

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

and

**In the Matter of
Fluid FX
Paul Anderson
Alan P. Howard
and
John Andrews**

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

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

The Respondents

1. The Respondent, Fluid FX (also known as Fluid FX Inc., Fluid FX International, and Fluid FX Offshore LLC) (**Fluid FX**) held itself out to be an offshore commodities and FOREX trading firm from September, 2017 to March, 2018 (**Relevant Time**). During the Relevant Time, Fluid FX also owned and operated an online trading platform located at <https://www.fluidfxint.com> (**Website**).
2. The Respondent, Paul Anderson (**Anderson**), held himself out to be a Broker working on behalf of Fluid FX during the Relevant Time.
3. The Respondent, Alan P. Howard (**Howard**), held himself out to be a Broker and/or Trading Director working on behalf of Fluid FX during the Relevant Time.
4. The Respondent, John Andrews (**Andrews**), held himself out to be Head of Compliance working on behalf of Fluid FX during the Relevant Time.
5. Fluid FX, Anderson, Howard, and Andrews will be collectively referred to as “the Respondents”.

Contraventions of subsections 27(2)(a) and 27(2)(b) of *The Securities Act, 1988 (Act)*, and sections 13.2 and 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103)

6. During the Relevant Time, Fluid FX, with the assistance of Anderson, Howard, and/or Andrews, solicited and accepted investment funds in the following amounts and on the following dates (or thereabout):

Investor 1	\$10,000.00 USD	September 7, 2017
Investor 1	\$33,150.00 USD	October 3, 2017
Investor 2	\$5,000.00 USD	December 6, 2017
Investor 2	\$3,750.00 USD	December 14, 2017
Investor 2	\$5,000.00 USD	December 28, 2017
Investor 2	\$5,000.00 USD	January 2, 2018
Investor 2	\$10,000.00 USD	January 5, 2018
Investor 2	\$15,000.00 USD	January 10, 2018
Investor 2	\$17,720.00 USD	January 24, 2018

(collectively, **Investors**)

The Website

7. The Website contained the following representations:

Fluid FX offers both non-discretionary trading accounts and fully managed trading accounts. For investors that want to put money in the market but don't have the time our brokers can manage the account completely. For clients that like to have full control we also offer non-discretionary accounts where our traders offer advice on how to maximize profit with minimal risk.

Our Fluid FX online trading platform offers online trading around the clock and can be used by logging in directly to our secure trading platform online or by accessing our Fluid FX online trading app on your smartphone. With Fluid FX, trading is literally available in your office, at home or on the move at a touch of a button.

Our award winning multilingual client services team is trained to the highest level and is ready to answer and questions you have. Whether you are a prospective client with questions or an active client, the members of our team will be with you throughout the time you trade with Fluid FX.

ABOUT FLUID FX: Offering both fully-managed and non-discretionary accounts to commodity and forex traders in most countries of the world, Fluid FX has been in business since 2005 and has built a solid reputation combining attention to client detail, consistent results and trading excellence. Our offices are in Tokyo, Japan where we are able to ensure trading continues around the clock.

Here at Fluid FX, we believe that every client should have the same opportunity to get involved in each and every investment. It doesn't matter if a client has \$5,000.00 or \$5,000,000.00 in their trading account. We treat our clients equally.

