The Ontario Securities Commission

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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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AND

IN THE MATTER OF
1415409 ONTARIO INC., TITLE ONE CLOSING INC.,
RAVINDRA DAVE, CHANDRAMATTIE DAVE,
and AMETRA DAVE

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and 1415409 ONTARIO INC., TITLE ONE CLOSING INC.,
RAVINDRA DAVE, and CHANDRAMATTIE DAVE

NOTICE OF HEARING
(Sections 127 and 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c. S.5, as amended (the "Act"), at the offices of the Commission at 20 Queen Street West, 20th Floor, in the City of Toronto, commencing on the 27th day of August, 2015 at 1 p.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement between Staff of the Commission ("Staff") and Chandramattie Dave, Ravindra Dave, 1415409 Ontario Inc., and Title One Closing Inc. pursuant to sections 127 and 127.1 of the Act;

BY REASON OF the allegations set out in the Statement of Allegations of Staff, dated March 17, 2015, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceedings.

AND TAKE FURTHER NOTICE that orders or settlements made by the Ontario Securities Commission may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondent(s).

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE que l'avis d'audience est disponible en français, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt possible et, dans tous les cas, au moins trente (30) jours avant l'audience si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

DATED at Toronto, this 25th day of August, 2015.

"Josée Turcotte"
Secretary to the Commission

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Paul Camillo DiNardo – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
PAUL CAMILLO DINARDO

NOTICE OF HEARING
(Subsections 127(1) and 127(10))

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on September 9, 2015 at 3:00 p.m.;

TO CONSIDER whether, pursuant to paragraph 1 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Paul Camillo DiNardo ("DiNardo") that:

   a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by DiNardo cease permanently;

   b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by DiNardo be prohibited permanently;

   c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to DiNardo permanently;

   d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, DiNardo resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager;

   e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, DiNardo be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager; and

   f. pursuant to paragraph 8.5 of subsection 127(1) of the Act, DiNardo be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

2. to make such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated August 17, 2015, and by reason of DiNardo's guilty plea dated February 27, 2015 and sentence dated April 15, 2015 in the Ontario Superior Court of Justice, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on September 9, 2015 at 3:00 p.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of the party and such party is not entitled to any further notice of the proceeding;

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE que l'avis d'audience est disponible en français, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plut tôt possible et, dans tous les cas, au moins trente (30) jours avant l'audience si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

DATED at Toronto this 20th day of August, 2015.

"Josée Turcotte"
Secretary to the Commission

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

AND

IN THE MATTER OF
PAUL CAMILLO DINARDO

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. OVERVIEW

1. On February 27, 2015, Paul Camillo DiNardo ("DiNardo") pleaded guilty in the Ontario Superior Court of Justice (the "Superior Court") to, among other charges, 2 counts of fraud over $5,000, contrary to section 380(1) of the *Criminal Code*, R.S.C., 1985, c. C-46 (the "Criminal Code"). DiNardo's guilty plea was accepted by the Superior Court, and on April 15, 2015, DiNardo was sentenced to 5 years in prison, less 2 years and 10 months for pretrial credit, resulting in a net effective sentence of 2 years and 2 months.

2. The offences for which DiNardo was convicted arose from transactions, business or a course of conduct related to securities.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating DiNardo's convictions, pursuant to paragraph 1 of subsection 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. The conduct for which DiNardo was sanctioned took place between April 2005 and January 2012 (the "Material Time").

II. THE RESPONDENT

5. DiNardo is a resident of Ontario.

6. DiNardo has never been registered with the Ontario Securities Commission (the "Commission") in any capacity.

7. On February 27, 2015, DiNardo pleaded guilty in the Superior Court in relation to 2 counts of fraud for his role in several investment schemes, involving various companies, during the Material Time. None of the companies were registered to trade with the Commission.

8. In respect of the first set of charges, between April 5, 2005 and November 29, 2010, approximately 160 individuals were recruited to invest approximately $13 million, of which approximately $6 million was repaid to investors. DiNardo, among others, solicited investments, whereby investors were told they were investing in oil and real estate which would yield high rates of return.

9. In respect of the second set of charges, between September 7, 2011 and January 12, 2012, DiNardo convinced his 86 year old physician to provide him with $1.1 million, purportedly for an investment with a high rate of return in a company called North American Carrier Services. Of the $1.1 million provided to DiNardo, $32,500 was repaid and the remaining amount of $1,067,500 was outstanding as of April 15, 2015.

III. THE SUPERIOR COURT OF JUSTICE PROCEEDINGS

DiNardo's Conviction for Fraud

10. By Indictments sworn February 27, 2014 (the "Indictment") and February 23, 2015 (the "Second Indictment"), DiNardo was charged with 5 various counts of contravening the Criminal Code.

11. On February 27, 2015, DiNardo pleaded guilty to each of the 5 counts, including 2 counts of fraud over $5,000, contrary to section 380(1) of the Criminal Code, being count 1 of the Indictment and count 1 of the Second Indictment.

DiNardo's Sentence

12. A sentencing hearing was subsequently held on April 15, 2015 before the Honourable Justice Wein of the Superior Court. Justice Wein issued oral reasons and sentenced DiNardo to a term of imprisonment of 5 years, less 2 years and 10 months for pretrial credit, resulting in a net effective sentence of 2 years and 2 months.

IV. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

13. Pursuant to paragraph 1 of subsection 127(10) of the Act, DiNardo's convictions for offences arising from transactions, business or a course of conduct related to securities or derivatives may form the basis for an order in the public interest made under subsection 127(1) of the Act.

14. Staff allege that it is in the public interest to make an order against DiNardo.

15. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

16. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*, (2014) 37 OSCB 4168.

DATED at Toronto, this 17th day of August, 2015.

1.5 Notices from the Office of the Secretary

1.5.1 Portfolio Capital Inc.et al.

FOR IMMEDIATE RELEASE
August 20, 2015

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON
and AMY HANNA-ROGERSON

TORONTO – The Commission issued its Reasons and Decision on Sanctions and Costs and an Order in the above noted matter.

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated August 19, 2015 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.5.2 Bigfoot Recreation & Ski Area Ltd. and Ronald Stephen McHaffie

FOR IMMEDIATE RELEASE
August 21, 2015

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

AND

IN THE MATTER OF
BIGFOOT RECREATION & SKI AREA LTD.
and RONALD STEPHEN MCHAFFIE

TORONTO – The Commission issued its Reasons and Decision and an Order pursuant to Subsections 127(1) and 127(10) of the Securities Act in the above noted matter.

A copy of the Reasons and Decision and the Order dated August 20, 2015 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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1.5.3 Clifford Todd Monaghan

FOR IMMEDIATE RELEASE
August 24, 2015

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

AND

IN THE MATTER OF
A HEARING AND REVIEW OF THE DECISION OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA REGARDING PORTFOLIO STRATEGIES SECURITIES INC.

AND

IN THE MATTER OF
CLIFFORD TODD MONAGHAN

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

1. the Applicant shall serve and file an amended application, if any, by August 28, 2015;

2. IIROC Staff, Staff of the Commission and PSSI shall serve and file motions, if any, including motion records and memoranda of fact and law, by September 4, 2015;

3. the Applicant shall serve and file a responding motion record and memoranda of fact and law, if any, by September 11, 2015;

4. PSSI's cross-examination on Monaghan's affidavits, if any, shall take place on September 14, 2015; and

5. a motion hearing, if any, shall take place on September 16, 2015 at 11:00 a.m.

A copy of the Order dated August 18, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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1.5.4 Paul Camillo DiNardo

FOR IMMEDIATE RELEASE
August 24, 2015

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

AND

IN THE MATTER OF
PAUL CAMILLO DINARDO

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard September 9, 2015 at 3:00 p.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated August 20, 2015 and Statement of Allegations of Staff of the Ontario Securities Commission dated August 17, 2015 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

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1.5.5 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
August 25, 2015

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

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK, ADRION SMITH, JOEL WEBSTER, DOUGLAS DEBOER, ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC., and ARMADILLO ENERGY, LLC (aka ARMADILLO ENERGY LLC)

TORONTO – Following the hearing on the merits re the Armadillo Respondents in the above noted matter, the Commission issued its Reasons and Decision and an Order.

A copy of the Reasons and Decision dated August 24, 2015 and Order dated August 24, 2015 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

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1.5.6 Paul Azeff et al.

FOR IMMEDIATE RELEASE
August 25, 2015

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

AND

IN THE MATTER OF
PAUL AZEFF, KORIN BOBROW, MITCHELL FINKELSTEIN, HOWARD JEFFREY MILLER AND MAN KIN CHENG (a.k.a. FRANCIS CHENG)

TORONTO – Following the hearing on Sanctions and Costs in the above named matter, the Commission issued its Reasons and Decision.

The Commission also issued an Order on Sanctions and Costs.

A copy of the Reasons and Decision on Sanctions and Costs dated August 24, 2015 and the Order on Sanctions and Costs dated August 24, 2015 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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1.5.7 1415409 Ontario Inc. et al.

FOR IMMEDIATE RELEASE
August 25, 2015

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

AND

IN THE MATTER OF
1415409 ONTARIO INC., TITLE ONE CLOSING INC.,
RAVINDRA DAVE, CHANDRAMATTIE DAVE
and AMETRA DAVE

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing be continued on a further date and time as agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated August 19, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

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1.5.8 1415409 Ontario Inc. et al.

FOR IMMEDIATE RELEASE
August 25, 2015

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

AND

IN THE MATTER OF
1415409 ONTARIO INC., TITLE ONE CLOSING INC.,
RAVINDRA DAVE, CHANDRAMATTIE DAVE, and
AMETRA DAVE

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and 1415409 ONTARIO INC., TITLE ONE CLOSING
INC., RAVINDRA DAVE,
and CHANDRAMATTIE DAVE

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Chandramattie Dave, Ravindra Dave, 1415409 Ontario Inc., and Title One Closing Inc. in the above named matter.

The hearing will be held on August 27, 2015 at 1:00 p.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated August 25, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Mackenzie Financial Corporation

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraph 13.5(2)(b) of NI 31-103 to permit inter-fund trades between public mutual funds – inter-fund trades will comply with conditions in subsection 6.1(2) of NI 81-107 including IRC approval or client consent – trades involving exchange-traded securities are permitted to occur at last sale price as defined in the Universal Market Integrity Rules.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5(2)(b), 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, ss. 6.1(2), 6.1(4).

August 19, 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 MACKENZIE FINANCIAL CORPORATION (the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation (the "**Legislation**") of the Jurisdiction of the principal regulator for an exemption (the "**Requested Relief**") from the prohibition in subsection 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") which prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of an associate of a responsible person or an investment fund for which a responsible person acts as an adviser (the "**Trading Prohibition**"), to permit a Fund (as defined below) to purchase or sell a security from or to another Fund (as defined below) (each, an "**Inter-Fund Trade**"), with such Inter-Fund Trades to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the "**Last Sale Price**"), in lieu of the closing sale price (the "**Closing Sale Price**") contemplated by the definition of "current market price of the security" in section 6.1(1)(a)(i) of National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**") on that trading day, where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign-exchange securities).

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

Interpretation

Terms defined in MI 11-102 and National Instrument 14-101 – *Definitions* have the same meaning if used in this decision, unless otherwise defined. The term "Fund" has the following meaning:

"Fund" means an existing or future mutual fund that is a reporting issuer, subject to National Instrument 81-102 *Investment Funds* ("**NI 81-102**"), and of which the Filer or an affiliate of the Filer acts or may in future act as the manager and/or portfolio adviser.

Representations

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

The Filer

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

2. The Filer is registered under the *Securities Act* (Ontario) as a portfolio manager, exempt-market

dealer and investment fund manager, and is also registered as a portfolio manager and exempt-market dealer in the other provinces and territories of Canada, including as an investment fund manager in each of Québec and Newfoundland & Labrador. The Filer is also registered under the *Commodity Futures Act* (Ontario) as a commodity trading manager.

3. The Filer, or an affiliate of the Filer, is, or will be, the manager and adviser of the Funds. In its capacity as an adviser of the Funds, the Filer or an affiliate of the Filer is or will be a "responsible person" as defined in Section 13.5(1) of NI 31-103.

The Funds

4. Each of the Funds is, or will be, established under the laws of Canada or a province or territory of Canada as an open-ended mutual fund trust or a class of shares of a mutual fund corporation that is subject to the requirements of NI 81-102.

5. The securities of each of the Funds are, or will be, qualified for distribution in Ontario and in one or more of the Other Jurisdictions pursuant to a simplified prospectus and annual information form. The existing Funds are currently qualified for distribution in all of the provinces and territories of Canada.

6. Each of the Funds is, or will be, a reporting issuer in Ontario and in one or more of the Other Jurisdictions.

7. The Funds are not in default of the securities legislation of Ontario and the Other Jurisdictions.

Independent Review Committee

8. The existing Funds have, and the future Funds will have, an independent review committee ("**IRC**") in accordance with the requirements of NI 81-107.

9. The IRC of the Funds is, or will be, composed by the Filer in accordance with section 3.7 of NI 81-107, and the IRC complies, or will comply, with the standard of care set out in section 3.9 of NI 81-107.

10. Inter-Fund Trades involving a Fund will be referred to the IRC under subsection 5.2(1) of NI 81-107, and the Filer and the IRC will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade. The IRC will not approve an Inter-Fund Trade involving a fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

Inter-Fund Trades

11. The Filer or an affiliate of the Filer wishes to be able to cause Inter-Fund Trades of portfolio securities between one Fund and another Fund to occur at the Last Sale Price.

12. Subsection 6.1(4) of NI 81-107 provides an exemption from the Trading Prohibition, provided that the Inter-Fund Trade occurs at the Closing Sale Price.

13. The Filer or an affiliate of the Filer cannot rely on the exemption from the Trading Prohibition available in subsection 6.1(4) of NI 81-107 because the Inter-Fund Trades would not occur at the "current market price of the security" which, in the case of Exchange-Traded Securities, includes the Closing Sale Price, but not the Last Sale Price.

14. At the time of an Inter-Fund Trade, the Filer, or an affiliate of the Filer, will have policies and procedures in place to enable the Funds to engage in Inter-Fund Trades.

15. The Filer, or an affiliate of the Filer, will comply with the following procedures when entering into Inter-Fund Trades:

    (a) the portfolio manager of the Fund will deliver the trade instructions in respect of a purchase or a sale of a security by a Fund ("**Fund A**") to a trader on the trading desk of the Filer;

    (b) the portfolio manager of the Fund will deliver the trade instructions in respect of a sale or purchase of a security by a Fund ("**Fund B**") to a trader on the trading desk of the Filer;

    (c) upon receipt of the trade instructions and the required approval, the Inter-Fund Trade between Fund A and Fund B will be executed in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, provided that, for exchange-traded securities, the Inter-Fund Trade may be executed at the Last Sale Price of the security prior to the execution of the trade, in lieu of the Closing Sale Price;

    (d) the trader on the trading desk will be required to execute all Inter-Fund Trades on a timely basis; and

    (e) the trader on the trading desk will advise the portfolio manager(s) of Fund A and Fund B of the price at which the Inter-Fund Trade occurred.

16. Each Inter-Fund Trade will be consistent with the investment objectives of the relevant Funds.

17. The Filer has determined that it would be in the best interests of the Funds if an Inter-Fund Trade is made at the Last Sale Price, because this will result in the Inter-Fund Trade being done at the price which is closest to the market price of the security at the time the decision to make the Inter-Fund Trade is made.

18. If the IRC of a Fund becomes aware of an instance where the Filer did not comply with the terms of this decision or a condition imposed by the Legislation or the IRC in its approval, the IRC will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under the laws of which the Fund is organized.

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 Requested Relief is granted provided that:

(a) the Inter-Fund Trade is consistent with the investment objectives of each Fund;

(b) the Filer or an affiliate of the Filer as manager of a Fund, refers the Inter-Fund Trade to the IRC in the manner contemplated by section 5.1 of NI 81-107, and the Filer, or an affiliate of the Filer, and the IRC of the Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;

(c) the IRC of each Fund has approved the Inter-Fund Trade in accordance with the terms of subsection 5.2(2) of NI 81-107; and

(d) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that, for purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price.

"Darren McKall"
Manager,
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.2 Coastal Gold Corp. – 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).

August 21, 2015

Coastal Gold Corp.
1805 - 925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Dear Sir/Mesdames:

Re: Coastal Gold Corp. (the Applicant) – application for a decision under the securities legislation of Alberta 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) 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.

"Shannon O'Hearn"
Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 Mega Precious Metals Inc. – s. 1(6) of the OBCA

Headnote

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

Statutes Cited

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
MEGA PRECIOUS METALS INC.
(the "Applicant" or "Mega")

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, and has an authorized capital consisting of an unlimited number of common shares (the "**Mega Shares**").

2. The head office of the Applicant is located at Royal Bank Plaza, North Tower, 200 Bay Street, Suite 2200, Toronto, ON M5J 2J3.

3. On June 22, 2015, Yamana Gold Inc. ("**Yamana**") completed the acquisition of Mega by way of plan of arrangement in accordance with Section 182 of the *Business Corporations Act* (Ontario) (the "**Arrangement**"). Pursuant to the Arrangement, Yamana acquired all of the issued and outstanding Mega Shares for consideration of 0.02092 of a common share of Yamana (each whole common share, a "**Yamana Share**") and C$0.001 in cash per Mega Share. Pursuant to the Arrangement, each option to acquire a Mega Share (a "**Mega Option**") outstanding immediately prior to the effective time of the Arrangement (the "**Effective Time**") will be exercisable following the Effective Time for 0.02122 of a Yamana Share in lieu of one Mega Share. Pursuant to the

Arrangement, each holder of a warrant (a "**Mega Warrant**") of Mega outstanding immediately prior to the Effective Time will receive, upon the subsequent exercise or conversion of such holder's Mega Warrant(s) following the Effective Time: (A) 0.02092 of a Yamana Share, and (B) $0.001 in cash for each Mega Share such holder was otherwise entitled to receive under the Mega Warrant(s). The Arrangement was approved by the shareholders of Mega on June 17, 2015. Final court approval was received on June 19, 2015.

4. The only outstanding securities of the Applicant held by persons other than Yamana are the Mega Options and the Mega Warrants.

5. 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 in Canada and fewer than 51 securityholders in total worldwide.

6. The Applicant does not have any debt securities outstanding.

7. The Mega Shares were delisted from the TSX Venture Exchange on June 24, 2015.

8. 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.

9. Pursuant to BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*, the British Columbia Securities Commission confirmed the Applicant's non-reporting issuer status in British Columbia effective July 13, 2015.

10. The Applicant is not in default of securities legislation in any jurisdiction.

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

12. On June 30, 2015, the Applicant made an application to the Ontario Securities Commission, as principal regulator on behalf of the securities regulatory authorities in Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador for a decision that the Applicant is not a reporting issuer (the "**Reporting Issuer Relief Requested**").

13. The Reporting Issuer Relief Requested was granted on July 22, 2015. As a result, the Applicant is not a reporting issuer or equivalent in any jurisdiction of Canada.

AND UPON the Commission being satisfied that 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 18th day of August 2015.

