

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

and

**In the Matter of
Edgedale Finance
and
Greymountain Management Ltd.**

**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, Edgedale Finance, is either an operating name used by, and therefore, one and the same as Greymountain Management Ltd. or alternatively, is an entity of unknown status or whereabouts, related to Greymountain Management Ltd.
2. The Respondent, Greymountain Management Ltd., is a corporate entity currently registered in Ireland.

Contraventions of section 27(2) of *The Securities Act, 1988* (the Act)

3. From in or around January 2016 and continuing to date, Edgedale Finance and/or Greymountain Management Ltd. (collectively, the Respondents) acted as dealers by engaging in the business of trading in securities or derivatives or holding themselves out as engaging in the business of trading in securities or derivatives in Saskatchewan. Further, from in or around January 2016 and continuing to date, the Respondents acted as advisers in Saskatchewan by engaging in the business of advising the public on securities or derivatives or holding themselves out as engaging in the business of advising the public on securities or derivatives. The details of such activities include, but are not limited to, the following:
 - a. From in or around January 2016 and continuing to date, the Respondents owned

or maintained a website at www.edgedalefinance.com (the Website);

b. The Website provided an online trading platform, offering users the ability to trade binary options;

c. The Respondents stated, on the Website:

“Edgedale is a leader in the Binary Option field, with more than 5 years of experience in this fast growing industry; Edgedale guarantees you an exciting, remunerative and transparent experience.

Our Mission

At Edgedale, we have a mission: bringing back binary options to its simplest form.

Binary Options are a very easy to understand and quickly implementable way of trading. With the years, in an effort of innovating and of bringing something more complex to the field, many brokers added unnecessary extra tools to the industry which at the end are confusing to you, the trader. Edgedale is one of the only experienced brokers to bring back the simplest way of trading without confusion, without distraction. With Edgedale you can simply trade binary options.”;

d. The Respondents did not explain or discuss the mechanics of how trades were carried out, or how profits/losses were realized through favorable/unfavorable binary options;

e. Members of the public were able to sign up for a trading account with the Respondents through the Website, and invest in the offered binary options;

f. The Respondents used the terms “options”, “trading”, and “investor” numerous times throughout the Website;

g. In or around January 2016, Investor 1, a resident of Saskatchewan, was cold called from a person holding themselves out to be a representative of Edgedale Finance;

h. Investor 1 had not been searching for any investment opportunities online before the cold call. During the call Investor 1 was provided the link for the Website and asked to consider investing and trading in binary options;

i. On or around January 27, 2016 Investor 1 opened a trading account on the Website by sending in personal information, including a copy of his passport, driver’s licence, and credit card, and deposited \$2,902.51 CAD into his trading account;

j. Investor 1 was convinced by an Edgedale Finance account manager to enter into a first trade on the understanding that in order to enter into the trade Investor 1


needed to have at least \$5,000USD in his trading account. The Edgedale Finance account manager had \$100USD placed back into Investor 1's credit card in an attempt to prove that it was not a scam;

- k. On or around February 2, 2016 Investor 1 deposited \$4,330.39 CAD into his trading account from his credit card bringing the balance to his trading account to \$7,232.90 CAD;
 - l. In the few weeks that Investor 1's account was active he did do some trading and the balance on his trading account increased a little bit;
 - m. Edgdale Finance subsequently sent Investor 1 "Terms and Conditions". When Investor 1 read them over he discovered that the bonus he agreed to tied him to a trading volume amount that had to be reached before he could withdraw any money;
 - n. After receiving the "Terms and Conditions" Investor 1 requested a refund of the balance on his trading account but Edgedale Finance account manager informed him that Edgedale Finance would not return the balance to him;
 - o. Over the next few weeks Edgedale Finance sent Investor 1 the "Terms and Conditions" on five different occasions for his signature. Investor 1 declined to sign the document but instead repeated his request for a refund of the balance on his trading account. Edgedale Finance declined to provide the refund.
4. In carrying out the acts indicated in paragraph 3, above, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities or derivatives with or on behalf of Investor 1, and as such, acted as 'dealers' as defined in the act.
 5. 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.
 6. In carrying out the acts indicated in paragraph 3, above, the Respondents engaged in, or held themselves out as engaging in, the business of advising the public on securities or derivatives, and as such, acted as an 'adviser' as defined in the Act.
 7. None of the Respondents have ever been registered as an 'adviser' as required by the Act, and therefore, the Respondents have contravened clause 27(2)(b) of the Act.
 8. 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

any securities and derivatives in Saskatchewan;

- c. Pursuant so subsection 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities and derivatives for and on behalf of residents of Saskatchewan;
- d. Pursuant to subsection 134(1)(e) of the Act, the Respondents shall cease giving advice respecting securities, trades, and derivatives in Saskatchewan;
- e. Pursuant to section 135.1 of the Act, the Respondents shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan, in the amount of \$25,000;
- f. 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 an amount to be determined; and
- g. Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to the hearing in this matter.

DATED at Regina, Saskatchewan, this 4 day of October, 2016.



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