

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

**and**

**In the Matter of  
Corey Dean Klassen**

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

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

**The Respondent**

1. The Respondent, Corey Dean Klassen (the "Respondent") is an individual who resides or resided in the City of ██████████, Saskatchewan. At no time material hereto was the Respondent registered in Saskatchewan as a dealer or advisor pursuant to *The Securities Act, 1988*, SS 1988, c S-42.2 (the "Act").

**Related Entities**

2. Barbara Ann Marie Romanow ("Romanow") is an individual who resides or resided in the City of ██████████, Saskatchewan. At no time material hereto was Romanow registered in Saskatchewan as a dealer or advisor pursuant to the Act.
3. Absum Red Limited ("Absum Red") is a corporation domiciled in the United Kingdom. Absum Red purports to provide investors with small cap trading programs, a "voucher agreement system", "bullet trades" and/or "mirror trades", all while claiming that an investor's deposits are fully guaranteed and secure.
4. At no time material hereto was Absum Red registered in Saskatchewan to provide any services regarding securities or derivatives.

**Allegations**

5. In or around May of 2020, the Respondent was informed of Absum Red by Romanow. Romanow claimed to hold the Canadian license and/or franchise rights in Absum Red. Romanow also claimed that Absum Red offered a type of investment that recently became available in Canada.

6. Romanow provided the Respondent with marketing materials stating that Absum Red provided investors with small cap trading programs, a “voucher agreement system”, “bullet trades”, “mirror trades”, and that the investments were guaranteed with no risk of losing the invested funds.
7. After learning of Absum Red from Romanow, the Respondent began communicating directly with Timothy West, a purported representative of Absum Red who claimed to be located in the United Kingdom. The Respondent was advised by that representative that Absum Red offered a “mirror trade” and/or “bullet trade” that had a complete guarantee on the initial capital invested, had a high rate of return, and would generate a return quickly. The representative informed the Respondent that a minimum investment of \$173,000.00 was required.
8. Beginning in or around May 2020, the Respondent approached [REDACTED], [REDACTED], and [REDACTED] and offered them an opportunity to participate in what the Respondent referred to as a “mirror trade” or “bullet trade”. The Respondent provided those individuals with a written document stating, in part:
  - a. That the Respondent was seeking “a minimum of 4 partners” to contribute at least \$50,000 each to invest in what he described as “THE BULLET TRADE”;
  - b. That the arrangement was represented to provide a full guarantee of the initial capital invested and a payout within approximately nine business days; and
  - c. That the arrangement was represented to return the investors’ principal together with a profit calculated at 100% of the amount invested, subject to a stated 10% deduction for fees.
9. Shortly thereafter, in May and June 2020, the Respondent obtained investment funds from three different investors, pooled the funds of the three investors together with his own investment funds, and invested the pooled funds into what was referred to as a “mirror” or “bullet” trade, the details of which are set out below.
10. The Respondent also contributed \$50,000.00 CAD of his own funds to the pooled investment.

### The Investors

- [REDACTED], also known as [REDACTED]
11. [REDACTED], also known as [REDACTED] is a retired individual who resides or resided in the City of [REDACTED], Saskatchewan. The Respondent acted as [REDACTED]’s mortgage broker in connection with her sale of one home and purchase of another. After the mortgage transaction was completed, the Respondent approached [REDACTED] about investing in Absum Red. Prior to that transaction, [REDACTED] did not know the Respondent.
  12. In or around May 2020, the Respondent approached [REDACTED] and invited her to partake in an investment opportunity referred to as a “mirror trade” or “bullet trade”. In or around May 24, 2020, the Respondent sent [REDACTED] an email indicating, *inter alia*, the following:



20. As a result of the totality of the information provided to her by the Respondent, [REDACTED] decided to invest \$50,000.00 in the Absum Red arrangement. She used the cash she had on hand to make the investment.

[REDACTED]

21. [REDACTED] is an individual who resides or resided in the [REDACTED], Saskatchewan. The Respondent had previously acted as [REDACTED]'s mortgage broker. [REDACTED] is not related to the Respondent.

22. In or around May 2020, the Respondent approached [REDACTED] and invited him to partake in an investment opportunity known as a "mirror trade" or "bullet trade". Based on his discussions with the Respondent, [REDACTED] understood that:

- a. Money from several different investors would be pooled together to make a series of four trades;
- b. The money would be invested in "Absum Red";
- c. The money pooled together would be borrowed against by a bank to create "leverage"; and
- d. His principal investment was guaranteed and at no risk of any loss.

23. On or about June 10, 2020, [REDACTED], and the Respondent entered into an "Escrow Agreement" ("the Escrow Agreement"), dated June 9, 2020, with Benesh Bitz & Company acting as escrow agent. The Escrow Agreement described the arrangement in part as follows:

- a. A group of four investors investing the total sum of \$175,000.00 CAD; of this total amount [REDACTED] each invested \$50,000.00 CAD, [REDACTED] invested \$25,000.00 CAD, and the Respondent invested \$50,000.00 CAD;
- b. The \$175,000.00 CAD would be deposited with the law firm of Benesh Bitz & Company in Saskatoon, Saskatchewan;
- c. The \$175,000.00 CAD would be invested in a "mirror trade";
- d. The initial capital invested was described as being fully guaranteed;
- e. A total of four trades would occur;
- f. Each trade was represented to take place over approximately nine business days and to generate a gross return equal to 100% of the capital used in that trade, subject to a stated 10% deduction for fees; and
- g. The four trades were represented to occur sequentially over approximately 40 days, with the principal and represented profits from one trade to be carried forward into the next.

