



THE MANITOBA
SECURITIES
COMMISSION

IN THE MATTER OF: THE SECURITIES ACT

-and-

IN THE MATTER OF: WAYNE SOKAL AND ESP SOFTWARE
INC.

AMENDED

**STATEMENT OF ALLEGATIONS OF STAFF OF
THE MANITOBA SECURITIES COMMISSION**

STAFF OF THE MANITOBA SECURITIES COMMISSION ("Commission")
ALLEGE THAT:

A. REGISTRATION

1. Wayne G. Sokal ("Sokal") is a resident of the Community of Dugald, in the Province of Manitoba.
2. ESP Software Inc. ("ESP") was a company incorporated in 2007, pursuant to the laws of Manitoba. ESP owned and operated the online poker website, www.PokerCity.com ("Poker City"). ESP was dissolved by the Companies Office in 2017.
3. At all material times, Sokal was the sole incorporator, director, and officer of ESP.
4. Neither Sokal nor ESP, have ever been registered with the Commission or under *The Securities Act* (the "Act") in any capacity.

B. DETAILS

G.K.

5. G.K. is a resident of the Rural Municipality of Springfield, in the Province of Manitoba.
6. In or about October 2006, G.K. met Sokal through a mutual friend.
7. Beginning in or about April 2007 through to August 2007, Sokal invited G.K. to his home on multiple occasions. On the occasions where G.K. attended to Sokal's home, Sokal solicited G.K. to invest in shares of an online poker company Sokal was planning on starting, Poker City. Sokal made assurances that there was no risk involved with respect to the investments.

8. On or about August 23, 2007, Sokal solicited G.K. for a \$10,000.00 USD investment in shares of ESP. Sokal advised that ESP had a value of \$1,000,000.00 and that revenue from the poker site would be allocated according to the percentage of shares owned by each individual.

9. On Sokal's assurance that there was no risk involved, and that G.K. would recover the principal of his investment in six to twelve months, G.K. invested the requested amount. Sokal stated that the purpose of the investment was to advertise, and pay costs associated with launching Poker City.

10. On or about September 25, 2007, Sokal solicited G.K. for a further \$10,000.00 CAD investment in ESP, in exchange for shares in ESP. Sokal advised that the purpose of the investment was to promote and build Poker City. G.K. invested the requested amount.

11. On or about November 23, 2007, Sokal solicited G.K. for a further \$67,500.00 CAD investment in ESP, in exchange for shares in ESP. Sokal advised that the purpose of the investment was to promote and build Poker City. G.K. invested the requested amount.

12. Between November 15, 2007 and November 23, 2007, Sokal issued a total of 102,500 non-voting Class A shares of ESP to G.K. in exchange for the aforementioned investments.

13. In or about March 2009, after having received none of the profits promised to him, G.K. asked to be put on the corporate account of ESP. G.K. found that funds that were to be allocated for the operation of ESP, were used for Sokal's personal benefit.

14. In or about April 2009, Sokal solicited G.K. for further investments in ESP. G.K. refused Sokal's request to invest further monies in ESP.

15. In response to enquiries made by Commission Staff, Sokal on or about January 23, 2015 provided Commission Staff with documentation showing that between October 2, 2007 and November 23, 2007 Sokal and ESP issued 62,500 shares in ESP to four additional Manitoba residents for valuable consideration.

C. COMPENSATION FOR FINANCIAL LOSS

1. The Director, Legal and Enforcement ("Director") of the Commission has received an application for claim for financial loss in favour of G.K. The Director requests the Commission order financial loss compensation to G.K. in an amount determined at or prior to the hearing.

C.D. ALLEGATIONS

1. Staff of the Commission allege that Sokal and ESP,
 - (a) in contravention of s 6(1) of the Act, traded in securities when they were not registered to do so;
 - (b) in contravention of s 37(1) of the Act, traded in securities during the course of a primary distribution to the public of the securities, without filing with the commission both a preliminary prospectus and a prospectus in respect of the offering of the securities and without obtaining receipts from the Director of the Commission;
 - (c) acted in a manner contrary to the public interest;

and due to the allegations herein, it is in the public interest that pursuant to s 19(5) of the Act, Sokal and ESP not be entitled to use any of the exemptions in the Act and should not be entitled to participate in the exempt markets in the future. Staff further submit, that due to these allegations, Sokal and ESP should be ordered, pursuant to s 148.1(1) and/or s 148.1(1.1) of the Act, to pay an administrative penalty as well as costs of the investigation and hearing. Staff also request pursuant to subsection 148.3(1) of the Act that Sokal be prohibited from being a director or officer of an issuer and pursuant to s. 148.2 of the Act Sokal and ESP be ordered to pay G.K. compensation for financial loss.

2. Such further and other matters as counsel may advise and the Commission may permit.

DATED at the City of Winnipeg, in Manitoba this 15th day of November, 2018.

Amended this 5th day of April, 2018



Director

TO: WAYNE SOKAL AND ESP SOFTWARE INC.