The Ontario Securities Commission

OSC Bulletin

July 30, 2015

Volume 38, Issue 30

(2015), 38 OSCB

The Ontario Securities Commission administers the
Securities Act of Ontario (R.S.O. 1990, c. S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

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Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

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ISSN 0226-9325

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FOR IMMEDIATE RELEASE
July 22, 2015

IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
BRADON TECHNOLOGIES LTD.,
JOSEPH COMPTA,
ENSIGN CORPORATE COMMUNICATIONS INC.
and TIMOTHY GERMAN

TORONTO – Following the hearing on the merits in the above noted matter, the Commission issued its Reasons and Decision.

A copy of the Reasons and Decision dated July 21, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

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1.4.2 Daveed Zarr (formerly known as Asi Lalky)

FOR IMMEDIATE RELEASE
July 23, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
DAVEED ZARR
(formerly known as ASI LALKY)

TORONTO – The Commission issued an Order in the above noted matter which provides that the hearing in this matter is adjourned to July 24, 2015 at 10:15 a.m.

A copy of the Order dated July 22, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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1.4.3 Travis Michael Hurst et al.

FOR IMMEDIATE RELEASE
July 23, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
TRAVIS MICHAEL HURST, TERRY HURST
and BRYANT HURST

TORONTO – The Commission issued an Order in the above noted matter which provides that the hearing in this matter is adjourned to July 24, 2015 at 10:00 a.m.

A copy of the Order dated July 22, 2015 is available at www.osc.gov.on.ca.

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1.4.4 Welcome Place Inc. et al.

FOR IMMEDIATE RELEASE
July 24, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
WELCOME PLACE INC., DANIEL MAXSOOD
also known as MUHAMMAD M. KHAN,
TAO ZHANG, and TALAT ASHRAF

TORONTO – The Commission issued an Order in the above named matter which provides that:

1. the hearing on the merits shall commence on January 25, 2016 at 10:00 a.m. and shall continue on January 27, 28, 29, February 1, 2, 3, 4, 5, 8, 10, 11, and 12, 2016, or on such further or other dates as may be agreed upon by the parties and fixed by the Office of the Secretary;

2. a final interlocutory attendance shall take place on January 7, 2016 at 10:00 a.m; and

3. the parties shall deliver Hearing Briefs to every other party by December 18, 2015

A copy of the Order dated July 22, 2015 is available at www.osc.gov.on.ca.

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1.4.5 Travis Michael Hurst et al.

FOR IMMEDIATE RELEASE
July 27, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
TRAVIS MICHAEL HURST, TERRY HURST
and BRYANT HURST

TORONTO – The Commission issued an Order in the above noted matter which provides that:

(a) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than July 31, 2015;

(c) the Respondents' responding materials, if any, shall be served and filed no later than August 28, 2015; and

(d) Staff's reply materials, if any, shall be served and filed no later than September 11, 2015.

A copy of the Order dated July 24, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

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For investor inquiries:

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1.4.6 Daveed Zarr (formerly known as Asi Lalky)

FOR IMMEDIATE RELEASE
July 27, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
DAVEED ZARR
(formerly known as ASI LALKY)

TORONTO – The Commission issued an Order in the above noted matter which provides that:

(a) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than July 31, 2015;

(c) Zarr's responding materials, if any, shall be served and filed no later than August 28, 2015; and

(d) Staff's reply materials, if any, shall be served and filed no later than September 11, 2015.

A copy of the Order dated July 24, 2015 is available at www.osc.gov.on.ca.

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JOSÉE TURCOTTE
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1.4.7 Terence Bedford

FOR IMMEDIATE RELEASE
July 27, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
TERENCE BEDFORD

TORONTO – The Commission issued an Order in the above noted matter which provides that:

(a) Staff's application to proceed by way of written hearing is denied, without prejudice to Staff's right to reapply to continue this proceeding by way of a written hearing;

(b) this proceeding is adjourned to an oral hearing to be held on September 9, 2015, at 2:00 p.m. or as soon thereafter as the hearing can be held;

(c) any requests by the Respondent for disclosure of additional documents shall be set out in a Notice of Motion to be served and filed no later than August 27, 2015; and

(d) Staff shall make disclosure of their witness list and summaries and indicate any intent to call an expert witness, and provide the Respondent the name of the expert and state the issue on which the expert will be giving evidence, by September 2, 2015.

A copy of the Order dated July 22, 2015 is available at www.osc.gov.on.ca.

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1.4.8 7997698 Canada Inc. et al.

FOR IMMEDIATE RELEASE
July 28, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
7997698 CANADA INC., carrying on business as
INTERNATIONAL LEGAL AND ACCOUNTING SERVICES INC.,
WORLD INCUBATION CENTRE, or WIC (ON), JOHN LEE also known as CHIN LEE,
and MARY HUANG also known as NING-SHENG MARY HUANG

TORONTO – The Commission issued an Order in the above named matter which provides that:

1. the Temporary Order is extended until April 29, 2016; and specifically:

   a. all trading in any securities by 7997698, Lee, and Huang shall cease, and

   b. the exemptions contained in Ontario securities law do not apply to any of 7997698, Lee, and Huang;

2. the Respondents shall make disclosure to Staff of their witness list and summaries and indicate any intent to call an expert witness, and provide Staff the name of the expert and state the issue on which the expert will be giving evidence on or before September 9, 2015;

3. the proceeding "IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG," commenced by Notice of Hearing on November 25, 2014, shall be combined with the proceeding "IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG," commenced by Notice of Hearing on March 11, 2015, and any further notices or orders shall be made under a single style of cause of that title of proceeding; and

4. the proceeding is adjourned until Thursday, September 24, 2015 at 2:00 p.m. or as soon thereafter as the hearing can be held.

A copy of the Order dated July 22, 2015 is available at www.osc.gov.on.ca.

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JOSÉE TURCOTTE
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 1038639 B.C. Unlimited Liability Company

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – The securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market – Filer not eligible to use the simplified procedure because it is in default of certain filing obligations and because at the time of the application it was a reporting issuer in British Columbia – relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

July 14, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA AND ONTARIO
(the Jurisdictions)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
1038639 B.C. UNLIMITED LIABILITY COMPANY
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (collectively, the Decision Makers) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is not a reporting issuer (the Exemptive Relief Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

(a) the British Columbia Securities Commission is the principal regulator for this application; and

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

3 This decision is based on the following facts represented by the Filer:

1. the Filer is an unlimited liability company existing under the laws of British Columbia;

2. the Filer is the entity resulting from the amalgamation of Sunward Resources Ltd. and 1038639 BC ULC, a wholly-owned subsidiary of NovaCopper Inc. (NovaCopper);

3. the Filer is a reporting issuer in each of the Jurisdictions;

4. the head office of the Filer is located at #1950 – 777 Dunsmuir St. Vancouver, BC V7Y 1K4;

5. the Filer has applied for a decision that it is not a reporting issuer in all of the Jurisdictions in which it is currently a reporting issuer;

6. all of the Filer's outstanding securities were acquired by NovaCopper Inc. (NovaCopper) by way of an arrangement (Arrangement) under the *Business Corporations Act* (British Columbia);

7. as a result of the Arrangement, the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the Jurisdictions and less than 51 security holders worldwide;

8. the Filer's common shares were delisted from the Toronto Stock Exchange and were voluntarily removed from the OTCQX, effective at the close of the market on June 24, 2015;

9. no securities of the Filer, including debt securities, are traded on a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

10. the Filer has no current intention to seek public financing by way of an offering of securities;

11. the Filer is not in default of any of its obligations under the Legislation other than its obligation to file its annual financial statements and related management's discussion and analysis for the year ended March 31, 2015 as required under National Instrument 51-102 *Continuous Disclosure Obligations* (the Default);

12. the Filer did not voluntarily surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* in order to avoid the minimum 10 day waiting period under such instrument;

13. the Filer did not use the simplified procedure under CSA Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because of the Default and because it is a reporting issuer in British Columbia; and

14. the Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the granting of the Exemptive Relief Sought.

Decision

4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"Carla-Marie Hait"
Acting Director, Corporate Finance
British Columbia Securities Commission

2.1.2 I.G. Investment Management, Ltd. and the Maestro Top Classes

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from multi-layering prohibition in paragraph 2.5(2)(b) of NI 81-102 to permit certain top funds to invest 100% of their assets in bottom funds, which are more than 10% invested in underlying funds – The three-tier fund structure is analogous to the current multi-layering exception in NI 81-102 – Transparent investment portfolio and accountability for portfolio management – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

NI 81-102 Investment Funds, ss. 2.5(2)(b), 19.1.

July 10, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
MANITOBA AND ONTARIO
(the "Jurisdictions")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
("IG")

AND

IN THE MATTER OF
MAESTRO TOP CLASSES (as defined below)
(IG and the Maestro Top Classes
collectively as the "Filers")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Makers**") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption under Section 19.1 of National Instrument 81-102 – *Investment Funds* ("**NI 81-102**") from the requirement of Section 2.5(2)(b) of NI 81-102 to permit each of the Maestro Top Classes to purchase or hold securities of a Maestro Bottom Fund, which holds more than 10% of the market value of its net assets in, amongst other things, the securities of the Underlying Funds (the "**Exemption Sought**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

(i) The Manitoba Securities Commission is the principal regulator for this application;

(ii) the Filers have provided notice that Section 4.7(1) of Multi-Lateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

(iii) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this Decision, unless they are otherwise defined. The following terms have the following meanings:

"Investors Group Funds" means collectively the Maestro Top Classes, Maestro Bottom Funds and the Underlying Funds.

"Maestro Top Classes" means collectively the Maestro Income Balanced Portfolio Class, Maestro Balanced Portfolio Class and Maestro Growth Focused Portfolio Class (the "**Existing Classes**"), and all future mutual funds subject to NI 81-102 that are (or will be) managed by IG and are similar to an Existing Class, and individually a "**Maestro Top Class**".

"Maestro Bottom Funds" means collectively the Maestro Income Balanced Portfolio, Maestro Balanced Portfolio and Maestro Growth Focused Portfolio, and any other mutual fund subject to NI 81-102 that is (or will be) managed by IG, and in which a Maestro Top Class may invest pursuant to the Exemption Sought.

"Underlying Funds" means other mutual funds subject to NI 81-102 that are (or will be) managed by IG, which are invested in by one or more Maestro Bottom Funds.

Representations

This decision is based on the following facts represented by the Filers:

The Filers

1. The head office of the Filers is located at 447 Portage Avenue, Winnipeg, Manitoba, R3B 3H5.

2. IG is (or will be) the manager of the Investors Group Funds. IG, or its affiliate, is (or will be) the portfolio advisor of the Investors Group Funds.

3. IG is registered as a Portfolio Manager and an Investment Fund Manager in Manitoba, Ontario and Quebec, and as an Investment Fund Manager in Newfoundland and Labrador. It is also registered as an Advisor under *The Commodity Futures Act* in Manitoba.

4. IG is not in default of securities legislation in any jurisdiction in Canada.

The Investors Group Funds

5. The Maestro Top Classes will each be a separate class of mutual fund shares issued by Investors Group Corporate Class Inc., which is governed by the *Canada Business Corporations Act*.

6. A preliminary simplified prospectus, annual information form and fund facts documents for the Maestro Top Classes, were filed in all provinces and territories of Canada on or about April 23, 2015.

7. The Maestro Bottom Funds will each be unit trusts established pursuant to a Declaration of Trust dated October 1, 2003 (as amended from time to time) for which IG is the trustee.

8. A preliminary simplified prospectus, annual information form and fund facts documents for the Maestro Bottom Funds were filed in all provinces and territories of Canada on or about April 23, 2015.

9. The Underlying Funds may be comprised of other NI 81-102 mutual funds also managed by IG. Some of the Underlying Funds are currently qualified for distribution in all provinces and territories in Canada pursuant to simplified prospectuses dated June 30, 2014, as amended or restated. On or about April 23, 2015, the Filers have also filed a preliminary prospectus, annual information form and fund facts document for certain new Underlying Funds in all provinces and territories of Canada.

10. Each of the Maestro Top Classes will seek to achieve its investment objective by investing substantially all of its assets in either:

    (1) a Maestro Bottom Fund; or

    (2) Underlying Funds.

11. The Filers have determined that in some circumstances, it may be more efficient for the Maestro Top Classes to invest in the Maestro Bottom Funds, rather than investing directly in the Underlying Funds, including the benefit of more efficient rebalancing within the bottom fund level. All portfolio decisions made will be in the best interests of the Investors Group Funds and their investors, including whether the Maestro Top Classes invest in the corresponding Maestro Bottom Funds or directly in Underlying Funds.

12. Each of the Investors Group Funds is (or will be) subject to National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*, NI 81-102 and National Instrument 81-107 – *Independent Review Committees for Investment Funds* ("**NI 81-107**").

13. Each of the Investors Group Funds is (or will be):

    (a) an open-end mutual fund established under the laws of Manitoba;

    (b) a reporting issuer under the securities laws of each of the provinces and territories of Canada;

    (c) qualified for distribution in all provinces and territories of Canada; and

    (d) not in default of securities legislation in any jurisdiction of Canada.

14. The Investors Group Funds follow (or will follow) the standard investment restrictions and practices applicable to mutual funds pursuant to NI 81-102 and applicable Legislation (collectively referred to as the "**Rules**"), except to the extent that the Investors Group Funds have obtained orders to deviate from the Rules.

Submissions

15. The Maestro Bottom Funds will each be a fund-of-funds that will primarily invest in a combination of Underlying Funds, including Investors Real Property Fund for which all of the Investors Group Funds have obtained exemptive relief to invest up to 10% of their net assets, and cash, money market securities or money market mutual funds.

16. The Maestro Top Classes investing in their corresponding Maestro Bottom Fund will result in a multi-tier fund structure since the Maestro Bottom Fund invests in Underlying Funds. This multi-tier fund structure is contrary to the restriction in Section 2.5(2)(b) of NI 81-102, accordingly the Exemption Sought is required.

17. The investment of the Maestro Top Classes in the corresponding Maestro Bottom Fund, which invests in one or more Underlying Funds, is akin to, and no more complex than the "clone fund" structure currently permitted under Section 2.5(4)(a) of NI 81-102.

18. The simplified prospectus of each Maestro Top Class will disclose:

(a) that it aims to achieve its investment objective by investing substantially all of its assets in either (1) its corresponding Maestro Bottom Fund; or (2) Underlying Funds;

(b) in its investment strategies, the investment strategies of its corresponding Maestro Bottom Fund;

(c) that there will be no duplication of fees between each Maestro Top Class, Maestro Bottom Fund and the Underlying Funds held by Maestro Bottom Fund or directly by the Maestro Top Classes in accordance with Section 2.5 of NI 81-102; and

(d) portfolio management services are expected to occur at the level of: (i) the Maestro Top Class with respect to the decision to invest in the corresponding Maestro Bottom Fund or directly in Underlying Funds; (ii) the Maestro Bottom Fund with respect to the selection of the Underlying Funds; and (iii) at the applicable Underlying Fund with respect to the purchase and sale of portfolio securities and other assets held by that Underlying Fund.

19. The name of each Maestro Top Class will reflect the name of each corresponding Maestro Bottom Fund.

20. Each of the Maestro Top Classes will comply with the requirements in Form 81-101F3 – *Contents of Fund Facts Documents* and the requirements in Form 81-106 F1 – *Management Report of Fund Performance* ("**MRFP**") relating to the top 10 and 25 portfolio holdings disclosure in its Fund Facts and MRFP, as if the Maestro Top Class were investing directly in the Underlying Funds.

21. Investments made by the Maestro Top Classes in the corresponding Maestro Bottom Funds, the investments by the Maestro Bottom Funds in the Underlying Funds, and the investments by the Maestro Top Classes in the Underlying Funds, will be made in compliance with the NI 81-107 Investors Group Independent Review Committee's (the "**IRC**") fund-of-fund investments policy to ensure that the investments policy by the Investors Group Funds will achieve a fair and reasonable result for each Fund and their securityholders.

22. To the extent a Maestro Top Class invests substantially all of its assets in the Underlying Funds, such investment will be made in accordance the provisions of Section 2.5 of NI 81-102, and the Exemption Sought will not apply.

23. The investment of the Maestro Bottom Funds in the Underlying Funds will also be made in accordance with the provisions of Section 2.5 of NI 81-102, except to the extent that the Investors Group Funds have obtained orders to deviate from the Rules.

24. Due to the:

(a) transparency in the simplified prospectus and fund facts of the Maestro Top Classes investment of substantially all of their assets in either the corresponding Maestro Bottom Fund or the Underlying Funds;

(b) non duplication of fees as described in this Decision as required by section 2.5 of NI 81-102; and

(c) requirement that the Investors Group Funds comply with the standing fund-of-fund investment instructions approved by the IRC to ensure that the structure achieves a fair and reasonable result for the Investors Group Funds and their securityholders;

the Filers submit there is no apparent potential for abuse in the context of investments by a Maestro Top Class in a Maestro Bottom Fund.

25. Investment by the Maestro Top Classes in the Maestro Bottom Funds or Underlying Funds and by the Maestro Bottom Funds in Underlying Funds represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Maestro Top Classes and Maestro Bottom Funds, respectively.

26. For the reasons provided in this Decision, the Filers have determined it is not prejudicial to the public interest to grant the Exemption Sought.

27. For the foregoing reasons, the Filers request that each Maestro Top Class be permitted to invest directly in securities of its corresponding Maestro Bottom Fund, which invests more than 10% of the market value of its assets in, amongst other things, securities of Underlying Funds.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation of the Decision Maker to make the decision.

The Decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that the:

(a) investment objectives of each Maestro Top Class as stated in the simplified

prospectus states the name of its Maestro Bottom Fund, and

(b) proposed investment of each Maestro Top Class in its Maestro Bottom Fund is otherwise made in compliance with all other requirements of Section 2.5 of NI 81-102, except to the extent discretionary relief has been granted from such requirement.

"Christopher Besko"
Director, General Counsel

2.1.3 Soltoro Ltd. – s. 1(10)(a)(ii)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

July 3, 2015

Soltoro Ltd.
145 King Street East, Suite 400
Toronto, ON M5C 2Y7

Dear Sirs/Mesdames:

Re: Soltoro Ltd. (the Applicant) – application for a decision under the securities legislation of Alberta, Ontario and Saskatchewan that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 First Asset Can-Financials Covered Call ETF et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval for abridgment of securityholder notice period to 34 days – filers did not mail written notice in time, notice period abridged to achieve a fair and reasonable result.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.8(2), 19.1.

July 22, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
FIRST ASSET CAN-FINANCIALS COVERED CALL ETF; FIRST ASSET CAN-60 COVERED CALL ETF; FIRST ASSET ACTIVE CANADIAN REIT ETF; FIRST ASSET ALL CANADA BOND BARBELL INDEX ETF; FIRST ASSET GOVERNMENT BOND BARBELL INDEX ETF; FIRST ASSET CORPORATE BOND BARBELL INDEX ETF AND FIRST ASSET MORNINGSTAR EMERGING MARKETS COMPOSITE BOND INDEX ETF
(the Funds)

AND

IN THE MATTER OF
FIRST ASSET INVESTMENT MANAGEMENT INC.
(the Filer)

DECISION

I. BACKGROUND

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for exemptive relief (the "**Abridgement Relief**") for the Funds which are exchange traded funds managed by the Filer in respect of which the representations set out below are applicable, from section 5.8(2) of National Instrument 81-102 – *Investment Funds* ("**NI 81-102**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(i) the Ontario Securities Commission is the principal regulator for this application; and

(ii) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labra-dor, Yukon, Northwest Territories and Nunavut (the "**Jurisdictions**").

Interpretation

Terms defined in NI 81-102, National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision unless otherwise defined.

II. REPRESENTATIONS

This decision is based on the following facts represented by the Filer.

1. The Filer is a corporation incorporated under the laws of the Jurisdiction.

2. The registered office of the Filer is located at 95 Wellington Street West, Suite 1400, Toronto, Ontario.

3. The Filer is registered as an adviser for securities in the category of portfolio manager, as an adviser for commodities in the category of commodity trading manager, as a dealer in the category of exempt market dealer and an investment fund manager, under the *Securities Act* (Ontario).

4. The investment fund manager of each Fund is the Filer.

5. Neither the Filer nor the Funds are in default of securities legislation in the Jurisdiction or in any of the Jurisdictions.

6. Each Fund (a) is an exchange traded fund established under the laws of Ontario; (b) is a reporting issuer under the securities laws of each of the provinces and territories of Canada; (c) has issued securities qualified for distribution in all provinces and territories of Canada pursuant to a prospectus prepared and filed in accordance with the securities legislation of Ontario; and (d) has securities that are listed and trade on the Toronto Stock Exchange (**TSX**).

7. Due to their current small size, and in recognition of the existence of suitable alternative funds managed by the Filer, the Filer intends to terminate the Funds on or about August 31, 2015.

8. On June 30, 2015, in accordance with the terms of the declaration of trust of each Fund, the Filer provided notice of its intention to terminate the Funds on or about August 31, 2015 by way of a press release (the "**Press Release**"), which press release was filed on SEDAR and posted on the Filer's website.

9. On July 2, 2015 a material change report (the "**Material Change Report**") relating to the Filer's intention to terminate the Funds on or about August 31, 2015 was filed on SEDAR.

10. On July 9, 2015 amendments to the Funds' current prospectus and related ETF summary documents (collectively the "**Prospectus Amendments**") of each Fund were filed on SEDAR reflecting the Filer's intention to terminate the Funds on or about August 31, 2015 and such prospectus and related ETF summary documents were receipted on July 14, 2015.

11. In preparing for the termination of the Funds, the Filer understood section 5.8(2) of NI 81-102 as not requiring written notice delivered to existing securityholders by way of mailing but rather notice in accordance with the Declaration of Trust (which requires a press release only).

12. Notice regarding the termination of the Funds will be sent to each securityholder of the Funds as soon as possible, and at least 34 days prior to the date of termination of each Fund (scheduled for August 31, 2015).

13. If the Filer is required to delay the date of termination of each Fund, it will result in unnecessary confusion for securityholders of the Funds given that the Press Release, the Material Change Report, and the receipted Prospectus Amendments each indicated that the Funds will be terminated on August 31, 2015.

14. If the Filer is required to delay the termination date of the Funds, it will result in unnecessary operational expenses for the Funds and their securityholders.

15. It is the Filers' view that it would not be prejudicial to the securityholders of the Fund to abridge the notice period required under section 5.8(2) of NI 81-102 from 60 days to not less than 34 days for the following reasons:

(a) the securityholders of the Fund will be sufficiently aware of the termination of the Funds as securityholders in listed securities ordinarily obtain material information about their holdings through press releases that are linked to the Fund's ticker symbol, and through visiting the Filer's or other financial websites; and

(b) a delay of the date of termination of the Funds beyond August 31, 2015 will result in unnecessary operational expenses and unnecessary confusion for security-holders of the Funds.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Abridgement Relief is granted provided that the Notice is given to securityholders of the Fund at least 34 days before the Closing Date

"Raymond Chan"
Manager, Investment Funds and Structured Products
Ontario Securities Commission

2.1.5 Mega Precious Metals Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

July 22, 2015

Mega Precious Metals Inc.
c/o Joyce Lim
Cassels Brock & Blackwell LLP
40 King Street West
Scotia Plaza, Suite 2100
Toronto, ON M4H 3C2

Dear Sirs/Mesdames:

Re: Mega Precious Metals Inc. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Newfoundland and Labrador and Prince Edward Island (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.6 Alltech Ridley, Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

July 23, 2015

Alltech Ridley, Inc.
424 North Riverfront Drive
Mankato, Minnesota
56001, USA

Dear Sirs/Mesdames:

Re: Alltech Ridley, Inc. (the "Applicant") (formerly, Ridley Inc. and continued to Delaware as the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the Applicant is not a reporting issuer.

In this application, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 – *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

"Kathryn Daniels"
Deputy Director
Ontario Securities Commission

2.1.7 Rockcliff Resources Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

July 21, 2015

Rockcliff Resources Inc.
141 Adelaide St. W., Suite 520
Toronto, Ontario
M5H 3L5

Dear Sirs/Mesdames:

Re: Rockcliff Resources Inc. – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.8 CI Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from section 12.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Registered firm exempted from including the full amount of parent debt guaranteed by it on Line 11 of Form 31-103F1 Calculation of Excess Working Capital – Exemption has the effect of restating for a temporary period the exemption provided for in a previous decision dated September 10, 2010, In the Matter of CI Investments Inc.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 15.1.

Decisions Cited

In the Matter of CI Investments Inc., (2010) 33 OSCB 8214.

July 23, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CI INVESTMENTS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption under section 15.1 of NI 31-103 from the requirement in section 12.1 of NI 31-103 that the Filer calculate its excess working capital using Form 31-103F1 by deducting the Guarantee (as that term is defined herein) as required by Line 11 of Form 31-103F1 (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(i) the OSC is the principal regulator for this application; and

(ii) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the remaining provinces and territories of Canada (other than the Jurisdiction).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

The following terms shall have the following meanings:

(a) **"2010 Decision"** means the decision of the Director of the OSC dated September 10, 2010, In the Matter of CI Investments Inc., which provided the Filer with exemptive relief corresponding to the Exemption Sought in

this application, on the conditions set out therein, but in respect of specified CIX debt (as described in that decision) and for a specified time period ended June 30, 2015, the full text of which is set out the attached Schedule to this decision.

(b) **"CIX"** means CI Financial Corp.

(c) **"CIX Credit Facility"** means any revolving credit facility of CIX with its lenders, which currently permits CIX to draw down amounts to a maximum of $250 million and includes any increase, replacement or renewal of the CIX Credit Facility.

(d) **"CIX Debt"** means the indebtedness of CIX under the CIX Credit Facility.

(e) **"Form 31-103F1"** means Form 31-103 F1 *Calculation of Excess Working Capital* in NI 31-103.

(f) **"Guarantee"** means the full and unconditional guarantee by the Filer of the CIX Debt.

