case Website;
- (c) the Receiver will send a letter to investors (the “**Notice of Claim**”), a Proof of Claim Form (the “**Proof of Claim**”), and related instructions describing the process (collectively, the “**Claims Package**”), substantially in the form attached to the Claims Process Order as Schedule “C” and Schedule “D”, respectively, by electronic mail or ordinary mail to the last known address for each investor appearing on the Investor List, to the extent such information is available. The Receiver will make reasonable efforts to ascertain an address or other contact information for investors on the Investor List for whom it does not have an address.

The Notice of Claim to Investors will set out the amount of each Ontario investor's particular claim as determined by the Receiver based upon the Investor information compiled by the Commission (the "**Assessed Claim**");

- (d) investors who receive a Claims Package do not need to submit a Proof of Claim if they agree with their Assessed Claim. If they do not dispute it by March 6, 2026 (the "**Claims Bar Date**"), the Assessed Claim will be deemed to be their Proven Claim. If an investor disagrees with the Receiver's Assessed Claim, the investor must notify the Receiver of the disagreement and submit a properly completed Proof of Claim (as included in the Claims Package) by the Claims Bar Date, failing which the Assessed Claim will be deemed to be the Proven Claim.
- (e) any Ontario investor who is not identified on the Investor List, but who lost money as a result of the Cartus' conduct during the Material Time, may submit a Proof of Claim to the Receiver by the Claims Bar Date. Any such investor who fails to do so will be barred from participating in the Claims Process;
- (f) the Receiver may request further particulars of any Claim received or may advise that such a Claim has been accepted, revised, or disallowed. With respect to any Claim that has been revised or disallowed, the Receiver shall deliver a Notice of Revision or Disallowance substantially in the form attached to the Claims Process Order as Schedule "E" (the "**Notice of Revision and Disallowance**") to the investor, which provides an explanation why such Claim has been revised or disallowed;
- (g) accepted Claims shall be allowed in the amount filed on the Proof of Claim, or as otherwise agreed to between the Receiver and the respective investor, in consultation with the Commission. If the Receiver delivers a Notice of Revision and Disallowance, the investor shall have a right to dispute the Receiver's revision or disallowance (the "**Dispute Notice**") before April 15, 2026 (the "**Dispute Notice Deadline**");

- (h) the Dispute Notice shall be delivered to the Receiver before the Dispute Notice Deadline and shall provide particulars sufficient to explain why the Notice of Revision or Disallowance is being disputed and be substantially in the form attached to the Claims Process Order as Schedule “F”;
- (i) if there are any outstanding disputes, following the time required to file a Dispute Notice for all Claims filed with the Receiver, the Receiver shall file a report with the Court summarizing all Dispute Notices received and shall bring a motion for advice and directions from the Court in respect of the resolution of any outstanding Dispute Notices; and
- (j) the Settlement Funds will be distributed to investors with Proven Claims on a pro rata basis 60 days after the Dispute Notice Deadline or final determination of outstanding disputes, as applicable. 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. If the uncashed amount is less than \$50,000, it will be returned to the Commission.

## **VI. JUST AND CONVENIENT**

31. In the circumstances, it is just and convenient to appoint the proposed Receiver for, *inter alia*, the following reasons:

- (a) the Settlement Funds were designated for allocation to, or the benefit of third parties in accordance with the *SCA* and the Commission has the requisite authority to allocate the Settlement Funds to investors who have been harmed by the actions of the Cartus;
- (b) the Cartus have no further interest in the Settlement Funds;
- (c) the Commission requires the Receiver to oversee the Claims Process to identify and validate the Ontario investors who lost money as a result of the Cartus’ conduct during the Material Time; and

- (d) the proposed Receiver is better equipped than the Commission to administer the Claims Process and ultimately make distributions pursuant to further court order.

32. BDO is prepared to act as the Receiver if appointed in accordance with the terms of the draft Receivership Order. I am advised by Leanne Williams of TGF that BDO is a “licensed insolvency trustee” as such term is defined in the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3. A copy of BDO’s consent to act as the Receiver is attached hereto as **Exhibit “F”**.

**VII. PURPOSE**

33. This affidavit is sworn in support of the Application to appoint BDO as Receiver and to approve the Claims Process, and for no other purpose.

**SWORN** before me, by **CULLEN PRICE**, in the City of Toronto in the Province of Ontario this ● day of January, 2026 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

---

**CULLEN PRICE**

---

Commissioner for Taking Affidavits  
(or as may be)

**DANIEL ALIEVKSY**  
**(LSO#90637D)**

This is **Exhibit “A”** referred to in the  
Affidavit of Cullen Price sworn by Cullen Price the City of Toronto,  
in the Province of Ontario, before me this ● day of January, 2026 in  
accordance with *O. Reg. 431/20, Administering Oath or Declaration  
Remotely.*

---

A commissioner for taking affidavits

**DANIEL ALIEVKSY**  
**(LSO#90637D)**

**IN THE MATTER OF**  
**JONATHAN CARTU, DAVID CARTU and JOSHUA CARTU**

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION AND STAFF’S REGULATORY MESSAGE**

1. Foreign companies and individuals who permit or otherwise engage in activities that facilitate the sale of securities to Ontarians must first ensure they have met all registration requirements under *Securities Act* RSO 1990, c.S.5 (the **Act**). The registration requirements serve to protect Ontario investors. When foreign companies and individuals facilitate the sale of securities by others without registration, they contravene Ontario securities law, expose investors to unacceptable risks of harm, and undermine investor confidence and the fairness of our markets.
2. In this case, between July 2013 and April 2017, Greymountain Limited (**Greymountain**) and UKTVM Ltd. (**UKTVM**), offshore companies in which David Cartu (**Cartu**) had sole beneficial interest, provided services to merchants (**merchants**) that were engaged in the sale of binary options to Ontario residents contrary to Ontario securities law.
3. The services provided by Greymountain and UKTVM facilitated the processing of payments by merchants in connection with the merchants’ sale of binary options to Ontario investors. The merchants’ activities resulted in investor losses and violated sections 25(1) and 53(1) of the Act. The services provided to those merchants by Greymountain and UKTVM constituted acts in furtherance of trading in securities, contrary to section 25(1) of the Act.
4. Between July 2013 and December 2014, UKTVM provided services to an online binary options trading merchant (the **Merchant**) that had the effect of facilitating payment for the sale of binary options to Ontario investors in the amount of approximately \$132,000.
5. Between December 2014 and April 2017, Greymountain provided services to the Merchant and other merchants, including services that facilitated payment for the sale of binary options to Ontario investors in the amount of approximately \$1.2 million.
6. Greymountain ceased providing services to merchants engaged in the sale of binary options to Ontario residents on April 24, 2017, two days before the Canadian Securities Administrators’

announcement of a proposed ban on the advertising and sale of binary options. In July 2017, Greymountain went into liquidation.<sup>1</sup>

7. The parties will jointly file a request that the Ontario Securities Commission (the **Commission**) issue a Notice of Hearing (the **Notice of Hearing**) to announce that it will hold a hearing (the **Settlement Hearing**) to consider whether, pursuant to 127.1 of the Act, it is in the public interest for the Commission to make certain orders against Cartu.

## **PART II – JOINT SETTLEMENT RECOMMENDATION**

8. Staff agree to recommend settlement of the proceeding commenced by the Notice of Hearing (the **Proceeding**) against Cartu according to the terms and conditions set out in Part V of this Settlement Agreement (the **Settlement Agreement**). Cartu agrees to the making of an order in the form attached as Schedule “A” (the **Order**), based on the facts set out below.
9. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a Canadian securities regulatory authority, Cartu agrees with the facts set out in Part III and the conclusions set out in Part IV of this Settlement Agreement.

## **PART III – AGREED FACTS**

### **A. Cartu**

10. During the relevant period, Cartu, then a resident of Israel, was the sole beneficial owner of each of UKTVM and Greymountain and derived income from their operations.
11. None of Cartu, UKTVM or Greymountain have ever been registered under Ontario securities law.
12. There is no evidence that Cartu received amounts from, had contact with, initiated or solicited any Ontario investor to purchase binary options, or that he engaged in acts of dishonesty with respect to Ontario investors.

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<sup>1</sup> On December 12, 2017, Multilateral Instrument 91-102 Prohibition of Binary Options came into force, prohibiting the sale of binary options of less than 30 days to individuals. While the material time for this matter predates the binary options ban, legal protections in the registration, distribution and anti-fraud rules in securities law still applied.”

## **B. UKTVM**

13. UKTVM was incorporated in the United Kingdom on October 8, 2012. It provided administrative services to the Merchant, whose website was accessible to Ontario investors.
14. Among other services, investor deposits to the Merchant's website by credit or debit card were indirectly facilitated by UKTVM, which entered into an agreement with a third-party payment processor (**Payment Processor**) for that purpose. The Merchant's website stated that processing was provided by UKTVM. The name of the Merchant and/or of UKTVM appeared on some credit card statements of investors in Ontario and elsewhere.
15. In exchange for UKTVM's services, UKTVM charged the Merchant a commission of approximately 5% of investor deposits and charged a fee for certain other services.
16. UKTVM ceased operations in December 2014.
17. The services UKTVM provided to the Merchant indirectly facilitated payment for the sale of binary options to Ontario investors in an amount not exceeding \$132,000.

## **C. Greymountain**

18. Greymountain was incorporated in Ireland on May 20, 2014.
19. Greymountain provided technical integration services and customised IT solutions to the Merchant. In connection with these services, Greymountain entered into service agreements with third party payment processors to facilitate investor deposits to the Merchant's website by credit or debit card. The Merchant's website stated that processing and "White Label Solutions" were provided by Greymountain. Subsequently, the name of the Merchant and/or Greymountain appeared on some credit card statements of Ontario investors.
20. Commencing in or about December 2014, Greymountain began providing "White Label Solutions" for other binary option merchants as well. The services provided by Greymountain to these merchants included indirectly facilitating credit and debit card deposits by investors in Ontario and elsewhere. In particular, Greymountain's technology enabled certain merchants to receive funds from credit and debit card companies.

21. In exchange for Greymountain's services, Greymountain charged merchants a commission of approximately 7% of investor deposits from Ontario investors and charged a fee for certain other services.
22. The name "Greymountain" appeared on some credit card statements of investors in Ontario who invested in binary options sold by the merchants.
23. The services provided by Greymountain indirectly facilitated payment for the sale of binary options to Ontario investors in the total amount of approximately \$1.2 million.
24. Greymountain went into liquidation in July 2017. While Greymountain was in liquidation, Cartu and Greymountain employees assisted the liquidator in recovering funds from merchants for investors.

#### **PART IV - CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST**

25. Cartu admits and acknowledges that he contravened Ontario securities law and acted contrary to the public interest by knowingly permitting UKTVM and Greymountain to engage in activities that constituted acts in furtherance of trading in securities. Such acts in furtherance of trading in securities contravened section 25(1) of the Act. The business of UKTVM and Greymountain indirectly facilitated trading by Ontario investors in binary options who transacted with merchants that contravened sections 25 and 53 of the Act, and whose activities resulted in investor losses.

#### **PART V – TERMS OF SETTLEMENT**

26. The Respondent agrees to the terms of settlement listed below and consents to the Order in substantially the form attached hereto as Schedule "A", which provides that:
  - a. the Settlement Agreement is approved;
  - b. pursuant to paragraph 8 of subsection 127(1) of the Act, Cartu shall be prohibited from acting as a director or officer of any issuer for a period of seven years from the date of the Order;
  - c. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Cartu shall cease for a period of seven years from the date of the Order;
  - d. pursuant paragraph 9 of subsection 127(1), Cartu shall pay an administrative penalty of C\$300,000 by wire transfer to the Commission before the commencement of the

Settlement Hearing, which amount shall be designated for allocation for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

- e. pursuant to paragraph 1 of subsection 127.1 of the Act, Cartu shall pay costs of the Commission's investigation in the amount of C\$15,000, by wire transfer to the Commission before the commencement of the Settlement Hearing, pursuant to section 127.1 of the Act.
27. Cartu agrees to attend at the hearing before the Commission to consider the proposed settlement by video conference.
28. The Respondent acknowledges that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities- or derivatives-related activities, prior to undertaking such activities.

#### **PART VI – FURTHER PROCEEDINGS**

29. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondent fails to comply with any term in this Settlement Agreement, in which case Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.
30. If the Commission approves this Settlement Agreement and Cartu fails to comply with any of the terms of the Settlement Agreement, Staff or the Commission, as the case may be, may bring proceedings under Ontario securities law against Cartu. These proceedings may be based on, but need not be limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.
31. Cartu waives any defences to a proceeding referred to in paragraph 30 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with the Settlement Agreement.

## **PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

32. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Commission, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.
33. Staff and Cartu agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the Settlement Hearing in relation to Cartu's conduct, unless the parties agree that additional facts should be submitted at the Settlement Hearing.
34. If the Commission approves this Settlement Agreement:
  - a. Cartu irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and
  - b. No party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.
35. If the Commission does not approve this Settlement Agreement at the Settlement Hearing, Staff shall return to Cartu all funds paid by them to the Commission prior to the Settlement hearing within seven (7) days of the Settlement Hearing or the Commission's decision not to approve this Settlement Agreement, whichever is later.
36. Whether or not the Commission approves this Settlement Agreement, Cartu will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

## **PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

37. If the Commission does not approve this Settlement Agreement or does not make an order substantially in the form of the Order attached as Schedule "A" to this Settlement Agreement:
  - a. this Settlement Agreement and all discussions and negotiations between Staff and Cartu before the Settlement Hearing takes place will be without prejudice to Staff and Cartu; and
  - b. Staff and Cartu will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the

Statement of Allegations dated May 5,2020. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

38. The parties will keep the terms of this Settlement Agreement confidential until the Commission approves the Settlement Agreement, except as is necessary to make submissions at the Settlement Hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement shall remain confidential indefinitely, unless Staff and the Respondents otherwise agree in writing or if required by law.

**PART IX – EXECUTION OF SETTLEMENT AGREEMENT**

39. This Settlement Agreement may be signed in one or more counterparts which, together, constitute a binding agreement.
40. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

**DATED** at this 18<sup>th</sup> day of May, 2021.

“Linda Fuerst”  
\_\_\_\_\_  
Witness:

Name: Linda Fuerst  
Title: Senior Partner

“David Cartu”  
\_\_\_\_\_  
**DAVID CARTU**

**DATED** at Toronto, Ontario, this 17<sup>th</sup> day of May, 2021.

**ONTARIO SECURITIES COMMISSION**

By: “Jeff Kehoe”  
\_\_\_\_\_  
Name: Jeff Kehoe  
Title: Director, Enforcement Branch

## Schedule "A"



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 Toronto ON M5H 3S8
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### IN THE MATTER OF JONATHAN CARTU, DAVID CARTU and JOSHUA CARTU

, Chair of the Panel  
, Commissioner  
, Commissioner

File No. 2020-14

[Date]

#### ORDER (Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on May X, 2021, the Ontario Securities Commission (the **Commission**) held a hearing by video conference to consider the request made jointly by David Cartu and Staff of the Commission (**Staff**) for approval of a settlement agreement dated May X, 2021 (the **Settlement Agreement**);

ON READING the Statement of Allegations dated May 5, 2020, the Settlement Agreement and the written submissions of Staff, and on hearing the submissions of Staff and the representative for David Cartu;

#### IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. pursuant to paragraph 8 of subsection 127(1) of the Act, Cartu shall be prohibited from acting as a director or officer of any issuer for a period of seven years from the date of the Order;
3. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Cartu shall cease for a period of seven years from the date of the Order;
4. pursuant paragraph 9 of subsection 127(1), Cartu shall pay an administrative penalty of C\$300,000 by wire transfer to the Commission before the commencement of the Settlement Hearing, which amount shall be designated for allocation for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

5. pursuant to paragraph 1 of subsection 127.1 of the Act, Cartu shall pay costs of the Commission's investigation in the amount of C\$15,000, by wire transfer to the Commission before the commencement of the Settlement Hearing, pursuant to section 127.1 of the Act.

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[Chair]

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[Commissioner]

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[Commissioner]

This is **Exhibit “B”** referred to in the Affidavit of Cullen Price sworn by Cullen Price the City of Toronto, in the Province of Ontario, before me this ● day of January, 2026 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

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A commissioner for taking affidavits

**DANIEL ALIEVKSY**  
**(LSO#90637D)**



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

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**IN THE MATTER OF  
JONATHAN CARTU, DAVID CARTU and JOSHUA CARTU**

Wendy Berman, Vice-Chair and Chair of the Panel  
Garnet W. Fenn, Commissioner  
Craig Hayman, Commissioner

File No. 2020-14

May 26, 2021

**ORDER**

(Sections 127 and 127.1 of the  
*Securities Act*, RSO 1990, c S.5)

WHEREAS on May 26, 2021, the Ontario Securities Commission (the **Commission**) held a hearing by videoconference to consider the request made jointly by David Cartu (**Cartu**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated May 18, 2021 (the **Settlement Agreement**);

ON READING the Joint Application for Settlement Hearing, including the Statement of Allegations dated May 4, 2020 and the Settlement Agreement, and the written submissions of Staff, and on hearing the submissions of Staff and the representative for the respondent Cartu, and on considering Cartu having made payment of each of \$300,000 and \$15,000 to the Commission in accordance with the terms of the Settlement Agreement;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. pursuant to paragraph 8 of subsection 127(1) of the Act, Cartu is prohibited from becoming or acting as a director or officer of any issuer for a period of seven years from the date of this Order;
3. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Cartu shall cease for a period of seven years from the date of this Order;
4. pursuant paragraph 9 of subsection 127(1) of the Act, Cartu shall pay an administrative penalty of \$300,000, which amount shall be designated for allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

5. pursuant to paragraph 1 of subsection 127.1 of the Act, Cartu shall pay \$15,000 for the costs of the investigation.