"Christopher Portner"
Ontario Securities Commission

"Judith Robertson"
Ontario Securities Commission

2.2.2 Portfolio Capital Inc. et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON and
AMY HANNA-ROGERSON

ORDER
(Sections 127 and 127.1)

WHEREAS

1. On March 25, 2013, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "**Act**") in connection with a Statement of Allegations filed by Staff of the Commission on March 25, 2013 with respect to Portfolio Capital Inc. ("**Portfolio Capital**"), David Rogerson ("**Rogerson**") and Amy Hanna-Rogerson ("**Hanna-Rogerson**" and, together with Rogerson, the "**Individual Respondents**");

2. Staff issued an Amended Statement of Allegations on June 4, 2013, and an Amended Amended Statement of Allegations on June 26, 2013;

3. Following the hearing on the merits, the Commission issued its Reasons and Decision with respect to the merits on February 26, 2015 (the "**Merits Decision**");

4. The Commission determined that Portfolio Capital, Rogerson and Hanna-Rogerson (collectively, the "**Respondents**") had not complied with Ontario securities law and had acted contrary to the public interest, as described in the Merits Decision;

5. On May 20, 2015, the Commission held a hearing with respect to the sanctions and costs to be imposed in this matter;

6. On August 19, 2015, the Commission released its Reasons and Decision on Sanctions and Costs in this matter;

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

IT IS ORDERED that:

1. (a) With respect to the Individual Respondents:

   (i) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Individual Respondents shall cease permanently;

   (ii) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities or derivatives by the Individual Respondents is prohibited permanently;

   (iii) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Individual Respondents permanently;

   (iv) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, the Individual Respondents shall resign any position that they hold as a director or officer of an issuer, registrant, or investment fund manager;

   (v) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, the Individual Respondents shall be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager; and

   (vi) pursuant to clause 8.5 of subsection 127(1) of the Act, the Individual Respondents shall be prohibited permanently from becoming or acting as a registrant, as an investment fund manager, or as a promoter;

(b) With respect to the Respondents, pursuant to clause 10 of subsection 127(1) of the Act, the Respondents shall jointly and severally disgorge to the Commission $1.7 million, which amount shall be designated for allocation or for use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act;

(c) With respect to Rogerson:

(i) pursuant to clause 9 of subsection 127(1) of the Act, Rogerson shall pay an administrative penalty of $500,000 for his multiple failures to comply with Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act; and

(ii) pursuant to subsections 127.1(1) and (2) of the Act, Rogerson shall pay investigation and hearing costs of $309,812.56, of which $150,000 shall be payable on a joint and several basis with Hanna-Rogerson and Portfolio Capital, and the remaining $159,812.56 of which shall be payable on a joint and several basis with Portfolio Capital;

(d) With respect to Hanna-Rogerson:

(i) pursuant to clause 9 of subsection 127(1) of the Act, Hanna-Rogerson shall pay an administrative penalty of $150,000 for her multiple failures to comply with Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act; and

(ii) pursuant to subsections 127.1(1) and (2) of the Act, Hanna-Rogerson shall pay investigation and hearing costs of $150,000 on a joint and several basis with Rogerson and Portfolio Capital;

(e) With respect to Portfolio Capital:

(i) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Portfolio Capital shall cease permanently;

(ii) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities or derivatives by Portfolio Capital is prohibited permanently;

(iii) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Portfolio Capital permanently; and

(iv) pursuant to subsections 127.1(1) and (2) of the Act, Portfolio Capital shall pay investigation and hearing costs of $309,812.56, of which $150,000 shall be payable on a joint and several basis with the Hanna-Rogerson and Portfolio Capital and the remaining $159,812.56 of which shall be payable on a joint and several basis with Rogerson.

2. After each of the Individual Respondents has made full payment of the amounts that he or she is required to pay pursuant to paragraph [1] the above order, he or she, as the case may be, shall be entitled, as an exception to the provisions of subparagraphs (i), (ii) and (iii) of paragraph [1](a) of the above order, to trade in or acquire securities in any registered retirement savings plan accounts and/or tax-free savings accounts and/or registered education savings plan and/or personal trading accounts, for which he or she has the sole legal and beneficial ownership, or is a sponsor, or for any immediate family member.

DATED at Toronto this 19th day of August, 2015.

“Christopher Portner”

2.2.3 Bigfoot Recreation & Ski Area Ltd. and Ronald Stephen McHaffie – s. 127

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

AND

**IN THE MATTER OF
BIGFOOT RECREATION & SKI AREA LTD. and
RONALD STEPHEN MCHAFFIE**

**ORDER
(Section 127)**

WHEREAS

1. On September 22, 2014, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing pursuant to sections 127 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "**Act**") in respect of Bigfoot Recreation & Ski Area Ltd. ("**Bigfoot**") and Ronald Stephen McHaffie ("**McHaffie**") (together, the "**Respondents**");

2. On September 22, 2014, Staff of the Commission ("**Staff**") filed a Statement of Allegations in respect of the same matter;

3. On October 24, 2014, Staff filed an affidavit of service sworn by Lee Crann, a Law Clerk with the Commission, which documented steps taken by Staff to serve the Respondents with the Notice of Hearing, Statement of Allegations and Staff's disclosure materials, and made submissions to the Commission;

4. On October 24, 2014, the Commission ordered that:

   a. the Respondents shall advise of any objections they have to proceeding by way of written hearing within 5 days following service of the October 24, 2014 order; and

   b. once Staff has advised the Office of the Secretary that the period for objections has passed, the Commission will issue an order addressing Staff's application;

5. Both of the Respondents received service of the October 24, 2014 order no later than November 4, 2014;

6. Staff received no communication from the Respondents in relation to Staff's application to proceed by way of written hearing within the time allotted by the Commission's Rules of Procedure;

7. On November 19, 2014, the Commission made an order granting Staff's application to proceed by written hearing;

8. Staff filed the affidavit of service of Lee Crann, sworn December 3, 2014, confirming service of the Commission's order dated November 19, 2014 on the Respondents;

9. Staff filed written submissions, a hearing brief and a brief of authorities;

10. The Respondents did not file any responding materials;

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

IT IS ORDERED that:

1. against McHaffie that:

   a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by McHaffie cease permanently;

   b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by McHaffie be prohibited permanently;

   c. pursuant to paragraphs 7 and 8.1 of subsection 127(1) if the Act, McHaffie resign any position that he holds as a director or officer of any issuer or registrant;

   d. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, McHaffie be prohibited permanently from becoming or acting as an officer or director of any issuer or registrant; and

   e. pursuant to paragraph 8.5 of subsection 127(1) of the Act, McHaffie be prohibited permanently from becoming or acting as a registrant or as a promotor;

2. against Bigfoot that:

   a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities of Bigfoot cease permanently;

   b. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Bigfoot cease permanently;

   c. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Bigfoot be prohibited permanently; and

d. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Bigfoot be prohibited permanently from becoming or acting as a registrant or as a promoter.

DATED at Toronto this 20th day of August, 2015.

"Mary G. Condon"

2.2.4 iShares FactorSelect™ MSCI Canada Index ETF et al. – s. 1.1

Headnote

Certain mutual funds designated as exchange-traded funds for the purposes of OSC Rule 48-501.

Rules Cited

Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, s. 1.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 48-501 –
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS
(Rule)

AND

IN THE MATTER OF
iShares FactorSelect™ MSCI Canada Index ETF ("XFC"),
iShares FactorSelect™ MSCI EAFE Index ETF ("XFI"),
iShares FactorSelect™ MSCI EAFE Index ETF (CAD-Hedged) ("XFF"),
iShares FactorSelect™ MSCI USA Index ETF ("XFU"),
iShares FactorSelect™ MSCI USA Index ETF (CAD-Hedged) ("XFA")
(and collectively, the Funds)

DESIGNATION ORDER
(Section 1.1)

WHEREAS each of the Funds is or will be listed on the Toronto Stock Exchange;

AND WHEREAS under the Universal Market Integrity Rules (UMIR), each of the Funds is an Exempt Exchange-traded Fund that is not subject to prohibitions related to trading during certain securities transactions;

AND WHEREAS the definition of "exchange-traded fund" in the Rule is substantially similar to the definition of Exempt Exchange-traded Fund in UMIR;

AND WHEREAS the purpose of the Rule and UMIR are substantially similar;

AND WHEREAS each of the Funds would be subject to prohibitions relating to trading during certain securities transactions under the Rule if it is not designated by the Director;

THE DIRECTOR HEREBY DESIGNATES each of the Funds as an exchange-traded fund for the purposes of the Rule.

Dated August 20, 2015

"Tracey Stern"
Manager, Market Regulation

2.2.5 Authorization Order – s. 3.5(3)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED
(the "Act")

AND

IN THE MATTER OF
AN AUTHORIZATION PURSUANT TO SUBSECTION 3.5(3) OF THE ACT

AUTHORIZATION ORDER
(Subsection 3.5(3))

WHEREAS a quorum of the Ontario Securities Commission (the "Commission") may, pursuant to subsection 3.5(3) of the Act, in writing authorize any member of the Commission to exercise any of the powers and perform any of the duties of the Commission, including the power to conduct contested hearings on the merits.

AND WHEREAS, by an authorization order made on August 14, 2015, pursuant to subsection 3.5(3) of the Act ("Authorization"), the Commission authorized each of HOWARD I. WETSTON, MONICA KOWAL, MARY G. CONDON, EDWARD P. KERWIN, JANET LEIPER, ALAN J. LENCZNER, TIMOTHY MOSELEY, and CHRISTOPHER PORTNER acting alone, to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments and set dates for hearings, to hear and determine procedural matters, and to make and give any orders, directions, appointments, applications and consents under sections 5, 11, 12, 17, 19, 20, 122, 126, 127, 128, 129, 144, 146 and 152 of the Act that the Commission is authorized to make and give, including the power to conduct contested hearings on the merits.

NOW, THEREFORE, IT IS ORDERED that the Authorization is hereby revoked;

THE COMMISSION HEREBY AUTHORIZES, pursuant to subsection 3.5(3) of the Act, each of HOWARD I. WETSTON, MONICA KOWAL, D. GRANT VINGOE, MARY G. CONDON, EDWARD P. KERWIN, JANET LEIPER, ALAN J. LENCZNER, TIMOTHY MOSELEY, and CHRISTOPHER PORTNER acting alone, to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments and set dates for hearings, to hear and determine procedural matters, and to make and give any orders, directions, appointments, applications and consents under sections 5, 11, 12, 17, 19, 20, 122, 126, 127, 128, 129, 144, 146 and 152 of the Act that the Commission is authorized to make and give, including the power to conduct contested hearings on the merits; and

THE COMMISSION FURTHER ORDERS that this Authorization Order shall have full force and effect until revoked or such further amendment may be made.

DATED at Toronto, this 21st day of August, 2015.

"Deborah Leckman"
Deborah Leckman, Commissioner

"William J. Furlong"
William J. Furlong, Commissioner

2.2.6 Clifford Todd Monaghan

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

AND

IN THE MATTER OF
A HEARING AND REVIEW OF THE DECISION OF
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA REGARDING
PORTFOLIO STRATEGIES SECURITIES INC.

AND

IN THE MATTER OF
CLIFFORD TODD MONAGHAN

ORDER

WHEREAS:

1. on August 10, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 8 and 21.7 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), in relation to an application made by Clifford Todd Monaghan (the "Applicant") for a Hearing and Review of a Decision of the Investment Industry Regulatory Organization Of Canada ("IIROC"), which approved an *Application for Investors Holding 10% or More of an IIROC Member Firm* that was filed by Portfolio Strategies Securities Inc. ("PSSI");

2. on August 18, 2015, the Applicant, IIROC Staff, Staff of the Commission and counsel for PSSI appeared at a confidential pre-hearing conference and made submissions; and

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

IT IS ORDERED that:

1. the Applicant shall serve and file an amended application, if any, by August 28, 2015;

2. IIROC Staff, Staff of the Commission and PSSI shall serve and file motions, if any, including motion records and memoranda of fact and law, by September 4, 2015;

3. the Applicant shall serve and file a responding motion record and memoranda of fact and law, if any, by September 11, 2015;

4. PSSI's cross-examination on Monaghan's affidavits, if any, shall take place on September 14, 2015; and

5. a motion hearing, if any, shall take place on September 16, 2015 at 11:00 a.m.

DATED at Toronto, this 18th day of August, 2015.

"Alan Lenczner"

2.2.7 Agrium Inc. – s. 104(2)(c)

Headnote

Subsection 104(2)(c) of the Act – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, from two of its shareholders an aggregate of up to 1,140,000 of its common shares – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – the selling shareholders did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and have not, for a minimum of 30 days prior to the date of the application seeking the requested relief, purchased common shares of the Issuer in anticipation or contemplation of a sale of common shares to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or public shareholders – proposed purchases exempt from the issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from each selling shareholder that between the date of the order and the date on which the proposed purchase is completed, neither selling shareholder has purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer to re-establish its, or the other selling shareholder's, holdings of common shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

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

AND

IN THE MATTER OF
AGRIUM INC.

ORDER
(CLAUSE 104(2)(c))

UPON the application (the **Application**) of Agrium Inc. (the **Issuer**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 104(2)(c) of the *Securities Act* (Ontario) (the **Act**) exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and sections 97 to 98.7, inclusive, of the Act (the **Issuer Bid Requirements**) in connection with the proposed purchases by the Issuer of up to 1,140,000 common shares of the Issuer (collectively, the **Subject Shares**) in one or more trades, from BMO Nesbitt Burns Inc. and/or Bank of Montreal (each, a **Selling Shareholder** and together, the **Selling Shareholders**);

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

AND UPON the Issuer (and each Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 14, 25 and 26 as they relate to such Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The registered and head office of the Issuer is located at 13131 Lake Fraser Drive S.E., Calgary, Alberta, T2J 7E8.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the common shares of the Issuer (the **Common Shares**) are listed for trading on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**) under the symbol "AGU". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized share capital of the Issuer consists of an unlimited number of Common Shares, of which 142,791,278 were outstanding as of the close of business on August 10, 2015 and an unlimited number of preferred shares, none of which were outstanding as of the close of business on August 10, 2015.

5. The corporate headquarters of each of the Selling Shareholders are located in the Province of Ontario. The Selling Shareholders are affiliates of each other.

6. Neither of the Selling Shareholders, directly or indirectly, owns more than 5% of the issued and outstanding Common Shares.

7. BMO Nesbitt Burns Inc. is the beneficial owner of at least 900,000 Common Shares and Bank of Montreal is the beneficial owner of at least 240,000 Common Shares. None of the Subject Shares were acquired by, or on behalf of, either of the Selling Shareholders in anticipation or contemplation of resale by either of the Selling Shareholders to the Issuer.

8. The Subject Shares are held by the Selling Shareholders in connection with arrangements to hedge client transactions in respect of the Common Shares. Between the date of this Order and the date on which a Proposed Purchase (as defined below) is to be completed, neither Selling Shareholder will purchase, have purchased on its behalf, or otherwise accumulate, any Common Shares to re-establish its, or the other Selling Shareholder's, holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.

9. No Common Shares were purchased by, or on behalf of, either of the Selling Shareholders on or after July 12, 2015, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of the Common Shares by either of the Selling Shareholders to the Issuer.

10. Each of the Selling Shareholders is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. Each of the Selling Shareholders is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

11. Pursuant to a Notice of Intention to make a Normal Course Issuer Bid dated and filed with the TSX on January 21, 2015 (the **Notice**), the Issuer is permitted to make normal course issuer bid purchases for the period starting on January 26, 2015 and ending on January 25, 2016 and for a maximum of 7,185,866 Common Shares (the **Normal Course Issuer Bid**), representing approximately 5% of the Issuer's issued and outstanding Common Shares. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX, Canadian alternative trading systems and the NYSE. To date, 2,254,331 Common Shares have been purchased under the Normal Course Issuer Bid.

12. The Issuer implemented an automatic repurchase plan (the **ARP**) to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer activates the ARP in advance of periods when it would not be permitted to trade in its Common Shares due to the occurrence of a regularly scheduled quarterly blackout. The ARP was approved by the TSX, and complies with the TSX Company Manual, applicable securities laws and this Order. While it is not expected that the Issuer would activate the ARP during the time in which it would complete a Proposed Purchase, in the event that the ARP was active during such a period, the ARP will contain provisions restricting the Issuer from conducting a Block Purchase (as defined below) in accordance with the TSX NCIB Rules (as defined below) during the calendar week in which the Issuer completes a Proposed Purchase and will otherwise comply with this Order. Under the terms of the ARP, at times when the Issuer is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker to make purchases under the Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases under the ARP will be determined by the designated broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with the TSX NCIB Rules (as defined below), applicable securities laws and the terms of the agreement between the designated broker and the Issuer. No Subject Shares will be acquired under the ARP or otherwise during any of the Issuer's blackout periods.

13. The Issuer has notified the TSX of its intention to supplement its Normal Course Issuer Bid to include purchases as may be permitted by the TSX or a securities regulatory authority in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the **TSX NCIB Rules**), including by private agreements under issuer bid exemption orders issued by a securities regulatory authority (each, an **Off-Exchange Block Purchase**) and the TSX has indicated that it will not object to such Off-Exchange Block Purchases being completed pursuant to the Normal Course Issuer Bid.

14. The Issuer and each Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an **Agreement**), pursuant to which the Issuer will agree to acquire some or all of the Subject Shares from the applicable Selling Shareholder by one or more purchases each occurring before November 30, 2015 (each such purchase, a **Proposed Purchase**) for a purchase price (each such price, a **Purchase Price** in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the applicable Selling Shareholder. The Purchase Price

will, in each case, be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase.

15. The Subject Shares acquired under each Proposed Purchase will constitute a "block", as that term is defined in section 628 of the TSX NCIB Rules.

16. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for purposes of the Act, to which the Issuer Bid Requirements would apply.

17. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase, the Proposed Purchases cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

18. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares as a "block purchase" (a **Block Purchase**) on the TSX in accordance with the block purchase exception in clause 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

19. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

20. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the applicable Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

21. Management of the Issuer is of the view that: (a) the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

22. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

23. To the best of the Issuer's knowledge, as of the close of business on August 10, 2015, the "public float" of the Issuer's Common Shares represented approximately 99.93% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

24. The Common Shares are "highly liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.

25. Other than the Purchase Price, no fee or other consideration will be paid in connection with the Proposed Purchases.

26. At the time that each Agreement is entered into by the Issuer and the applicable Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products Group of either Selling Shareholder, nor any personnel of the Selling Shareholders that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

27. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from each Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, neither Selling Shareholder has purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its, or the other Selling Shareholder’s, holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 2,395,288 Common Shares as of the date of this Order.

29. The Commission granted the Issuer an order on June 12, 2015 pursuant to clause 104(2)(c) of the Act exempting the Issuer from the Issuer Bid Requirements in connection with purchases by the Issuer pursuant to private agreements of up to 1,175,000 Common Shares from The Toronto-Dominion Bank (the **Existing Order**). To date, the Issuer has acquired 1,175,000 Common Shares under the Existing Order.

30. The Issuer will not purchase Common Shares pursuant to the Proposed Purchases during designated blackout periods designated and administered in accordance with the Issuer's corporate policies.

31. Assuming completion of the purchase of the maximum number of Subject Shares, being 1,140,000 Common Shares, and the maximum number of Common Shares pursuant to the Existing Order, being 1,175,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 2,315,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 32.33% of the maximum of 7,185,866 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules or another Off-Exchange Block Purchase during the calendar week in which it completes any Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes each Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to the Normal Course Issuer Bid and in accordance with the Notice and the TSX NCIB Rules, as applicable, subject to condition (i) below;

(e) immediately following each Proposed Purchase of Subject Shares from a Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the applicable Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products Group of either Selling Shareholder, nor any personnel of the Selling Shareholders that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) following the completion of each such Proposed Purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such Proposed Purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Common Shares the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 2,395,288 Common Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from each Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, neither Selling Shareholder has purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its, or the other Selling Shareholder’s, holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.

DATED at Toronto, Ontario this 21st day of August, 2015.

"William Furlong"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.2.8 Coastal Gold Corp. – s. 1(6) of the OBCA

Headnote

Subsection 1(6) of the Business Corporations Act (Ontario) – application for an order that the issuer is deemed to have ceased to be offering its securities to the public – the applicant is a wholly owned subsidiary of another issuer as a result of a plan of arrangement under the Business Corporations Act (Ontario).

Statutes Cited

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
COASTAL GOLD CORP.
(the "Applicant" or "Coastal")

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, and has an authorized capital consisting of an unlimited number of common shares (the "**Common Shares**").

2. The Applicant's head office is located at 1805 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

3. As of July 7, 2015, First Mining Finance Corp. acquired 100% of the issued and outstanding Common Shares pursuant to a plan of arrangement.

4. The Common Shares have been de-listed from the TSX Venture Exchange, effective as of the close of trading on July 10, 2015.

5. Other than the Common Shares held by First Mining Finance Corp., the Applicant has no other securities outstanding, including debt securities.

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. Pursuant to BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*, the British Columbia Securities Commission confirmed the Applicant's non-reporting issuer status in British Columbia effective July 27, 2015.

8. The Applicant is a reporting issuer, or the equivalent, in Alberta and Ontario.

9. The Applicant is not in default of securities legislation in any jurisdiction.

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

11. On July 16, 2015, the Applicant made an application to the Ontario Securities Commission, as principal regulator on behalf of the securities regulatory authorities in Alberta and Ontario, for a decision that the Applicant is not a reporting issuer in Alberta and Ontario (the "**Reporting Issuer Requested Relief**").

12. Upon the granting of the Reporting Issuer Relief Requested, the Applicant will not be a reporting issuer or equivalent in any jurisdiction of Canada.

AND UPON the Commission being satisfied that 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 this 21st day of August, 2015.