(g) **"NI 31-103"** means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

(h) **"OSC"** means the Ontario Securities Commission.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation established under the laws of Ontario with its head office located in Toronto, Ontario.

2. The Filer is registered in Ontario as an adviser (portfolio manager), investment fund manager, exempt market dealer, commodity trading counsel and commodity trading manager. The Filer is also registered as an adviser (portfolio manager) in each of the other provinces of Canada and as an investment fund manager in Quebec and Newfoundland and Labrador.

3. The Filer is not in default of securities legislation in any jurisdiction of Canada, except with respect to its management of certain CI pooled funds, being a group of pooled funds available to institutional and other accredited investors, which, among other securities, invest in other mutual funds. Through inadvertence, the Filer has caused those funds to invest in other mutual funds contrary to a prohibition in securities legislation and is in the process of resolving this issue with its principal regulator and is seeking an exemption to permit this investment strategy to continue on a go-forward basis.

4. The Filer is one of Canada's leading investment fund managers. In its capacity as investment fund manager, as of March 31, 2015, the Filer manages approximately 200 publicly distributed mutual funds and 11 closed-end investment funds, as well as 440 segregated funds. The Filer's managed funds are known collectively as the CI Funds. The Filer's assets under management as of March 31, 2015 were approximately $109 billion. All of the Filer's assets under management are held by third-party custodians as required by applicable securities legislation.

5. The Filer is a wholly owned subsidiary of CIX, which is a reporting issuer in each province of Canada and whose common shares are listed on the Toronto Stock Exchange. CIX is the third largest investment fund company in Canada. CIX's market capitalization is close to $10 billion. CIX is a financially robust public company, with relatively little indebtedness. CIX is not in breach of any of its financial covenants.

6. The Filer is the major operating subsidiary of CIX; 95 per cent of CIX revenues are derived from the operations of the Filer and the market capitalization of CIX is directly related to the value of the Filer.

7. CIX historically has financed the operations of its operating subsidiaries through guaranteed long-term debt financing, which financing is necessary for the following purposes:

   (a) Financing of deferred sales commissions – this financing is required by the Filer to operate its business; and

   (b) Funding of capital expenditures, including acquisitions, to build the business of the Filer.

8. As the major operating subsidiary of CIX, the Filer is the guarantor of CIX's long-term debt. Historically, the long-term debt incurred by CIX has been borrowed to build the business of the Filer, except in respect of acquisitions where the acquired business was not amalgamated into the business of the Filer.

9. CIX and the Filer have common management and the Board of Directors of the Filer is comprised of members of the CIX senior executive team. There is a commonality of purpose between the two organizations and management has a fiduciary responsibility to ensure that both entities are operated in the best interests of all stakeholders

10. The Director granted the 2010 Decision to permit the Filer to continue to guarantee the CIX Debt (as such term was defined in the 2010 Decision) without being required to deduct the entire amount of the CIX Debt in its excess working capital calculations, which relief no longer applied after June 30, 2015, according to the sunset clause in the 2010 Decision. Commencing on July 1, 2015 and continuing to the date of this decision, the Filer has calculated its working capital in accordance with requirements of NI 31-103 and has maintained the required level of excess working capital as required by NI 31-103.

11. The CIX Debt as that term is defined in the 2010 Decision has been replaced with the CIX Debt as defined herein.

12. The Filer has applied for an exemption similar to the Exemption Sought, but on a more permanent basis and on varied conditions, through an application filed on April 13, 2015 (the **2015 Application**). Staff continue to consider the 2015 Application. To provide staff and the Filer with adequate time to resolve its 2015 Application for more permanent relief, the Filer has requested the temporary relief provided for in this decision. If any permanent relief is granted pursuant to the 2015 Application, this decision will cease to have any force and effect on the date that relief is granted. If no permanent relief is granted pursuant to the 2015 Application, this decision will cease to have any force and effect after September 30, 2015.

13. It is not commercially practical for the Filer to maintain the excess working capital otherwise required to be calculated in accordance with Form 31-103F1, nor is it commercially practical for the Filer to cease to be a guarantor of CIX Debt. There is no reasonable indication that CIX will not be able to meet its financial obligations as they become due in the foreseeable future, and CIX has agreed with the Filer to use all commercially reasonable efforts to refinance the CIX Debt in order to avoid any lender calling upon the Filer to pay under the Guarantee. Accordingly, it is very unlikely that the Filer will be called to perform under the Guarantee.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted so long as:

A. The Filer maintains excess working capital required by NI 31-103 and calculated in accordance with Form 31-103F1, substituting the following deduction for the deduction otherwise required by Line 11 of Form 31-103F1 in respect of the Guarantee, being the greater of:

   (i) the amount that CIX will accrue for payment of any interest and principal on the CIX Debt, during the next calendar quarter immediately following any calculation of excess working capital, and

   (ii) the amount of any contingent liability that the Filer would be required to record in its financial statements in respect of the Guarantee under International Financial Reporting Standards.

B. The Filer provides the OSC with a covenant from CIX in favour of the Director of the OSC that CIX will provide the Director with:

   (i) a copy of each compliance certificate that CIX provides its lender(s) under the CIX Debt, and

   (ii) notice as soon as commercially practicable, if CIX fails to meet any of its financial covenants under the CIX Debt or if any event occurs that could reasonably be expected to give rise to an event of default under any of its financing arrangements related to the CIX Debt.

C. The total aggregate CIX Debt guaranteed by the Filer under the Guarantee does not, at any one time, exceed $800 million.

D. The Filer continues to be a wholly owned subsidiary of CIX.

E. CIX continues to provide quarterly financial statements to the OSC, as required under securities legislation.

F. Assets under management by the Filer continue to be held by third-party custodians.

This Decision will have no further force and effect on the earlier of: (i) the date that any decision is made by the Director of the OSC in respect of the 2015 Application, and (ii) the first business day after September 30, 2015.

"Marrianne Bridge"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

Schedule

September 10, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CI INVESTMENTS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption under section 15.1 of NI 31-103 from the requirement in section 12.1 of NI 31-103 that the Filer calculate its excess working capital using Form 31-103F1 by deducting the Guarantees (as that term is defined herein) as required by Line 11 of Form 31-103F1 (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the OSC is the principal regulator for this application; and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces and territories of Canada (other than the Jurisdiction).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

The following terms shall have the following meanings:

(a) **"CIX"** means CI Financial Corp.

(b) **"CIX Credit Facility"** means the revolving credit facility of CIX with The Bank of Nova Scotia, which currently permits CIX to draw down amounts to a maximum of $250 million, and includes any increase, replacement or renewal of the CIX Credit Facility during the period that the CIX Debentures are outstanding.

(c) **"CIX Debentures"** means an aggregate of $550 million principal amount of debentures issued by CIX comprised of $100 million principal amount of floating rate debentures due December 16, 2011; $250 million principal amount of 3.30% debentures due December 17, 2012; and $200 million principal amount of 4.19% debentures due December 16, 2014.

(d) **"CIX Debt"** means the indebtedness of CIX under:

(i) the CIX Credit Facility; and

(ii) the CIX Debentures.

(e) **"Guarantees"** means the full and unconditional guarantees by the Filer of the CIX Debt.

(f) **"NI 31-103"** means National Instrument 31-103 *Registration Requirements and Exemptions*.

(g) **"OSC"** means the Ontario Securities Commission.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation established under the laws of Ontario with its head office located in Toronto, Ontario.

2. The Filer is registered with the OSC as an adviser (portfolio manager), exempt market dealer, commodity trading counsel and commodity trading manager. The Filer is also registered as an adviser (portfolio manager) in each of the other provinces of Canada. The Filer may in the future become registered in the territories of Canada.

3. The Filer also acts as an investment fund manager within the meaning of NI 31-103 and therefore will apply to the OSC for registration in that capacity as required by the Legislation before the end of the transition period established by NI 31-103.

4. The Filer is not a reporting issuer in any jurisdiction of Canada and is not, to its knowledge, in default of securities regulation in any jurisdiction of Canada.

5. The Filer is one of Canada's leading investment fund managers. In its capacity as investment fund manager, as of July 31, 2010, the Filer manages approximately 172 publicly distributed mutual funds and 21 closed-end investment funds, as well as 335 segregated funds. The Filer's managed funds are known collectively as the CI Funds. The Filer's assets under management as of July 31, 2010 were $67.1 billion. All of the Filer's assets under management are held by third party custodians as required by applicable securities legislation.

6. The Filer is a wholly-owned subsidiary of CIX, which is a reporting issuer in each province of Canada and whose common shares are listed on the Toronto Stock Exchange. CIX has a market capitalization of over $5.5 billion. CIX is a financially robust public company, with relatively little indebtedness. The CIX Debentures are favourably rated by DBRS Limited and Standard & Poor's credit rating agencies. CIX is not, and has never been in breach of any of its financial covenants.

7. The Bank of Nova Scotia owns 104.6 million common shares of CIX, which represents 36.3 percent of the outstanding shares. As such, The Bank of Nova Scotia is the largest shareholder of CIX.

8. The Filer generates approximately 95 percent of the revenues of CIX and the market capitalization of CIX is directly related to the value of the Filer.

9. CIX and the Filer have common management and the Board of Directors of the Filer is comprised of members of the CIX senior executive team. There is a commonality of purpose between the two organizations and management has a fiduciary responsibility to ensure that both entities are operated in the best interests of all stakeholders.

10. As the major operating subsidiary of CIX, the Filer is a guarantor of the CIX Debt under the Guarantees.

11. CIX had previously obtained all of its required debt financing through a secured credit facility with certain Canadian chartered banks, which had been in place since December 2003. By 2008, this credit facility permitted CIX to borrow up to $1.25 billion. The Filer was an unconditional guarantor of this credit facility, which fact was disclosed in its financial statements (via the note disclosure required by Canadian Generally Accepted Accounting Principles) filed with the OSC to maintain its registration status. Under the mandated pre-NI 31-103 working capital requirements, the Filer's working capital was unaffected by this guarantee.

12. CIX restructured its long-term debt in December 2009, primarily to reduce its financing costs. During 2009, CIX reduced the amount that could be borrowed under the facility referred to above and in December replaced it with the CIX Debt. The CIX Debt consists of:

    (a) The CIX Credit Facility. As of July 31, 2010 CIX had drawn down $121 million under the CIX Credit Facility. The CIX Credit Facility contains covenants that require CIX and its subsidiaries to maintain debt to EBITDA of no more than 2.5:1 and assets under management of not less than $35 billion, calculated based on a rolling thirty day average. CIX is, and always has been in compliance with these covenants. CIX currently has debt to EBITDA of approximately 1:1 and over $67 billion in assets under management. On August 9, 2010, CIX renewed the CIX Credit Facility for a further 364 days.

    (b) The CIX Debentures. On December 16, 2009, CIX completed its first public offering of the CIX Debentures. The proceeds of this offering were used to pay down a portion of CIX's then existing long-term debt. As of July

31, 2010, the CIX Debentures are rated as BBB+ with a "Stable Outlook" by Standard & Poor's and as A (low) with a "Stable" trend by DBRS Limited. CIX is not in default and never has been in default of any of the financial covenants in favour of the holders of the CIX Debentures.

13. The Filer guaranteed the CIX Debentures at the request of CIX who had been advised that in order to obtain the most advantageous financial terms the CIX Debentures should rank *pari passu* to the CIX Credit Facility. The Guarantee was not provided in response to a suggestion that CIX's primary obligation required any support.

14. The Filer currently calculates its working capital as required by the Legislation and the equivalent sections in the other provincial securities regulations and maintains the required working capital.

15. NI 31-103 came into force on September 28, 2009, but provided all existing registrants with a year's transition before registrants must comply with the new working capital requirements and method of calculation required by Form 31-103F1. Under section 12.1 of NI 31-103, as of September 28, 2010, the Filer will be required to maintain minimum capital of at least $100,000 (the highest capital requirement due to its activities as an investment fund manager), and will be required to calculate its excess working capital in accordance with Form 31-103F1. As a result of the Guarantees, Line 11 of Form 31-103F1 would require the Filer to deduct the entire amount of the CIX Debt from its adjusted working capital otherwise calculated.

16. It is not commercially practical for the Filer to maintain the excess working capital otherwise required by Form 31-103F1, nor is it commercially practical for the Filer to cease to be a guarantor of CIX Debt. There is no reasonable indication that CIX will not be able to meet its financial obligations as they become due in the foreseeable future and CIX has agreed with the Filer to use all commercially reasonable efforts to refinance the CIX Debt in order to avoid any lender calling upon the Filer to pay under the Guarantees. Accordingly, it is very unlikely that the Filer will be called to perform under the Guarantees.

17. CIX is confident that even in the event that financial markets were to suffer a significant downturn, the Filer, when combined with CIX's other operations, will generate more than sufficient cash to service the CIX Debt and repay it as it comes due. In any event, CIX expects that, if it were necessary to restructure the CIX Debt, it could complete any necessary restructuring within a 3 month period.

18. The total amount of the CIX Debt is less than 10 percent of CIX's enterprise value and less than 12 percent of its market capitalization.

19. The total aggregate CIX Debt guaranteed by the Filer under the Guarantees will not, at any one time, exceed $800 million. The Filer's Guarantee of the CIX Debentures will end once the last of the CIX Debentures are repaid on or before December 16, 2014. Once the CIX Debentures are repaid, CIX expects that it will be able to negotiate with its lenders to have the Guarantee removed from the CIX Credit Facility as soon as possible thereafter and in any event by June 30, 2015.

20. The Filer will not guarantee any indebtedness other than the CIX Debt without calculating its excess working capital in accordance with Form 31-103F1 with respect to that additional guarantee or obtaining additional regulatory approval in respect of the guarantee and its excess working capital.

21. The Exemption Sought is necessary to permit the Filer to continue to be a registrant with the OSC and the other securities commissions in Canada and to maintain its principal business as a sponsor and manager of investment funds.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted so long as:

(a) The Filer maintains excess working capital required by NI 31-103 and calculated in accordance with Form 31-103F1, substituting the following deduction for the deduction otherwise required by Line 11 of Form 31-103F1 in respect of the Guarantees, being the greater of:

(i) The amount that CIX will accrue for payment of interest on the CIX Debentures, and if applicable, for payment of interest and principal on the CIX Credit Facility, during the next calendar quarter immediately following any calculation of excess working capital and

(ii) The amount of any contingent liability that the Filer would be required to record in its financial statements in respect of the Guarantees under Canadian Generally Accepted Accounting Principles and/or International Financial Reporting Standards.

(b) The Filer provides the OSC with a covenant from CIX in favour of the Director of the OSC that CIX will provide the Director with:

(i) A copy of each compliance certificate that CIX provides its lender(s) under the CIX Credit Facility, which as of the date of this Decision is provided at the end of each calendar quarter and

(ii) Notice as soon as commercially practicable, if CIX fails to meet any of its financial covenants under the CIX Debt or if any event occurs that could reasonably be expected to give rise to an event of default under any of its financing arrangements related to the CIX Debt.

(c) The total aggregate CIX Debt guaranteed by the Filer under the Guarantees does not, at any one time, exceed $800 million.

(d) The Filer continues to be a wholly-owned subsidiary of CIX.

(e) CIX continues to provide quarterly financial statements to the OSC, as required under securities legislation and the Filer provides quarterly financial statements to the OSC, as required under securities legislation once the Filer is registered as an investment fund manager.

(f) Assets under management by the Filer continue to be held by a third party custodian.

This Decision will have no further force and effect after June 30, 2015.

“Erez Blumberger”
Deputy Director, Registrant Regulation

2.1.9 IA Clarington Investments Inc.

Headnote

Multilateral Instrument 11-102 – Passport System – Relief from requirement that registrant appoint its CEO as UDP to allow filer to appoint its President as UDP – President oversees all aspects of filer's business and is the officer in charge of the filer – President has ultimate authority for compliance related activity throughout the firm – President reports directly to the Chair of the firm's Board of Directors – section 11.2 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 5.1, 11.2.

July 20, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC AND ONTARIO
(the Jurisdictions)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
IA CLARINGTON INVESTMENTS INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each, a "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the requirement contained in section 11.2 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") to permit the Filer to designate its president (the "**President**") as the ultimate designated person ("**UDP**") of the Filer (the "**Exemption Sought**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

a) the Autorité des marchés financiers is the principal regulator for this application;

b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador (the "**Other Jurisdictions**"); and

c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in NI 31-103, National Instrument 14-101 *Definitions*, and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is registered as an investment fund manager and portfolio manager in the Provinces of Québec, Ontario and Newfoundland and Labrador. The Filer is also registered as a portfolio manager in all other Canadian provinces.

2. The Filer is a corporation duly amalgamated under the laws of Canada, with its head office in Québec City, Québec.

3. The Filer is not in default of securities legislation in any of Ontario, Quebec and the Other Jurisdictions, except in relation to the Exemption Sought hereunder.

4. The Filer is a subsidiary of Industrial Alliance Insurance and Financial Services Inc. ("IA"). IA is a life and health insurance company with its head office in Québec City, Québec. IA and its subsidiaries offer a wide range of life and health insurance products, savings and retirement plans, mutual and segregated funds, securities, auto and home insurance, mortgage loans, creditor insurance and other financial products and services.

5. The previous UDP of the Filer was its former President. Upon the former President's resignation on March 5, 2015 a new President and UDP was appointed. There was no impact to the job descriptions of the President or chief executive officer ("**CEO**") as a result of the resignation of the former President.

6. The President is responsible for the general operations of the Filer and reports directly to the Chairman of the Board of Directors. The President is also a member of the Board of Directors.

7. The CEO is the Chairman of the Board of Directors. In addition to his responsibilities as CEO of the Filer, the CEO is also a senior officer of IA, and oversees presidents of several other subsidiaries, each operating different businesses.

8. The CEO is based at the Filer's registered head office in Québec, while the President is based at the Filer's offices located in Toronto, Ontario. The Filer's operations are based out of its offices in Toronto, Ontario.

9. The President oversees all aspects of the Filer's business, is responsible for the general operations of the Filer's business, and is the officer in charge of the Filer.

10. The President has ultimate authority over compliance related matters for the Filer. The President supervises, monitors and resolves all compliance related issues within the Filer. The Filer's Chief Compliance Officer reports to the President. If there is a significant compliance related matter, the President would escalate the issue to the Filer's Board of Directors.

11. The CEO of the Filer has responsibilities with IA, including responsibilities overseeing several businesses. As a result, the President of the Filer has greater day-to-day involvement in the Filer's affairs.

12. Under section 11.2 of NI 31-103, a registered firm is required to designate an individual to be the UDP of the firm and the individual must be one of the following:

    a. the CEO of the registered firm or, if the firm does not have a CEO, an individual acting in a capacity similar to a CEO;

    b. the sole proprietor of the registered firm;

    c. the officer in charge of a division of the registered firm, if the activity that requires the firm to register occurs only within the division and the firm has significant other business activities.

13. The position of the President of the Filer is equivalent to that of an officer in charge of a division. The activity that requires the Filer to register as an investment fund manager and portfolio manager, as it relates to the business of a mutual fund manufacturer, occurs only within the Filer. IA operates significant other business activities through its various subsidiaries.

14. Under section 5.1 of NI 31-103, the UDP is responsible for (i) supervising the activities of the firm that are directed towards ensuring compliance with securities legislation by the firm and each individual acting on the firm's behalf; and (ii) promoting compliance by the firm, and individuals acting on its behalf, with securities legislation.

15. The President has authority for the Filer's compliance related activities. The President supervises the activities of the Filer's business to ensure compliance with securities legislation and promotes compliance by the Filer and its employees with securities legislation.

16. For these reasons, the President is more appropriately placed to fulfill the obligations of UDP than the CEO.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

a. The President continues to be the officer responsible for the Filer, as a subsidiary of a firm with significant other business activities;

b. The President continues to be a member of the Filer's Board of Directors and report directly to the Chairman of the Board of Directors; and

c. The President continues to have ultimate authority for all compliance related matters for the Filer and all of its employees.

"Eric Stevenson"
Superintendent, Client Services and Distribution Oversight

2.1.10 Gold Royalties Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer deemed to be no longer a reporting issuer under securities legislation – issuer has outstanding warrants which may be held by more than 15 securityholders in one jurisdiction – warrant holders no longer require public disclosure in respect of the issuer – requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, s. 1(10)(a)(ii)

Citation: Re Gold Royalties Corporation, 2015 ABASC 767

June 3, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO
(the Jurisdictions)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
GOLD ROYALTIES CORPORATION
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) to cease to be a reporting issuer (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

(a) the Alberta Securities Commission is the principal regulator for this application; and

(b) this decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation existing under the laws of the Province of Alberta and is a reporting issuer in each of the Jurisdictions. The head office of the Filer is located in Calgary, Alberta.

2. Sandstorm Gold Ltd. (**Sandstorm**), is a corporation existing under the laws of the Province of British Columbia. Sandstorm is a reporting issuer in each of the Jurisdictions, as well as in all other provinces and territories of Canada, and the common shares of Sandstorm (the **Sandstorm Shares**) are listed and traded on the Toronto Stock Exchange (**TSX**) under the symbol "SSL" and on the NYSE MKT LLC under the symbol "SAND".

3. Upon completion of the court approved plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the **Arrangement**), that was made effective at 12:01 a.m. (Calgary time) (the **Effective Time**) on April 28, 2015 (the **Effective Date**), pursuant to the arrangement agreement between Sandstorm and the Filer, Sandstorm acquired all of the issued and outstanding common shares of the Filer (the **Filer Shares**) not already held by Sandstorm in exchange for 0.045 of a common share of Sandstorm (each a **Sandstorm Share**) for each Filer Share.

4. Immediately prior to the Effective Time, the Filer had the following issued and outstanding securities: (a) 28,652,563 Filer Shares; (b) 1,055,000 stock options expiring between August 22, 2017 and March 30, 2022, each exercisable at prices ranging from $0.40 to $0.825 into one Filer Share (the **Filer Options**); and (c) 8,217,252 common share purchase warrants (which includes 38,625 additional warrants to be issued upon exercise of 38,625 broker common share purchase warrants) (the **Filer Warrants**) expiring between October 28, 2015 and May 1, 2016, each exercisable at a price of $0.40 or $0.50 into one Filer Share.

5. There are four beneficial holders of Filer Options and 30 beneficial holders of Filer Warrants. These are the only securities of the Filer that are not held by Sandstorm.

6. Pursuant to the terms of the Arrangement, each holder of a Filer Option outstanding immediately prior to the Effective Date, became entitled upon completion of the Arrangement, to receive, upon the exercise of such holder's option, in lieu of each Filer Share to which such holder was previously entitled, 0.045 of a Sandstorm Share.

7. Pursuant to the terms of the Arrangement, each holder of a Filer Warrant outstanding immediately prior to the Effective Date, became entitled upon completion of the Arrangement, to receive, upon the exercise of such holder's warrant, in lieu of each Filer Share to which such holder was previously entitled, 0.045 of a Sandstorm Share.

8. The Filer Shares were delisted from the TSX Venture Exchange at the close of business on May 5, 2015. As of April 28, 2015, the Filer's Shares are no longer traded on the OTCPink.

9. The Filer has applied for a decision that it is not a reporting issuer in all of the jurisdictions in which it is currently a reporting issuer.

10. The Filer filed a Notice of Voluntary Surrender of Reporting Issuer Status with the British Columbia Securities Commission (the **BCSC**) under BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* stating that it will cease to be a reporting issuer in British Columbia. The BCSC has confirmed that non-reporting status was effective on May 18, 2015.

11. The simplified procedure under the Canadian Securities Administrators' Staff Notice 12-307 *Application for a Decision that an Issuer is not a Reporting Issuer* is not available to the Filer, as it is unable to determine with certainty that it has less than 15 beneficial holders of Filer Warrants in any one jurisdiction.

12. Sandstorm, on behalf of the Filer, has made diligent enquiry (the **Investigation**) to determine the jurisdiction of the beneficial holders of the Filer Warrants. The Investigation included numerous enquiries made to the Filer's former transaction counsel, pursuant to which requests were made to obtain details of beneficial holders and to obtain copies of subscription agreements for the Filer Warrants, which details and documents were unavailable for review, and also included the review of reports of exempt distribution available online.

13. Based on the Investigation, to the Filer's knowledge: (a) five beneficial holders of Filer Warrants are resident in the United States; (b) one holder of Filer Warrants is resident outside of North America; and (c) of the remaining 24 holders of Filer Warrants, six beneficial holders are resident in Ontario, five beneficial holders are resident in Alberta and one beneficial holder is resident in Quebec. The Investigation was not able to identify the province of residence of the 12 remaining beneficial holders.

14. The Filer cannot rely on the exemption available in Section 13.3 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) for issuers of exchangeable securities because the Filer Warrants and the Filer Options are not "designated exchangeable securities" as defined in NI 51-102. The Filer Options and the Filer Warrants do not provide their holders with voting rights in respect of Sandstorm.

15. The Filer has no intention to access the capital markets in the future by issuing any further securities to the public, and has no intention to issue any securities other than to Sandstorm or its affiliates.

16. None of the Filer's securities, including debt securities, are traded in Canada, or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

17. The Filer is not required to remain a reporting issuer in the Jurisdictions under any contractual arrangement between the Filer and the holders of the Filer Warrants or the Filer Options.

18. The Filer and, to the best of the Filer's knowledge, Sandstorm are not in default of any of their obligations under the Legislation as reporting issuers.

