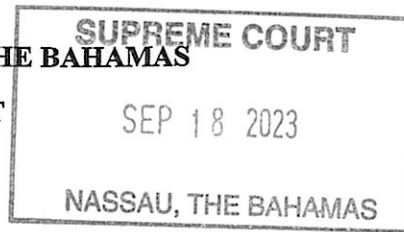


COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division



2023

COM/com

IN THE MATTER of the Companies Act 1992.

AND

IN THE MATTER of an Application under the Securities Industry Act 2011.

AND

IN THE MATTER of MDollaz Ltd. (trading as Arawak X), a Registered Marketplace and Clearing Facility.

EX PARTE SUMMONS

TAKE NOTICE THAT The Securities Commission of The Bahamas intends to apply to a Justice of the Supreme Court in Chambers at the Supreme Court Complex, Ansbacher House, Nassau, The Bahamas on the ^{18th} day of September A.D., 2023 at ¹² o'clock in the noon for an Order in the following terms:

That James Gomez of Ecovis Bahamas, be appointed as Provisional Liquidator of the above company.

DATED this day of September A.D., 2023

REGISTRAR

This Summons was taken out by the Securities Commission of The Bahamas, the Petitioner, whose address for service is Poinciana House North Building, 2nd Floor, 31A East Bay Street, Nassau, The Bahamas.

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

**IN THE MATTER of the Companies Act,
1992.**

AND

**IN THE MATTER of an Application under
the Securities Industry Act, 2011.**

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**IN THE MATTER of MDollaz Ltd. (trading
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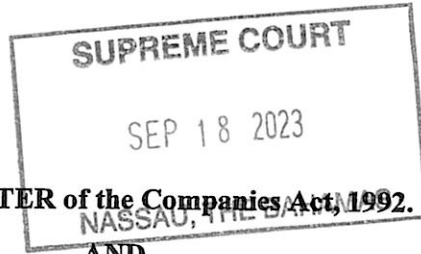
EX PARTE SUMMONS

COM/com of 2023

**Securities Commission of The Bahamas
Poinciana House
North Building, 2nd Floor
31A East Bay Street
Nassau, The Bahamas**

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
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IN THE MATTER of the Companies Act, 1992.
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and Clearing Facility.

AFFIDAVIT OF CHRISTINA R. ROLLE

I, **Christina R. Rolle**, Executive Director of the Securities Commission of The Bahamas (hereinafter "the Commission"), New Providence, one of the islands of the Commonwealth of The Bahamas, make oath and say as follows:

1. I make this Affidavit on behalf of the Petitioner herein in my capacity as Executive Director, aforesaid.
2. That statements made in the Petition filed on ^{18th}~~14th~~ day of September A.D., 2023 now produced and shown to me marked "CRR 1" as they relate to the facts and deeds of the Petitioner are true, and such statements as they relate to the acts and deeds of any person or persons, I believe to be true.
3. The contents of this Affidavit are true to the best of my knowledge, information and belief.

SWORN TO this 15th }
Day of September A.D., 2023 }

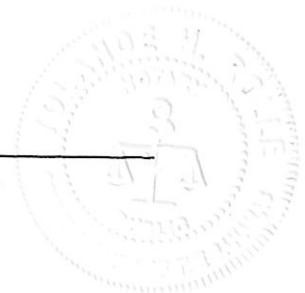


Christina R. Rolle

Before Me,



NOTARY PUBLIC



COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

**IN THE MATTER of the Companies Act,
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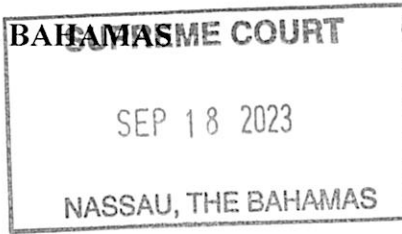
**IN THE MATTER of MDollaz Ltd. (trading
as Arawak X), a Registered Marketplace and
Clearing Facility.**

AFFIDAVIT OF CHRISTINA R. ROLLE

COM/com of 2023

**Securities Commission of The Bahamas
Poinciana House
North Building, 2nd Floor
31A East Bay Street
Nassau, The Bahamas**

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
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2023
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IN THE MATTER of Mdollaz Ltd. (trading as Arawak X), a Registered Marketplace and Clearing Facility