"Deborah Leckman"
Ontario Securities Commission

"William Furlong"
Ontario Securities Commission

2.2.9 Ground Wealth Inc. et al.

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

AND

**IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK, ADRION SMITH, JOEL WEBSTER, DOUGLAS DEBOER, ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC., and ARMADILLO ENERGY, LLC (aka ARMADILLO ENERGY LLC)**

ORDER

WHEREAS:

1. On February 1, 2013, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), in relation to the Statement of Allegations, dated February 1, 2013, filed by Staff of the Commission ("**Staff**"), naming as respondents Ground Wealth Inc. ("**GWI**"), Michelle Dunk ("**Dunk**"), Adrion Smith ("**Smith**"), Joel Webster ("**Webster**"), Douglas DeBoer ("**DeBoer**"), Armadillo Energy Inc. ("**Armadillo Texas**"), Armadillo Energy, Inc. ("**Armadillo Nevada**") and Armadillo Energy, LLC ("**Armadillo Oklahoma**");

2. On October 31, 2013, the Commission issued an Amended Notice of Hearing in relation to an Amended Statement of Allegations, dated October 31, 2013, filed by Staff, which amended the title of this proceeding by replacing the name "Armadillo Energy LLC" with "Armadillo Energy, LLC (aka Armadillo Energy LLC)" (collectively, "**Armadillo Oklahoma**", as defined above);

3. On January 6, 2015, the Commission approved a settlement agreement, dated January 5, 2015, entered into by GWI, Deboer, Dunk and Webster;

4. On January 23, 2015, the Commission approved a settlement agreement, dated January 22, 2015, entered into by Smith;

5. The hearing on the merits in this proceeding against Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma (collectively, the "**Armadillo Respondents**") was heard in writing;

6. On August 24, 2015, the Commission issued its Reasons and Decision on the merits in this matter, including findings against all of the Armadillo Respondents; and

7. The Commission is of the opinion that it is in the public interest to issue this Order.

IT IS HEREBY ORDERED that:

1. The Armadillo Respondents have until September 2, 2015 to notify the Secretary of the Commission that they, or any of them, require an oral sanctions hearing, which, if required, will then be scheduled by the Secretary;

2. Failing notification by the Armadillo Respondents, Staff shall serve and file their written submissions on sanctions and costs by September 11, 2015;

3. The Armadillo Respondents shall serve and file their written submissions on sanctions and costs by September 18, 2015; and

4. Staff shall serve and file reply submissions on sanctions and costs, if any, by September 25, 2015.

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

"Christopher Portner"

2.2.10 Paul Azeff et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
PAUL AZEFF, KORIN BOBROW, MITCHELL FINKELSTEIN, HOWARD JEFFREY MILLER AND MAN KIN CHENG (a.k.a. FRANCIS CHENG)

ORDER
(Sections 127 and 127.1)

WHEREAS:

1. on August 14, 2014, Staff of the Ontario Securities Commission (the "Commission") filed a Fresh As Amended Statement of Allegations with respect to the respondents Paul Azeff ("Azeff"), Korin Bobrow ("Bobrow"), Mitchell Finkelstein ("Finkelstein"), Howard Jeffrey Miller ("Miller") and Man Kin Cheng (a.k.a. Francis Cheng) ("Cheng") (collectively, the "Respondents") relating to a hearing to held pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Securities Act");

2. on March 24, 2015, following a hearing on the merits, the Commission issued its Reasons and Decision with respect to the merits, including findings against all of the Respondents (*Re Paul Azeff et al.* (2015), 38 O.S.C.B. 2983);

3. on June 17, 2015, the Commission held a hearing to determine sanctions and costs against the Respondents; and

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

IT IS ORDERED that:

1. With respect to Finkelstein:

   (a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Finkelstein shall cease for 10 years;

   (b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Finkelstein is prohibited for 10 years;

   (c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 1(a) and 1(b) above, Finkelstein shall be permitted to:

      i. personally trade and/or acquire mutual funds, exchange-traded funds ("ETFs"), government bonds and/or guaranteed investment certificates ("GICs") for the account of any registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan ("RESP") and tax free savings account ("TFSA"), as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended (the "Income Tax Act"), in which Finkelstein and/or his children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom Finkelstein must have given a copy of the order; and

      ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on Finkelstein's behalf, provided that:

         1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on Finkelstein's behalf;

         2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and Finkelstein has no direction or control over the selection of specific securities;

3. Finkelstein is permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of Finkelstein providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and

4. Finkelstein may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by Finkelstein within 30 days of making such change;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Finkelstein for 10 years;

(e) pursuant to clause 6 of subsection 127(1) of the Act, Finkelstein is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, Finkelstein shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;

(g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Finkelstein is permanently prohibited from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, Finkelstein is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(i) pursuant to clause 9 of subsection 127(1) of the Act, Finkelstein shall pay administrative penalties in the total amount of $450,000 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act and is payable, at his option, over three equal yearly instalments with the first $150,000 payable within 60 days of this decision. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable; and

(j) pursuant to section 127.1 of the Act, Finkelstein shall pay the amount of $125,000 in respect of part of the costs of the Commission's investigation and hearing;

2. With respect to Azeff and Bobrow:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by each of Azeff and Bobrow shall cease for 10 years;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by each of Azeff and Bobrow is prohibited for 10 years;

(c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 2(a) and 2(b) above, each of Azeff and Bobrow shall be permitted to:

i. personally trade and/or acquire mutual funds, ETFs, government bonds and/or GICs for the account of any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, in which by each of Azeff and Bobrow and/or their children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom each must have given a copy of the order;

ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on behalf of each of Azeff and Bobrow's, provided that:

1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on each of Azeff and Bobrow's behalf;

2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and each of Azeff and Bobrow has no direction or control over the selection of specific securities;

3. Azeff and Bobrow are each permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and

4. Azeff and Bobrow may each change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by each of Azeff and Bobrow within 30 days of making such change;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of Azeff and Bobrow for 10 years;

(e) pursuant to clause 6 of subsection 127(1) of the Act, each of Azeff and Bobrow is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, each of Azeff and Bobrow shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;

(g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, each of Azeff and Bobrow is permanently prohibited from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, each of Azeff and Bobrow is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(i) pursuant to clause 9 of subsection 127(1) of the Act, Azeff shall pay $750,000 and Bobrow shall pay $300,000 to the Commission as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act and each amount is payable, at their option, over two equal yearly instalments with the first half payable within 60 days of this decision. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;

(j) pursuant to clause 10 of subsection 127(1) of the Act, Azeff shall disgorge $49,996 and Bobrow shall disgorge $10,217 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(k) pursuant to section 127.1 of the Act, Azeff shall pay $175,000 and Bobrow shall pay $125,000 in respect of part of the costs of the Commission's investigation and hearing;

3. With respect to Miller and Cheng:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by each of Miller and Cheng shall cease for 10 years;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by each of Miller and Cheng is prohibited for 10 years;

(c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 3(a) and 3(b) above, each of Miller and Cheng shall be permitted to:

i. personally trade and/or acquire mutual funds, ETFs, government bonds and/or GICs for the account of any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, in which by each of Miller and Cheng and/or their children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom each must have given a copy of the order;

ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on behalf of each of Miller and Cheng, provided that:

1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on each of Miller and Cheng's behalf;

2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and each of Miller and Cheng has no direction or control over the selection of specific securities;

3. Miller and Cheng are each permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and

4. Miller and Cheng may each change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by each of Miller and Cheng within 30 days of making such change;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of Miller and Cheng for 10 years;

(e) pursuant to clause 6 of subsection 127(1) of the Act, each of Miller and Cheng is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, each of Miller and Cheng shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;

(g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, each of Miller and Cheng is prohibited for 10 years from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, each of Miller and Cheng is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(i) pursuant to clause 9 of subsection 127(1) of the Act, Miller shall pay $450,000 as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act, and is payable over two equal yearly instalments with the first $225,000 payable, at his option, within 60 days of this decision and the balance within one year. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;

(j) pursuant to clause 9 of subsection 127(1) of the Act, Cheng shall pay $200,000 to the Commission as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act, and is payable over two equal yearly instalments with the first $100,000 payable, at his option, within 60 days of this decision and the balance within one year. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;

(k) pursuant to clause 10 of subsection 127(1) of the Act, Miller shall disgorge $24,485 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(l) pursuant to section 127.1 of the Act, Miller shall pay $50,000 and Cheng shall pay $25,000 in respect of part of the costs of the Commission's investigation and hearing.

Dated at Toronto this 24th day of August, 2015.

"Alan J. Lenczner"

"AnneMarie Ryan"

2.2.11 1415409 Ontario Inc. et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
1415409 ONTARIO INC., TITLE ONE CLOSING INC.,
RAVINDRA DAVE, CHANDRAMATTIE DAVE
and AMETRA DAVE

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS:

1. On March 17, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c.S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 17, 2015 with respect to Chandramattie Dave ("Chandramattie"), Ravindra Dave ("Ravindra"), Ametra Dave ("Ametra"), 1415409 Ontario Inc., and Title One Closing Inc. (collectively, the "Respondents");

2. The Notice of Hearing set April 15, 2015, as the hearing date in this matter;

3. The First Appearance in this matter was held on April 15, 2015, and Staff and some of the Respondents appeared;

4. On April 15, 2015, the Commission ordered that:

   a. Staff shall provide disclosure to the Respondents by May 15, 2015, of documents and things in the possession or control of Staff that are relevant to the hearing in this matter;

   b. The First Appearance in this matter be continued on June 17, 2015, at 10:00 a.m. for the purpose of providing a status update with respect to service; and

   c. The Second Appearance in this matter be held on August 19, 2015, at 10:00 a.m.;

5. On May 30, 2015, Staff provided disclosure of documents and things in the possession or control of Staff that are relevant to the hearing in this matter to Chandramattie, Ravindra, 1415409 Ontario Inc., and Title one Closing Inc.;

6. On June 12, 2015, Staff filed an application seeking an order for substituted service with respect to Ametra;

7. The First Appearance in this matter was continued on June 17, 2015, at 3:30 p.m. and Staff and Ravindra and Chandramattie appeared and made submissions;

8. The First Appearance that continued on June 17, 2015, was further adjourned until July 16, 2015, at 1:00 p.m., at which time Staff and Ravindra and Chandramattie appeared and made submissions, including with respect to Staff's application for substituted service;

9. On July 16, 2015, the Commission ordered that service of the Notice of Hearing and Statement of Allegations is waived with respect to Ametra Dave, as Staff has taken all reasonable steps to locate and serve her;

10. The Second Appearance in this matter was held on August 19, 2015 at 10 a.m., and Staff and some of the Respondents appeared; and

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

IT IS ORDERED that the hearing be continued on a further date and time as agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto, this 19th day of August, 2015.

"Mary Condon"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Portfolio Capital Inc. et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON,
and AMY HANNA-ROGERSON

REASONS AND DECISION ON SANCTIONS AND COSTS
(Sections 127 and 127.1 of the Act)

Hearing:	May 20, 2015		
Decision:	August 19, 2015		
Panel:	Christopher Portner	–	Commissioner
Appearances:	Gavin Smyth Keir Wilmut	–	For Staff of the Commission
	Timothy D. Chapman-Smith	–	For David Rogerson
	Doug McLeod	–	For Amy Hanna-Rogerson

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REASONS AND DECISION ON SACTIONS AND COSTS

I. BACKGROUND

A. Introduction

[1] This was a hearing (the "**Sanctions and Costs 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 it is in the public interest to make an order with respect to sanctions and costs against Portfolio Capital Inc. ("**Portfolio Capital**"), David Rogerson ("**Rogerson**") and Amy Hanna-Rogerson ("**Hanna-Rogerson**" and, collectively with Portfolio Capital and Rogerson, the "**Respondents**").

[2] Staff of the Commission ("**Staff**") had alleged that the Respondents solicited and sold shares of PlusPetro Inc. (Panama) ("**PlusPetro**") to more than 200 investors and potential investors, raising approximately US$980,000 and $544,000 and that the Respondents engaged in fraudulent conduct by making untrue or misleading statements to investors regarding the business of PlusPetro, the use of investor funds and the future value of PlusPetro shares.

[3] Following a hearing to consider the merits of Staff's allegations (the "**Merits Hearing**"), I issued reasons and a decision on the merits on February 26, 2015, *Re Portfolio Capital Inc.*, (2015) 38 O.S.C.B. 2071 (the "**Merits Decision**"). In the Merits Decision, I found that:

(a) The Respondents had engaged in unlawful trading contrary to subsection 25(1)(a) of the Act, as that section existed prior to September 28, 2009, and contrary to subsection 25(1) of the Act, on or after September 28, 2009;

(b) The Respondents illegally distributed securities contrary to subsection 53(1) of the Act and breached subsection 126.1(b) of the Act by engaging in acts that they knew or reasonably ought to have known perpetrated a fraud;

(c) Rogerson made prohibited representations contrary to subsection 38(3) of the Act and Hanna-Rogerson, as the director of Portfolio Capital, authorized, permitted, or acquiesced in Portfolio Capital's non-compliance of Ontario securities law, and therefore contravened Ontario securities law pursuant to section 129.2 of the Act; and

(d) The Respondents' actions were contrary to the public interest.

[4] Rogerson and Hanna-Rogerson (together, the "**Individual Respondents**") were represented at the Sanctions and Costs Hearing by separate counsel under the Commission's Litigation Assistance Program. Written and oral submissions with respect to sanctions and costs were made by Staff and counsel for each of Rogerson and Hanna-Rogerson.

[5] Although Portfolio Capital was properly served with notice of the Sanctions and Costs Hearing, it did not appear or make submissions. Given that Portfolio Capital had received adequate notice, I determined that, pursuant to subsection 7(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 (the "**SPPA**"), it was appropriate that the Sanctions and Costs Hearing proceed in the absence of Portfolio Capital.

II. SANCTIONS ANALYSIS

A. Sanctions Requested by Staff

1. Portfolio Capital

[6] Staff submits that Portfolio Capital should be subject to the following sanctions, namely, that:

(a) Pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Portfolio Capital shall cease permanently;

(b) Pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities or derivatives by Portfolio Capital shall be prohibited permanently;

(c) Pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Portfolio Capital permanently;

(d) Pursuant to clause 10 of subsection 127(1) of the Act, Portfolio Capital shall jointly and severally with Rogerson and Hanna-Rogerson disgorge to the Commission a total of $2.6 million or, in the alternative $1.7 million, to be designated for allocation to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act; and

(e) Pursuant to section 127.1 of the Act, Portfolio Capital pay $309,812.56 of the costs of the investigation and hearing, for which it shall be jointly and severally liable with Rogerson and Hanna-Rogerson.

[7] Staff submits that the allegations proven against Portfolio Capital involve serious breaches of Ontario securities law and conduct contrary to the public interest, and merit severe sanctions. These breaches included unlawful trading, the illegal distribution of securities and fraudulent conduct with respect to securities. Staff refers to my finding in the Merits Decision that "substantial amounts of the investor funds that were received by Portfolio Capital were not used for the purpose represented to investors"[1] and further submits that Portfolio Capital undertook dishonest acts that could and did put investors' financial interest at risk.

[8] Staff also submits that the conduct of Portfolio Capital caused significant harm to the integrity of the capital markets and was designed to and did deprive investors of their funds and that Portfolio Capital should be permanently prevented from participating in the capital markets in any capacity.

2. The Individual Respondents

[9] Staff submits that the Individual Respondents should be subject to the following sanctions, namely, that:

(a) Pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Individual Respondents shall cease permanently;

(b) Pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities or derivatives by the Individual Respondents shall be prohibited permanently;

(c) Pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to the Individual Respondents permanently;

(d) Pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, the Individual Respondents shall resign any position that they hold as a director or officer of an issuer, registrant or investment fund manager;

(e) Pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, the Individual Respondents shall be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(f) Pursuant to clause 8.5 of subsection 127(1) of the Act, the Individual Respondents shall be prohibited permanently from becoming or acting as a registrant, as an investment fund manager, or as a promoter;

(g) Pursuant to clause 10 of subsection 127(1) of the Act, the Individual Respondents shall jointly and severally with Portfolio Capital disgorge to the Commission a total of $2.6 million or, in the alternative $1.7 million, to be designated for allocation to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act;

(h) Pursuant to clause 9 of subsection 127(1) of the Act, Rogerson shall pay an administrative penalty of $500,000, to be allocated for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

(i) Pursuant to subsections 127.1(1) and (2) of the Act, Rogerson pay $309,812.56 of the costs of the investigation and hearing, for which he shall be jointly and severally liable with Portfolio Capital and Hanna-Rogerson;

(j) Pursuant to clause 9 of subsection 127(1) of the Act, Hanna-Rogerson shall pay an administrative penalty of $150,000, to be allocated for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(k) Pursuant to subsections 127.1(1) and (2) of the Act, Hanna-Rogerson shall pay $309,812.56 of the costs of the investigation and hearing, for which she shall be jointly and severally liable with Portfolio Capital and Rogerson.

[1] Merits Decision, *supra* at para. 123.

[10] Staff submits that Rogerson and Hanna-Rogerson engaged in egregious conduct involving significant contraventions of the Act, including fraud, resulting in significant harm to investors. It is Staff's submission that the Individual Respondents' actions warrant significant sanctions commensurate with their harmful conduct in order to protect investors from future harm and to send a message of deterrence.

[11] Staff submits that the Individual Respondents engaged in unlawful activity that was planned, prolonged and widespread. Staff notes that the Commission has previously held that the registration requirements of the Act are essential to the protection of investors and that fraud is "one of the most egregious securities regulatory violations."[2]

[12] Staff submits that the Individual Respondents have not recognized the seriousness of their misconduct. As evidence of this lack of recognition, Staff refers to the Commission's finding that Rogerson's testimony at the Merits Hearing was "argumentative and evasive and simply not credible."[3]

[13] Staff submits that, although I determined in the Merits Decision that the Respondents raised $1.7 from investors, Rogerson agreed under cross-examination to having raised $2.6 million from investors. Only one investor out of 200 was reimbursed for the amount of his investment.

[14] Staff submits that the Respondents' non-compliance with Ontario securities law was not an isolated incident and took place over an extended period of time. It is Staff's position that there are no mitigating factors present and that neither of the Individual Respondents has expressed genuine remorse for their actions.

[15] Staff submits that orders removing the Individual Respondents permanently from the capital markets, significant administrative penalties and the disgorgement of all funds derived from the sale of PlusPetro shares, are proportionate to the Individual Respondents' misconduct and will convey to the Individual Respondents and to like-minded individuals that involvement in these types of fraudulent schemes will result in severe sanctions.

B. Rogerson's Submissions on Sanctions

[16] Rogerson submits that he acted reasonably and cooperated with Staff throughout the hearing process. He signed an Agreed Statement of Facts, which was filed by Staff on the first day of the Merits Hearing, and only contested the fraud allegations at the Merits Hearing which resulted in a streamlined and efficient hearing.

[17] Rogerson submits that this proceeding has ruined him financially, destroyed his reputation and strained or ended personal relationships. He submits that he accepts the findings of the Commission in the Merits Decision and does not contest the non-monetary sanctions sought by Staff, except that he seeks a carve-out from the trading ban for personal trading. He further submits that he is remorseful for the harm that he caused to investors.

[18] Rogerson does, however, contest the monetary sanctions sought by Staff. It is his submission that the monetary sanctions sought by Staff are inappropriate in the circumstances. He submits that monetary sanctions serve the primary purpose of deterrence, and that there is no deterrent value when the monetary sanctions are so large that the respondent cannot pay them. He submits that, as he is currently indigent, the large monetary sanctions sought by Staff have no deterrent value and therefore impermissibly rise to the level of punishment.

[19] Rogerson submits that Staff's position on sanctions disregards his personal circumstances and ability to pay. He submits that his consent to permanent removal from the markets achieves the Commission's goal of protecting the market and that his consent to these sanctions should be seen as a mitigating factor.

C. Hanna-Rogerson's Submissions on Sanctions

[20] Hanna-Rogerson submits that she attempted to cooperate and provide forthright admissions to Staff throughout these proceedings while having no legal experience and being largely self-represented.

[21] She submits that, throughout the Material Time, she was vulnerable to and controlled by Rogerson in connection with the development of COATS[4] and that Rogerson caused her to exhaust all of her personal savings and even go into debt to help fund his investment scheme. It is her submission that she thought that the COATS scheme undertaken by Rogerson through PlusPetro was a legitimate business and that her involvement has left her destitute, deeply indebted and estranged from her family and friends.

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2 *Re Al-Tar Energy Corp.* (2011), 33 O.S.C.B. 5535 at para. 214.

3 Merits Decision, *supra* at para 116.

4 COATS is the acronym for Crude Oil Additive Technology Solution which is described in paragraph [22] of the Merits Decision as a break-through technology that has the ability to lower the viscosity of crude oil thereby making it easier to transport.

[22] As Hanna-Rogerson thought PlusPetro was a legitimate venture, she submits that she did not understand that it was inappropriate for her to be compensated out of the funds raised from investors. It is her submission that the monthly income that she received from PlusPetro was comparable to her previous earnings as a wardrobe stylist, and it therefore did not occur to her that the compensation was improper. Hanna-Rogerson submits that, to her knowledge, much of the funds raised from investors was spent by Rogerson on legitimate business expenses.

[23] Hanna-Rogerson argues that Staff has not done enough in its detailing of the Individual Respondents' expenditures to separate the amounts spent by Hanna-Rogerson and Rogerson, respectively. In her submission, the broad categories of expenditure used by Staff fail to separate the spending of Rogerson and other PlusPetro representatives from that of Hanna-Rogerson. She submits that, by failing to provide sufficient particulars in order to allow the Panel to ascertain the alleged gain by Hanna-Rogerson, Staff has not met its burden of proof with respect to its request that Hanna-Rogerson be subject to an order of disgorgement.