19. Upon granting of the Exemptive Relief Sought, the Filer will not be a reporting issuer in any jurisdiction of Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test contained in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"Denise Weeres"
Manager, Legal
Corporate Finance

2.1.11 J.P. Morgan Clearing Corp. and J.P. Morgan Securities LLC

Headnote

Application to extend restricted dealer registration, to extend previous order granting the Filers certain relief from National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) under section 15.1 of NI 31-103 and to grant additional relief for three months – the previous order provided relief to permit filers who are exempt market dealers or restricted dealers and registered with the U.S. Securities Exchange Commission (SEC) and members of the Financial Regulatory Authority (FINRA) to provide margin, to file the US FOCUS Report in lieu of Form 31-103F1, and to file the annual audited financial statements that it files with the SEC and FINRA – the Filers' registrations and previous order subject to sunset clauses that expire on the earlier of the date on which amendments to NI 31-103 come into force limiting brokerage activities in which exempt market dealers or restricted dealers engage or July 31, 2015 – interim relief granted.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 14-101 Definitions.
National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations, ss. 7.1(5), 8.0.1, 12.1, 12.10, 12.12(1)(b), 12.13(b), 13.12, 15.1.
National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 3.15(b).
Securities Act, R.S.O. 1990, c. S.5, as am., s. 26, 27

July 10, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the JURISDICTION)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
J.P. MORGAN CLEARING CORP.
(JPMCC)

AND

J.P. MORGAN SECURITIES LLC
(JPMSLLC AND, TOGETHER WITH JPMCC, the FILERS)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the Requested Relief (as defined below) to be granted until the date that is the earlier of (a) the date on which Filers have completed transition of their equities and fixed income trading activities with Canadian permitted clients to J.P. Morgan Securities Canada Inc. (**JPMSCI**), and (b) October 11, 2015:

(a) pursuant to section 26(1) of the *Securities Act* (Ontario), to amend the terms and conditions of the Filers' existing registrations in the category of restricted dealer (the **T&Cs**);

(b) pursuant to section 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**):

(i) with respect to the Filers, to extend the previous decision of the principal regulator made under section 15.1 of NI 31-103 with respect to the Filers and certain other exempt market dealer (**EMD**)

and restricted dealer firms entitled *In the Matter of Goldman Sachs & Co. et al.* dated December 19, 2014 ((2015), 38 OSCB 15) (the **Previous Decision**);

(ii) to seek a decision of the principal regulator granting interim relief from subsection 7.1(5) of NI 31-103 to permit the Filers to trade in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement; and

(iii) to seek a decision of the principal regulator granting interim relief from section 8.0.1 of NI 31-103 to permit JPMSLLC to rely on the international dealer exemption under section 8.18 of NI 31-103 and the international adviser exemption under section 8.26 of NI 31-103 in the Canadian Jurisdictions (as defined below), except for Nunavut, and to permit JPMCC to rely on the international dealer exemption under section 8.18 of NI 31-103 in the Canadian Jurisdictions (together with (a) above, the **Requested Relief**).

The Filers' existing registrations in the category of restricted dealer are subject to the T&Cs, including a sunset clause.

The Previous Decision varied previous orders (the **Previous Orders**) of the principal regulator made under section 15.1 of NI 31-103 with respect to the Filers by extending the expiry date of the sunset clause in the Previous Orders.

The Previous Orders provided that the Filers are exempt, subject to certain terms and conditions, from the following requirements contained in NI 31-103:

(a) the requirement contained in section 13.12 of NI 31-103 that a registrant must not lend money, extend credit or provide margin to a client (the **Margin Relief**);

(b) the requirement contained in section 12.1 of NI 31-103 to maintain and calculate excess working capital using Form 31-103F1 *Calculation of Excess Working Capital* and instead use United States Securities and Exchange Commission Form X-17a-5 (**FOCUS Report**);

(c) the requirement contained in paragraphs 12.12(1)(b) and 12.13(b) of NI 31-103 to deliver Form 31-103F1 and instead to deliver the FOCUS Report (together with (b) above, the **FOCUS Relief**);

(d) the requirement contained in subsection 3.15(b) *Acceptable Accounting Principles for Foreign Registrants* of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* that financial statements be prepared in accordance with U.S. GAAP, except that any investment in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*; and

(e) the requirement contained in section 12.10 *Annual financial statements* of NI 31-103 that the registrant prepare a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position for the financial year immediately preceding the most recently completed financial year and that at least one director of the registrant sign the registrant's statement of financial position so long as the registrant delivers to the principal regulator the annual audited financial statements that it files with the Securities Exchange Commission (**SEC**) and the Financial Regulatory Authority (**FINRA**) (together with (d) above, the **Financial Statement Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this Application, and

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is being relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut (and together with the Jurisdiction, the **Canadian Jurisdictions**).

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and the Previous Orders have the same meaning in this decision unless they are defined in this decision.

Representations

1. JPMSLLC is a company incorporated under the laws of the State of Delaware. Its head office is located at 383 Madison Avenue, New York, NY 10179, United States of America (**U.S.A.**).

2. JPMSLLC is a wholly owned subsidiary of J.P. Morgan Securities Holdings LLC, a Delaware corporation, and an indirect wholly owned subsidiary of JP Morgan Chase & Co. (**JPMChase**), a Delaware corporation.

3. JPMSLLC provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, commodities trading, foreign exchange sales, emerging markets activities, securities lending, investment banking and derivatives dealing for governments, corporate and financial institutions.

4. JPMSLLC is a member of major securities exchanges, including the NASDAQ and NYSE Euronext (**NYSE**). JPMCC is also a member of major securities exchanges, including the Chicago Stock Exchange and the NYSE.

5. JPMCC is a company incorporated under the laws of the State of Delaware. Its head office is located at One Metrotech Center North, Brooklyn, NY 11201, U.S.A.

6. JPMCC is a wholly owned subsidiary of JPMSLLC and an indirect wholly owned subsidiary of JPMChase.

7. JPMCC is a Foreign Approved Participant of the Montreal Exchange and a Registered Futures Commission Merchant of ICE Futures Canada, Inc. JPMCC is also a member of the CME Group (including the Chicago Board of Trade), ICE Futures U.S., Inc., and other principal U.S. commodity exchanges, and may facilitate trades through affiliated or unaffiliated member firms on all other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the United Kingdom.

8. JPMCC was established for the express purpose of holding and financing customer accounts and clearing and settling transactions. JPMCC does not make proprietary investments or engage in market making activities.

9. JPMCC may engage in activities which may be considered lending money, extending credit or providing margin to clients. All such activities are conducted in compliance with the rules of its home jurisdiction.

10. Each of JPMSLLC and JPMCC is registered as a restricted dealer, with terms and conditions including that it may only deal with permitted clients as defined in section 1.1. of NI 31-103, in the following Canadian provinces and territories, as applicable:

JPMCC	New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan
JPMSLLC	Alberta, New Brunswick, Newfoundland & Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan, Yukon

11. Each of JPMSLLC and JPMCC is registered as a broker-dealer with the SEC, and is a member of FINRA. This registration permits each of JPMSLLC and JPMCC to carry on in the U.S.A., being their home jurisdiction, substantially similar activities that registration as an investment dealer would authorize them to carry on in Ontario if each of JPMSLLC and JPMCC were registered under the Legislation as an investment dealer.

12. JPMSLLC is relying on the international dealer exemption under section 8.18 of NI 31-103 and the international adviser exemption under section 8.26 of NI 31-103 in the Canadian Jurisdictions, except for Nunavut. JPMCC is relying on the international dealer exemption under section 8.18 of NI 31-103 in the Canadian Jurisdictions, except for Nunavut, Northwest Territories, and Yukon Territory.

13. The Filers are currently in compliance with all registration and other requirements of applicable securities laws of the United States. The Filers will continue to comply with all registration and other requirements of applicable securities laws of the United States. The Filers are not in default of securities laws of any province or territory of Canada.

14. This decision is based on the same representations made by the Filers in the Previous Orders and the Previous Decision, which remain true and complete and on the additional representations made by the Filers in this decision.

15. The Filers were granted registration as restricted dealers and Margin Relief, FOCUS Relief and Financial Statement Relief, as noted in Schedule A, subject to certain terms and conditions including a sunset clause while the Canadian

Securities Administrators considered the regulatory issues arising from FINRA member firms that are conducting brokerage activities seeking registration in the EMD category.

16. The Filers were granted registration in the category of restricted dealer until the date that is the earlier of:

    (a) The date on which amendments to NI 31-103 come into force limiting the brokerage activities in which EMDs or restricted dealers may engage; and

    (b) July 31, 2015.

17. Following the Previous Decision, the sunset clause of the Previous Orders shall expire on the date that is the earlier of:

    (a) The date on which amendments to NI 31-103 come into force limiting the brokerage activities in which EMDs or restricted dealers may engage; and

    (b) July 31, 2015.

18. Amendments to NI 31-103 (the **Rule Amendments**) came into effect on January 11, 2015. A six month transition period was provided for the amendments adding new restrictions on trading activities by EMDs and the new prohibitions will come into effect on July 11, 2015 (the **Effective Date**).

19. Under the Rule Amendments, the Filers will be prohibited from trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement.

20. As a result, the Filers have been diligently working to transition their respective equities and fixed income trading activities with Canadian clients to their Canadian affiliate JPMSCI, which is registered as an investment dealer in the Canadian Jurisdictions and is a Dealer Member of the Investment Industry Regulatory Organization of Canada (**IIROC**). In addition, JPMSCI's existing brokerage services are being expanded to allow for onboarding and trading with Canadian clients of the Filers.

21. Specifically, beginning in October 2014, the Filers carried out various tasks to transition trading activity from the Filers to the JPMSCI, including establishing a governance model, engagement of a program management team to oversee the project, analyzing and evaluating trade flows for impacted activity, identifying new documentation requirements, and performing end-to-end testing.

22. In addition, JPMSCI has been working with and continues to work with IIROC regarding the changes to JPMSCI's business to address the amendments to NI 31-103.

23. The Filers and JPMSCI have been diligently working to complete the transition by the Effective Date. However, due to the scope of the implementation of systemic changes that is required and certain unforeseen complexities encountered during the transition and build out process, the Filers will not be able to complete the transition of the trading activity from the Filers to JPMSCI by the Effective Date.

24. The Filers and JPMSCI anticipate completing outstanding tasks related to the transition of the trading activity from the Filers to JPMSCI by October 11, 2015. Such tasks include finalizing policies and procedures, executing agreements, conducting end-to-end systems and applications testing, and onboarding clients. The Filers have requested the Requested Relief in order to complete these outstanding tasks.

25. The Filers submit that granting the Requested Relief is not prejudicial to the public interest or otherwise objectionable because:

    a. The Filers and JPMSCI will continue to diligently work to complete the transition by October 11, 2015.

    b. Without the Requested Relief, the Filers will not be able to continue to provide these services to Canadian clients after July 11, 2015 and Canadian clients will be negatively impacted.

    c. Granting relief will allow JPMSCI to complete its new client documentation and policies and procedures and to onboard Canadian clients of the Filers in a seamless manner and without any interruptions in service.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

It is the decision of the principal regulator that the Requested Relief is granted.

This decision shall expire the earlier of:

(a) the date on which Filers have completed transition of their equities and fixed income trading activities with Canadian clients to JPMSCI, and

(b) October 11, 2015;

This decision may be amended by the OSC from time to time upon prior written notice to the Filer.

"Debra Foubert"
Director, Compliance & Registrant Regulation
Ontario Securities Commission

Schedule A

Filer	Date of Previous Order	Type of Relief	Jurisdictions
J.P. Morgan Securities LLC	November, 11, 2011 and November 7, 2012, and December 20, 2013	Margin Relief, FOCUS Relief, Financial Statements Relief	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut
J.P. Morgan Clearing Corp.	April 9, 2013	Margin Relief	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut

2.2 Orders

2.2.1 CoreCommodity Management, LLC – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in paragraph 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (Contracts) for certain institutional investors in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Contracts are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a "sunset clause" condition.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.
Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 80.
Ontario Securities Commission Rule 13-502 Fees.

Instruments Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.26.

July 21, 2015

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
CORECOMMODITY MANAGEMENT, LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of CoreCommodity Management, LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to Section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the Applicant's behalf (the **Representatives**) be exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND WHEREAS for the purposes of this Order;

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser with respect to trading in Contracts unless the person or company is registered in the appropriate category of registration under the CFA;

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in Section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"OSA" means the *Securities Act* (Ontario);

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser with respect to investing in, buying or selling securities unless the person or company is registered in the appropriate category of registration under the OSA;

"Permitted Client" means a client in Ontario that is a "permitted client", as that term is defined in section 1.1 of N1 31-103, except that for the purposes of the Order such definition shall exclude a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer;

"SEC" means the United States Securities and Exchange Commission;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*; and

"U.S. Advisers Act" means the United States *Investment Advisers Act of 1940*, as amended.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware, United States of America. The head office of the Applicant is located in Stamford, Connecticut.

2. Prior to September 2013, the Applicant was a wholly owned subsidiary of Jefferies Group LLC (**Jefferies**). As a result of a transaction between the Applicant's senior management and Jefferies, the Applicant became, on or about September 11, 2013, an independent asset manager controlled by senior management of the Applicant, with Jefferies retaining a significant economic interest in the Applicant. On February 28, 2014, Jefferies transferred its interest in the Applicant to an affiliate, LAM Holding LLC, a subsidiary of Leucadia National Corp. The Applicant's name was changed from Jefferies Asset Management, LLC to CoreCommodity Management, LLC.

3. The Applicant, when it was known as Jefferies Asset Management, LLC, obtained substantially similar relief from the Commission in *Re Jefferies Asset Management, LLC* dated July 23, 2010 (the **Previous Relief**). The Previous Relief will terminate on July 23, 2015.

4. The Applicant is registered as an investment adviser with the SEC under the U.S. Advisers Act.

5. The Applicant is registered as a commodity pool operator ("**CPO**") and commodity trading adviser ("**CTA**") with the CFTC, and is a member of the National Futures Association. The Applicant also avails itself of an exemption from certain heightened disclosure and record keeping requirements provided by Regulation 4.7 of the U.S. Commodity Exchange Act which relieves a CPO and/or a CTA from such heightened disclosure obligations provided that the investors in any fund for which the CPO and/or the CTA is claiming an exemption are considered "qualified eligible persons" for the purposes of such rules.

6. The Applicant engages in the business of an adviser with respect to securities and with respect to Contracts in the United States.

7. The Applicant manages investments primarily for institutional investors across multiple strategies and financial instruments. Specifically, the Applicant provides investment advice which relates primarily to commodities, including commodity futures, commodity equities, over-the-counter swaps on commodities and commodity indexes. The Applicant's advisory services also include U.S. Treasury Inflation Protection Securities, other Treasury Securities and other short term sovereign debt for collateral management.

8. The Applicant advises Ontario clients that are Permitted Clients with respect to foreign securities in reliance on the International Adviser Exemption and therefore is not registered under the OSA.

9. The Applicant is not registered in any capacity under the CFA.

10. Certain Permitted Clients seek to access certain specialized investment advisory services provided by the Applicant, including advice as to trading in Foreign Contracts.

11. In addition to providing advice in respect of securities, the Applicant proposes to act also as an adviser to Permitted Clients in Ontario in respect of Foreign Contracts on a discretionary basis.

12. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in the absence of this Order, any activity undertaken by the Applicant that may comprise engaging in the business or holding itself out as engaging in the business of advising Permitted Clients as to trading in Contracts would require the Applicant to satisfy the CFA Adviser Registration Requirement by applying for and obtaining registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

13. To the best of the Applicant's knowledge, the Applicant confirms that there are currently no regulatory actions of the type contemplated by the Notice of Regulatory Action attached as Appendix “B” hereto in respect of the Applicant or any predecessors or specified affiliates of the Applicant.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to make this Order,

IT IS ORDERED pursuant to Section 80 of the CFA that the Applicant and its Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of providing advice to Permitted Clients as to the trading of Foreign Contracts provided that:

(a) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise any Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

(b) the Applicant's head office or principal place of business remains in the United States;

(c) the Applicant is registered or operates under an exemption from registration, under the applicable securities or commodity futures legislation in the United States, in a category of registration or exemption from registration that permits it to carry on the activities in the United States that registration under the CFA as an adviser in the category of commodity trading manager would permit it to carry on in Ontario;

(d) the Applicant continues to engage in the business of an adviser, as defined in the CFA, in the United States;

(e) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership is registered under securities legislation, commodities legislation or derivatives legislation in a jurisdiction of Canada) is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);

(f) before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

  (i) the Applicant is not registered in the local jurisdiction to provide the advice described under paragraph (a) of this Order;

  (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

  (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

  (iv) there may be difficulty enforcing legal rights against the Applicant because of the above; and

  (v) the name and address of the Applicant's agent for service of process in Ontario;

(g) the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix “A” hereto;

(h) the Applicant notifies the Commission of any regulatory action initiated after the date of this Order with respect to the Applicant or any predecessors or specified affiliates of the Applicant by completing and filing Appendix “B” within 10 days of the commencement of each such action;

(i) the Applicant complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 *Fees*.

IT IS FURTHER ORDERED that this Order will terminate on the earliest of

(a) six months, or such other transition period as provided by operation of law, after the effective date of the repeal of the CFA;

(b) six months, or such other transition period as provided by operation of law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the ability of the Applicant to act as an adviser to a Permitted Client; and

(c) five years after the date of this Order.

DATED this 21st day of July, 2015.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Tim Moseley"
Commissioner
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

   _____

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

   _____

3. Jurisdiction of incorporation of the International Firm:

   _____

4. Head office address of the International Firm:

   _____

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name: _____

   E-mail address: _____

   Phone: _____

   Fax: _____

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "**Relief Order**"):

   [ ] Section 8.18 [*international dealer*]

   [ ] Section 8.26 [*international adviser*]

   [ ] Other [specify]:

   _____

7. Name of agent for service of process (the "Agent for Service"):

   _____

8. Address for service of process on the Agent for Service:

   _____

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "**Proceeding**") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator:

    (a) a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    (b) an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form is to be submitted to the following address:

Ontario Securities Commission
22nd Floor
Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

APPENDIX B

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

   Name of entity

   Regulator/organization

   Date of settlement (yyyy/mm/dd)

   Details of settlement

   Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

		Yes	No
(a)	Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	____	____
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	____	____
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	____	____
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	____	____
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	____	____
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	____	____
(g)	Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	____	____

   If yes, provide the following information for each action:

   Name of Entity

   Type of Action

   Regulator/organization

   Date of action (yyyy/mm/dd) Reason for action

   Jurisdiction

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 – *Registration Information*.

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity

Reason or purpose of investigation

Regulator/organization

Date investigation commenced (yyyy/mm/dd)

Jurisdiction

Name of firm

Name of firm's authorized signing officer or partner

Title of firm's authorized signing officer or partner

Signature

Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness

Title of witness

Signature

Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

2.2.2 Daveed Zarr (formerly known as Asi Lalky)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
DAVEED ZARR
(formerly known as ASI LALKY)

ORDER

WHEREAS:

1. on July 2, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Daveed Zarr (formerly known as Asi Lalky) ("Zarr");

2. on June 30, 2015, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

3. on July 22, 2015, Staff appeared before the Commission and made submissions, and filed an affidavit of service sworn by Lee Crann on July 20, 2015, indicating steps taken by Staff to serve the Zarr with the Notice of Hearing, Statement of Allegations, and Staff's disclosure materials;

4. Zarr did not appear or make submissions; and

5. the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that the hearing in this matter is adjourned to July 24, 2015 at 10:15 a.m.

DATED at Toronto this 22nd day of July, 2015.

"Timothy Moseley"

2.2.3 Travis Michael Hurst et al.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
TRAVIS MICHAEL HURST, TERRY HURST
and BRYANT HURST

ORDER

WHEREAS:

1. on July 2, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Travis Michael Hurst ("Travis"), Terry Hurst ("Terry") and Bryant Hurst ("Bryant") (collectively, the "Respondents");

2. on June 30, 2015, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

3. on March 2, 2015, the Respondents entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the "Settlement Agreement");

4. in the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta;

5. pursuant to paragraph 5 of subsection 127(10) of the Act, an order may be made in respect of a person or company if the person or company has agreed with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements;

6. on July 22, 2015, Staff appeared before the Commission and made submissions, and filed an affidavit of service sworn by Lee Crann on July 20, 2015, indicating steps taken by Staff to serve the Respondents with the Notice of Hearing, Statement of Allegations, and Staff's disclosure materials;

7. on July 22, 2015, Bryant did not appear or make submissions, but Staff filed a consent from Bryant, consenting to the making of an order under subsection 127(10) of the Act which reciprocates the Settlement Agreement;

8. Travis and Terry did not appear or make submissions; and

9. the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that the hearing in this matter is adjourned to July 24, 2015 at 10:00 a.m.

DATED at Toronto this 22nd day of July, 2015.

"Timothy Moseley"

2.2.4 Star Hedge Managers Corp. – s. 1(6) of the OBCA

Headnote

Filer deemed to have ceased to be offering its securities to the public under the OBCA.

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO)
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
STAR HEDGE MANAGERS CORP.
(THE APPLICANT)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the Commission) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA;

2. The Applicant's registered address is located at 1 First Canadian Place, 100 King Street West, 3rd Floor Podium, P.O. Box 150, Toronto, Ontario;

3. The Applicant's Class A Shares were de-listed from the TSX effective the close of trading on April 21, 2015;

4. The issued and outstanding Class A Shares of the Applicant were redeemed on April 21, 2015;

5. Following the redemption, the only issued and outstanding shares are now owned by SHM Adminco Ltd. (100 Class J Shares), and no other shares are currently issued and outstanding;

6. No securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 – *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

7. The Applicant has no intention to seek public financing by way of an offering of securities;

8. The Voluntary Surrender of Reporting Issuer Status was filed with the British Columbia Securities Commission on May 6, 2015 and the Applicant ceased to be a reporting issuer in British Columbia as of May 12, 2015. The Applicant was granted an order on June 26, 2015 that it is not a reporting issuer in Ontario pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in OSC Staff Notice 12-307 *Application for Decision that an Issuer is not a Reporting Issuer*; and

9. The Applicant is not a reporting issuer or the equivalent in any jurisdiction of Canada.

AND UPON the Commission being satisfied to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

DATED at Toronto on this 24th day of July, 2015.

"William Furlong"
Commissioner
Ontario Securities Commission

"Tim Moseley"
Commissioner
Ontario Securities Commission

2.2.5 Welcome Place Inc. et al. – s. 127

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
WELCOME PLACE INC.,
DANIEL MAXSOOD also known as MUHAMMAD M. KHAN,
TAO ZHANG, and TALAT ASHRAF

ORDER
(Section 127)

WHEREAS:

1. on July 2, 2013, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order"), pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), ordering that:

    a. all trading in any securities by Welcome Place Inc. ("Welcome Place"), Daniel Maxsood also known as Muhammad M. Khan ("Maxsood"), Tao Zhang ("Zhang"), and Talat Ashraf ("Ashraf") (collectively, the "Respondents") shall cease;

    b. the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and

    c. the Temporary Order shall expire on the 15th day after its making unless extended by the Commission;

2. on July 2, 2013, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on July 12, 2013 at 11:30 a.m.;

3. on July 12, 2013, the Commission held a Hearing at which counsel for Welcome Place and Maxsood attended and no one attended on behalf of Zhang or Ashraf, although properly served. Upon reviewing the evidence, hearing submissions from Staff and counsel for Welcome Place and Maxsood, and upon being advised that Welcome Place and Maxsood consented to the extension of the Temporary Order to January 31, 2014, the Commission ordered;

    a. pursuant to subsections 127(7) and (8) of the Act, the Temporary Order is extended to January 31, 2014, and specifically that:

        i. all trading in any securities by Welcome Place, Maxsood, Zhang, and Ashraf shall cease;

        ii. the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and

        iii. this Order shall not affect the right of any Respondent to apply to the Commission to clarify, amend, or revoke this Order upon seven days written notice to Staff of the Commission; and

    b. that the Hearing is adjourned to Monday, January 27, 2014 at 10:00 a.m.;

4. on January 27, 2014, the Commission held a Hearing with respect to the extension of the Temporary Cease Trade Order, and Staff appeared and made submissions. No one appeared for the Respondents, but a written consent to the extension of the Temporary Order was filed and considered by the Commission. The Commission ordered pursuant to subsections 127(7) and (8) of the Act that the Temporary Order is extended until the final disposition of the proceeding resulting from Staff's investigation in this matter, including, if appropriate, any final determination with respect to sanctions and costs, or further Order of the Commission, and specifically that:

    a. all trading in any securities by Welcome Place, Maxsood, Zhang, and Ashraf shall cease;

    b. the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and

c. this Order shall not affect the right of any Respondent to apply to the Commission to clarify, amend, or revoke this Order upon seven days written notice to Staff of the Commission;

5. on December 18, 2014, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act, providing that a hearing would be held at the Commission on February 2, 2015. The Notice of Hearing was accompanied by a Statement of Allegations dated December 18, 2014, issued by Staff with respect to the Respondents;

6. on December 19, 2014, the Respondents were served with the Notice of Hearing and Statement of Allegations;

7. on February 2, 2015, a first appearance was held before the Commission at which Staff appeared and counsel appeared and confirmed his attendance on behalf of each of the Respondents. The Commission determined that the parties should return for a second attendance after disclosure was provided to the Respondents, and ordered that the hearing of this matter was adjourned and shall continue on May 27, 2015 at 11:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties;

8. on May 27, 2015, a second appearance was held before the Commission at which Staff appeared in person and counsel participated by telephone, confirming his attendance on behalf of each of the Respondents. The Panel heard submissions from Staff indicating that disclosure of Staff's documents and Staff's witness list had been made, and Staff requested dates for similar disclosure by the Respondents. The Panel heard submissions from counsel for the Respondents with respect to these requests, and ordered that:

   a. the Respondents will make disclosure to Staff of their witness lists and summaries, and indicate any intent to call an expert by June 22, 2015; and

   b. the hearing of this matter is adjourned and shall continue on July 22, 2015 at 11:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties;

9. on July 22, 2015, a third appearance was held before the Commission at which Staff appeared and counsel appeared on behalf of each of the Respondents. The Panel heard submissions from Staff indicating that the Respondents have now made disclosure to Staff of their witness lists and summaries, and no intent to call an expert has been disclosed. Staff requested dates be set for the hearing of the merits and a final interlocutory attendance. The Panel heard submissions from counsel for the Respondents with respect to these requests, and the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED that:

1. the hearing on the merits shall commence on January 25, 2016 at 10:00 a.m. and shall continue on January 27, 28, 29, February 1, 2, 3, 4, 5, 8, 10, 11, and 12, 2016, or on such further or other dates as may be agreed upon by the parties and fixed by the Office of the Secretary;

2. a final interlocutory attendance shall take place on January 7, 2016 at 10:00 a.m; and

3. the parties shall deliver Hearing Briefs to every other party by December 18, 2015.

