

IN THE MATTER OF
THE *SECURITIES ACT*, R.S.N.S. 1989, C. 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF
DOUGLAS G. RUDOLPH, PETER A.D. MILL, CFG*CN Ltd. (also known as
CANGLOBE FINANCIAL GROUP), AND CANGLOBE INTERNATIONAL CAPITAL INC.
(collectively the "Respondents")

**STATEMENT OF ALLEGATIONS OF THE DIRECTOR OF ENFORCEMENT
FOR THE NOVA SCOTIA SECURITIES COMMISSION**

The Director of Enforcement for the Nova Scotia Securities Commission ("Commission") makes the following allegations:

BACKGROUND:

1. At all material times, CFG*CN Ltd., also known as CanGlobe Financial Group, was a body corporate incorporated under the *Canada Business Corporations Act* on June 6, 2005. Its registered office was located at Suite 1700, 1959 Upper Water Street, Purdy's Wharf Tower One, Halifax, Nova Scotia.
2. At all material times, CanGlobe International Capital Inc. was a Nova Scotia Limited Company registered to do business on June 2, 2004, with registered office located at Suite 1503, 1959 Upper Water Street, Halifax Nova Scotia, B3J 3J5.
3. At all material times, Douglas G. Rudolph ("Rudolph") was resident of and conducted operations in Nova Scotia.
4. At all material times, Rudolph was and/or held himself out to be the President and a Director of CanGlobe International Capital Inc.
5. At all material times, Peter A.D. Mill ("Mill") conducted operations in Nova Scotia. He was and/or held himself out to be an authorized officer of CFG*CN Ltd.

CONDUCT:

6. Rudolph and Mill began operating CanGlobe International Capital Ltd. and CFG*CN Ltd. (collectively "CanGlobe") in Nova Scotia in or about 2005.

7. Rudolph and Mill operated CanGlobe International Capital Ltd. and CFG*CN Ltd. as and/or held them out to be affiliated entities. They referred to them collectively as "The CanGlobe Group of Companies".
8. During the period in or about 2005 to 2011, the Respondents, directly or indirectly, promoted, solicited and/or distributed investments in CanGlobe International Capital Inc. and/or CFG*CN Ltd. in the form of Promissory Notes or Investment Contracts from residents of Nova Scotia and elsewhere through word of mouth and personal invitation.
9. During the period in or about 2005 to 2011, the Respondents, directly or indirectly, promoted high yield returns on investments in the securities of CanGlobe International Capital Inc. and/or CFG*CN Ltd. to investors resident in Nova Scotia and elsewhere through word of mouth and personal invitation.
10. During the period in or about 2006 to 2008, Respondents, directly or indirectly, advised investors to effect a transfer funds to CanGlobe International Capital Inc. in exchange for Promissory Notes or Investment Contracts evidencing their investment and its terms, including the rate of return to be generated. Frequently, the manner of obtaining these funds was also the subject of this advice.
11. During the period in or about 2005 to 2008, the Respondents, directly or indirectly, advised that the return on investments would be provided in periodic or lump sum payments for specified periods of time until the return and principal were paid by the deadline specified in the Promissory Note or Investment Contract.
12. In at least one instance, the Respondents, directly or indirectly, required an investor to sign an agreement not disclose any information pertaining to her investment in CanGlobe International Capital Inc. and CFG*CN Ltd.
13. During the period in or about 2005 to 2008, the Respondents, directly or indirectly, effected trades in securities of CanGlobe International Capital Inc. and/or CFG*CN Ltd. valuing in excess of \$700,000.00 from seven or more investors resident in Nova Scotia. Other investments were also made from investors resident in other Canadian jurisdictions.
14. During the period in or about 2006 to 2008, the Respondents, directly or indirectly, provided certain investors with an upfront payment of a small percentage of the funds that were invested immediately following deposit of funds into a TD Bank account under the name "CIC" ("CanGlobe Account") as an inducement to make the investment.
15. During the period in or about 2006 to 2008, Rudolph received, deposited and managed investors' funds in the CanGlobe Account. Rudolph was the sole signatory on the account.

16. Rudolph also maintained control of investors' funds. The funds were used for such things as:
 - a) cash withdrawals;
 - b) transfers to Rudolph's personal account;
 - c) payments to the Respondents personally, directly and indirectly;
 - d) personal expenses of the Respondents;
 - e) payments to two law firms located in Ontario;
 - f) payment to an accounting firm located in Ontario; and
 - g) immediate payments to certain investors following their investment to induce the investment as set out in paragraph 14.
17. The investors did not receive the contracted returns from any of the Respondents. Further, the Respondents did not return any of the investors' principal investments either.
18. During the period in or about 1997 to 2004, Rudolph promoted, solicited and distributed investments in other securities in a similar manner to the CanGlobe securities described above. He also provided investment advice in respect of these securities. Rudolph effected trades in these securities valuing in excess of \$650,000.00 from three investors resident in Nova Scotia, New Brunswick, and British Columbia.
19. During the period in or about 2005 to 2007, Rudolph advised those investors that their investments were transferred to CanGlobe and CanGlobe would be making payments to them in the near future.
20. These investors did not receive the contracted returns from Rudolph or CanGlobe either. Further, neither Rudolph nor CanGlobe returned the investors' principal investment, with the exception of one investor.
21. The Respondents were not registered to trade or distribute securities in Nova Scotia or any other Canadian jurisdiction.
22. No prospectus or preliminary prospectus was filed with the Commission by or on behalf of the Respondents nor was any receipt for same issued by the Commission.
23. The Respondents did not file any reports of trade with the Commission relying on exemptions in Nova Scotia securities laws to distribute or sell securities in Nova Scotia.

