

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)

**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