DATED at Toronto this 22nd day of July, 2015.

"Timothy Moseley"

2.2.6 Travis Michael Hurst et al.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
TRAVIS MICHAEL HURST, TERRY HURST
and BRYANT HURST**

ORDER

WHEREAS:

1. on July 2, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Travis Michael Hurst ("Travis"), Terry Hurst ("Terry") and Bryant Hurst ("Bryant") (collectively, the "Respondents");

2. on June 30, 2015, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

3. on March 2, 2015, the Respondents entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the "Settlement Agreement");

4. in the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta;

5. pursuant to paragraph 5 of subsection 127(10) of the Act, an order may be made in respect of a person or company if the person or company has agreed with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements;

6. on July 22, 2015, Staff appeared before the Commission and made submissions, and filed an affidavit of service sworn by Lee Crann on July 20, 2015, indicating steps taken by Staff to serve the Respondents with the Notice of Hearing, Statement of Allegations, and Staff's disclosure materials;

7. on July 22, 2015, Bryant did not appear or make submissions, but Staff filed a consent from Bryant, consenting to the making of an order under subsection 127(10) of the Act which reciprocates the Settlement Agreement;

8. on July 22, 2015, Travis and Terry did not appear or make submissions;

9. on July 22, 2015, the Commission ordered that the hearing in this matter be adjourned to July 24, 2015 at 10:00 a.m.;

10. on July 24, 2015, the Commission considered an application by Staff to convert the matter to a written hearing, in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2014), 37 O.S.C.B. 4168, and subsection 5.1(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

11. on July 24, 2015, Staff filed (i) a Supplementary Affidavit of Service of Lee Crann sworn July 23, 2015, indicating steps taken by Staff to serve the Respondents with the Notice of Hearing, Statement of Allegations, and Staff's disclosure materials; and (ii) an Affidavit of Service of Lee Crann sworn July 24, 2015, indicating steps taking by Staff to serve the Respondents with the Commission's order of July 22, 2015; and

12. on July 24, 2015, the Respondents did not appear or make submissions;

IT IS HEREBY ORDERED THAT:

(a) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than July 31, 2015;

(c) the Respondents' responding materials, if any, shall be served and filed no later than August 28, 2015; and

(d) Staff's reply materials, if any, shall be served and filed no later than September 11, 2015.

DATED at Toronto this 24th day of July, 2015.

"Timothy Moseley"

2.2.7 Daveed Zarr (formerly known as Asi Lalky)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
DAVEED ZARR
(formerly known as ASI LALKY)

ORDER

WHEREAS:

1. on July 2, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Daveed Zarr (formerly known as Asi Lalky) ("Zarr");

2. on June 30, 2015, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

3. on July 22, 2015, Staff appeared before the Commission and made submissions, and filed an affidavit of service sworn by Lee Crann on July 20, 2015, indicating steps taken by Staff to serve Zarr with the Notice of Hearing, Statement of Allegations, and Staff's disclosure materials;

4. on July 22, 2015, Zarr did not appear or make submissions;

5. on July 22, 2015, the Commission ordered that the hearing in this matter be adjourned to July 24, 2015 at 10:15 a.m.;

6. on July 24, 2015, the Commission considered an application by Staff to convert the matter to a written hearing, in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2014), 37 O.S.C.B. 4168, and subsection 5.1(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

7. on July 24, 2015, Staff filed (i) a Supplementary Affidavit of Service of Lee Crann sworn July 23, 2015, indicating steps taken by Staff to serve Zarr with the Notice of Hearing, Statement of Allegations, and Staff's disclosure materials; and (ii) an Affidavit of Service of Lee Crann sworn July 24, 2015, indicating steps taking by Staff to serve Zarr with the Commission's order of July 22, 2015; and

8. on July 24, 2015, Zarr did not appear or make submissions;

IT IS HEREBY ORDERED THAT:

(a) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than July 31, 2015;

(c) Zarr's responding materials, if any, shall be served and filed no later than August 28, 2015; and

(d) Staff's reply materials, if any, shall be served and filed no later than September 11, 2015.

DATED at Toronto this 24th day of July, 2015.

"Timothy Moseley"

2.2.8 Star Hedge Managers Corp. II – s. 1(6) of the OBCA

Headnote

Filer deemed to have ceased to be offering its securities to the public under the OBCA.

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
STAR HEDGE MANAGERS CORP. II
(THE APPLICANT)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA;

2. The Applicant's registered address is located at 1 First Canadian Place, 100 King Street West, 3rd Floor Podium, P.O. Box 150, Toronto, Ontario;

3. The Applicant's Class A Shares were de-listed from the TSX effective the close of trading on April 21, 2015;

4. The issued and outstanding Class A Shares of the Applicant were redeemed on April 21, 2015;

5. Following the redemption, the only issued and outstanding shares are now owned by SHM Adminco Ltd. (100 Class J Shares), and no other shares are currently issued and outstanding;

6. No securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 – *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

7. The Applicant has no intention to seek public financing by way of an offering of securities;

8. The Voluntary Surrender of Reporting Issuer Status was filed with the British Columbia Securities Commission on May 6, 2015 and the Applicant ceased to be a reporting issuer in British Columbia as of May 12, 2015. The Applicant was granted an order on June 26, 2015 that it is not a reporting issuer in Ontario pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in OSC Staff Notice 12-307 *Application for Decision that an Issuer is not a Reporting Issuer*; and

9. The Applicant is not a reporting issuer or the equivalent in any jurisdiction of Canada.

AND UPON the Commission being satisfied to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

DATED at Toronto on this 24th day of July, 2015.

"William Furlong"
Commissioner
Ontario Securities Commission

"Tim Moseley"
Commissioner
Ontario Securities Commission

2.2.9 Terence Bedford

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
TERENCE BEDFORD

ORDER

WHEREAS:

1. on March 8, 2013, Terrence Bedford ("Bedford" or the "Respondent") pleaded guilty in the Ontario Court of Justice to one count of engaging or participating in an act, practice or course of conduct relating to securities that he knew or reasonably ought to have known perpetrated a fraud on persons or companies to whom he traded securities, contrary to subsection 126.1(1)(b) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), and he thereby did commit an offence contrary to subsection 122(1)(c) of the Act;

2. Bedford's guilty plea was accepted by the Ontario Court of Justice, and he was convicted and sentenced to two years' imprisonment;

3. on June 30, 2015, Staff of the Commission ("Staff") filed a Statement of Allegations in this matter, seeking an inter-jurisdictional enforcement order pursuant to subsection 127(1) of the Act, in reliance upon paragraph 1 of subsection 127(10) of the Act;

4. on July 2, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the Act in respect of Bedford;

5. on July 22, 2015, Staff appeared before the Commission and brought an application to continue this proceeding by way of a written hearing, and made submissions;

6. on July 22, 2015, Staff filed an affidavit of service sworn on July 16, 2015 by Lee Crann, a Law Clerk with the Commission, which documented service on Bedford of the Notice of Hearing, Statement of Allegations, Staff's disclosure materials, and information concerning the Litigation Assistance Program; and

7. on July 22, 2015, Bedford appeared before the Commission and advised that he had not yet retained counsel, and that he wished to seek legal advice regarding Staff's request to continue the proceeding by way of a written hearing;

IT IS ORDERED THAT:

(a) Staff's application to proceed by way of written hearing is denied, without prejudice to Staff's right to reapply to continue this proceeding by way of a written hearing;

(b) this proceeding is adjourned to an oral hearing to be held on September 9, 2015, at 2:00 p.m. or as soon thereafter as the hearing can be held;

(c) any requests by the Respondent for disclosure of additional documents shall be set out in a Notice of Motion to be served and filed no later than August 27, 2015; and

(d) Staff shall make disclosure of their witness list and summaries and indicate any intent to call an expert witness, and provide the Respondent the name of the expert and state the issue on which the expert will be giving evidence, by September 2, 2015.

DATED at Toronto this 22nd day of July, 2015.

"Timothy Moseley"

2.2.10 7997698 Canada Inc. et al.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
7997698 CANADA INC., carrying on business as
INTERNATIONAL LEGAL AND ACCOUNTING SERVICES INC.,
WORLD INCUBATION CENTRE, or WIC (ON), JOHN LEE also known as CHIN LEE,
and MARY HUANG also known as NING-SHENG MARY HUANG**

ORDER

WHEREAS:

1. on November 21, 2014, the Ontario Securities Commission issued a temporary order, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O., c. S.5., as amended, ordering the following:

   a. that all trading in any securities by 7997698 Canada Inc., carrying on business as International Legal and Accounting Services Inc., World Incubation Centre, or WIC (ON) ("7997698"), John Lee also known as Chin Lee ("Lee"), and Mary Huang also known as Ning-Sheng Mary Huang ("Huang") shall cease; and

   b. that the exemptions contained in Ontario securities law do not apply to any of 7997698, Lee, and Huang (the "Temporary Order");

2. on November 21, 2014, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

3. on November 24, 2014, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on Wednesday December 3, 2014 at 10:00 a.m.;

4. the Notice of Hearing set out that the hearing was to consider, among other things, whether, in the opinion of the Commission, it was in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the Temporary Order until the conclusion of the proceeding or until such further time as considered necessary by the Commission;

5. Staff of the Commission served the Respondents with copies of the Temporary Order, the Notice of Hearing, the Hearing Brief, the Supplementary Hearing Brief, and Staff's Written Submissions and Brief of Authorities as evidenced by the Affidavits of Service sworn by Steve Carpenter on December 1, 2014 and December 2, 2014, and filed these materials with the Commission;

6. on December 3, 2014, the Commission held a hearing, which Lee attended but Huang did not attend although properly served, and at which the Commission heard submissions from counsel for Staff and from Lee on his own behalf and on behalf of 7997698 and Huang and the Commission ordered that the Temporary Order was extended to June 3, 2015 and that the proceeding was adjourned until Wednesday, May 27, 2015, at 10:00 a.m.;

7. on March 11, 2015 the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c. S.5, as amended, in connection with a Statement of Allegations filed by Staff of the Commission on March 11, 2015 with respect to 7997698, Lee, and Huang (collectively, the "Respondents");

8. the Notice of Hearing set a First Appearance for Friday April 10, 2015;

9. on April 2, 2015, counsel for Staff and counsel for 799 and Lee requested an adjournment of the First Appearance;

10. on April 9, 2015, the Commission ordered that the First Appearance would be held at 2:00 p.m. on Thursday April 23, 2015;

11. on April 23, 2015, counsel for Staff and counsel for the Respondents 799 and Lee appeared before the Commission for a First Appearance, and the Commission ordered that:

(a) Staff shall provide to the Respondents disclosure of documents and things in the possession or control of Staff that are relevant to the hearing on or before May 22, 2015,

(b) The First Appearance shall continue at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Wednesday May 27, 2015 at 10:00 a.m. or as soon thereafter as the hearing can be held for the purpose of providing a status update with respect to service on Huang,

(c) The Second Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Wednesday July 22, 2015 at 10:00 a.m. or as soon thereafter as the hearing can be held,

(d) Any requests by any of the Respondents for disclosure of additional documents should be set out in a Notice of Motion to be filed no later than 5 days before the Second Appearance,

(e) At the Second Appearance, any motions by any of the Respondents with respect to disclosure provided by Staff will be heard or scheduled for a subsequent date, and

(f) In the event of the failure of any party to attend at the time and place stated above, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceeding;

12. on May 15, 2015, with respect to the Temporary Order, Staff served the Respondents with copies of a Further Supplementary Hearing Brief (two volumes), Supplemental Staff Written Submissions, and a Supplemental Brief of Authorities;

13. on May 27, 2015, the Commission held a hearing at which counsel for Staff attended but no one attended for the Respondents, and the Commission heard submissions from counsel for Staff and the Commission was advised that (i) Huang had retained counsel, and (ii) the Respondents sought an adjournment of the proceeding and counsel for Staff filed a consent of the Respondents, signed on their behalf by their counsel, to an order extending the Temporary Order until one week after the Second Appearance and the Commission ordered that the Temporary Order was extended until July 29, 2015; and specifically:

a. that all trading in any securities by the Respondents shall cease,

b. that the exemptions contained in Ontario securities law do not apply to any of the Respondents,

c. any person or company affected by this Order may apply to the Commission for an order revoking or varying this Order pursuant to s. 144 of the Act upon seven days written notice to Staff of the Commission, and

d. the proceeding was adjourned until Wednesday July 22, 2015 at 10:00 a.m.;

14. on July 22, 2015, counsel for Staff and counsel for the Respondents appeared before the Commission for a Second Appearance and advised that the Respondents would consent to the Temporary Order being extended to the conclusion of the merits hearing; and

15. the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED THAT:

1. the Temporary Order is extended until April 29, 2016; and specifically:

a. all trading in any securities by 7997698, Lee, and Huang shall cease, and

b. the exemptions contained in Ontario securities law do not apply to any of 7997698, Lee, and Huang;

2. the Respondents shall make disclosure to Staff of their witness list and summaries and indicate any intent to call an expert witness, and provide Staff the name of the expert and state the issue on which the expert will be giving evidence on or before September 9, 2015;

3. the proceeding “IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG,” commenced by Notice of Hearing on November 25, 2014, shall be combined with the proceeding “IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN

LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG," commenced by Notice of Hearing on March 11, 2015, and any further notices or orders shall be made under a single style of cause of that title of proceeding; and

4. the proceeding is adjourned until Thursday, September 24, 2015 at 2:00 p.m. or as soon thereafter as the hearing can be held.

DATED at Toronto this 22nd day of July, 2015.

"Timothy Moseley"

"Janet Leiper"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Bradon Technologies Ltd. et al.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
BRADON TECHNOLOGIES LTD., JOSEPH COMPTA,
ENSIGN CORPORATE COMMUNICATIONS INC. and TIMOTHY GERMAN

REASONS AND DECISION

Hearing:	December 1, 5, 8, 9, 10, 11 and 12, 2014 February 11 and 24, 2015		
Decision:	July 21, 2015		
Panel:	James E. A. Turner	–	Vice-Chair of the Ontario Securities Commission
Appearances:	Brooke Shulman Catherine Weiler	–	for the Ontario Securities Commission
	Pathik Baxi	–	for Joseph Compta and Bradon Technologies Ltd.
	Timothy German	–	for himself and Ensign Corporate Communications Inc.

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REASONS AND DECISION

A. OVERVIEW

1. Background

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether Bradon Technologies Ltd. ("**Bradon**"), Joseph Compta ("**Compta**"), Ensign Corporate Communications Inc. ("**Ensign**") and Timothy German ("**German**") (collectively, the "**Respondents**") breached the Act, committed fraud and/or acted contrary to the public interest.

[2] A Statement of Allegations was filed by Staff of the Commission ("**Staff**") on October 3, 2013 and a Notice of Hearing was issued by the Commission on the same day. Staff alleges that during the period from December 28, 2007 to April 20, 2011 (the "**Material Time**"), German and Ensign breached subsections 25(1)(a) of the Act (in force before September 28, 2009) and subsection 25(1) of the Act (in force on and after September 28, 2009) (trading without registration), subsection 38(1)(a) of the Act (prohibited representations), subsection 53(1) of the Act (illegal distribution of securities), and each of the Respondents' committed fraud and breached section 126.1(b) of the Act and acted contrary to the public interest. In addition, Staff alleges that as directors and officers of Bradon and Ensign, respectively, Compta and German are deemed also to have contravened Ontario securities law pursuant to section 129.2 of the Act.

[3] The hearing on the merits commenced on December 1, 2014 and was conducted over nine hearing days. Oral closing submissions were heard on February 24, 2015.

[4] Throughout the merits hearing, Compta and Bradon were represented by legal counsel. German represented himself and Ensign.

[5] These reasons constitute my decision and reasons on the merits.

2. The Respondents

(a) Bradon and Compta

[6] Bradon is an Ontario company with an office in Mississauga which was incorporated on March 18, 2004. Bradon is a software company whose business objective is to develop technology in the on-line meeting market as well as mobile Voice-over-IP (VoIP) products. Bradon developed SAViiDesk, which is described as an application that allows participants to talk, share data, and video stream from a webcam simultaneously over the internet from personal computers and mobile devices. SAViiDesk appears to be Bradon's only product.

[7] Bradon is a private company and was not a reporting issuer in Ontario during the Material Time. Bradon has distributed its shares to investors under the private issuer exemption in section 2.4 of National Instrument 45-106 – *Prospectus and Registration Requirements* ("**NI 45-106**"). Bradon also filed with the Commission one Form 45-106F1 – *Report of Exempt Distribution* dated October 25, 2010 under the accredited investor exemption in section 2.3 of NI 45-106.

[8] Compta is an Ontario resident and the founder of Bradon. He is a director, shareholder and President of Bradon and its directing mind.

[9] Neither Compta nor Bradon has ever been registered with the Commission in any capacity.

(b) Ensign and German

[10] Ensign is an Ontario private company which was incorporated on June 4, 2004. Ensign was not a reporting issuer in Ontario during the Material Time. Ensign operated out of a virtual office space in Toronto.

[11] German is an Ontario resident who is Ensign's sole director and shareholder. He is also the President and the directing mind of Ensign.

[12] No prospectus was filed and no receipt was issued by the Director under the Act to permit the purported sale during the Material Time by German of his Bradon shares.

[13] Neither German nor Ensign has ever been registered with the Commission in any capacity.

B. GERMAN'S NON-ATTENDANCE FOR CLOSING SUBMISSIONS AT THE MERITS HEARING

[14] German attended the merits hearing on December 1, 5, 8, 9, 10, 11 and 12, 2014. The evidence portion of the merits hearing concluded on December 12, 2014 and oral closing submissions were scheduled for February 11, 2015.

[15] German was present at the hearing when closing submissions were scheduled and the Commission issued an order setting the date for those submissions (*Re Bradon* (2014), 37 O.S.C.B. 11270). That order also required that the Respondents file any written materials in connection with closing submissions by February 4, 2015.

[16] German did not file any written materials in connection with closing submissions. He did not attend the hearing on February 11, 2015.

[17] On February 11, 2015, an adjournment of the hearing was requested by Compta's legal counsel for medical reasons and an adjournment was granted rescheduling closing submissions for February 24, 2015 (*Re Bradon* (2015), 38 O.S.C.B. 1569). Staff sent German a copy of that order to notify him of the revised date for closing submissions.

[18] German did not appear for oral closing submissions on February 24, 2015.

[19] Subsection 6(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**") requires that the parties to a Commission proceeding be given reasonable notice of a hearing.

[20] The SPPA permits the Commission to proceed in the absence of any party that has been given reasonable notice of a hearing. Subsection 7(1) of the SPPA states:

> **Effect of non-attendance at hearing after due notice**
>
> 7. (1) Where notice of an oral hearing has been given to a party to a proceeding in accordance with this Act and the party does not attend at the hearing, the tribunal may proceed in the absence of the party and the party is not entitled to any further notice in the proceeding.

[21] Similarly, the Commission's *Rules of Procedure* (2014), 37 O.S.C.B. 4168 (the "**Commission's Rules**") state:

> **Rule 7.1 – Failure to Participate:**
>
> If a Notice of Hearing has been served on any party and the party does not attend the hearing, the Panel may proceed in the party's absence and that party is not entitled to any further notice in the proceeding.

[22] In the circumstances, I was satisfied that notice of the hearing date for closing submissions was given to German. He was sent the order that rescheduled the date for those submissions. Accordingly, I was entitled to proceed in his absence in accordance with subsection 7(1) of the SPPA and Rule 7.1 of the Commission's Rules, and I did so.

C. ISSUES TO BE ADDRESSED

[23] Staff's allegations raise the following issues:

(a) Did German and Ensign trade in securities without registration contrary to subsections 25(1)(a) of the Act, in force before September 28, 2009 and subsection 25(1) of the Act, in force on and after September 28, 2009?

(b) Did German and Ensign distribute securities without filing, and obtaining a receipt for, a prospectus in breach of subsection 53(1) of the Act?

(c) Did German and Ensign make prohibited representations to potential investors in breach of subsection 38(1)(a) of the Act?

(d) Did each of the Respondents commit fraud and breach section 126.1(b) of the Act?

(e) Did German authorize, permit or acquiesce in Ensign's breaches of the Act, such that he is deemed, pursuant to section 129.2 of the Act, to also have not complied with Ontario securities law?

(f) Did Compta authorize, permit or acquiesce in Bradon's breach of section 126.1(b) of the Act, such that he is deemed, pursuant to section 129.2 of the Act, to also have not complied with Ontario securities law?

(g) Was the foregoing conduct of the Respondents contrary to the public interest?

D. STANDARD OF PROOF

[24] The standard of proof in this matter is the civil standard of proof on a balance of probabilities. I will address the questions set out in paragraph [23] above, including the question whether a fraud was perpetrated, to determine whether on a balance of probabilities "… it is more likely than not that the event[s] occurred" (*F.H. v. McDougall*, [2008] 3 S.C.R. 41 at para. 44 ("***McDougall***")).

[25] I note that an allegation of fraud and breach of section 126.1(b) of the Act are very serious allegations. The Commission stated in *Re ATI Technologies Inc.* (2005), 28 O.S.C.B. 8558 that "as a matter of fundamental fairness … reliable and persuasive evidence is required to make adverse findings where those findings will have serious consequences for a respondent" (at para. 15). The seriousness of the allegations does not, however, change the standard of proof to be applied in this matter. As stated by the Supreme Court of Canada, in *McDougall* "… evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test" (*McDougall*, *supra* at para. 46). Accordingly, Staff must prove its allegations on a balance of probabilities based on clear, convincing and cogent evidence.

E. EVIDENCE PRESENTED

1. Overview of the Alleged Misconduct

Purchase by Investors of Bradon Shares through German

[26] From December 28, 2007 to April 20, 2011, German purported to sell Bradon shares to at least 46 investors for an aggregate purchase price of $1,755,505.68. In almost all cases, the shares were sold by German to investors at a price of $5.00 per share (there was one transaction at $2.50 per share and one at $1.00 per share). Except as otherwise noted in paragraph [29] below, contemporaneously with such sales, German subscribed for Bradon shares at $1.00 per share.

[27] During the Material Time, German subscribed for 748,000 Bradon shares in 26 separate transactions. Those Bradon shares were issued and registered in German's name.

[28] While Ensign received an aggregate of $1,755,505.68 from investors as consideration for the purchase of German's Bradon shares, only $808,000 was used by German to subscribe for Bradon shares. As for the remaining $947,505.68, an aggregate of $125,000 was returned by Ensign and German to five investors (which included WC and JS's sister) and the balance of $822,505.68 is unaccounted for.

[29] Investors understood that they were buying Bradon shares from German and that the full purchase price was going to Bradon. It is clear on the evidence that, as investors purchased Bradon shares from German, German would aggregate or pool those investments and then apply a portion of the funds to acquire a similar number of Bradon shares, in his name, at a price of $1.00 per share (I note that German purchased Bradon shares at a price of $2.50 a share on his last four purchases). The Bradon shares owned by German were subject to resale restrictions under Ontario securities law and could not be transferred or resold without the approval of the Bradon board of directors. The latter restriction was contained in Bradon's charter and was reflected on the share certificates for Bradon shares. None of the Bradon shares owned or acquired by German were actually transferred to or registered in the name of investors. Compta testified that Bradon was never requested by German to issue any Bradon shares to investors.

[30] German directed investors to pay the purchase price of the Bradon shares to Ensign for deposit in an Ensign bank account.

[31] German solicited investors to purchase Bradon shares from him. Those investors included German's friends, business acquaintances or contacts, and individuals referred to him by other investors in Bradon shares purchased from German. German told investors that Bradon was about to be acquired by a major technology company either imminently or within 60 to 90 days and that investors would profit immensely once a deal was completed (see, for instance, the investor testimony in paragraphs [55] and [66] of these reasons). Investors were led to believe that such a transaction was only a matter of time.

The Share Purchase Agreements

[32] In purchasing Bradon shares through German, investors would enter into a one-page "private share purchase agreement" on Ensign letterhead which defined "Ensign" as Ensign or German. The agreements stated that German "has agreed privately" to grant the investor an option to purchase the relevant Bradon shares and that upon execution of the agreement, "Mr. German will instruct BTI to register the shares pursuant to the direction of [blank]." As noted above, German was the registered shareholder of the Bradon shares purported to be sold to investors.

[33] The share purchase agreement also stated that:

> Bradon Technologies Inc. (BTI) is a private Ontario Registered software company that has developed proprietary software, algorithms, branded products and clients for interactive business and consumer communications. It has approximately 8,300,000 shares outstanding (fully diluted). BTI is currently involved in senior level negotiations and due-diligence reviews with several of its clients/strategic partners with an anticipated sale of all its assets (including: patents, copyrights, software, brands and intellectual properties) within the next 60 – 90 days.

Not all of the agreements contained the words "within the next 60-90 days". Nineteen of the 34 purchase agreements entered into by the investor witnesses included the "within the next 60-90 days" language. All of the investor witnesses testified that German represented to them that a sale of Bradon or its technology was imminent or anticipated within 60 to 90 days.

[34] Almost all of the share purchase agreements entered into by the investor witnesses included a buy-back option which stated that "[t]he purchaser [blank] has until [blank] to elect to provide thirty days' notice to Ensign to exercise a "buy back" option of the shares at the transaction price." Only six share purchase agreements entered into by the investor witnesses had the buy-back option completely filled out (that is, with the name of the investor and the date by which the buy-back option was to be exercised), and two of the share purchase agreements did not contain the buy-back option language.

[35] As noted above, investors thought they were buying Bradon shares under these agreements. The agreements were signed by German, with "Ensign Corporate Communications Inc." below his name. With the exception of two agreements, all of the agreements entered into by the investors who testified indicated that Compta was "cc'd" on them.

