

To: **Validus International LLC** (a Delaware registered company) (**Validus**);

Validus-FZCO (duly formed as a Free Zone Company with limited liability pursuant to Law no. 16 of 2021 by H.H. Ruler of Dubai and Implementing Regulations issued thereunder by the Dubai Integrated Economic Zones Authority); and

All associated persons of Validus as offeror of the Validus Financial Products (separately, and together, the **Associated Persons**)

STOP ORDER

made by the Financial Markets Authority (**FMA**)
pursuant to
sections 462, 463 and 466 of the Financial Markets Conduct Act 2013 (**Act**)

While this stop order (**Order**) is in force:

(a) Validus and Validus-FZCO are prohibited from:

- (i) making offers of Validus Financial Products; and
- (ii) distributing any restricted communication that relates to the offer of Validus Financial Products;
and
- (iii) accepting further contributions, investments, or deposits in respect of Validus Financial Products;
and

(b) Validus, as offeror of the Validus Financial Products, is prohibited from accepting applications for Validus Financial Products; and

(c) the Associated Persons are prohibited from distributing any restricted communication that relates to the offer of Validus Financial Products.

The Associated Persons (including associated persons that may be incorporated or formed after the date of this Order) are required to comply with paragraph (c) above of this Order.

Validus is required to provide a copy of this Order to the Associated Persons.

Definitions

In this Order (unless the context otherwise requires):

associated person has the meaning given to that term in section 12(1) of the Act;

distribute, offeror and **person** have the meanings given to those terms in section 6(1) of the Act;

financial benefit has the meaning given to that term in section 9(1) of the Act;

financial product has the meaning given to that term in section 7 of the Act;

issued has the meaning given to that term in section 11 of the Act;

managed investment product has the meaning given to that term in section 8(3) of the Act;

managed investment scheme has the meaning given to that term in section 9 of the Act;

restricted communication has the meaning given to that term in section 464 of the Act;

Seminar means the seminar held on 19 November 2022 at the Mt Smart Stadium, Auckland, New Zealand;

Validus Financial Products means:

(a) the Validus Pool Products; and

(b) any other financial products that are used (including by reference to their claimed performance characteristics) to promote the purchase of Validus educational packages (irrespective of whether or not those financial products actually exist or are, or are not, intended to be issued);

Validus Letter means the letter dated 1 March 2023 from Howard Friend, in his capacity of “CEO Validus”, to the FMA;

Validus Pool means the pool of crypto currencies, equities, forex, NFTs and other products referred to in the oral presentations and materials (including slides) distributed at the Seminar and entitled “The Validus Pool”; and

Validus Pool Products means interests in (being rights to participate in, or receive, financial benefits in) the Validus Pool.

Period for which this Order is in force

This Order is in force from the time at which it is made until such time (if any) as the FMA varies, suspends or revokes this Order.

Reasons for this Order

The FMA has exercised the power to make this Order under section 462 (and, in particular, under section 462(1)(f)) of the Act because it is satisfied that a restricted communication (authorised or instigated by, or on behalf of, Validus) relating to an offer, or intended offer, of financial products (namely, Validus Pool Products) is false or misleading, or is likely to mislead or confuse, in a material particular.

More particularly, the FMA is satisfied that:

(a) Validus held a seminar on 19 November 2022 at the Mt Smart Stadium, Auckland, New Zealand at which, through oral presentations and materials (including slides) distributed, Validus referred to an offer to attendees, and encouraged attendees, to participate in the Validus Pool. The Validus Letter confirms that the Seminar was organised and planned by “Validus”. Dr Parwiz Daud, Chief Network Officer of Validus, attended and spoke at the Seminar.

(b) A key speaker at the Seminar, Souai Tito, advised attendees that:

"... once you purchase a [education] pack you get rewarded ... so with the money that you purchased your education packs, we have a team of experts that trade your money in the forex market. And with that you get paid 2 to 3% weekly loyalty points over 60 weeks."

"We trade in stocks, and gaming, crypto, NFTs, staking..."

Souai Tito then said, "after 60 weeks you get 350% [of your money] back".