WINDING UP PETITION

TO: The Supreme Court of The Bahamas

The Humble Petition of the SECURITIES COMMISSION OF THE BAHAMAS (hereafter, "the Commission"), a statutory established pursuant to the Securities Industry Act, 2011 (hereafter "the Act") pursuant to section 134 of the Act,

1. Mdollaz Ltd. (hereafter "MDL" or the "Company") was incorporated in The Bahamas on the 3rd August 2017 under the Companies Act 1992 as a Limited Liability Company. The Company was registered with the Commission on the 18 January 2021, under the Securities Industry Act, 2011 ("the Act") as a Marketplace & Clearing Facility and conducting business under the Securities Industry (Business Capital) Rules, 2021 ("the Rules").
2. The registered office was listed as #107 Church Street, Sandport, West Bay Street, Nassau, Bahamas
3. The Company's Shareholders/Beneficial Owners were listed as D'Arcy Rahming Sr. (50%) and D'Arcy Rahming Jr. (50%).
4. The Board of Directors were D'Arcy Rahming Sr., D'Arcy Rahming Jr., and Hillary Deveaux who has since resigned his directorship on 9 December 2022.
5. That on the 11th October 2022, Mr. James Campbell, Felix Stubbs and Hillary Deveaux met with the Commission to express concerns regarding the company, specifically noting the issues regarding its corporate governance structure.

6. Mr. Campbell in particular who is a silent investor in the company and invested roughly \$1.2 million dollars expressed deep concerns about the direction and operations of the company.
7. Mr. Campbell also informed the Commission that he was appointed to the Company's Board of Directors for Mdollaz Ltd and Mdollaz Technology Ltd. on the 10th January, 2022 and provided the Commission with signed resolutions to confirm same.
8. That this information was not brought to the Commission's attention prior to the meeting with Mr. Campbell and as such is a breach of the Securities Act 2011.
9. That Mdollaz Technology Ltd. is not a registrant of the Commission which is also a breach of section 69 of the Securities Act 2011.
10. Mr. Campbell also informed the Commission of the following:
 - (i) that since operations began the company had been cash strapped and that roughly 1.5 million dollars received from investors had been spent as only one (1) out of the six (6) crowdfund offerings that was listed on the platform met its minimum ask amount;
 - (ii) staff had not been paid for several months;
 - (iii) the signing authority of the operating and fiduciary accounts bore only one signatory;
 - (iv) that \$40,000.00 was moved from the fiduciary account to the operating account and when the matter was brought to the attention of Mr. Rahming Sr., he advised that this was an error;
 - (v) that senior employees of the company travelled extensively in an effort to promote the business, but given the company's financial position, excessive travel was not a prudent measure at that time; and
 - (vi) that Michael Turnquest, the Chief Financial Officer was terminated from his position which raised further concerns.
11. That after receiving the information aforementioned, the Commission met with D'Arcy Rahming Sr. and D'Arcy Rahming Jr., who provided the Commission with the following information:
 - (i) that Michael Turnquest was terminated from his position as CFO due to of his lack of understanding of the new technology the company;

- (ii) that Mr. Turnquest was unable to provide substance to financial projections he had produced;
 - (iii) that Kenneth Donathan was appointed as acting CFO;
 - (iv) while staff had not been paid their entire salary, they were aware that Mdollaz was operating in a new space and so they shared the vision and goals of the Company and were willing to work on this basis;
 - (v) staff were receiving some compensation and the Company would implement vesting opportunities as well;
 - (vi) the Company's funds were temporarily comingled with investors but this mistake was quickly rectified and the company learned from this error; and
 - (vii) that the Company had prepared for the audit work to begin but its auditors have indicated that an extension will be needed for submission.
12. That on the 1st November 2022, MDollaz advised the Commission that the Bank of The Bahamas had frozen all of their operating and fiduciary accounts as at 31st October 2022, which caused the Commission to contact the said Bank to seek clarity on the status of client accounts to ensure they remain accessible to clients and to provide a listing of the accounts in the name of MDollaz Ltd. and MDollaz Technology Ltd.
13. That on 30 November 2022, Bank of The Bahamas wrote the Commission, indicating the accounts held and advised that they blocked the accounts against any withdrawals as a legal opinion was being sought on the matter.
14. Further, that the account balances appeared to be used for general purposes and that it was difficult to determine that they were used for clients alone.
15. That Mr. Rahming Sr. has since characterized this commingling as due to Bank of The Bahamas' mislabeling of transaction descriptions.
16. That on 18 November 2022, the Company sent a letter to the Commission requesting an extension for the delivery of their first annual audited financial statements which would have been due on 30 November 2022.
17. The Company indicated that the extension was needed as it was in the process of engaging a new auditor.
18. That on the 7th December 2022, the Company provided the Commission with a letter and writ of summons giving notice of an action commenced against Bank of The Bahamas.

