

**ALBERTA SECURITIES COMMISSION**

**NOTICE OF HEARING**

**Citation: Genius Investments, Re, 2010 ABASC 102**

**Date: 20100309  
Docket: ENF-005866**

*Securities Act, R.S.A. 2000, c. S-4 (Act)*

**To: Genius Investments,  
Genius Funds and  
Genius Investments (Cyprus) Limited**

**Notice:** The Alberta Securities Commission (**Commission**) will convene on Friday, the 19<sup>th</sup> day of March, 2010, at 9:00 am, for a hearing to consider whether it is in the public interest to extend the interim cease trade order granted in this matter on March 9, 2010.

**Location:** Alberta Securities Commission, 6<sup>th</sup> Floor, 300 – 5<sup>th</sup> Avenue SW, Calgary, Alberta.

**Procedure:**

1. You may obtain disclosure and particulars of the allegations in this Notice from Andrew Wilson, c/o Alberta Securities Commission, 4<sup>th</sup> Floor, 300 - 5 Avenue SW, Calgary, Alberta, T2P 3C4, telephone +1 403.297.2960.
2. You may be represented by legal counsel and you or your counsel may make representations and introduce relevant evidence at the hearing.
3. If you or your counsel fail to attend on the Friday, the 19<sup>th</sup> day of March, 2010, at 9:00 am, or as directed, the hearing may proceed in your absence and an order may be made against you without further notice.

*See also section 29 of the Act and Commission Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.*

## **Allegations**

### *Summary of Breaches*

1 Staff of the Commission (**Staff**) alleges that each of **Genius Investments, Genius Funds and Genius Investments (Cyprus) Limited** (collectively, the **Respondents**), have acted as a dealer, and have engaged in the business of dealing in securities in Alberta, without being registered to do so. Staff further allege the Respondents have engaged in illegal trading and distribution in Alberta of the Respondents' securities.

### *Parties*

2 The Respondent Genius Investments (Cyprus) Limited appears to be a corporation, although the laws under which it is incorporated are unknown to Staff. The Respondents Genius Funds and Genius Investments are entities, the precise nature of which, be they corporate, partnership, or other, are unknown to Staff. All Respondents have a contact address in the City of Limassol, in the Republic of Cyprus.

### *Circumstances*

3 The Respondents control, manage and operate a website with the URL [www.geniusfunds.com](http://www.geniusfunds.com) (the **Genius Website**). Through the Genius Website the Respondents advertise and offer for sale in Alberta and elsewhere securities in two funds controlled and managed by the Respondents: the Emerging Markets Growth Fund and the World Bond Market Fund.

4 The Genius Website lists the following promised dividends on the securities it offers for sale: for the Emerging Markets Growth Fund, 1.0% - 1.9%, daily payments; for the World Bond Market Fund, 6.0% - 9.0%, weekly payments.

5 The purchase of shares in the Emerging Markets Growth Fund and the World Bond Market Fund are subject to hold periods of 150 days and 180 business days, respectively.

6 The Respondents have never been registered under the Act, have never been reporting issuers in Alberta, and have never filed a prospectus or preliminary prospectus in accordance with the Act.

7 The Respondents are thereby dealing in and trading securities in Alberta without being registered, and without a prospectus or applicable exemption to the registration and prospectus requirements.

### *Breaches*

8 As a result of the above, Staff alleges that the Respondents:

8.1 breached s. 75(1) of the Act by acting as a dealer of securities in Alberta without being registered to do so in accordance with Alberta securities laws; and

8.2 breached s. 110 of the Act by trading in securities on the Respondents' own account, and where such trade is a distribution as defined under the Act, without either a

preliminary prospectus or prospectus having been filed and the Executive Director having issued a receipt for same.

9 Staff further alleges that the misconduct of each of the Respondents described above, in dealing in and trading in securities in Alberta without being registered and without a prospectus or applicable exemption to the registration and prospectus requirements, constitutes conduct that is contrary to the public interest.

Calgary, Alberta, March 9, 2010.

) ALBERTA SECURITIES COMMISSION  
)  
)  
) *“original signed by”*  
\_\_\_\_\_  
) John P. Petch  
) Director, Enforcement