COMMISSION ORDERS:

24. On July 14, 2011, the Commission issued a Temporary Order against the Respondents pursuant to sections 134(2), 134(1)(a), and 134(b) of the Act.

25. On July 20, 2011, the Commission issued an Order extending the above-noted Temporary Order pursuant to section 134(3) of the Act until a full hearing is held and a decision is rendered by the Commission. This Order is outstanding.

VIOLATIONS:

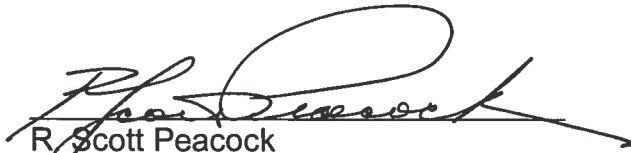
The Director of Enforcement for the Commission identifies the following reasons why the order being sought should be granted:

26. As a result of soliciting investments from and distributing securities to residents of Nova Scotia and elsewhere, without being registered to do so, the Respondents violated section 31(1)(a) of the Act, as rep. by R.S.N.S. 2008, c. 32, s. 6 (proclaimed in force 28 September 2009) and section 31(1) of the Act.
27. As a result of advising residents of Nova Scotia and elsewhere with respect to investments in securities, the Respondents violated section 31(1)(c) of the Act, as rep. by R.S.N.S. 2008, c. 32, s. 6 (proclaimed in force 28 September 2009) and section 31(2) of the Act.
28. As a result of providing undertakings with respect to the future value of securities, with the intention of effecting a trade in such securities, the Respondents violated section 44(2) of the Act.
29. As a result of failing to disclose in sufficient detail the risks associated with investing in the securities of CanGlobe International Capital Inc. and/or CFG*CN Ltd. and/or other securities, the Respondents engaged in unfair practice with residents of Nova Scotia and elsewhere in violation of section 44A(2) of the Act, R.S.N.S. 2002, c. 39, s. 3 (assented to 28 November 2002).
31. As a result of requiring at least one investor to agree that she could not disclose any information pertaining to her investment in CanGlobe International Capital Inc. and/or CFG*CN Ltd. and/or other securities, the Respondents violated section 44A(2) of the Act R.S.N.S. 2002, c. 39, s. 3 (assented to 28 November 2002).
32. As a result of promoting a high yield investment program, the Respondents made untrue statements that a reasonable investor would consider material in deciding whether to enter into or maintain a trading relationship with any of the Respondents, in violation of: section 44A(2) of the Act, R.S.N.S. 2002, c. 39, s. 3 (assented to 28 November 2002); section 50(2) of the Act, R.S.N.S 2006, c. 46, s. 22 (proclaimed in force 17 March 2008); and section 132B(1) of the Act, R.S.N.S 2006, c. 46, s. 45 (proclaimed in force 17 March 2008).
33. As a result of engaging or participating in any act, practice or course of conduct relating to the securities of CanGlobe International Capital Inc. and/or CFG*CN Ltd. and/or other securities, that the Respondents knew or ought reasonably to

have known perpetrated a fraud on investors, the Respondents violated part 3.1(1)(b) of National Instrument 23-101 Trading Rules, Commission Rule 23-101, (16 April 2003, effective 1 July 2003) and section 132A(b) of the Act, R.S.N.S. 2006, c. 46, s. 45 (proclaimed in force 17 March 2008).

34. As a result of distributing securities to residents of Nova Scotia and elsewhere without having filed a prospectus or preliminary prospectus with the Commission and without relying on any exemptions in Nova Scotia securities laws, the Respondents violated section 58(1) of the Act as rep. by R.S.N.S. 2006, c.46, s. 23 (proclaimed in force 17 March 2008) and section 58(1) of the Act.
35. The Respondents' conduct was contrary to the public interest and undermined investor confidence in the fairness and efficiency of the capital markets.

DATED at Halifax, Nova Scotia, this 9th day of April, 2013.

A handwritten signature in black ink, appearing to read 'R. Scott Peacock', with a long horizontal flourish extending to the right.

R. Scott Peacock
Director of Enforcement
Nova Scotia Securities Commission
Enforcement Branch