*"Wendy Berman"*

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Wendy Berman

*"Garnet W. Fenn"*

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Garnet W. Fenn

*"Craig Hayman"*

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Craig Hayman

This is **Exhibit “C”** referred to in the Affidavit of Cullen Price sworn by Cullen Price the City of Toronto, in the Province of Ontario, before me this ● day of January, 2026 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

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A commissioner for taking affidavits

**DANIEL ALIEVKSY**  
**(LSO#90637D)**



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

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Citation: Cartu (Re) 2021 ONSEC 14  
Date: 2021-05-26  
File No. 2020-14

**IN THE MATTER OF  
JONATHAN CARTU, DAVID CARTU AND JOSHUA CARTU**

**REASONS FOR APPROVAL OF A SETTLEMENT  
(Section(s) 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5)**

**Hearing:** May 26, 2021

**Decision:** May 26, 2021

**Panel:** Wendy Berman  
Garnet W. Fenn  
Craig Hayman  
Vice-Chair and Chair of the Panel  
Commissioner  
Commissioner

**Appearances:** Rikin Morzaria  
Linda Fuerst  
For Staff of the Commission  
For David Cartu

## REASONS FOR APPROVAL OF A SETTLEMENT

### I. OVERVIEW

- [1] Staff of the Ontario Securities Commission (**Staff** of the **Commission**), and David Cartu have jointly submitted that it would be in the public interest for us to approve a settlement agreement entered into between Mr. Cartu and Staff dated May 18, 2021 (the **Settlement Agreement**) regarding allegations described in a Statement of Allegations dated May 4, 2020.
- [2] This matter concerns allegations that Mr. Cartu permitted two corporate entities, of which he was the sole beneficial owner, Greymountain Limited (**Greymountain**) and UKTVM Ltd. (**UKTVM**), to engage in activities that facilitated the sale of securities to Ontario investors without registration (or an exemption from such requirement) in contravention of Ontario securities laws.
- [3] After considering the Settlement Agreement and the submissions of the parties, we concluded that it would be in the public interest to approve the Settlement Agreement. These are our reasons.

### II. SUMMARY OF THE FACTS

- [4] The underlying facts and the specific breaches of Ontario securities laws are fully set out in the Settlement Agreement, which has been filed with the Commission and is publicly available. Accordingly, we need not repeat them in detail here.
- [5] In summary, Mr. Cartu knowingly permitted Greymountain and UKTVM to engage in activities that facilitated trading in securities by merchants engaged in the sale of binary options to Ontario residents and admitted that he engaged in conduct that contravened Ontario securities laws and was contrary to the public interest as follows:
  - a. From July 2013 to April 2017, Greymountain and UKTVM provided payment processing and related services to merchants which indirectly facilitated payment for the sale of binary options to Ontario investors of approximately \$1.33 million;
  - b. Mr. Cartu, Greymountain and UKTVM have never been registered under Ontario securities laws in any capacity; and
  - c. The merchants' activities resulted in investor losses.
- [6] In their written submissions, Staff advised that Greymountain and UKTVM received commissions for the services provided to merchants, which totalled approximately \$90,600.
- [7] Mr. Cartu admitted that the services provided by Greymountain and UKTVM to the merchants were acts in furtherance of trading in securities, contrary to section 25(1) of the *Securities Act*<sup>1</sup> (the **Act**).
- [8] As part of the Settlement Agreement, the parties agreed to various sanctions as follows:
  - a. Mr. Cartu will pay an administrative penalty in the amount of \$300,000;

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<sup>1</sup> RSO 1990, c S.5

- b. Mr. Cartu will pay the costs of the Commission's investigation in the amount of \$15,000; and
  - c. Mr. Cartu will be prohibited from trading in any securities and from acting as a director or officer of any issuer for a period of seven years.
- [9] Mr. Cartu agreed to pay the administrative penalty and costs, in the total amount of \$315,000, in advance of the hearing. Staff confirmed that he had done so.

### **III. LAW AND ANALYSIS**

- [10] The Commission's role at a settlement hearing is to determine whether the terms of the settlement fall within a range of reasonable outcomes and whether the approval of the settlement is in the public interest.<sup>2</sup>
- [11] The Settlement Agreement is the result of negotiations between Staff and the Respondent, both ably represented by counsel. The Commission respects the negotiation process and accords significant deference to the resolution reached by the parties.<sup>3</sup>
- [12] Settlements serve the public interest in resolving regulatory proceedings promptly, efficiently and with certainty. Settlements avoid the significant resources that would be incurred in a contested proceeding and promote timely statements regarding regulatory requirements and standards to all capital market participants.
- [13] We have reviewed the Settlement Agreement in detail and considered the submissions of counsel for the parties. We also conducted a confidential settlement conference with counsel for the parties during which we reviewed the proposed settlement agreement, asked questions of counsel and heard their submissions.
- [14] In assessing whether it is in the public interest to approve the settlement, we considered various aggravating and mitigating factors.
- [15] The breaches of Ontario securities law in this matter are serious and occurred over an approximate four-year period. Registration is a cornerstone of securities law designed to ensure that those who sell or promote securities are proficient and act with integrity.<sup>4</sup> Facilitation of unregistered trading of securities defeats some of these necessary legal protections and undermines investor protection and the integrity of the capital markets.
- [16] Mr. Cartu knowingly permitted acts that facilitated the sale of binary options by unregistered merchants to Ontario investors, which caused harm to Ontario investors and undermined confidence in the capital markets.
- [17] We considered the following mitigating factors to be particularly relevant:
- a. Mr. Cartu was not the principal actor in the binary options trading program and did not induce the investors to enter into the trades;

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<sup>2</sup> *Research in Motion Limited (Re)*, 2009 ONSEC 19, (2009) 32 OSCB 4434 (**Research in Motion**) at paras 44-46

<sup>3</sup> *Katanga Mining Limited (Re)*, 2018 ONSEC 59, (2018) 41 OSCB 9987 at para 18; *Research in Motion* at para 45

<sup>4</sup> *MRS Sciences Ltd.*, 2014 ONSEC 14 at para 88



This is **Exhibit “D”** referred to in the Affidavit of Cullen Price sworn by Cullen Price the City of Toronto, in the Province of Ontario, before me this ● day of January, 2026 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

---

A commissioner for taking affidavits

**DANIEL ALIEVKSY**  
**(LSO#90637D)**



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Citation: Cartu (Re) 2022 ONSEC 4  
Date: 2022-04-07  
File No. 2020-14

**IN THE MATTER OF  
JONATHAN CARTU, DAVID CARTU AND JOSHUA CARTU**

**REASONS AND DECISION  
(Subsection 127(1) of the *Securities Act*, RSO 1990, c S.5)**

**Hearing:** September 21, 22, and October 15, 2021

**Decision:** April 7, 2022

**Panel:** M. Cecilia Williams                      Commissioner and Chair of the Panel  
Frances Kordyback                              Commissioner  
Mary Anne De Monte-Whelan              Commissioner

**Appearances:** Rikin Morzaria                      For Staff of the Commission

No one appearing on behalf of  
Jonathan Cartu or Joshua Cartu

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## REASONS AND DECISION

### I. OVERVIEW

- [1] This case is about alleged unregistered trading and illegal distributions of binary options.
- [2] Staff alleges that from July 2013 to April 2017 (**Material Time**) more than 700 Ontario residents traded over \$1.4 million in binary options through entities that were operated by Jonathan Cartu (**Jonathan**), David Cartu (**David**) and Joshua Cartu (**Joshua**).<sup>1</sup>
- [3] Staff alleges that the Cartus:
- a. engaged in unregistered trading of securities without an available exemption contrary to s. 25(1) of the *Securities Act (Ontario)*<sup>2</sup> (the **Act**);
  - b. engaged in distributions of securities without a prospectus and without an available exemption contrary to s. 53(1) of the Act;
  - c. engaged in deceptive behaviour by lying about the location of their operations, using aliases and obscuring their connection to the companies they owned and operated through the use of nominees, and that behaviour is not in the public interest; and
  - d. authorized, permitted and/or acquiesced in the conduct of the companies they operated.
- [4] On May 26, 2021, David entered into a settlement agreement with the Commission with respect to these allegations. This matter proceeded against Jonathan and Joshua (collectively the **Respondents**). We refer to David throughout these reasons wherever it is necessary to understand the facts and the allegations as they relate to the Respondents.
- [5] For the reasons set out below, we find that on a balance of probabilities:
- a. Jonathan and Joshua engaged in the business of trading securities without being registered and without an available exemption contrary to s. 25(1) of the Act;
  - b. Jonathan and Joshua distributed securities without a prospectus and without an available exemption contrary to s. 53(1) of the Act;
  - c. Jonathan engaged in the deceptive practices of lying about the location of their operations and the use of aliases and that behaviour engages the animating principle of the Act of restricting unfair market practices and procedures; and
  - d. Joshua acquiesced in the deceptive practice of the use of aliases, however that acquiescence alone, in one of three alleged deceptive practices, is insufficient to prove Staff's allegation that Joshua's behaviour is not in the public interest.

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<sup>1</sup> Throughout these reasons, we refer to Messrs. Cartu by their first names, solely for convenience in distinguishing between them. We mean no disrespect nor informality in doing so.

<sup>2</sup> RSO 1990, c. S.5

## II. BACKGROUND

- [6] Jonathan, Joshua and David are brothers with dual Canadian and Israeli citizenship. Staff alleges that the brothers operated an interconnected business operation to promote, sell and process binary options transactions from headquarters in Israel. In particular, Staff alleges that the brothers operated two online platforms for trading in binary options, [www.beeoptions.com](http://www.beeoptions.com) (for the **Beeoptions** brand of binary options) and [www.glenridgecapital.com](http://www.glenridgecapital.com) (for the **Glenridge Capital** binary option brand). Staff alleges that these websites, through which investors deposited money and engaged in binary options trading, were accessible to Ontario investors.
- [7] The following is a list of the entities through which Staff alleges Jonathan, Joshua and David operated the interconnected binary options business operation:
- a. **Tracy PAI Management Limited (Tracy PAI)** – Staff alleges that Tracy PAI operated a call centre to solicit deposits from investors into Beeoptions.
  - b. **Call4All Kft (Call4All)** – Staff alleges that Call4All operated a call centre to solicit deposits from investors into Glenridge Capital.
  - c. **UKTVM Ltd. (UKTVM)** – Staff alleges that UKTVM facilitated payment processing and provided “white label solutions” for Beeoptions binary options trades, from July 2013 until approximately December 2014.
  - d. **Greymountain Management Limited (Greymountain)** – Staff alleges that, from May 2015 until April 2017, Greymountain facilitated payment processing and provided “white label solutions” for Beeoptions and Glenridge Capital and for twelve third-party binary options platforms.

## III. PRELIMINARY ISSUES

### 1. Service on the Respondents

- [8] As Jonathan and Joshua were unrepresented at the merits hearing and did not attend, the Panel asked Staff to confirm that the Respondents had been properly served with notice of the merits hearing.
- [9] Staff filed an affidavit of service of Jamie Stuart, confirming that on March 25, 2021, Jonathan and Joshua were served with notice of the merits hearing by email. Staff used email addresses for Jonathan and Joshua that were the same as those used by their former counsel who represented them prior to the commencement of this enforcement proceeding.
- [10] The Panel was therefore satisfied that the Respondents had been properly served in accordance with rule 6 of the Commission’s *Rules of Procedure and Forms*.<sup>3</sup>
- [11] Subsection 6(1) of the *Statutory Powers and Procedures Act (SPPA)*<sup>4</sup> requires that “reasonable notice” be given to the parties to a proceeding. Section 7 of the SPPA authorizes a tribunal to proceed in the absence of a party when that party

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<sup>3</sup> (2019) 42 OSCB 9714

<sup>4</sup> RSO 1990, c. S.22

has been given notice of the hearing. Given the above, the Panel was satisfied that the merits hearing could proceed in the absence of the Respondents.

## 2. Admission of transcripts of voluntary interviews

- [12] Staff sought to introduce transcripts of voluntary interviews that had been conducted with three Ontario-resident binary options investors. The interviews were not conducted under oath. Staff advised it had been operating on the understanding that each of the investors would provide affidavit evidence reflecting the contents of their voluntary interview. However, none of the investors attended to swear their affidavit. Since Staff had expected to be filing affidavit evidence of these individuals, Staff had not issued summons for any of the individuals to attend to give oral evidence.
- [13] Staff submits that the Panel has authority under s. 15(1) of the SPPA to admit as evidence at a hearing, whether or not given under oath, any oral testimony or any document or other thing. Hearsay evidence is admissible before most administrative tribunals, including the Commission, if it is relevant, subject to the tribunal's determination as to its weight.
- [14] Staff further submits that the Commission has admitted transcripts of voluntary interviews where the evidence included in those transcripts was relevant to the allegations.<sup>5</sup> In each of the cases cited by Staff, the panels admitted into evidence transcript(s) of voluntary interviews.
- [15] In *Pogachar*, the Commission admitted 30 volumes of documents and transcripts, including transcripts of voluntary interviews with investors, and relied on the transcripts to conclude that the potential for dividends was a significant reason for investors to invest in the venture in question.<sup>6</sup> In *FactorCorp*, Staff was permitted to file the transcript of a voluntary interview of a witness who had died prior to the start of the hearing.<sup>7</sup> In *Sulja Bros.*, the compendium of documents admitted into evidence by the Commission, subject to the weight to be given to any included hearsay evidence, included transcript excerpts from compelled and voluntary interviews.<sup>8</sup> In *Moncasa Capital Corp*, a hearing that proceeded in the absence of the respondents, the panel permitted Staff to file transcripts of voluntary interviews of a former salesperson of a respondent and cited those transcripts throughout its reasons.<sup>9</sup>
- [16] Staff also submits that, unlike *Moncasa* which involved the voluntary interview of a former salesperson of a respondent which contained arguably more contentious information, the voluntary statements Staff seeks to enter in this case are akin to standard investor questionnaires that go to the nature of the commercial practices that were presented to outside investors. By their nature, Staff submits, they are less controversial than the former salesperson's transcript admitted in *Moncasa*.

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<sup>5</sup> *Pogachar (Re)*, 2012 ONSEC 9 (**Pogachar**); *Pyasetsky (Re)*, 2013 ONSEC 14; *FactorCorp (Re)*, 2013 ONSEC 6 (**FactorCorp**); *Sulja Bros. Building Supplies Ltd*, 2011 ONSEC 16 (**Sulja Bros.**); *Moncasa Capital Corp*, 2013 ONSEC 20 (**Moncasa**)

<sup>6</sup> *Pogachar* at paras 41, 42, 59, 76 and 84

<sup>7</sup> *FactorCorp* at paras 55 and 212-214

<sup>8</sup> *Sulja Bros.* at paras 16, 17, 19 and 20

<sup>9</sup> *Moncasa Capital Corp* at paras 68, 84, 98, 108 and 153

- [17] We asked Staff to comment on the Commission’s decision in *Norshield Asset Management (Canada) Ltd et al*,<sup>10</sup> a decision Staff had not referred to in its submissions on this issue. In *Norshield*, the Commission admitted into evidence transcripts of examinations under oath of five witnesses conducted by a court-appointed Receiver, using its discretion under s. 15(1) of the SPPA. However, the Commission commented that a panel should be careful not to place too much weight on the evidence if it is uncorroborated,<sup>11</sup>
- [18] Staff submits that *Norshield* is consistent with its position on the admissibility of the voluntary statements. In *Norshield*, the respondents objected to the statements being admitted in part on the basis that they would be denied the opportunity to cross-examine the witnesses. The panel in that case, stated that while parties are entitled to a reasonable opportunity to comment on and contradict evidence, hearsay evidence need not be tested by cross-examination in all circumstances.<sup>12</sup> Staff submits that in the case before us, that issue was irrelevant given the Respondents failure to participate in the hearing. Staff also submits that it would be introducing evidence corroborating the voluntary statements.
- [19] The transcripts of the voluntary interviews are a form of hearsay. We have discretion under s. 15(1) of the SPPA to admit hearsay evidence. The evidence of Ontario investors is relevant to the issues before us of whether trading in binary options through Beeoptions and Glenridge Capital was accessible to Ontario residents and what representations, if any, were made to Ontario investors about the location and operations of those entities. We therefore admit the voluntary statements into evidence. What weight, if any, we give to the voluntary statements will depend on whether there is corroborating evidence, and if the statements are consistent with the other evidence in this matter, which we address in our analysis.

#### **IV. ISSUES AND ANALYSIS**

- [20] The issues we need to decide are:
- a. were Jonathan and Joshua in the business of trading securities without being registered and without an available exemption, contrary to s. 25(1) of the Act?
  - b. were Jonathan and Joshua engaged in the distribution of securities without a prospectus and without an available exemption, contrary to s. 53(1) of the Act?
  - c. did Jonathan and Joshua engage in, or authorize, permit or acquiesce in, deceptive behavior thereby engaging the animating principles of the Act?
- [21] The Panel heard oral evidence from Staff’s two investigator witnesses, Greg Ljubic (**Ljubic**) and Christine George (**George**). The Panel also considered affidavit evidence from Ljubic, George, three former employees of various of the Cartu entities, and three Ontario-resident binary options investors. Staff also

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<sup>10</sup> 2010 ONSEC 4 (*Norshield*)

<sup>11</sup> *Norshield* at paras 87-91

<sup>12</sup> *Norshield* at para 88

filed transcripts of voluntary interviews of three other Ontario-resident binary options investors, as discussed above.

- [22] Before turning to our analysis of the issues, we set out the basis for our conclusion that Jonathan, Joshua and David operated Beeoptions, Glenridge Capital, Tracy PAI, UKTVM, Greymountain and Call4All as an interconnected business operation as alleged by Staff.

### 1. Interconnected business operation

- [23] We find that Beeoptions, Glenridge Capital, Tracy PAI, Call4All, UKTVM and Greymountain were an interconnected business operation, based on the following evidence:
- a. Jonathan initially used a Beeoptions' email when communicating with Tracy PAI employees and then subsequently switched to a Tracy PAI email address, which he announced to all Tracey PAI employees.
  - b. When Nick Papa (**Papa**) was hired by Jonathan, Papa understood he was working for Beeoptions, as he was providing support for Beeoptions investors, but subsequently learned he was formally employed by Tracy PAI.
  - c. Olivier Omar (**Omar**), who was employed by Tracy PAI from November 2013 to April 2015, worked exclusively for Beeoptions, which he understood to be a division of Tracy PAI.
  - d. In a Merchant Application filed with payment card acquirer Credorax, UKTVM represented that its business name was "Beeoptions" and its "Business Model Overview" was "Binary Options". UKTVM also represented that it owned the domain name <http://www.beeoptions> and the Merchant Name "Beeoptions."
  - e. Jonathan sent an email to all Tracy PAI employees suggesting that UKTVM and Greymountain were Tracy PAI's only customers at the time.
  - f. In response to a request from Credorax for Greymountain documentation, Jonathan, who had no apparent title or ownership interest in Greymountain, responded "We'll provide you with everything you need right away."<sup>13</sup>
  - g. Ana Schmitman, who was identified on Tracy PAI's website as the Risk and Fraud Manager, writing as "Ana Schmitman, Tracy PAI Management," sent an undated letter on Greymountain letterhead to Credorax stating that "we are doing the best [sic] keep the integrity of the channel, Greymountain Management Limited."<sup>14</sup>
  - h. Papa was paid by Greymountain for work he performed for Jonathan on a separate venture, and for travel expenses and a laptop purchased for work he was conducting at Tracy PAI.