[24] Hanna-Rogerson submits that she is unsophisticated with regard to financial and business matters and the securities laws of Ontario and at no time intentionally violated them. She submits that, upon learning that she was in violation of regulatory requirements, she cooperated with the Commission and admitted to her contraventions. The only allegation that she was not willing to admit to was fraud.

[25] Hanna-Rogerson submits that she was not an active participant in the fraudulent scheme and only participated on an administrative basis and that her admission that she met with investors should be viewed in this light. She submits that the appropriate sanctions regarding her actions should reflect the fact that she was not actively soliciting or recruiting new investors. She submits that this is further reflected by the Particulars of Staff's Allegations of Securities Fraud provided to Hanna-Rogerson on January 29, 2014, as it makes only minimal references to her in contrast to Rogerson. She argues that this conflation of Rogerson's actions with her own is pervasive throughout Staff's submissions.

[26] In her submission, Hanna-Rogerson states that she is currently impecunious and is considering filing for bankruptcy. She submits that she deeply regrets her involvement in the fraud and would like to be able to repay investors and those who lent her money, however, that is not possible given her financial circumstances.

[27] Hanna-Rogerson does not contest the non-monetary sanctions sought against her, save for a request that she be personally allowed to own securities so that she may one day be able to save for retirement.

[28] Hanna-Rogerson, however, argues that the monetary sanctions sought by Staff against her are punitive in nature and therefore improper. She cites the Alberta Court of Appeal's recent decision in *Walton v. Alberta (Securities Commission)*, 2014 A.B.C.A. 273 ("***Walton***"), in which the Court stated that "the pursuit of general deterrence does not warrant imposing a crushing or unfit sanction on any individual appellant."[5] Hanna-Roberson argues that the large monetary sanctions sought against her have no deterrent effect and are Staff's attempt to punish her for her actions.

D. The Law

[29] When exercising its public interest jurisdiction under section 127 of the Act, the Commission must consider the purposes of the Act which, as set out in section 1.1 of the Act, are to (i) provide protection to investors from unfair, improper or fraudulent practices; and (ii) foster fair and efficient capital markets and confidence in the capital markets.

[30] In pursuing the purposes of the Act, subsection 2.1(2) of the Act requires that the Commission have regard for a number of fundamental principles including the following primary means for achieving the purposes of the Act:

i. requirements for timely, accurate and efficient disclosure of information,

ii. restrictions on fraudulent and unfair market practices and procedures, and

iii. requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.

[31] The sanctions imposed by the Commission must be protective and preventive to maintain high standards of behavior and to preserve the integrity of Ontario's capital markets. The role of the Commission is to impose sanctions that will protect investors and the capital markets from exposure to similar conduct in the future. As stated by the Commission in *Re Mithras Management Inc.*, 1990), 13 O.S.C.B. 1600 ("***Mithras***"):

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose

[5] *Walton*, *supra* at para. 154.

> conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.[6] [Emphasis added.]

[32] As stated by the Supreme Court of Canada in *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario Securities Commission*, [2001] 2 S.C.R. 132 ("***Asbestos***"), the Commission's public interest mandate is neither remedial nor punitive; instead, it is protective and preventive, and it is intended to prevent future harm to Ontario's capital markets.[7] More specifically, the Court stated that "[T]he role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets."[8]

[33] Sanctions imposed must be appropriate and proportionate to the circumstances of the case and the conduct of each respondent. The Commission has enumerated a number of factors that it considers in determining sanctions including, the seriousness of the allegations, the respondent's experience in the marketplace, recognition of the seriousness of the improprieties, deterrence and whether there are any mitigating factors present in the case.[9] In exercising its discretion, the Commission should consider the protection of investors and the efficiency of, and public confidence in, capital markets generally.

E. Application of the Factors

[34] Having regard to the factors referred to in paragraph [33] above, I consider the following to be of particular relevance to the Respondents:

1. The seriousness of the conduct

[35] The Respondents were found to have engaged in acts that they knew or reasonably ought to have known perpetrated a fraud. Their actions show complete disregard for the regulatory foundations of Ontario's capital markets and the protection of investors. The Respondents inflicted harm on investors in Ontario by means of a prolonged scheme through which approximately 200 investors were defrauded of at least $1.7 million. To date, only one investor has been repaid and, based on the facts in evidence at the Merits Hearing, there is no prospect of any recovery by the remaining investors.

2. The Respondents' experience and knowledge

[36] Although none of the Respondents was ever registered in any capacity under the Act, Rogerson, by his own submission, has been involved in the financial and capital markets for over 25 years. Rogerson devised and executed the COATS scheme which involved hundreds of investors and large amounts of investor funds. The evidence, including, in particular, the elaborate web of deceit created by Rogerson's purported update letters to shareholders, demonstrated that Rogerson had a high level of sophistication relating to the manner in which securities are successfully marketed.

[37] By way of contrast, Hanna-Rogerson submits that she has little to no experience in the securities or oil and gas industries and that her role with Portfolio Capital was administrative in nature. While I accept that she may not have been as sophisticated as Rogerson with respect to securities matters, she was involved with Portfolio Capital for an extended period of time, was actively involved with investors in the completion of the documents associated with the purchase of PlusPetro shares and had control over the bank accounts to which investor funds were deposited. As I found in the Merits Decision, her claims of ignorance regarding the misleading nature of the PlusPetro investments were "not credible".[10]

3. Recognition of the seriousness of the improprieties and remorse

[38] Rogerson submits that he is remorseful for the harm that he has caused the approximately 200 investors he defrauded. While Rogerson's counsel was correct in submitting that his client was entitled to defend himself at the Merits Hearing,

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6 *Mithras*, *supra* at paras. 1610 and 1611.
7 *Asbestos*, *supra* at para. 42.
8 *Asbestos*, *supra* at para. 43.
9 For a non-exhaustive list of sanctioning factors that the Commission may consider, see *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746; *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 at 1136.
10 Merits Decision, *supra* at para. 96.

I am not convinced that Rogerson has any remorse for the fraud in which he engaged. His testimony at the Merits Hearing demonstrated him to be a person who is deceitful and manipulative. While my findings in the Merits Decision were based on the $1.7 million alleged by Staff to have been received from investors, Rogerson's own testimony confirmed that he received another $900,000 from investors relating to the sale of PlusPetro shares, however, he refused to answer any of Staff's further questions with respect to this amount. Rogerson now submits that he is impecunious as a result of these proceedings without providing a plausible explanation with respect to the large sum of money that he admits to having received.

[39] Although Hanna-Rogerson also claims to be remorseful for the harm that her role in the fraud caused, she remains steadfast in her refusal to accept the finding that she engaged in fraud. In her submissions on sanctions and costs, she continues to argue that she did not have the sophistication necessary to understand the fraudulent nature of the COATS scheme and "disagrees that she engaged in fraud". The Sanctions and Costs Hearing is not, however, the forum to re-litigate the Panel's finding on the merits. While I believe that Hanna-Rogerson regrets her involvement in the COATS scheme, her refusal to recognize that there was any culpability on her part with respect to the commission of the fraud is a matter of concern when considering sanctions.

4. Mitigating Factors

[40] Although the Individual Respondents did work with Staff to create the Agreed Statement of Facts which resulted in some efficiency during the Merits Hearing, they otherwise caused innumerable delays and additional costs and inconvenience by failing to comply with the orders of the Panel and the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "**Rules of Procedure**"). In addition, Rogerson's testimony was argumentative and evasive thereby unnecessarily prolonging the Merits Hearing. As a result, there are no mitigating factors in evidence.

5. Deterrence

[41] Specific and general deterrence are important considerations that should be taken into account when sanctions are imposed. General deterrence requires the imposition of sanctions that will send a strong message to other like-minded individuals (in this case, officers and directors) that the misconduct engaged in is unacceptable and will not be tolerated by the Commission. Specific deterrence requires the imposition of sanctions that will send a strong message to respondents to discourage them from engaging in further misconduct in the future.

[42] In *Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 ("***Cartaway***"), the Supreme Court of Canada explained that deterrence is "… an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventive" (at para. 60). The Supreme Court also emphasized that deterrence may be specific to the respondent or general so as to deter the public at large:

> Deterrent penalties work on two levels. They may target society generally, including potential wrongdoers, in an effort to demonstrate the negative consequences of wrongdoing. They may also target the individual wrongdoer in an attempt to show the unprofitability of repeated wrongdoing. The first is general deterrence; the second is specific or individual deterrence: see C. C. Ruby, *Sentencing* (5th ed. 1999). In both cases deterrence is prospective in orientation and aims at preventing future conduct.
>
> (*Cartaway*, *supra* at para. 52)

F. Previous Sanctions Decisions

[43] Staff refers to a number of previous Commission decisions that Staff submits provide guidance as to the appropriate sanctions in this matter. Staff further submits that the previous decisions of the Commission support its submission that the Individual Respondents' misconduct warrants severe sanctions.

[44] In *Re Lyndz Pharmaceuticals Inc.* (2012), 35 O.S.C.B. 7357 ("***Lyndz***"), the Commission found that the respondents engaged in an illegal distribution and fraud, raising approximately $1.7 million from more than 70 investors. The respondents used the investor funds for personal purposes and were found to have engaged in fraud contrary to section 126.1(b) of the Act.

[45] The individual respondents in *Lyndz* were ordered to pay administrative penalties of $600,000 and $500,000 and disgorge the total amount raised from investors. Although the respondents sought a personal trading carve-out, the Commission did not agree that they could be safely trusted to participate in the capital markets and ordered that they be permanently banned from the capital markets.

[46] In *Re Moncasa Capital Corp.* (2014), 37 O.S.C.B. 229 ("***Moncasa***"), the Commission found that the respondent illegally traded and distributed securities and engaged in fraud in breach of section 126.1(b) of the Act and acted contrary to the public interest. The Commission ordered that the respondents, having been found to have raised approximately $1.2 million from 57 investors, be banned from the market, disgorge the amount illegally raised and pay an administrative penalty of $400,000 on a joint and several basis.

[47] Both Rogerson and Hanna-Rogerson rely on *Walton* in their respective submissions that monetary sanctions are not appropriate in either of their cases. In *Walton*, the Alberta Court of Appeal held that "a monetary penalty that is beyond the capacity of the individual offender cannot be justified on the basis that it will deter others who are in a better financial condition."[11]

[48] However, the Court in *Walton* also recognized that "if the maximum financial consequence of [a breach of the Act] was a disgorgement of the profits realized, there would be no true deterrent".[12] The Court did not indicate what appropriate financial sanctions were in that case. Rather, it found that it was not able to undertake a reasonable review of the sanctions ordered by the Alberta Securities Commission as its decision lacked the requirements of justification, transparency and intelligibility. As a result, the Court directed the Alberta Securities Commission to reconsider the issue of sanctions.

G. Analysis and Findings

1. Trading and Other Bans

[49] Both of the Individual Respondents agreed that their actions warranted the non-monetary sanctions sought against them by Staff, except that both of them requested that they be granted an exemption for personal trading, i.e., a carve-out from the general trading ban sought by Staff.

[50] Both of the Individual Respondents submit that, although they are currently impecunious, they hope to rebuild their lives and be able to save for their retirement.

[51] As a permanent trading ban is among the most severe sanctions that the Commission may impose on a respondent, it is necessary to ensure that the sanctions imposed on each respondent remain "preventative in nature and prospective in orientation"[13] and do not rise to a level at which they are punitive. In *Erikson v. Ontario (Securities Commission)*, (2003), 120 A.C.W.S. (3d) ("***Erikson***"), the Divisional Court stated that "participation in the capital markets is a privilege and not a right."[14] The Commission has held that it can only "look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be".[15]

[52] As discussed above, I am not satisfied that the Individual Respondents demonstrate any meaningful insight with respect to the harm that they have caused to investors and, as they continue in my view to represent a risk to Ontario's capital markets, they should not be entitled to trade in securities. I am, however, persuaded that, if the Individual Respondents pay in full the disgorgement, administrative penalty and cost amounts described below, they should be permitted to trade in registered accounts for personal savings.

[53] Based on the foregoing, I find that the Respondents should be banned from trading until such time as they have paid in full the disgorgement, administrative penalty and cost amounts described below.

[54] The Individual Respondents agreed that the market bans sought by Staff which would prohibit them from becoming or holding positions as officers and directors, promoters, registrants and investment fund managers are warranted given their conduct. In the circumstance, I find that the public interest requires that the Individual Respondents be permanently barred from holding such positions in the future.

2. Disgorgement

[55] Staff seeks the disgorgement of $2.6 million, or, in the alternative, $1.7 million, from the Respondents notwithstanding the fact that I found in the Merits Decision that the Respondents raised $1.7 million from investors.

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11 *Walton*, *supra* at para. 165.
12 *Walton*, *supra* at para. 156.
13 *Asbestos*, *supra* at para. 45.
14 *Erikson*, *supra* at para. 55.
15 *Mithras*, *supra* at 1610 and 1611.

[56] In *Re Limelight Entertainment Inc. et al.* (2008), 31 O.S.C.B. 12030 ("***Limelight***"), the Commission held that, as paragraph 10 of subsection 127(1) of the Act refers to "any amounts obtained", "all money illegally obtained from investors can be ordered to be disgorged, not just the profit made as a result of the activity."[16]

[57] The *Limelight* case sets out a non-exhaustive list of factors to consider when contemplating a disgorgement order, which include:

(a) Whether an amount was obtained by a respondent as a result of non-compliance with the Act;

(b) The seriousness of the misconduct and the breaches of the Act and whether investors were seriously harmed;

(c) Whether the amount that a respondent obtained as a result of non-compliance with the Act is reasonably ascertainable;

(d) Whether the individuals who suffered losses are likely to be able to obtain redress; and

(e) The deterrent effect of a disgorgement order on the respondents and other market participants.

[58] *Limelight* goes on to state that, once Staff has proven on a balance of probabilities the amount illegally obtained by a respondent, the risk of uncertainty in calculating disgorgement should fall on the wrongdoer whose non-compliance with the Act gave rise to the uncertainty.[17]

[59] Hanna-Rogerson submits that a disgorgement order against her is inappropriate because Staff has been unable to detail the amount of investor funds that she expended. As stated in *Limelight*, any uncertainty in calculating the disgorgement falls on the respondent once Staff has proven on a balance of probabilities that the respondent received the funds in question.

[60] Applying the factors described above and having regard to the following:

(a) All of the investor funds were raised as a result of the Respondents' illegal distribution of securities and fraudulent conduct;

(b) The Respondents' conduct was egregious and harmed investors;

(c) The Respondents received $1.7 million from investors;

(d) All but one of the investors will be unable to recover the amounts that they have invested; and

(e) A disgorgement order for the entire amount raised by the Respondents would have a significant specific and general deterrent effect;

I find that it is appropriate to order that the Respondents disgorge $1.7 million on a joint and several basis.

3. Administrative Penalties

[61] Staff seeks an administrative penalty against Rogerson in the amount of $500,000. Rogerson submits that the amount is exorbitant given that he has "met financial ruin as a result of these proceedings."[18]

[62] The Act permits the Commission to order up to $1.0 million for each breach of the Act to serve as specific and general deterrence to respondents and like-minded individuals from conducting themselves in a manner that is contrary to the Act. However, in each specific instance in which the Commission considers an administrative penalty to be warranted, the amount ordered cannot be so excessive that it is punitive.

[63] Rogerson was found to have breached four separate provisions of the Act and to have acted contrary to the public interest over a period of five years. He defrauded approximately 200 investors of at least $1.7 million and, in doing so, demonstrated indifference amounting to contempt for Ontario's securities laws. The administrative penalty that Staff seeks is reasonable and consistent with previous cases involving similarly sized frauds.[19] Accordingly, I find that Rogerson should be required to pay an administrative penalty of $500,000, an amount that is both proportionate and reasonable in the circumstances.

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16 *Limelight*, *supra* at para 49.
17 *Limelight*, *supra* at para. 53.
18 Rogerson's Written Submissions on Sanctions and Costs at para. 19.
19 *Re Rezwealth Financial Services Inc.* (2014), 37 O.S.C.B. 6731; *Lyndz*, *supra*.

[64] Staff also seeks an administrative penalty against Hanna-Rogerson in the amount of $150,000. Staff submits that it is seeking a lower administrative penalty against Hanna-Rogerson as she played a lesser role in the fraud than Rogerson. Staff, however, argues that Hanna-Rogerson still played an essential role and was aware of the flow of investor funds through Portfolio Capital.

[65] Hanna-Rogerson submits that the administrative penalty sought by Staff against her is inappropriate as a large monetary sanction against her is punitive in the circumstances. Hanna-Rogerson submits that she plans to file for bankruptcy and that her inability to pay the sanction should be taken into consideration in the determination of the quantum of the administrative penalty.

[66] I found in the Merits Decision that Hanna-Rogerson "knew, and at the very least, ought to have known, that her actions with respect to the management and use of investor funds resulted in deprivation to investors."[20] I also found that "…the evidence overwhelmingly demonstrates that the Respondents treated investor funds as their own and used the majority of the funds received from PlusPetro's investors to pay their personal expenses."[21]

[67] In the circumstances, it is entirely appropriate that an administrative penalty be imposed on Hanna-Rogerson as a signal to her and to like-minded individuals that the Commission views fraudulent activity as one of the most serious breaches of the Act which will result in serious consequences.

[68] Based on the foregoing, I find that Hanna-Rogerson should pay an administrative penalty of $150,000.

III. COSTS

[69] Staff requests that the Respondents pay $309,812.56, on a joint and several basis, towards the costs of the hearing and the investigation. Staff filed a Bill of Costs that attests the total cost of the investigation and hearing to be over $700,000, and submits that the costs award sought represents an almost 60 percent discount from that total.

[70] Rogerson submits that it would be unjust to award costs in this case. Rogerson submits that section 17.1 of the SPPA provides that a tribunal shall not make an order to pay costs unless a party's conduct has been unreasonable or in bad faith and that the Commission has made no such finding against him. He further submits that he contributed to an efficient process by agreeing to a wide array of facts in the Agreed Statement of Facts.

[71] Hanna-Rogerson submits that it would be contrary to the principles of natural justice to award costs against her in this matter. She argues that the large costs award sought by Staff against her is yet another example of Staff conflating her actions with those of Rogerson. Like Rogerson, she submits that Staff has not made out the requirements of section 17.1 of the SPPA against her. She argues that the majority of the evidence led against her by Staff at the Merits Hearing was directed at establishing facts already admitted by her.

[72] Section 127.1 of the Act gives the Commission the power to order a respondent to pay the costs of an investigation and hearing if it is satisfied that the person has breached the Act or has acted contrary to the public interest. A costs order is not a sanction but rather a means by which the Commission can recoup costs expended during the hearing and investigation stages of a matter.

[73] In *Re Ochnik* (2006), 29 O.S.C.B. 5917 ("***Ochnik***"), the Commission lists the following criteria that have been considered in awarding costs:[22]

(a) Failure by staff to provide early notice of an intention to seek costs may result in a reduced costs award, as early notice may have facilitated early settlement, thereby reducing overall costs;[23]

(b) The seriousness of the charges and the conduct of the parties;[24]

(c) Abuse of process by a respondent may be a factor in increasing the amount of costs;[25]

(d) The greater investigative/hearing costs that the specific conduct of a respondent required in the case;[26] and

(e) The reasonableness of the costs requested by staff.[27]

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20 Merits Decision, *supra* at para. 127.
21 Merits Decision, *supra* at para 109.
22 *Ochnik*, *supra* at para. 29.
23 See *Re Tindall* (2000), 23 O.S.C.B. 6889 at para. 74.
24 See *Re YBM Magnex International Inc.* (2003), 26 O.S.C.B. 5285 at para. 608.
25 See *Re YBM Magnex International Inc.*, *ibid* at para. 606.
26 See *Re YBM Magnex International Inc.*, *ibid* at para. 606.

[74] The Rules of Procedure set out the following factors to be considered with respect to costs:

> **18.2 Factors Considered When Awarding Costs** – In exercising its discretion under section 127.1 of the Act to award costs against a person or company, a Panel may consider the following factors:
>
> (a) whether the respondent failed to comply with a procedural order or direction of the Panel;
>
> (b) the complexity of the proceeding;
>
> (c) the importance of the issues;
>
> (d) the conduct of Staff during the investigation and during the proceeding and how Staff's conduct contributed to the costs of the investigation and the proceeding;
>
> (e) whether the respondent contributed to a shorter, more efficient, and more effective hearing, or whether the conduct of the respondent unnecessarily lengthened the duration of the proceeding;
>
> (f) whether any step in the proceeding was taken in an improper, vexatious, unreasonable, or negligent fashion or in error;
>
> (g) whether the respondent participated in the proceeding in a way that helped the Commission understand the issues before it;
>
> (h) whether the respondent participated in a responsible, informed and well-prepared manner;
>
> (i) whether the respondent co-operated with Staff and disclosed all relevant information;
>
> (j) whether the respondent denied or refused to admit anything that should have been admitted; or
>
> (k) any other factors the Panel considers relevant.

