

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

- and -

IN THE MATTER OF STRATUS OFFSHORE (also operating as Stratus Financial Group International), MAGNUS TORGERSON, JOHN WESTBROOK, MARK STONE AND TEDDY STONE
(collectively the "Respondents")

NOTICE OF HEARING
(Sections 43, 134, 135 and 135A of the Act)

TAKE NOTICE that the Nova Scotia Securities Commission ("Commission") will hold a hearing pursuant to sections 43, 134, 135 and 135A of the Act at the offices of the Commission located at Suite 400, 5251 Duke Street, Duke Tower, Halifax, Nova Scotia, or such other place as the Commission may designate on a date and time to be designated by the Commission;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether it is in the public interest for the Commission to make:

1. An order pursuant to section 43 of the Act that the Respondents' right to call at any residence for the purpose of trading in securities be suspended, cancelled, restricted or subject to terms and conditions in a manner to be determined by the Commission;
2. An order pursuant to section 134 of the Act in relation to the Respondents in a manner to be determined by the Commission;
3. An order pursuant to section 135 of the Act that the Respondents pay an administrative penalty in an amount to be determined by the Commission;
4. An order pursuant to section 135A of the Act that the Respondents pay costs in connection with the investigation and conduct of the proceedings before the Commission; and
5. Such other order as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of the Director of Enforcement for the Commission ("Director of Enforcement") dated the 22nd day of October, 2015 attached to this Notice of Hearing and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE NOTICE that disclosure of evidence and copies of documents to be presented at the hearing will be provided in accordance with Rule 15-501 General Rules of Practice and Procedure and any orders granted by the Commission;

AND TAKE NOTICE that any party to the proceeding may be represented by legal counsel or an authorized agent;

AND TAKE NOTICE that orders made by the Commission may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to you. If an order is made or a settlement agreement is reached in relation to this Notice of Hearing, you should contact the securities regulator of any other jurisdiction in which you may intend to engage in any securities related activities;

AND TAKE NOTICE that the Respondents shall provide written notice to the Commission, at least seven days prior to the date of the hearing, of its intention to attend the hearing, and if no such notice is provided within this time or upon the failure of any party to attend at the hearing, the hearing may proceed in the absence of that party and an order granted and such party is not entitled to any further notice of the proceeding without leave of the Commission.

DATED at Halifax, Nova Scotia, this 26th day of October, 2015.

NOVA SCOTIA SECURITIES COMMISSION



H. Jane Anderson, Secretary

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MARK STONE AND TEDDY STONE
(collectively the Respondents)

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

The Director of Enforcement of the Nova Scotia Securities Commission makes the following allegations and identifies the following circumstances giving rise to the requested hearing:

1. The website www.stratusoffshore.com states:
 - a. the full business name as Stratus Financial Group International;
 - b. the business address for Stratus as Edificio Torre Mercedes, Calle, 24, Paseo Colon, San Jose, Costa Rica;
 - c. Stratus offers forex trading, futures trading, and options trading; and
 - d. Stratus does not report gains of any client accounts to anyone and therefore will not register within the client’s country or domicile.
2. At all relevant times, Stratus held itself out as an introducing broker that provides a platform for online trading of currencies and currency options, and offers advice on when to buy and sell in the market.
3. At all relevant times, Magnus Torgerson, John Westbrook, Mark Stone and Teddy Stone held themselves out as being representatives of Stratus.
4. The Respondents are not, and have never been registered with the Commission in any capacity whatsoever.
5. Between autumn of 2014 and April 2015, at least seven Nova Scotia residents were contacted via telephone and/or email by Westbrook, Stone, Torgerson and/or other representatives of Stratus and solicited to invest in futures, forex, options or other investments through Stratus. During this time, one Nova Scotia resident invested \$5,000 in options promoted and solicited by the Respondents.
6. On November 4, 2014, the Commission issued an Investor Alert advising Nova Scotia residents that Stratus was not registered in Nova Scotia.
7. On April 10, 2015, the Commission issued a Temporary Order against Stratus Financial Group International, Stratus Offshore, Magnus Torgerson and John Westbrook, requiring each to cease contravening Nova Scotia securities laws and to cease trading in all classes of securities for a period of fifteen days.

8. On or around April 15, 2015, Stratus employees were given a list of names and phone numbers of Nova Scotian residents for the purpose of soliciting investments.
9. On April 16, 2015, the Commission extended the Temporary Order dated April 10, 2015 until a hearing is held and a decision is rendered by the Commission.
10. On July 7, 2015, the Commission issued an order against Stratus Financial Group International and Ken Powers, which ordered both to:
 - a. cease trading in Nova Scotia permanently;
 - b. be prohibited from trading in any securities offered by Stratus Financial Group International or Ken Powers in Nova Scotia permanently;
 - c. be prohibited from using any exemptions in Nova Scotia securities laws permanently;
 - d. be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager permanently;
 - e. be prohibited from disseminating to the public, or authorizing the dissemination to the public, any information or material that pertains to the trading of securities.

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

11. By dealing, soliciting, advising and facilitating the purchase and sale of investments to Nova Scotian residents, the Respondents acted as dealers, advisers, investment fund managers and/or registered representatives, registered dealers, registered advisers or registered investment fund managers without being registered as such, thereby violating section 31 of the Act.
12. By stating on its website that Stratus does not report gains of any client accounts to anyone and therefore will not register within the client's country or domicile, Stratus engaged in unfair practice, thereby violating section 44A(2) of the Act.
13. The Respondents acted in a manner contrary to fair and efficient capital markets and contrary to the public interest.

DATED this 22nd day of October, 2015.



J. William Slattery
Executive Director/Acting Director of Enforcement
Nova Scotia Securities Commission