

IN THE MATTER OF
THE *SECURITIES ACT*, R.S.N.S. 1989, C. 418, S. 135, AS AMENDED ("Act")

- and -

IN THE MATTER OF
ROBIN STATES (ALSO KNOWN AS GREGORY HAMPTON), OPERATING AS
INFINITY ONLINE INVESTORS GROUP, AND BERNADETTE BOWDEN
(ALSO KNOWN AS BERNADETTE STATES)
(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 and identifies the following circumstances giving rise to the requested hearing:

Background:

1. At all material times, Robin States ("States") and Bernadette Bowden ("Bowden") were residents of Nova Scotia.
2. At all material times, States operated as Infinity Online Investors Group ("Infinity Online") at his personal residence that he shared with Bowden located in Halifax Regional Municipality, Nova Scotia.
3. At all material times, Bowden willfully aided, abetted, acquiesced, counseled, or acted in concert with States in the operation of Infinity Online.
4. Infinity Online is not a registered corporation or business in Nova Scotia or elsewhere in Canada.
5. Infinity Online is not a reporting issuer in Nova Scotia or elsewhere in Canada.
6. The Respondents were not registered to trade or distribute securities in any capacity with the Commission or elsewhere in Canada.
7. The Respondents have not filed a prospectus or preliminary prospectus with the Commission, nor has any receipt been issued by the Commission.
8. The Respondents have not filed any reports of exempt trades or distributions with the Commission.

The Decision of the United States District Court Southern District of Florida:

9. On July 14, 2008, the U.S. Commodity Futures Trading Commission filed its complaint against the Respondents in the United States District Court Southern District of Florida ("District Court").

10. On October 30, 2009, the District Court rendered its Decision. It found that the Respondents contravened the securities laws of that jurisdiction based on, among others, the following findings:
 - a) From approximately October of 2004 to September 2005, inclusive, States, operating as Infinity Online, solicited investments totaling USD\$643,047.00 from at least 900 individuals in Canada, USA, and elsewhere;
 - b) States promoted Infinity Online to investors as commodity futures, options, Forex, and precious metals high yield investment program through an internet website and personal telephone solicitations;
 - c) Through the Infinity Online website, States guaranteed investors varying daily fixed percentage returns ranging from 1.25% to 2.5% dependent upon the amount of money offered and redemption restrictions on principal and profit chosen by the investor;
 - d) In personal solicitations via telephone calls, States misrepresented his identity by holding himself out to be "Gregory Hampton";
 - e) States misrepresented that Infinity Online's trading was conducted by a licensed and registered "financial assets group" in Durham, North Carolina and that this firm was licensed in the USA, Canada, Mexico, and Panama;
 - f) The telephone number used by States in his telephone solicitations was registered to States wife, Bernadette Bowden, at an address in Halifax Regional Municipality, Nova Scotia that she shared with States;
 - g) States failed to disclose any risk associated with the investments Infinity Online was purportedly engaged nor did he provide any disclosure documents to investors prior or subsequent to accepting their funds;
 - h) Investors in Infinity Online relied on these and numerous other misrepresentations concerning the profitability of Infinity Online's trading and legitimacy of its management and operations made by States in the solicitation of these investments;
 - i) States advised investors to transfer funds to Infinity Online by opening a digital currency account and then transferring the funds to the purported Infinity Online account. The Infinity Online accounts were held in the name of, or controlled by, States or Bowden;
 - j) Contrary to representations by States, funds forwarded to Infinity Online were never used for trading of commodity futures, options, Forex, precious metals, or any other type of trading by or on behalf of Infinity

Online, directly or indirectly. Rather, States and Bowden transferred approximately CAD\$666,167.00 to personal bank accounts in the name of Bowden and States' brother, Paul States;

- k) Of the USD\$643,047.00, States and Bowden used only USD\$54,412.00 to pay earlier Infinity Online investors from the newer Infinity Online investors funds in response to requests by the investors for withdrawal of promised returns on their investments. No other funds, returns or principal, were paid or returned to Infinity Online investors;
 - l) The bank accounts of Bowden and Paul States were held at Nova Scotia branches; and
 - m) Bowden and Paul States used the investment funds for cash or to pay for other personal expenses such as gambling, a vehicle, and payments to law firms.
11. More particularly, the District Court found that the Respondents operated a Ponzi Scheme and contravened the *Commodity Exchange Act* and *U.S. Commodity Futures Trading Commission Regulations* as follows:
- a) Solicitation fraud, fraud by misappropriation, false statements and omissions (futures and options);
 - b) Fraud as a Commodity Pool Operator; and
 - c) Accepting investors' funds in a personal account (in a name other than Infinity Online), comingling of investors' funds with personal and other funds, and failure to treat Infinity Online as a separate legal entity while acting as a Commodity Pool Operator.
12. Against States only, the District Court found that States contravened the *Commodity Exchange Act* and *U.S. Commodity Futures Trading Commission Regulations* as follows:
- a) Failure to register as a Commodity Pool Operator with the Commission;
 - b) Failure to deliver required disclosure documents to investors; and
 - c) Failure to provide required account statements to investors.

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

13. Based on the decision of the District Court, that the Respondents contravened the securities laws of that jurisdiction, the Director of Enforcement states it in the public interest for the Commission to reciprocate the Orders of the District

Court against the Respondents dated October 30, 2009 pursuant to section
134(1A)(b) of the Act.

DATED at Halifax, Nova Scotia, this 20th day of March, 2012.

A handwritten signature in black ink, appearing to read "R. Scott Peacock", written over a horizontal line.

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