Government of Saskatchewan

FCAA
Financial and Consumer Affairs Authority

Suite 601
1919 Saskatchewan Drive
Regina, SK, Canada
S4P 4H2

APR - 3 2013
FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

In the Matter of
***The Securities Act, 1988*, S.S. 1988, C. S-42.2**

and

In the Matter of
Scorpion Performance, Inc.
Megan White
(the Respondents)

STATEMENT OF ALLEGATIONS OF STAFF OF THE FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

To: **Scorpion Performance, Inc.**
Megan White

Staff of the Financial and Consumer Affairs Authority of Saskatchewan (Staff of FCAA) make the following allegations:

The Parties

1. Scorpion Performance, Inc. (Scorpion) was incorporated in Florida, United States of America on December 17, 1999. The current principal place of business of Scorpion is 5817 NW 44th Avenue Ocala, Florida 34482. Scorpion, through its sales representatives, held itself out as a manufacturer of automotive products and related components.

2. Megan White (White) is a sales representative in the investor relations department of Scorpion. The email address from which she communicated with an investor is investorrelations@scorpionperformance.com.

Contraventions of sections 27 and 58 of *The Securities Act, 1988* (the Act)

3. From November 2004 to October 2011, Scorpion, through its sales representatives, traded its securities to 8 Saskatchewan residents, particulars of which include, but are not limited to the following:

(a) From April 2005 to March 2010, a Saskatchewan resident (Investor A) purchased common stock, unit offerings and preferred stock of Scorpion for a total of $47,500;

(b) From November 2004 to June 2009, a Saskatchewan resident (Investor B) purchased common stock, unit offerings and preferred stock of Scorpion for a total of $11,000;

(c) From March 2005 to October 2011, a Saskatchewan resident (Investor C) purchased common stock and preferred stock of Scorpion for a total of $76,100;

(d) From February 2005 to March 2006, a Saskatchewan resident (Investor D) purchased common stock and unit offerings of Scorpion for a total of $15,000;

(e) From March 2005 to April 2005, a Saskatchewan resident (Investor E) purchased common stock of Scorpion for a total of $16,000 ;

(f) From February 2005 to March 2010, 2 Saskatchewan residents (Investors F& G) through a Saskatchewan company, purchased common stock, unit offerings and preferred stock of Scorpion for a total of $190,000;

(g) On November 27, 2006 a Saskatchewan resident (Investor H) through a Saskatchewan company, purchased common stock of Scorpion for a total of $3,000; and

(h) On April 21, 2009 a Saskatchewan resident (Investor I) purchased common stock of Scorpion for a total of $7,500.

4. In carrying out the activities outlined in paragraph 3 above, the Respondents engaged in the business of trading in securities in Saskatchewan.

5. The Respondents have never been registered to trade securities in any capacity in Saskatchewan, and therefore contravened the registration requirements in section 27 of the Act.

6. In carrying the activities outlined in paragraph 3 above, the Respondents made a distribution of its securities in Saskatchewan.

7. The Director has never issued a receipt for a prospectus for the securities of Scorpion, and it therefore contravened the prospectus requirement in section 58 of the Act.

8. Scorpion has not filed reports pursuant to section 6.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) claiming any of the exemptions in NI 45-106.

Contravention of subsection 44(3) of the Act

9. Scorpion through its sales representatives made the following representations in Saskatchewan to investors before and during trading in Scorpion securities:

    (a) that Scorpion will be listed on an exchange;

    (b) by email dated October 25, 2007 White confirmed to Investor A that public listing of Scorpion securities will become immediately effective if Scorpion can maintain a share price of $5.00; and

    (c) by correspondences dated February 22, 2008 and July 21, 2010 to investors, Robert Stopanio, the president and founder of Scorpion, now deceased, made representations to the effect that Scorpion anticipates approval from the United States Securities and Exchange Commission for a public offering of its stocks in the near future.

10. In making the statements set out in paragraph 9 above, the Respondents represented to investors without the written permission of the Director, and with the intention of effecting a trade in its securities, that the securities would be listed on an exchange and therefore contravened the provisions of subsection 44(3) of the Act.

11. Based on the above facts, Staff of FCAA will ask a hearing panel of the Financial and Consumer Affairs Authority of Saskatchewan to consider whether it is in the public interest to make any of the following orders against the Respondents:

(a) pursuant to clause 134(1)(a) of the Act that any or all of the exemptions in Saskatchewan securities laws do not apply to the Respondents;

(b) pursuant to clause 134(1)(b) of the Act that trading shall cease respecting any securities or exchange contracts of Scorpion in Saskatchewan;

(c) pursuant to clause 134(1)(d) of the Act that the Respondents cease trading in any securities or exchange contracts in Saskatchewan;

(d) pursuant to clause 134(1)(d.1) of the Act that the Respondents cease acquiring securities or exchange contracts in Saskatchewan;

(e) pursuant to section 135.1 of the Act that the Respondents, jointly and severally, pay an administrative penalty of $50,000 to the Financial and Consumer Affairs Authority of Saskatchewan;

(f) pursuant to section 135.6 of the Act that the Respondents, jointly and severally, pay financial compensation of not less than the amount invested in Scorpion to each person who or company that has suffered a financial loss caused by the Respondents contravention of or failure to comply with Saskatchewan securities laws; and

(g) pursuant to section 161 of the Act that the Respondents, jointly and severally, pay the costs of or relating to the hearing.

DATED at Regina, Saskatchewan, on March 28, 2013

[redacted]

Dean Murrison
Director,
Securities Division