Investor 1's Investments with Fluid FX

8. In or about September, 2017 a resident of [REDACTED] opened a trading account (**Account**) on behalf of his Saskatchewan-registered company (**Investor 1**) with Fluid FX upon the advice of and with assistance from Anderson. Investor 1 received wire transfer instructions from Anderson so that he could fund the Account.
9. On or about September 5, 2017 Fluid FX sent Investor 1 a trade confirmation (**Trade Confirmation**) stating that Investor 1 authorized the purchase of derivatives identified as "10 Silver Options SIZ17 December - Strike \$18.50". The Trade Confirmation identified Anderson as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation. On or about September 7, 2017 Investor 1 wire-transferred \$10,000.00 USD to Fluid FX to pay for the 10 Silver Options.
10. On or about September 5, 2017 Fluid FX sent Investor 1 a Trade Confirmation stating that Investor 1 authorized the purchase of derivatives identified as "50 Palladium Options PAZ17 December - Strike \$940.00". The Trade Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation.
11. On or about September 21, 2017 Fluid FX sent Investor 1 a sell confirmation (**Sell Confirmation**) stating that Investor 1 authorized the sale of derivatives identified as "10 Silver Options SIZ17 December - Strike \$18.50". The Sell Confirmation identified Anderson as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Sell Confirmation. The Sell Confirmation further represented to Investor 1 that Investor 1 made \$6,850.00 USD in profit on the sale.
12. On or about October 2, 2017 Howard represented to Investor 1 that Investor 1 had made \$39,950.00 USD on the sale of the 50 Palladium Options, but would need to wire-transfer \$33,150.00 USD to the Account otherwise the sale would be reversed. There was no Sell Confirmation sent to Investor 1 in relation to the 50 Palladium Options. On or about October 3, 2017 Investor 1 wire-transferred \$33,150.00 USD to Fluid FX.
13. Subsequently, Fluid FX represented to Investor 1 that Investor 1 had over \$147,000.00 USD in the Account. Fluid FX further represented to Investor 1 that since the amount in the Account was over \$100,000.00 USD, Investor 1 could not take any money out of the Account until it opened a commercial account and funded it with a further \$10,000.00 USD. Investor 1 did not wire-transfer \$10,000.00 USD to Fluid FX.

14. On or about November 7, 2017 Fluid FX represented to Investor 1 that Fluid FX would allow Investor 1 to withdraw all of the funds in the Account providing that it sent an additional \$3,000.00 USD to meet tax obligations. Investor 1 never sent Fluid FX any additional funds.

Investor 2's Investments with Fluid FX

15. In or about November, 2017 a resident of [REDACTED] (**Investor 2**) opened a trading account (**Account**) with Fluid FX.
16. On or about December 6, 2017 Fluid FX sent Investor 2 a Trade Confirmation stating that Investor 2 authorized the purchase of derivatives identified as "5 Silver Options SIH18 March- Strike \$16.50". The Trade Confirmation identified Anderson as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation. On or about December 6, 2017 Investor 2 wire-transferred \$5,000.00 USD to Fluid FX to pay for the 5 Silver Options.
17. On or about December 12, 2017 Fluid FX sent Investor 2 a Sell Confirmation stating that Investor 2 authorized the sale of derivatives identified as "5 Silver Options SIH18 March-Strike \$16.50". The Sell Confirmation identified Anderson as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Sell Confirmation. The Sell Confirmation further represented to Investor 2 that Investor 2 made \$1,250.00 USD in profit on the sale.
18. On or about December 13, 2017 Fluid FX sent Investor 2 a Trade Confirmation stating that Investor 2 authorized a purchase of derivatives identified as "10 Crude Oil WTI Options CLH18 March – Strike \$56.00". The Trade Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation. On or about December 14, 2017 Investor 2 wire-transferred \$3,750.00 USD to Fluid FX to pay for the 10 Crude Oil WTI Options.
19. On or about December 21, 2017 Fluid FX sent Investor 2 a Trade Confirmation stating that Investor 2 authorized the purchase of derivatives identified as "10 Palladium Options PAH18 March – strike \$1035.00". The Trade Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation. On or about December 28, 2017 Investor 2 wire-transferred \$5,000.00 USD to Fluid FX to pay for half of the 10 Palladium Options. On or about January 2, 2018 Investor 2 wire-transferred \$5,000.00 USD to Fluid FX to pay for the remaining half of the 10 Palladium Options.
20. On or about January 2, 2018 Fluid FX sent Investor 2 a Sell Confirmation stating that Investor 2 authorized the sale of derivatives identified as "10 Crude Oil WTI Options CLH18 March – Strike \$56.00". The Sell Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Sell Confirmation. The Sell Confirmation further represented to Investor 2 that Investor 2 made \$37,100.00 USD in profit on the sale.
21. On or about January 2, 2018 Fluid FX sent Investor 2 a Sell Confirmation stating that

Investor 2 authorized the sale of derivatives identified as “10 Palladium Options PAH18 March – strike \$1035.00”. The Sell Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Sell Confirmation. The Sell Confirmation further represented to Investor 2 that Investor 2 made \$57,730.00 USD in profit on the sale.

