

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

- AND -

IN THE MATTER OF  
Trusthouse Mercantile Inc. and  
Robert Ernest Raymond  
(collectively the "Respondents")

**STATEMENT OF ALLEGATIONS**

Staff of the Nova Scotia Securities Commission ("Commission") makes the following allegations:

1. Trusthouse Mercantile Inc. ("Trusthouse") was a Nova Scotia limited company incorporated and registered in Nova Scotia on March 03, 1999. Raymond was listed as the director, president, secretary, and recognized agent. The corporate registration was revoked for non-payment on May 02, 2005.
2. Robert Ernest Raymond ("Raymond") is a resident of Halifax, Nova Scotia.
3. Raymond held registration in Ontario as a salesperson with various Member Firms of the Investment Dealers Association and various limited market dealers in Ontario during the 1980s and early 1990s.
4. In March, 1999, Raymond relocated to Halifax, Nova Scotia but did not seek registration with the Commission. At no time did Trusthouse or Raymond hold registration with the Commission.
5. Beginning in March, 1999, Raymond began soliciting investments in Nova Scotia and elsewhere through Trusthouse, promoting himself as a private trader who traded the Standard and Poor's 500 futures index contracts. He also operated a website located at [www.trusthouse.ns.ca](http://www.trusthouse.ns.ca) ("Website") where he promoted an annual return to investors of 36%.
6. Between 1999 and June 2000, Raymond attracted approximately 5 Nova Scotian investors.
7. In June 2000, the Respondents entered into an undertaking with the Director of Securities of the Commission to cease and desist from any trading, to shut down the Website, and to repay all monies received from investors.
8. Beginning in December 2000 and continuing until March, 2005, the Respondents continued to solicit investments through advertisements in the Globe and Mail and via internet chat rooms.

9. The Respondents entered into investment agreements and/or performed trading in the Standard and Poor's 500 futures index contracts on behalf of approximately 20 investors located in the United States, Canada, the United Kingdom, and Israel. Approximately 13 of the 20 investors were residents of Nova Scotia.
10. The Respondents received approximately \$510,000 (Canadian Dollars) from investors in Nova Scotia and elsewhere. Raymond, through Trusthouse, offered investors a guaranteed return of 3% monthly on their principal.
11. Approximately \$210,000 (Canadian dollars) of funds invested by residents of Nova Scotia and elsewhere were used by the Respondents for day to day personal and business expenses including such items as rent, entertainment, food, beverage, clothing, travel, utilities, and the purchase of trading publications including trading charts, and taxation expenditures.
12. The Respondents' trading scheme was not profitable, and approximately \$40,000 (Canadian dollars) went to trading losses. The Respondents returned approximately \$260,000.00 (Canadian dollars) to some investors; however the repayment scheme was sporadic and was funded by monies received from subsequent investors.
13. The Respondents failed to register with the Commission as a dealer and an adviser and thereby breached sections 31(1)(a) and (c) of the Act.
14. The Respondents offered guaranteed returns on investments and thereby violated section 44(1)(b) of the Act.
15. The Respondents engaged in unfair practice and thereby breached section 44A(2) of the Act.
15. In summary, the Respondents violated sections 31(1)(a), 31(1)(c), 44(1)(b), 44A(2) of the Act and were contrary to the public interest. The Respondents' conduct was detrimental to the integrity and efficiency of the capital markets in Nova Scotia and was prejudicial to the interests of Nova Scotian investors.

DATED this 15<sup>th</sup> day of February, 2007.



M. Lianne Bradshaw  
Investigator, Compliance and Enforcement  
Nova Scotia Securities Commission