

IN THE MATTER OF THE *SECURITIES ACT*,
S.N.B. 2004, c. S-5.5

AND IN THE MATTER OF

**NEW CENTURY INTERNATIONAL and
RAY REYNOLDS**

(Respondents)

AMENDED STATEMENT OF ALLEGATIONS

(of Staff of the New Brunswick Securities Commission)

1. New Century International ("NCI") purports to have its corporate office at The Century Tower, 4th floor, office 401-38, Panama City, Republic of Panama. NCI is not registered to trade in securities in New Brunswick.
2. Ray Reynolds ("Reynolds") purports to be a salesperson for NCI.
3. Between 7 March 2011 and 11 March 2011, a New Brunswick resident (the "New Brunswick resident") received a telephone "cold call" from Reynolds calling on behalf of NCI. Reynolds called this New Brunswick resident several times thereafter between 7 March 2011 and 11 March 2011.
4. During the conversations, Reynolds solicited the New Brunswick resident to invest in gas futures contracts. In an attempt to get the New Brunswick resident to invest, Reynolds used high-pressure sales tactics.
5. Initially, Reynolds told the New Brunswick resident that he would need \$20,000.00 as an initial investment. Eventually, Reynolds informed the New Brunswick resident that he could invest with as little as \$5,000.00.
6. Reynolds also informed the New Brunswick investor that time was of the essence and he needed to invest right away.
7. Subsequent to the telephone conversations, Reynolds further solicited the New Brunswick resident by fax to invest in derivative options and/or futures contracts. On 14 March 2011, Reynolds faxed several documents to the New Brunswick resident. These included:
 - A fax cover sheet to the New Brunswick resident from Ray Reynolds/NCI dated 4 March 2011;
 - Account Application and Client Agreement;

- Option Risk and Fee Disclosure Statement;
 - Account Information Form; and
 - 2 charts dated 20 September 2010.
8. The solicitations made by Reynolds on behalf of NCI constitute trading in securities under the *Securities Act*, S.N.B. 2004, c. S-5.5 (the "*Securities Act*"). NCI and Reynolds were not and are not currently registered to trade in securities. As such, NCI and Reynolds are in breach of sections 45 of the *Securities Act*. Additionally, New Brunswick Securities Commission Local Rule 91-501 requires that the Risk Information Document (Form 91-501F1) be provided to prospective clients prior to opening a derivatives account. This form was not provided to the New Brunswick resident.

Relief sought

9. Staff seek the following relief:
- a. Upon a hearing being conducted in this matter, an order pursuant to section 184(1)(c), 184(1)(d) that:
 - i. The Respondents cease trading securities permanently or for such period of time as the Commission may deem appropriate;
 - ii. All trading in any securities offered by the Respondents cease permanently or for such period as the Commission may deem appropriate; and
 - iii. Any exemptions contained in New Brunswick securities law do not apply to the Respondents permanently or for such period as the Commission may deem appropriate.

DATED at the City of Saint John this 12th day of July 2011.

"original signed by"

Marc Wagg
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