22. On or about January 3, 2018 Fluid FX sent Investor 2 a Trade Confirmation stating that Investor 2 authorized the purchase of derivatives identified as “10 Platinum Options PLJ18 April – strike \$920.00”. The Trade Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation. On or about January 5, 2018 Investor 2 wire-transferred \$10,000.00 USD to Fluid FX to pay for the 10 Platinum Options.
23. On or about January 5, 2018 Fluid FX sent Investor 2 a Sell Confirmation stating that Investor 2 authorized the sale of derivatives identified as “10 Platinum Options PLJ18 April – strike \$920.00”. The Sell Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Sell Confirmation. The Sell Confirmation further represented to Investor 2 that he made \$17,700.00 USD in profit on the sale.
24. On or about January 10, 2018 Fluid FX sent Investor 2 a Trade Confirmation stating that Investor 2 authorized the purchase of derivatives identified as “175 Crude Oil WTI Options CLH18 March – Strike \$62.00, Trailing Loss \$2.00”. The Trade Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation. On or about January 10, 2018 Investor 2 wire-transferred \$15,000.00 USD to Fluid FX’s bank account to pay for the 175 Crude Oil WTI Options.
25. On or about January 16, 2018 Fluid FX sent Investor 2 a Sell Confirmation stating that Investor 2 authorized the sale of derivatives identified as “175 Crude Oil WTI Options CLH18 March – Strike \$62.00”. The Sell Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Sell Confirmation. The Sell Confirmation further represented to Investor 2 that Investor 2 made \$257,250.00 USD in profit on the sale.
26. On or about January 17, 2018 Fluid FX sent Investor 2 a Trade Confirmation stating that Investor 2 authorized the purchase of derivatives identified as “450 Palladium Options PAH18 March – Strike \$1110.00, Trailing Loss \$10.00”. The Trade Confirmation identified Howard as the Broker and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Trade Confirmation.
27. On or about January 22, 2018 Howard, on behalf of Fluid FX, represented to Investor 2 that Investor 2’s “recent trade in Palladium Options PAH18 March will need to be recovered in the amount of \$17,720.00 [USD] if sold”.
28. On or about January 23, 2018 Fluid FX sent Investor 2 a Sell Confirmation stating that he authorized the sale of derivatives identified as “450 Palladium Options PAH18 March – Strike \$1110.00, Trailing Loss”. The Sell Confirmation identified Howard as the Broker

and Andrews as the Head of Compliance for Fluid FX, both of whom signed the Sell Confirmation. The Sell Confirmation further represented to Investor 2 that Investor 2 made \$1,100,250.00 in profit on the sale. On or about January 24, 2018 Investor 2 wire-transferred \$17,720.00 USD to Fluid FX to pay for the 450 Palladium Options.

29. On or about January 25, 2018 Investor 2 requested to withdraw \$350,000.00 USD from the Account. On or about February 2, 2018 Fluid FX represented to Investor 2 that Investor 2 would be sent an invoice for \$98,000.00 USD for a tax deposit, as well as a further Margin Agreement requiring him to pay an additional \$24,500.00 USD. Investor 2 did not send Fluid FX any additional funds.

