



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22e étage  
20, rue queen ouest  
Toronto ON M5H 3S8

---

**IN THE MATTER OF  
THREEGOLD RESOURCES INC.,  
VICTOR GONCALVES AND JON SNELSON**

**STATEMENT OF ALLEGATIONS**

(Subsection 127(1) and Section 127.1 of the *Securities Act*, RSO 1990, c S.5)

**A. OVERVIEW**

1. For there to be fairness and confidence in Ontario's capital markets, it is critical that reporting issuers respect orders issued by the Ontario Securities Commission (the "**Commission**") regarding access to Ontario's capital markets. Investor protection also requires that distributions of securities be qualified by a prospectus, and that those engaged in the business of trading in securities be regulated through registration with the Commission.

2. Between July and November of 2015 (the "**Material Time**"), while the securities of Threegold Resources Inc. ("**Threegold**") were under a cease trade order issued by a Director of the Commission, Threegold, Victor Goncalves ("**Goncalves**") and Jon Snelson ("**Snelson**") (collectively, the "**Respondents**"), engaged in the sale and/or distribution of \$310,000 of Threegold convertible debentures (the "**Threegold Debentures**") to 19 Ontario investors.

3. The majority of the investors were clients of Snelson from his mutual fund business. Most of the investors did not qualify as accredited investors. The Respondents were not registered to trade or advise in the sale of these securities and no exemptions were available.

4. Investors have not received any payments of interest or principal in respect of the Threegold Debentures.

5. By their conduct, the Respondents compromised the integrity and reputation of Ontario's capital markets.

## **B. FACTS**

Staff of the Enforcement Branch of the Commission ("**Enforcement Staff**") make the following allegations of fact:

### **The Respondents**

6. Threegold is a Quebec company. During the Material Time, its registered office was in Val-D'Or, Quebec. Threegold's financial statements indicate that it is a junior mining exploration and development company focussing on gold and precious metals. Threegold is a reporting issuer in all provinces and territories of Canada. As of October 2, 2014, Threegold's listing on the TSX Venture Exchange was transferred to the NEX Exchange. Threegold's securities have since been delisted. Threegold has never been registered with the Commission in any capacity.

7. Goncalves is a resident of Abbotsford, British Columbia. He was the President, Chief Executive Officer ("**CEO**") and a director of Threegold from September 30, 2010 until his resignation on May 17, 2016. Goncalves has never been registered with the Commission or any other securities regulator in any capacity.

8. Snelson is a resident of Oakville, Ontario. Snelson became a director and the Treasurer of Threegold on October 1, 2014. Snelson was appointed as the Chief Financial Officer ("**CFO**") of Threegold on November 27, 2015 and also as the CEO on May 17, 2016. Snelson resigned as the CEO, CFO and director on June 30, 2018. Snelson is 74 years old and is not currently employed.

9. Snelson worked as a mutual fund salesperson for over 20 years until he resigned from employment at his sponsoring firm's request in January of 2016. At times during this period, he was registered in Ontario as a salesperson under the categories of mutual fund dealer and limited

market dealer.<sup>1</sup> During the Material Time, Snelson did not have the registration required to engage in the business of trading the Threegold Debentures.

10. On October 18, 2018, the Mutual Fund Dealers Association of Canada (“MFDA”) approved a settlement agreement between Snelson and the MFDA (the “MFDA Agreement”) in connection with Snelson’s breach of MFDA rules arising from the sale of Threegold Debentures to the 19 investors. In the MFDA Agreement, Snelson agreed that:

- a. he engaged in an unapproved outside business activity by serving as a director of Threegold;
- b. by selling Threegold Debentures to the 19 investors he engaged in securities related business that was not carried on for the account of his MFDA member employer or conducted through its facilities; and
- c. he failed to provide accurate information to his MFDA member employer regarding his involvement with Threegold.

For these breaches, the MFDA ordered Snelson to pay a \$20,000 fine and \$5,000 in costs and imposed a four-year ban on conducting any securities related business while in the employ of or associated with any MFDA member.

### **Cease Trade Order**

11. On May 20, 2014, as a result of Threegold’s failure to make required continuous disclosure filings, a Director of the Commission issued an order requiring that all trading in the securities of Threegold, whether direct or indirect, cease until the order is revoked by the Director (the “CTO”). The CTO remains in effect.

---

<sup>1</sup> On September 28, 2009 when National Instrument 31-103 came into force, Snelson’s registration categories were changed to dealing representative under the categories of mutual fund dealer and exempt market dealer.

12. Threegold is also presently the subject of cease trade orders issued by the Autorité des marchés financiers, the British Columbia Securities Commission, the Manitoba Securities Commission and the Alberta Securities Commission. All these cease trade orders resulted from Threegold's failure to make required continuous disclosure filings.

