

IN THE MATTER OF THE *SECURITIES ACT*,
S.N.B. 2004, c. S-5.5

AND IN THE MATTER OF

**CRAINSHAW INTERNATIONAL LTD.,
OSBOURNE WORLDWIDE LIMITED,**

(Respondents)

STATEMENT OF ALLEGATIONS

(of Staff of the New Brunswick Securities Commission)

Allegation

The Respondents have acted in furtherance of trading in securities and/or exchange contracts in New Brunswick without being registered with the New Brunswick Securities Commission, contrary to the registration requirement under section 45(a) of the *Securities Act*, S.N.B. 2004, c. S-5.5 (the "*Securities Act*").

The Respondents

1. Crainshaw International Ltd. ("Crainshaw") is a corporation purporting to have a head office at 6A Albert Street, Belize City, Belize. Crainshaw purports to operate as a commodities broker specializing in options trading. Crainshaw has never been registered with the New Brunswick Securities Commission (the "Commission") to trade in securities or exchange contracts.

2. Osbourne Worldwide Limited ("Osbourne") is a corporation purporting to have a head office at Barracks Road, Belize City, Belize. Crainshaw purports to act as an introducing broker for options trading accounts held at Osbourne. Osbourne has never been registered with the Commission to trade in securities or exchange contracts.

The Initial Solicitation

3. On or about 18 July 2012, a New Brunswick resident received a telephone

“cold call” from a representative calling on behalf of Crainshaw. During the conversation, the representative solicited the New Brunswick resident to invest in gold options through Crainshaw.

4. The representative subsequently sent the New Brunswick resident an email attaching:
 - (i) various Osbourne account opening forms and agreements, including “know your client” documentation and international electronic bank transfer instructions;
 - (ii) a “10 year Gold Price Movement Chart”; and
 - (iii) a 2012 “Gold Market Intelligence” report.
5. The New Brunswick resident received several further phone calls and emails from the Crainshaw representative over the course of the next month soliciting an investment in gold options.

The Trading in Gold Options

6. On or about 21 August 2012, and in response to the repeated solicitation by Crainshaw, the New Brunswick resident opened an account at Osbourne. He transferred \$3,000.00 CND to Osbourne to fund this purported account, as per the banking instructions provided by Crainshaw.
7. On 23 August 2012, the New Brunswick resident received an email from Osbourne providing online access to his purported account. On this same date the Crainshaw representative telephoned to advise the New Brunswick resident regarding the strike price of the gold options that Crainshaw had purchased for his purported account at Osbourne.
8. The New Brunswick resident was later provided with a purported account statement showing the purported purchase of a quantity of three December 2012 COMEX Gold 1910 Call Options purchased on 23 August 2012 at a cost of \$2,850.00.
9. The New Brunswick resident had intended that this initial investment would be the limit of his investing with Crainshaw and Osbourne.

10. After this initial purported transaction, a second representative at Crainshaw, who purported to be a senior account representative, contacted the New Brunswick resident. This individual made a lengthy and detailed sales pitch to the New Brunswick resident and convinced him to deposit a further \$9,700.00 CDN to his purported Osbourne account.
11. On or about 29 August 2012, these newly deposited funds were purportedly used to purchase for the Osbourne account 10 gold options as follows:
 - (i) a quantity of three December 2012 COMEX Gold 1510 Put Options; and
 - (ii) a quantity of seven December 2012 COMEX Gold 1850 Call Options.
12. The New Brunswick resident was provided with an Osbourne Account Statement dated 22 October 2012 reflecting each of the purported transactions.

The Result of the Investing

13. After the second deposit of funds to the Osbourne account, the representatives of Crainshaw ceased contacting the New Brunswick resident. The New Brunswick resident contacted Crainshaw to obtain updates regarding his account. It was purported to him that everything was fine.
14. On or about 19 October 2012, the New Brunswick resident received a call from the purported Director of Accounts at Crainshaw. This individual stated that the first two representatives had mishandled the New Brunswick resident's account, and that their employment would be terminated. The Director of Accounts stated that a new representative would take over the account.
15. On or about 25 October 2012, a new representative at Crainshaw contacted the New Brunswick resident, as had been indicated by the Director of Accounts. This new representative advised that the value of the options held in the Osbourne account had decreased significantly. He stated that he could recover the funds lost if the New Brunswick resident would provide additional funds with which to trade foreign exchange contracts. The New Brunswick resident declined this offer.

Conclusion

16. The activities engaged in by Crainshaw and Osbourne constitute unregistered trading contrary to section 45(a) of the *Securities Act*, and warrant that they each be banned from participating in the capital markets in New Brunswick.

Relief sought

17. Staff seek an order pursuant to section 184(1)(c)(ii) and 184(1)(d) that:
 - (i) The Respondents cease trading securities and exchange contracts permanently, or for such period of time as the Commission may deem appropriate; and
 - (ii) Any exemptions contained in New Brunswick securities law do not apply to the Respondents permanently, or for such period as the Commission may deem appropriate.

DATED at the City of Saint John this 21st day of November 2012.

"Original signed by"

Mark McElman
Counsel to Staff of the Commission

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, New Brunswick
E2L 2J2

Tel: (506) 658-3117
Fax: (506) 643-7793
mark.mcelman@nbsc-cvmnb.ca