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<sup>13</sup> Exhibit 2, Ljubic Affidavit, Email exchange between Mark Creizman and Jonathan Cartu, November 5, 2014: DocID 9343-0001401

<sup>14</sup> Exhibit 2, Ljubic Affidavit, Letter from Ana Schmitman, Tracy PAI Management on behalf of Greymountain to Credorax, undated: DocID 9343-0001402

- i. McCartan & Burke, a law firm in Dublin, Ireland, wrote a letter that it had been retained by Greymountain to express an opinion "about whether [Greymountain]'s primary activity as a Binary Options broker under the name Bee Options using URL: www.beeoptions.com requires a financial services license or a gambling license under the laws of Ireland."<sup>15</sup>
- j. In an agreement between Greymountain and Wirecard Bank, David was listed as the Proprietor while Jonathan was listed as the "General Contact," "Accounts Department," "Contact for Transaction Processing" and the "Recipient of the Payout Information." Jonathan's contact information was listed as jonathan@tracypai.com. Tracy PAI's then head of marketing was listed as the "Contact for Technical Matters" with the email tech@beeoptions.com.
- k. In a Credorax Merchant Application Form, David signed on behalf of Greymountain, David described the "Business Model Overview" as "Binary Options," listed the domain name as www.beeoptions.com and the merchant name as "Greymountain Management Ltd."
- l. Credorax wrote to the Malta Financial Services Authority and provided Credorax's understanding of Greymountain's operations. It described Greymountain as a "Binary Options Merchant" and noted that Greymountain owned the following URLs:
  - i. Glenridge Capital – glenridgecapital.com
  - ii. Bee Options – beeoptions.com
- m. Omar recalls hearing from one or more people on the Tracy PAI management team (which he described as Jonathan, Leeav Peretz (**Leeav**) and Natanel Peretz (**Natanel**)) that Tracy PAI was putting together another binary options brand and website called Glenridge Capital.
- n. Papa's evidence is that Jonathan told him that he, Joshua and David had established a call centre, Call4All, in Budapest to do sales or conversion work for Glenridge Capital, Beeoptions and another binary options brand. Jonathan told Papa that Call4All was co-owned by him, his brothers and Leeav and Natanel.
- o. Papa had observed the Call4All logo being designed in the marketing room of the Beeoptions / Tracy PAI offices.
- p. During his tenure at Tracy PAI, Papa saw work being done for the Greymountain website, including the logo, and observed website design activity taking place for Glenridge Capital.
- q. Lurie recalls seeing binders for UKTVM and Greymountain in Sandbox Media's (also known as Sandstorm Research & Development) (**Sandbox**) accounting offices. Sandbox is a business run by Joshua with offices at the Moshe Aviv Tower in Tel Aviv.

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<sup>15</sup> Exhibit 2, Ljubic Affidavit, Letter from McCartan & Burke dated June 25, 2015: DocID 9343-0001430

- r. Papa recalls seeing references to “white label solutions provided by” in reference to Greymountain and UKTVM, or both, on the Beeoptions website.
- s. In a tripartite settlement agreement among UKTVM, Credorax and Greymountain, signed by David for UKTVM, Greymountain assumed responsibility for any financial obligation on behalf of UKTVM to Credorax.
- t. AG, who is shown as the 100% shareholder of Greymountain at the date of incorporation, declared in a Declaration of Trust that he held those shares “for and on behalf of Mr. David Cartu (hereinafter called the Beneficial Owner.”
- u. In an affidavit relating to Greymountain’s petition to the High Court of Ireland to wind up because it could not pay its debts, David swore that he was the sole beneficial owner of Greymountain, and that a large part of Greymountain’s revenue was from offering “IT solution services to binary options merchants.”

**2. Jonathan’s and Joshua’s involvement in the interconnected business operation**

- [24] We conclude, based on the evidence below, that Jonathan and Joshua were involved in the interconnected business operation.
- [25] Beeoptions operated out of the Sandbox offices. Omar’s evidence is that Joshua occupied the larger office at that location, which had the Sandbox name on its wall.
- [26] In an online video, Joshua appears with a racing car that bears the Beeoptions logo.
- [27] Cara Lurie (**Lurie**), who was hired in 2011 as Sandbox’s office manager, gave evidence that:
  - a. Joshua and David were in charge of Sandbox.
  - b. Jonathan started the Beeoptions business in the Sandbox boardroom.
  - c. Joshua was aware of the Beeoptions operations in the Sandbox boardroom and did not object to that activity, was “on top of the business,” and “absolutely aware of everything that went on in the Sandbox office” and “ran the business from afar.”<sup>16</sup>
  - d. Joshua maintained an office at Sandbox.
  - e. Jonathan worked from the Sandbox boardroom, as he did not have his own office.
  - f. There was a large “Beeoptions” sign hanging on the wall in the Sandbox boardroom, visible to anyone in the office.
- [28] Papa’s evidence is that there was a general awareness that Jonathan, Joshua and David were in charge of Beeoptions, but that on a day-to-day basis, Jonathan was in charge of the office. Papa states that everyone at Beeoptions/Tracy PAI reported to Jonathan, who was very hands on.

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<sup>16</sup> Exhibit 10, Affidavit of Cara Lurie, sworn September 14, 2021 (**Lurie Affidavit**) at paras 16-17

- [29] According to Papa, there was a locked office at the Tracy PAI location that Jonathan identified as "Josh's office." Papa observed some of Joshua's personal belongings in that office. Papa also observed that Joshua would occasionally come to the Tracy PAI office in the evening, sometimes with David, for meetings with Jonathan. Evidence from Papa, Lurie and Omar was that Tracy PAI's sales teams worked evenings to align with regular European and North American business hours.
- [30] Jonathan offered Lurie a job in payroll at Tracy PAI in November 2014, and she worked for Tracy PAI until September 2015 as an office manager and personal assistant for Jonathan. Her functions included payroll and human resources work.
- [31] In 2014, Papa received an email from Jonathan to all Tracy PAI employees, and to Joshua and David, confirming that Jonathan would be changing his email from jon@beoptions.com to jonathan@tracypai.com.
- [32] A month later in 2014, Jonathan sent an office-wide message to Tracy PAI employees that stated, "This October is the month when I want all of you to understand who we are an [sic] what we are working for. All of you work for Tracy PAI (Tracy)."<sup>17</sup>
- [33] Jonathan led monthly company meetings for all Tracy PAI employees. According to Omar who was hired by Jonathan as an account manager, Jonathan, Leeav and Natanel set sales targets for Tracy PAI's employees and led regular Tracy PAI team meetings to let employees know about significant events that might influence the markets so that the information could be discussed with investors.
- [34] Regarding Call4All, Lurie observed that Joshua was most frequently in Budapest, where Call4All was located, particularly after the launch of Beoptions. Corporate documentation for Call4All lists Joshua as "Managing Director (senior officer)" from September 15, 2016, until April 16, 2019, Jonathan as "Managing Director (senior officer)" from August 10, 2015 to September 15, 2016, and Natanel as "Managing Director (senior officer)" from September 15, 2016, until March 1, 2017, lending credence to Papa's evidence about the Call4All operations.
- [35] Before turning to the issue of whether Jonathan and Joshua, through their interconnected business operation, were engaged in the business of trading contrary to the Act, we address the law regarding the legal presumption under s.129.2 of the Act.

**3. Directors and officers who authorize, permit or acquiesce in a company's non-compliance are deemed by s.129.2 of the Act to have breached Ontario securities laws**

- [36] Section 129.2 of the Act deems directors and officers who authorize, permit or acquiesce in a company's non-compliance with Ontario securities law to have also not complied with the laws, regardless of whether any proceeding has been initiated or order has been made against the company in question.
- [37] No proceeding has been brought against any of Tracy PAI, UKTVM, Greymountain and Call4All. Staff submits that in the event that we find that Jonathan or Joshua did not directly engage in the breaches alleged by Staff, we

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<sup>17</sup> Exhibit 4, Jonathan Cartu Tracy PAI email, October 2, 2014

should rely on the deeming provisions of s. 129.2 of the Act to find that Jonathan and Joshua, as directors and/or officers of those companies, authorized, permitted or acquiesced in the companies' conduct and therefore Jonathan and Joshua have not complied with Ontario securities law.

[38] The threshold for s. 129.2 is low, "as merely acquiescing in the conduct or activity in question will satisfy the requirement of liability."<sup>18</sup>

[39] In *Rex Diamond Mining Corp*,<sup>19</sup> the Commission found that the respondent authorized, permitted or acquiesced in the breaches of Ontario securities law, and thereby, in the language used in that decision "acted contrary to the public interest". The respondent in that case had limited knowledge of some of the events, but the Commission found that "he ought to have known about and should have made further inquiries" given his position as CFO of the company he "occupied a position of authority, responsibility and trust within the company."<sup>20</sup>

[40] We consider the application of s. 129.2 where appropriate in our analysis and findings below.

#### **4. Did Jonathan and Joshua engage in, or hold themselves out as engaging in, the business of trading in securities?**

[41] Staff alleges that the Respondents breached s. 25(1) of the Act, which provides that no person or company shall engage in, or hold themselves out as engaging in, the business of trading in securities, unless the person or company is registered to do so. Neither Jonathan nor Joshua has ever been registered.

[42] The registration requirement is a cornerstone of the securities regulatory framework. It is an important gate-keeping mechanism that protects investors and the capital markets by imposing obligations of proficiency, integrity and solvency on those who seek to be engaged in the business of trading in securities with or on behalf of the public.

[43] Therefore, we must determine whether the Respondents engaged in "the business of trading in securities" or held themselves out as doing so.

[44] Before turning to that issue, we address whether binary options are securities.

##### **(a) Are binary options a security?**

[45] A binary option is a financial product where the investor receives a payout or loses their investment based on whether a reference asset, such as a share, commodity or currency, meets one or more predetermined conditions at a specified time; for example, if the price of a share of a particular issuer will be above a specified amount on a certain date. Binary options depend on the outcome of a "yes or no" proposition, hence the name "binary". Binary options have an expiry date and/or time. Whether a certain price of the underlying asset has been met at the time of expiry, determines whether the investor earns a profit or loses the investment.

[46] Staff submits, and we agree, that binary options meet the definition of a "security" in s.1(1) of the Act. That definition includes, in paragraph (n) of

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<sup>18</sup> *Momentas Corp (Re)*, 2006 ONSEC 15 at para 118

<sup>19</sup> 2008 ONSEC 18

<sup>20</sup> *Rex Diamond Mining Corp* at para 241

s.1(1), an “investment contract”. The Supreme Court of Canada held in *Pacific Coast Coin Exchange* that an “investment contract” will be found where:

- a. there has been an investment of money with a view to profit;
- b. in a common enterprise; and
- c. the profits are to be derived solely from the efforts from others.<sup>21</sup>

[47] The Commission concluded, in *TCM Investments Ltd (Re)*,<sup>22</sup> that binary options met the definition of “investment contract and are, therefore, securities.<sup>23</sup> The panel in *TCM*, in coming to this decision, described binary options as all-or-nothing bets by the investor, where typically the bet is successful if a reference asset meets one or more predetermined conditions at a specified time. They settle in cash and do not provide for delivery of the reference asset.<sup>24</sup>

[48] In an affidavit sworn for the Irish High Court, David Cartu provided a definition of the binary options from which Greymountain earned its revenue like that accepted by the Commission in *TCM*:

Binary options are financial options which allow a purchaser to make a bet as to the future price of a stock. The payoff is either some fixed monetary amount, where the future price has been met by a certain date, or nothing at all, if this price has not been reached by this date.

[49] As the panel in *TCM* did, we conclude that binary options meet the established test for determining if a product is a security as we find there was an investment of funds with a view to profit, in a common enterprise, where the profits are to be derived solely from the efforts of others.

**(b) Business trigger**

*i. The test*

[50] For the registration requirement to apply to a person or company, the business of trading in securities need not be the only business in which that person or company is engaged. As the Commission has previously held, we “must determine whether the activities in this case cross the line between permissible solicitation and the business of trading.”<sup>25</sup>

[51] The Commission has adopted Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations (31-103CP)*, which, among other things, sets out criteria to be considered in determining whether a person or company is engaged in a business when trading or advising in securities.

[52] While 31-103CP is not part of Ontario securities law, and therefore is not directly binding on the Respondents, the “business purpose” test in s. 1.3 (also referred to as the “business trigger”) includes the following factors, on which Staff relies and which the Commission has adopted in other proceedings.<sup>26</sup> We consider it

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<sup>21</sup> 1977 CanLII 37 (SCC), [1978] 2 SCR 122 at para 128

<sup>22</sup> 2017 ONSEC 35 (*TCM*) at para 24

<sup>23</sup> *TCM* at para 24

<sup>24</sup> *TCM* at para 24

<sup>25</sup> *Money Gate Mortgage Investment Corporation (Re)*, 2019 ONSEC 40 (*Money Gate*) at para 143

<sup>26</sup> *Meharchand (Re)*, 2018 ONSEC 51 at para 111; *Money Gate* at paras 144-145

appropriate to apply these factors in assessing the Respondents' conduct in this case:

- a. directly or indirectly soliciting securities transactions;
- b. trading with repetition, regularity, or continuity, whether that activity is the sole or even primary endeavour. Regularly trading in any way that produces or is intended to produce profits is considered to be for a business purpose;
- c. receiving or expecting to receive compensation for trading; and
- d. engaging in activities like those of a registrant, including by setting up a company to sell securities, or by promoting the sale of securities.

[53] We now review each of these factors in turn. Due to the evidence supporting the analysis on factors a., b. and d. overlapping, we consider those factors together.

*ii. Directly or indirectly soliciting securities transactions, trading with repetition, regularity or continuity and engaging in activities like those of a registrant*

[54] We conclude for the reasons below, that Jonathan and Joshua solicited securities transactions, traded with repetition, regularity and continuity and engaged in activities like those of a registrant.

[55] The homepage of Beeoptions' website offered individuals the opportunity to trade binary options "NOW," with "no hassle withdrawals," "guaranteed – up to 85% profit per trade," "cash rewards for referrals" and "risk-free trading."<sup>27</sup>

[56] Beeoptions' website also promoted the ease of trading, stating "BEEOPTIONS IS THE SIMPLEST AND MOST STRAIGHTFORWARD WAY TO TRADE BINARY OPTIONS ONLINE." The services provided to Beeoptions' investors are described as follows:

- "We give you the important information, in the plainest terms, so you can make the best choices regarding your binary options trades. We believe this is the best way for you to maximize your profits."
- "Our team of trading consultants are available to guide you through your first binary options trades. As you become more advanced, we are here to advise you in making informed investment decisions. We will work with you to increase your returns."<sup>28</sup>

Similar statements are made on the "Terms and Conditions" page of the Beeoptions' website.

[57] Papa's evidence is that, as of the fall of 2015, in addition to Beeoptions, Glenridge Capital and three other binary options brands were operating out of Tracy PAI's offices. According to Papa, the conversion and retention departments at Tracy PAI, whose roles were to obtain new clients and elicit further deposits from existing clients, were involved in the sale of binary options for Glenridge Capital, and Call4All was also doing conversions for Glenridge Capital, Beeoptions and another third-party binary options brand.

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<sup>27</sup> Exhibit 3, Web Archives – beeoptions.com, December 6, 2013

<sup>28</sup> Exhibit 7, Web Archives – beeoptions.com, March 16, 2016

- [58] Lurie's, Papa's and Omar's evidence is that during their time with Tracy PAI their activities were focused on Beeoptions' binary options business. Their evidence about the Beeoptions' operations is consistent. There was a sales, or conversion, team lead by Natanel and a retention team lead by Leeav. The evidence from Lurie, Papa and Omar was that the teams worked Monday to Friday from 3:00 pm to 11:00 pm to correspond with a typical European and North American schedule.
- [59] Lurie's and Omar's evidence is that the sales office contained a whiteboard which provided commission and bonus amounts for the sales team members. It was updated daily and also contained information regarding sales targets the team members tried to meet in order to win prizes such as trips.
- [60] When Papa joined Beeoptions, Jonathan assigned him to customer support to learn the business. Originally, there were two customer support employees, but the number grew to 6 by October 2015. In customer support, Papa answered calls from Beeoptions investors and redirected their calls. The calls were primarily to arrange withdrawals or to speak with account managers. According to Papa, the account managers' role was to solicit further deposits from existing investors and to grow the investors' Beeoptions' account. Papa's evidence is that most of the calls came from the United States but that there were also calls from Canada and the United Kingdom.
- [61] This is consistent with Omar's evidence. He was employed as an account manager in the retention department, working with existing Beeoptions investors. He was initially assigned a list of 200 customers and the list was regularly refreshed. He typically spoke with six to ten investors per shift. Omar had access to a dashboard for each client showing the investor's name, country of residence, phone number, email address, trades they had made and the amount of money in their Beeoptions account.
- [62] Omar spoke with French clients in several locations, including Quebec and English-speaking clients in other countries. His role was to tell investors what was happening in the market and to advise them to pay attention to particular assets that might be moving in value. He also advised investors of different promotions being offered.
- [63] While Omar did not recommend trades to investors, his evidence is that the culture of the office was to get investors to add larger deposits because of whatever event was going on or giving specific trading instructions. Omar's evidence is based on conversations he heard other employees have with investors and among other employees over lunch. He believed that management was aware of this practice and he never saw or heard anyone from management ask account managers to stop directing investors to make specific trades.
- [64] According to Papa, Tracy PAI received customer leads for Beeoptions through affiliate entities that would be paid from \$250 to \$600 per referral. New affiliate campaigns resulted in a significant increase in emails to conversion and customer support departments. Papa states that, in some cases, there would be over 2,000 unanswered customer support emails. In the fall, 2014, Papa recalls Jonathan asked Leeav to notify an affiliate to stop sending leads because they could not handle the volume.

- [65] Lurie's evidence is that there were regular sales meetings where the leader on the sales board would be cheered.
- [66] Luke Chmilenko (**Chmilenko**), a resident of Burlington, Ontario, invested in binary options through the Beeoptions website and trading platform after coming across the name and conducting his own research on the company.
- [67] Chmilenko signed up for a Beeoptions account on the Beeoptions' website. He had a brief conversation with someone at Beeoptions and received a welcome email from Jon Cartier (an alias used by Jonathan, as discussed further below in the section dealing with the alleged deceptive practices). The email contained account login details and advised that the account was being referred to a senior account manager who would be Chmilenko's "personal trading consultant," "introduce the platform," "help with first trades" and provide advice for "developing the most profitable investment strategy."<sup>29</sup> Chmilenko also received an email from a Beeoptions Senior Account Manager. Chmilenko made 2 deposits to his Beeoptions account from his credit card and made a number of small trades through the Beeoptions website.
- [68] We conclude that:
- a. Jonathan:
    - i. was directly or indirectly involved in the solicitation of transactions for Beeoptions and Glenridge Capital;
    - ii. traded in binary options through Beeoptions and Glenridge Capital with repetition, regularity and continuity; and
    - iii. engaged in activities like a registrant by his involvement in the interconnected business operation that included establishing the Beeoptions and Glenridge Capital binary options trading brands, promoting the sale of binary options under those brands, operating the call centres to solicit investors in binary options and establishing UKTVM and Greymountain to process payments for their binary options trading activities; and
  - b. Joshua:
    - i. was directly or indirectly involved in the solicitation of transactions for Glenridge Capital and authorized, permitted or acquiesced in the solicitation of transactions for Beeoptions;
    - ii. traded in binary options through Glenridge Capital with repetition, regularity and continuity and authorized, permitted or acquiesced in the trading of binary options through Beeoptions; and
    - iii. given the deeming provisions of s. 129.2 of the Act, authorized, permitted or acquiesced in activities like a registrant through his involvement in the interconnected business operation that included establishing the Beeoptions and Glenridge Capital binary options trading brands, promoting the sale of binary options under those brands, operating the call centres to solicit investors in binary

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<sup>29</sup> Exhibit 14, Affidavit of Luke Chmilenko, sworn September 14, 2021 at para 14

options and establishing UKTVM and Greymountain to process payments for their binary options trading activities.