[36] German stated in an e-mail dated June 26, 2009 sent to an investor that:

> "You are invested in Bradon Technologies … I have notified Joe [Compta] that shares have been assigned to various parties … You own the stock because I have assigned the stock to you from my position …"

Purchases through German

[37] In these reasons, when I refer to the purchase by investors of Bradon shares from or through German, I am referring to the purported purchase of Bradon shares by investors under the share purchase agreements entered into between Ensign (defined as Ensign and German) and the investors. It is clear to me that these agreements purported to reflect a sale by German of Bradon shares to investors. Compta and Bradon took the position that investors did not, through these agreements, become shareholders of Bradon. That is undoubtedly true as a legal matter. Compta also submitted that the purchase agreements related to Ensign and not Bradon shares. I do not accept that submission (see the discussion commencing at paragraph [207] of these reasons). In any event, German would aggregate or pool the funds from investor purchases and directly subscribe for a similar number of Bradon shares contemporaneously with the purchases by investors. By contemporaneously, I mean within a relatively short time period after the purchases by investors. There is no allegation that such issuances of Bradon shares to German were contrary to Ontario securities law. The allegations relate to German's resale of his Bradon shares.

Alleged Misrepresentations by German

[38] German told investors that the full amount of the purchase price of the Bradon shares would go to Bradon and would be used by Bradon to cover Bradon's operating expenses, such as the salaries of software developers, and in connection with the sale of Bradon or its technology. German described himself as a friend of Compta's and represented to investors that he had been working as an advisor to Bradon. German discouraged investors from directly contacting Compta or Bradon.

[39] It is alleged by Staff that German knowingly made numerous misrepresentations to investors in order to induce them to purchase Bradon shares from him. Those misrepresentations included that Bradon was actively involved in the negotiation of the sale of Bradon or its technology and that a transaction was imminent or anticipated within 60 to 90 days (see the discussion commencing at paragraph [171] of these reasons). It is alleged that in his dealings with investors, German continued to make misrepresentations to, and to deceive, investors over the Material Time on conference calls and through other communications. Those representations induced investors to make repeated purchases of Bradon shares from German.

Compta's Involvement

[40] Compta had limited direct dealings or communications with investors through German and, except as otherwise described in these reasons, did not directly solicit any investments by them in Bradon shares. He did, however have communications directly with at least two of the investors who testified (i.e. PB and WC) and he signed and provided to German a Bradon letter that indicated, among other things, that German had agreed to provide Bradon with advice, including the provision of financial advice in support of the sale of Bradon's assets and the "securing of other potential investors" in Bradon (see paragraph [212] of these reasons).

Bradon is a Start-up Company

[41] Bradon is a start-up company that has never generated substantial revenues and has consistently suffered losses. Bradon's operations have been funded through shareholder loans and the issuances of Bradon shares.

[42] I was provided with the Bradon unaudited financial statements for the years ended June 30, 2011, 2010, 2009 and 2008. Although none of these financial statements were audited, it appears that the 2008 and 2009 financial statements were prepared by an external accountant and that the financial statements for 2010 and 2011 were prepared internally.

[43] Based on these financial statements, it appears that in 2008 Bradon used more cash for its operating activities than it generated, by approximately US $218,894. Staff's Senior Forensic Accountant, Michael Ho ("**Ho**"), testified that Bradon's income statement for that year reflected no sales, total revenue of US $20, and a net loss, after taxes.

[44] Similarly, in 2009, Bradon had negative cash flow of approximately US $246,512. The income statement for 2009 shows that Bradon had total sales of US $20,571.

[45] In 2010, Bradon's income statement for the year shows revenue generated in the amount of US $5,298.17 and an overall net loss of US $55,567.87 before taxes. In 2011, Bradon had no revenue and a net loss of US $258,416.03.

[46] Ho testified that because Bradon is a start-up company, its financial performance and financial statements are not unusual.

Losses by Investors

[47] Except as noted in paragraph [180] of these reasons, investors have not received back from German or Ensign any of the funds paid by them for Bradon shares. It appears that investors have all suffered a complete loss of their investment. Some of them have lost their life savings.

[48] In letters dated October 4, 2011 and December 15, 2011, Compta and Bradon advised investors that in the event that there are any Bradon shareholder distributions as a result of the sale of Bradon or its technology, Bradon would hold in trust for investors any amounts otherwise payable to German as a Bradon shareholder or interplead such amounts to the credit of investors pursuant to any outstanding litigation, until any claims by investors against German are resolved.

2. Staff's Witnesses

[49] Staff called the following seven witnesses:

(a) two members of Staff: Ho and Louisa Fiorini ("**Fiorini**"), Staff Investigator; and

(b) five individuals who were investors in Bradon through German: JS, WC, DY, PB, and RM.

[50] All the parties agreed that the transcripts of compelled interviews of the Respondents would be filed as exhibits and form part of the evidence in this matter. Staff also relied on the transcript of a voluntary interview of Compta given to a detective of the Kawartha Lakes Police.

[51] The testimony of the investor witnesses is summarized below.

[52] In order to protect the privacy of the investor witnesses, they are referred to in these reasons by their initials. Staff was also instructed to provide a redacted version of the record in accordance with the Commission's *Practice Guideline – April 24, 2012 – Use and Disclosure of Personal Information in Ontario Securities Commission's Adjudicative Proceedings*.

JS's Testimony

[53] JS is an Ontario resident who met German at a health trade show. She is a relatively unsophisticated investor of limited means. In 2008, German solicited JS to buy shares in Bradon as a good opportunity to regain some of the money that JS had previously lost in other investments. German told JS that he was assisting Bradon in the sale of its technology to a major technology or telecommunication company.

[54] German told JS that Bradon had developed software that was highly sought after by IBM and other major companies and that JS would make a substantial return on her investment. German stated that Bradon shares were being sold for a purchase price of $5.00 per share but had the potential to reach $130 per share once Bradon completed a transaction. JS was told that Bradon shares could only be bought through German and in $25,000 blocks. German also told JS that he would guarantee the investment and would return the funds at the purchase price paid by JS at any time at her request. JS testified that the buy-back option applied until Bradon or its assets were sold.

[55] JS testified that German told her a sale of Bradon or its technology to IBM was imminent and that a transaction was going forward very quickly and that by investing, she would be able to get in just before the sale was going to happen. JS was also told during a conference call with other investors that IBM had signed a letter of intent to acquire Bradon (see paragraph [175](b) of these reasons). JS testified that, based on these representations made by German with respect to the sale of Bradon or its technology, JS felt very secure about her investment and would have invested more money if she had more funds available to do so. She was told by German to keep all of this information confidential including that she made any investment in Bradon shares.

[56] JS made her first purchase of Bradon shares from German on or about November 5, 2008 for $25,000. Over the period from December 12, 2008 to May 6, 2010, JS made five further investments aggregating $70,000. Accordingly, JS paid a total of $95,000 to Ensign for the purchase of 19,000 Bradon shares at a price of $5.00 per share.

[57] JS introduced other family members to German for the purchase of Bradon shares. One of JS's sisters invested $225,000 consisting of all of her retirement savings, and another sister invested $100,000.

[58] JS testified that in conference calls with investors, German would provide updates as to Bradon's business and the progress on the sale of Bradon or its technology. On one of those calls, German stated that several major technology companies had signed up to deliver the SAViiDesk software to their customers and that potential subscribers could surpass 600 million. I note that there is no evidence supporting any of these statements made by German.

[59] JS testified that at one point she was asked by a personal friend of German's to forward an e-mail to investors regarding a meeting to be held at the Marriott Hotel on Wednesday, October 21, 2009 for the purpose of assisting investors to invest the windfall that would arise from their investment in Bradon shares. The e-mail stated that:

> Dear Bradon investors, we have been fortunate enough to be involved in this venture and to have the prospect of significant returns on our investment. I [German's personal friend] have been in the

> financial planning industry for 15 years and know from experience it is prudent to make plans in advance so that when you receive the windfall, as Tim [German] stated, you know what you are going to do. Without that planning, you will likely have a multitude of people contacting you from banks, et cetera, wanting to give you advice and pressuring you to do something immediately … The meeting will be held on Wednesday, October 21, 2009, at the Marriott Hotel".

[60] JS testified that she also received a letter on Bradon letterhead signed by Compta, dated December 16, 2009, about the relationship between German and Compta (see paragraph [212] of these reasons). JS said that letter made her feel secure about her investment. JS also testified that she was told by German not to contact Compta directly. The only time JS contacted Compta directly was in July 2011, when she could not find or reach German. She was worried, so she got in touch with Compta by phone, who informed her that he was not aware of German's activities in selling Bradon shares.

[61] JS testified that she and her family members have invested substantially all of their financial resources in Bradon shares. The funds came from their retirement savings, other savings, loans that were taken out, as well as money from other investments.

[62] JS testified that she is distraught from losing these funds and the circumstances have severely strained JS's relationship with the other members of her family. One of JS's sisters did receive $25,000 of her investment back from German. That sister had expressed concerns with the investment and German told JS that he did not like how her sister conducted herself during one of the investor conference calls. As a result, German gave her back $25,000 of her investment. According to JS's testimony, German had to take out a mortgage on his farm to pay her.

[63] JS is a plaintiff in a civil action commenced against Compta, Bradon, German and Ensign. JS has not to date recovered any money from that proceeding or otherwise in connection with her purchase of Bradon shares through German.

WC's Testimony

[64] WC is a resident of Toronto who is self-employed and is an unsophisticated investor. She first met German at a Christmas party in 2007. WC did some work for a company called Revolution Rotary Engines Inc. ("Revolution Rotary"), for which German was the President.

[65] In May 2008, WC made an investment of $300,000 in Revolution Rotary. That investment was very quickly lost.

[66] WC heard about Bradon through German. German explained that he was a consultant for Bradon and that Bradon's products would be a game-changer. German offered WC the opportunity to invest in Bradon to recover the money she lost from the investment in Revolution Rotary. WC was told by German that Bradon's share price would likely increase from $5.00 per share to $150 or $200 per share upon a sale of the company or its technology. WC was told by German that such a sale was "happening within probably likely [sic] 30 days, because it was at the very, very final stage" (Transcript, December 5, 2014 at page 93, lines 12-14).

[67] WC made her first purchase of Bradon shares on November 24, 2008 for $30,000. Over the period from December 1, 2008 to May 8, 2009, WC made four further investments aggregating $318,030. All of WC's purchases were made at $5 per share.

[68] WC also purchased 6,008 Bradon shares from German on behalf of her sister.

[69] WC asked German many times to meet Compta. German always discouraged such a meeting saying Compta was too busy. German indicated to WC and other investors, however, that German met regularly with Compta to discuss Bradon. WC eventually became concerned about her investment and wanted to confirm with Compta, among other things, what happened to her money and whether it had gone to Bradon.

[70] In November 2009, WC contacted Compta directly and requested a meeting (see the discussion commencing at paragraph [202] of these reasons). She did that without German's knowledge. WC testified that she met Compta at Bradon's offices on November 23, 2009 and they went to a coffee shop nearby. WC testified that she told Compta the amount of her investment in Bradon shares and that a goal of the meeting was to see for herself that he and Bradon existed. She also wanted to find out what had happened to the money she had invested. *WC testified that Compta told her that there was an arrangement whereby German found investors for Bradon who would then invest in Bradon shares through German.* This way, Compta only had to deal with German. One of the reasons for this arrangement was to avoid adding shareholders directly in Bradon who would then have to be included in the 50 investor limit imposed by the private issuer prospectus exemption under securities law. In this respect, WC testified that she was told by Compta that the strategy was to maintain Bradon as a private company "so they would not go over 50 investors. So it is a lot easier if [German] finds people, he gets money and people under [German] … and he [Compta] only has [German] as an investor" (Transcript, December 5, 2014 at page 128 lines 7-15). Compta told WC that Bradon already had 47 registered shareholders. As a result, WC's investment was under or through German and she was

not officially a Bradon shareholder. WC testified that Compta told her that she could not become a direct Bradon shareholder and that, since her money had come in through German, she would have to continue her investment in that manner. WC also testified that Compta confirmed that the price of the Bradon shares was $5.00 per share. According to WC, Compta responded "that's right" when WC stated the $5.00 share price.

[71] WC's notes, prepared later, of her interaction with Compta state the following:

> [Compta] said that it's also to the company's best interest to be remained [sic] under 50 investors due to tax issues. He explained that if the company had gone over 50 investors then it would have to go public. Once a company has gone public, things would be very complicated, including the way the tax was to be done.
>
> …
>
> He explained that due to this reasons [sic], [German] helped raise money by finding investors and but would only go under [German's] name, which, he said, had been working out very well.

[72] At the meeting, WC showed Compta a one-page share purchase agreement dated February 9, 2009 that she had entered into with Ensign in making one of her investments in Bradon shares. The day after the meeting, WC sent Compta an e-mail that said she had invested $348,040 in Bradon shares and that "it is peace of mind that my investment is left in good hand [sic]". Compta responded that he would keep WC in the loop and that their communication channel would be kept confidential.

[73] The testimony of WC and Compta conflicts in material respects with respect to what Compta said to WC at the meeting about her investment (see the discussion commencing at paragraph [202] of these reasons).

[74] WC made further purchases of Bradon shares following the November 23, 2009 meeting with Compta. On February 4, 2010, WC invested a further $15,000 in Bradon shares through German. She made a further investment on March 1, 2010 for $14,000. WC testified that those investments were made at a price of $5.00 per Bradon share. WC also testified that she wanted to exercise the buy-back option to the extent of $50,000; however, German talked her into only obtaining $25,000 of her investment back.

[75] WC testified that she has no money left and is in substantial debt having liquidated all of her retirement savings, life insurance and other savings and used a line of credit to invest in Bradon shares. She testified that this has had a very devastating effect on her and her family.

DY's Testimony

[76] DY is an Ontario resident who has been a financial advisor for approximately 14 years. DY heard of German through another financial advisor who had bought shares in Bradon. DY made his first investment through German shortly after attending a seminar held by German for Bradon investors. DY testified that German offered him the opportunity to invest in Bradon because an existing shareholder wanted to sell their shares.

[77] DY made his first purchase of Bradon shares through German in October, 2009 for approximately $50,000. In December 2009, DY made two further purchases: one for himself in the amount of $25,000 and another on behalf of a family member for $25,000. In each case, the price paid was $5.00 per Bradon share. DY's third purchase was made in June, 2010 for approximately $25,000 at $2.50 per share and his final purchase was made in November, 2010 for $6,000 at $1.00 per share. DY made a total investment of $131,000 in 36,000 Bradon shares.

[78] DY testified that he requested Bradon share certificates in his name from German but he never received any such certificates.

[79] DY called Compta directly on January 28, 2011 after German had said that Bradon had won an IBM award for its technology, when in fact it appeared to DY that Bradon had not. He testified that he told Compta that he was a Bradon shareholder. Compta told DY that he was not a Bradon shareholder and that he was invested in Ensign. DY testified that Compta told him that only Compta was authorized to sell Bradon shares. Compta also told DY that Bradon did not win any IBM award and that Bradon was in talks to sell but he had no idea when a sale would occur. DY testified that, after this discussion with Compta, he met German on February 8, 2011 and German explained that investors invested through German because Bradon wanted to limit the number of its shareholders and couldn't have more than 50. As a result, German owned the Bradon shares but he could assign them to other investors. DY was upset because he thought he owned Bradon shares throughout. However, DY indicated that he was prepared to wait to get his money back and he did not want to exercise the buy-back option.

[80] DY testified that he has lost all of the money he invested in Bradon. He said that has caused him great distress.

PB's Testimony

[81] PB is an Ontario resident who is self-employed. PB heard of German through a friend and was told that German was offering an investment opportunity in Bradon shares. PB testified that he did some business due diligence with respect to Bradon and its software. As part of that due diligence, on October 26, 2009, PB sent Compta the e-mail discussed commencing at paragraph [196] of these reasons and received the response from Compta referred to in paragraph [198] of these reasons.

[82] As a result of the e-mail exchange with Compta, PB purchased Bradon shares through German on November 3, 2009 for $14,985 and made a second purchase on November 19, 2010 for $2,485. The purchase price of the shares was $5.00 per share for the first purchase and $1.00 per share for the second purchase. His total investment of $17,470 has not been returned to him.

RM's Testimony

[83] RM is an Ontario resident who is self-employed. He is not a sophisticated investor. RM was introduced to German through another investor. RM made approximately 19 purchases of Bradon shares through German over the period from December 2008 to November 2010. His total investment is $76,000. The purchases were made at $5.00 per share, with the exception of one purchase made at $2.50 per share and one made at $1.00 per share.

[84] RM also facilitated investments in Bradon shares for approximately 12 people, in respect of whom German executed 26 purchase agreements between December 5, 2008 and December 9, 2009, for an aggregate of $41,750. RM testified that he has personally paid some money back to the friends he introduced into the investment, but that no money has been returned to him by German or Ensign. RM testified that these circumstances are a tragedy and that many of the investors' families have been severely and adversely affected by the investment in Bradon shares.

3. Respondents' Testimony

[85] German did not call any witnesses and chose not to testify.

[86] Compta did not call any witnesses, but he did testify.

[87] Compta testified how he got involved in the technology field. He said that he bought the intellectual property of Telum International and incorporated a new company, Bradon Technologies Ltd., to develop that technology. Compta owns 2.2 million Bradon shares representing approximately 23% of the outstanding shares. He says that he has invested his life savings in Bradon.

[88] Compta testified that third party investors made their first purchases of Bradon shares on March 18, 2004. He testified that, in the case of each investment, his lawyer would prepare the subscription agreement and issue the shares. He testified that these investors invested under the private issuer exemption of securities law, which permits a company to raise funds from up to 50 investors. He said that he wanted to keep Bradon a private company.

[89] Compta met German in late 2002 or early 2003 through a customer. Compta testified that he did not have a prior relationship with German and that he felt that German had knowledge of the technology sector. Compta and German became friends. Compta testified that he trusted German.

[90] Compta testified that German invested $20,000 in Bradon shares on December 31, 2007. Following this investment, German took an interest in Bradon and began to look closely at Bradon's expenses and how much Bradon would need to continue operations. Compta told German that he wanted to try to raise funds from two or three investors for half a million to a million dollars. German said that he would provide money to cover Bradon's monthly expenses, but in tranches rather than one large lump sum. Compta said that he told German that existing shareholders of Bradon could not trade or sell their Bradon shares. Compta testified that German never introduced a Bradon investor directly to him during the Material Time and that Bradon was never asked by German to issue any Bradon shares to investors.

[91] Compta testified that, by May 2010, he began to realize that German's investments in Bradon shares were actually being funded from a number of different investors that had purchased Bradon shares from German.

[92] Compta testified that he did not directly solicit any investors to invest in Bradon through German and that he had very limited contact or involvement with any of those investors. He testified that whatever arrangement those investors may have had was with German and Ensign and not Compta or Bradon.

[93] Compta testified that he received the e-mail from PB referred to in paragraph [196] of these reasons. He testified that he did not understand that PB's e-mail referred to new investments by investors in Bradon shares through German. He understood that either PB knew some of the approximately 47 existing shareholders of Bradon or that he knew people that

German was intending to bring to Compta to invest in Bradon. He said that he understood that German was offering to introduce potential investors to Bradon to purchase shares from Bradon directly.

[94] Compta acknowledged that he met with WC on November 23, 2009 and that she showed him one of her share purchase agreements. Compta testified that he was confused by the agreement and that, based on his quick review of the agreement, it related to a sale of Ensign, and not Bradon shares to WC. Compta also testified that he made the statements to WC at that meeting set out in paragraph [203] of these reasons.

[95] Compta testified that he emphatically told German on more than one occasion that German couldn't sell his Bradon shares. Compta also stated that he did not know what representations were being made by German to investors. He testified that he would not have said that a transaction to sell Bradon or its technology was imminent or anticipated within 60 to 90 days. *In fact, he stated that there were no negotiations ever underway to sell Bradon or its technology to a major technology company and that no letter of intent to do so was ever entered into.* He testified that Bradon was talking to different major companies (such as IBM, Microsoft, etc.) to allow them to evaluate Bradon's technology and to assess whether it was a fit for them and their customers. For that purpose, Bradon had entered into a number of vendor partnership agreements with such organizations. Compta was not, however, negotiating a purchase of Bradon or its technology. Further, Compta testified that he would never predict the outcome of any such discussions and that he would never have given investors information about such discussions.

[96] Compta testified that during the Material Time, Bradon received an aggregate of $808,000 from German and, in return, Bradon issued 748,000 Bradon shares to German. Those shares were issued in at least 26 separate transactions over that period.

[97] Compta testified that he did not receive any salary or payments of his expenses from Bradon. The funds received from German were used by Bradon for its operating expenses. Compta stated at the conclusion of his testimony that Bradon was still in existence and that third party companies (unnamed) were continuing to look at acquiring Bradon's technology and that Bradon could have a deal done in the first part of 2015.

4. Credibility

[98] Some of Compta's testimony conflicts in material respects with the testimony of the investor witnesses or is inconsistent with documentary evidence. Compta's contradictory evidence includes what he testified that he said to WC at the meeting on November 23, 2009 (see paragraph [203] of these reasons). I note that because German did not testify at the hearing, there is no corroboration by German of Compta's testimony related to the events at issue in this matter.

[99] In *McDougall*, the Supreme Court of Canada stated that in cases where there is conflicting or inconsistent testimony and where the trier of fact is deciding whether a fact occurred on a balance of probabilities:

> … provided the judge has not ignored the evidence, finding the evidence of one party credible may well be conclusive of the result because that evidence is inconsistent with that of the other party. In such cases, believing one party will mean explicitly or implicitly that the other party was not believed on the important issue[s] in the case.
>
> (*McDougall*, *supra* at para. 86)

[100] In *Springer v Aird & Berlis LLP* (2009), 96 OR (3d) 325 ("***Springer***"), the Court considered the credibility of a party witness and, citing the British Columbia Court of Appeal in *R v Pressley* (1948), 94 CCC 29 (BCCA), stated that:

> The most satisfactory test of judicial truth lies in its harmony with the preponderance of probabilities disclosed by the facts and circumstances in the conditions of the particular case.
>
> (*Springer*, *supra* at para. 14)

[101] The Commission has applied this principle from *Springer* in *Re Doulis* (2014), 37 O.S.C.B. 8911 at paras. 266-272, *Re Suman* (2012), 35 O.S.C.B. 2809 at paras. 314-315 and most recently in *Re Phillips and Wilson* (2015), 36 O.S.C.B. 617 at para. 225. In *Doulis*, the respondent Doulis' testimony was internally inconsistent and it conflicted with the testimony of Staff's investor witnesses. The panel attached greater weight to the testimony of investor witnesses and to evidence that was corroborated by other evidence, including documentary evidence.

[102] In considering the credibility of Compta, I have applied the principles referred to in paragraphs [99] to [101] above. The evidence of each of the investor witnesses in this matter was consistent with the evidence given by the other investor witnesses and was corroborated by other evidence such as the terms of the share purchase agreements entered into by German and Ensign with investors, e-mails, and investors' notes of various statements made by German or Compta. I have generally accepted the evidence of the investor witnesses when it conflicted with Compta's testimony. Compta's testimony was at times at

odds with the documentary evidence on key points and some of his testimony was inconsistent with his compelled testimony. I have indicated in these reasons where I take direct issue with or reject Compta's testimony.

5. Agreed Facts

[103] Compta and Bradon submitted an Agreed Statement of Facts and Respondents' Admissions (the "**Agreed Statement**") which admitted paragraphs 7 to 12 and 27 of Staff's Statement of Allegations. Among other matters, the Agreed Statement acknowledges that during the Material Time, German purchased 748,000 Bradon shares in his own name for $808,000 and that the funds German paid to Bradon were used to pay the company's operating expenses.

F. DID GERMAN AND ENSIGN TRADE IN SECURITIES WITHOUT REGISTRATION?

1. Applicable Law

September 2009 Amendments to Section 25 of the Act

[104] Staff alleges that during the Material Time, German and Ensign breached subsections 25(1)(a) of the Act as that section read prior to September 28, 2009, and subsection 25(1) of the Act as that section read thereafter.

[105] Prior to September 28, 2009, subsection 25(1)(a) of the Act read as follows:

> 25. (1) No person or company shall,
>
> (a) trade in a security or act as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer...
>
> ...
>
> and the registration has been made in accordance with Ontario securities law and the person or company has received written notice of the registration from the Director and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions.

[106] Effective September 28, 2009, subsection 25(1) was amended to read as follows:

> 25. (1) Unless a person or company is exempt under Ontario securities law from the requirement to comply with this subsection, the person or company shall not engage in or hold himself, herself or itself out as engaging in the business of trading in securities unless the person or company,
>
> (a) is registered in accordance with Ontario securities law as a dealer; or
>
> (b) is a representative registered in accordance with Ontario securities law as a dealing representative of a registered dealer and is acting on behalf of the registered dealer.

[107] Both of these provisions at their core prohibit trading in securities by a person without registration under the Act. Accordingly, I must first determine whether German and Ensign traded in a security. The principal difference between these provisions is that current subsection 25(1) of the Act prohibits a person from engaging in or holding himself, herself or itself out as engaging in the *business of trading* in securities. Accordingly, in order to find a contravention of current subsection 25(1), I must also find that German and Ensign engaged in or held themselves out as engaging in the business of trading in securities.

Trading in Securities

[108] Both the predecessor provision and current subsection 25(1) of the Act refer to a trade or trading in a security. The terms "trade" or "trading" are defined in an inclusive manner by subsection 1(1) of the Act as follows:

> "trade" or "trading" includes,
>
> (a) any sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security …
>
> …, and

> (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

Trading

[109] Decisions considering whether acts are in furtherance of trading reflect a contextual approach that examines the totality of the conduct and the setting in which it occurs. The primary focus is on the intended effect of the acts on those at whom they are directed, and on the proximity of the acts to an actual or potential trade in securities (*Richvale Resource Corp. (Re)* (2012), 35 O.S.C.B. 4286 at para. 69 ("***Richvale***"); and *Momentas Corp. (Re)* (2006), 29 O.S.C.B. 7408 at para. 77 ("***Momentas***")).

