

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

and


**In the Matter of
Risk Capital International,
Risk Capital FX International,
Magnus Carlson, and
Matthew Cannon**

Notice of First Appearance

To: Risk Capital International,
Risk Capital FX International,
Magnus Carlson
Matthew Cannon

TAKE NOTICE THAT you or a representative are to attend before a Panel of the Financial and Consumers Affairs Authority of Saskatchewan (the Authority) via teleconference on September 12, 2014 at 1:30 p.m. (CST) to set a date for a hearing into the matters alleged in the Statement of Allegations file by Staff of the Authority, dated July 28, 2014 and attached hereto.



The teleconference number is: 

Pass code: 

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 Panel of the Authority may set hearing dates in the above matter without further notice to you;

DATED at Regina, Saskatchewan on August 13, 2014.


Pat Murray
Registrar 

For Delivery To:

Risk Capital International,
Risk CapitalFX International,
Magnus Carlson, and
Matthew Cannon

DF Building
2-2-8- Minami Aoyama, Minato-ku
Tokyo 107-0062
Japan

G Primer Nivel
Santa Ana
San Jose
Costa Rica

19 & 22/F Shibuya Mark City
1-12-1 Dogenzaka, Shibuya-ku
150-0043, Tokyo
Japan.

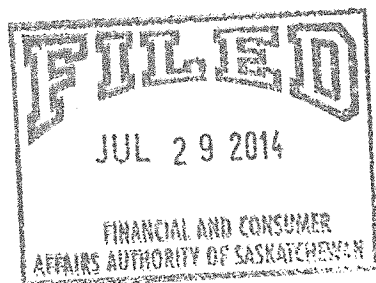
Las Terrazas, Edificio 5
Centro Corporativo Plaza Roble,
San Jose
Costa Rica

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.

**In the Matter of
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**In the Matter of
Risk Capital International,
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(Collectively referred to as the Respondents)

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

To: Risk Capital International
Risk Capital FX International
Magnus Carlson
Matthew Cannon

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

The Respondents

1. The Respondents, Risk Capital International and Risk Capital FX International (collectively, Risk Capital) are either two separate but related companies, or one and the same company, holding themselves or itself out as being in the business of managing trading accounts for both retail and institutional investors, with experience in trading all types of commodity and forex based investment products.
2. Each of Risk Capital International and Risk Capital FX International hold themselves out as having a head office located in Tokyo, Japan and a "Client Services and Offshore Division" in San Jose, Costa Rica. The addresses listed for Risk Capital International and Risk Capital FX International, in Tokyo and San Jose, are different from each other.
3. The Respondent, Magnus Carlson (Carlson) is an individual of unknown residence or whereabouts. At all material times, Carlson held himself out as a representative of, and acted as agent for, Risk Capital.

4. The Respondent, Matthew Cannon (Cannon) is an individual of unknown residence or whereabouts. At all material times, Carlson held himself out as a representative of, and acted as agent for, Risk Capital.

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

5. Between in or around April 2013 and in or around November 2013, Risk Capital, through its agents, Carlson and Cannon, contacted Investor 1, a resident of Saskatchewan, on numerous occasions via telephone and email and advised him as to the buying of securities.
6. In telephone conversations, Carlson told Investor 1 that he was a stock broker, and that he could make Investor 1 rich.
7. In or around April 2013, Carlson facilitated the opening of an account at Risk Capital for Investor 1 so that Risk Capital could purchase securities on Investor 1's behalf.
8. As a result of the information received from Carlson, from in or around May 2013 to in or around July 2013, Investor 1 wired a total of approximately CAD\$193,812.54 to Risk Capital to an account with Banco Promerica, located in San Jose, Costa Rica. Investor 1 wired the funds in the following installments in order for Risk Capital to purchase securities on his behalf:
 - a. May 1, 2013 Investor 1 wired CAD\$5,101.50 (USD\$5,000) to Risk Capital for gasoline and petroleum stock (Investment A);
 - b. May 21, 2013 Investor 1 wired CAD\$170,956.40 (USD\$166,300) to Risk Capital for a bull call spread on unleaded gasoline (Investment B); and
 - c. July 8, 2013 Investor 1 wired CAD\$17,754.64 (USD\$16,400) to invest in a bull call spread, with 200 call options and 50 put options, on U.S. dollars (Investment C).
9. Investor 1 made each of Investment A, Investment B and Investment C (collectively, the Investments) as a result of speaking with Carlson, and being told by Carlson that these were good investments for him.
10. Investor 1 did not receive any paper documentation in relation to the securities purchased for him by Risk Capital, but he was able to view his account online at any time.
11. Within two weeks of making Investment A, Investor 1's online account indicated that Investment A had doubled in value.
12. The value of the Investments, as indicated on the online view of Investor 1's account, varied on a daily basis. The Investments were listed at a value of USD\$300,507.40 on July 22, 2013, and began to decrease in value thereafter. By November 2013, the value of the Investments was listed as USD\$586.00.

13. In or around early November 2013, after the value of the Investments had fallen significantly, Cannon began calling Investor 1, asking him to invest more money. Cannon asked Investor 1 to wire USD\$45,900 to invest in heating fuel futures. Investor 1 declined to invest any more.
14. Investor 1's online account indicates that a total of USD\$35,500.00 was paid in commissions for the Investments.
15. On or about July 25, 2013, Investor 1 made a request for a payout from Risk Capital on Investment A. Investor 1 did not receive any return from Risk Capital on Investment A or any of the other Investments.
16. Investor 1 has not heard from Risk Capital since he last declined to invest, in or around November 2013.
17. In carrying out the acts indicated above, Risk Capital, Carlson and Cannon solicited and then sold various securities to Investor 1, and as such, engaged in the business of trading in securities.
18. None of Risk Capital, Carlson or Cannon has ever been registered as a dealer pursuant to the Act, and therefore, Risk Capital, Carlson and Cannon have contravened subsection 27(2)(a) of the Act.
19. In carrying out the acts indicated above, Risk Capital, Carlson or Cannon engaged in the business of advising Investor 1 as to the investing in or buying of various securities.
20. None of Risk Capital, Carlson or Cannon has ever been registered as an advisor pursuant to the Act, and therefore, Risk Capital, Carlson or Cannon have contravened subsection 27(2)(b) of the Act.
21. 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 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 exchange contracts in Saskatchewan;
 - c. Pursuant to subsection 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities 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 or exchange contracts 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 \$50,000.00;

- 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 jointly or severally pay the costs of or relating to the hearing in this matter.

DATED at Regina, Saskatchewan, this 28th day of July, 2014.



Dean Murrison
Director,
Securities Division