*iii. Receiving or expecting to receive compensation for trading*

- [69] Staff submits that the flow of funds from UKTVM and Greymountain to companies owned or controlled by Jonathan and Joshua demonstrates that they received compensation for trading in binary options.
- [70] UKTVM was incorporated on October 8, 2012 in the UK and was the payment processor for Beeoptions from July 2013 until December 2014. Thereafter, Greymountain became the payment processor for Beeoptions from December 2014 and for Glenridge Capital when it started operations in the fall of 2015.
- [71] We found earlier that UKTVM and Greymountain were part of the interconnected business operated by Jonathan, Joshua and David.
- [72] In various correspondence referred to above in our analysis leading to the conclusion that the Respondents were involved in an interconnected business operation, the primary business of UKTVM and Greymountain is stated to be binary options. In addition, Jonathan's email to all Tracy PAI employees of October 2, 2014 states that UKTVM and Greymountain were, then, Tracy PAI's only clients.
- [73] We therefore conclude that the monies earned by UKTVM and Greymountain were from their activities as payment processors for the interconnected binary options businesses Jonathan, Joshua and David operated and from the "white label solutions" offered by UKTVM and Greymountain to third-party binary options companies.
- [74] George's evidence is that \$54.8 million dollars from UKTVM's and Greymountain's binary options payment processing activities was paid to six companies, two of which appear from the evidence to be companies controlled by David. As this proceeding is with respect to the activities of Jonathan and Joshua only, we have removed from our analysis the entities solely connected to David and the \$12.5 million paid by UKTVM and Greymountain to those entities.
- [75] We therefore consider the \$45.9 million paid by UKTVM and Greymountain to the following companies, which Staff allege are connected to Jonathan and Joshua:
- a. \$13.4 million to Blue Moon Investments Limited (**Blue Moon**);
  - b. \$13 million to Orlando Union Inc. (**Orlando Union**);
  - c. \$900,000 to Call4All; and
  - d. \$15 million to Tracy PAI.
- [76] We now turn to consider the connection between Jonathan and Joshua and these companies. Based on the following evidence, we find that the Respondents were beneficiaries of the \$45.9 million paid to these four companies by UKTVM and Greymountain.

*Blue Moon*

- [77] We find that Jonathan was the beneficial owner of Blue Moon based on the following evidence:

- a. Blue Moon was incorporated on January 12, 2012 and dissolved on March 27, 2017.
- b. The sole director, listed on the Register of Directors, from June 12, 2012 until March 17, 2015 was HNT who, in turn, declared in a Declaration of Trust dated February 6, 2013 that he held all the outstanding issued shares of Blue Moon as nominee and Trustee for Jonathan.
- c. Blue Moon appointed Jonathan as the true and lawful attorney of Blue Moon to conduct the company's business and affairs in a January 17, 2014 Power of Attorney.
- d. In various account documents filed by Blue Moon with an Austrian bank in 2014 and 2016, Jonathan was referred to as the "authorized signatory" and "beneficial owner".
- e. On January 24, 2017, Jonathan wrote to that bank requesting that the bank close Blue Moon's account and transfer the outstanding balance to Jonathan's personal account at the bank.

*Orlando Union*

[78] We find that Joshua was the beneficial owner of Orlando Union because a Register of Beneficial Owners for Orlando Union shows Joshua as the 100% beneficial owner "held via trust declaration" effective October 18, 2010.

*Tracy PAI*

[79] Jonathan held himself out, on LinkedIn and in documents he provided to a bank in Cyprus, as the beneficial owner of and managing director of Tracy PAI.

*Call4All*

[80] We find that Joshua was a senior officer of Call4All because corporate documentation listed Joshua as its "Managing Director (Senior Officer)" from September 15, 2016 to April 16, 2019.

[81] Papa's evidence is that Call4All was established by Jonathan, Joshua and David with Leeav and Natanel as co-owners.

[82] Joshua is also listed in the Call4All corporate documentation as a "member". However, Staff provided us with no evidence about the meaning or relevance of being a "member" of the type of Hungarian company Call4All was registered as.

**(c) Conclusion regarding the allegation that Jonathan and Joshua traded securities in breach of s. 25(1) of the Act**

[83] We conclude that during the Material Time Jonathan and Joshua were in the business of trading securities, based on our findings above that:

- a. they directly and indirectly solicited transactions in Beeoptions and Glenridge Capital through the websites for those brands and through the Tracy PAI and Call4All call centres;
- b. binary options were regularly traded by investors through the Beeoptions and Glenridge Capital websites;

- c. they offered binary options for sale through the Beeoptions and Glenridge Capital websites and the Tracy PAI and Call4All call centres; and
- d. they were remunerated for these activities through the payments made to entities owned or controlled by them from UKTVM and Greymountain, entities that acted as the payment processors for their binary options trading activities.

[84] We further conclude that Jonathan and Joshua were in the business of trading in Ontario based on the following evidence:

- a. Chmilenko, a resident of Burlington, Ontario provided evidence that he opened a binary options trading account with Beeoptions on March 24, 2014 and actively traded in that account for several months in 2014 before losing all his invested funds;
- b. Jacqueline Amable, a resident of Mississauga, Ontario provided evidence that she received an unsolicited call from a representative at Edgehill Capital soliciting trading in binary options and subsequently had five attempts for charges against her credit card listing "Greymountain" as the merchant attempting to process the charges;
- c. Stephen McGurn a resident of Barrie, Ontario provided evidence that he traded binary options with Edgehill Capital and that his account manager at Edgehill told McGurn that charges against his credit cards for his binary options trades would be processed by Greymountain. Charges against McGurn's credit card for binary options trades were by "Greymountain Mgmt Ltd" and "GreymountainManagement Dublin"; and
- d. The evidence from the transcripts of three Ontario residents who gave voluntary statements as part of Staff's investigation, which evidence we accept because of its consistency with the other evidence, namely:
  - i. Mohamed Shukry, a resident of Ontario, traded binary options with two or three companies, including Beeoptions, and received credit card charges for three binary options' transactions from Greymountain;
  - ii. Edward Philips, a resident of Wasaga Beach, Ontario, deposited money in a third-party binary options trading account which was charged on his credit card to Greymountain in Dublin; and
  - iii. Nandraj Somaroo, a resident of Brampton, Ontario, traded binary options with two companies and had nine transactions on her credit card statements charged to "Greymountain Management Ltd." between January 26, 2017 and April 24, 2017.

[85] There is no record in the National Registration Database of Jonathan or Joshua being registered with the Commission during the Material Time. Nor is there any record of either of them having been registered with the Commission in the records of the Compliance and Registrant Regulation Branch of the Commission. We also have no evidence of either Jonathan or Joshua relying on an exemption from the requirement to be registered.

[86] We therefore find that Jonathan and Joshua breached s. 25(1) of the Act by engaging in unregistered trading of securities.

## **5. Did Jonathan and Joshua engage in the distribution of securities without a prospectus**

- [87] Staff submits that each sale of Beeoptions and Glenridge Capital binary options constituted a distribution of securities, that those sales were conducted without a prospectus being filed or receipted and, therefore, Jonathan and Joshua breached s. 53(1) of the Act.
- [88] Subsection 53(1) of the Act provides that unless a prospectus has been properly filed and receipted, no person or company shall trade in a security on their own account or on behalf of any other person or company if the trade would be a distribution of the security.
- [89] A “distribution” is defined in s. 1(1) of the Act as a trade by or on behalf of an issuer in previously unissued securities of that issuer.
- [90] Staff submits that in *TCM* the Commission held that each trade in binary options was a distribution as the binary options had not been previously issued.<sup>30</sup> We adopt this conclusion.
- [91] Ljubic’s evidence is that there is no record in the System for Electronic Document Analysis and Retrieval of a prospectus or preliminary prospectus having been filed for Beeoptions or Glenridge Capital or for names like “Beeoptions” or “Glenridge Capital”.
- [92] In addition, Ljubic’s evidence is that there was no record of either Beeoptions or Glenridge Capital having been a reporting issuer during the Material Time or of either filing a prospectus, an offering memorandum, or any reports of exempt distributions as required under the applicable prospectus exemption provisions, and no record of exemptive relief from any of the requirements to file these documents having been granted to Beeoptions or Glenridge Capital.
- [93] The prospectus requirement is another cornerstone of Ontario’s securities regulatory regime. It is essential as it seeks to ensure that investors are properly equipped to assess the risks of an investment and to make an informed investment decision.<sup>31</sup>
- [94] We find that Jonathan and Joshua breached s. 53(1) of the Act by distributing binary options without a prospectus, with no applicable exemptions, because:
- a. we found that they were engaged in the business of trading binary options under the Beeoptions and Glenridge Capital brands;
  - b. we find each Beeoptions and Glenridge Capital binary options sold were previously unissued securities;
  - c. we find that the trades in the previously unissued binary options meet the definition of a “distribution”; and
  - d. no preliminary prospectus or prospectus was filed for Beeoptions or Glenridge Capital, and consequently no prospectus was receipted for either issuer.

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<sup>30</sup> *TCM* at para 27

<sup>31</sup> *Money Gate* at para 168

## 6. Did Jonathan and Joshua engage in deceptive behavior that is not in the public interest

[95] Staff submit that Jonathan and Joshua engaged in conduct “contrary to the public interest” by engaging in deceptive practices in the solicitation of binary options investments, including:

- a. making misrepresentations to investors about their identities and the identities of their representatives;
- b. concealing the true location of their operations; and
- c. using nominees to obscure their involvement in binary options trading activities.

Staff submits each of these deceptive practices independently amounts to conduct contrary to the public interest.

[96] The phrase “conduct contrary to the public interest” does not appear in the Act. The concept arises from the opening words of s. 127 of the Act, which gives the Commission broad authority to make “orders if in its opinion it is in the public interest to make the...orders”.

[97] The Commission may exercise its jurisdiction to find that conduct, which does not constitute a breach of Ontario Securities Law, is nevertheless not in the public interest. The Commission has done so where it finds that the conduct is abusive of the capital markets or engages an animating principle of the Act.<sup>32</sup>

[98] The fundamental animating principles of securities regulation, set out in s. 2.1 of the Act, include:

- a. requirements for timely, accurate and efficient disclosure of information;
- b. restrictions on fraudulent and unfair market practices and procedures; and
- c. requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.

[99] Staff cites several cases where the Commission has exercised its public interest jurisdiction in the absence of a specific breach of the Act, none of which are directly on point and all of which are decisions approving settlement agreements. However, these settlement approval decisions illustrate that the Commission has exercised its jurisdiction in a broad range of situations including failure to adequately know clients and ensure investments were suitable, failure to take appropriate steps to determine conflicts of interest before investing a client’s money; participating in and facilitating manipulative trading in shares; failure to take necessary steps to provide for timely delivery of exchange traded fund disclosure documents; and failure to comply with a firm’s trade pre-clearance policy.<sup>33</sup>

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<sup>32</sup> *Augeci (Re)*, 2015 ONSEC 2 at paras 121-126, 174-175 and 715-717

<sup>33</sup> *CoinLaunch Corp (Re)*, 2019 ONSEC 26 at para 21; *eToro (Europe) Limited*, 2018 ONSEC 49 at para 18; *Clifton Blake Asset Management Ltd (Re)*, 2019 ONSEC 12 at para 4; *Questrade Wealth Management Inc.*, 2018 ONSEC 58 at para 15; *Seemann (Re)*, 2018 ONSEC 27 at para 4(d); *National Bank Financial Inc (Re)*, 2018 ONSEC 4 at para 2; and *Neher, Jorge*, 2017 ONSEC 18

[100] We find, for the reasons set out below, that Jonathan engaged in the deceptive practices of using aliases and concealing the true location of their operations and that Joshua authorized, permitted or acquiesced in the deceptive practice of using aliases. We find that Jonathan's conduct engages the animating principles of the Act and is not in the public interest. However, we do not find that Joshua's lesser conduct of acquiescing in the use of aliases in these circumstances is sufficient to engage the animating principles of the Act. We address the allegations of deceptive practices with respect to each of the Respondents in turn.

**(a) Jonathan**

*i. Misrepresenting his identity and the identity of his representatives*

[101] We find that Jonathan used the alias "Jon Cartier," based on the following evidence:

- a. a welcome email from Beeoptions to investor Chmilenko was from "Jon Cartier, Managing Director, Beeoptions";
- b. Omar, Papa and Lurie all stated in their evidence that Jonathan used the alias "Jon Cartier"; and
- c. in an email exchange between Nicole Smith, Director of Customer Support for Beeoptions, and Stephanie Hodes, a job recruiter, Smith provided a signed and stamped signature of "Jonathan Cartu, our Managing Director." The signature provided is "Jonathan Carter." Hodes asks if it is a real name and whether there is a corporate stamp with the name. Smith responds, "He's the Managing Director but that's his 'stage name'" and indicated that she would provide a "fresh one tomorrow (with his real name)."<sup>34</sup>

[102] We also find that aliases were used by representatives of Beeoptions and Tracy PAI and that Jonathan was aware of this practice, based on the following evidence:

- a. Omar's evidence is that:
  - i. he was instructed to adopt an alias by either Jonathan or another Tracy PAI management staff;
  - ii. Omar adopted the alias "Oliver Jones", was given an email address with that name and identified himself as such when speaking with investors;
  - iii. Jonathan sat beside Omar in the Tracy PAI offices and would have been aware of how he identified himself to investors;
  - iv. Omar was aware that other account managers also used aliases and he provided the aliases he was aware were used by Tracy PAI management, including Jonathan, Leeav and Natanel;
- b. Papa's evidence is that:

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<sup>34</sup> Exhibit 2, Ljubic Affidavit, Email thread between Nicole Smith and Stephanie Hoads from November 9, 2014 to November 10, 2014: DocID Nicole Smith-01-000000109

- i. everyone at Beeoptions was assigned an alias;
  - ii. Papa's alias was "Anthony Edwards";
  - iii. he prepared a table of the aliases used by Beeoptions personnel, including management personnel Jonathan, Leeav, Natanel, Smith and others;
  - iv. Smith used the alias "Sara Smith";
  - v. Smith, using her "Sara Smith" alias, sent an email to the customer support team introducing a new team member, Phoebe, and advised that Phoebe "is in the system as Regina Young."<sup>35</sup>
- c. Lurie's evidence is that:
- i. Staff involved in sales at Tracy PAI used aliases;
  - ii. this included management personnel such as Jonathan, Leeav and Natanel;
  - iii. the decision to use aliases was a "top-down decision";<sup>36</sup> and
  - iv. aliases had been used at Sandbox when dealing with customers and it was known throughout Tracy PAI that Tracy PAI/Beeoptions was using the same approach.

*ii. Concealing true location of their operations*

[103] We find that it was the practice of Beeoptions and Tracy PAI to conceal from investors that they operated in Israel, and that Jonathan was aware of this practice, based on the following evidence:

- a. Papa's evidence is that, while working in Customer Support at Tracy PAI, he was instructed by Smith not to disclose Beeoptions/Tracy PAI's Israeli location to callers;
- b. Omar's evidence is that:
  - i. the procedure at Tracy PAI, confirmed by both Jonathan and Leeav, was to not tell Beeoptions investors that they were located in Israel;
  - ii. if asked by an investor about their location he would try to divert the question but, if pressed, would refer the investor to the Beeoptions website contact page, which listed a London, UK address;
  - iii. if asked by an investor, he would confirm that he was calling from London, England; and
  - iv. as Jonathan was seated at the desk beside him, Omar believed that Jonathan was aware of what Omar was telling investors about the location.
- c. Shukry, an Ontario resident who invested in binary options with two or three platforms, including Beeoptions, stated during his voluntary

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<sup>35</sup> Exhibit 11, Affidavit of Nick Papa, sworn September 14, 2021 at para 38

<sup>36</sup> Exhibit 10, Lurie Affidavit at para 59

interview with Staff that he was told by his Beeoptions contact that Beeoptions was located in Canada. We accept Shukry's evidence given its consistency with the evidence from Papa and Omar that Beeoptions employees were instructed to conceal the true location of Beeoptions.

*iii. Using nominees to obscure their involvement in binary options trading activities*

- [104] Staff alleges that Jonathan used nominees to obscure his involvement in the binary options trading activities.
- [105] The use of nominees is a common corporate practice that may not be, in and of itself, deceptive. Staff's evidence is that Jonathan used a nominee for his corporate entity Blue Moon and that nominee directors and shareholders were used by David for UKTVM and Greymountain.
- [106] Although we have found that Jonathan was part of the interconnected business operations that included UKTVM's and Greymountain's payment processing functions, we do not consider Jonathan's personal use of a nominee and David's use of nominees for UKTVM and Greymountain sufficient to conclude that Jonathan was using nominees to obscure his involvement in the interconnected business operation and was, therefore, a deceptive practice.

*iv. Conclusion regarding the allegations against Jonathan of engaging in deceptive practices*

- [107] We conclude that Jonathan engaged in the deceptive practices of using aliases and concealing the true location of the binary trading operations.
- [108] We find that these deceptive practices engage the animating principle of the Act of restricting unfair market practices and procedures. Investors in binary options sold under the Beeoptions and Glenridge Capital brands did not know who they were dealing with when they communicated by telephone or email, or where the business operated. Such unfair and improper practices undermine the capital markets and the public's confidence in those markets. We therefore find that Jonathan's conduct is not in the public interest.

**(b) Joshua**

*i. Misrepresenting his identity and the identify of his representatives*

- [109] There is no evidence that Joshua used an alias. We find that Joshua was aware that Jonathan used an alias. Jonathan's email about changing from a Beeoptions email address to a Tracy PAI email address was sent from "Jon Cartier (jon@beeoptions.com)" and was sent to Joshua, among others.
- [110] Papa's evidence is that Leeav and Natanel used aliases at Beeoptions/Tracy PAI. Leeav's alias was "Lee Cole" and Natanel's alias was "Steven Grey". We conclude that it is more likely than not that Leeav and Natanel did not cease using aliases when they moved to Call4All as the co-owners. Lurie's evidence is that aliases were used at Sandbox, Joshua's business. Joshua was a Managing Director and senior officer of Call4All and, given that position of authority and responsibility in Call4All, ought to have known about these practices.