19. That on the 7th January 2023, due to information provided by both the complainants and the principals, the Commission conducted a “For Cause” Examination on the Company at its premises.

20. That the findings of the “For Cause” revealed the following:

Subscription Agreements

- (i) The Company owed its issuers approximately \$221,276.00, which were connected to Tropical Gyro, Foot Care Rx, and Nassau Gas. The Commission cannot determine whether these specific funds have been paid to issuers as yet, having not received a response to our query on the point;
- (ii) Distribution dates were closed and issuers were not paid within three (3) days as prescribed by legislation;
- (iii) A board of resolution dated 10th January 2022 was passed to appoint Mr. James Campbell as Director of MDollaz Ltd. which provided Mr. Campbell with certain powers including the authority to nominate a majority of Directors as well as to require his written consent in order to alter Articles 143-147 of the Articles of Association of the Company. This resolution was filed with the Registrar General on 14 March 2022. However, the Commission’s prior approval to appoint Mr. Campbell as a Director of the Company was not sought as required by legislation.
- (iv) A board resolution dated 4th October 2022, was passed by the operators revoking all rights granted to Mr. Campbell by 10th January 2022 resolution, citing the illegality of the first resolution and the need to bring the entity into compliance with the Act.

Handling of client funds

- (i) The review of MDollaz’ RBC Omnibus Account, and Operating Account indicated that withdrawals of \$9,025 and \$22,105 were processed through the Omnibus Account on the 21st and 22 of December 2022, then deposited to the Operating Account on the same dates of the aforementioned withdrawals. Further the \$22,105 was withdrawn immediately after being deposited to the Operating Account.
- (ii) Numerous transactions, both inter-company as well as the receipt of client funds occurred between “fiduciary” and “operational” accounts in the name of MDollaz Technology Ltd. at Bank of The Bahamas (BOB). MDollaz Technology is an entity that is not licensed by the Commission. By receiving and holding client funds, MDollaz Technology conducted business for which it is not licensed, potentially contravening various laws in The Bahamas. When questioned on this point, MDollaz advised the Commission that they only used MDollaz Technology account because they were in the process obtaining an account in the name of the licensed entity. Up to June 2023, the BOB account of MDollaz Technology still held client balances.

- (iii) During the months of March, April and August 2022, staff salaries were processed using the MDollaz Technology Ltd “fiduciary” account at BOB. This appears to be a use of client funds to fund the operations of MDollaz.

Issuers and Investors

- (i) An “amended” convertible note date 10 January 2022 detailed various zero-coupon “subscriptions” entered into with PJ Enterprises from December 2020 to July 2021, totaling \$1,340,000. This amended note granted PJ Enterprises the option to convert the total loan amount to 3,063,467 ordinary shares of the Comp representing 30.6% of the total authorized share capital. This note implies a valuation of the company of approximately \$4.38 million.
- (ii) During an interview with Winston Rolle (Chief of Equities), the Commission’s examiners were advised that if an Issuer does meet its capital target, the investor funds were refunded. However, in some cases investors would provide instructions for the company to hold the investments for future offerings.
- (iii) A review of the refund listing revealed that [**Investor 36**] invested \$26,004 in Bahamas Myfi but the investment amount was converted to be paid into the capital of MDollaz Ltd.

21. Due to the findings of the said For-Cause Examination, the Commission issued a letter dated 23rd March 2023, headed ‘Notice of Imposition of Conditions on Registration of MDollaz Ltd.’.

22. That the aforesaid letter informed the Company that the Commission was gravely concerned about the operations of MDollaz, specifically its failure to disclose and/or address the following:

- (i) **Directorship:** The precise nature of the relationship between MDollaz and James Campbell/PJ’s Enterprise Ltd., a lender and alleged director and member of MDollaz.
- (ii) **Capital issues:** A review of MDollaz’ July 2022 Unaudited Financials (i.e. Balance Sheet) revealed a negative working capital of -\$213,626.31 with current liabilities (\$1,110,187.22) being more than current assets (\$896,561.02). Additionally, a review of MDollaz refund listing, noted that an investor did not receive a refund in the amount of \$26,004. However, the aforementioned funds were paid into the operational account of MDollaz.
- (iii) **Comingling:** The Commission is concerned that MDollaz has not maintained segregated accounts and has comingled its funds with that of clients and/or investors on the platform.