24. The written materials and representations provided by the Respondent described the arrangement in varying terms, including as a "mirror trade" or "bullet trade," and described its timing and anticipated returns in varying terms. They nevertheless represented that the

investors' principal was guaranteed and that the arrangement would generate substantial profits within a short period.

25. In furtherance of the arrangement, the Respondent solicited prospective investors, provided promotional materials and return projections, made representations regarding guaranteed principal and expected profits, arranged for investor funds to be pooled, and directed the transfer of those funds to Absum Red.
26. At all times material hereto, the Respondent assumed responsibility for all active steps required to generate a return on the investments of [REDACTED], and [REDACTED]. At no time did any of [REDACTED], or [REDACTED] assume any responsibility to take any active steps to generate a return on their investments.
27. The arrangement described above constituted a security within the meaning of the Act. The investors contributed money to a common enterprise, expected profits from the arrangement, and relied substantially on the efforts of the Respondent and Absum Red to generate those profits.
28. In June 2020, [REDACTED] provided her \$50,000.00 CAD investment by bank draft for the purposes of the Escrow Agreement as part of the pooled funds handled through Benesh Bitz & Company as escrow agent.
29. On or about June 10, 2020, [REDACTED] provided her \$50,000.00 CAD investment for the purposes of the Escrow Agreement as part of the pooled funds handled through Benesh Bitz & Company as escrow agent.
30. In June 2020, [REDACTED] provided his \$25,000.00 CAD investment for the purposes of the Escrow Agreement as part of the pooled funds handled through Benesh Bitz & Company as escrow agent.
31. The Respondent directed Benesh Bitz & Company to wire the pooled investor funds in the amount of \$175,000.00 to Absum Red. An initial wire transfer was attempted on June 11, 2020, but failed. A second wire transfer in the same amount was sent on June 15, 2020, and was thereafter confirmed as received by Absum Red on June 18, 2020.
32. [REDACTED], and [REDACTED] did not receive their principal investment or any return on the same within the timeframe represented in the Escrow Agreement and related trade materials. They were later advised by the Respondent that the investment had not proceeded as represented and that delays had occurred due to COVID-19 related issues and/or other unanticipated issues.
33. On July 12, 2021, in an email to [REDACTED], the Respondent advised that [REDACTED] would receive back her original funds plus a 50% profit.
34. In or around February 2022, [REDACTED] attended a meeting with the Respondent and Romanow. During that meeting, Romanow proposed a repayment arrangement under which the investors would receive their principal amounts invested together with a 20%

return. Those discussions were later summarized in an email sent by Romanow to the Respondent and [REDACTED] on or about February 8, 2022.

35. Partial repayments have been made to the investors. However, the precise amounts paid to each investor, and the complete source of those funds, remain uncertain.
36. At no time was the Respondent registered as a dealer nor was he registered as a representative of a registered dealer and acting on behalf of that registered dealer.
37. At no time did the Respondent file or provide a prospectus or preliminary prospectus in connection with the “bullet” or “mirror” trade.

#### **Alleged Contraventions of subsection 27(2)(a) of the Act**

38. When the Respondent carried out the acts indicated in paragraphs 8 through 34 above, including acts in furtherance of trades in securities, he was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by subsection 27(2)(a)(i) of the Act, nor registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(a) of the Act.

#### **Alleged Contraventions of subsection 58(1) of the Act**

39. When the Respondent carried out the acts indicated in paragraphs 8 through 34 above, including acts in furtherance of trades in securities, the Respondent traded in a security on his own behalf or on behalf of another person or company where the trade was a distribution of the security without filing a prospectus and/or preliminary prospectus relating to the distribution of the security with the FCAA and without receiving a receipt for the prospectus and/or preliminary prospectus in contravention of subsection 58(1) of the Act.

#### **Alleged Contraventions of section 6.1 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106)**

40. When the Respondent carried out the acts indicated in paragraphs 8 through 34 above, and insofar as the Respondent is able to prove the availability of exemptions from the requirement of subsection 58(1) of the Act, at no time did the Respondent file any Form 45-106F1 (Report of Exempt Distribution) with the FCAA. In failing to file Form 45-106F1, the Respondent contravened subsection 6.1 of National Instrument 45-106.

#### **ORDER SOUGHT**

41. Based on the above, Staff of the 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 exemptions in Saskatchewan securities laws do not apply to the Respondent for a period of seven (7) years;

- b. Pursuant to subsection 134(1)(d) of the Act, the Respondent shall cease trading in securities and derivatives for a period of seven (7) years, except for the purposes of trading securities or derivatives on his own account;
- c. Pursuant to subsection 134(1)(d.1) of the Act, the Respondent shall cease acquiring securities or derivatives for a period of seven (7) years, except for the purposes of trading securities or derivatives on his own account;
- d. Pursuant to subsection 134(1)(h) of the Act, the Respondent shall not be employed by any issuer, registrant, or investment fund manager in any capacity that would permit him to trade in securities or derivatives in Saskatchewan, and shall not be a director or officer of any issuer, registrant, or investment fund manager, for a period of seven (7) years;
- e. Pursuant to subsection 134(1)(h.1) of the Act, the Respondent shall be prohibited from becoming or acting as a registrant, investment fund manager, or promoter for a period of seven (7) years;
- f. Pursuant to section 135.1 of the Act, the Respondent shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan in the amount of \$50,000.00;
- g. Pursuant to section 135.6 of the Act, the Respondent shall pay financial compensation to each person or company found to have sustained financial loss caused as a result, in whole or in part, of the Respondent's contraventions of Saskatchewan securities laws committed by the Respondent in amounts to be determined; and
- h. Pursuant to section 161 of the Act, the Respondent shall pay the costs of or relating to the hearing of this matter.

DATED at Regina, Saskatchewan, this 4 day of June 2026.



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