[111] The bar for relying on the deeming provisions of s. 129.2 of the Act is low. Given our finding that Jonathan, Joshua and David operated the binary trading business as an interconnected business operation, combined with the evidence that Joshua knew Jonathan used an alias, the use of aliases at Sandbox, Joshua's position of authority with Call4All, and that it is more likely than not that Leeav and Natanel continued the practice of using aliases at Call4All, we find that Joshua acquiesced in the misrepresenting of identities.

*ii. Concealing the true location of the operations*

[112] There is insufficient evidence, in our view, to conclude that Joshua engaged in concealing the true location of the Cartu's interconnected business operation or that he authorized, permitted or acquiesced in that activity. Therefore, Staff has not established this allegation.

*iii. Use of nominees to obscure their involvement in the binary options trading activities*

[113] Staff's evidence is that Joshua used a nominee shareholder for his company Orlando Union and that David used director and shareholder nominees for UKTVM and Greymountain. As we concluded with respect to Jonathan, we find this is insufficient evidence to conclude that the use of nominees by Joshua was intended to obscure his involvement in the interconnected business operation and was, therefore, a deceptive practice.

*iv. Conclusion of the allegations against Joshua of engaging in deceptive practices*

[114] We find that Joshua acquiesced in the deceptive practice of the use of aliases in the Cartu's interconnected business operation. However, we conclude that this acquiescence in one of three alleged deceptive practices is not sufficient to find that Joshua's conduct engaged the animating principle of the Act of restricting unfair market practices and procedures.

## **V. CONCLUSION**

[115] We therefore conclude, on a balance of probabilities, that:

- a. Jonathan and Joshua were in the business of trading securities without being registered and without an available exemption, contrary to s. 25(1) of the Act;
- b. Jonathan and Joshua were engaged in the distribution of securities without a prospectus and without an available exemption, contrary to s. 53(1) of the Act; and
- c. Jonathan engaged in deceptive behavior that is not in the public interest.

[116] The parties shall contact the Registrar on or before April 21, 2022, to arrange an attendance for a hearing regarding sanctions and costs. That attendance is to take place on a date that is mutually convenient, that is fixed by the secretary and that is no later than May 13, 2022.

[117] If the parties are unable to present a mutually convenient date to the registrar, then each party may submit to the Registrar, for consideration by a panel of the Commission, a one-page written submission regarding a date for an attendance. Any such submission shall be submitted by 4:30 pm on or before April 21, 2022.

Dated at Toronto this 7<sup>th</sup> day of April, 2022.

"M. Cecilia Williams"

M. Cecilia Williams

"Frances Kordyback"

Frances Kordyback

"Mary Anne De Monte-Whelan"

Mary Anne De Monte-Whelan

This is **Exhibit “E”** referred to in the Affidavit of Cullen Price sworn by Cullen Price the City of Toronto, in the Province of Ontario, before me this ● day of January, 2026 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

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A commissioner for taking affidavits

**DANIEL ALIEVKSY**  
**(LSO#90637D)**



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Citation: *Cartu (Re)*, 2022 ONCMT 21

Date: 2022-07-25

File No. 2020-14

**IN THE MATTER OF  
JONATHAN CARTU, DAVID CARTU AND JOSHUA CARTU**

**REASONS AND DECISION**

**(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)**

**Adjudicators:** M. Cecilia Williams (chair of the panel)  
Russell Juriansz  
Sandra Blake

**Hearing:** By videoconference, May 13, 2022

**Appearances:** Rikin Morzaria For Staff of the Ontario Securities  
Commission

No one appearing for Jonathan Cartu or Joshua Cartu

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## REASONS AND DECISION

### 1. DECISION AND OVERVIEW

- [1] This is a sanctions and costs hearing. Jonathan Cartu and Joshua Cartu were properly served but did not participate in the hearing.
- [2] In the merits decision, dated April 7, 2022 (the **Merits Decision**),<sup>1</sup> the panel found that Jonathan Cartu and Joshua Cartu operated an interconnected global business trading in binary options. Their operation included binary options trading platforms, call centres and payment processing companies. The panel also found that Jonathan Cartu used deceptive practices by using an alias, encouraging others to use aliases, and hiding the true location of the business from investors.
- [3] The panel concluded that Jonathan Cartu and Joshua Cartu had breached s. 25(1) (registration) and s. 53(1) (prospectus) requirements of the *Securities Act* (the **Act**)<sup>2</sup>. It also concluded that Jonathan Cartu engaged the animating principles of the *Act* by using deceptive practices that undermined the capital markets and the public's confidence in those markets.
- [4] This serious misconduct warrants the following orders in the public interest, which are set out in greater detail in paragraph [41] below:
- a. Jonathan Cartu be subject to a market participation ban of 15 years, an administrative penalty of \$1,000,000, and costs of \$300,000;
  - b. Joshua Cartu be subject to a market participation ban of 10 years, an administrative penalty of \$500,000, and costs of \$100,000; and
  - c. Jonathan Cartu and Joshua Cartu jointly and severally disgorge \$1,407,278.63.

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<sup>1</sup> *Cartu (Re)*, 2022 ONSEC 4 (**Merits Decision**)

<sup>2</sup> RSO 1990, c S.5

## 2. SANCTIONS ANALYSIS

### 2.1 What is the legal framework for sanctions?

- [5] The Capital Markets Tribunal may impose sanctions pursuant to s.127(1) of the *Act* where it finds it is in the public interest to do so. The Tribunal must exercise its jurisdiction in a manner that is consistent with the *Act*'s purposes. Those purposes include protecting investors from unfair, improper and fraudulent practices and fostering fair, efficient and competitive markets and confidence in the capital markets.<sup>3</sup>
- [6] Sanctions are preventive and protective and are intended to prevent future harm to investors and the capital markets.<sup>4</sup> In restraining future conduct that is likely to be prejudicial to the public interest, the Tribunal, of necessity, must look to past conduct as a guide to future conduct.<sup>5</sup>
- [7] The Tribunal considers a non-exhaustive list of factors in imposing sanctions. The relevant factors in this case are the seriousness of the misconduct, whether the activity was isolated or recurrent, whether the respondents recognized the seriousness of the misconduct, and the amounts obtained and the profit made from the misconduct.<sup>6</sup>
- [8] It is appropriate for the Tribunal, when making an order in the public interest that is both protective and preventive, to consider specific and general deterrence. It is important that respondents, and like-minded individuals engaging in such conduct, should be deterred from doing so in the future by imposing appropriate sanctions, which reflect the harm to investors;<sup>7</sup> although the weight to be given to general deterrence will vary at the discretion of the Tribunal depending on the circumstances of each case.<sup>8</sup>

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<sup>3</sup> *Act*, s 1.1

<sup>4</sup> *Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 37 at para 36

<sup>5</sup> *Mithras Management Ltd (Re)* (1990), 13 OSCB 1600 at 1610-1611

<sup>6</sup> *Belteco Holdings Inc (Re)*, (1998) 21 OSCB 7743 at 7746; *Erikson v. Ontario (Securities Commission)*, 2003 CanLII 2451 (Div Ct) at para 58; *MCJC Holdings Inc (Re)*, (2002) 25 OSCB 1133 at 1135

<sup>7</sup> *Majestic Supply Co. Inc. et al. (Re)*, 2013 ONSEC 41 (**Majestic**) at para 91

<sup>8</sup> *Cartaway Resources Corp (Re)*, 2004 SCC 26 at paras 60, 64

[9] We apply the sanctioning factors below.

## **2.2 Application of the various factors**

### **2.2.1 Was the misconduct serious?**

[10] The panel in the Merits Hearing found that Jonathan Cartu and Joshua Cartu traded without being registered and distributed securities without a prospectus. The registration and prospectus requirements of the *Act* are cornerstones of Ontario's securities law.

[11] The registration requirement is designed to ensure that those who sell or promote securities are proficient, solvent and act with integrity. Registration ensures that the public deals with individuals who meet the necessary proficiency requirements and who engage in honest and responsible conduct.<sup>9</sup> Unregistered trading is contrary to these necessary legal protections and undermines investor protection and the integrity of the capital markets.<sup>10</sup>

[12] The prospectus requirement seeks to ensure that investors are properly equipped to assess the risks of investments and to make informed business decisions.<sup>11</sup>

[13] We find that Jonathan Cartu's and Joshua Cartu's misconduct was serious. By failing to comply with these foundational requirements of Ontario securities law they deprived investors of the:

- a. ability to properly assess the risks associated with a high-risk investment in binary options, and
- b. protection of trading with individuals who had met Ontario's standards of proficiency, solvency and integrity.

[14] As found on the evidence before us, their serious misconduct resulted in 716 Ontario investors investing at least \$1,407,278 in binary options, some of whom lost some or all of their investment. Investor M lost all of his approximately

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<sup>9</sup> *MRS Sciences Inc. (Re)*, 2014 ONSEC 14 at para 88

<sup>10</sup> *Sheehan (Re)*, 2021 ONSEC 26 at para 24

<sup>11</sup> Merits Decision at para 93

US\$628,000 investment, Investor C lost the \$750 he invested, and Investor S lost the \$3,000 he invested.

- [15] Staff asks that we consider Jonathan Cartu’s use of deceptive practices as an aggravating factor that increases the seriousness of the statutory misconduct. The panel in the Merits Hearing found that Jonathan Cartu engaged in deceptive practices by using an alias and instructing others within the Cartu’s integrated binary options’ operation to use aliases to conceal and misstate the true location of their business operations.<sup>12</sup>
- [16] While the deceptive practices engage an animating principle of the *Act*,<sup>13</sup> they do not attract an independent administrative penalty. Staff submits that we should follow the approach taken by the panel in *Majestic*. The panel in *Majestic* noted that the seriousness of a respondent’s conduct was aggravated by deceptive practices contrary to the public interest.<sup>14</sup>
- [17] We agree. Misleading investors about the identity of the individuals and the location of the business they are dealing with denies investors the ability to properly understand and evaluate the risks of their investment. It undermines the capital markets and the public’s trust in those markets and aggravates the seriousness of Jonathan’s misconduct.

### **2.2.2 Was the activity isolated or recurrent and what was the level of activity?**

- [18] We conclude that the level of the Respondents’ misconduct was significant and recurrent.
- [19] Jonathan Cartu and Joshua Cartu operated their interconnected binary options business for approximately four years, from July 2013 to April 2017.<sup>15</sup> During that period, they actively solicited and welcomed Ontario investors.<sup>16</sup> Their Israeli-based sales team operated from 3:00 pm to 11:00 pm local time. The express purpose of this work schedule was to target North American and

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<sup>12</sup> Merits Decision at paras 101–104

<sup>13</sup> Merits Decision at para 108

<sup>14</sup> *Majestic* at para 83

<sup>15</sup> Merits Decision at para 83

<sup>16</sup> Merits Decision at para 84

European clients.<sup>17</sup> One Ontario investor was expressly told that the company could take investors from anywhere in Canada without restrictions. He was also told that the business was located in Canada, with many locations around the world.<sup>18</sup>

[20] A total of 716 Ontario investors invested at least \$1,407,278.63 in binary options through the Cartus' business operation. The amounts from Ontario investors were part of the approximate \$233,000,000 generated by the Respondent's global operations during their four years in business.

### **2.2.3 Have the Respondents recognized the seriousness of their misconduct?**

[21] Staff submits and we agree that Jonathan Cartu and Joshua Cartu have failed to acknowledge the seriousness of their misconduct. Despite receiving notice of each step of this proceeding and of all orders issued throughout, and having had the opportunity to make written submissions, the Respondents have chosen not to participate. They have given no indication that they recognize the seriousness of their misconduct or its impact on their investors or Ontario's capital markets.

### **2.2.4 What is the extent of the "amounts obtained" or the profit made?**

[22] Previous panels have established that the legal question for determining the "amount obtained" for the purpose of a disgorgement order under paragraph 10 of s. 127(1) of the *Act* is not what profit was made but what amounts the respondents obtained through their illegal activity.<sup>19</sup> We address Staff's request for disgorgement in more detail below.

### **2.2.5 Will the requested sanctions achieve specific and general deterrence?**

[23] Staff submits that specific deterrence is necessary because of the seriousness and extent of the Respondents' misconduct. Staff further submits that specific deterrence will be achieved by barring Jonathan Cartu and Joshua Cartu for a lengthy period from Ontario's capital markets.

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<sup>17</sup> Merits Decision at para 58

<sup>18</sup> Merits Decision at para 103

<sup>19</sup> *Limelight Entertainment Inc. (Re)*, 2008 ONSEC 28 at para 49; *Pro-Financial Asset Management (Re)*, 2018 ONSEC 18 at paras 48-51; *Phillips (Re)*, 2015 ONSEC 36 at paras 18-19

[24] Staff submits that the requested sanctions will also achieve general deterrence by sending a firm message to the market, especially the emerging technology markets, that risky, unregistered trading operations that target Ontario investors will not be tolerated, even if those operations are located outside of Ontario.

[25] Staff is seeking an order:

- a. for a 15-year market participation ban for Jonathan Cartu;
- b. for a 10-year market participation ban for Joshua Cartu;
- c. that both Respondents immediately resign all current director or officer positions they may hold;
- d. for disgorgement of \$1,407,278.63 on a joint and several basis;
- e. that Jonathan Cartu pay an administrative penalty of \$1,000,000; and
- f. that Joshua Cartu pay an administrative penalty of \$500,000.

### **2.3 What are the appropriate sanctions?**

[26] We conclude that the requested sanctions are proportionate to the Respondents' misconduct and to previous cases involving similar conduct. Participation in Ontario's capital markets is a privilege not a right. Jonathan Cartu's and Joshua Cartu's serious misconduct warrants a significant restriction on their ability to participate in our markets and administrative penalties that reflect the scope of the misconduct and act as a deterrent for these Respondents and for like-minded individuals. While in our view permanent bans may have been reasonable in these circumstances, Staff sought bans of 15 years for Jonathan Cartu and 10 years for Joshua Cartu, which we have accepted.

#### **2.3.2 Administrative penalties**

[27] The Respondent's brother, David Cartu, also participated in their global binary options business but agreed to a settlement of the allegations in this matter against him. In the settlement agreement, David Cartu agreed to a 7-year market participation ban and a \$300,000 administrative penalty. A number of mitigating factors were considered in determining that the agreed-upon sanctions against David Cartu were reasonable and in the public interest. They included that:

- a. he was not the principal actor in the business;
- b. he did not induce investors to enter into the trades;
- c. there was no evidence that he received amounts from, had contact with, initiated, or solicited investors to enter into trades;
- d. he assisted a liquidator of one of the payment processing entities in recovering funds from merchants for investors; and
- e. he agreed to settle at an early stage of the proceeding, thereby avoiding the use of significant Staff and Tribunal resources for a full merits hearing.

[28] In *Doulis (Re)*<sup>20</sup> the respondents were found to have engaged in the business of advising about securities without being registered and to have made misleading or untrue statements to Staff. Their activity spanned approximately seven years, involving 12 investors who traded between \$15 million to \$17 million, and generated approximately \$37,000 and US\$8,000 in fees. The two respondents were ordered to pay administrative penalties of \$200,000 and \$100,000, respectively.

[29] In *Natural Bee Works Apiaries Inc. (Re)*<sup>21</sup> the individual and corporate respondents raised \$300,000 from 70 investors over the course of one year, and used some of the proceeds for personal purposes. The panel imposed a permanent market participation ban and an administrative penalty of \$500,000, payable on a joint and several basis.

[30] In *Black Panther Trading Corp. (Re)*<sup>22</sup> the individual and corporate respondents raised approximately \$425,000 from 16 investors without being registered. They promised returns to investors, used some of the proceeds for personal purposes or to pay other investors, and misled Staff about how much money they had raised and how much money they held. The panel imposed permanent market participation bans on both respondents and an administrative penalty of \$300,000, to be paid on a joint and several basis.

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<sup>20</sup> 2014 ONSEC 40 (*Doulis*)

<sup>21</sup> 2019 ONSEC 31 (*Natural Bee*)

<sup>22</sup> 2017 ONSEC 8 (*Black Panther*)

- [31] Unlike David Cartu, there are no mitigating factors to consider with respect to Jonathan Cartu and Joshua Cartu. More substantial sanctions for Jonathan and Joshua are appropriate to reflect their more significant involvement in the interconnected global operation.
- [32] In all the cases Staff is relying on, the administrative penalties imposed were commensurate with or in excess of the amounts the respondents in those cases had obtained through their misconduct. Administrative penalties of \$1,000,000 for Jonathan Cartu and \$500,000 for Joshua Cartu are proportionate to the approximate \$1.4 million invested through their global business operation by Ontario residents.
- [33] It is also appropriate that the administrative penalty imposed on Jonathan Cartu significantly exceed that imposed on Joshua Cartu. It is clear from the Merits Decision that Jonathan had a more active role in the development and operation of the business. In addition, as we indicated above, we consider Jonathan's use of deceptive practices to be an aggravating factor. The higher administrative penalty imposed on him reflects this consideration.

### **2.3.3 Disgorgement**

- [34] Staff seeks disgorgement, on a joint and several basis, of the \$1,407,278.63 obtained by the Respondents in Ontario. In our view, a disgorgement is appropriate, as the ascertainable amount was obtained as a result of the Respondents' misconduct. Their misconduct was serious and resulted in harm to investors. A disgorgement order will also contribute to the deterrent effect of this decision on the Respondents and on any like-minded individuals.
- [35] A disgorgement order is also consistent with the case law Staff submitted. In each of those cases, the panels ordered disgorgement of amounts obtained as a result of the respondents' misconduct.<sup>23</sup>

## **3. COSTS ANALYSIS**

- [36] The Tribunal has discretion to order a person or company to pay the costs of an investigation or a hearing, if the Tribunal is satisfied that the person or company

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<sup>23</sup> *Doulis* at paras 51–52; *Natural Bee* at paras 37, 40; *Black Panther* at para 97

has not complied with Ontario securities law or has not acted in the public interest.<sup>24</sup> A costs order is not a sanction. Rather it is a means to have those who contravene Ontario securities law contribute to the costs of an investigation or hearing.