- (iv) **Corporate Structure and Accounts:** MDollaz did not advise the Commission of significant material changes within the corporate structure of the Company. For example, the Commission is now aware that MDollaz was using operational accounts in the name of unregistered entity, Mdollaz Technology Ltd., as opposed to its own name. These operational accounts were used to conduct securities business for the period of August 2021 - November 2022.
- (v) **Books and records:** MDollaz was unable to produce pertinent records of its operations i.e. bank reconciliations and indemnity insurance confirmation. In addition to the key issues identified above, the Commission notes that there are various changes to MDollaz initial application that were prior undisclosed to the Commission as they should have been, pursuant to regulation 53 of the Securities Industry Regulations 20121 (“SIR”). These matters are also a source of grave concern and give rise to conditions being imposed on MDollaz’ registration, per below.

23. The conditions imposed on the Company, pursuant to regulation 53 of the SIR, were that the Company:

- (i) Not accept any new clients, including issuers, project initiators and/or promoters of crowdfund offerings as well as new investors in crowdfund offerings;
- (ii) Not accept any new funds from existing clients of MDollaz;
- (iii) Cease the facilitating of crowdfunding activity via the platform operating as ArawakX.
- (iv) Provide the following documents and/or information no later than Thursday 6th April 2023:
 - a. Complete reconciliation of all crowdfunding engagements to date detailing all investor subscriptions, amounts paid out to issuers and/or project initiators, amounts owing to issuers and/or project initiators as well as fees earned/commissions and how same were funded;
 - b. Details of the current relationship and/or status of MDollaz relationship with James Campbell and/or PJ’s Enterprise Ltd. including current status of Mr. Campbell’s appointment as a director of MDollaz;
 - c. Confirmation and evidence that MDollaz’ capital deficiency issues have been resolved;
 - d. Confirmation and evidence that MDollaz funds and that its clients and/or investors have been properly segregated and are being maintained in separate accounts; and

- e. Confirmation that books and records are being maintained as required by law.
24. That the Commission directed the Company to provide certain information relative to the concerns raised in the letter and to attend a meeting on 12 April 2023 to discuss those concerns.
25. That the Company responded via a letter dated 5 April 2023, however, the Company's response failed to satisfactorily address the Commission's concerns and in fact raised additional issues. For example, on page one of an attached report purporting to address the Commission concerns, there appeared the following:
26. "Other issues mentioned. In point two (2) of your letter under "Capital issues", reference was made to an investor who did not receive a refund in the amount of \$26,004.00, further it noted that funds were paid into the operational account of Mdollaz. Please be advised that investor in question is [Investor 36], who determined to become a shareholder in the company (Mdollaz), and he has invested the total amount of his refund (\$26,004.00) in Mdollaz Ltd. Therefore, the said funds were transferred to the operational account of Mdollaz Ltd. pursuant to that agreement. Mr. Johnson has subsequently decided to increase his total investment in Mdollaz to \$50,000.00. Supporting documents are attached for your review."
27. That the Commission was concerned that this action was in contravention of the Rules and the Act, further noting that the Company's letter also included a subscription agreement to support the statement.
28. That on the 12th April 2023, the Commission met with the principals at the Commission's offices to discuss the concerns raised in the 23 March 2023 letter and obtain information and/or answers to address the concerns.
29. That Mr. Rahming Sr. during the meeting confirmed that "pipeline" business was being recorded as a receivable and therefore income for the company without the Company performing any service for the business but merely on the basis of commitment letters or other agreements and understandings. The Commission expressed concern by this accounting practice which can be misleading.
30. That following the Commission's aforesaid meeting with the principals, the Commission conducted a number of interviews, including one on 19th April 2023, with Mr. Michael Turnquest, former Chief Financial Officer (CFO) of the Company, who informed the Commission that:
- (i) That the operators did not sufficiently allow for the flow of information throughout the Company to allow Mr. Turnquest to carry out his duties as CFO;

- (ii) That he was not privy to certain financial information to properly prepare financial statements for the Company;
- (iii) The internal controls were weak namely, the principals signed Company accounts and individually authorized the transfer of accounts.
- (iv) It was possible that clients' funds were used to pay a particular founder perks which were identified as Company expenses.

