

Toronto Police Service News release



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Arrests in \$93M US pyramid scheme, Toronto and Vancouver men charged

Broadcast time: 10:39

Wednesday, December 9, 2015

Financial Crimes
416-808-7300

Case #: 2014-1863297

The Mass Marketing Section of the Toronto Police Service Financial Crimes Unit is a member of the Toronto Strategic Partnership against Cross-Border Fraud. The partnership represents a combined enforcement strategy, specializing in the investigation of mass marketing fraud in, or originating from within the province of, Ontario with cross-border implications.

In January 2013, the Financial Crimes Unit started an investigation into an alleged pyramid scheme. The Toronto Police Service was assisted by investigators from the RCMP, Competition Bureau of Canada, Ministry of Government and Consumer Services, Ministry of Finance, U.S. Federal Trade Commission, FINTRAC, and the Canada Revenue Agency.

It is alleged that:

- between October 2010 and March 2013, a pyramid scheme known as "Banners Broker" was operated out of a Church Street address in Toronto
- the scheme offered participants the opportunity to double their money by investing in an advertising company that had access to a "globally renowned network"
- participants were led to believe their investments were being applied towards a program that offered payment for the direction of web traffic via referral links
- the program's existence was entirely dependent upon the fee-based entry of new members and little or no real product or service was provided
- new investors were drawn into the scheme via a series of false or misleading representations
- by the end of 2012, over \$93 million US was obtained from thousands of participants, of which approximately \$45 million was paid back to participants in the scheme
- the remaining funds were funneled to a number of offshore accounts in Belize, St. Lucia, Cyprus, and others

On Wednesday, December 9, 2015, Christopher George Smith, 45, of Toronto, and Rajiv Dixit, 45, of Vancouver, were arrested. They are charged with:

- 1) Defraud the Public - Over (\$5000)
- 2) Possession of Proceeds of Crime
- 3) Launder Proceeds of Crime
- 4) Operate Scheme of Pyramid - Selling (Competition Act)
- 5) Make False or Misleading Representations (Competition Act)

The were scheduled to appear in court at Old City Hall on Wednesday, December 9, 2015,. The proceedings are subject to a publication ban.

Watch the news conference [here](#).

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Constable Victor Kwong, Corporate Communications, for Detective Sergeant Ian Nichol,
Financial Crimes