[110] In previous decisions, the Commission has found that a variety of activities constitute acts in furtherance of trading, including:

(a) preparing and disseminating promotional materials describing investment programs, including posting materials and information on websites (*Richvale*, *supra* at paras. 70, 79-80; *Momentas*, *supra* at para. 80; and *First Federal Capital (Canada) Corp. (Re)* (2004), 27 O.S.C.B. 1603 at paras. 45-46);

(b) accepting money from investors for the purchase of shares and depositing investor cheques in a bank account (*Limelight Entertainment Inc., (Re)* (2008), 31 O.S.C.B. 1727 at para. 133 ("***Limelight***"));

(c) providing potential investors with share purchase agreements to sign;

(d) issuing and signing share certificates; and

(e) meeting with individual investors.

(See *Momentas*, *supra* at para. 80)

[111] The Commission has held that its existing jurisprudence with respect to trading and acts in furtherance of a trade continues to apply in determining whether a person has engaged in the business of trading under current subsection 25(1) of the Act (*Hibbert (Re)* (2012), 35 O.S.C.B. 8583 at paras. 71-72 ("***Hibbert***"); and *Richvale*, *supra* at paras. 66-71, 79-80, 84-87 and 90).

The Business Trigger

[112] Section 1.3 of Companion Policy 31-103CP to OSC Rule 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* provides the following guidance with respect to when a person is engaging in the business of trading in securities:

> **Business trigger for trading and advising**
>
> We refer to trading or advising in securities for a business purpose as the "business trigger" for registration.
>
> We look at the type of activity and whether it is carried out for a business purpose to determine if an individual or firm must register. We consider the factors set out below, among others, to determine if the activity is for a business purpose. For the most part, these factors are from case law and regulatory decisions that have interpreted the business purpose test for securities matters.

[113] The policy goes on to identify the following factors as relevant in determining whether a person is trading in securities for a business purpose. A person is trading or advising for a business purpose where the person is:

(a) engaging in activities similar to a registrant;

(b) intermediating trades or acting as a market maker;

(c) directly or indirectly carrying on the activity with repetition, regularity or continuity;

(d) being, or expecting to be, remunerated or compensated; and

(e) directly or indirectly soliciting.

[114] The policy notes that these factors are not exhaustive and that no one factor on its own may determine whether a person is in the business of trading or advising in securities.

2. Discussion

Registration

[115] Registration is an essential element of the securities regulatory regime under the Act for achieving the objective of protecting investors from unfair, improper or fraudulent practices (subsection 1.1(a) of the Act) (*Limelight*, *supra* at para. 135).

[116] Section 25 is a cornerstone of the Act because through the registration requirement, the Commission attempts to ensure that those who engage in trading securities meet necessary proficiency requirements, are of good character and satisfy appropriate ethical standards (*First Global Ventures* (2007), 30 O.S.C.B. 10473 at para. 122 citing *Gregory & Co. v. Quebec (Commission des valeurs mobilieres)*, [1961] S.C.R. 584 at p. 4).

[117] Subsection 2.1.2(iii) of the Act indicates that a primary means of achieving the purposes of the Act include "requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants." Further, one of the principal obligations of a dealer is to ensure that securities sold to investors are suitable for them.

[118] Staff tendered into evidence certificates pursuant to section 139 of the Act with respect to German, Ensign, Compta and Bradon. Those certificates show that none of the Respondents were registered with the Commission during the Material Time.

Trading and/or Acts in Furtherance of Trades by German and Ensign

[119] The evidence shows that German and Ensign engaged in the following acts in furtherance of trades in securities:

(a) German contacted and solicited investors to purchase Bradon shares from him; at least 46 investors made investments in Bradon shares through German;

(b) at least 79 share purchase agreements were entered into with investors; those agreements were on Ensign letterhead and were signed by German;

(c) German told investors that a sale of Bradon or its technology was imminent or anticipated within 60 to 90 days;

(d) German told investors that they could expect the Bradon shares to increase in value from $5.00 per share to $130 to $150 per share after a sale transaction;

(e) almost all of the share purchase agreements entered into by the investor witnesses gave investors the option on 30 days' notice to require Ensign to buy back the shares at the transaction price paid by the investor (referred to in these reasons as the "buy-back option") (see paragraph [34] of these reasons);

(f) investors paid Ensign the purchase price for the Bradon shares purchased through German;

(g) Ensign received at least $1,755,505 for the purchase by investors of Bradon shares; and

(h) German provided investors with regular updates about their investment through conference calls and in-person meetings. During these updates, German continued to represent to investors that the sale of Bradon or its technology to a major technology company was imminent or anticipated within 60 to 90 days.

[120] I heard testimony from investors that they paid Ensign the following aggregate amounts for the Bradon shares purchased by them through German:

(a) JS paid $95,000;

(b) WC paid $377,030;

(c) DY paid $131,000;

(d) PB paid $17,470; and

(e) RM paid $117,750.

These were very substantial amounts for the investors who testified and, in the case of WC and JS, the amounts represented substantially all of their financial resources.

Trading and/or Acts in Furtherance of Trades by German

[121] There is no doubt that German and Ensign purported to sell Bradon shares to investors for valuable consideration. It is irrelevant that the sale to investors of those shares was not completed by the issue of Bradon share certificates. German and Ensign purported pursuant to the relevant purchase agreements to sell Bradon shares to investors and the investors paid valuable consideration (cash) for those shares.

[122] During the Material Time, German was the principal actor in soliciting investors to purchase Bradon shares from him. That solicitation was for a business purpose: that is, to encourage investors to purchase Bradon shares from him. Most of the Bradon shares were sold by German to investors for $5.00 per share while at substantially the same time German was purchasing Bradon shares for $1.00 per share (see paragraph [26] of these reasons). Accordingly, German and Ensign made a $4.00 profit on most of the Bradon shares sold to investors. In doing so, German was carrying on all of the activities referred to in paragraph [113] of these reasons, other than acting as a market maker.

[123] Based on the foregoing, it is clear that German and Ensign engaged in trades and acts in furtherance of trades in Bradon shares for a business purpose.

Possible Exemptions

[124] Once Staff has shown that a respondent has traded in securities without registration, the onus shifts to the respondent to establish that one or more exemptions were available (*Limelight*, *supra* at para. 142 and *Re Ochnik* (2006), 29 O.S.C.B. 3929 at para. 67). German and Ensign have not made any submissions with respect to potential registration or prospectus exemptions that could have been available during the Material Time and I am not aware of any exemptions that were available in the circumstances. To the extent that the accredited investor exemption might have been available as a registration exemption prior to September 28, 2009, I address that exemption at paragraph [138] below.

3. Findings

[125] Accordingly, I find that during the Material Time German and Ensign traded in securities in Ontario for a business purpose within the meaning of the Act. Neither German nor Ensign was registered in any capacity with the Commission and there were no registration exemptions available in connection with such trades. German and Ensign thereby repeatedly breached subsection 25(1)(a) of the Act as in force prior to September 28, 2009 and subsection 25(1) of the Act as in force on and after that date.

G. DID GERMAN AND ENSIGN ENGAGE IN ILLEGAL DISTRIBUTIONS OF SECURITIES?

1. Applicable Law

[126] Subsection 53(1) of the Act prohibits the distribution of securities unless a preliminary prospectus and prospectus with respect to those securities have been filed with the Commission and receipted by the Director under the Act. That section provides as follows:

> No person or company shall trade in a security on his, her or its own account or on behalf of any other person or company if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued for them by the Director.

[127] The relevant portion of the definition of "distribution" in subsection 1(1) of the Act states that:

> "distribution", where used in relation to trading in securities, means,
>
> …
>
> (f) any trade that is a distribution under the regulations.

[128] Subsection 73.7(1) of the Act provides that:

> The regulations may provide that the first trade in a security previously distributed under an exemption from the prospectus requirement is deemed to be a distribution unless it is carried out in accordance with the regulations.

[129] I heard evidence from Compta that the Bradon shares owned by German were distributed to him under the private issuer exemption in section 2.4 of NI 45-106. There were resale restrictions pursuant to National Instrument 45-102 – *Resale of Securities* ("**NI 45-102**") on the first trade by German of the Bradon shares owned by him.

[130] Section 2.4 of NI 45-102 states that a first trade in a security is subject to section 2.6 of that instrument if the security was distributed under any of the exemptions listed in Appendix E to that instrument. The private issuer exemption is an exemption listed in Appendix E to NI 45-102.

[131] Subsection 2.6(1) of NI 45-102 provides that a first trade in a security "specified by section 2.4" of NI 45-102 is a distribution within the meaning of Ontario securities law unless certain conditions are satisfied. One of those conditions is that the issuer is and has been a reporting issuer for a specified period. Bradon has never been a reporting issuer. Accordingly, any sale by German of his Bradon shares was a distribution for purposes of the Act that required the filing of a prospectus.

[132] I should add that because Bradon was not a reporting issuer, any resale of German's Bradon shares was a distribution regardless of the exemption relied upon for the original issue of those shares to him.

2. Discussion

[133] Subsection 53(1) of the Act provides a fundamental protection to investors because the prospectus requirement ensures that investors have sufficient information to properly assess the risks of an investment in a security and to make informed investment decisions. The Commission stated in *Limelight* that:

> The requirement to comply with section 53 of the *Securities Act* is important because a prospectus ensures that prospective investors have full, true and plain disclosure of information to properly assess the risks of an investment and make an informed investment decision. The prospectus requirements of the Act play a significant role in the overall scheme of investor protection. As stated by the court in *Jones v. F.H. Deacon Hodgson Inc.* (1986), 9 O.S.C.B. 5579 (H.C.) at 5590, "there can be no question but that the filing of a prospectus and its acceptance by the Commission is fundamental to the protection of the investing public who are contemplating purchase of the shares".
>
> (*Limelight*, *supra* at para. 139)

[134] Staff does not allege that the distribution of Bradon shares by Bradon to German was contrary to the Act. Rather, Staff alleges that German's purported resale of his Bradon shares to investors contravened the Act because those trades were distributions pursuant to subsection 2.6(1) of NI 45-102, which required the filing of a prospectus.

[135] German was issued 748,000 Bradon shares under the private issuer exemption pursuant to section 2.4 of NI 45-106. The first trade of those shares was subject to a resale restriction under subsection 2.6(1) of NI 45-102.

[136] No preliminary prospectus or prospectus was ever filed in respect of the Bradon shares purported to be resold by German during the Material Time. Therefore German's purported sales of his Bradon shares to investors were illegal distributions that contravened subsection 53(1) of the Act, unless an exemption was available.

[137] There is no evidence that German relied upon any exemption from the prospectus requirement for the resale of his Bradon shares. The onus is on a respondent to establish that an exemption was available in connection with a distribution of securities. German has failed to do so.

[138] I note that section 2.4 of NI 45-106 establishes a private issuer exemption which allows an issuer that is not a reporting issuer to distribute securities to not more than 50 persons (excluding current and former employees of the issuer or affiliates) who fall within certain categories. It was not contended that the sale by German of his Bradon shares to investors qualified under that exemption. I also note that section 2.3 of NI 45-106 provides a prospectus exemption if the purchaser is an "accredited investor" and is purchasing the security as principal. Based on their testimony, none of JS, WC, DY, PB or RM met the financial criteria for being an accredited investor. Accordingly, I am not aware of any prospectus exemption that would have been available to German in connection with the resale of his Bradon shares to investors.

3. Findings

[139] As discussed above, German and Ensign engaged in trades and acts in furtherance of trades in Bradon shares as defined in the Act. Further, the first trade by German of his Bradon shares to investors constituted a distribution of Bradon shares within the meaning of subsection 53(1) of the Act. No preliminary prospectus or prospectus was filed in connection with those distributions to investors and no prospectus exemptions were available. Accordingly, the purported sale by German of his Bradon shares to investors during the Material Time repeatedly breached subsection 53(1) of the Act.

H. DID GERMAN AND ENSIGN MAKE PROHIBITED REPRESENTATIONS TO POTENTIAL INVESTORS?

1. Applicable Law

[140] Subsection 38(1) of the Act states:

> 38(1) **Representations prohibited** – No person or company, with the intention of effecting a trade in a security, other than a security that carries an obligation of the issuer to redeem or purchase, or a right of the owner to require redemption or purchase, shall make any representation, written or oral, that he, she or it or any person or company,
>
> (a) will resell or repurchase; or
>
> (b) will refund all or any of the purchase price of,
>
> such security.

[141] The purpose behind prohibiting a representation as to the resale or repurchase of securities is to prevent an investor from being misled as to the risks associated with a purchase of a security. In *Hampton Court Resources Inc. (Re)*, 2006 ABASC 1345 at para. 169 ("***Hampton***"), the Alberta Securities Commission (the "**ASC**") states in relation to the equivalent subsection of the Alberta *Securities Act* that:

> The purpose of the provision, we believe, is twofold: to protect the particular investor to whom a representation might otherwise be directed; and to prevent conduct that could impair the fair and efficient operation of the capital market generally. The prohibition addresses representations that go to the risk associated with an investment. We discern from the prohibition a legislative intention that investors not be lured into making investment decisions on the basis of distorted appreciations of investment risk.
>
> (*Hampton*, *supra* at para. 169)

[142] The ASC also stated that Staff need not "prove actual harm, either to an identifiable investor or to the capital markets generally, whether as a result of distorted market information, a failure to follow through on the assurances represented, or otherwise" (*Hampton*, *supra* at para. 172).

[143] In Ontario, the Commission considered subsection 38(1) of the Act in *Global Partners Capita*l, (2010), 33 O.S.C.B. 7783 ("***Global***") where there was evidence that the respondents repeatedly told investors that their shares would be repurchased if the share price did not reach a specified level at the time of the company's initial public offer (*Global*, *supra* at paras. 195-196 and 204-207). The Commission stated that:

> For a breach of subsection 38(1), the Panel must be satisfied on the evidence that [the respondents] represented to investors that the shares sold to them would be repurchased or refunded for the purpose of effecting a trade in a security.
>
> (*Global*, *supra* at para. 194)

[144] In *Global*, the Commission found that the representations made were solely for the purpose of enticing investment in securities and that the respondents breached subsection 38(1) of the Act.

2. Discussion

[145] The evidence is clear that German made repeated representations to investors with the intention of selling his Bradon shares that he or Ensign would, at the election of the investor, repurchase the Bradon shares sold to the investor at the price paid for them. That obligation was an express provision of almost all of the share purchase agreements entered into between

Ensign and the investors who testified (see paragraph [34] of these reasons). I note that there were two share purchase agreements in evidence that did not contain the buy-back option.

[146] During his compelled interview, German admitted that he had offered the buy-back option to investors.

[147] JS and DY testified that this representation by German that he would buy back the Bradon shares at the full price paid for them had a "huge" impact on convincing them to invest. It is clear that the investors who testified were materially misled and lured into purchasing the Bradon shares on the basis of this representation. That buy-back option has not been honoured by German or Ensign. These circumstances are precisely why subsection 38(1) of the Act prohibits the making of such representations.

3. Finding

[148] Based on the foregoing, I find that German and Ensign repeatedly breached subsection 38(1)(a) of the Act by making a prohibited representation to investors with the intention of effecting sales by German of his Bradon shares to those investors.

I. THE LAW RELATED TO FRAUD

[149] Staff alleges that each of the Respondents committed fraud and engaged or participated in an act, practice or course of conduct relating to securities that the Respondents knew or reasonably ought to have known perpetrated a fraud on investors, contrary to section 126.1(b) of the Act and contrary to the public interest.

[150] Section 126.1(b) of the Act provides as follows:

> A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities or derivatives of securities that the person or company knows or reasonably ought to know,
>
> ...
>
> (b) perpetrates a fraud on any person or company.

[151] The Commission has recognized that fraud in relation to securities is "one of the most egregious securities regulatory violations" (*Re Al-tar* (2010), 33 O.S.C.B. 5535 ("***Al-tar***")).

[152] There is generally no requirement under Ontario securities law to prove that a respondent intentionally or knowingly contravened those laws. However, in order to establish a breach of section 126.1(b) of the Act, Staff must establish, on the balance of probabilities, that a fraud occurred and that the respondent knew or ought to have known of the perpetration of that fraud.

[153] Because "fraud" is not defined in the Act, the Commission has adopted the test for fraud established by the Supreme Court of Canada in *R. v. Théroux*, [1993] 2 S.C.R. 5 ("***Théroux***").

[154] In this respect, the Commission stated in *Al-tar*:

> Fraud is "one of the most egregious securities regulatory violations" and is both "an affront to the individual investors directly targeted" and something that "decreases confidence in the fairness and efficiency of the entire capital market system" (*Re Capital Alternatives Inc.* (2007), A.B.A.S.C. 79 at para. 308 citing D. Johnston & K. D. Rockwell, *Canadian Securities Regulation*, 4th ed., Markham: LexisNexis, 2007 at 420).
>
> The term fraud is not defined in the Act. Due to the recent introduction of the fraud provision in the Act, there are no decisions from the Commission interpreting this provision. However, we can draw out guidance and principles from criminal and administrative law jurisprudence and decisions from other securities commissions.
>
> The British Columbia Court of Appeal addressed the application of the substantially identical fraud provision in the British Columbia *Securities Act*, R.S.B.C. 1996, c. 418, as amended (the "BC Act") in *Anderson v. British Columbia (Securities Commission)*, 2004 BCCA 7 ("*Anderson*"). The Supreme Court of Canada denied leave to appeal the *Anderson* decision ([2004] S.C.C.A. No. 81).

In *Anderson*, the British Columbia Court of Appeal reviewed the legal test for fraud and relied on *R. v. Théroux*, [1993] 2 S.C.R. 5 ("*Théroux*"). In *Théroux*, Justice McLachlin (as she then was) summarized the elements of fraud as follows at paragraph 27:

> … the *actus reus* of the offence of fraud will be established by proof of:
>
> 1. the prohibited act, be it an act of deceit, a falsehood or some other fraudulent means; and
>
> 2. deprivation caused by the prohibited act, which may consist in actual loss or the placing of the victim's pecuniary interests at risk.
>
> Correspondingly, the *mens rea* of fraud is established by proof of:
>
> 1. subjective knowledge of the prohibited act; and
>
> 2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).

Section 126.1 of the Act has the identical operative language as the fraud provision in the British Columbia Act. In interpreting the fraud provision in the British Columbia Act and with respect to the mental element, the British Columbia Court of Appeal in *Anderson* stated at paragraph 26 that:

> … [the fraud provision of the BC Act] does not dispense with proof of fraud, including proof of a guilty mind. ... Section 57(b) [the fraud provision of the BC Act] simply widens the prohibition against participation in transactions to include participants who know or ought to know that a fraud *is being perpetrated by others, as well as those who participate in perpetrating the fraud.* It does not eliminate proof of fraud, including proof of subjective knowledge of the facts constituting the dishonest act, by someone involved in the transactions. (emphasis in original)

The British Columbia Court of Appeal in *Anderson* further explained at paragraph 29 that:

> Fraud is a very serious allegation which carries a stigma and requires a high standard of proof. While proof in a civil or regulatory case does not have to meet the criminal law standard of proof beyond a reasonable doubt, it does require evidence that is clear and convincing proof of the elements of fraud, including the mental element.

The British Columbia Court of Appeal approach to the legal test in the context of securities fraud as set out in *Anderson* was adopted in *Re Capital Alternatives Inc.*, 2007 ABASC 79, which was affirmed in *Alberta (Securities Commission) v. Brost*, [2008] A.J. No. 1071 (C.A.).

For a corporation, it is sufficient to show that its directing minds knew or reasonably ought to have known that the corporation perpetrated a fraud to prove a breach of section 126.1(b) of the Act.

(*Al-Tar*, *supra* at p. 214 to 221)

[155] The Commission has adopted substantially the same analysis in a number of decisions, including *Re Lehman Cohort* (2010), 33 O.S.C.B. 7041 at paragraphs 86 to 100; *Global*, *supra* at paragraphs 238-245; *Re Borealis International Inc.* (2011), 34 O.S.C.B. 777, at paragraphs 65 to 67; and *Richvale*, *supra* at paragraphs 102 to 105.

[156] The *actus reus* of fraud requires proof of a dishonest act involving "deceit, falsehood or other fraudulent means" which causes detriment or deprivation to a victim. A "deprivation" includes both an actual deprivation and the risk of prejudice to the victim's pecuniary or economic interests (*Théroux*, *supra* at para. 13).

[157] To prove the first two categories of dishonest acts, "deceit" or "falsehood," the Supreme Court stated, "all that need be determined is whether the accused, as a matter of fact, represented that a situation was of a certain character, when, in reality, it was not" (*Théroux*, *supra* at para. 15). For example, in *Théroux*, the Supreme Court upheld a fraud conviction and accepted the following conduct as dishonest acts involving deceit and falsehood:

> The trial judge found that the appellant deliberately lied to his customers, by means of verbal misrepresentations, a certificate of participation in the insurance scheme, and brochures advising

> that the scheme protected all deposits. The lies were told in order to induce potential customers to enter into contracts for the homes the appellant was selling and to induce them to give him their money as deposits on the purchase of these homes.
>
> (*Théroux*, *supra* at para. 38)

[158] For the third category of dishonest act, "other fraudulent means," the Supreme Court has held that the issue is to be "determined objectively, by reference to what a reasonable person would consider to be a dishonest act" (*Théroux*, *supra* at para. 14). The term is intended to encompass all means, other than deceit or falsehood, which can be properly characterized as dishonest.

[159] Omission or non-disclosure of important facts can fall under the category of "other fraudulent means." For example, in *Émond*, the Quebec Court of Appeal characterized the failure to disclose material facts as "a situation where, through his silence, an individual hides from the other person a fundamental and essential element … such as would mislead a 'reasonable person'" (*R v. Émond* (1997), 117 CCC (3d) 275 (Que CA) at 284 ("***Émond***")). Another case that has dealt with "other fraudulent means" is *R v. Zlatic*, [1993] 2 S.C.R. 29 at para. 18, where the Supreme Court of Canada stated that:

> … the third category of "other fraudulent means" has been used to support convictions in a number of situations where deceit or falsehood cannot be shown. These situations include, to date, the use of corporate funds for personal purposes, non-disclosure of important facts, exploiting the weakness of another, unauthorized diversion of funds, and unauthorized arrogation of funds or property …

[160] In "***Brost ASC***" (cited as *Re Capital Alternatives Inc.* 2007 LNABASC 47), the ASC found fraud based on the non-disclosure of important information to investors. In that case, the ASC held that the omission of material information in an offering memorandum (including what investors would be investing in, how their funds would be spent, and the risks of the investment) "conveyed a thoroughly misleading picture of what investors were buying into and what was happening with their money" which was "misleading, deceitful and fraudulent" (*Brost ASC*, *supra* at paras. 205-206, 209-215, 243-245, 258 and 264-265, aff'd, *Alberta Securities Commission v. Brost*, [2008] A.J. No. 1071 (C.A.) ("***Brost CA***") at paras. 12 and 42).

[161] In addition to the non-disclosure of important facts, "other fraudulent means" has also been held to include the unauthorized diversion of funds (*Théroux*, *supra* at para. 15, *Hibbert*, *supra* at paras. 90 and 91) and the unauthorized taking of funds or property (*Lehman*, *supra* at para. 90).

[162] The Supreme Court of Canada has stated that dishonesty connotes "an underhanded design which has the effect, or which engenders the risk, of depriving others of what is theirs" (*R. v. Zlatic*, *supra* at para. 32). The dishonesty lies in the "wrongful use of something in which another person has an interest, in such a manner that this other's interest is extinguished or put at risk." Use is wrongful in this context if it "constitutes conduct which reasonable decent persons would consider dishonest and unscrupulous" (ibid).

[163] The *mens rea* component of fraud is established by proof of (a) subjective knowledge of the prohibited act, and (b) subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist of knowledge that the victim's pecuniary or economic interests are put at risk) (*Théroux*, *supra* at para. 24).

[164] In *Théroux*, the requirement for subjective knowledge was described as follows:

> The test is not whether a reasonable person would have foreseen the consequences of the prohibited act, but whether the accused subjectively appreciated those consequences *at least as a possibility*. In applying the subjective test, the court looks to the accused's intention and the facts as the accused believed them to be …
>
> (*Théroux*, *supra* at para. 18) [emphasis added]

[165] The Supreme Court of Canada observed that subjective intent may be inferred from the acts themselves and that it is not necessary to show precisely what was in the mind of the accused at the time of the fraudulent acts:

> … The accused must have subjective awareness, at the very least, that his or her conduct will put the property or economic expectations of others at risk. As noted above, this does not mean that the Crown must provide the trier of fact with a mental snapshot proving exactly what was in the accused's mind at the moment the dishonest act was committed. In certain cases, the inference of subjective knowledge of the risk may be drawn from the facts as the accused believed them to be *... where the accused tells a lie knowing others will act on it and thereby puts their property at risk, the inference of subjective knowledge that the property of another would be put at risk is clear.*
>
> (*Théroux*, *supra* at para. 26) [emphasis added]

[166] Consistent with this principle, the Commission has held that "subjective awareness can be inferred from the totality of the evidence; direct evidence as to the accused's specific beliefs at the time of the fraudulent acts is not required" (*Re Nest Acquisitions and Mergers* (2013), 36 O.S.C.B. 4628 at para. 62; *Brost CA*, *supra* at para. 43).

[167] The inference of subjective knowledge is clear where an accused tells a lie knowing others will act on it and thereby puts their property at risk (*Théroux*, *supra* at para. 26). Subjective knowledge may also be established by showing that the respondent was "reckless" as to the conduct and the truth or falsity of any statements made (*Théroux*, *supra* at 23).