31. On the 2 May 2023, the Commission issued a follow-up letter to the meeting of 12 April 2023 reiterating what was discussed in the meeting and directed the Company to provide additional information, including information for **[Investor 36]**, per paragraph 20(i) above, and for any other subscribers.

32. That on the 3 May 2023, the Commission interviewed the Company's external Auditors, Mr. Lambert Longley and his associate Ms. Charlene Fox-Deveaux, who stated the following to the Commission:

- (i) The current audit would cover the years 2021-2022;
- (ii) The current audit was incomplete as there were outstanding points that needed to be addressed by the principals; and
- (iii)
- (iv) There were 'Going Concern' issues, namely:-
- (v) possible legal action by Mr. James Campbell,
- (vi) the Auditor would not sign off until the audit bill was paid,
- (vii) outstanding draft financials needed to be prepared by the principals,
- (viii) testing was not completed,
- (ix) an assessment was required to determine if the revenue referenced by Mr. Rahming Sr. was correct; and
- (x) The Bank of The Bahamas accounts were to be examined to determine the agreed fees to that of fiduciary funds.

33. The Company responded via letter dated 5 May 2023 via its attorney, Mr. Kahlil Parker, K.C., with some of the requested information. In his letter, Mr. Parker K.C. indicated that while efforts would be made to provide the corporate information, by the 8 May deadline, he gave an undertaking that failing this it would be provided by 10 May 2023.

34. The Company provided by email dated 8 May 2023 additional responses to the Commission's queries. The Commission received and reviewed what was presented as the MDollaz' "Capital Table" purportedly outlining "shareholders" as at May 2023. However, none of the individuals appearing on this table, save for the principals, were approved by the Commission as shareholders of MDollaz nor were they appropriately reflected in the shareholder register. This was the first time the Commission became aware that the number of shareholders exceeded the threshold of a private company.
35. Along with the Capital Table, documents were provided to the Commission including subscription agreements, term sheets and KYC information.
36. The subscription agreements, term sheets and correspondence reflected the issuance of classes of shares at various share prices which were not reflected in the share structure of the Company nor any suitable valuation provided to support the share prices. For example, [Investor 15] was advised that the Company had a valuation of \$201,750,000.
37. On 9 May 2023, the Commission interviewed Acting CFO Kenneth Donathan who was accompanied by his attorneys Mr. Khalil Parker, K.C. and Ms. Leslie Brown. Mr. Donathan provided the Commission with the following information:
- (i) The audit was in its final stages;
 - (ii) The Company had submitted everything requested by the Auditor two weeks prior to Mr. Donathan's meeting with the Commission;
 - (iii) That the \$707,000 on the financials was not a receivable but a forecast; and
 - (iv) That there was a court hearing on 11 May 2023 and the Commission will be updated thereafter.
38. On 9 May 2023, the Commission also interviewed the Company's Compliance Officer, Ms. Nadia Butler who was also accompanied by attorneys K.C. Kahlil Parker and Leslie Brown. She provided the following information to the Commission:
- (i) That she was with the Company from its incorporation;
 - (ii) That the compliance team consisted of two persons;
 - (iii) That she was aware of the share amount change but not the change to the Memorandum of Association or Articles of Association;
 - (iv) That she was aware of the launch of three Companies onto the MDollaz platform;
 - (v) That she was not privy to all of the Company's documents;
 - (vi) That she never attended a Board meeting or supplied the Board with reports; and