[75] The allegations against the Respondents, which Staff has successfully proved, represented serious breaches of the Act stemming from a complex set of facts that required a number of hearing days. The Respondents choose not to participate in or attend the Merits Hearing, however, following its conclusion, the Individual Respondents brought a motion to re-open the Merits Hearing so that they could introduce evidence. This required a significant duplication of effort on Staff's behalf and extra hearing days.

[76] In addition to the foregoing, and as noted in paragraph [40] above, the Individual Respondents caused innumerable delays by failing to comply with the orders of the Panel and the Rules of Procedure thereby causing Staff and the Commission to incur additional and unnecessary costs and manage the serious inconvenience caused by their behavior. Rogerson, in particular, obfuscated or failed to disclose all of the facts relating to the purported development of the COATS technology, the amounts received from investors and his and Hanna-Rogerson's use of such amounts.

[77] On the basis of the foregoing, I find that the costs sought by Staff are reasonable in the circumstances.

[78] Given her lesser role in this matter, Hanna-Rogerson shall pay investigation and hearing costs of $150,000 which shall be payable on a joint and several basis with Rogerson and Portfolio Capital.

[79] Rogerson shall pay investigation and hearing costs of $309,812.56, $150,000 of which shall be payable on a joint and several basis with the Hanna-Rogerson and Portfolio Capital and the remaining $159,812.56 of which shall be payable on a joint and several basis with Portfolio Capital.

[80] Portfolio Capital shall pay investigation and hearing costs of $309,812.56, $150,000 of which shall be payable on a joint and several basis with the Hanna-Rogerson and Rogerson and the remaining $159,812.56 of which shall be payable on a joint and several basis with Rogerson.

IV. CONCLUSION

[81] I will issue an order giving effect to my findings on sanctions and costs as follows:

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[27] See *Re Lydia Diamond Exploration of Canada* (2003), 26 O.S.C.B. 2511 at para. 217.

(a) With respect to the Individual Respondents:

(i) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Individual Respondents shall cease permanently;

(ii) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities or derivatives by the Individual Respondents is prohibited permanently;

(iii) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Individual Respondents permanently;

(iv) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, the Individual Respondents shall resign any position that they hold as a director or officer of an issuer, registrant, or investment fund manager;

(v) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, the Individual Respondents shall be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager; and

(vi) pursuant to clause 8.5 of subsection 127(1) of the Act, the Individual Respondents shall be prohibited permanently from becoming or acting as a registrant, as an investment fund manager, or as a promoter;

(b) With respect to the Respondents, pursuant to clause 10 of subsection 127(1) of the Act, the Respondents shall jointly and severally disgorge to the Commission $1.7 million, which amount shall be designated for allocation or for use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act;

(c) With respect to Rogerson:

(i) pursuant to clause 9 of subsection 127(1) of the Act, Rogerson shall pay an administrative penalty of $500,000 for his multiple failures to comply with Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act; and

(ii) pursuant to subsections 127.1(1) and (2) of the Act, Rogerson shall pay investigation and hearing costs of $309,812.56, of which $150,000 shall be payable on a joint and several basis with Hanna-Rogerson and Portfolio Capital, and the remaining $159,812.56 of which shall be payable on a joint and several basis with Portfolio Capital;

(d) With respect to Hanna-Rogerson:

(i) pursuant to clause 9 of subsection 127(1) of the Act, Hanna-Rogerson shall pay an administrative penalty of $150,000 for her multiple failures to comply with Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act; and

(ii) pursuant to subsections 127.1(1) and (2) of the Act, Hanna-Rogerson shall pay investigation and hearing costs of $150,000 on a joint and several basis with Rogerson and Portfolio Capital;

(e) With respect to Portfolio Capital:

(i) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Portfolio Capital shall cease permanently;

(ii) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities or derivatives by Portfolio Capital is prohibited permanently;

(iii) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Portfolio Capital permanently; and

(iv) pursuant to subsections 127.1(1) and (2) of the Act, Portfolio Capital shall pay investigation and hearing costs of $309,812.56, of which $150,000 shall be payable on a joint and several basis with

the Hanna-Rogerson and Portfolio Capital and the remaining $159,812.56 of which shall be payable on a joint and several basis with Rogerson.

[82] After each of the Individual Respondents has made full payment of the amounts that he or she is required to pay pursuant to paragraph [81] above, he or she, as the case may be, shall be entitled, as an exception to the provisions of subparagraphs (i), (ii) and (iii) of paragraph [81](a) above, to trade in or acquire securities in any registered retirement savings plan accounts and/or tax-free savings accounts and/or registered education savings plan and/or personal trading accounts, for which he or she has the sole legal and beneficial ownership, or is a sponsor, or for any immediate family member.

Dated at Toronto this 19th day of August, 2015.

“Christopher Portner”

3.1.2 Bigfoot Recreation & Ski Area Ltd. and Ronald Stephen McHaffie – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
BIGFOOT RECREATION & SKI AREA LTD.
and RONALD STEPHEN MCHAFFIE

REASONS AND DECISION
(Sections 127(1) and 127(10) of the Securities Act)

Decision:	August 20, 2015		
Panel:	Mary G. Condon	–	Commissioner
Submissions by:	Keir D. Wilmut Naila Ruba (Student-at-Law)	–	For Staff of the Commission

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I. OVERVIEW

[1] This was a hearing conducted in writing before the Ontario Securities Commission (the "**Commission** or **OSC**") pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Act***") to consider whether it is in the public interest to make an order imposing sanctions against Bigfoot Recreation & Ski Area Ltd. ("**Bigfoot**") and Ronald Stephen McHaffie ("**McHaffie**") (together, the "**Respondents**").

[2] A notice of hearing (the "**Notice of Hearing**") in this matter was issued by the Commission on September 22, 2014 in relation to a statement of allegations (the "**Statement of Allegations**") filed by Staff of the Commission ("**Staff**") on the same date.

[3] On October 24, 2014, the Commission heard an application (the "**Application Hearing**") by Staff to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 ("***Rules of Procedure***"), and subsection 5.1(2) of the *Statutory Powers Procedures Act*, R.S.O. 1990, c. S. 22, as amended (the "***SPPA***"). The Respondents did not appear at the Application Hearing, despite being served with the Notice of Hearing, Statement of Allegations and disclosure. On October 24, 2014, the Commission issued an order (the "**October 24 Order**"), stating that it would grant Staff's request subject to the Respondents' right to object under the *Rules of Procedure*.

[4] Staff filed an Affidavit of Lee Crann, sworn November 17, 2014, confirming service of the October 24 Order on the Respondents as of November 4, 2014. On November 19, 2014, the Commission made an order granting Staff's application to proceed by written hearing (the "**November 19 Order**").

[5] Staff filed written submissions, a hearing brief and a brief of authorities, as well as an Affidavit of Lee Crann, sworn December 3, 2014, confirming service of the November 19 Order on the Respondents. The Respondent did not file any

responding materials. I am satisfied that the Respondents were provided with notice of the November 19 Order. Pursuant to Rule 7.1 of the Commission's *Rules of Procedure* and subsection 7(2) of the *SPPA*, I may proceed in the absence of the Respondent.

[6] These are my reasons and decision with respect to the sanctions sought by Staff in this matter.

[7] On June 3, 2014, a panel of the British Columbia Securities Commission (the "**BCSC Panel**") made an order that the Respondents engaged in an illegal distribution of securities contrary to 61(1) of the British Columbia *Securities Act*, R.S.B.C. 1996, c. 418 (the "**BC *Act***") (*Bigfoot Recreation & Ski Area Ltd (Re)* 2014 B.C.S.E.C.C.O.M. 213) (the "**BCSC Order**")).

[8] Specifically, the BCSC Panel found the following:

a. The Respondents distributed securities to 27 investors, who invested a total of $621,960, without filing a prospectus and without the availability of any exemptions, contrary to section 61(1) of the BC *Act*;

b. As a director of Bigfoot, McHaffie authorized, permitted and acquiesced in Bigfoot's contravention of section 61, and therefore also contravened that section under section 168.2 of the BC *Act*; and

c. McHaffie perpetrated a fraud on 30 investors (including 3 who purchased by way of an exemption) for proceeds of $642,960, contrary to section 57(b) of the BC *Act*.

[9] The BCSC Order imposes sanctions, condition, restriction or requirements on the Respondents within the meaning of paragraph 4 of subsection 127(10) of the *Act*.

II. SANCTIONS OF THE BRITISH COLUMBIA SECURITIES COMMISSION

The BCSC Order

[10] The BCSC Order imposes the following sanctions, conditions, restrictions or requirements upon the Respondents:

a. Upon McHaffie

i. Pursuant to section 162(1)(b) of the BC *Act*, that McHaffie cease trading permanently, and is permanently prohibited from purchasing, securities or exchange contracts;

ii. Pursuant to section 161(1)(d)(i) and (ii) of the BC *Act*, that McHaffie resign any position he holds as, and is permanently prohibited from becoming or acting as, a director or officer of any issuer or registrant;

iii. Pursuant to section 161(1)(d)(iii) of the BC *Act*, that McHaffie is permanently prohibited from becoming or acting as a registrant or promoter;

iv. Pursuant to section 161(1)(d)(iv) of the BC *Act*, that McHaffie is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

v. Pursuant to section 161(1)(d)(v) of the BC *Act*, that McHaffie is permanently prohibited from engaging in investor relations activities;

vi. Pursuant to section 161(1)(g) of the BC *Act*, that McHaffie pay to the BCSC the funds he obtained as a result of his contraventions of the BC *Act*, which the BCSC Panel found to be not less than $642,960;

vii. Pursuant to section 162 of the BC *Act*, that McHaffie pay to the BCSC an administrative penalty of $2 million.

b. upon Bigfoot:

i. pursuant to section 161(1)(b) of BC *Act*, that all persons cease trading permanently, and are prohibited permanently from purchasing, any securities of Bigfoot;

ii. pursuant to section 161(1)(b) of BC *Act*, that Bigfoot permanently cease trading in, and be permanently prohibited from purchasing, any securities or exchange contracts;

iii. pursuant to section 161(1)(d)(iii) of the BC *Act*, that Bigfoot is prohibited permanently from becoming or acting as a registrant, or promoter;

iv. pursuant to section 161(1)(d)(iv) of the BC *Act*, that Bigfoot is prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

v. pursuant to section 161(1)(d)(v) of the BC *Act*, that Bigfoot is prohibited permanently from engaging in investor relations activities;

vi. pursuant to section 161(1)(g) of the BC *Act*, that Bigfoot pay to the BCSC the funds it obtained as result of its contraventions of the BC *Act*, which the BCSC Panel found to be not less than $621,960; and

vii. that the amount paid under paragraphs 12(a)(vi) and 12(b)(vi) [of the BCSC Order] shall not exceed, in the aggregate, the amount obtained by the Respondents' respective contraventions of the BC *Act*.

III. SUBMISSIONS OF THE PARTIES

Staff's Submissions

[11] Staff submits that it is in the public interest for the Commission to exercise its inter-jurisdictional enforcement authority under paragraph 4 of subsection 127(10) of the *Act* to protect investors in Ontario and Ontario's capital markets from potential misconduct by the Respondents and that sanctions substantially similar to those imposed by the BCSC Order be imposed on the Respondents.

[12] Staff submits that the sanctions imposed in the BCSC Order are proportionately appropriate to the misconduct of the Respondents, and serve as both specific and general deterrence. Staff further submits that a protective order imposing conditions on the Respondents substantially similar to those imposed by the BCSC Order is required to protect investors in Ontario and Ontario's capital markets from similar misconduct by the Respondents.

[13] Staff submits that it does not have any evidence to suggest that Ontario investors were harmed by the Respondents' conduct. However, Staff argues that the Commission needs to be aware of and responsive to an increasingly complex and interconnected inter-provincial securities industry. Accordingly, Staff respectfully submits that it is in the public interest to protect Ontario investors from the Respondents by preventing or limiting their participation in Ontario's capital markets.

[14] Staff submits that the following sanctions be imposed on the Respondents:

a. Against McHaffie that:

i. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by McHaffie cease permanently;

ii. pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, acquisition of any securities by McHaffie be prohibited permanently;

iii. pursuant to paragraphs 7 and 8.1 of subsection 127(1) if the *Act*, McHaffie resign any position that he holds as a director or officer of any issuer or registrant;

iv. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the *Act*, McHaffie be prohibited permanently from becoming or acting as an officer or director of any issuer or registrant; and

v. pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, McHaffie be prohibited permanently from becoming or acting as a registrant or as a promotor;

b. against Bigfoot that:

i. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities of Bigfoot cease permanently;

ii. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Bigfoot cease permanently;

iii. pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, acquisition of any securities by Bigfoot be prohibited permanently; and

iv. pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Bigfoot be prohibited permanently from becoming or acting as a registrant or as a promoter.

Respondents' Submissions

[15] The Respondents did not appear and did not make any submissions in this proceeding.

IV. ANALYSIS

A. Inter-jurisdictional Enforcement

[16] The relevant pre-conditions to be met for an inter-jurisdictional order are articulated in paragraph 4 of subsection 127(10) of the *Act*. An order may be made if:

> 4. The person or company is subject to an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company.

[17] The Commission held in *Elliott (Re)* (2009), 23 OSCB 6931 ("***Elliott***") that subsection 127(10) "allows the Commission to consider any convictions or orders made against an individual in other jurisdictions, when deciding whether or not to make an order under subsection 127(1) or (5) in the public interest" (*Elliott* at para. 24).

[18] Pursuant to the BCSC Order, the Respondents are subject to sanctions, conditions, restrictions or requirements within the meaning of paragraph 4 of subsection 127(10) of the *Act*. Accordingly, based on the BCSC Order, the Commission may make one or more orders under subsection 127(1) of the *Act*, if it is in the public interest to do so.

[19] In *Euston Capital Corp. (Re)* (2009), 32 O.S.C.B. 6313 ("***Euston Capital***"), the Commission concluded that subsection 127(10) of the *Act* can be the grounds for an order in the public interest under subsection 127(1) of the *Act*:

> … we conclude that we can make an order against the Respondents pursuant to our public interest jurisdiction under section 127 of the *Act* on the basis of decisions and orders made in other jurisdictions, if we find it necessary in order to protect investors in Ontario and the integrity of Ontario's capital markets.
>
> (*Euston Capital*, *supra*, at para. 46.)

[20] While a panel may rely on the findings of the other jurisdiction, it must then satisfy itself that an order for sanctions is necessary to protect the public interest in Ontario:

> The applicability of subsection 127(10) to the BCSC Order and the Settlement Agreement does not automatically lead to the conclusion that this Panel must make an order similar to that made by the BCSC against Elliott. Rather, we must first consider whether or not sanctions are necessary to protect the public interest, before exercising any powers granted to us under subsections 127(1) and (5), and second, if necessary, consider what the appropriate sanctions should be.
>
> (*Elliott*, *supra* at para. 27.)

[21] The Commission has relied on the findings made in other jurisdictions, and has not required a nexus to Ontario, when considering imposing a reciprocal order. However, while a nexus to Ontario is not a necessary pre-condition to the Commission's jurisdiction to make an order in the public interest, it is a factor that may be considered by the Commission in determining whether to make such an order (*Euston*, *supra* at para. 42 citing *Biller (Re)* (2005), 28 O.S.C.B. 10131 at para. 32; *Reeves (Re)* (2012), 35 O.S.C.B. 5140 at para. 8).

B. The Commission's Discretion to Determine Sanctions

[22] I may make an order against the Respondents under section 127 of the *Act* based on the BCSC Order if I find it necessary in order to protect investors in Ontario and the integrity of Ontario's capital markets.

[23] The BCSC Order imposed significant sanctions on the Respondents. As previously indicated, Staff submit that the Commission should exercise its discretion to impose sanctions substantially similar to those imposed in the BCSC Order to the extent possible under the *Act*.

[24] The Commission must also ensure that the sanctions imposed in a case are proportionate to the circumstances and the conduct of each of respondents (*Coventree Inc., Geoffrey Cornish and Dean Tai (Re)* (2012), 35 O.S.C.B. 119 at para. 46).

Mitigating Factors

[25] The BCSC Order discerned no mitigating factors.

C. Should an Order for Sanctions be Imposed in Ontario?

[26] When exercising the public interest jurisdiction under section 127 of the *Act*, I must consider the purposes of the *Act*. Those purposes, set out in section 1.1 of the *Act*, are:

(a) to provide protection to investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[27] In pursuing these purposes, I must have regard for the fundamental principles described in section 2.1 of the *Act*. That section provides that one of the primary means for achieving the purposes of the *Act* is to restrict fraudulent and unfair market practices and procedures. Another fundamental principle is that:

> [t]he integration of capital markets [be] supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes.
>
> (*Act*, *supra* at subsection 2.1(5).)

[28] The principles that guide the Commission in exercising its public interest jurisdiction are reflected in *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)* 2001 S.C.C. 37 ("***Asbestos***") where the Supreme Court of Canada considered the nature of section 127:

> [I]t is important to recognize that s. 127 is a regulatory provision. In this regard, I agree with Laskin J.A. that "[t]he purpose of the Commission's public interest jurisdiction is neither remedial nor punitive; it is protective and preventive …"
>
> … [t]he purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets."
>
> (*Asbestos*, at paras. 42-43, citing *Mithras Management Ltd. (Re)* (1990), 13 O.S.C.B. 1600.)

[29] In light of the principles of the *Act* and the findings of the BCSC of serious securities regulatory infractions, I find that it is necessary to order sanctions against the Respondents in the public interest. This will serve to protect investors in Ontario and the integrity of Ontario's capital markets. I consider specific aspects of the BCSC findings below. Moreover, I have the authority to make a public interest order under subsections 127(1) and 127(10) of the *Act*, based on the BCSC Order.

D. The Appropriate Sanctions

[30] In determining the nature and duration of the appropriate sanctions in this case, I must consider all of the relevant facts and circumstances before me. Previous decisions of the Commission have considered a list of factors. The factors I consider most relevant in this case are:

(a) the seriousness of the conduct and the breaches of the BC *Act*.;

(b) the level of a respondents' activity in the marketplace;

(c) whether the violations are isolated or recurrent;

(d) any size of the profit gained or loss avoided from the illegal conduct; and

(e) any mitigating factors.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746; *M.C.J.C. Holdings (Re)* (2002), 25 O.S.C.B. 1133 at p. 1134.)

Seriousness of the Conduct

[31] The Respondents were found by the BCSC Panel to have breached British Columbia securities law, and in particular, McHaffie was found to have breached the provision prohibiting fraudulent conduct. This Commission has previously recognized fraud to be a particularly egregious violation of securities law (*Al-Tar Energy Corp. (Re)* (2011), 34 O.S.C.B. 447). As noted above, the BCSC Panel found there were no mitigating factors present in this matter and as such this conduct remains at the high end of egregiousness.

Level of Respondents' Activity in the Marketplace

[32] The Respondents engaged in a course of conduct whereby they raised approximately $642,960 from 30 investors. In order to solicit investor involvement, McHaffie provided investors with promotional materials and made false representations to investors.

Whether the Violations are Isolated or Recurrent

[33] The Respondents engaged in the illegal conduct between August 2007 and January 2012. This is a substantial amount of time during which the Respondents persisted in engaging in conduct that breached British Columbia securities laws.

Size of the Profit Gained or Loss Avoided from the Illegal Conduct

[34] McHaffie had promised investors that their investments would be used to pursue the development of a ski and recreation area. However McHaffie misappropriated the $642,960 raised and instead used investor funds for personal expenses.

[35] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the *Act*. In imposing sanctions, I rely on the BCSC Order.

V. CONCLUSION

[36] Accordingly, I find it is in the public interest to issue the following orders upon the Respondents:

a. against McHaffie that:

   i. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by McHaffie cease permanently;

   ii. pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, acquisition of any securities by McHaffie be prohibited permanently;

   iii. pursuant to paragraphs 7 and 8.1 of subsection 127(1) if the *Act*, McHaffie resign any position that he holds as a director or officer of any issuer or registrant;

   iv. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the *Act*, McHaffie be prohibited permanently from becoming or acting as an officer or director of any issuer or registrant; and

   v. pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, McHaffie be prohibited permanently from becoming or acting as a registrant or as a promotor;

b. against Bigfoot that:

   i. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities of Bigfoot cease permanently;

   ii. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Bigfoot cease permanently;

iii. pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, acquisition of any securities by Bigfoot be prohibited permanently; and

iv. pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Bigfoot be prohibited permanently from becoming or acting as a registrant or as a promoter.

Dated at Toronto this 20th day of August, 2015.