[168] A sincere belief or hope that no deprivation would ultimately occur does not vitiate fraud. The Supreme Court of Canada stated in *Théroux*:

> A person who deprives another person of what the latter has should not escape criminal responsibility merely because, according to his moral or her personal code, he or she was doing nothing wrong or because of a sanguine belief that all will come out right in the end. Many frauds are perpetrated by people who think there is nothing wrong in what they are doing or who sincerely believe that their act of placing other people's property at risk will not ultimately result in actual loss to those persons. If the offence of fraud is to catch those who actually practise fraud, its *mens rea* cannot be cast so narrowly as this.
>
> (*Théroux*, *supra* at para. 33)

[169] In order to establish a breach by a corporation of section 126.1(b) of the Act, it is sufficient to show that its directing mind knew or reasonably ought to have known that the corporation perpetrated a fraud (*Al-tar*, *supra* at para. 221).

J. DID GERMAN AND ENSIGN COMMIT FRAUD?

1. Discussion

[170] There was compelling evidence that established that German and Ensign engaged in fraud through an intentional, ongoing and extended course of conduct of deceit and falsehoods that caused substantial harm and deprivation to investors.

[171] During the Material Time, German made a series of misrepresentations to investors for the purpose of inducing them to purchase Bradon shares from him. The most material misrepresentations included that (i) the sale of Bradon or its technology was imminent or anticipated within 60 to 90 days, when no such transaction was actively being negotiated; (ii) all of the funds from the sale of German's Bradon shares to investors were going to Bradon, when they were not; (iii) the price of the Bradon shares was $5.00 per share when German was making substantially contemporaneous purchases of Bradon shares from Bradon at $1.00 per share; and (iv) German was permitted to sell his Bradon shares when he was not legally entitled to do so.

[172] Based on Compta's testimony referred to in paragraph [95] above, it is clear that a transaction to sell Bradon or its technology was never imminent or anticipated within 60 to 90 days. That was one of the key representations made by German upon which investors relied in purchasing Bradon shares from him.

[173] German also told investors that all of the funds they paid to Ensign were going to Bradon to fund its operating expenses and the ongoing development and marketing of its technology. In fact, German applied only $808,000 to purchase Bradon shares. Apart from $125,000 returned to investors (see paragraph [28] of these reasons), the remaining $822,505.68 that Ensign received from investors is unaccounted for. In almost all cases, German sold his Bradon shares to investors at a price of $5.00 per share (there was one transaction at $2.50 per share and one at $1.00 per share) when he was contemporaneously buying Bradon shares at $1.00 per share (however, German purchased Bradon shares for $2.50 per share on his last four purchases). German did not inform investors of these facts.

[174] German and Ensign clearly purported to sell Bradon shares to investors. Those shares were registered in German's name and were subject to resale restrictions under Ontario securities law and could be resold only if a prospectus was filed or a prospectus exemption was available. Neither of these requirements was met in connection with German's sales of his Bradon shares to investors. Further, the certificates for the Bradon shares also noted that "[t]here are restrictions on the right to transfer the shares represented by this Certificate". Bradon's Articles of Amendment dated August 27, 2004 stated that "[t]he right to transfer shares of the Corporation shall be restricted so that no shares shall be transferred without the previous consent of a majority of the directors of the Corporation expressed by a resolution passed at the meeting of the directors or by an instrument or instruments in writing signed by all of the directors". No such consent of directors was obtained for the sale by German of his Bradon shares to investors.

[175] The following are examples, based on investor testimony, of some of the other outright lies German told investors:

(a) German told investors that 14 companies were looking to buy Bradon's technology including IBM, Cisco, Oracle, RIM, HP, Dell, Microsoft, Google and Wells Fargo. This was untrue. Compta testified that this statement was not true and that, while some of these companies may have been evaluating Bradon's technology, there were never any negotiations related to the sale of Bradon or its technology;

(b) on April 27, 2009, German told investors on a conference call that IBM had entered into a letter of intent to acquire Bradon and that there were 72 hours for the deal to be finalized. This was false. Bradon was never in negotiations with IBM with respect to the sale of Bradon or its technology and no such letter of intent was entered into;

(c) on the same call, German represented to investors that a senior vice president of Bell Canada had agreed to be the President of Bradon because he was so excited about Bradon's technology and what it could do. This was false. According to Compta, no one from Bell had ever agreed to become Bradon's President;

(d) on the same call, German said that the "top six companies have meetings this week and have set aside $2 Billion." There were no companies in negotiations to acquire Bradon or its technology and there is no evidence that any company had set aside any funds to do so;

(e) German told investors that RIM had offered $20 per share for Bradon shares, and that another company had offered $25 per share, but that the offers were not accepted by Bradon because the price offered was too low. There is no evidence that any such offers were made;

(f) in May and June 2009, German told investors that Allen & Company was being retained by Bradon to assist in negotiating a transaction. This was false. In his compelled examination by Staff, German acknowledged that Allen & Company was never retained; and

(g) German told investors that only he could sell Bradon shares and that they could not buy shares directly from Bradon because he had an exclusive agreement with Bradon to finance the company. This was false. German was not entitled to sell his Bradon shares and there was no such exclusive agreement between German and Bradon (see paragraph [212] of these reasons for the terms of the advisory arrangement between Bradon and German).

[176] Throughout, German attempted to ensure that investors had no direct contact or communication with Compta. He told investors that Compta was too busy to meet with them but that German met regularly with Compta and passed relevant information to them.

[177] The misrepresentations and lies referred to above were communicated by German to investors to induce them to purchase Bradon shares from him. German continued to deceive investors over the course of nearly two and a half years on conference calls and in other communications with them. German also attempted to calm the increasing concerns of investors by reiterating his promise to buy back their Bradon shares for the price they paid for them. German and Ensign have failed to honour that commitment.

[178] The investor witnesses testified that they were materially misled and abused by German's conduct.

[179] Accordingly, German committed acts of deceit and falsehood in connection with the sale of his Bradon shares to investors.

Deprivation

[180] There is also clear evidence of the deprivation of investors. The investors to whom German purported to sell his Bradon shares have not become Bradon shareholders. With the exception of WC and JS's sister, none of the investor witnesses have received any of their money back or realized any value from their purchase of Bradon shares through German. Five investors (including WC and JS's sister) each received $25,000 back from Ensign and German. In any event, all of the investors who purchased Bradon shares through German were put at high risk of financial loss.

[181] Any continuing possibility of a sale of Bradon or its technology seems at best wishful thinking. There is no evidence before me related to that possibility other than the statement made by Compta at the end of his testimony that a sale could yet occur within the first quarter of 2015 (presumably that has not occurred).

[182] A number of the investors who testified borrowed money on credit cards and lines of credit and took money out of their registered retirement and education savings plans in order to invest in Bradon shares. Some of those investors have lost their life savings.

[183] While it is not necessary in order to establish fraud that a respondent ultimately profited or benefited from their conduct, German and Ensign did benefit. They obtained the full purchase price of $1,755,505.68 from the purported sale of German's Bradon shares to investors during the Material Time. German purchased $808,000 of Bradon shares. The balance of $822,505.68 (which takes into account that $125,000 was returned by Ensign and German to five investors) was retained by Ensign and is unaccounted for.

[184] German committed the acts of deceit and falsehood referred to in paragraphs [171] to [177] above and caused the deprivation or risk of deprivation referred to in paragraphs [180] to [183] above. Accordingly, the *actus reus* of fraud has been proven against him. German had actual knowledge of his deceit and falsehood and that such conduct would cause deprivation or the risk of deprivation to investors. Accordingly, I find that Staff has also established the *mens rea*, or subjective knowledge by German, of the fraud perpetrated by him.

2. Finding

[185] Based on the foregoing, I find that German perpetrated fraud in the purported sale by him of Bradon shares to investors and knowingly engaged in multiple acts, practices or courses of conduct that perpetrated that fraud. German thereby repeatedly breached section 126.1(b) of the Act during the Material Time.

3. German's Relationship with Ensign

[186] German was the directing mind and sole director and officer of Ensign. While German was the principal actor in the conduct described in these reasons, Ensign entered into the share purchase agreements with investors together with German (see the discussion commencing at paragraph [32] of these reasons) and the funds paid by investors for the purchase of Bradon shares were paid to Ensign. I note in this respect that all of the Bradon shares purported to be sold to investors were owned by German (as shown on the Bradon shareholder list) and not by Ensign. In the circumstances, it is clear that German was the directing mind of Ensign and that Ensign directly participated in the fraud perpetrated by German. Further, German's knowledge of the circumstances is attributed as a legal matter to Ensign as a result of German's status as the directing mind of Ensign. Accordingly, based on my finding against German set out in paragraph [185] above, I find that Ensign also committed fraud and breached section 126.1(b) of the Act.

K. DID COMPTA AND BRADON COMMIT FRAUD?

1. Compta's Involvement with Investors

[187] Compta had limited direct contact with the investors who purchased Bradon shares through German. He does not appear to have directly solicited their investments (except as otherwise noted in these reasons) and he testified that he did not know that (i) German was selling his Bradon shares to investors (at least until May 2010), or (ii) what representations were being made by German to investors to induce them to purchase German's Bradon shares. Compta's direct involvement with investors is described below.

Subscriptions by German

[188] Compta knew of, approved and facilitated German's subscriptions over the Material Time for shares of Bradon. There were approximately 31 separate subscriptions by German for Bradon shares over that period and there were five instances in which German's subscription cheques bounced. Compta testified that in or around May 2010, when a number of investors started to approach him and have more direct discussions with him (because German was increasingly unavailable), Compta began to realize that German's subscriptions for Bradon shares were actually funded by investors who had understood that they were purchasing Bradon shares through German. Staff does not allege that the share issuances by Bradon to German were per se improper or illegal. I do not, however, accept Compta's testimony as it relates to when he realized that investors were funding German's subscriptions (see paragraphs [193], [201] and [211] of these reasons).

The Investment Summary

[189] There was an e-mail communication from German to Compta on September 3, 2008 in which German sent Compta a document entitled the "Ensign Investment Summary" which purports to show funds invested in Bradon to that date. Attached to the e-mail is an equity position summary showing investors and their Bradon share holdings. That summary identifies at least two investors who were not registered Bradon shareholders and who were in addition to the 47 registered shareholders on the Bradon shareholder list (although neither of those investors testified).

[190] This was the only e-mail between German and Compta directly introduced in evidence. Compta did not address that e-mail in any of his testimony. In his compelled examination, Compta stated that the handwriting on the document was his and the information was accurate. Compta said that he used these notes to prepare a chart of German's purchases of Bradon shares that was provided to Staff.

[191] In closing submissions, counsel for Compta submitted that Compta did not pay close attention to the e-mail but believed that the equity positions shown in the e-mail attachment referred to shares of Ensign, not Bradon. It was submitted that Compta did not recall the e-mail until he discovered it when complying with undertakings sought by Staff. There is no evidence before me that supports any of these submissions.

[192] I do not accept Compta's submission that the e-mail attachment refers to shares of Ensign and not Bradon. Apart from anything else, there is no reason why German would provide information with respect to Ensign share issuances to Compta. Further, I am skeptical of Compta's submission that he did not pay close attention to the e-mail. It was important to Compta who the shareholders of Bradon were and whether the private issuer exemption continued to be available.

[193] The equity position summary shows that there was one investor listed under German's name, and at least two investors on the summary who were not investors listed on Bradon's shareholder list and who were not related to someone on that list. Accordingly, Compta should have known by September 3, 2008 that there were at least two investors who had purchased Bradon shares through German who were not on the Bradon shareholder list.

The Advisor Letter

[194] In September 2009, German gave Compta a draft letter that he proposed be signed by Bradon and used by German for the purpose of attracting other potential investors in Bradon. The initial draft of this letter contained the statement "Mr. German is authorized to dispose of his equity in BTI [Bradon] to other interested parties". Compta testified that he was alarmed by this statement and consulted his lawyer. The statement that German could dispose of his Bradon shares was deleted from the signed version of the letter. Compta testified that he told German emphatically that German could not sell his Bradon shares. The letter actually signed by Compta is described in paragraph [212] of these reasons. As a result of these circumstances, Compta knew at least that German had been intending to sell his Bradon shares to other investors who were not then shareholders of Bradon. That means that Compta should have been very alive to that issue going forward.

Direct Contact with Investors

[195] There were two instances in which Compta had direct contact or communication with investors. The first was receipt from PB of the e-mail referred to in paragraph [196] below and the second was the meeting with WC discussed commencing at paragraph [202] below.

[196] On October 26, 2009, Compta received an e-mail from PB that said that a number of PB's friends had invested in Bradon through German and that PB had also been invited to invest in Bradon shares through German.

[197] The e-mail stated in part that:

(a) "I have a number of friends who have invested in Bradon Technologies through Tim German";

(b) "My friends have been told that despite the delays in working out a deal regarding the asset that Bradon owns, a deal is imminent – probably by the end of the year and that the expected returns are significant"; and

(c) "My questions are these: Is the offer from Tim [German] a legitimate offer? (he is offering shares in Bradon) Is the explanation that a deal to sell SAViiDesk to major players according [*sic*] accurate? Is the explanation that a deal is imminent accurate?"

[198] PB testified that Compta responded by e-mail that "on the investment side Tim [German] has been working with us to establish the offerings for stock purchases. I have cc'd him on this e-mail so that you may contact him with your questions. Tim [German] is very legitimate". PB testified that this response meant to him that German could be trusted, that Compta was aware of what German was doing (in offering shares of Bradon to investors), and that German was working with him. PB decided immediately to purchase Bradon shares through German as this was the link between German and Bradon that he was looking for.

[199] Compta testified with respect to this e-mail that he thought the reference to "… friends who have invested in Bradon Technologies through Tim German" referred to existing shareholders of Bradon who had invested under the private issuer exemption, or to investors that German would introduce in the future. It is clear to me from the e-mail that PB was referring to current investors in Bradon and that those investors had purchased Bradon shares through German. Further, the e-mail stated that "Is the offer from Tim [German] a legitimate offer? (he is offering shares in Bradon)". Clearly, German was offering Bradon

shares to PB and was representing to PB and other investors that the sale of Bradon's technology (SAViiDesk) was imminent. That e-mail should have been a bombshell to Compta if he was unaware of German's actions in this respect. In response, Compta confirmed PB's perception that German was authorized to sell Bradon shares by sending PB an e-mail response stating "on the investment side, [German] has been working with us to establish the offerings for stock purchases" and Compta indirectly endorsed the legitimacy of an investment through German and the representations he was making by stating "[German] is very legitimate". Compta also directed PB to contact German with his questions.

[200] Compta submits that his response to PB was truthful and that there was nothing improper about it. He testified that he did consider German to be legitimate.

[201] I do not accept Compta's submission that he had no idea that German was attempting to sell Bradon shares to PB. The October 26, 2009 e-mail from PB is clear that German had offered investments in Bradon to other investors (who were not then shareholders of Bradon) and was offering his Bradon shares to PB. German had no authority on behalf of Bradon to offer its shares and Compta's response to PB is inconsistent with his characterization that German was simply referring potential investors to Compta. PB's e-mail also indicates that investors had been told by German that a sale of Bradon's technology was imminent. That e-mail completely undermines Compta's claim that he did not know that German was selling his Bradon shares to investors and that he did not know that German was representing to investors that a sale of Bradon's technology was imminent.

The Meeting with WC

[202] WC testified that she became increasingly concerned as to German's relationship with Compta and Bradon. As a result, she contacted Compta directly to request a meeting, met him at the Bradon offices on November 23, 2009 and went for coffee with him. At that meeting, WC showed Compta a copy of her one page share purchase agreement with Ensign dated February 9, 2009 and indicated that she was an investor in Bradon shares. WC's testimony as to what was said at that meeting is described in paragraph [70] of these reasons.

[203] Compta's version of what he told WC at the November 23, 2009 meeting was that:

(a) WC had made an agreement with Ensign, not Bradon, the share purchase agreement had nothing to do with Bradon, and Compta had never received a copy of the agreement even though the agreement showed a "cc" to Compta;

(b) only Compta could sell Bradon shares;

(c) German could not sell his Bradon shares to WC;

(d) the price of Bradon shares was $1.00 per share, not $5.00 per share;

(e) Bradon is the type of technology company that is very difficult to get started and to develop into a commercial company;

(f) Bradon was negotiating at a high level with some companies and that at some point Bradon would be acquired; and

(g) her investment was in Ensign shares and not Bradon shares, and Ensign was a company that was doing a number of different things (meaning it had business interests in addition to its interest in Bradon, although Compta had no knowledge of those interests).

[204] On the day after the meeting, WC sent the e-mail to Compta referred to in paragraph [72] of these reasons thanking him for the meeting and reiterating that she had invested $348,040[2] in Bradon shares and that she appreciated Compta's "vision and administration towards the sale of the company/technology". That amount represented the full amount that WC had paid to Ensign for the purchase of Bradon shares to that date. She wrote that "[i]t is peace of mind that my investment is left in good hand [*sic*]." Compta responded with a complimentary e-mail to WC and agreed to keep their communication channel confidential. He also provided some general information describing Bradon's technology. After the meeting, WC made two further investments aggregating $29,000 in Bradon shares through German at a price of $5.00 per share (see paragraph [74] of these reasons).

[205] In considering the conflicting testimony of Compta and WC with respect to the November 23, 2009 meeting, I am strongly influenced by the following. First, WC requested the meeting with Compta because of her concerns with respect to her investment and the fact that she had been dealing only with German. She stated to Compta that she was an investor in Bradon.

[2] In her testimony, WC always otherwise referred to an investment of $348,030.

I accept Compta's testimony that he told WC that she was not a direct shareholder in Bradon and that her agreement was with German. However, if Compta had advised WC of the other matters referred to in paragraph [203] (c), (d), (f) and (g) above, that would have validated WC's worst fears that she had not, in fact, purchased Bradon shares from German, that her investment of $348,040 was not paid to Bradon and that the representations being made by German with respect to these matters, including the advanced state of the negotiations by Bradon to sell its technology, were untrue. If those statements were made by Compta to her, she would never have expressed her "peace of mind". Further, she clearly stated in her follow-up e-mail to Compta that she had made a $348,040 investment in Bradon shares. Compta was silent with respect to that statement in his e-mail response to WC. In my view, that silence undermines his testimony as to what he told WC at the meeting.

[206] I also note WC's testimony that Compta explained to her the arrangement under which German was selling his Bradon shares to investors to avoid going over the 50 shareholder limit in the private issuer exemption (see paragraphs [70] and [71] of these reasons). WC would not have known anything about this aspect of securities law. *More important, WC's testimony means that Compta knew that German was selling his Bradon shares to investors in order to avoid increasing the number of shareholders on Bradon's shareholder register.*

[207] As noted in paragraph [203](g) above, Compta testified that the share purchase agreement that WC showed him at the November 23, 2009 meeting related to Ensign shares and not Bradon shares. That agreement does not expressly identify the shares being purchased as Bradon shares. However, while the agreement is on Ensign letterhead (which it properly would be for a sale by Ensign of its Bradon shares), it described Bradon (referred to as BTI), indicated the number of Bradon shares outstanding and disclosed that Bradon was "currently involved in senior level negotiations and due diligence reviews … with an anticipated sale of all its assets … within the next 60-90 days." It stated that "Mr. German is an investor in and consultant to BTI." It also contained the statement that "[u]pon execution of this agreement, Mr. German will instruct BTI to register the shares pursuant to the direction of _____ [blank]."

[208] Even apart from the other provisions of the agreement, the statement referred to in the last sentence of paragraph [207] above makes clear that BTI is to register the shares being purchased. BTI has authority to issue and register Bradon shares and no authority with respect to Ensign shares. More important, WC testified that she expressly told Compta that the agreement provided for a purchase by her from German of his Bradon shares. Further, in my view, even a cursory review of the agreement shows that it related to a sale by German and Ensign of Bradon shares.

[209] Further, if Compta had told WC that the price of the Bradon shares was only $1.00 per share and not $5.00, WC would have been shocked by that statement knowing that she had paid $5.00 for all of her Bradon shares. She would never have made subsequent investments at $5.00 per Bradon share, or at all.

[210] I accept WC's version of the conversation she had with Compta, including WC's testimony that Compta confirmed that the price of the Bradon shares was $5.00 per share. Compta's testimony is inconsistent in very important respects with (i) WC's testimony, (ii) WC's follow-up e-mail to Compta, (iii) the terms of the share purchase agreement that WC showed Compta, and (iv) WC's subsequent investments in Bradon shares through German.

[211] Accordingly, I find that, as a result of Compta's meeting with WC on September 23, 2009, Compta knew on that basis alone that German was purporting to sell his Bradon shares to investors and was representing to them that a sale by Bradon of its technology was anticipated within 60 to 90 days. That finding is consistent with my conclusions in paragraph [201] of these reasons.

The December 2009 Letter

[212] In December 2009, Compta provided a letter requested by German, on Bradon letterhead and addressed to Whom it May Concern, describing German's relationship with Bradon and the services he was providing to Bradon. Compta testified that the letter was intended to show potential investors that German was permitted to locate potential investors and to refer them to Bradon. The letter stated that:

> Bradon Technologies Ltd. (BTL) is a private Ontario registered software company that has developed proprietary software, algorithms, branded products and clients for interactive business and consumer communications.
>
> Mr. German is an investor and advisor to BTL and holds in excess of 500,000 shares.
>
> Mr. German has agreed privately to provide to Bradon Technologies Ltd. advice including but not limited to:
>
> - Providing of financial investment,

- Provision of financial advice in support of the asset sale and/or development of the corporation,
- Securing of other potential investors,
- Introduction to potential strategic partners, resellers, ISPs, and or other customers,
- Introduction to other consultants if required.

[213] I note that this letter was provided by Compta for use by German subsequent to and notwithstanding PB's e-mail to Compta on October 26, 2009 and the meeting with WC on November 23, 2009.

[214] In his submissions, Compta submitted that he clearly and unequivocally told German that he was prohibited from selling his Bradon shares to other investors and that German confirmed that he understood that. Further, Compta submits that, after the e-mail communication with PB and the meeting with WC, that Compta had a discussion with his lawyer and with German and that he was satisfied that German was selling shares of Ensign that "did not have [anything] to do with [Bradon]".

[215] I reject these submissions. In my view, the share purchase agreements clearly relate to the sale of Bradon shares and it was equally clear that both PB and WC were addressing Bradon shares in their communications with Compta. Except for Compta's uncorroborated statement that he consulted his lawyer, there is no evidence before me that Compta received any legal advice in this respect. Because Compta's lawyer did not testify, I am unable to determine whether any legal advice was given to Compta and whether any such advice was reasonable.

2. Conclusions as to Compta's Knowledge and Actions

[216] Based on the foregoing discussion, I find that Compta:

(a) knew of, approved and facilitated German's 31 subscriptions for Bradon shares over the Material Time;

(b) should have known from the September 3, 2008 e-mail (referred to in paragraph [189] of these reasons) that there were at least two investors in Bradon shares through German who were not reflected on the Bradon shareholder list;

(c) knew from the September 2009 draft letter (referred to in paragraph [194] of these reasons) that German had originally intended to sell his Bradon shares to investors who were not then shareholders of Bradon;

(d) knew from the October 26, 2009 e-mail exchange with PB, that German had purported to sell Bradon shares to other investors (who were not then shareholders of Bradon), was offering his Bradon shares to PB and had represented to investors that a sale of Bradon's technology was imminent (see the discussion commencing at paragraph [196] above);

(e) with knowledge of the matters referred to in (d) above, had responded to PB endorsing German as "working with us to establish the offerings for stock purchases" and as "very legitimate";

(f) knew, as a result of the meeting with WC on November 23, 2009, that German was purporting to sell Bradon shares to investors, representing that a sale by Bradon of its technology was anticipated within 60 to 90 days and that WC understood that she had invested $348,040 in Bradon shares at $5.00 per share through German (see the discussion commencing at paragraph [202] above);

(g) knew further that German was selling his Bradon shares to investors in a scheme to avoid increasing the number of Bradon shareholders for purposes of the shareholder limits imposed by the private issuer exemption (see paragraph [70] of these reasons);

(h) with knowledge of the matters referred to above, provided German with the December 2009 letter on Bradon letterhead stating, among other matters, that German was providing advice to Bradon in support of an asset sale and securing other potential investors (see paragraph [212] above);

(i) represented to DY in January 2011 that Bradon was in talks to sell its technology (when Bradon was not in such talks) (see paragraph [79] of these reasons); and

(j) notwithstanding the knowledge referred to above, continued to facilitate subscriptions by German for 243,000 Bradon shares in 10 separate issuances over the period from November 30, 2009 to May 2, 2010.

[217] The evidence supporting these conclusions is clear, convincing, cogent and overwhelming.

[218] I would add that it is undoubtedly true that there was nothing per se improper for Bradon to have issued Bradon shares to German over the Material Time. The key question, however, is whether Compta knew or ought to have known that such actions were facilitating illegal sales by German of his Bradon shares as part of a fraud being perpetrated by German.

3. Did Compta and Bradon Commit Fraud?

[219] I must decide whether the actions and statements of Compta and Bradon referred to in paragraphs [187] to [216] of these reasons amounted to the perpetration of a fraud by them contrary to section 126.1(b) of the Act.

The Actus Reus of Fraud

[220] With respect to whether Compta committed the *actus reus* of fraud in his dealings with PB and/or WC, I will address whether Compta committed dishonest acts by "other fraudulent means". That question is to be determined objectively by reference to what a reasonable person would consider to be a dishonest act (see paragraphs [158] and [159] above). In *Émond*, the Quebec Court of Appeal characterized as fraudulent the failure by silence to disclose material facts that would mislead a reasonable person. The ASC concluded in *Brost ASC* that the omission of material information from an offering memorandum was "misleading, deceitful and fraudulent" (see paragraph [160] of these reasons).