- (vii) That she never filed a Suspicious Transaction Report.
39. On 24 May 2023, the Company (with a supporting letter from its auditors) requested a further extension to file its audited financials. The auditor indicated that he would be able to issue the statements by 16 June 2023.
40. On 31 May 2023, additional documents were provided to the Commission with respect to the Capital Table. The Company also provided interim financial statements on the same day.
41. The additional information revealed that on 28 July 2020, the Company issued Class B (Cumulative Redeemable MDollaz) Preference shares at \$1 per share to [Investor 15] with an option to convert into 5,000 ordinary shares at \$5 per share. This implies a valuation of the Company at \$50 million which is grossly different from the \$4.38 million valuation negotiated (between July 2020 to December 2021) with PJ Enterprises. The Commission is alarmed that MDollaz appears to have sold its shares at a premium prior to commencing any regulatory activity and using unsubstantiated valuation methods. Further, the Commission has no evidence that Class B shares were ever created as they are not reflected in the share structure as filed with the Commission at the time of registration nor anytime thereafter. This issue, from the Commission's point of view, is insurmountable with respect to the Company's ability to regularize its governance issues and reflects misrepresentations made to the public.
42. The Commission further notes that while, the Commission was only advised in July 2021 of the change in the share structure to 10,000,000 shares at \$1 each, MDollaz had already made representation to [Investor 15] in July 2020 that the Company had a share structure of 10,000,000 ordinary shares at \$1 each.
43. Further, on 8 June 2023, the Commission made further queries about the supporting KYC documentation which should have been held by the Company with respect to subscribers. The Compliance Officer provided a response which included a tracking sheet which demonstrated that approximately 30% of the KYC was missing. Additionally, she provided as explanation purporting to be from Mr. Rahming Sr. that: "please note many to the subscribers without documents received shares in lieu of payment for services, such as the expertise required in the application process." The arrangement was not previously disclosed to the Commission and it is wholly unacceptable.
44. The Commission was concerned that information provided upon the Commission's request, as well as in the aforementioned interviews, demonstrated that there were potential governance as well as financial issues. Further, a review of the information from the Company showed that the Company had been raising additional capital by issuing its own shares to members of the public. This led the Commission to issue a cease and desist letter to the Company on the 8 June 2023.

45. That notably, the cease letter indicated that from the Commission's ongoing investigation it was evident that:-

- (i) MDollaz took steps since 2021 to raise additional capital to directly fund Mdollaz, without informing the Commission;
- (ii) at no time was the Commission made aware of any offering to the large number of persons disclosed by MDollaz as "shareholders", with the information coming to the Commission's attention only after we received information pursuant to the request to provide same after the conditions were imposed.
- (iv) MDollaz actions appeared to be a distribution in contravention of the Securities Industry Act 2011; and
- (v) As early as 2021, MDollaz solicited and collected funds from the public on the basis that the Commission's approval would be obtained but then made no steps to obtain the said approval from the Commission, thereby misleading the public with respect to its intention.

46. That the Commission directed the Company as follows:

- (i) efforts and/or actions to raise any additional capital must cease with immediate effect; and
- (ii) No capital raising having been authorised by the Commission and, to date, no approval having been sought or granted by the Commission, the Company must not further pursue any additional "subscriptions" from any person with respect to investment in the Company.

47. That the audited financial statements were not received on 16 June 2023 as promised and the Commission sent a communication to the auditors on 20 June 2023 requesting information on the Company's solvency, the foreseen date of the completion of the audit, any audit findings communicated to the Company's principals in an audit management letter, any identifiable instances of commingling of client funds arising from the audit and finally, his view with respect to the Company's viability as a going concern.

48. On 23 June 2023, the auditor responded to the Commission's request aforementioned.

49. That on the 3 July 2023, the Commission interviewed former CFO, Samuel Wilkinson, who provided the Commission with the following information:

- (i) That he was the initial CFO and was employed with the Company for 3 to 4 months before resigning.

- (ii) That the Company had issues (i.e. insufficient financial controls, no financial statements, no formal records and he was only provided with bank statements);
- (iii) That his questions regarding the Company were being ignored and hence went unanswered;
- (iv) That the Company purchased vehicles and held expensive lunches that were unnecessary spending at that time;
- (v) That the Company did not appear to be in financial constraints at that time; and
- (vi) That there was resistance all around from the principals to implement proper systems and controls.

50. That on the 11 July 2023, the Commission interviewed **[Investor 36]** who supplied the Commission with the following information:

- (i) He became aware of the company's platform via Facebook;
- (ii) That he spoke with the Company's representative Mr. Kenneth Donathan who gave him an overview of the Company;
- (iii) He initially invested \$15,000 in a crowdfund offering for Mifi Bahamas, but it failed, so he made a further injection of \$5,000.00 for a total of \$20,000.00.00 which was invested in a crowdfund offering for Tropical Gyro;
- (iv) That he had several casual meetings with the Rahmings at a local restaurant where he was encouraged to advertise the Company to other persons;
- (v) Ultimately, he invested \$25,000.00 in the Pinnacle franchise, \$50,000.00 in Nassau Gas, \$50,000.00 in Footcare, \$20,000.00 in Tropical Gyro and \$50,000.00 in Mdollaz; and
- (vi) That to date, he had not received any return from his investments.