"Mary G. Condon"

3.1.3 Ground Wealth Inc. et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK, ADRION SMITH, JOEL WEBSTER, DOUGLAS DEBOER, ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC., AND ARMADILLO ENERGY, LLC (aka ARMADILLO ENERGY LLC)

REASONS AND DECISION
(sections 127 and 127.1)

Hearing:	In writing		
Decision:	August 24, 2015		
Panel:	Christopher Portner	–	Commissioner
Submissions:	Jonathon T. Feasby Malinda N. Norman	–	For Staff of the Commission

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REASONS AND DECISION

I. OVERVIEW

[1] This is 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 determine whether it is in the public interest to make an Order against Armadillo Energy Inc. ("**Armadillo Texas**"), Armadillo Energy, Inc. ("**Armadillo Nevada**") and Armadillo Energy, LLC, also known as Armadillo Energy LLC ("**Armadillo Oklahoma**" and, collectively with Armadillo Texas and Armadillo Nevada, the "**Respondents**").

[2] The proceeding arose from a Notice of Hearing issued by the Commission on February 1, 2013, as amended on October 31, 2013, and a Statement of Allegations filed by Staff of the Commission ("**Staff**") on February 1, 2013, as amended on October 31, 2013 (the "**Amended Statement of Allegations**").

[3] In the Amended Statement of Allegations, Staff alleges that, from October 2010 through April 2011 the ("**Material Time**"), the Respondents, together with Ground Wealth Inc. ("**GWI**"), Michelle Dunk, Adrion Smith, Joel Webster and Douglas DeBoer (collectively, the "**Settling Respondents**") traded securities without being registered to do so and illegally distributed securities to Ontario investors. The securities entitled investors to the proceeds derived from the extraction and sale of oil that was subject to oil leases located in the State of Oklahoma, in the United States of America (the "**Armadillo Securities**"). Approximately CDN$5,061,979 and US$319,567 was raised from distributing the Armadillo Securities to more than 130 Canadian investors. Of this amount, approximately CDN$2.8 million was raised from 68 investors who were Ontario residents.

[4] All of the Settling Respondents have entered into settlement agreements which have been approved by the Commission and, as a result, are no longer parties to this proceeding.

[5] The hearing on the merits in this proceeding was converted to a hearing in writing by Order of the Commission dated January 7, 2015.

[6] The Respondents have not appeared or made submissions, and have not objected to the hearing on the merits being determined on the basis of the written record.

[7] Pursuant to subsection 7(2) of the *Statutory Powers Procedure Act*, R.S.O. c. S.22, the Commission has jurisdiction to proceed with a hearing in the absence of the Respondents when they have been given notice but have not appeared. I am satisfied that the Respondents have either been given notice or, in the case of Armadillo Oklahoma, that notice was waived by Order of the Commission dated July 8, 2014.

[8] The written record which I have reviewed is comprised of the Affidavit of Stephen Carpenter, sworn May 15, 2014 (the "**Carpenter Affidavit**"), together with six volumes of exhibits to which the Carpenter Affidavit relates, and the Affidavit of Stephen Carpenter, sworn January 26, 2015 (the "**Carpenter Supplementary Affidavit**"), together with a seventh volume of exhibits to which the Carpenter Supplementary Affidavit relates.

[9] Although the Respondents are separate corporations, they operated as a single business entity in distributing the Armadillo Securities to investors, and in paying the financial obligations arising from those securities. The funds obtained from the investors were intermingled despite the fact that Armadillo Texas was the nominal issuer of the Armadillo Securities (Carpenter Affidavit, paras 32, 58, 172-177).

II. ISSUES

[10] The issues that I must address are as follows:

(a) Were the Armadillo Securities "securities" within the meaning of the Act?

(b) Did the Respondents engage in unregistered trading contrary to subsection 25(1) of the Act?

(c) Did the Respondents engage in an illegal distribution of securities contrary to subsection 53(1) of the Act?

(d) Does the Commission have jurisdiction over the Respondents?

III. ANALYSIS

A. Were the Armadillo Securities "securities" within the meaning of the Act

[11] The following documents and instruments are included in the definition of "security" in subsection 1(1) of the Act:

> (b) any document constituting evidence of title to or interest in the capital, assets, property, profits, earnings or royalties of any person or company,
>
> …
>
> (j) any certificate of interest in an oil, natural gas or mining lease, claim or relative voting trust certificate,
>
> (k) oil or natural gas royalties or leases or fractional or other interest therein,
>
> …
>
> (n) any investment contract.

[12] The term "investment contract" is not defined in the Act. The leading Canadian case relating to the interpretation of the term is *Pacific Coast Coin Exchange of Canada v. Ontario Securities Commission* (1978), 2 S.C.R. 112, in which the Supreme Court of Canada held (at pages 128-129) that an investment contract involves:

(a) the advancement of money by an investor;

(b) with an intention or expectation of profit;

(c) in a common enterprise, in which the fortunes of the investor are interwoven with and dependent upon the efforts and success of those who solicit the capital (the promoters) or third parties; and

(d) the efforts made by those other than the investor are the undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise.

[13] I find that the Armadillo Securities satisfy each of the criteria for an investment contract set out in paragraph [11] above and were securities within the meaning of the Act for the following reasons:

(a) A total of CDN$5,061,979 and US$319,567 was invested in Armadillo Securities by investors (Carpenter Affidavit, paras. 172-175);

(b) Investors who purchased Armadillo Securities did so with the expectation of a profit on their investment (Volume 1 of Exhibits to Carpenter Affidavit, Tabs 2D – GWI Brochure, 2E – Form of Partnership Agreement, and 2F – GWI/Armadillo Corporate Review); and

(c) The Respondents were dependent on the investors for funds and the investors were dependent on the efforts and success of the Respondents and others, whose efforts were essential to the failure or success of the investment (Volume 1 of Exhibits to Carpenter Affidavit, Tabs 2E -Form of Partnership Agreement, and 2F – GWI/Armadillo Corporate Review).

[14] As the Armadillo Securities could be characterized as (i) documents constituting evidence of title to or an interest in the assets, property or earnings of a company; (ii) certificates evidencing an interest in oil; and/or (iii) oil royalties or leases or fractional or other interest therein, I also find that the Armadillo Securities are securities within the meaning of paragraphs (b), (j) and (k) of the definition of "security" in subsection 1(1) of the Act.

B. Unregistered trading

[15] Subsection 25(1) of the Act prohibits trading in securities by a person or company who is not registered as follows:

> 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.

[16] The terms "trade" and "trading are defined in subsection 1(1) of the Act to include:

> (a) any sale or disposition of a security for valuable consideration …
>
> …
>
> (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

[17] In determining whether a respondent has engaged in acts in furtherance of a trade, the Commission has adopted a contextual approach which "requires an examination of the totality of the conduct and the setting in which the acts have occurred, the primary consideration of which is the effects the acts had on those to whom they were directed" (*Re Momentas Corp.* (2006), 29 OSCB 7408 ("***Momentas***"), at para. 77).

[18] A total of CDN$5,061,979 and US$319,597 of Armadillo Securities were sold to more than 130 investors (Carpenter Affidavit, paras. 114, 172; Volume 1 of Exhibits to Carpenter Affidavit, Tab 3A – Investor List). I find that the following conduct by the Respondents were acts in furtherance of the trades in Armadillo Securities:

(a) Issuing the Armadillo Securities and working with GWI to market and sell those securities to Ontario investors (Exhibits to Carpenter Affidavits, Volume 1, Tabs 2E – Form of Partnership Agreement, 2F – GWI/Armadillo Corporate Review and Volume 2, Tab 1 – Excerpts of compelled interview of Michelle Dunk);

(b) Accepting funds from the sale of Armadillo Securities to investors (Carpenter Affidavit, paras. 167-168, 172-175);

(c) Making payments to investors in respect of the Armadillo Securities (Carpenter Affidavit, paras. 32, 75; Volume 2 of Exhibits to Carpenter Affidavit, Tab 1 – Excerpts of compelled interview of Michelle Dunk));

(d) Providing promotional materials and forms of agreement to GWI to be provided to prospective investors (Carpenter Affidavit, para. 123; Volume 2 of Exhibits to Carpenter Affidavit, Tab 4 – Excerpts of compelled interview of Joel Webster);

(e) Issuing ownership certificates and providing them to GWI to provide to investors (Carpenter Affidavit, para. 120);

(f) Issuing and signing forms of agreement with investors (Carpenter Affidavit, paras. 144-146); and

(g) Meeting with prospective investors for the purpose of marketing the Armadillo Securities (Carpenter Affidavit, paras. 132-134).

Re Limelight Entertainment Inc. (2008), 31 OSCB 1727 at paras. 131-133; *Momentas* at para. 80; *Re Lett* (2004), 27 OSCB 3215 at paras. 48-51, 64, aff'd, [2006] OJ No 751 (Div. Ct).

[19] During the Material Time, none of the Respondents and the Settling Respondents was registered to trade in securities (Volume 5 of Exhibits to Carpenter Affidavit, Tab 2 – Certificates).

[20] There is no evidence before me that the trades of Armadillo Securities were made pursuant to an exemption from the registration requirement.

[21] Based on the foregoing, I find that the Respondents engaged in unregistered trading contrary to subsection 25(1) of the Act.

C. Illegal distribution of securities

[22] Subsection 53(1) of the Act prohibits the distribution of securities without a prospectus 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.

[23] A distribution, where used in relation to trading in securities, is defined in subsection 1(1) of the Act to mean "a trade in securities of an issuer that have not been previously issued."

[24] As discussed above, the Respondents traded Armadillo Securities. Those trades were a distribution as the Armadillo Securities had not been previously issued (Volume 1 of Exhibits to Carpenter Affidavit, Tab 2E – Form of Partnership Agreement, Tab 2F – GWI/Armadillo Corporate Review).

[25] The evidence establishes that neither a preliminary prospectus nor a prospectus for the Armadillo Securities was filed with the Commission (Volume 5 of Exhibits to Carpenter Affidavit, Tab 2 – Certificates).

[26] Based on the foregoing, I find that the Respondents distributed Armadillo Securities contrary to subsection 53(1) of the Act.

D. Does the Commission have jurisdiction over the Respondents?

[27] Having found above that the Respondents engaged in unregistered trading contrary to subsection 25(1) of the Act, I must determine whether the Respondents traded securities in Ontario. It is sufficient for the foregoing purpose if a person engages in Ontario in any acts in furtherance of a trade in a security (*Re Lehman Brothers & Associates Corp* (2011), 34 OSCB 12717 at paras. 35-37).

[28] There were numerous acts by the Respondents in furtherance of trading in the Armadillo Securities including the following:

(a) The Respondents, working with GWI, distributed the Armadillo Securities to residents of Ontario (Carpenter Affidavit, para. 114);

(b) Funds from the distribution of Armadillo Securities were deposited to bank accounts in Ontario (Carpenter Affidavit, para. 167);

(c) Funds collected from the distribution of Armadillo Securities in Ontario were used to fund GWI in Ontario and were distributed to the Respondents (Carpenter Affidavit, paras. 167-173); and

(d) The Respondents sent cheques to GWI in Ontario for distribution to Ontario investors and transferred funds directly to the bank accounts of Ontario investors (Carpenter Affidavit, paras. 167, 176).

[29] Based on the foregoing, I find that the Commission does have jurisdiction over the Respondents for the purposes of this proceeding.

IV. CONCLUSION

[30] I find that, during the Material Time, the Respondents traded Armadillo Securities without registration and distributed Armadillo Securities without a prospectus contrary to subsections 25(1) and 53(1) of the Act and contrary to the public interest.

[31] An order will be issued as of the date of these Reasons and Decision as follows:

(a) The Respondents have until September 2, 2015 to notify the Secretary of the Commission that they, or any of them, require an oral sanctions hearing, which, if required, will then be scheduled by the Secretary;

(b) Failing notification by the Respondents, Staff shall serve and file their written submissions on sanctions and costs by September 11, 2015;

(c) The Respondents shall serve and file their written submissions on sanctions and costs by September 18, 2015; and

(d) Staff shall serve and file reply submissions on sanctions and costs, if any, by September 25, 2015.

Dated at Toronto this 24th day of August, 2015.

“Christopher Portner”

3.1.4 Paul Azeff et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
PAUL AZEFF, KORIN BOBROW, MITCHELL FINKELSTEIN, HOWARD JEFFREY MILLER
AND MAN KIN CHENG (a.k.a. FRANCIS CHENG)

REASONS AND DECISION ON SANCTIONS AND COSTS
(Sections 127 and 127.1 of the Securities Act)

Hearing:	June 17, 2015		
Decision:	August 24, 2015		
Panel:	Alan J. Lenczner	–	Chair of the Panel
	AnneMarie Ryan	–	Commissioner
Appearances:	Donna Campbell Tamara Center Clare Devlin	–	For Staff of the Commission
	Gordon Capern Jeffrey Larry	–	For Mitchell Finkelstein
	Tyler Hodgson	–	For Paul Azeff and Korin Bobrow
	Simon Bieber Daniel Bernstein Terrence Liu	–	For Howard Miller
	Janice Wright Greg Temelini	–	For Francis Cheng

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REASONS AND DECISION

I. INTRODUCTION

[1] Pursuant to a merits decision issued on March 24, 2015, Mitchell Finkelstein was found to have contravened section 76 of the *Securities Act*[1] by tipping on three separate occasions.[2] Similarly, Paul Azeff contravened section 76 of the Act five times, Korin Bobrow twice, Howard Miller three times, and Francis Cheng twice, by insider trading and tipping. We now render our decision and reasons for the sanctions and costs consequent to the merits decision.

1 R.S.O. 1990, c. S.5, as amended (the "Act").

2 *Re Paul Azeff et al.* (2015), 38 O.S.C.B. 2983.

II. LEGISLATIVE FRAMEWORK

[2] The objectives of the Act are twofold: to protect investors from unfair or fraudulent practices and to foster confidence in fair and efficient capital markets.[3] The attainment of these objectives is extremely important because Canadian investors build wealth through the capital markets, either by trading directly for their own investment accounts, or indirectly, through funds and pension plans. Protecting the integrity of the capital markets is a fundamental policy objective of the Ontario Securities Commission (the "Commission" or "OSC"). The Act, which embodies the policy objectives, has been in existence for many decades.

[3] The objectives of the Act are supported by the requirements of full transparency, utmost integrity of registrants and a level playing field for all those who participate in, and engage with, the capital markets.

[4] Sanctions are meted out to those registrants and non-registrants who violate these principles, harm investors and abuse the integrity of the capital markets.

[5] Sanctions are imposed not to punish past conduct per se, but to remove the opportunity for violators, in the future, from harming investors and from lowering the integrity of the capital markets.[4] Protection of investors and of the market is a key consideration of sanctions.

[6] Quite apart from personal deterrence, the Supreme Court of Canada and various other courts and securities commissions have recognized, as the proper exercise of a sanctions regime, the need for general deterrence to discourage other registrants and non-registrants, who might be tempted to breach the Act or impair the integrity of the capital markets.

[7] Section 127 of the Act establishes the sanctions that may be imposed on those who have breached sections of the Act. They include trading bans, registration bans, director and officer exclusions and administrative penalties up to $1 million per breach of the Act. The imposition of one or more of these sanctions must take into account the number of breaches, the severity of each breach, the need to protect investors and capital markets in the future, the personal circumstances of the respondents, and specific personal and general deterrence.[5] The layering on of sanctions must not aggregate to a result that is punitive rather than protective and deterrent. Punishment is not a permissible goal of sanctions.

[8] The hierarchy of sanctions will depend whether the respondent is a registrant or non-registrant. For a registrant, removal from the capital markets provides a good measure of the future protection for investors and the markets. Trading bans round out that protective shield. Administrative penalties mainly serve the personal and the general deterrence elements.

[9] For a non-registrant, trading bans and exclusion as a director and officer of a public issuer address future protective measures, but often an administrative penalty is also necessary to make the protection meaningful, particularly where the respondent does not have a significant portfolio of investments and has never been, nor likely will ever, be a director or officer of a public company and thus in a position to impact the public markets.

[10] Sanctions have to be carefully tailored to the particular breaches of the Act, the role of the perpetrator and the particular circumstances applicable to each respondent. Prior decisions of this Commission, or of any other regulator, must be considered, as we have done, to gain the wisdom from peers. However, it would not be an appropriate exercise of our discretion to slavishly follow prior sanctions decisions and make adjustments to them based on the amount of profit garnered in these situations, or of the number of breaches. We have taken careful note of decisions such as *Suman*, urged on us by Staff and *Agueci*, urged on us by the respondents.[6] We have considered those decisions, and several others, as guides to the approach we adopted. In the result, we have weighed the factors of this case, being mindful of the interests of the respondents, but also being aware of our duty to investors and the public markets.

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3 Section 1.1 of the Act.

4 *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 at para. 43.

5 *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746; *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 ("*M.C.J.C. Holdings*") at 1136; *Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60.

6 *Re Shane Suman and Monie Rahman* (2012), 35 O.S.C.B. 11218; *Re Agueci et al.* (2015), 38 O.S.C.B. 5995.

III. ANALYSIS

A. Mitchell Finkelstein

[11] Finkelstein is a lawyer, who for some 14 years to 2010, was a rising partner in the mergers and acquisitions department of Davies, a nationally renowned, transaction oriented, law firm. For all those 14 years, he was continuously engaged with clients who accessed the capital markets for investment funds or for takeover transactions. Finkelstein, as a lawyer, knew the strict requirements of client confidentiality, i.e. that information of a private nature acquired could not be discussed or disseminated outside the confines of the solicitor-client relationship. He also knew the prohibitions of section 76 of the Act against tipping or insider trading on generally undisclosed materials facts, referred to as material non-public information ("MNPI"). He must have been keenly aware that passing on confidential information not only broke Davies' code of conduct, was prohibited conduct for any lawyer and was a contravention of the Act, but that the consequences, if discovered, would be dire, potentially resulting in loss of partnership, loss of employment and significant regulatory penalties.

[12] Yet, as we have determined, on three occasions between 2004 and 2007, he passed on MNPI to his good friend and investment adviser, Azeff, respecting two takeover transactions in which he was directly involved as a lawyer, and one in which his firm was acting and which he informed himself of by accessing corporate documents from Davies' Document Management System. But for his unlawful conduct of tipping contrary to subsection 76(2), no insider trading by others and further tipping would have occurred. Finkelstein was the instigator of significant consequences to market integrity and must bear responsibility for the chain of events which took place as a result of his breach of confidence.

[13] The passing of MNPI to a person not authorized to receive it strikes at the core of fairness to all investors engaged in the market. Tipping of MNPI undercuts one of the foundational pillars of the Act, namely confidence. It provides an informational advantage to some market participants at the expense of others. Those who take advantage of the MNPI have the opportunity to profit while depriving others of a like profit. In this case, the profit earned by the family, friends and clients of the respondents in the three takeover transactions totalled approximately $2 million earned over a relatively short period of investment and represented a significant percentage return on those investments.

[14] As the instigator of the subsequent insider trading by others in disregard of his duties of confidentiality and of the high standard of probity towards the capital markets expected of a mergers and acquisitions lawyer, Finkelstein's transgressions must be considered to be at the upper end of severity.

[15] Staff ("Staff"), among other things, requested a lifetime trading/acquisition ban, subject to a carve-out, a lifetime exclusion as a director and officer of a reporting issuer and administrative penalties totalling $1.5 million, being $500,000 of a possible $1 million for each of the three breaches.

[16] Against these demands, we weighed the particular circumstances of Finkelstein.

[17] In the period between 2004 to 2007, the evidence disclosed that Finkelstein did not have significant investments. No further information was presented regarding Finkelstein's investments or net worth at the sanctions hearing on June 17, 2015. Without any further evidence, we are left with the impression, from his subsequent work history after leaving Davies, that he may still not have a significant investment portfolio. While we agree that Finkelstein deserves a ban on his ability to trade freely in the equities and bond markets, we find that a trading ban alone may not be a significant personal deterrent.

[18] We carefully considered other sanctions which, combined with a trading ban, would accomplish the three goals of investor protection, future personal deterrence, and an expression of general deterrence to like-minded individuals.

[19] Finkelstein's counsel reminded us that Finkelstein had already suffered from the loss of a promising career as a rising mergers and acquisitions partner. Coupled with the significant publicity surrounding these proceedings, it is unlikely that Finkelstein would again be offered a position in a law firm engaged in major transaction mandates. While we accept, unreservedly, the monetary and reputational harm Finkelstein has occasioned to himself, we must nevertheless remove any risk that he will be in a position to affect capital markets adversely and we must notify like-minded individuals of the consequences that will accompany misconduct.

[20] The Ontario Court of Appeal in *Rowan* noted that penalties of up to $1 million per infraction were entirely in keeping with the OSC's mandate to regulate the capital markets where enormous sums of money are involved and where substantial penalties are necessary to remove economic incentives for non-compliance with market rules. The administrative penalty must not be viewed as a cost of doing business or a licence fee for unscrupulous market participants.[7]

[7] *Rowan v. Ontario Securities Commission*, 2012 ONCA 208 ("*Rowan*") at para. 49.