[221] I have concluded, on balance, that Compta committed a dishonest act by "other fraudulent means" by failing to disclose to:

(a) PB that German was not legally entitled to sell his Bradon shares to PB (under Ontario securities law or Bradon's corporate charter) and that no negotiations were underway for the sale of Bradon or its technology and, accordingly, such a sale was not imminent (see the discussion commencing at paragraph [196] of these reasons). In my view, Compta's silence on those two matters, together with his response that "Tim is very legitimate" and his referral of PB to German for the answers to PB's questions, would be considered dishonest by a reasonable person;

(b) WC at the meeting on November 23, 2009, (i) the matters referred to in paragraph [203] (c) and (d) above, (ii) that Bradon had not received the full $348,040 purchase price paid by WC for German's Bradon shares, and (iii) that no negotiations were underway for the sale of Bradon or its technology. I have concluded in these reasons, based in part on WC's testimony, that Compta did not in fact tell WC these things at their meeting or afterwards. In my view, Compta's failure to disclose these facts to WC, together with his reassurance of her, would be considered dishonest by a reasonable person.

[222] I note that counsel for Compta and Bradon distinguishes the case law involving an omission to disclose (see paragraphs [159] and [160] of these reasons) on the basis that those decisions involved a direct solicitation of investors by the respondents. It is not necessary for me to address whether that is a valid distinction. While Compta may not have directly and expressly solicited investors to purchase Bradon shares through German, he did have direct contact and communication with investors, as described in these reasons.

[223] It is important, in this respect, that Compta was not simply silent in his interactions with PB and WC. Compta took positive steps to (i) endorse German and encourage PB to rely on him knowing full well that German was being dishonest with him, and (ii) reassure WC with respect to her investment in Bradon shares at the meeting on November 23, 2009 and by the e-mail referred to in paragraph [204] of these reasons knowing full well that WC was being misled by German. Subsequent to those interactions, Compta armed German with the letter referred to in paragraph [212] of these reasons. It is no valid answer to say that Compta didn't respond specifically to PB's questions or that he was silent because he wanted to preserve the confidentiality of corporate information with respect to the sale of Bradon or its technology. As noted above, I have concluded that a reasonable person would consider his responses in the circumstances to be dishonest.

Deprivation

[224] With respect to whether there was deprivation as a result of Compta's prohibited acts, Compta knew that his silence put PB and WC at risk of loss if they made investments in Bradon shares through German without knowledge of the facts referred to in paragraphs [221] (a) and (b) above, respectively. In the case of PB, Compta knew that PB's questions were expressly being asked to determine whether he should invest in Bradon shares through German. In the case of WC, she thought she was already an owner of Bradon shares purchased through German, but Compta knew or should have known that his failure to disclose to WC could lead to (i) WC maintaining her existing investment in Bradon shares, or (ii) a further investment by WC in Bradon shares through German. Both results gave rise to a risk of loss by WC. It is no answer to say that the deprivation of PB and WC was directly caused by German and not Compta. Compta's actions and communications also gave rise to deprivation of PB and WC.

4. Findings

[225] I find that Staff has established that Compta committed prohibited acts by other fraudulent means that caused deprivation or risk of deprivation to PB and WC. Accordingly, I find that Compta committed the *actus reus* of fraud in his dealings with PB and WC described in these reasons.

[226] I also find that Staff has established Compta's subjective knowledge of the prohibited acts referred to in paragraph [221](a) and (b) of these reasons and subjective knowledge that those acts could have as a consequence the deprivation or risk of deprivation of PB and WC and their financial interests, respectively. Compta must have foreseen those circumstances at least as a possibility. I infer that subjective awareness from the totality of the evidence before me. I rely on *Théroux* and *Brost CA* as the legal basis for these conclusions (see paragraphs [164] to [166] of these reasons).

[227] I also find that Compta was reckless in endorsing German to PB (see paragraph [198] of these reasons) and in referring any questions he had to German. He was also reckless as to the consequences to PB and WC of his failure to disclose to them, respectively, the facts referred to in paragraph [221] of these reasons. When one considers the e-mail from PB to Compta referred to in paragraph [196] of these reasons and the information communicated by WC to Compta at the meeting on November 23, 2009, Compta must have known that German was purporting to sell his Bradon shares to investors and, in doing so, was making misrepresentations to them including misrepresentations with respect to the status of the sale of Bradon or its technology. If Compta was confused as to the meaning of the e-mail from PB, it would have been easy for him to clear up that confusion by communicating with PB. It was not sufficient for Compta to simply say that, after receiving that e-mail, he contacted German and (i) reiterated that German could not sell his Bradon shares, and (ii) was satisfied with German's responses. In this respect, I reject Compta's submission that in response to these circumstances, he made reasonable inquiries to confirm that German was acting properly. It was not sufficient to simply speak to German and rely on his reassurances.

[228] Accordingly, I find that Staff has established Compta's *mens rea*, or subjective knowledge, of fraud on the two separate grounds set out in paragraphs [226] and [227] above.

[229] While it is not necessary for my findings, it is clear that Compta and Bradon benefited substantially from their own and German's fraudulent conduct through the receipt of $808,000 paid by German in connection with his subscriptions for Bradon shares during the Material Time. The source of those funds was investors in Bradon shares purchased through German.

[230] I therefore conclude that, by reason of his direct dealings with PB and WC described above and my findings in paragraphs [225], [226] and [227] above, Compta engaged in an act, practice or course of conduct relating to securities that perpetrated a fraud and thereby breached section 126.1(b) of the Act.

5. Participation by Compta in German's Fraudulent Acts

[231] Even though I have concluded that Compta committed two acts of fraud in his direct dealings with PB and WC, I must also address whether he contravened section 126.1(b) of the Act by participating in German's fraud.

[232] The British Columbia Court of Appeal held in *Anderson* that the British Columbia counterpart to section 126.1(b) of the Act is contravened by participants in a course of conduct who "reasonably ought to know" that a fraud is being perpetrated by others. I agree with Anderson in this respect. Section 126.1(b) of the Act extends to participants in a course of conduct involving fraud by others where the participant "knew or ought to have known" that such a fraud was being perpetrated. Staff need not prove that such participants themselves committed fraud.

[233] Compta and Bradon certainly participated in an act, practice or course of conduct relating to securities in connection with German's activities. That participation is described in paragraph [216] of these reasons. The question then is whether Compta knew or ought to have known that German was committing fraud.

[234] I have concluded that Compta knew that German was purporting to sell his Bradon shares to investors. That was clear from PB's October 26, 2009 e-mail (see the discussion commencing at paragraph [197] of these reasons) and from his meeting with WC on November 23, 2009 (see the discussion commencing at paragraph [202] of these reasons). Compta knew those shares were subject to resale restrictions under securities law and required Bradon's board approval pursuant to Bradon's charter. Compta also knew as a result of PB's e-mail to him and the subscription agreement WC showed him, that German was representing to investors that a transaction to sell Bradon or its technology was imminent or anticipated within 60 to 90 days. That was untrue (see paragraph [95] of these reasons). Further, Compta knew from his meeting with WC that German was selling those shares to investors at a price of $5.00 per share while at substantially the same time Bradon was issuing shares to German at $1.00 per share.

[235] Notwithstanding this knowledge of the misrepresentations being made by German, Compta and Bradon:

(a) continued subsequent to November 23, 2009, to accept subscriptions by German for Bradon shares at a price of $1.00 per share (see paragraph [29] of these reasons); and

(b) in December 2009, issued the Bradon letter to German referred to in paragraph [212] of these reasons indicating, among other things, that German was an investor in and an advisor to Bradon and that German had agreed to provide advice to Bradon, including "securing of other potential investors" for Bradon.

These continuing actions are particularly damning in the circumstances.

6. Findings

[236] I find that the actions referred to in paragraphs [233] to [235] above constituted an act, practice or course of conduct relating to securities within the meaning of section 126.1(b) of the Act. I also find that Compta knew or ought to have known by no later than November 23, 2009 that German was committing fraud in connection with his sale of Bradon shares to investors. Accordingly, I find that Compta thereby breached section 126.1(b) of the Act.

[237] Compta was the directing mind of Bradon and an officer and director of Bradon. Compta was directly involved as a participant in the conduct as described in these reasons. It was Bradon, however, that issued shares to German throughout the Material Time and it was Bradon that issued the letter referred to in paragraph [212] of these reasons. Accordingly, Bradon directly participated in the illegal conduct of Compta described in these reasons. Compta's knowledge is attributed as a legal matter to Bradon as a result of his status as the directing mind of Bradon. Accordingly, based on my findings against Compta set out in paragraphs [230] and [236] of these reasons. I find that Bradon also committed fraud and breached section 126.1(b) of the Act.

[238] I would add that it was German and Ensign who directly, intentionally and repeatedly defrauded the investors in Bradon shares referred to in these reasons. Accordingly, their conduct in the circumstances was the most egregious and directly caused the substantial harm suffered by investors.

[239] Except as otherwise described in these reasons, Staff has not established that Compta knew all of what German was doing and representing to investors in purporting to sell his Bradon shares to them. I have concluded that Compta committed two acts of fraud in his direct dealings with PB and WC by his failure to disclose the facts referred to in paragraph [221] of these reasons and that, by no later than November 23, 2009, he knew or ought to have known that German was committing fraud. In each case, Compta thereby contravened section 126.1(b) of the Act. While Compta's actions may have been less egregious than German's, I note that no fraud could have been committed by German but for Compta's actions or inactions described in these reasons.

L. DID GERMAN AND COMPTA AUTHORIZE, PERMIT OR ACQUIESCE IN BREACHES OF THE ACT BY ENSIGN AND BRADON, RESPECTIVELY?

1. Applicable Law

[240] Pursuant to section 129.2 of the Act, if a company has not complied with Ontario securities law, a director or officer of the company is deemed also to have not complied with such law, where the director or officer authorized, permitted or acquiesced in the company's non-compliance. Section 129.2 of the Act states:

> 129.2 For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario securities law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario securities law, whether or not any proceeding has been commenced against the company or person under Ontario securities law or any order has been made against the company or person under section 127.

[241] Accordingly, for section 129.2 of the Act to apply, Staff must establish that (i) the individual respondent was a "director or officer" of the company, (ii) the company has not complied with Ontario securities law, and (iii) the individual respondent "authorized, permitted or acquiesced in" the non-compliance.

[242] *Momentas* is the leading Commission decision interpreting the words "authorized, permitted or acquiesced in". It was stated in *Momentas* that:

> Although these terms have been interpreted to include some form of knowledge or intention, the threshold for liability under section 122 and 129.2 is a low one, as merely acquiescing [in] the

> conduct or activity in question will satisfy the requirement of liability. The degree of knowledge of intention found in each of the terms "authorize", "permit" and "acquiesce" varies significantly. "Acquiesce" means to agree or consent quietly without protest. "Permit" means to allow, consent, tolerate, or give permission, particularly in writing. "Authorize" means to give official approval or permission, to give power or authority or to give justification.
>
> (*Momentas*, *supra* at para. 118)

2. Conclusions

[243] I have concluded that German and Compta directly contravened Ontario securities law as described in these reasons. I have also concluded that, where German or Compta breached Ontario securities law, Ensign and Bradon also did so, respectively. The actions of each individual with their respective private company were so intertwined as to make it impossible to treat those actions as separate or distinct or as made only in a representative capacity. Accordingly, in the circumstances, nothing turns on whether section 129.2 of the Act applies to German and Compta in their roles as directors or officers of Ensign and Bradon, respectively. Nonetheless, I would have concluded that German and Compta authorized, permitted and acquiesced in all of the actions of Ensign and Bradon, respectively, described in these reasons.

M. CONDUCT CONTRARY TO THE PUBLIC INTEREST

[244] Staff alleges that the Respondents' conduct in this matter was contrary to the public interest within the meaning of section 127 of the Act. I have found that each of the Respondents breached Ontario securities law (see paragraph [245] below). In my opinion, that conduct was contrary to the public interest given the very serious breaches of Ontario securities law and the substantial harm caused to investors. Further, in these circumstances, it is appropriate for the Commission to have the discretion to impose the types of orders available under section 127 of the Act. Accordingly, by reason of my findings in paragraphs [245] (a) to (e) below, I find that each of the Respondents acted contrary to the public interest within the meaning of that section.

N. FINDINGS

[245] For the reasons discussed above, I have found that during the Material Time:

(a) each of German and Ensign repeatedly breached subsection 25(1)(a) of the Act as in force prior to September 28, 2009 and subsection 25(1) of the Act as in force on and after that date (see paragraph [125] of these reasons);

(b) each of German and Ensign repeatedly breached subsection 53(1) of the Act in purporting to sell Bradon shares to investors (see paragraph [139] of these reasons);

(c) each of German and Ensign repeatedly breached subsection 38(1)(a) of the Act by making a prohibited representation to investors (see paragraph [148] of these reasons);

(d) each of German and Ensign committed fraud and thereby repeatedly breached section 126.1(b) of the Act (see paragraphs [185] and [186] of these reasons);

(e) each of Compta and Bradon:

  (i) committed fraud and thereby breached section 126.1(b) of the Act in their direct dealings with PB and WC described in these reasons (see paragraphs [230] and [237] of these reasons); and

  (ii) knew or ought to have known by no later than November 23, 2009, that German was committing fraud and thereby also breached section 126.1(b) of the Act (see paragraph [236] of these reasons); and

(f) by reason of the foregoing findings, each of the Respondents also acted contrary to the public interest within the meaning of section 127 of the Act (see paragraph [244] above.

[246] Staff and the Respondents shall, within 30 days following the date of this decision, contact the Office of the Secretary to schedule a hearing on sanctions and costs.

Dated at Toronto this 21st day of July, 2015.

"James E. A. Turner"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
PASSPORT POTASH INC.	15-July-15	27-July-15	27-July-15	
PDC Biological Health Group Corporation	15-July-15	27-July-15		
Stikine Energy Corp.	15-July-15	27-July-15	27-July-15	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS TO REPORT THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Viking Gold Exploration Inc.	12-May-15	25-May-15	25-May-15		

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORT OF TRADES ON FORM 45-106F1 AND 45-501F1

There are no Reports of Exempt Distribution on Forms 45-106F1 or 45-501F1 (Reports) in this Bulletin.

Reports filed on or after February 19, 2014 must be filed electronically.

As a result of the transition to mandated electronic filings, the OSC is considering the most effective manner to make data about filed Reports available to the public, including whether and how this information should be reflected in the Bulletin. In the meantime, Reports filed with the Commission continue to be available for public inspection during normal business hours.

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AGF Flex Asset Allocation Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 22, 2015
NP 11-202 Receipt dated July 23, 2015
Offering Price and Description:
Mutual Fund Series, Series F, Series O, Series Q and Series W Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
AGF Investments Inc.
Project #2374583

Issuer Name:
Aston Hill Global Resource Fund
Aston Hill Millennium Fund
Aston Hill North American Dividend Class
Aston Hill North American Dividend Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 20, 2015
NP 11-202 Receipt dated July 22, 2015
Offering Price and Description:
Series A, F, I, X and Y Units
Series A, TA6, F, TF6 and I Shares
Underwriter(s) or Distributor(s):
Aston Hill Asset Management Inc.
Promoter(s):
Aston Hill Asset Management Inc.
Project #2374551

Issuer Name:
Brandes Global Equity Class
Greystone Canadian Equity Income & Growth Class
Lazard Global Low Volatility Fund
Sionna Canadian Equity Private Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 17, 2015
NP 11-202 Receipt dated July 22, 2015
Offering Price and Description:
Series A, AH, F, FH, K, KH, M, MH and I Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brandes Investment Partners & Co.
Project #2374364

Issuer Name:
DFA Global Targeted Credit Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Simplified Prospectus dated July 17, 2015
NP 11-202 Receipt dated July 21, 2015
Offering Price and Description:
Class A, F and I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Dimensional Fund Advisors Canada ULC
Project #2374058

Issuer Name:
Dynamic Global Infrastructure Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 20, 2015
NP 11-202 Receipt dated July 21, 2015
Offering Price and Description:
Series A, F, FT and T Shares
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
Promoter(s):
1832 Asset Management L.P.
Project #2374127

Issuer Name:
Gran Tierra Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary MJDS Prospectus dated July 22, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
$ *
Common Stock
Preferred Stock
Debt Securities
Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2374981

Issuer Name:
Great-West Lifeco Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Base Shelf Prospectus dated July 21, 2015
NP 11-202 Receipt dated July 22, 2015
Offering Price and Description:
$8,000,000,000.00
Debt Securities (unsecured)
First Preferred Shares
Common Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2374515

Issuer Name:
Innergex Renewable Energy Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated July 24, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
$100,000,000.00 - 4.25% Convertible Unsecured Subordinated Debentures
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Industrial Alliance Securities Inc.
Promoter(s):
-
Project #2374028

Issuer Name:
Quartet Resources Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated July 24, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
Minimum: $750,000.00 - 3,750,000 Units
Maximum: $2,000,000.00 - 10,000,000 Units
Price: $0.20 per Unit
Underwriter(s) or Distributor(s):
Industrial Alliance Securities Inc.
Promoter(s):
James Varanese
Project #2375292

Issuer Name:
RBC U.S. Small-Cap Value Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 27, 2015
NP 11-202 Receipt dated July 27, 2015
Offering Price and Description:
Series A, Advisor Series, Series D, Series F and Series O Units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2375527

Issuer Name:
The Westaim Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 24, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
$234,390,471.25 - 72,120,145 Subscription Receipts
Issuable on Exercise of 72,120,145 Outstanding Special Warrants
Price: $3.25 per Special Warrant
Underwriter(s) or Distributor(s):
GMP Securities L.P.
TD Securities Inc.
Cormark Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #2375187

Issuer Name:
Theratechnologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated July 23, 2015
NP 11-202 Receipt dated July 23, 2015
Offering Price and Description:
$9,600,000.00 - 4,000,000 Units
Price: $2.40 per Unit
Underwriter(s) or Distributor(s):
Euro Pacific Canada Inc.
Mackie Research Capital Corporation
Promoter(s):
-
Project #2374910

Issuer Name:
Titan Medical Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated July 23, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
U.S. $45,000,000.00
Common Shares
Warrants
Units
Preferred Shares
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2375017

Issuer Name:
Westport Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated July 24, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
Cdn.$750,000,000.00
Common Shares
Preferred Shares
Subscription Receipts
Warrants
Debt Securities
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2375278

Issuer Name:
Acasta Enterprises Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 22, 2015
NP 11-202 Receipt dated July 23, 2015
Offering Price and Description:
$350,000,000.00 - 35,000,000 Class A Restricted Voting Units
Price: $10.00 per Class A Restricted Voting Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Promoter(s):
Acasta Capital Inc.
Project #2366775

Issuer Name:
First Asset Active Canadian Dividend ETF
First Asset Active Canadian REIT ETF
First Asset Active Utility & Infrastructure ETF
First Asset Hamilton Capital European Bank ETF
First Asset U.S. & Canada Lifeco Income ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 20, 2015
NP 11-202 Receipt dated July 21, 2015
Offering Price and Description:
Common units and Advisor Class units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2365203

Issuer Name:
First Trust Global Risk Managed Income Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 23, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
Common units and Advisor Class units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2364073

Issuer Name:
Maccabi Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated July 22, 2015
NP 11-202 Receipt dated July 23, 2015
Offering Price and Description:
$400,000.00 - 4,000,000 Common Shares at a price of $0.10 per Common Share
Price: $0.10 Common Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
Roman Rubin
Richard Penn
Project #2333816

Issuer Name:
Marquest Money Market Fund
(Class A and Class F Units)
Marquest Short Term Income Fund (Corporate Class*)
(Series A and Series F Shares)
Marquest Canadian Bond Fund
(Class A and Class F Units)
Marquest Canadian Fixed Income Fund
(Class A and Class F Units)
Marquest Monthly Pay Fund
(Class A, Class F, Class AA and Class F-AA Units)
Marquest Monthly Pay Fund (Corporate Class*)
(Series A and Series F Shares)
Marquest Global Balanced Fund
(Class A and Class F Units)
Marquest American Dividend Growth Fund
(Class A and Class F Units)
Marquest American Dividend Growth Fund (Corporate Class*)
(Series A and Series F Shares)
Marquest Covered Call Canadian Banks Plus Fund
(Class A and Class F Units)
Marquest Covered Call Canadian Banks Plus Fund (Corporate Class*)
(Series A and Series F Shares)
Marquest Small Companies Fund
(Class A and Class F Units)
Marquest Canadian Resource Fund
(Class A and Class F Units)
Marquest Canadian Resource Fund (Corporate Class*)
(Series A and Series F Shares)
*(Series of shares of Marquest Corporate Class Funds Ltd.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 23, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
Class A, F, AA and F-AA Units
Series A and F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Marquest Asset Management Inc.
Project #2364025

Issuer Name:
Series A, Series F, Series I, Series M and Series O units of
PIMCO Canadian Short Term Bond Fund
PIMCO Canadian Total Return Bond Fund
PIMCO Canadian Real Return Bond Fund
PIMCO Monthly Income Fund (Canada) (also offers Series A(US$), Series F(US$), Series I(US$),
Series M(US$) and Series O(US$) units)
PIMCO Global Advantage Strategy Bond Fund (Canada) (also offers Series A(US$), Series
F(US$), Series I(US$), Series M(US$) and Series O(US$) units)
PIMCO Unconstrained Bond Fund (Canada) (also offers Series A(US$), Series F(US$), Series
I(US$), Series M(US$) and Series O(US$) units)
PIMCO Investment Grade Credit Fund (Canada) (also offers Series A(US$), Series
F(US$),Series I(US$), Series M(US$) and Series O(US$) units)
PIMCO Balanced Income Fund (Canada) (also offers Series A(US$), Series F(US$),
SeriesI(US$), Series M(US$) and Series O(US$) units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 20, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
Series A, Series F, Series I, Series M, Series O , Series A(US$), Series F(US$), Series I(US$), Series M(US$) and Series O(US$) units)
Underwriter(s) or Distributor(s):
-
Promoter(s):
PIMCO Canada Corp.
Project #2363543

Issuer Name:
Quantum International Income Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 20, 2015
NP 11-202 Receipt dated July 21, 2015
Offering Price and Description:
C$20,000,400.00 - 47,620,000 Subscription Receipts
Price: C$0.42 per Subscription Receipt
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Canaccord Genuity Corp.
Promoter(s):
-
Project #2364480

Issuer Name:
Redwood Diversified Equity Fund
Redwood Floating Rate Preferred Fund (formerly Redwood Diversified Income Fund)
Redwood Global Small Cap Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 17, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
Series A and F units
Underwriter(s) or Distributor(s):
Redwood Asset Management Inc.
Promoter(s):
-
Project #2361928

Issuer Name:
SoMedia Networks Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated July 22, 2015
NP 11-202 Receipt dated July 23, 2015
Offering Price and Description:
$3,205,000.00:
3,440,000 Common Shares and 1,720,000 Warrants Issuable
on Exercise of 3,440,000 Special Warrants
Price: $0.25 per Special Warrant
- and-
1,326,922 Common Shares and 663,461 Warrants Issuable
on Exercise of 1,326,922 Special Warrants
Price: $0.26 per Special Warrant
- and –
Up to $2,000,000 (up to 20,000,000 Units)
Price: $0.10 per Unit
Price: Per Series 1 Special Warrant $0.25;Per Series 2 Special Warrant $0.26 and Per Offering Unit $0.10
Underwriter(s) or Distributor(s):
Euro Pacific Canada Inc.
Maison Placements Canada Inc.
Promoter(s):
George Fleming
Project #2361341

Issuer Name:
Spin Master Corp.
Principal Regulator - Ontario
Type and Date:
Final Long Form PREP Prospectus dated July 22, 2015
NP 11-202 Receipt dated July 22, 2015
Offering Price and Description:
C$220,050,000.00 - 12,225,000 Subordinate Voting Shares
Price: C$18.00 per Subordinate Voting Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
Barclays Capital Canada Inc.
GMP Securities L.P.
Cormark Securities Inc.
Dundee Securities Ltd.
Promoter(s):
Marathon Investment Holdings Ltd.
Trumbanick Investments Ltd.
Lentilberry Inc..
Project #2363668

Issuer Name:
TD Risk Reduction Pool - US$
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 23, 2015
NP 11-202 Receipt dated July 24, 2015
Offering Price and Description:
Series O units
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #2363042

Issuer Name:
Boulevard Industrial Real Estate Investment Trust
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 24, 2015
Withdrawn on July 24, 2015
Offering Price and Description:
Maximum Offering: $20,000,000.00 - 181,818,182 Units
Minimum Offering: $5,000,000.00 - 45,454,545 Units
Price: $0.11 Per Unit
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Burgeonvest Bick Securities Limited
Paradigm Capital Inc.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #2339266

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Greenrock Capital Partners Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	July 21, 2015
Voluntary Surrender	Barrington Capital Corp.	Exempt Market Dealer	July 20, 2015
New Registration	Free Think Capital Inc.	Exempt Market Dealer and Investment Fund Manager	July 22, 2015
Voluntary Surrender	Keefe, Bruyette & Woods, Inc.	Exempt Market Dealer	July 22, 2015
Amalgamation	Manulife Asset Management Accord (2015) Inc., Standard Life Mutual Funds Ltd. and Manulife Asset Management Limited To form: Manulife Asset Management Limited	Investment Fund Manager, Portfolio Manager and Commodity Trading Manager	July 1, 2015
Consent to Suspension (Pending Surrender)	CI Fund Services Inc.	Mutual Fund Dealer and Exempt Market Dealer	July 27, 2015
Change in Registration Category	Global Wealth Builders Ltd.	From: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager To: Portfolio Manager and Investment Fund Manager	July 17, 2015
Name Change	From: Picton Mahoney Asset Management / Gestion D'Actif Picton Mahoney To: Picton Mahoney Asset Management / Gestion D'Actifs Picton Mahoney	Commodity Trader Manager, Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	July 15, 2015

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Amendments to Universal Market Integrity Rule 6.6 – Notice of Commission Approval

NOTICE OF COMMISSION APPROVAL

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

AMENDMENTS TO UNIVERSAL MARKET INTEGRITY RULE 6.6

The Ontario Securities Commission approved amendments to IIROC Universal Market Integrity Rule 6.6. The Amendments confirm that the provision of price improvement by a Dark Order is not required if the order that it executes against is an odd-lot order. The Amendments help ensure that requirements respecting the execution of odd-lot orders are applied in a consistent manner on all marketplaces that support the execution of odd-lot orders. A copy of the IIROC Notice was also published on our website at http://www.osc.gov.on.ca.

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