51. That also on 11 July 2023, the Commission interviewed **[Investor 18]** who stated the following :

- (i) That he actually signed two (2) documents - one for \$100,000.00 and another for \$50,000.00. The latter he signed afterwards/last. He did not recall the details of it at the time.

- (ii) He did not recall anything being said about the valuation of the company but he recalled that the shares were about the \$5 per share, which he thought was good;
- (iii) Ultimately, he just decided to support a Bahamian company; and
- (iv) He wanted to invest and decided to do so because of **[Investor 10]**, another purported investor, whom he knew.

52. That the Commission continued its investigations of the Company, which included a review of bank statements and the Draft Audited Financials as at 31 July 2022 which were received on 11 July 2023.

53. That the Commission's analysis of the bank account statements showed that at all material times, due to subscribers (issuers) was larger than the balances held on their fiduciary accounts. This is strong evidence that they were collecting funds on behalf of issuers, using those funds to fund their operations and then replacing those funds by soliciting investment in MDollaz. This pattern is confirmed in the loan agreements with PJ Enterprises which notes one of the purposes of the loan as payouts to crowdfund issuers. This circumstance is a breach of MDollaz' fiduciary obligations as well as a breach of the Rules.

54. That the Commission's analysis of the Draft Audit Financials as at 31 July 2022, revealed the following:

- (i) Major net loss in 2022 - \$1.75M (\$909k in 2021) – loss has grown by 2 times for same 12-month period;
- (ii) Company has a negative equity of \$2.3M (31-Jul-22) and grew substantially from the negative \$551k in 2021 as a result of the net loss incurred in 2022;
- (iii) Income of \$200k is only enough to pay the annual rent and cannot cover other operation expenses;
- (iv) Note 14 indicated that MDollaz raised \$1.9M from persons not approved by the SCB. The auditor, as a result, is proposing in the draft to classify these persons as creditors rather than equity investors. The Commission has no evidence that approval from these investors have been sought for such reclassification;
- (v) Note 10 indicated that accounts payable grew by 1032% and additional debts of approximately \$500k where indicated in Notes 11 and 12; and
- (vi) That this company does not have sufficient total assets to discharge itself of its debts, hence the equity is negative.

55. That on the 1st August 2023, Attorney Kahlil Parker, KC wrote to the Commission indicating that the Company had sufficiently responded to the Commission and requesting a meeting to further discuss the way forward.
56. That on the 3 August 2023, the Commission replied to Attorney Parker KC's letter of 1 August 2023, indicating that the Commission was concerned that his letter appeared to be a deliberate and misleading attempt to set a narrative regarding the financial, operational and regulatory position of MDollaz. The Commission indicated that it had received the draft audited financials which further supported the Commission's concerns.
57. That on 24 August 2023, the Commission interviewed investor **[Investor 15]** who stated the following:
- (i) The principals approached him;
 - (ii) He made an investment of \$75,000.00;
 - (iii) That his investment was based on his trust and confidence in the principals, who indicated via email that the Company was valued at 200 million (although he did not necessarily believe this valuation); and
 - (iv) His initial investment was in preference shares he confirmed that he later converted to ordinary shares.
58. In addition to the investors subscription agreements evidenced above, the Commission reviewed a subscription agreement of an employee, Ms. Bria Deveaux. The said Subscription Agreement was said to be given in lieu of salary.
59. The Commission reviewed a number of subscription agreements with similar terms and conditions and concluded that the representations and offerings made via the said subscription agreements were all made without the Commission's knowledge and approval.
60. On 30 August 2023, the Commission met with the principals and their attorneys, Mr. Kahlil Parker K.C. and Ms. Leslie Brown, and informed the Company that effective immediately the Company's registration was being temporarily suspended for 15 days pursuant to the section 133 (3) of the Act.
61. The company was further informed that it should provide the Commission with reasons in writing as to why it should not be wound up.