- [37] Staff is seeking \$400,000 in costs. This represents a reduction from the fees for Staff time totalling \$574,425.98 and disbursements of \$16,827.23 set out in the Bill of Costs filed by Staff. The Bill of Costs reflects only the time of one investigation counsel and one litigation counsel during each of the investigation and litigation phases of this matter. Excluded from the Bill of Costs is any time spent by law clerks, assistants, members of the E-Discovery and Analytics unit, and the time of any person who recorded 35 hours or fewer on this matter. Staff time is billed at hourly rates previously approved by the Tribunal.
- [38] The actual costs sought have been further reduced to reflect the fact that David Cartu contributed \$15,000 towards costs and to account for the possible time dedicated solely to investigating David Cartu.
- [39] We conclude that the costs sought by Staff are appropriate in this case. The Respondents' misconduct was directly responsible for the investigation and hearing in this matter. The investigation was complicated by the global nature of the Respondents' business operation and the deceptive practices used in that operation. The breaches of Ontario securities law at the centre of this matter are serious and warrant action to protect the Ontario investors.
- [40] We agree with Staff's request that the costs awarded should be allocated 75% (\$300,000) to Jonathan Cartu and 25% (\$100,000) to Joshua Cartu. Jonathan Cartu was the more central player in the development and operation of the business and engaged in deceptive practices in the operation of the business.

#### **4. CONCLUSION**

- [41] We, therefore, issue an order:
- a. with respect to Jonathan Cartu, that:

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<sup>24</sup> Act, s 127.1

- i. he shall cease trading in any securities or derivatives for a period of 15 years, pursuant to paragraph 2 of subsection 127(1) of the *Act*;
  - ii. he shall cease acquiring any securities for a period of 15 years, pursuant to paragraph 2.1 of subsection 127(1) of the *Act*;
  - iii. any exemptions contained in Ontario securities law shall not apply to him for a period of 15 years, pursuant to paragraph 3 of subsection 127(1) of the *Act*;
  - iv. he shall resign any positions that he holds as a director or officer of an issuer or registrant, pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the *Act*;
  - v. he shall be prohibited from acting as a director or officer of an issuer or registrant for a period of 15 years, pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the *Act*;
  - vi. he shall be prohibited from becoming or acting as a registrant or as a promoter for a period of 15 years, pursuant to paragraph 8.5 of subsection 127(1) of the *Act*;
  - vii. he shall pay an administrative penalty in the amount of \$1,000,000 to the Ontario Securities Commission, pursuant to paragraph 9 of subsection 127(1) of the *Act*; and
  - viii. he shall pay \$300,000 for costs of the investigation and hearing, pursuant to s. 127.1 of the *Act*;
- b. with respect to Joshua Cartu, that:
- i. he shall cease trading in any securities or derivatives for a period of 10 years, pursuant to paragraph 2 of subsection 127(1) of the *Act*;
  - ii. he shall cease acquiring any securities for a period of 10 years, pursuant to paragraph 2.1 of subsection 127(1) of the *Act*;
  - iii. any exemptions contained in Ontario securities law shall not apply to him for a period of 10 years, pursuant to paragraph 3 of subsection 127(1) of the *Act*;

- iv. he shall resign any positions that he holds as a director or officer of an issuer or registrant, pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the *Act*;
  - v. he shall be prohibited from acting as a director or officer of an issuer or registrant for a period of 10 years, pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the *Act*; and
  - vi. he shall be prohibited from becoming or acting as a registrant or as a promoter for a period of 10 years, pursuant to paragraph 8.5 of subsection 127(1) of the *Act*;
  - vii. he shall pay an administrative penalty in the amount of \$500,000 to the Commission, pursuant to paragraph 9 of subsection 127(1) of the *Act*; and
  - viii. he shall pay \$100,000 for the costs of the investigation and hearing, pursuant to s.127.1 of the *Act*; and
- c. Jonathan Cartu and Joshua Cartu jointly and severally disgorge to the Commission the amount of \$1,407,278.63, pursuant to paragraph 10 of subsection 127(1) of the *Act*.

Dated at Toronto this 25<sup>th</sup> day of July, 2022

*"M. Cecilia Williams"*

---

M. Cecilia Williams

*"Russell Juriansz"*

---

Russell Juriansz

*"Sandra Blake"*

---

Sandra Blake

This is **Exhibit “F”** referred to in the Affidavit of Cullen Price sworn by Cullen Price the City of Toronto, in the Province of Ontario, before me this ● day of January, 2026 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

---

A commissioner for taking affidavits

**DANIEL ALIEVKSY**  
**(LSO#90637D)**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,  
C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE  
ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY  
THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO THE  
SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO  
SECURITIES COMMISSION AND **DAVID CARTU**

Applicant

**CONSENT**

**BDO CANADA LIMITED** hereby consents to act as Court-appointed Receiver in this proceeding should such an Order be granted by the Court.

Dated at Toronto, this 2<sup>nd</sup> day of January, 2026.

**BDO CANADA LIMITED**



Per: \_\_\_\_\_

Name: Josie Parisi, CPA, CA, CBV, CIRP, LIT

Title: Senior Vice President

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO SETTLEMENT AGREEMENTS BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

Court File No. CV-25-00753621-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

**CONSENT**

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Lawyers for the Applicant, Ontario Securities Commission

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO SETTLEMENT AGREEMENTS BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

Court File No. CL-25-00753621-0000

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

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**AFFIDAVIT OF CULLEN PRICE  
(Sworn January 1, 2026)**

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Lawyers for the Applicant, Ontario Securities Commission

# **TAB 3**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE ) WEDNESDAY, THE 7<sup>TH</sup>  
 )  
JUSTICE DIETRICH ) DAY OF JANUARY, 2026  
 )

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT* R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO THE SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

**CLAIMS PROCESS ORDER**

**THIS APPLICATION** made by the Ontario Securities Commission (the “**Commission**”), for an Order under section 129 of the *Securities Act* (Ontario) and section 101 of the *Courts of Justice Act* (Ontario) appointing BDO Canada Limited (“**BDO**”) as receiver (the “**Receiver**”), without security, of all funds obtained by the Commission (the “**Settlement Funds**”) pursuant to the settlement agreement between Staff of the Commission (“**Staff**”) and David Cartu, was heard this day by judicial videoconference via Zoom in Toronto, Ontario.

**ON READING** the Notice of Application dated December 11, 2025, the affidavit of Cullen Price dated January 5, 2026 (the “**Price Affidavit**”), and the Exhibits thereto, the First Report of the Proposed Receiver dated January 2, 2026 (the “**First Report**”) and the Appendices thereto, the consent of BDO to act as the Receiver, and on hearing the submissions of counsel for the Commission:

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby validated so that this Application is properly returnable today and hereby dispenses with service thereof.

**DEFINITIONS AND INTERPRETATION**

2. **THIS COURT ORDERS** that capitalized terms used in this Order shall have the meanings ascribed to them in Schedule “A” to this Order.

3. **THIS COURT ORDERS** that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day, unless otherwise indicated herein.

4. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.

5. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

**GENERAL PROVISIONS**

6. **THIS COURT ORDERS** that the Receiver, in consultation with the Commission, is hereby authorized to use its reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed, and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Order as to the completion and execution of such forms, or request any further documentation from a Person that the Receiver, in consultation with the Commission, may require in order to enable the Receiver to determine the validity of a Claim.

7. **THIS COURT ORDERS** that the form and substance of each of the Public Notice, Notice of Claim, Proof of Claim, Notice of Revision or Disallowance and Dispute Notice, substantially in the forms attached as Schedules “B”, “C”, “D”, “E”, and “F”, respectively, to this Order are hereby approved. Notwithstanding the foregoing, the Receiver, in consultation with the

Commission, may from time to time make changes to such forms as the Receiver considers necessary or advisable.

### **RECEIVER'S ROLE**

8. **THIS COURT ORDERS** that the Receiver, in addition to its prescribed rights, duties, responsibilities and obligations under the Receivership Order, shall take all actions and fulfill any other roles as are authorized by this Order or incidental thereto, in consultation with the Commission, including the determination of Claims and referral of any Claim to the Court.

9. **THIS COURT ORDERS** that: (i) in carrying out the terms of this Order, the Receiver shall have all of the protections given to it by the Receivership Order and this Order, (ii) the Receiver shall incur no liability or obligation as a result of carrying out the provisions of this Order, except for claims based on gross negligence or wilful misconduct, (iii) the Receiver shall be entitled to rely on the Investor List and any information provided by the Commission, all without further independent investigation, and (iv) the Receiver shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information or in any information provided by any Claimant, except for claims based on gross negligence or wilful misconduct.

### **NOTICE TO CLAIMANTS**

10. **THIS COURT ORDERS** that:

- (a) the Receiver shall, no later than five (5) Business Days following the date granting this Order, post a copy of this Order (together with its Schedules) on the Receiver's Website;
- (b) the Receiver shall, as soon as practicable after the granting of this Order, post the Public Notice in a national newspaper in Canada which may, at the Receiver's discretion, include the Globe and Mail, National Post, or any other publication as the Receiver deems appropriate. The Public Notice will call for Claims from the Investors who invested in the Cartu Corporations during the Material Time and

provide instructions describing how to access the Case Website in order to participate in the Claims Process;

- (c) the Commission shall post a copy of the Public Notice on its website; and
- (d) the Receiver shall send a Claims Package to the last known electronic mailing address and/or physical mailing address for each Investor appearing on the Investor List, to the extent such information is available. The Receiver will make reasonable efforts to ascertain an address or other contact information for Investors on the Investor List for whom it does not have an address. The Notice of Claim, enclosed in the Claims Package, will identify the Assessed Claim Amount for each Investor.

11. **THIS COURT ORDERS** that, except as specifically provided for in this Order, the Receiver is not under any obligation to provide notice of this Order to any Person having or asserting a Claim, and all Persons (including Claimants) shall be bound by the Claims Bar Date, this Order, and any notices published in accordance with the terms of this Order, regardless of whether or not they received actual notice, and any steps taken in respect of any Claim, in accordance with this Order.

12. **THIS COURT ORDERS** that neither: (i) the reference to a purported Claim as a “Claim” or a purported Claimant as a “Claimant” in this Order, nor (ii) the delivery of a Notice of Claim or Proof of Claim by the Receiver to a Person shall constitute an admission by the Receiver or the Commission of any obligation of the Commission to any Person.

### **PROOFS OF CLAIM**

13. **THIS COURT ORDERS** that every Person with a Claim shall deliver a Proof of Claim to the Receiver by electronic mail, prepaid ordinary mail, courier, personal delivery, or telefax, on or before the Claims Bar Date. The requirement to deliver a Proof of Claim shall apply only to: (i) Investors if they choose to dispute the Assessed Claim Amount, and (ii) Investors that did not receive a Claims Package from the Receiver. Persons who did not receive a Claims Package from the Receiver or who want to dispute the Assessed Claim Amount are required to attach any supporting documents relied on to support the amount claimed. Investors who receive a Claims

Package and do not deliver a Proof a Claim will have their Assessed Claim Amount deemed to be the Proven Claim.

### **CLAIMS BAR DATE**

14. **THIS COURT ORDERS** that, subject to further order of this Court, any Person who does not deliver a Proof of Claim, together with supporting documentation where applicable, on or before the Claims Bar Date: (a) shall be and is hereby forever barred from making or enforcing such Claim, and all such Claims shall be forever extinguished, (b) shall not be entitled to receive any distribution pursuant to the Claims Process or further Order of this Court, and (c) shall not be entitled to any further notice in the Claims Process, and shall not be entitled to participate as a Claimant in respect of such Claim.

15. **THIS COURT ORDERS** that, subject to further order of the Court, the Claims Bar Date shall be 5:00 p.m. Eastern Standard Time on March 6, 2026, but the Receiver may, at its discretion, extend the date generally or in individual cases. If the Claims Bar Date is extended generally, the Receiver shall post notice of the extension on the Case Website.

### **DETERMINATION OF CLAIMS**

16. **THIS COURT ORDERS** that, subject to the terms of this Order, the Receiver shall review all Proofs of Claim delivered on or before the Claims Bar Date and may accept, revise, or disallow (in whole or in part) the amount, or any other aspect of, a Claim asserted in a Proof of Claim. At any time, the Receiver may: (i) request additional information with respect to any Claim, (ii) request that the Claimant file a revised Proof of Claim, (iii) attempt to consensually resolve the amount or any other aspect of a Claim, or (iv) revise or disallow a Claim.

17. **THIS COURT ORDERS** that where a Claim is revised or disallowed pursuant to paragraph 16 of this Order, the Receiver shall deliver to the Claimant a Notice of Revision or Disallowance and attach the form of Dispute Notice.

18. **THIS COURT ORDERS** that where a Claim has been accepted by the Receiver, in consultation with the Commission, such Claim shall constitute a Proven Claim for the purposes of the Claims Process. The acceptance of any Claim or other determination of same in accordance

with this Order, in whole or in part, shall not constitute an admission of any fact, thing, obligation, or quantum of any Claim by any Person, save and except in the context of the Claims Process.

### **DISPUTE NOTICE**

19. **THIS COURT ORDERS** that a Claimant who intends to dispute a Notice of Revision or Disallowance shall deliver a Dispute Notice to the Receiver so that it is received by the Receiver by the Dispute Notice Deadline in accordance with paragraph 32 of this Order, or such longer period as may be agreed to by the Receiver in writing. The receipt of a Dispute Notice by the Receiver by the Dispute Notice Deadline specified in this paragraph shall constitute an application to have the amount of such Claim determined pursuant to the claims process provided for in this Order.

20. **THIS COURT ORDERS** that where a Claimant fails to deliver a Dispute Notice in accordance with paragraph 19 of this Order, the amount of such Claimant's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance. Such amount, if any, shall constitute such Claimant's Proven Claim, and the balance of such Claimant's Claim, if any, shall be forever barred and extinguished.

21. **THIS COURT ORDERS** that where a Claim has been revised or disallowed pursuant to paragraph 16 of this Order, the revised or disallowed Claim (or revised or disallowed portion thereof) shall not be a Proven Claim until determined otherwise in accordance with the process set out in this Order or as otherwise ordered by the Court.

### **RESOLUTION OF CLAIMS**

22. **THIS COURT ORDERS** that as soon as practicable after a Dispute Notice is received by the Receiver in accordance with this Order, the Receiver, in consultation with the Commission, may attempt to resolve and settle a disputed Claim with the Claimant.

23. **THIS COURT ORDERS** that following the Dispute Notices Deadline, and in the event that a dispute raised in a Dispute Notice cannot be consensually resolved within a reasonable time period, the Receiver shall file a report with the Court summarizing all unresolved Dispute Notices and shall bring a motion for advice and directions from the Court in respect of the resolution of

the outstanding Dispute Notices. In the report of the Receiver, the Receiver shall suggest an appropriate procedure to deal with any outstanding Dispute Notices fairly and efficiently.

#### **NOTICE OF TRANSFEREES**

24. **THIS COURT ORDERS** that the Receiver shall not be obligated to send notice to or otherwise deal with a transferee or assignee of a Claim as the Claimant in respect thereof unless and until: (i) actual written notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received by the Receiver, and (ii) the Receiver has acknowledged in writing such transfer or assignment, and thereafter such transferee or assignee shall for all purposes hereof constitute the “Claimant” in respect of such Claim. Any such transferee or assignee of a Claim, and such Claim, shall be bound by all notices given or steps taken in respect of such Claim, in accordance with this Order prior to the written acknowledgement by the Receiver of such transfer or assignment.

25. **THIS COURT ORDERS** that if the holder of a Claim has transferred or assigned the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim, and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and the Receiver shall not be bound to acknowledge or recognize any such transfer or assignment and shall be entitled to send notice to and to otherwise deal with such Claim only as a whole, and then only to and with the Person last holding such Claim in whole as the Claimant in respect of such Claim. Provided that a transfer or assignment of the Claim has taken place in accordance with this Order and the Receiver has acknowledged in writing such transfer or assignment, the Person last holding such Claim in whole as the Claimant in respect of such Claim may by notice to the Receiver, in writing, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and, in such event, such Claimant, transferee or assignee of the Claim shall be bound by any notices given or steps taken in respect of such Claim by or with respect to such Person in accordance with this Order.

**DEATH OR INCAPACITY**

26. **THIS COURT ORDERS** that if any Person with a Claim has deceased, the Receiver may accept a Claim on such deceased Person's behalf from the duly appointed legal representative or estate trustee of such deceased Person.

27. **THIS COURT ORDERS** that if any Person with a Claim has deceased or become incapacitated, and no legal representative has been appointed or otherwise has authority to act on behalf of such Person, the Receiver shall have the discretion to allow such Person's surviving spouse, survivor, or next-of-kin to act on such Person's behalf, including the filing of a Proof of Claim.

28. **THIS COURT ORDERS** that before allowing a person to act on behalf of a deceased or incapacitated Person, the Receiver may require the person to execute a statutory declaration or provide some other similar form of document confirming the person's relationship to the deceased or incapacitated Person.

29. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation to any person for exercising its discretion to allow a third party to act on behalf of a deceased or incapacitated Person.

30. **THIS COURT ORDERS** that in exercising the discretion to allow a third party to file a Claim on behalf of a deceased or incapacitated Person or to receive funds otherwise payable to such Person, the Receiver shall consider:

- (a) if such Person is alive, whether it appears to the Receiver that the distribution of funds to such third party is in the best interests of the incapacitated Person; and
- (b) if such Person is deceased and intestate, the rules relating to the distribution of intestate estates, as set out in the *Estates Act*, R.S.O. 1990 c. E.21.

**DIRECTIONS**

31. **THIS COURT ORDERS** that the Receiver or any other Person with a material interest in this Claims Process may at any time, and with such notice as the Court may require, seek directions

from the Court with respect to this Order and the claims process set out herein, including the forms attached as Schedules hereto.

### **SERVICE AND NOTICE**

32. **THIS COURT ORDERS** that the Receiver may, unless otherwise specified by this Order, serve and deliver the Notice of Claim and Proof of Claim, and any letters, notices or other documents to Claimants, or other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission to such Persons (with copies to their counsel, if applicable) to the last known address shown in the results of searches performed by Commission Staff or set out in such Person's Proof of Claim. Any such service or notice by courier, personal delivery or electronic or digital transmission shall be deemed to have been received: (i) if sent by ordinary mail, on the third (3rd) Business Day after mailing within Ontario, the fifth (5th) Business Day after mailing within Canada (other than within Ontario), and the tenth (10th) Business Day after mailing internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by electronic or digital transmission by 5:00 p.m. on a Business Day, on such Business Day, and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day. Notwithstanding anything to the contrary in this Order, Notices of Revision or Disallowance shall be sent only by (i) electronic or digital transmission to a fax number or email address that has been provided in writing by the Claimant or (ii) courier.

33. **THIS COURT ORDERS** that any notice or other communication (including Proofs of Claim and Dispute Notices) to be given under this Order by any Person to the Receiver shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery or electronic or digital transmission addressed to:

BDO Canada Limited  
20 Wellington Street E, Suite 500

Toronto, Ontario

M5E 1C5

Attn: Jessie Hue or Tony Montesano  
Telephone: (647) 577-4366 or (416) 775-7821  
Email: [GreyMountainInvestor@bdo.ca](mailto:GreyMountainInvestor@bdo.ca)  
Fax: 416 865 0904

Any such notice or other communication by a Person shall be deemed received only upon actual receipt thereof during normal business hours on a Business Day, or if delivered outside of normal business hours, the next Business Day.

