

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

and

**In the Matter of
Fred Louis Sebastian**

Notice of First Appearance

To: Fred Louis Sebastian

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 January 21, 2015 at 9:00 a.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 December 2, 2014 and 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 Panel of the Authority may set hearing dates in the above matter without further notice to you;

DATED at Regina, Saskatchewan on December 22, 2014.

[REDACTED]
Pat Murray
Registrar

For Delivery To:

Fred Louis Sebastian

Address for Delivery:



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 THE FINANCIAL AND CONSUMER AFFAIRS
AUTHORITY OF SASKATCHEWAN**

To: Fred Sebastian

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

The Respondent

1. The Respondent, Fred Sebastian (Sebastian) is an individual resident in Ludlow, New Brunswick. In and around 2012 (the Relevant Time), Sebastian resided in Regina, Saskatchewan.

Contraventions of sections 27, 44, 55.1 and 58 of *The Securities Act, 1988* (the Act)

2. Throughout the Relevant Time, Sebastian, met with Investor 1, an elderly resident of Saskatchewan, on numerous occasions and advised her as to the buying of securities.
3. In conversations with Investor 1, Sebastian advised Investor 1 that if she invested with him, he would double or triple her money in a very short time. Sebastian also advised Investor 1 not to tell her family about the investments, indicating that she could surprise them later with the money she had made.
4. As a result of the information received from Sebastian, from in or around July 2012 to in or around August 2012, Investor 1 provided a total of approximately CAD\$47,000.00 to Sebastian, on the understanding that he would make investments on her behalf in a company called E-Debit Global Corporation (E-Debit). Investor 1 provided a the following installments to Sebastian to purchase securities on her behalf:
 - a. On July 9, 2012 Investor 1 provided Sebastian with a cheque in the amount of

CAD\$20,000.00 (Cheque 1) for Sebastian to invest for her;

- b. On July 12, 2012 Investor 1 provided Sebastian with a cheque in the amount of CAD\$10,000.00 (Cheque 2) for Sebastian to invest for her;
 - c. On July 17, 2012 Investor 1 provided Sebastian with a cheque in the amount of CAD\$7,000 (Cheque 3) for Sebastian to invest for her;
 - d. On July 25, 2012 Investor 1 provided Sebastian with a cheque in the amount of CAD\$5,000 (Cheque 4) for Sebastian to invest for her; and
 - e. On August 8, 2012 Investor 1 provided Sebastian with a cheque in the amount of CAD\$5,000 (Cheque 5) for Sebastian to invest for her.
5. Sebastian did not make any investments in E-Debit on Investor 1's behalf. Each of Cheque 1, Cheque 2, Cheque 3, Cheque 4 and Cheque 5 (collectively, the Cheques) was deposited by Sebastian into his personal bank account. Sebastian then converted the proceeds from the Cheques to his own personal use and benefit.
6. Sebastian has not returned any of the proceeds from the Cheques to Investor 1.
7. At the time that Investor 1 provided Sebastian with each of the payments indicated in paragraph 4, above, Investor 1 did not receive any paper documentation from Sebastian.
8. At some time later in 2012, in response to a request for documentation from Investor 1's children, Sebastian provided the following promissory notes to Investor 1's children:
 - a. A promissory note dated July 9, 2012, indicating that E-Debit promised to pay Investor 1 the sum of \$20,000, without interest, on December 31, 2012 (Promissory Note 1). Promissory Note 1 was signed by Sebastian, and personally guaranteed by a CEO of E-Debit;
 - b. A promissory note dated July 13, 2012, indicating that Sebastian promised to pay Investor 1 the sum of \$10,000, without interest, on December 31, 2012 (Promissory Note 2). Promissory Note 2 was signed by Sebastian;
 - c. A promissory note dated July 17, 2012, indicating that Sebastian promised to pay Investor 1 the sum of \$7,000, without interest, on December 31, 2012 (Promissory Note 3). Promissory Note 3 was signed by Sebastian; and
 - d. A promissory note dated August 8, 2012, indicating that Sebastian promised to pay Investor 1 the sum of \$13,000, without interest, on December 31, 2012 (Promissory Note 4). Promissory Note 4 was signed by Sebastian;

(collectively, the Promissory Notes).
9. The Promissory Notes are not reflective of actual transactions between Sebastian and Investor 1. The Promissory Notes were created by Sebastian for the sole purpose of


concealing the actual transactions between Sebastian and Investor 1 and/or to justify Sebastian's use of Investor 1's funds.

10. Sebastian has not made any payments to Investor 1, pursuant to any of the Promissory Notes.
11. As a result of Sebastian's actions, as outlined above, Investor 1's economic interests have been severely prejudiced.
12. In carrying out the acts laid out in paragraphs 2 - 4, above, Sebastian solicited for the sale of securities to Investor 1, and as such, engaged in the business of trading in securities.
13. Sebastian has never been registered as a "dealer" pursuant to the Act, and therefore, contravened subsection 27(2)(a) of the Act.
14. In carrying out the acts laid out in paragraphs 2 - 3, above, Sebastian engaged in the business of advising Investor 1 as to the investing in or buying of securities.
15. Sebastian has never been registered as an "adviser" pursuant to the Act, and therefore, contravened subsection 27(2)(b) of the Act.
16. The trading by Sebastian, referred to in paragraph 12, above, would have related to securities that had not previously been issued, and as such, related to distributions under the Act.
17. No preliminary prospectus relating to the distribution of securities by Sebastian was filed, and no receipts were issued for the same. No prospectus relating to the distribution of securities by Sebastian was filed and no receipts were issued for the same. Therefore, Sebastian contravened subsection 58(1) of the Act.
18. No reports have been filed with the Authority 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 in relation to the distribution of securities by Sebastian.
19. In carrying out the acts laid out in paragraph 3, above, Sebastian, with the intention of effecting a trade in a security, gave an oral undertaking relating to the future value of that security, thereby contravening subsection 44(2) of the Act.
20. As laid out in paragraphs 2 - 11, above, Sebastian knowingly and willfully committed dishonest and deceitful acts in relation to securities which directly prejudiced Investor 1's economic interests. As such, Sebastian has engaged or participated in acts or a course of action relating to securities that he knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(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 Sebastian;

- b. Pursuant to subsection 134(1)(d) of the Act, Sebastian shall cease trading in any securities or exchange contracts in Saskatchewan;
- c. Pursuant to subsection 134(1)(d.1) of the Act, Sebastian shall cease acquiring securities for and on behalf of residents of Saskatchewan;
- d. Pursuant to subsection 134(1)(e) of the Act, Sebastian shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan;
- e. Pursuant to clause 134(1)(h)(i) of the Act, Sebastian shall resign any position that he holds as a director or officers of an issuer, a registrant or an investment fund manager;
- f. Pursuant to clause 134(1)(h)(ii) of the Act, Sebastian is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
- g. Pursuant to clause 134(h)(1)(iii) of the Act, Sebastian shall not be employed by any issuer, registrant or investment fund manager in any capacity that would entitle him to trade or advise in securities;
- h. Pursuant to clause 134(1)(h.1) of the Act, Sebastian is prohibited from becoming or acting as a registrant, an investment fund manager or a promoter;
- i. Pursuant to section 135.1 of the Act, Sebastain shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan, in the amount of \$75,000.00;
- j. 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 Sebastian's contraventions of the Act, in an amount to be determined; and
- k. Pursuant to section 161 of the Act, Sebastian shall pay the costs of or relating to the hearing in this matter.

DATED at Regina, Saskatchewan, this 2 day of December, 2014.


Dean Murrison
Director,
Securities Division