- (c) Souai Tito's statements were said against the background of certain slides distributed on a screen for attendees to view. The slides in the Appendix to this Order form part of the slides distributed at the Seminar. The clear message to attendees from Souai Tito's statements and the slides in the Appendix was that 100% of the money spent on Validus educational packages is invested in the forex market through the Validus Pool from which investors can receive a 2%-3% return on their money each week for 60 weeks. The Validus Pool is represented in the first slide as a pool of crypto currencies, equities, forex, NFTs and other products. The second and third slides showed the benefit of compounding. The second slide shows compounding "UPTO 350%" over 60 weeks and, in the third slide, \$250 compounds "UPTO \$35,000" over 60 weeks. The fourth slide shows that withdrawals will be subject to a 5% withdrawal fee.
- (d) Investments in the Validus Pool as described at the Seminar are financial products (in particular, managed investment products) because they are (or result in) interests in a managed investment scheme referred to in paragraph (b) of the definition of that term in section 9(1) of the Act (see below).
- (e) The Validus Pool is a managed investment scheme because (in accordance with section 9(1)(a), (b) and (c) of the Act) it is a scheme to which each of the following applies:
- (i) the purpose or effect of the scheme is to enable persons taking part in the scheme [e.g., attendees at the Seminar who choose to do so] to contribute money [i.e., the money spent on educational packages] to the scheme [i.e., the Validus Pool] as consideration to acquire interests [see para (ii) following] in the scheme [i.e., the Validus Pool]; and
 - (ii) those interests are rights to participate in, or receive, financial benefits [i.e., the 2%-3% return on money spent on Validus education packages each week for 60 weeks] produced principally by the efforts of another person [e.g., Validus] under the scheme [i.e., the Validus Pool] (whether those rights are actual, prospective, or contingent, and whether they are enforceable or not); and
 - (iii) the holders of those interests [e.g., the participating attendees] do not have day-to-day control over the operation of the scheme [i.e., the Validus Pool] (whether or not they have the right to be consulted or to give directions). [Validus has day-to-day control over the operation of the scheme.]
- (f) The various oral presentations and materials (including slides) distributed at the Seminar are together a restricted communication being (in terms of section 464 of the Act) a form of communication:
- (i) that—
 - A. directly or indirectly refers to an offer, or intended offer, of financial products [i.e., the offer of Validus Pool Products]; or

B. is reasonably likely to induce persons [i.e., attendees at the Seminar] to apply for financial products [i.e., the Validus Pool Products]; and

(ii) that is authorised or instigated by, or on behalf of, the offeror [i.e., Validus] or an associated person of the offeror [i.e., Dr Parwiz Daud] or that is prepared with the co-operation of, or by arrangement with, any of those persons; and

(iii) that is to be, or has been, distributed to a person [i.e., attendees at the Seminar].

(g) Subsequently, Howard Friend, in his capacity of “CEO Validus”, made a number of statements to the FMA in the Validus Letter that contradict, or are contrary to, the communications at the Seminar. In particular, Mr Friend said:

“(b) ValidusPOOL

Please kindly note that the ValidusPOOL has been removed and no longer exists.

The ValidusPOOL referred solely to the Company’s own investments, which it made using its own funds – we have not and do not pool any funds from our Members or any third parties at all. Nonetheless, we have stopped and removed any mentions of the ValidusPOOL.

(c) Please explain why you are of the view that none of the products and/or services Validus provides involve the provision of financial services or products. ...

...

We make it clear, both through written and verbal communication, that Validus is not, and does not intend to be, a financial product and no person should ever enter into a commercial relationship with Validus intending or expecting to make returns of any sort, as no such returns are promised or guaranteed in any way.”

(h) Since receiving the Validus Letter, the FMA has proceeded on the basis that the above statements in the Validus Letter **are** true and correct. On that basis, the various oral presentations and materials (including slides) distributed at the Seminar [i.e., the restricted communication] are false or misleading, or are likely to mislead or confuse, in a material particular. Contrary to the communications at the Seminar, the Validus Letter states (among other things):

(i) the Validus Pool has been removed and no longer exists;

(ii) the Validus Pool referred solely to the Company’s own investments, which it made using its own funds;

(iii) Validus does not pool any funds from its members or any third parties at all;

(iv) Validus is not, and does not intend to be, a financial product; and

(v) Validus does not promise or guarantee returns in any way.

(i) Accordingly, the oral presentations and materials (including slides) distributed at the Seminar [i.e., the restricted communication] related to an offer of financial products that either did not exist at the time the restricted communication was distributed or was materially different from that described in the restricted communication. The FMA is concerned that attendees at the Seminar were induced to purchase, purchased, or intend to purchase, educational packages in reliance on false or misleading representations. Those attendees are likely to suffer material financial harm. They will not receive the

2-3% return on their money, or be able to withdraw that money, because the money was not, or will not be, invested in a managed investment scheme.

(j) In the Validus Letter, Mr Friend also states:

“As part of the complete restructuring we have undergone, we have moved our main operations to the United Arab Emirates, from which we provide our Memberships. For your reference, we have attached Validus FZCO’s certificate of formation to our email.”

For this reason, this Order applies to both Validus and Validus-FZCO.