Contraventions

30. In carrying out the acts indicated in paragraphs 6-29 above, Fluid FX acted as a dealer as defined in paragraph 2(1)(m) of *The Securities Act (Act)* by engaging in or holding itself out as engaging in the business of trading in securities or derivatives as principal or agent without being registered to do so in contravention of paragraph 27(2)(a) of the Act.
31. In carrying out the acts indicated in paragraphs 6, 8, 9, 11, 16, and 17 above, Anderson acted as a dealer as defined in paragraph 2(1)(m) of Act by engaging in or holding himself out as engaging in the business of trading in securities or derivatives as principal or agent without being registered to do so in contravention of paragraph 27(2)(a) of the Act.
32. In carrying out the acts indicated in paragraphs 6, 10, 12, and 18-28 above, Howard acted as a dealer as defined in paragraph 2(1)(m) of Act by engaging in or holding himself out as engaging in the business of trading in securities or derivatives as principal or agent without being registered to do so in contravention of paragraph 27(2)(a) of the Act.
33. In carrying out the acts indicated in paragraphs 6, 9, 10, 11, 16-26, and 28 above, Andrews acted as a dealer as defined in paragraph 2(1)(m) of Act by engaging in or holding himself out as engaging in the business of trading in securities or derivatives as principal or agent without being registered to do so in contravention of paragraph 27(2)(a) of the Act.
34. In carrying out the acts indicated in paragraphs 7-9, 11, 12, 16-28 above, Fluid FX acted as an adviser as defined in paragraph 2(1)(a.1) of the Act by engaging in or holding itself out as engaging in the business of advising another as to the investing in or the buying or selling of securities or derivatives without being registered to do so in contravention of paragraph 27(2)(b) of the Act.
35. In carrying out the acts indicated in paragraphs 8, 9, 11, 16, and 17 above, Anderson acted as an adviser as defined in paragraph 2(1)(a.1) of the Act by engaging in or holding himself out as engaging in the business of advising another as to the investing in or the buying or selling of securities or derivatives without being registered to do so in contravention of paragraph 27(2)(b) of the Act.
36. In carrying out the acts indicated in paragraphs 10, 12, and 18-28 above, Howard acted as an adviser as defined in paragraph 2(1)(a.1) of the Act by engaging in or holding himself out as engaging in the business of advising another as to the investing in or the buying or

selling of securities or derivatives without being registered to do so in contravention of paragraph 27(2)(b) of the Act.

37. In carrying out the acts indicated at paragraphs 6, 8-29 above, the Respondents did not take reasonable steps to ensure that they had sufficient information of the Investors' investment needs and objectives, financial circumstances, and risk tolerance in contravention of section 13.2 of NI 31-103.
38. In carrying out the acts indicated at paragraphs 6, 8-29 above, the Respondents did not take reasonable steps to ensure that, before they made a recommendation to or accepted instruction from the Investors to buy or sell a security or derivative, the purchase of the security or derivative was suitable for the Investors in contravention of section 13.3 of NI 31-103.

Relief Sought

39. Based on the above, FCAA Staff ask a panel of the FCAA appointed pursuant to section 17 of The Financial and Consumer Affairs Authority of Saskatchewan Act (**Panel**) to consider whether it is in the public interest to make the following orders:
 - a. Pursuant to paragraph 134(1)(a) of the Act, all of the exemptions in Saskatchewan securities laws do not apply to the Respondents, permanently;
 - b. Pursuant to paragraph 134(1)(d) of the Act, the Respondents shall cease trading in any securities and derivatives in Saskatchewan, permanently;
 - c. Pursuant so paragraph 134(1) (d.1) of the Act, the Respondents shall cease acquiring securities and derivatives for and on behalf of residents of Saskatchewan, permanently;
 - d. Pursuant to paragraph 134(1)(e) of the Act, the Respondents shall cease giving advice respecting securities, derivatives, and trades thereof in Saskatchewan, permanently;
 - e. Pursuant to subparagraph 134(1)(h)(i) of the Act, the Respondents shall resign any position that they hold as a director or officer of an issuer, a registrant, or an investment fund manager;
 - f. Pursuant to subparagraph 134(1)(h)(ii) of the Act, the Respondents are prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager, permanently;
 - g. Pursuant to subparagraph 134(1)(h)(iii) of the Act, the Respondents shall not be employed by any issuer, registrant, or investment fund manager in any capacity that would entitle them to trade or advise in securities or derivatives, permanently;
 - h. Pursuant to paragraph 134(1) (h.1) of the Act, the Respondents are prohibited from

becoming or acting as a registrant, an investment fund manager, or a promoter, permanently;

- i. Pursuant to section 135.1 of the Act, the Respondents shall, jointly and severally, pay an administrative penalty to the FCAA in the amount of \$40,000.00, or any other amount allowed by the Panel;
- j. Pursuant to section 135.6 of the Act, the Respondents shall, jointly and severally, pay financial compensation to each person or company found to have sustained financial loss caused in whole or in part by contraventions of Saskatchewan securities laws committed by the Respondents, in amounts to be determined; and
- k. Pursuant to section 161 of the Act the Respondents shall, jointly and severally, pay the costs of or relating to the hearing of this matter.

DATED at Regina, Saskatchewan, this 1 day of May, 2020.

“Dean Murrison”

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