### **Unregistered Trading**

13. During the Material Time, the Respondents engaged in the sale and/or distribution of \$310,000 of Threegold Debentures to 19 Ontario residents (the "**Debenture Holders**"). Fifteen of the Debenture Holders were mutual fund clients of Snelson at the time of the sales.

14. The terms of the Threegold Debentures were set out in a "Loan Agreement" and accompanying use of proceeds document (collectively, the "**Debenture Documents**"). Pursuant to the Debenture Documents, the Threegold Debentures: (a) included a share conversion feature; (b) provided for the repayment of principal by the maturity date of November 16, 2015 (unless an earlier event of default occurred); (c) provided for the payment of interest at the rate of 5% for the period of the loan; and (d) were guaranteed against Threegold's accounts receivable of \$225,000 due on or before the end of the calendar year 2015.

15. Goncalves prepared the Debenture Documents, which he forwarded to Snelson. Snelson introduced investors to the Threegold Debentures and signed the Debenture Documents on behalf of Threegold.

16. The Threegold Debentures are securities as defined in subsection 1(1) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**").

17. None of the Respondents was registered with the Commission to trade in the Threegold Debentures during the Material Time. No exemptions from the registration requirement were available to the Respondents under Ontario securities law.

18. By engaging in the conduct described above, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities without the necessary

registration or an applicable exemption from the registration requirement, contrary to subsection 25(1) of the Act and in a manner contrary to the public interest.

### **Distribution Without Prospectus**

19. The sales of the Threegold Debentures were trades in securities not previously issued and were, therefore, distributions.

20. No preliminary prospectus or prospectus was filed for the distribution of the Threegold Debentures. Threegold has never filed reports of exempt distributions with the Commission.

21. The majority of the Debenture Holders were not “accredited investors” and there were no other applicable exemptions from the prospectus requirements in respect of any of the Debenture Holders.

22. By engaging in the conduct described above, the Respondents engaged in a distribution of securities without filing a preliminary prospectus or prospectus or an applicable exemption from the prospectus requirement, contrary to section 53 of the Act and in a manner contrary to the public interest.

### **Breach of the Cease Trade Order**

23. During the Material Time, the CTO prohibited any trading in the securities of Threegold. By engaging in the conduct described above, the Respondents breached the terms of the CTO and thereby contravened Ontario securities law and acted contrary to the public interest.

### **Authorizing, Permitting and Acquiescing in Breaches of Ontario Securities Law**

24. Goncalves and Snelson, as officers and directors of Threegold during the Material Time, authorized, permitted or acquiesced in the conduct of Threegold which constituted the breaches of Ontario securities laws described above.

25. As a result, Goncalves and Snelson are deemed to have not complied with Ontario securities law pursuant to section 129.2 of the Act.

**C. NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

26. Enforcement Staff allege the following breaches of Ontario securities law and conduct contrary to the public interest:

- (a) The Respondents engaged in, or held themselves out as engaging in, the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement, contrary to subsection 25(1) of the Act;
- (b) The Respondents engaged in a distribution of securities without filing a preliminary prospectus or prospectus or an applicable exemption from the prospectus requirement, contrary to section 53 of the Act;
- (c) The Respondents engaged in a trade of securities of Threegold and, as a result, breached the terms of the CTO, thereby contravening Ontario securities law;
- (d) Goncalves and Snelson authorized, permitted or acquiesced in Threegold's non-compliance with Ontario securities law, contrary to section 129.2 of the Act; and
- (e) The Respondents' conduct was contrary to the public interest.

**D. ORDER SOUGHT**

27. Enforcement Staff request that the Commission make the following orders:

- (a) that trading in the securities of Threegold cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

- (b) that trading in any securities or derivatives by the Respondents cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;
- (c) that the acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- (d) that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;
- (e) that the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (f) that the individual Respondents resign any position that they hold as a director or officer of an issuer or a registrant, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
- (g) that the individual Respondents be prohibited from becoming or acting as a director or officer of any issuer or a registrant permanently or for such period as is specified by the Commission, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;
- (h) that the individual Respondents be prohibited from becoming or acting as a registrant or as a promoter permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- (i) that the Respondents each pay an administrative penalty of not more than \$1 million for each failure by the Respondents to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;
- (j) that the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

(k) that the Respondents pay the costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and

(l) such other orders as the Commission considers appropriate in the public interest.

28. Enforcement Staff reserve the right to amend these allegations and to make further and other allegations as Enforcement Staff may advise and the Commission may permit.

**DATED** this 29<sup>th</sup> day of January, 2021

Alexandra Matushenko  
Litigation Counsel  
Enforcement Branch

Tel: 416-593-8287  
Email: [amatushenko@osc.gov.on.ca](mailto:amatushenko@osc.gov.on.ca)