[21] Weighing all the factors in Finkelstein's favour, namely: loss of position, young family, diminished earning power, modest net wealth, and restricted opportunity to re-offend, we determine that the appropriate sanctions that meet the objectives of future protection of the capital markets, specific personal deterrence and general deterrence, and which are not so excessive that they tilt toward being punitive include:

1. a 10-year ban on trading and acquisition of securities with appropriate carve-outs for his registered accounts, which can either be managed by him, subject to limitations on securities held, or can be managed by an independent third-party manager with full discretion, not subject to limitations on securities held;

2. a permanent ban on becoming an officer or director of a reporting issuer; and

3. administrative penalties of $450,000, representing $150,000 of a maximum $1 million per contravention. This amount can, at Finkelstein's option, be paid in three equal yearly instalments, the first instalment being due 60 days from the date of this decision. Failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable.

[22] In his submissions on sanctions, Finkelstein argued that an administrative penalty of $75,000 would be appropriate, representing $25,000 per charge and compared his actions to Agueci, who was given administrative penalties of $225,000 for 9 breaches of subsection 76(2) the Act. He argued that their position and actions were very similar in that they were both gatekeepers. However, in our view, their circumstances are quite different. Finkelstein was a lawyer and partner in his firm. He was a person in a position of trust to whom clients and the firm entrusted confidential information. While Finkelstein was instrumental in advising clients on legalities of transactions that affected the capital markets, Agueci had no direct participation other than having the occasion to read relevant transaction documents. Those in a position of trust, like Finkelstein, can have a significant impact on the markets and require suitable deterrence.

B. Paul Azeff and Korin Bobrow

[23] Azeff and Bobrow are retail investment advisers who have worked together for many years. They shared a single trading code while working at CIBC Wood Gundy ("CIBC") and were, in every sense of the word, business partners, though not formally so. Both are in their mid-40s. By the time of these events, 2004 to 2007, they had built a substantial book of business with a large following of loyal customers. As registrants, both should have understood the prohibitions in the Act against trading on and tipping of MNPI. Additionally, Azeff had been, at one time, a branch manager of a brokerage firm and had the responsibility of supervising others to ensure compliance with securities regulations.

[24] After their termination of employment by CIBC, following upon the issue of the Notice of Hearing and Statement of Allegations, Azeff and Bobrow found employment with Euro Pacific Canada Inc. ("Euro Pacific") and applied to the Investment Industry Regulatory Organization of Canada ("IIROC") for approval to have their registration re-activated pending the decision of the OSC on the merits. IIROC, by decision rendered May 31, 2011 approved their registration subject to strict supervisory conditions. Eighteen specific monitoring conditions were required by the IIROC decision.

[25] For the past four years, Azeff and Bobrow have complied with all those conditions. The co-founder and CEO of Euro Pacific provided an affidavit, at the sanctions and costs hearing, attesting to his familiarity with the proceedings by the OSC and its decision on the merits of March 24, 2015. He further confirmed that Azeff and Bobrow "have been fully compliant with the conditions imposed upon them by IIROC and all governing securities laws for a period of over four (4) years" (para. 6). He concluded by stating that Azeff and Bobrow have been valued employees and that: "As CEO of Euro Pacific, it is my profound hope that the Respondents can continue their employment with our company under strict terms of supervision" (para. 8). We appreciate the sincerity of the offer. Azeff and Bobrow, in their submissions, requested that they be allowed to continue in their professions under close monitoring and strict supervision for 15 years. We can well understand that Azeff and Bobrow's loyal customers and their volume of trading is valuable to Euro Pacific.

[26] Azeff and Bobrow argue that the continuation of their registration with these conditions adequately protects markets in the future. Any registration ban, they say, is akin to professional capital punishment.

[27] However, in our view, a continuation of registration, even with supervision, may not be sufficient to protect investors and the capital markets and reflects neither personal deterrence nor general deterrence. Azeff and Bobrow violated the most fundamental aspect of the Act, insider trading and tipping, on seven occasions, five times for Azeff and twice for Bobrow. Both insider trading and tipping have been compared to a cancer that damages innocent investors and erodes public confidence in the capital markets.[8] Both types of violations are hard to uncover and the evidence to establish them is painstakingly tedious to assemble. Azeff, in particular, as a registrant, was a primary gatekeeper in the events. He received MNPI from his good friend, Finkelstein. He knew he should have disregarded the information, not used it

[8] *M.C.J.C. Holdings*, *supra* at 1135.

to benefit himself, his family members, clients and friends. But for his conduct and his activity, no harm would have been occasioned to the public market and to other investors. Azeff and Bobrow together bought Masonite International Corporation ("MHM") stock for about 150 accounts and on some days, their purchases represented a substantial percentage of the total volume of MHM shares traded on the TSX. They knew that the compliance department at CIBC would be alerted to this volume of trading prior to a takeover and would want to see their reasonable basis file. Azeff and his partner Bobrow set about gathering a file of analysts' and technical reports in an attempt to justify their accumulation of MHM shares. We have rejected, in our merits decision, the explanation by Azeff and Bobrow for purchasing large amounts of MHM stock. In addition, we note that when asked at the compelled examination about his relationship with Finkelstein, Azeff gave the impression that he did not know him well or that he worked at Davies. Both statements were far from the truth.

[28] Continued registration for Azeff and Bobrow, even under strict supervision, does not provide a sufficient shield to the market. It would leave Azeff and Bobrow, as registrants, in the milieu where financings and takeover bids are regularly discussed. We have no confidence that Azeff and Bobrow would resist temptation any more in the future than they did in the past. Supervision, while laudable, does not cover the whole day. Tipping can occur by various, difficult-to-detect, means and may not always occur at the workplace. However, we do not agree with Staff's request for a permanent ban on registration. For men in their mid-40s, that is too long. We conclude that a 10-year ban for both Azeff and Bobrow as registrants is appropriate. As well, a lifetime ban for both from being officers and directors of a reporting issuer must be imposed.

[29] Both Azeff and Bobrow should also forfeit the privilege of being able to trade freely in the market for 10 years. They will be afforded the same carve-out as Finkelstein, for their registered accounts which can either be managed by them, subject to limitations on securities held, or can be managed by an independent third-party manager with full discretion, not subject to limitations on securities held.

[30] Azeff profited from his illegal trading to the extent of $49,996 and Bobrow $10,217. These amounts are ordered to be disgorged respectively. The respondents Azeff and Bobrow do not oppose the disgorgement request of Staff.

[31] To reflect the aspects of personal and general deterrence, we are reminded that the legislature authorized a $1 million administrative penalty per breach of the Act, following the recommendation of a Five Year Review Committee as a necessary remedy to protect the integrity of the capital markets where the wealth and retirement funds of most Ontarians is invested, which employ thousands of people and which contribute enormously to Ontario's economy.[9] The administrative penalty must be set at an amount that is neither a license fee for the respondents for their misdeeds, nor a cost of doing business for others who are contemplating non-compliance.

[32] All the respondents urged that the administrative penalties should bear a multiple ratio of two to four times the profit earned by the miscreant. Past decisions of securities commissions have either expressly or by implication been within that range. *Suman*, *supra* does not fall within that logic. Otherwise the respondents contend; the administrative penalty bears no connection to anything objective and is entirely arbitrary, in the discretion of the panel.

[33] We disagree with that submission. The proposed logic would fail in the circumstances where a transgressor makes no profit. It also fails the objectives of personal and general deterrence when a small profit is made by the violator but large profits are made by those he tipped or on whose behalf he traded. A panel of the commission should take the following non-exhaustive list of factors into consideration in arriving at the appropriate administrative penalty:

(a) the statutory maximum of $1 million per breach;

(b) the severity of the breach - not all breaches are as fundamental to the integrity of the capital markets as others;

(c) whether there were multiple and/or repeated breaches of the Act;

(d) the dollar damage to the market and the prejudice to innocent investors;

(e) the profit earned by the respondent;

(f) level of administrative penalties imposed in other cases; and

(g) the past and present circumstances of the respondent.[10]

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[9] *Rowan*, *supra* at para. 49, citing *Five Year Review Committee Final Report: Reviewing the Securities Act (Ontario)* (Toronto: Queen's Printer, 2003), at p. 214.

[10] *Re MRS Sciences Inc. et al.* (2014), 37 O.S.C.B. 5611 at para. 105, citing *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 at paras. 71 and 78.

[34] Applying these factors to Azeff and Bobrow, we have already noted that the breaches of s. 76(1) and (2), tipping and insider trading, are at the very high end of severity. Azeff was guilty of five breaches; Bobrow of two. The market impact of their breaches was approximately $2 million. On the other hand, the breaches occurred between eight and 11 years ago. Azeff and Bobrow have not suffered a permanent loss of employment over that period of time. They have continued to practice their profession apparently in compliance with the regulations. Both men have young families. In all the circumstances, Staff's request of administrative penalties of $2,250,000 for Azeff and $600,000 for Bobrow is too high. The appropriate and proper balance that reflects deterrence is an aggregate of administrative penalties totalling $750,000 for Azeff and $300,000 for Bobrow. Both can have the option of paying these penalties in two years, with half the amount to be paid 60 days from the date of this decision and the balance one year later. Failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable.

[35] Azeff and Bobrow also argued that their administrative penalties should be more reflective of the penalties assigned in the *Agueci* case, citing the penalty against another registrant whose penalty was roughly three times his profits. As earlier stated, the amount of profit garnered by the transgressor is but one factor in consideration of an administrative penalty. More important factors are the number and severity of the breaches and the wide spread nature of the violations. In *Agueci*, each of the respondents traded only for themselves and did not pass information on to other participants. In this case, Azeff and Bobrow traded for themselves and tipped others, which had a widespread impact on the markets and must be considered an aggravating factor for them.

C. Howard Miller and Francis Cheng

[36] Miller and Cheng were, respectively, a senior and more junior investment advisor at TD Securities ("TD") in the years 2004 to 2007. Miller was very experienced and mentored and assisted Cheng, who although he had several years of experience, was having difficulty in building his book of business.

[37] Miller and Cheng were undeniably culpable of insider trading and tipping as evidenced by the explicit content of the emails that they sent to clients. As registrants, they knew that they were utilizing MNPI, but must have felt that their trades and those of their clients in MHM would not attract attention and their improper conduct would not be discovered.

[38] Both Miller and Cheng were terminated by TD in 2010 and have not worked in the investment industry since. Neither one testified at the merits hearing, except through the transcripts of their compelled evidence. Neither has provided any explanation or expressed any remorse for their breaches or actions. We have no evidence or idea of their present circumstances or employment.

[39] Miller breached the provisions of the Act on three occasions and garnered for himself a profit of $24,485. He must disgorge that profit.

[40] Although Miller did not instigate the tipping scheme, having received the MNPI from LK, as a registrant, he should not have acted on it for his own benefit and passed it on to DW so that the latter could benefit. Miller's registration ban should be equal to that of Azeff, i.e., a period of 10 years. He should also have the same trading ban and carve-out as imposed on Finkelstein, Azeff and Bobrow. In addition, he must be banned for 10 years from being an officer or director of a reporting issuer.

[41] The appropriate administrative penalty for Miller for each breach of the Act should be in the same amount as payable by Finkelstein and Azeff: namely $150,000 per breach or $450,000 in aggregate. Miller has the option of paying the amount over two equal yearly instalments with the first $225,000 payable within 60 days of this decision. Failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable.

[42] Cheng, as a registrant, is equally culpable. His email to a disgruntled client investor demonstrates his eagerness to disregard the Act's fundamental probity rules in order to assuage a client's complaint. He was found to have twice breached the provisions of the Act. To protect the public in the future, and the capital markets, he must have a registration ban for 10 years. We have determined that the degree of his culpability is slightly less than that of Miller. He is to be banned from trading for 10 years with the same carve-out as Finkelstein, Azeff, Bobrow and Miller. He is also to be prohibited from being an officer or director of a reporting issuer for 10 years.

[43] Staff argue that Cheng be ordered to disgorge $36,410 profit that he made by trading his brother's account. There is no question that Cheng had authority from his brother, who lives in China, to trade his account. Similarly, Cheng had authority to trade his wife's RRSP account. The profit, however, garnered in both these accounts from the unlawful trades belongs to his brother and his wife respectively.

[44] Staff has traced four random payments, from February 2005 to August 2005, from the brother to Cheng, totalling $42,000, which Staff alleges is payment by the brother to Cheng for the $36,410 profit Cheng made for his brother. We

do not accept Staff's submissions. The evidence is not clear, cogent and convincing on a balance of probabilities. It is hard to reconcile a $42,200 repayment of a $36,410 profit. The monies came in four varying amounts at random times. Staff stopped looking at the money transfers in September 2005. The evidence further revealed that the brother continued to transfer monies to Cheng thereafter, a further two transfers in 2005, all of which aggregated some $14,000. We dismiss Staff's request for a disgorgement order for Cheng.

[45] At the merits hearing, Cheng's wife testified that Cheng had little or no investments in the period from 2004 to 2007 because his earnings were modest. We have not received any updated information regarding Cheng's employment, earnings or net worth in the past five years. Given his junior role at TD, his receipt of MNPI from his mentor, Miller, the undoubted signal from Miller that he could use the MNPI, and his inferred modest means, we determine that an administrative penalty of $100,000 per breach or a total of $200,000, rather than the $500,000 sought, serves as an appropriate balance between personal and general deterrence. Cheng may make the payment over two calendar years with the first $100,000 to be paid within 60 days of this decision and the balance within one year thereafter. Failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable.

IV. COSTS

[46] Staff requests costs in the aggregate amount of $1,000,000 for the time incurred in the investigation and in the 24-day hearing of the merits. Staff points out that its total docketed time, fees and disbursements amount to $3,313,629. The dockets provided support the figures and the respondents have not taken issue with any particular docket. Staff has discounted its overall costs by 70% to be conservative, reasonable and proportionate to the complexity and seriousness of the matters brought before the Commission".[11]

[47] The respondents all claim that $1 million for costs is too high and does not reflect the fact that some allegations were released before the merits hearing and that success at the merits hearing was very much divided. Three of six takeover transactions were found to involve insider trading or tipping, or both. In the other three takeover transactions, Staff did not establish the allegations. The payment of rewards by Azeff to Finkelstein, for the tips, which was a feature of Staff's case, was not proven.

[48] Insider trading and tipping is difficult to establish and requires, as in this case, extensive investigation and keen forensic skill. Staff, in our view, has been responsible, in its public duty, in being conservative in its costs request of $1 million. However, we do not feel that enough weight has been afforded to the divided success that resulted from the well-defended merits hearing. In our view, a global costs award of $500,000 would strike a reasonable balance.

[49] Not all respondents were involved in all the allegations. The volume of evidence adduced for each respondent varied significantly as did their cross-examinations and the time taken by their defences. The appropriate assessment of costs is:

(a) Finkelstein to pay $125,000;

(b) Azeff to pay $175,000;

(c) Bobrow to pay $125,000;

(d) Miller to pay $50,000; and

(e) Cheng to pay $25,000.

V. CONCLUSION

[50] We conclude that the following sanctions are appropriate and proportionate to the circumstances and conduct of each of the respondents and that it is in the public interest to make these orders:

1. With respect to Finkelstein:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Finkelstein shall cease for 10 years;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Finkelstein is prohibited for 10 years;

[11] Rule 18.2 of the OSC's *Rules of Procedure*, (2014) 37 O.S.C.B. 4168; *Re Ochnik* (2006), 29 O.S.C.B. 5917 at paras. 29 and 31.

(c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 1(a) and 1(b) above, Finkelstein shall be permitted to:

i. personally trade and/or acquire mutual funds, exchange-traded funds ("ETFs"), government bonds and/or guaranteed investment certificates ("GICs") for the account of any registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan ("RESP") and tax free savings account ("TFSA"), as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended (the "Income Tax Act"), in which Finkelstein and/or his children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom Finkelstein must have given a copy of the order; and

ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on Finkelstein's behalf, provided that:

1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on Finkelstein's behalf;

2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and Finkelstein has no direction or control over the selection of specific securities;

3. Finkelstein is permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of Finkelstein providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and

4. Finkelstein may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by Finkelstein within 30 days of making such change;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Finkelstein for 10 years;

(e) pursuant to clause 6 of subsection 127(1) of the Act, Finkelstein is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, Finkelstein shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;

(g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Finkelstein is permanently prohibited from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, Finkelstein is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(i) pursuant to clause 9 of subsection 127(1) of the Act, Finkelstein shall pay administrative penalties in the total amount of $450,000 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act and is payable, at his option, over three equal yearly instalments with the first $150,000 payable within 60 days of this decision. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable; and

(j) pursuant to section 127.1 of the Act, Finkelstein shall pay the amount of $125,000 in respect of part of the costs of the Commission's investigation and hearing;

2. With respect to Azeff and Bobrow:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by each of Azeff and Bobrow shall cease for 10 years;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by each of Azeff and Bobrow is prohibited for 10 years;

(c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 2(a) and 2(b) above, each of Azeff and Bobrow shall be permitted to:

i. personally trade and/or acquire mutual funds, ETFs, government bonds and/or GICs for the account of any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, in which by each of Azeff and Bobrow and/or their children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom each must have given a copy of the order;

ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on behalf of each of Azeff and Bobrow's, provided that:

1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on each of Azeff and Bobrow's behalf;

2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and each of Azeff and Bobrow has no direction or control over the selection of specific securities;

3. Azeff and Bobrow are each permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and

4. Azeff and Bobrow may each change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by each of Azeff and Bobrow within 30 days of making such change;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of Azeff and Bobrow for 10 years;

(e) pursuant to clause 6 of subsection 127(1) of the Act, each of Azeff and Bobrow is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, each of Azeff and Bobrow shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;

(g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, each of Azeff and Bobrow is permanently prohibited from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, each of Azeff and Bobrow is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(i) pursuant to clause 9 of subsection 127(1) of the Act, Azeff shall pay $750,000 and Bobrow shall pay $300,000 to the Commission as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act and each amount is payable, at their option, over two equal yearly instalments with the first half payable within 60 days of this decision. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;

(j) pursuant to clause 10 of subsection 127(1) of the Act, Azeff shall disgorge $49,996 and Bobrow shall disgorge $10,217 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(k) pursuant to section 127.1 of the Act, Azeff shall $175,000 and Bobrow shall pay $125,000 in respect of part of the costs of the Commission's investigation and hearing;

3. With respect to Miller and Cheng:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by each of Miller and Cheng shall cease for 10 years;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by each of Miller and Cheng is prohibited for 10 years;

(c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 3(a) and 3(b) above, each of Miller and Cheng shall be permitted to:

i. personally trade and/or acquire mutual funds, ETFs, government bonds and/or GICs for the account of any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, in which by each of Miller and Cheng and/or their children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom each must have given a copy of the order;

ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on behalf of each of Miller and Cheng, provided that:

1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on each of Miller and Cheng's behalf;

2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and each of Miller and Cheng has no direction or control over the selection of specific securities;

3. Miller and Cheng are each permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and

4. Miller and Cheng may each change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by each of Miller and Cheng within 30 days of making such change;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of Miller and Cheng for 10 years;

(e) pursuant to clause 6 of subsection 127(1) of the Act, each of Miller and Cheng is reprimanded;

(f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, each of Miller and Cheng shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;

(g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, each of Miller and Cheng is prohibited for 10 years from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, each of Miller and Cheng is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(i) pursuant to clause 9 of subsection 127(1) of the Act, Miller shall pay $450,000 as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act, and is payable over two equal yearly instalments with the first $225,000 payable, at his option, within 60 days of this decision and the balance within one year. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;

(j) pursuant to clause 9 of subsection 127(1) of the Act, Cheng shall pay $200,000 to the Commission as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act, and is payable over two equal yearly instalments with the first $100,000 payable, at his option, within 60 days of this decision and the balance within one year. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;

(k) pursuant to clause 10 of subsection 127(1) of the Act, Miller shall disgorge $24,485 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(l) pursuant to section 127.1 of the Act, Miller shall pay $50,000 and Cheng shall pay $25,000 in respect of part of the costs of the Commission's investigation and hearing.

[51] We will issue a separate order giving effect to our decision on sanctions and costs.

Dated at Toronto this 24th day of August, 2015.

"Alan J. Lenczner"

"AnneMarie Ryan"

3.2 Director's Decisions

3.2.1 Argosy Securities Inc. and Keybase Financial Group Inc.

IN THE MATTER OF
STAFF'S RECOMMENDATION TO IMPOSE TERMS AND CONDITIONS ON THE REGISTRATIONS OF ARGOSY SECURITIES INC. AND KEYBASE FINANCIAL GROUP INC.