34. **THIS COURT ORDERS** that if during any period during which notices or other communications are being given pursuant to this Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further Order of the Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery or electronic or digital transmission in accordance with this Order.

#### **MISCELLANEOUS**

35. **THIS COURT ORDERS** that nothing in this Order shall constitute or be deemed to constitute an allocation or assignment of a Claim and for greater certainty, this Order does not provide for distribution of the Settlement Funds and is intended only to commence the Claims Process for the submission and adjudication of the Claims.

36. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

37. **THIS COURT ORDERS** that the Receiver is at liberty, and is hereby authorized and empowered, to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Ontario or Canada.

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**SCHEDULE “A”  
DEFINED TERMS**

“**Assessed Claim Amount**” means the pro rata amount payable to the Investor, in Canadian dollars, in respect of their investment in the Cartu Corporations (to the extent such amount can be determined from the Investor List);

“**Cartu Corporations**” means collectively, UKTVM Ltd. and Greymountain Management Limited;

“**Business Day**” means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;

“**Claim**” means any right or claim by any Investor in the Cartu Corporations;

“**Claims Process**” means the procedures outlined in this Order, including the Schedules to this Order.

“**Claims Bar Date**” means 5:00 p.m. Eastern Time on March 6, 2026, or such later date as the Court may order or the Receiver may determine under the authority of this Order;

“**Claimant**” means any Person asserting a Claim, and includes the transferee or assignee of a Claim, transferred and recognized as a Claimant in accordance with paragraphs 24 to 24 hereof, or a trustee, executor, or other Person acting on behalf of or through such Person;

“**Claims Package**” means together, the Notice of Claim and Dispute Notice;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**Dispute Notice**” means a written notice delivered to the Receiver by a Person who has received a Notice of Revision or Disallowance of that Person’s intention to dispute such Notice of Revision or Disallowance and the reasons for the dispute, substantially in the form attached as Schedule “**F**” hereto;

“**Dispute Notice Deadline**” means 5:00 p.m. Eastern Time on April 15, 2026, or such later date as the Court may order or the Receiver may determine under the authority of this Order

“**Investor**” means a Person residing in Ontario who invested in at least one of the Cartu Corporations.

“**Investor List**” means the list compiled by Commission Staff of Investors who invested in at least one of the Cartu Corporations;

“**Notice of Claim**” means a notice, substantially in the form attached hereto as Schedule “**C**”, delivered by the Receiver to each Person on the Investor List for which it has an address stating the Assessed Claim Amount (where such amount can be ascertained from the Investor List), mailing address, and other contact details, and notifying the Investor that (a) a cheque in the amount of the Assessed Claim Amount will be issued, or (b) the Investor may instead submit a Proof of Claim on or before the Claims Bar Date if the Investor believes the Assessed Claim Amount is inaccurate;

“**Notice of Revision or Disallowance**” means a notice informing a Claimant that the Receiver has revised or disallowed all or part of such Claimant’s Claim set out in such Claimant’s Proof of Claim, substantially in the form attached as Schedule “**E**” hereto;

“**Person**” is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government authority or any agency, regulatory body, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status, and whether acting on their own or in a representative capacity;

“**Proof of Claim**” means the proof of claim to be completed and filed by a Person setting forth their Claim, substantially in the form attached as Schedule “**D**” hereto;

“**Proven Claim**” means the amount of a Claimant’s Claim, as finally determined under the Claims Process;

“**Public Notice**” means the notice publicizing the Claims Process and published under authority of this Order, substantially in the form of notice attached hereto as Schedule “**B**”;

**“Receivership Order”** means the order of the same date appointing the Receiver and granting the Receiver certain powers;

**“Receivership Proceedings”** means the proceedings commenced by the application of the Commission; and

**“Receiver’s Website”** means <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/greymountain>

## SCHEDULE "B"

### PUBLIC NOTICE TO INVESTORS

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO THE SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

**(Distribution of Proceeds Recovered by the Ontario Securities Commission to Investors)**

#### RE: NOTICE OF CLAIMS PROCESS

On January 7, 2025, the Ontario Superior Court of Justice (Commercial List) in Toronto, Canada appointed **BDO Canada Limited** as receiver (the "**Receiver**") of funds paid to the Ontario Securities Commission (the "**Commission**") pursuant to a settlement agreement between the Commission and David Cartu, carrying on business as UKTVM Ltd. and Greymountain Management Limited (collectively, the "**Cartu Corporations**").

The Ontario Superior Court Order authorized the Receiver to implement a claims process (the "**Claims Process**") for persons residing in Ontario who invested money in the Investment Corporations.

If you were an investor residing in Ontario who had invested in the Cartu Corporations between approximately July 2013 and April 2017, and you did not receive a Notice of Claim from the Receiver, please go to the Receiver's website at <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/greymountain> for information on how you can make a claim under the Claims Process.

For further information, please contact Jessie Hue or Tony Montesano of the Receiver's office by telephone at (647) 577-4366 or (416) 775-7821, respectively, or by E-mail at [GreyMountainInvestor@bdo.ca](mailto:GreyMountainInvestor@bdo.ca).

**The Receiver must receive completed Proof of Claim forms by 5:00 p.m. (Eastern Standard Time) on March 6, 2026 (the "Claims Bar Date").**

**CLAIMS THAT ARE NOT RECEIVED ON OR BEFORE THE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.**

DATED at Toronto this 23 day of January, 2026

## SCHEDULE "C"

### NOTICE OF CLAIM

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO THE SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

#### **(Distribution of Proceeds Recovered by the Ontario Securities Commission to Investors)**

[Name]

[Address]

Investment per records obtained by the Ontario Securities Commission (the "**Commission**") (net of any repayments received) [Amount] CAD.

Dear [Name],

We understand you were an investor ("**Investor**") of UKTVM Ltd. and/or Greymountain Management Limited (collectively, the "**Cartu Corporations**").

On January 7, 2026, the Ontario Superior Court of Justice (Commercial List) in Toronto, Canada appointed BDO Canada Limited as receiver (the "**Receiver**") of funds paid to the Ontario Securities Commission (the "**Commission**") pursuant to a settlement agreement between the Commission and David Cartu, (the "**Settlement Agreement**"). Pursuant to the Settlement Agreement, Mr. Cartu admitted to contravening Ontario securities law in connection with investments made by investors in the Cartu Corporations between approximately July 2013 and April 2017. As part of the Settlement Agreement, Mr. Cartu agreed to pay monetary sanctions (the "**Settlement Funds**") to the Commission in relation to his conduct. The Commission has recovered the Settlement Funds, which will be distributed to the Investors who incurred monetary losses as a result of their investments in the Cartu Corporations.

#### **ASSESSED CLAIM**

The Receiver is responsible for identifying Investors who are eligible to make a claim ("**Claim**"), reviewing proof of claim forms filed by Investors, and distributing the Settlement Funds to the Investors who have a valid Claim or have established a valid Claim with the Receiver.

The Receiver has reviewed the records provided by the Commission, and you are listed as an investor in the Cartu Corporations. The records indicate that you invested \$[●] (the "**Assessed Claim**"). If you agree with the Assessed Claim as set out above, that amount will become a Proven Claim, no further documentation will be required, and a cheque will be issued to the address on file. If your address has changed from the address on this Notice of Claim, please provide the Receiver with your updated contact information.

The amount recovered will depend on the amount of claims disputed and cashed, but the Receiver's preliminary estimate is that Investors could recover 18.4% of their claim.

## **PROOF OF CLAIM**

If you disagree with the amount recorded as your investment, please complete the enclosed Proof of Claim form, indicating the amount you believe you are owed. You may contact the Receiver using the information below for assistance with submitting your Proof of Claim or for any questions about the process.

## **DEADLINE**

**If you disagree with the amount recorded as your investment, you must deliver a Proof of Claim to the Receiver on or before 5:00 p.m. Eastern Standard Time on March 6, 2026 (the "Claims Bar Date"). Under the claims process approved by the Ontario Superior Court of Justice (Commercial List), if you do not submit a Proof of Claim by the Claims Bar Date, your Assessed Claim will automatically become your Proven Claim.**

## **CONTACT INFORMATION**

For further information, including a copy of the Order of the Ontario Superior Court (Commercial List) establishing the receivership and Claims Process, please refer to the Receiver's Website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/greymountain>.

For further information, please contact Jessie Hue or Tony Montesano of the Receiver's office by telephone at (647) 577-4366 or (416) 775-7821, respectively or by E-mail at [GreyMountainInvestor@bdo.ca](mailto:GreyMountainInvestor@bdo.ca).

All completed Proof of Claim forms, notices or questions in writing can be sent to the Receiver by:

- a) E-mail (preferred method): [GreyMountainInvestor@bdo.ca](mailto:GreyMountainInvestor@bdo.ca); or,
- b) Ordinary mail or courier (alternate method):  
BDO Canada Limited  
20 Wellington Street E, Suite 500  
Toronto, Ontario  
M5E 1C5  
Attn: Jessie Hue or Tony Montesano

**SCHEDULE "D"**

**PROOF OF CLAIM**

PROOF OF CLAIM RELATING TO INVESTMENT IN CARTU CORPORATIONS (defined below) AND FUNDS OBTAINED BY THE ONTARIO SECURITIES COMMISSION PURSUANT TO SETTLEMENT AGREEMENT BETWEEN THE **ONTARIO SECURITIES COMMISSION** AND **DAVID CARTU**.

This form is to be completed by an investor ("**Investor**") in UKTVM Ltd. and/or Greymountain Management Limited (collectively, the "**Cartu Corporations**") who resided in Ontario and invested funds in the Cartu Corporations between approximately July 2013 and April 2017.

The amount recovered will depend on the amount of claims disputed and cashed, but the Receiver's preliminary estimate is that Investors could recover 18.4% of their claim. Distributions will be handled by BDO Canada Limited, which has been appointed as receiver (the "**Receiver**") by the Ontario Superior Court of Justice (Commercial List).

**1. CONTACT INFORMATION OF INVESTOR**

- (a) Full Legal Name: \_\_\_\_\_
  - (b) Full Mailing Address: \_\_\_\_\_
  - (c) Telephone Number: \_\_\_\_\_
  - (d) E-mail Address: \_\_\_\_\_
  - (e) Date of Birth \_\_\_\_\_
  - (f) Have you sold or assigned your claim to another party or are you acting on behalf of an Investor (if so, please provide further detail including the name and address of such party)  Yes  No
- \_\_\_\_\_

**2. PROOF OF CLAIM**

I, \_\_\_\_\_  
[name of Investor or Representative of the Investor]  
Of \_\_\_\_\_ do hereby certify that:  
[City or Province]

- (a) I [pick one]
  - am an Investor; OR
  - am \_\_\_\_\_ (state position or title of Company if investment was through a corporation or on behalf of another Investor) of \_\_\_\_\_ (name of Investor)

(b) I have knowledge of all the circumstances connected with the Claim referred to below;

(c) The amount I invested less any amounts I received back (the "**Net Claim**") totals:

\$ \_\_\_\_\_ CAD Dollars in the Cartu Corporations

**3. PARTICULARS OF CLAIM:**

If you claim an amount that is different from the Assessed Claim amount listed in the Notice of Claim, then please complete this section and attach any supporting documents you rely on to support your Claim, as a schedule to this document. Such documents may include: statements of account; copies of cancelled cheques or money orders; wire confirmations; bank statements; receipts; invoices; or screenshots.

The chart immediately below may assist with preparation of your Claim:

Date of each investment or repayment received	Person who introduced you to Cartu Corporations	Who the payment was made to	Net Claim (amount of each payment or receipt)
Total Net Claim*	-	-	

\* Total "Amount of Payment" should match what is claimed in section 2 above.

**4. FILING PROOF OF CLAIM WITH RECEIVER**

**This Proof of Claim must be delivered to the Receiver no later than 5:00 p.m. (Eastern Time) on March 6, 2026 (the "Claims Bar Date"),**

by email (preferred method of communication) to [GreyMountainInvestor@bdo.ca](mailto:GreyMountainInvestor@bdo.ca)

-or-

by ordinary mail or courier (alternate method of communication) at the following address:

BDO Canada Limited  
20 Wellington Street E, Suite 500  
Toronto, Ontario  
M5E 1C5  
Attn: Jessie Hue or Tony Montesano

**You must deliver a Proof of Claim to the Receiver on or before the Claims Bar Date. Under the claims process approved by the Ontario Superior Court (Commercial List), failure to submit a Proof of Claim form by the Claims Bar Date will result in your Assessed Claim becoming your Proven Claim and you will receive a cheque in the amount of your Assessed Claim as outlined in your Notice of Claim.**

Dated \_\_\_\_\_

Signature: \_\_\_\_\_

Witness Signature \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE "E"**  
**NOTICE OF REVISION OR DISALLOWANCE OF CLAIM**

**REFERENCE NUMBER** \_\_\_\_\_

**TO:** [insert name of claimant]

**BDO Canada Limited**, in its capacity as receiver (the "**Receiver**") of funds obtained by the Ontario Securities Commission ("**Commission**") in respect of a settlement agreement between the Commission and David Cartu, carrying on business as UKTVM Ltd. and Greymountain Management Limited, reviewed your Proof of Claim. The Receiver has revised [or disallowed] your Claim, [or aspect of you Claim] as follows:

Proof of Claim as Submitted	Claim as Accepted

**Reasons for Revision or Disallowance:**

[Insert brief explanation.]

If you wish to dispute the Receiver's determination of your Claim you must by April 15, 2026, deliver a Notice of Dispute to the Receiver. The Notice of Dispute form is enclosed. The procedure for disputing the Receiver's determination is described in the receivership and claims process orders granted by the Ontario Superior Court (Commercial List), a copy of which may be found on the Receiver's Website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/greymountain>.

**IF YOU DO NOT DELIVER A NOTICE OF DISPUTE BY APRIL 15, 2026, THE DETERMINATION OF YOUR CLAIM ACCORDING TO THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE FINAL AND BINDING UPON YOU.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_.

**BDO Canada Limited**

in its capacity as Receiver of the Proceeds of David Cartu  
and not in its personal or corporate capacity

**SCHEDULE "F"**  
**NOTICE OF DISPUTE**

We hereby provide notice of our intention to dispute the Notice of Revision or Disallowance bearing Reference Number \_\_\_\_\_ and dated \_\_\_\_\_ issued in respect of our claim.

**Reasons for Dispute** (attach additional sheet and copies of all supporting documentation if necessary):

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Name of Investor: \_\_\_\_\_

\_\_\_\_\_  
(Signature of individual completing this Dispute)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Please print name)

Telephone Number of Claimant: \_\_\_\_\_

E-mail Address of Claimant: \_\_\_\_\_

Full Mailing Address of Claimant: \_\_\_\_\_

**IN ACCORDANCE WITH THE CLAIMS PROCESS ORDER, THIS FORM MUST BE RETURNED BY EMAIL, PREPAID ORDINARY MAIL, COURIER, OR PERSONAL DELIVERY BY 5:00 P.M. (EASTERN STANDARD TIME) ON APRIL 15, 2026.**

See case website for further detail: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/greymountain>.

**BDO Canada Limited**

in its capacity as Receiver of the Proceeds of David Cartu  
and not in its personal or corporate capacity

E-mail: [GreyMountainInvestor@bdo.ca](mailto:GreyMountainInvestor@bdo.ca)

-or-

Mail:

BDO Canada Limited  
20 Wellington Street E, Suite 500  
Toronto, Ontario  
M5E 1C5

ATTENTION: Jessie Hue or Tony Montesano

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT* R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION**  
PURSUANT TO A SETTLEMENT AGREEMENT AMONG STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

Court File No. CV-25-00753621-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**CLAIMS PROCESS ORDER**

**Thornton Grout Finnigan LLP**

TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7  
Fax: (416) 304-1313

**Leanne M. Williams (LSO# 41877E)**

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Lawyers for the Applicant, Ontario Securities  
Commission

# TAB 4

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEDNESDAY, THE 7<sup>TH</sup>  
 )  
JUSTICE J. DIETRICH ) DAY OF JANUARY, 2026

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT* R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO THE SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

**RECEIVERSHIP ORDER**

**THIS APPLICATION** made by the Ontario Securities Commission (the “**Commission**”), for an Order under section 129 of the *Securities Act* (Ontario) and section 101 of the *Courts of Justice Act* (Ontario) appointing BDO Canada Limited (“**BDO**”) as receiver (the “**Receiver**”), without security, of all funds obtained by the Commission (the “**Settlement Funds**”) pursuant to the settlement agreement between Staff of the Commission (“**Staff**”) and David Cartu (“**David**”), was heard this day by judicial videoconference via Zoom in Toronto, Ontario.

**ON READING** the Notice of Application issued December 17, 2025, the affidavit of Cullen Price dated January 1, 2026 (the “**Price Affidavit**”), and the Exhibits thereto, the First of the Proposed Receiver dated January 2, 2026 (the “**First Report**”) and the Appendices thereto, the consent of BDO to act as the Receiver, and on hearing the submissions of counsel for the Commission:

## **SERVICE & DEFINITIONS**

1. **THIS COURT ORDERS** that service of the Notice of Application and the Application Record is hereby dispensed so that this Application is properly returnable today and hereby dispenses with service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Price Affidavit.

## **APPOINTMENT**

3. **THIS COURT ORDERS** that BDO is appointed Receiver, without security, over the Settlement Funds obtained by the Commission.

## **RECEIVER'S POWERS**

4. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Settlement Funds, including without limitation, implementing a claims process ("**Claims Process**") to distribute the Settlement Funds to Ontario investors (the "**Investors**") of UKTVM Ltd. and Greymountain Management Limited and is expressly further empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
  - (a) take possession of and exercise control over the Settlement Funds received by the Commission pursuant to the Settlement Agreement;
  - (b) receive, preserve, and protect the Settlement Funds, or any part of the Settlement Funds;
  - (c) engage counsel and such other persons from time to time, and on whatever basis necessary, to assist with the exercise of the Receiver's powers and duties, including without limitation, the powers conferred by this Order;
  - (d) report to, meet with, and discuss the Receiver's activities with Staff, counsel, and any other person or expert that the Receiver deems

appropriate to consult with on all matters relating to the Settlement Funds and the receivership, and to share information subject to such confidentiality terms as the Receiver deems advisable;

- (e) engage, utilize, and rely upon any Staff who are made available by the Commission to assist the Receiver in discharging the Receiver's mandate under this Order;
- (f) notify Investors and implement and administer the Claims Process in relation to the Settlement Funds;
- (g) distribute funds to Investors pursuant to, and in accordance with, the Claims Process; and
- (h) take any steps reasonably necessary or incidental to the exercise of any powers relating to the Settlement Funds under this Order or in the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below) and without interference from any other Person.