62. Mr. Kahlil Parker K.C. communicated with the Commission on 7 September 2023 requesting additional time make written submissions in response to the Commission's concerns.
63. Mr. Kahlil Parker K.C. and the Commission communicated via email and his request for an extension to 15 September was denied, however, the Commission agreed to the Company providing its written response and other requested information on 12 September 2023 instead of the 11 September 2023 in anticipation of being able to review same ahead of the meeting scheduled for 13 September 2023.
64. The Commission subsequently determined to extend the suspension of registration to consider the anticipated verbal responses from the Company on 13 September 2023, and issued a letter to this effect on the 12 September 2023 extending the suspension for an additional five (5) days to Monday 18 September 2023.
65. That on the 13th September 2023 the Commission met with the principals and its Attorneys Mr. Kahlil Parker K.C. and Ms. Leslie Brown pursuant to section 133 of the SIA.
66. In response to the Commission's questions, the principals did not speak during the hearing, which lasted for about an hour. Their attorney Mr. Parker, K.C. responded but, his response did not address the Commission's concerns.
67. Counsel indicated that he nor his clients intended to address any of the Commission's concerns at the meeting as, in his view, the time allotted in the 30 August 2023 letter was insufficient and unreasonable.
68. The Commission was satisfied that the time allotted of two (2) weeks (from August 30th to September 13 2023), was a reasonable and sufficient time for the Company to prepare to be heard.
69. The Commission, in a further attempt to ascertain the position of the principals/Company, questioned whether there was a means of resolving the insolvency issues without resorting to earning their way out of the situation. The Commission made it clear that no details of the plan were being sought at that time, but rather a "yes" or "no" response to whether the principals actually had a viable means of becoming solvent that did not involve relying on operational income.
70. That Counsel for the Company insisted that to answer the aforementioned question would be prejudicial to his clients.
71. At no time has the Commission prevented the Company and/or its principals from meeting or taking steps to address its financial and operational issues. Rather, the Commission expected the Company to actively pursue correcting its deficiencies and regularizing its

Commission expected the Company to actively pursue correcting its deficiencies and regularizing its share structure but the Company for the most part simply provided information requested by the Commission without taking any steps to actually address its deficiencies as outlined in the various letters from the Commission.

72. During the meeting, Counsel for the Company suggested that the Commission only clarified its concerns on 12 September 2023. It was explained to Counsel that the Commission's expectation that all "fit and proper" registrants would have an understanding of their regulatory obligations without having to be "hand-held" by the Commission. It was further noted that the email of the 12th September 2023, was an attempt to be helpful in order to focus the principals on the issues that were critical to be addressed and that the Commission is in no way obligated to provide such assistance.

73. In light of the information above, the Commission is satisfied that the Company's insolvency issues, governance irregularities, regulatory breaches and possible criminal infractions have together become insurmountable, resulting in there being more than sufficient evidence to have the Company wound up.

I.

- a. Is insolvent in the sum of atleast 2.4 million dollars;
- b. It has committed certain breaches under the SIA that warrant criminal penalties;
- c. That the Company has not been able to sufficiently provide reasons and/or documentation to satisfy the Commission that it can remediate its issues.

II.

That it is in the public interest and in the interest of clients and/or investors that the Company be wound up.

III.

That it is just and equitable that the Company be wound up.

(viii) It is proposed that James Gomez of Ecovis Bahamas be appointed as Provisional Liquidator for the Company.

Your Petitioner humbly prays that:-

That the Company be wound up by this Honourable Court pursuant to the Companies (Winding Up Amendment) Act 2011;

That James Gomez be appointed as Provisional Liquidator forthwith;

That the Court confirms the commencement day of this liquidation;

All costs incurred by the liquidation shall be costs in the winding up; and

That such other Order made in the premises is deemed just.

Dated this day of September, A.D., 2023

**Securities Commission of The Bahamas
Poinciana House
North Building, 2nd Floor
31A East Bay Street
Nassau, The Bahamas
Attorneys for the Petitioner**

NOTE: This Petition is intended to be served on the Company and its Attorney Mr. Khalil Parker K.C.

This Petition was presented by the Securities Commission of The Bahamas, whose address for service is Poinciana House, North Building, 2nd Floor, 31A East Bay Street, Nassau, The Bahamas.

NOTICE OF HEARING

TAKE NOTICE that this Petition will be heard before a Judge of the Supreme Court at the Supreme Court Building in the city of Nassau on the island of New Providence on the day of September A.D., 2023 at o'clock in the

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Commercial Division of the Supreme Court at Nassau.

REGISTRAR

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

IN THE MATTER of the Companies Act 1992.

AND

**IN THE MATTER of an Application under the Securities
Industry Act 2011.**

AND

**IN THE MATTER of Mdollaz Ltd. (trading as Arawak X) a
Registered Marketplace and Clearing Facility**

WINDING UP PETITION

COM/com of 2023

**Securities Commission of The Bahamas
Poinciana House
North Building, 2nd Floor
31A East Bay Street
Nassau, The Bahamas**

Petitioner/Applicant