

**In the Matter of
*The Securities Act, 1988***

and

**In the Matter of
EMO Resources Ltd.,
Abdulmenaf Avci,
John S. Thornton,
Paul Jenson,
Elliot St. Claire,
Commodities Market Edge LLC
and
Cliff Krause**

Notice of First Appearance

To: **EMO Resources Ltd.
Abdulmenaf Avci
John S. Thornton
Paul Jenson
Elliot St. Claire
Commodities Market Edge LLC
Cliff Krause**

TAKE NOTICE THAT you or a representative are to attend before a Panel of the Financial and Consumers Affairs Authority of Saskatchewan (the Hearing Panel) via teleconference on Monday, June 27th, 2016 at 9:30 a.m. (CST) to set a date for a hearing into the matters alleged in the Statement of Allegations, dated May 27, 2016, a copy of which is attached hereto.

The teleconference number is: [REDACTED] Pass code: [REDACTED]

TAKE NOTICE that you are entitled to be represented by legal counsel and to make representations on the return date;

AND FURTHER TAKE NOTICE that if you do not attend at the time and place as aforesaid, the conference call will proceed in your absence and the Hearing Panel may set hearing dates in the above matter without further notice to you;

AND FURTHER TAKE NOTICE that any order made by the Hearing Panel may form the basis for a parallel order in another jurisdiction in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in other jurisdictions automatically, without further notice to you. If an order is made or a settlement is reached in relation to the matters set out in the Statement of Allegations attached hereto, you should contact the securities regulator of any other jurisdiction in which you may intend to engage in any securities related activities.

DATED at Regina, Saskatchewan on June 21, 2016.



Linda Patton
Registrar

For Delivery To:

EMO Resources Ltd., Abdulmenaf Avci, John S. Thornton, and Paul Jenson



Email: [Redacted]

And to

Elliot St. Claire

Email: [Redacted]

And to

Commodities Market Edge LLC and Cliff Krause



Email: [Redacted]

Note: Saskatchewan Policy Statement 12-602 *Procedure on Hearings and Reviews* (SP 12-602) sets out information on the procedures for this hearing. SP 12-602 can be found on the Authority's website at www.fcaa.gov.sk.ca.

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

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

The Respondents

1. The Respondent, EMO Resources Ltd. (EMO), is believed to be incorporated under the laws of the Republic of Seychelles. EMO purports to be a hydrocarbon exploration company with a virtual address in Cyprus and claims to hold an interest in exploration licenses 17 km offshore Israel and offshore Cyprus. EMO is believed to have maintained a web site at www.emoresources.com, however, as of March 31, 2014, the web site ceased to be accessible.
2. The Respondent, Abdulmenaf Avci (Avci), is believed to be located in Turkey or Cyprus. Avci is believed to be the Director of EMO.
3. The Respondent, John S. Thornton (Thornton), is believed to be an officer of EMO and has signing authority for EMO.
4. The Respondent, Paul Jenson (Jenson), is believed to have authority to direct an EMO bank account with Integral Transfer Agency (ITA), a Toronto, Ontario based transfer agency.

5. The Respondent, Elliot St. Claire (St. Claire), is believed to reside in the Adelaide area of southern Australia. St. Claire is believed to have authority to direct the movement of investment monies out of EMO's escrow account held at NT Reynolds Law Firm (Reynolds IOLTA Account).
6. The Respondent, Commodities Market Edge LLC (CME), claims to offer broker assisted trading and professionally managed accounts. It is believed that CME was registered in the Hong Kong business registry (#1610216), incorporated on 2011-06-01, and struck from the corporate register on June 19, 2015.
7. The Respondent, Cliff Krause (Krause), is believed to reside in Montreal, Quebec. Krause is believed to be a representative of CME.

Contraventions of sections 58, 27 and 44 of *The Securities Act, 1988* (the Act)

(1) Subsections 58(1) and Clause 27(2)(a) of the Act

8. It is alleged that in or around October 2013 to in or around December 2013 (the Relevant Time), EMO, Avci, Thornton, Jenson, St. Claire, CME and Krause, (collectively, the Respondents), solicited investors and sold securities in EMO to Saskatchewan residents, as well as other Canadian jurisdictions, including Alberta and Newfoundland.
9. During the Relevant Time, the Respondents traded in securities in Saskatchewan by selling shares in EMO (the Shares) to, collectively, approximately eight (8) residents of Saskatchewan, in exchange for an aggregate sum of approximately \$215,700 USD.
10. The Shares were previously unissued securities, and as such, trades in these securities would be distributions of securities pursuant to the Act.
11. The Shares were distributed as follows:
 - (a) On or around October 17, 2013, Krause, acting on behalf of CME, solicited and sold \$125,100 USD worth of shares in EMO to Investor 1, a resident of Saskatchewan. Investor 1 entered into a stock purchase agreement with EMO, pursuant to which Investor 1 electronically transferred \$125,100 USD to the Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to Delicer International Ltd., believed to be located in Seychelles, and/or K.R. Exchange Services Ltd., believed to be located in Israel, and/or Saxon West, believed to be located in Latvia, (collectively, the Recipients) and Investor 1 was issued a share certificate by ITA for 500,000 shares of EMO;
 - (b) On or around October 17, 2013, Krause, acting on behalf of CME, solicited and sold \$15,100 USD worth of shares in EMO to Investor 2, a resident of Saskatchewan. Investor 2 entered into a stock purchase agreement with EMO, pursuant to which Investor 2 electronically transferred \$15,100 USD to the

Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to the Recipients and Investor 2 was issued a share certificate by ITA for 60,000 shares in EMO;

- (c) On or around October 24, 2013, Krause, acting on behalf of CME, solicited and sold \$5,100 USD worth of shares in EMO to Investor 3, a resident of Saskatchewan. Investor 3 entered into a stock purchase agreement with EMO, pursuant to which Investor 3 electronically transferred \$5,100 USD to the Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to the Recipients and Investor 3 was issued a share certificate by ITA for 20,000 shares in EMO;
- (d) On or around November 26, 2013, Krause, acting on behalf of CME, solicited and sold \$10,100 USD worth of shares in EMO to Investor 4, a resident of Saskatchewan. Investor 4 entered into a stock purchase agreement with EMO, pursuant to which Investor 4 electronically transferred \$10,100 USD to the Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to the Recipients and Investor 4 was issued a share certificate by ITA for 40,000 shares in EMO;
- (e) On or around December 10, 2013, Krause, acting on behalf of CME, solicited and sold \$20,100 USD worth of shares in EMO to Investor 5, a resident of Saskatchewan. Investor 5 entered into a stock purchase agreement with EMO, pursuant to which Investor 5 electronically transferred \$20,100 USD to the Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to the Recipients and Investor 5 was issued a share certificate by ITA for 80,000 shares in EMO;
- (f) On or around December 16, 2013, Krause, acting on behalf of CME, solicited and sold \$10,100 USD worth of shares in EMO to Investor 6, a resident of Saskatchewan. Investor 6 entered into a stock purchase agreement with EMO, pursuant to which Investor 6 electronically transferred \$10,100 USD to the Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to the Recipients and Investor 6 was issued a share certificate by ITA for 40,000 shares in EMO;
- (g) On or around December 16, 2013, Krause, acting on behalf of CME, solicited and sold \$5,000 USD worth of shares in EMO to Investor 7, a resident of Saskatchewan. Investor 7 entered into a stock purchase agreement with EMO, pursuant to which Investor 7 electronically transferred \$5,000 USD to the Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to the Recipients and Investor 7 was issued a share certificate by ITA for 20,000 shares in EMO; and
- (h) On or around December 20, 2013, Krause, acting on behalf of CME, solicited and sold \$25,100 USD worth of shares in EMO to Investor 8, a resident of

Saskatchewan. Investor 8 entered into a stock purchase agreement with EMO, pursuant to which Investor 8 electronically transferred \$25,100 USD to the Reynolds IOLTA Account. This money was subsequently released from the Reynolds IOLTA Account to the Recipients and Investor 8 was issued a share certificate by ITA for 100,000 shares in EMO.

12. No preliminary prospectus relating to the distribution of securities in EMO was filed with the Director, Securities Division, Financial and Consumer Affairs Authority (the Director) and no receipt was issued for the same. Additionally, no prospectus relating to the distribution of securities in EMO was filed with the Director and no receipt was issued for the same. Therefore, in carrying out the acts indicated in paragraphs 9 to 11 above, the Respondents, individually or collectively, have contravened subsection 58(1) of the Act.
13. No 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 for distributions of EMO securities have been filed with the Financial and Consumer Affairs Authority. There is also no indication that the Respondents relied on any of the exemptions in NI 45-106 to trade in EMO securities.
14. Further, in carrying out the acts indicated in paragraphs 9 to 11 above, the Respondents, individually or collectively, engaged in the business of trading in securities in Saskatchewan, and as such, acted as 'dealers' as defined in the Act.
15. None of the Respondents have ever been registered as a 'dealer' as required by the Act, and therefore, the Respondents have contravened clause 27(2)(a) of the Act.

(2) Subsection 44(3) of the Act

16. It is further alleged that on or around December 10, 2013, Krause represented to Investor 5 that EMO would be listed on the TSX-Venture Exchange (TSX V) in Canada, and the Over-the-Counter Bulletin Board (OTCBB) in the United States of America. Further, Krause, via email, provided investors with an EMO fact sheet that indicates EMO would be listed on the TSX V, OTCBB, and Frankfurt exchanges.
17. The TSX V has no information in their internal records suggesting that EMO would be listed on the TSX V. Therefore, in providing the representations identified in paragraph 16 above, the Respondents, individually or collectively, have contravened subsection 44(3) of the Act.

Sanctions Request

18. Based on the above, Staff of FCAA ask the hearing panel to consider whether it is in the public interest to make the following orders:
 - (a) Pursuant to subsection 134(1)(a) of the Act, all of the exemptions in

Saskatchewan securities laws do not apply to the Respondents;

- (b) Pursuant to subsection 134(1)(d) of the Act, the Respondents shall cease trading in any securities or derivatives in Saskatchewan;
- (c) Pursuant to subsection 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan;
- (d) Pursuant to section 135.1 of the Act, the Respondents shall jointly and severally pay an administrative penalty to the Authority, in the amount of \$50,000;
- (e) Pursuant to section 135.6 of the Act, the Respondents shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of the Respondents' contraventions of the Act, in amounts to be determined; and
- (f) Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to this hearing in this matter.

DATED at Regina, Saskatchewan, this 27 day of May, 2016.



Dean Murrison
Director, Securities Division
Financial and Consumer Affairs Authority of
Saskatchewan