#### **DISTRIBUTION TO THE INVESTORS**

5. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to distribute the Settlement Funds, including any interest accrued or bank fees charged thereon, to the Investors in the manner set out in the First Report.

6. **THIS COURT ORDERS** that, in the event that Investor distributions totalling less than CDN \$50,000 remain outstanding for six months from any distribution, the Receiver shall repay such remaining Settlement Funds to the Ontario Securities Commission.

7. **THIS COURT ORDERS** that payments made and received pursuant to this Order are effective and final for all purposes, including notwithstanding any subsequent bankruptcy or

other proceeding or any claim that may be asserted at any time by any person, party or entity having notice of this Motion.

#### **DUTY TO PROVIDE CO-OPERATION TO THE RECEIVER**

8. **THIS COURT ORDERS** that all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of David, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 8 or in paragraph 9 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

9. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system

and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

10. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE SETTLEMENT FUNDS**

11. **THIS COURT ORDERS** that no Proceeding in respect of the Settlement Funds shall be commenced except with the written consent of the Receiver or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Settlement Funds are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

12. **THIS COURT ORDERS** that all rights and remedies against the Receiver or in relation to the Settlement Funds are otherwise stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the *BIA*.

#### **RECEIVER TO HOLD FUNDS**

13. **THIS COURT ORDERS** Settlement Funds and any additional funds, monies, interest, and other forms of payment derived from the Settlement Agreement, other than costs payable to the Commission under the Settlement Agreement, that are received or collected by the Receiver or the Commission from and after the making of this Order from any source whatsoever, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “**Receivership Accounts**”) and the monies standing to the credit of such Receivership Accounts from time to time shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

### **RETENTION OF LAWYERS**

14. **THIS COURT ORDERS** that the Receiver may retain counsel, including counsel to the Commission, to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation, those conferred by this Order. Such counsel may include counsel to the Commission in respect of any matter or issue that the Receiver is satisfied that there is no actual or potential conflict of interest.

### **RECEIVER'S ACCOUNTS**

15. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court.

### **PROTECTIONS FOR RECEIVER**

16. **THIS COURT ORDERS** that in carrying out the terms of this Order:

- (a) the Receiver shall incur no liability or obligation as a result of the appointment or carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct by the Receiver;
- (b) the Receiver shall be entitled to rely on all records compiled by the Commission and any other information in relation to Investors provided by the Commission and Commission counsel, all without independent investigation; and
- (c) nothing in this Order shall derogate from the protections afforded to the Receiver by any applicable legislation.

### **SERVICE AND NOTICE**

17. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List

website at <https://www.ontariocourts.ca/scj/filing-procedures/regional/#Part III The E-Service List> shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/greymountain>

18. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by electronic mail, prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Investors or other interested parties at their respective addresses as last shown on the Investor List and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

#### **DISCHARGE OF RECEIVER**

19. **THIS COURT ORDERS** that, upon the Receiver filing a certificate in the form of Schedule “A” attached hereto (the “**Receiver’s Discharge Certificate**”), the Receiver shall be discharged as Receiver of the Settlement Funds provided, however, that notwithstanding its discharge herein, the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of BDO in its capacity as Receiver.

20. **THIS COURT ORDERS AND DECLARES** that upon filing of the Receiver’s Discharge Certificate, BDO is hereby released and discharged from any and all liability that BDO now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of BDO while acting in its capacity as Receiver of the Settlement Funds herein, save and except for any gross negligence or wilful misconduct on the Receiver’s part. Without

limiting the generality of the foregoing, BDO is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings with respect to the Settlement Funds, save and except for any gross negligence or wilful misconduct on the Receiver's part.

## **GENERAL**

21. **THIS COURT ORDERS** that the Receiver may, from time to time, apply to this Court for advice and directions in the discharge of its powers and duties hereunder, or to seek any additional powers that it deems appropriate for carrying out the purpose of this Order.

22. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

23. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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**Schedule “A” – Form of Receiver’s Discharge Certificate**

Court File No. CV-25-00753621-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT*, R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO SETTLEMENT AGREEMENTS BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

**RECEIVER’S DISCHARGE CERTIFICATE**

**RECITALS**

1. Pursuant to an application by the Ontario Securities Commission (the “**Commission**”) under section 129 of the *Securities Act*, R.S.O. 1990, C. S-5, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 7, 2026 (the (“**Appointment Order**”), BDO Canada Limited was appointed as Receiver of the funds obtained by the Commission through settlement with David Cartu (the “**Settlement Funds**”).
2. Pursuant to the Appointment Order, BDO Canada Limited was to be discharged as Receiver of the Settlement Funds effective upon the filing by the Receiver with the Court of a certificate confirming that all matters to be attended to in connection with the receivership have been completed to the satisfaction of the Receiver.

**THE RECEIVER CERTIFIES** the following:

- (a) All matters, if any, to be attended to in connection with the receivership of the Settlement Funds have been completed to the satisfaction of the Receiver.
- (b) The Receiver has made the payments outlined in paragraphs 5 and 6 of the Appointment Order.
- (c) This Certificate was filed by the Receiver with the Court on the \_\_\_ day of \_\_\_\_\_, 202\_\_ at \_\_\_\_\_ [time].

**BDO CANADA LIMITED** solely in its capacity as Receiver of the Settlement Funds and not in its personal or corporate capacity.

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IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT* R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO A SETTLEMENT AGREEMENT AMONG STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

Court File No. CL-25-00753621-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**RECEIVERSHIP ORDER**

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Lawyers for the Applicant, Ontario Securities  
Commission

# **TAB 5**

Court File No. —

Court File No. CV-25-00753621-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE — ) ~~WEEKDAY~~WEDNESDAY, THE #7<sup>TH</sup>  
 )  
JUSTICE —J. DIETRICH ) DAY OF ~~MONTH~~JANUARY, ~~20YR~~2026

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT* R.S.O.  
1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF  
JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED  
BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO THE  
SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO  
SECURITIES COMMISSION AND **DAVID CARTU**

**PLAINTIFF<sup>†</sup>**

Plaintiff

~~-and-~~

**DEFENDANT**

Defendant

**RECEIVERSHIP ORDER**  
**(~~appointing Receiver~~)**

<sup>†</sup>~~The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

~~THIS MOTION made by the Plaintiff<sup>2</sup> for an Order pursuant to section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing [RECEIVER'S NAME] as receiver [and manager] (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of [DEBTOR'S NAME] (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.~~

THIS APPLICATION made by the Ontario Securities Commission (the "Commission"), for an Order under section 129 of the Securities Act (Ontario) and section 101 of the Courts of Justice Act (Ontario) appointing BDO Canada Limited ("BDO") as receiver (the "Receiver"), without security, of all funds obtained by the Commission (the "Settlement Funds") pursuant to the settlement agreement between Staff of the Commission ("Staff") and David Cartu ("David"), was heard this day by judicial videoconference via Zoom in Toronto, Ontario.

ON READING the Notice of Application issued December 17, 2025, the affidavit of ~~[NAME] sworn [DATE]~~ Cullen Price dated January 2, 2026 (the "Price Affidavit"), and the Exhibits thereto, the First of the Proposed Receiver dated January 2, 2026 (the "First Report") and the Appendices thereto, the consent of BDO to act as the Receiver, and on hearing the submissions of counsel for ~~[NAMES], no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of [RECEIVER'S NAME] to act as the Receiver,~~ the Commission:

## **SERVICE & DEFINITIONS**

<sup>2</sup>Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

1. **THIS COURT ORDERS** that ~~the time for~~ service of the Notice of MotionApplication and the MotionApplication Record is hereby ~~abridged and validated~~<sup>3</sup>dispensed so that this ~~motionApplication~~ is properly returnable today and hereby dispenses with ~~further~~ service thereof.

2. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Price Affidavit.

## APPOINTMENT

3. ~~2-~~**THIS COURT ORDERS** that ~~pursuant to section 243(1) of the BIA and section 101 of the CJA, [RECEIVER'S NAME] is hereby~~BDO is appointed Receiver, without security, ~~of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").~~over the Settlement Funds obtained by the Commission.

## RECEIVER'S POWERS

4. ~~3-~~**THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the ~~Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly~~Settlement Funds, including without limitation, implementing a claims process ("Claims Process") to distribute the Settlement Funds to Ontario investors (the "Investors") of UKTVM Ltd. and Greymountain Management Limited and is expressly further empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) ~~to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the~~

<sup>3</sup>~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

Property Settlement Funds received by the Commission pursuant to the Settlement Agreement;

- (b) ~~to receive, preserve, and protect the Property Settlement Funds, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;~~ of the Settlement Funds;
- ~~(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;~~
- (c) ~~(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time, and on whatever basis, including on a temporary basis necessary,~~ to assist with the exercise of the ~~Receiver's~~ Receiver's powers and duties, including without limitation ~~those,~~ the powers conferred by this Order;
- ~~(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;~~
- ~~(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;~~
- ~~(g) to settle, extend or compromise any indebtedness owing to the Debtor;~~

~~(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;~~

~~(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.<sup>4</sup>The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;~~

~~(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;~~

~~(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,~~

~~(i) without the approval of this Court in respect of any transaction not exceeding \$ \_\_\_\_\_, provided that the aggregate consideration for all such transactions does not exceed \$ \_\_\_\_\_; and~~

~~(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;~~

~~and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages*~~

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<sup>4</sup>~~This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

~~Act, as the case may be,]<sup>5</sup> shall not be required, and in each case the Ontario Bulk Sales Act shall not apply.~~

- ~~(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;—~~
- (d) ~~(m) to report to, meet with, and discuss with such affected Persons (as defined below) as~~ the Receiver's activities with Staff, counsel, and any other person or expert that the Receiver deems appropriate to consult with on all matters relating to the Property Settlement Funds and the receivership, and to share information, ~~—~~ subject to such confidentiality terms ~~as to confidentiality~~ as the Receiver deems advisable;
- (e) engage, utilize, and rely upon any Staff who are made available by the Commission to assist the Receiver in discharging the Receiver's mandate under this Order;
- (f) notify Investors and implement and administer the Claims Process in relation to the Settlement Funds;
- (g) distribute funds to Investors pursuant to, and in accordance with, the Claims Process; and
- ~~(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;~~
- ~~(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and~~

<sup>5</sup> ~~If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

~~on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;~~

~~(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;~~

~~(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and~~

(h) ~~(r) to~~ take any steps reasonably necessary or incidental to the exercise of ~~these~~any powers ~~or~~relating to the Settlement Funds under this Order or in the performance of any statutory obligations~~;~~;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below)~~;~~; ~~including the Debtor,~~ and without interference from any other Person.

## DISTRIBUTION TO THE INVESTORS

5. THIS COURT ORDERS that the Receiver is hereby authorized and directed to distribute the Settlement Funds, including any interest accrued or bank fees charged thereon, to the Investors in the manner set out in the First Report.

6. THIS COURT ORDERS that, in the event that Investor distributions totalling less than CDN \$50,000 remain outstanding for six months from the date of this Order, the Receiver shall repay such remaining Settlement Funds to the Ontario Securities Commission.

7. THIS COURT ORDERS that payments made and received pursuant to this Order are effective and final for all purposes, including notwithstanding any subsequent bankruptcy or other proceeding or any claim that may be asserted at any time by any person, party or entity having notice of this Motion.

**DUTY TO PROVIDE ~~ACCESS AND~~ CO-OPERATION TO THE RECEIVER**

8. ~~4. THIS COURT ORDERS~~ that (i) ~~the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii)~~ all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons") and each being a "Person") shall forthwith advise the Receiver of the existence of any ~~Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.~~

~~5. THIS COURT ORDERS~~ that all Persons shall forthwith advise the Receiver of the existence of ~~any~~ books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of ~~the Debtor~~ David, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that ~~Person's~~ Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph ~~55~~ or in paragraph ~~66~~ of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

9. ~~6. THIS COURT ORDERS~~ that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes

of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

~~7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.~~

#### NO PROCEEDINGS AGAINST THE RECEIVER

10. ~~8.~~ **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### NO PROCEEDINGS AGAINST THE ~~DEBTOR OR THE PROPERTY~~SETTLEMENT FUNDS

11. ~~9.~~ **THIS COURT ORDERS** that no Proceeding ~~against or~~ in respect of the ~~Debtor or the Property~~Settlement Funds shall be commenced ~~or continued~~ except with the written consent of the Receiver or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Debtor or the Property~~Settlement Funds are hereby stayed and suspended pending further Order of this Court.

## NO EXERCISE OF RIGHTS OR REMEDIES

12. ~~10.~~ THIS COURT ORDERS that all rights and remedies against the ~~Debtor, the Receiver, or affecting the Property, are hereby~~ in relation to the Settlement Funds are otherwise stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *BIA*, ~~and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.~~

## ~~NO INTERFERENCE WITH THE RECEIVER~~

~~11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.~~

## ~~CONTINUATION OF SERVICES~~

~~12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or~~

~~such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.~~

## RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS ~~that all~~ Settlement Funds and any additional funds, monies, ~~cheques, instruments~~ interest, and other forms of ~~payments~~ payment derived from the Settlement Agreement, other than costs payable to the Commission under the Settlement Agreement, that are received or collected by the Receiver or the Commission from and after the making of this Order from any source whatsoever, ~~including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part,~~ whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post-~~Receivership~~ Receivership Accounts") and the monies standing to the credit of such ~~Post~~ Receivership Accounts from time to time, ~~net of any disbursements provided for herein,~~ shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## ~~EMPLOYEES~~ RETENTION OF LAWYERS

~~14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the Wage Earner Protection Program Act.~~

## PIPEDA

~~15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such~~

~~personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.~~

### **~~LIMITATION ON ENVIRONMENTAL LIABILITIES~~**

~~16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.~~

### **~~LIMITATION ON THE RECEIVER'S LIABILITY~~**

14. ~~17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in~~

~~this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.~~ may retain counsel, including counsel to the Commission, to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation, those conferred by this Order. Such counsel may include counsel to the Commission in respect of any matter or issue that the Receiver is satisfied that there is no actual or potential conflict of interest.

## RECEIVER'S ACCOUNTS

15. ~~18.~~ **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court ~~on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.~~<sup>6</sup>.

## PROTECTIONS FOR RECEIVER

~~19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.~~

~~20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates~~

<sup>6</sup>Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".

and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

### **FUNDING OF THE RECEIVERSHIP**

~~21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$ \_\_\_\_\_ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.~~

16. ~~22.~~ **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court. in carrying out the terms of this Order:

~~23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.~~

~~24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.~~



courier, personal delivery or facsimile transmission to the ~~Debtor's creditors~~Investors or other interested parties at their respective addresses as last shown on the ~~records of the Debtor~~Investor List and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

### DISCHARGE OF RECEIVER

19. THIS COURT ORDERS that, upon the Receiver filing a certificate in the form of Schedule "A" attached hereto (the "Receiver's Discharge Certificate"), the Receiver shall be discharged as Receiver of the Settlement Funds provided, however, that notwithstanding its discharge herein, the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of BDO in its capacity as Receiver.

20. THIS COURT ORDERS AND DECLARES that upon filing of the Receiver's Discharge Certificate, BDO is hereby released and discharged from any and all liability that BDO now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of BDO while acting in its capacity as Receiver of the Settlement Funds herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, BDO is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings with respect to the Settlement Funds, save and except for any gross negligence or wilful misconduct on the Receiver's part.

### GENERAL

21. ~~27-~~THIS COURT ORDERS that the Receiver may, from time to time, apply to this Court for advice and directions in the discharge of its powers and duties hereunder, or to seek any additional powers that it deems appropriate for carrying out the purpose of this Order.

~~28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.~~

22. ~~29.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or ~~in~~ the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

23. ~~30.~~ **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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~~31. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.~~

~~32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.~~

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Schedule ~~“A”~~ – Form of Receiver’s Discharge Certificate

Court File No. CV-25-00753621-0000

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT*, R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO SETTLEMENT AGREEMENTS BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

~~RECEIVER~~RECEIVER’S DISCHARGE CERTIFICATE

~~CERTIFICATE NO.~~ \_\_\_\_\_

~~AMOUNT \$~~ \_\_\_\_\_ RECITALS

1. Pursuant to an application by the Ontario Securities Commission (the “**Commission**”) under section 129 of the *Securities Act*, R.S.O. 1990, C. S-5, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 7, 2026 (the (“**Appointment Order**”), BDO Canada Limited was appointed as Receiver of the funds obtained by the Commission through settlement with David Cartu (the “**Settlement Funds**”).
2. Pursuant to the Appointment Order, BDO Canada Limited was to be discharged as Receiver of the Settlement Funds effective upon the filing by the Receiver with the Court of a certificate confirming that all matters to be attended to in connection with the receivership have been completed to the satisfaction of the Receiver.

~~1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_\_ CL \_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.~~

~~2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.~~

~~3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.~~

~~4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.~~

~~5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.~~

~~6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.~~

~~7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.~~

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

	<del>[RECEIVER'S NAME], solely in its capacity as Receiver of the Property, and not in its personal capacity.</del>
	Per: _____
	Name: _____
	Title: _____

**THE RECEIVER CERTIFIES** the following:

- (a) All matters, if any, to be attended to in connection with the receivership of the Settlement Funds have been completed to the satisfaction of the Receiver.
  
- (b) The Receiver has made the payments outlined in paragraphs 5 and 6 of the Appointment Order.
  
- (c) This Certificate was filed by the Receiver with the Court on the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ at \_\_\_\_\_ [time].

**BDO CANADA LIMITED** solely in its capacity as Receiver of the Settlement Funds and not in its personal or corporate capacity.

\_\_\_\_\_

IN THE MATTER OF SECTION 129 OF THE *SECURITIES ACT* R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO A SETTLEMENT AGREEMENT AMONG STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

Court File No. CV-25-00753621-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**RECEIVERSHIP ORDER**

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Lawyers for the Applicant, Ontario Securities  
Commission

*[Link-to-previous setting changed from off in original to on in modified.]*

<b>Summary report:</b>	
<b>Litera Compare for Word 11.10.1.2 Document comparison done on 2026-01-02 8:31:05 PM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> receivership-order-EN.doc	
<b>Modified filename:</b> Receivership Order_Draft_(20216902.4).doc	
<b>Changes:</b>	
<u>Add</u>	156
<del>Delete</del>	237
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	1
<del>Table Delete</del>	1
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>395</b>

IN THE MATTER OF SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, C. S-5, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF FUNDS OBTAINED BY THE **ONTARIO SECURITIES COMMISSION** PURSUANT TO SETTLEMENT AGREEMENTS BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND **DAVID CARTU**

Court File No.: CL-25-00753621-0000

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

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**APPLICATION RECORD  
(Returnable January 7, 2025)**

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