The FMA is concerned that, in the absence of this Order, the conduct prohibited by this Order will occur and contraventions of the Act will result. This Order prohibits Validus, Validus-FZCO and the Associated Persons from taking steps that will, or are likely to, result in repeat unlawful behaviour that may cause material financial harm. This Order therefore prevents:

- (a) Validus and Validus-FZCO from accepting money from attendees at the Seminar and others who are aware of the presentations and materials distributed at the Seminar and who, in each case, pay that money in reliance on false or misleading representations they are investing in Validus Pool Products;
- (b) Validus and Validus-FZCO from:
 - (i) offering financial products to promote the purchase of Validus educational packages irrespective of whether or not those financial products actually exist or are, or are not, intended to be issued; and
 - (ii) accepting money from persons for the purchase of Validus educational packages who pay that money in reliance on false or misleading representations they are investing in financial products used to promote that purchase; and
- (c) Validus, Validus-FZCO and the Associated Persons from distributing restricted communications that relate to the offer of financial products to promote the purchase of Validus educational packages irrespective of whether or not those financial products actually exist or are, or are not, intended to be issued.

Other terms and conditions

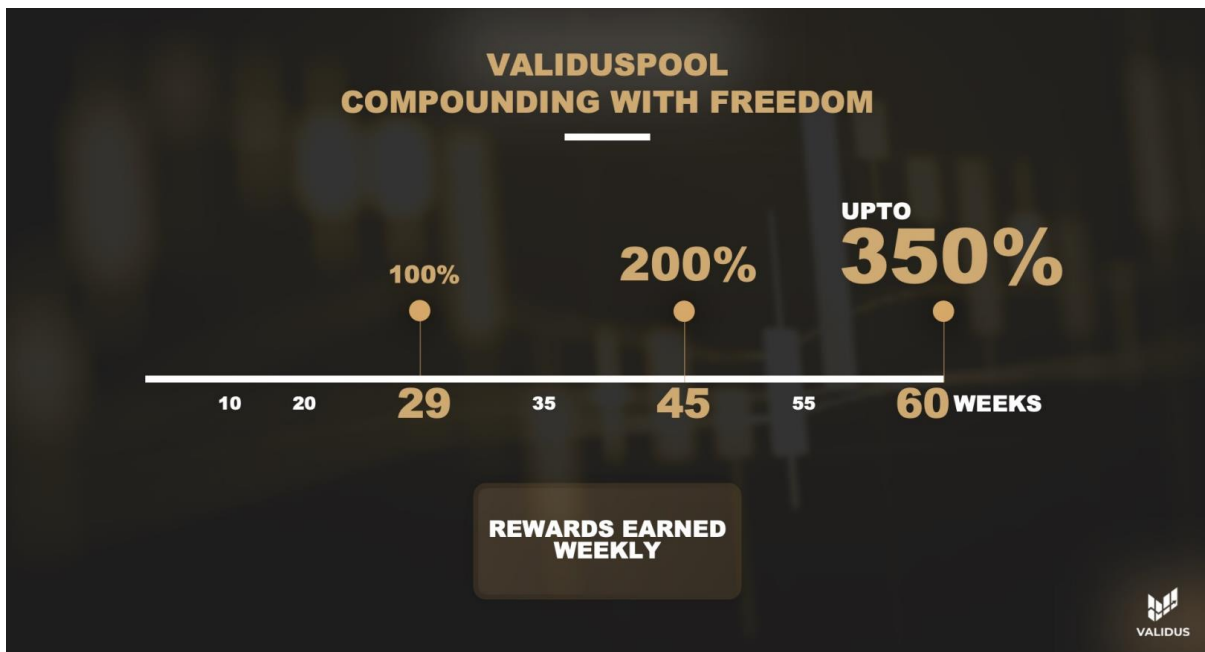
The FMA must give the Registrar of Financial Service Providers written notice of the terms and conditions of this Order, the reasons for this Order and any other information the FMA thinks relevant in the circumstances and make the notice available on the FMA’s Internet site (<https://www.fma.govt.nz>) in accordance with section 477(1)(b) of the Act. Under section 477(1)(e) of the Act, the FMA may also give notice to any other person of those matters.

This Order is made at 10.50 am/pm on this 2nd day of May 2023

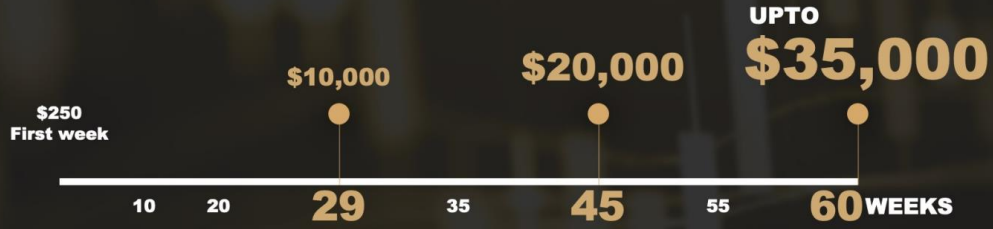


Paul Gregory
Executive Director – Response & Enforcement
Financial Markets Authority

Appendix



VALIDUSPOOL COMPOUNDING EXAMPLE



PAYMENTS AND WITHDRAWALS



Withdrawal Fee: 5%
Withdrawals Processing Time: up to 48 Hours