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SECTION 31 OF THE SECURITIES ACT (ONTARIO)

Decision

1. For the reasons outlined below, my decision is to impose the terms and conditions on the registrations of Argosy Securities Inc. (**Argosy**) and Keybase Financial Group Inc. (**Keybase**) as recommended by staff (**Staff**) of the Compliance and Registrant Regulation Branch (**CRR**) of the Ontario Securities Commission (**OSC** or **Commission**) with the changes noted below:

    a. "April 1, 2015" in term and condition 1 is amended to "September 15, 2015", and

    b. "May 1, 2015" in term and condition 2 is amended to "October 15, 2015".

2. My decision is based on the materials provided to me at or prior to the opportunity to be heard (**OTBH**), the verbal arguments of both counsel at the OTBH, the testimony of the seven affiants, and the written closing submissions of both counsel.

Background

3. By letter dated March 3, 2015, Staff advised Argosy and Keybase (collectively, the **Registrants**) that Staff had recommended to the Director that the registrations of Argosy (as a dealer in the category of investment dealer) and of Keybase (as a dealer in the categories of mutual fund dealer and exempt market dealer) be subject to substantially similar terms and conditions. The proposed terms and conditions required the hiring of a common independent consultant (**Consultant**) to recommend changes to the Registrants' governance structure and compliance resources. The proposed terms and conditions contained provisions requiring:

    a. progress reports from the Consultant to Staff and to staff of either the Investment Industry Regulatory Organization of Canada (**IIROC**) or the Mutual Fund Dealers Association of Canada (**MFDA**), as applicable,

    b. an attestation letter from the Consultant that its recommendations have been implemented and tested,

    c. unrestricted access by Staff and staff of the IIROC or the MFDA, as applicable, to the Consultant, and

    d. a follow up report by the Consultant to Staff.

4. Pursuant to section 31 of the *Securities Act* (Ontario), each of Argosy and Keybase were entitled to an OTBH before the Director decides whether to accept Staff's recommendations. The joint OTBH with respect to these matters commenced on July 20, 2015. On July 20, verbal submissions were provided by Michael Denyszyn (Senior Legal Counsel, CRR) on behalf of Staff, and by Joseph Groia and Kevin Richard (Groia and Company) on behalf of the Registrants. In addition, six of seven affiants (listed below) provided verbal testimony. Written closing submissions from Staff were received on July 30, 2015, and from Groia and Company on August 6, 2015. The six affiants that provided verbal testimony were:

    a. Stratis Kourous, Senior Accountant, CRR

    b. Noel Sequeira, Manager of Business Conduct Compliance, IIROC

    c. Irene Cheung, Manager of Financial Compliance, MFDA

    d. Dorin Boeriu, Chief Compliance Officer (**CCO**), Argosy

    e. Betty Jo Royce, CCO, Keybase, and

    f. Dax Sukhraj, 100% owner and Ultimate Designated Person (**UDP**) of each of Keybase and Argosy.

Issues discussed during the OTBH

Does the Director have the authority to impose terms and conditions?

5. Staff submitted (and Keybase and Argosy do not take issue with this point) that the Director has the authority to impose terms and conditions. The question at hand is whether I, as Director, should exercise this authority.

Should terms and conditions be imposed on the registrations of Keybase and Argosy?

6. Staff argued that the proposed terms and conditions are a "responsive, flexible and respectful regulatory response" to the pattern of non-compliance with Ontario securities law and with the requirements of the respective self-regulatory organizations (collectively, **Securities Law**) of both Argosy and Keybase. Counsel to the Registrants argued that I was being asked to make a decision based on "ancient history" and that the terms and conditions recommended by Staff are "somewhat harsh", "will cause real harm" and are a "blunt instrument". They also argued that any concerns that Staff had at the time of its 2014 review of the Registrants with regard to inadequate compliance resources had been satisfactorily addressed. With respect, I disagree with the Registrants' characterisation of their history of non-compliance for the reasons set out in this decision.

7. Examples of the Registrants' history of non-compliance with Securities Law include:

   a. *Significant findings from IIROC's 2015 business conduct examinations (**BCE**) of two locations of Argosy have been referred to IIROC's investigations unit.* Although the Registrants suggested that these audits were complete and that IIROC BCE staff had completed its audit and closed its file, this does not appear to be the case since the May 2015 closing letters for both locations indicate that IIROC BCE staff has "forwarded the Significant findings … together with your response, to IIROC's Investigations unit for their consideration".

   b. *Repeat material unresolved issues from IIROC's 2015 BCE follow-up examination of Argosy.* Although the final report relating to the review was not issued as at the date of the OTBH, Noel Sequeira, Manager of Business Conduct Compliance, IIROC testified that there are "repeat, material [business conduct compliance] issues that are yet unresolved". His affidavit included a list of preliminary issues identified during the review, which "included, but were not limited to, delegation of duties; supervision of employee accounts held at other IIROC dealers; supervision of outside business activities; supervision of account activity; supervision and operation of "off book" client name mutual fund accounts; and out of jurisdiction accounts".

   c. *Keybase has been the subject of over 90 complaints relating to the allegedly unsuitable use of excessive leverage.* Counsel to the Registrants asserted that "the problem or most of the problems that gave rise to the Staff's concern last year arose from the Halifax office." While I acknowledge that Keybase has dismissed two of the three dealing representatives involved (the third is under supervisory terms and conditions imposed by the Nova Scotia Securities Commission), that the issues resulting in the complaints are "stale-dated", and that the MFDA has closed some complaint files with no action, a number of the client complaint files remain open and outstanding and some have been escalated to the MFDA Enforcement Department. In addition, Keybase's corporate errors and omissions insurer has cancelled Keybase's coverage based in part on the quantity of the complaints that may turn into lawsuits (Argosy's corporate errors and omissions insurance has also been cancelled). Lastly, MFDA staff continues to be concerned about the ongoing actions by Keybase's head office in respect of the handling of these complaints. Specifically, the affidavit of Mr. Liptrott (Manager of Case Assessment, MFDA) sets out that MFDA staff is currently investigating several issues including whether Keybase:

      i. is "sufficiently conducting a factual investigation of the complaint",

      ii. is "taking a balanced approach that objectively considers the interests of the complainant, the Approved Person and the Dealer Member",

      iii. is "conducting a reasonable analysis of the relevant facts in relation to regulatory standards", and

      iv. has "delayed in handling complaints due to concerns about the availability of errors and omissions coverage maintained by the relevant Approved Person".

   d. *MFDA placed Keybase in discretionary early warning in 2015.* The MFDA placed Keybase in discretionary early warning because of a going concern note in their December 2014 financial statements relating to a Nova Scotia judgement against Keybase, as well as an additional 47 claims that are generally at the application stage and 19 claims where a notice of action has been brought (all of which relate to allegedly unsuitable use

of leverage). Dax Sukhraj, UDP of Keybase testified that the Nova Scotia judgement has now been settled and that there is uncertainty as to when or how the other claims would be resolved.

e. *Matters from the MFDA's 2014 compliance audit of Keybase have been referred to Enforcement.* The February 2015 closing letter indicates that MFDA compliance staff had no further comments "[w]ith the exception of the items that have been specifically referred to the Enforcement Department."

f. *Frequency of compliance reviews by the MFDA and IIROC.* Staff from both the MFDA and IIROC have characterised both Registrants as "high risk" for a number of years. The Registrants' high risk ranking has led to 16 reviews of the Registrants in the past six years by Staff, MFDA or IIROC compliance staff (subsequent to the two settlements referred to in paragraphs g. and h. below), and the identification of a large number of repeat, significant deficiencies in most of these reviews.

g. *2009 Keybase settlement with the MFDA.* The settlement agreement required a fine payable by each of Keybase and Dax Sukhraj, the hiring of an independent monitor to resolve compliance deficiencies identified during 2006 and 2009 sales compliance reviews (several of which had been previously identified in earlier MFDA compliance review reports), Dax Sukhraj to complete the Partners Directors and Senior Officers course, and other fines and costs.

h. *2008 Argosy hearing with IIROC regarding repeat patterns of non-compliance and failure to address issues previously identified.* The settlement agreement relates to repeat patterns of non-compliance and failure to fully address/identify compliance issues from sales compliance reviews performed in 2002, 2003, 2005, 2006, and 2007. As set out in the settlement agreement "the long list of deficiencies which Argosy failed to cure cannot be described in terms other than gross negligence… time and again promises were made and solutions proposed, only to lead to yet further shortcomings. Bearing in mind the number of years involved, there was a chronic failure to observe the rules, regulations and by-laws of the [IIROC]".

8. As indicated by the number, severity and on-going nature of the examples of significant repeat non-compliance set out above, I don't believe that it is correct to conclude that the Registrants' non-compliance is a matter of "ancient history". In my view, the Registrants' non-compliance as demonstrated above is a matter of continued and current (and in my mind significant) non-compliance by both Registrants.

Have the registrants demonstrated that they have adequate compliance resources or an adequate corporate governance structure?

9. Staff performed a high-level review of both Registrants at an enterprise-wide level in early 2014. Staff performed this review because of the fact that "in the past there had been a number of issues raised by both [IIROC and the MFDA] and with repeat deficiencies" and because "both firms were and have been considered high-risk by both [IIROC and the MFDA] for a number of years". 13 of the 17 deficiencies identified by Staff during the Argosy review, and 13 of the 15 deficiencies identified by Staff during the Keybase review, were characterised as significant. Two pervasive issues were identified from this review – inadequate compliance resources and an inadequately responsive governance structure.

10. Although Staff acknowledged to the Registrants in writing that its specific findings "may no longer be timely", Staff viewed the findings as "symptoms of, rather than causes of, Staff's underlying concern that the [Registrants] may lack appropriate compliance resources and an adequate corporate governance structure".

11. Counsel to the Registrants argued that both Keybase and Argosy spend approximately 40% of their payroll costs (which exclude the costs of the hundreds of dealing representatives at the Registrants) on compliance activities and that their ratio of compliance staff to registered representatives is on the high end.

12. Counsel to the Registrants also argued that Argosy and Keybase have recently enhanced their corporate structure by hiring two (and three, respectively) additional directors prior to the OTBH (in Argosy's case, the additional directors were added one week before the date of the OTBH). At Argosy, the two additional directors are one of the sons of Dax Sukhraj (the owner and UDP of both Argosy and Keybase) and Don Cook, and at Keybase, the three additional directors are Dax Sukhraj's spouse and his two sons. The so-called independent directors in both cases are either Don Cook (the chief financial officer of both Argosy and Keybase) or a member of Dax Sukhraj's family. Mr. Cook has reported directly to Dax Sukhraj for at least the last seven years. Without commenting on the effectiveness as a director of any of these individuals, in my view, none of these them is truly independent of Argosy or Keybase. And while I acknowledge that there is no requirement for independent directors at registrants, in my view given the nature, prevalence and significance of what I view as the ongoing compliance issues at the Registrants, it is arguable whether the Registrants' corporate structure has been enhanced by the hiring of these directors.

Are the terms and conditions still necessary despite the Registrants' recent remedial measures?

13. Counsel to the Registrants also argued that the onus was on Staff to demonstrate that the proposed terms and conditions are necessary, fair and reasonable and that Staff had failed to satisfy that onus. Part of the argument put forward was that the period of time between Staff's review of the Registrants and the proposed terms and conditions was too long, and that the proposed terms and conditions failed to recognise the fairly recent or very recent changes made to the compliance systems and corporate governance structure by the Registrants. Counsel also argued that the proposed terms and conditions were premature and unnecessary, and that they would consume management and compliance resources of the Registrants resulting in the diversion of these resources away from the primary business of the Registrants.

14. Since the Registrants received the March 2015 letter from Staff which set out Staff's recommended terms and conditions, the Registrants have implemented the following changes to their operations and their compliance infrastructure (examples only provided):

    a. Rolled out anti-money laundering and privacy training,

    b. Began a new risk ranking system,

    c. Appointed further directors to the board of directors of Argosy, and

    d. Decided to move to a single fee schedule for Keybase clients effective January 2016.

15. In addition, in the last year or so, the Registrants have implemented the following changes to their operations and compliance infrastructure (examples only provided):

    a. Keybase has hired four additional compliance resources (for a total of 13 compliance staff at Keybase), although some of these staff are solely or partially devoted to litigation support in respect of the unresolved claims against Keybase. In addition, Argosy hired an additional compliance officer,

    b. Keybase's compliance department completed the transfer of all client data from a purchased registrant to Keybase's back office system which counsel argued was a "significant compliance improvement", and

    c. Keybase substantially amended their policies and procedures manual in response to a MFDA audit finding.

16. Staff acknowledges that these changes may have a positive impact on the operations and compliance infrastructure of the Registrants. However, Staff argued that compliance by the Registrants is an ongoing responsibility under Securities Law, and I should take limited comfort from the fact that many of these changes appear to have been implemented only after Staff recommended imposing terms and conditions on the registrations of the Registrants or as a result of a compliance review by one of IIROC staff or MFDA staff.

17. In my view, the Consultant under the terms and conditions is best placed to determine the effectiveness of these recent changes and to determine whether further changes are required to the operations and compliance infrastructure of the Registrants to enable them to comply fully with Securities Law. The Registrants have had numerous opportunities to enhance their operations and compliance infrastructure over the years by making changes necessary to respond to the numerous significant (and often repeat) deficiencies identified by both the MFDA and IIROC staff (and more recently OSC Staff) in their compliance oversight reviews of the Registrants, but have largely chosen not to do so on a timely basis.

Reasons for decision

18. As set out above, my decision is to impose the terms and conditions recommended by Staff on the registrations of Keybase and Argosy. I agree with Staff's submissions that the terms and conditions are:

    a. responsive – because they seek to address what Staff has identified as the root causes of the pattern of repeat and ongoing non-compliance at the Registrants,

    b. flexible – because they provide the Consultant with the flexibility to accept, reject or modify the current compliance practices at the Registrants, and

    c. respectful – because they respect the business realities of the Registrants by relying on the Consultant to make recommendations on improvements to the current compliance practices at the Registrants, rather than Staff imposing prescriptive changes to the compliance practices at the Registrants.

19. I also agree with Staff that the terms and conditions are designed to foster an effective long-term solution to the issues identified at the Registrants by creating a strong compliance environment within both firms.

20. In my view, the Registrants have a substantial record of non-compliance with Securities Law. The Registrants should note that I might, if asked, have been prepared to impose more substantive sanctions on the Registrants (such as more prescriptive terms and conditions, or more restrictive terms and conditions such as limitations on the operations of the Registrants). I am hopeful that the Consultant retained under the terms and conditions will assist the Registrants (and their UDP and CCOs) in developing a compliance infrastructure and corporate governance structure that will assist them in complying with Securities Law on an ongoing basis.

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

Dated: August 18, 2015

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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
Silver Stream Mining Corp.	12-August-15	24-August-15	24-August-15	
RDX Technologies Corporation	12-August-15	24-August-15	24-August-15	
Quanta Resources Inc.	12-August-15	24-August-15	24-August-15	
Canadian Imperial Venture Corp.	12-August-15	24-August-15	24-August-15	
Newlox Gold Ventures Corp.	12-August-15	24-August-15		26-August-15

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order of 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 of 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.

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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:
Agnico Eagle Mines Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated August 19, 2015
NP 11-202 Receipt dated August 20, 2015
Offering Price and Description:
US$500,000,000.00:
Debt Securities
Common Shares
Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2385314

Issuer Name:
Canadian Pacific Railway Company
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated August 19, 2015
NP 11-202 Receipt dated August 20, 2015
Offering Price and Description:
$1,500,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC WORLD MARKETS INC.
ALTACORP CAPITAL INC.
BMO NESBITT BURNS INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
HSBC SECURITIES (CANADA) INC.
J.P. MORGAN SECURITIES CANADA INC.
MERRILL LYNCH CANADA INC.
MORGAN STANLEY CANADA LIMITED
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
WELLS FARGO SECURITIES CANADA, LTD.
Project #2385394

Issuer Name:
National Bank Consensus American Equity Fund
National Bank Consensus International Equity Fund
National Bank Floating Rate Income Fund
National Bank Global Tactical Bond Fund
National Bank High Dividend Fund
National Bank Preferred Equity Fund
National Bank Preferred Equity Income Fund
National Bank Strategic U.S. Income and Growth Fund
National Bank U.S. $ Global Tactical Bond Fund
National Bank U.S. Dividend Fund
NBI Canadian Bond Private Portfolio
NBI Canadian Equity Private Portfolio
NBI Canadian High Conviction Equity Private Portfolio
NBI Canadian Preferred Equity Private Portfolio
NBI Canadian Short Term Income Private Portfolio
NBI Canadian Small Cap Equity Private Portfolio
NBI Corporate Bond Private Portfolio
NBI Emerging Markets Equity Private Portfolio
NBI High Yield Bond Private Portfolio
NBI International Equity Private Portfolio
NBI International High Conviction Equity Private Portfolio
NBI Non-Traditional Capital Appreciation Private Portfolio
NBI Non-Traditional Fixed Income Private Portfolio
NBI Real Assets Private Portfolio
NBI SmartBeta Canadian Equity Fund
NBI SmartBeta Global Equity Fund
NBI U.S. Bond Private Portfolio
NBI U.S. Equity Private Portfolio
NBI U.S. High Conviction Equity Private Portfolio
Westwood Global Dividend Fund
Westwood Global Equity Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated August 6, 2015
NP 11-202 Receipt dated August 19, 2015
Offering Price and Description:
Advisor, F, Institutional, Investor, M, O, R, F5, T5, T, E, FT, N and NR Series
Underwriter(s) or Distributor(s):
National Bank Investments Inc.
Promoter(s):
National Bank Investments Inc.
Project #2384446

Issuer Name:
Rare Element Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated August 24, 2015
NP 11-202 Receipt dated August 24, 2015
Offering Price and Description:
U.S.$50,000,000.00
Debt Securities
Common Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2386827

Issuer Name:
SANDSTORM GOLD LTD.
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated August 19, 2015
NP 11-202 Receipt dated August 19, 2015
Offering Price and Description:
U.S.$150,000,000.00
Common Shares
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2385313

Issuer Name:
Sprott 2015-II Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated August 21, 2015
NP 11-202 Receipt dated August 21, 2015
Offering Price and Description:
Maximum Offering: $20,000,000 - 800,000 Limited Partnership Units
Minimun Offering:$5,000,000 - 200,000 Units
Price Per Unit: $25.00
Minimum Subscription: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Sprott Private Wealth LP
Canaccord Genuity Corp.
Desjardins Securities Inc.
Manulife Securities Incorporated
Promoter(s):
Sprott 2015-II Corporation
Project #2386266

Issuer Name:
Emerging Markets Equity Fund
(Class D, Class E, Class F, Class I, Class O, Class P, Class R and Class Z Units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 7, 2015 to the Simplified Prospectus and Annual Information Form dated June 25, 2015
NP 11-202 Receipt dated August 18, 2015
Offering Price and Description:
Class D, Class E, Class F, Class I, Class O, Class P, Class R and Class Z Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
SEI Investments Canada Company
Project #2354465

Issuer Name:
BMO Retirement Income Portfolio (Series A, F, T6 and Advisor Series)
BMO Retirement Conservative Portfolio (Series A, F, T6 and Advisor Series)
BMO Retirement Balanced Portfolio (Series A, F, T6 and Advisor Series)
BMO Risk Reduction Fixed Income Fund (Series I)
BMO Risk Reduction Equity Fund (Series I)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 18, 2015
NP 11-202 Receipt dated August 20, 2015
Offering Price and Description:
series A, F, I, T6 and Advisor Series @ Net Asset Value
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
BMO Investments Inc.
Project #2370690

Issuer Name:
Capital Group Global Balanced Fund (Canada)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated August 14, 2015
NP 11-202 Receipt dated August 18, 2015
Offering Price and Description:
Series A, B, E, F, H, I, T4 and F4 Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CAPITAL INTERNATIONAL ASSET MANAGEMENT (CANADA), INC.
Project #2372137

Issuer Name:
iShares Conservative Short Term Strategic Fixed Income ETF
iShares Conservative Strategic Fixed Income ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated August 20, 2015
NP 11-202 Receipt dated August 21, 2015
Offering Price and Description:
Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2364388

Issuer Name:
Redwood Equity Growth Class (formerly Ark StoneCastle Stable Growth Class)
Redwood Global Macro Class
Redwood Income Growth Class (formerly Ark StoneCastle Stable Income Class)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 18, 2015
NP 11-202 Receipt dated August 21, 2015
Offering Price and Description:
Series A, F and I shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
REDWOOD ASSET MANAGEMENT INC.
Project #2368041

Issuer Name:
RG One Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated August 20, 2015
NP 11-202 Receipt dated August 24, 2015
Offering Price and Description:
A minimum of 3,600,000 Common Shares ($360,000) and a maximum of 10,000,000 Common Shares ($1,000,000)
PRICE: $0.10 PER COMMON SHARE
Underwriter(s) or Distributor(s):
M Partners Inc.
Promoter(s):
-
Project #2381281

Issuer Name:
Titan Medical Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated August 18, 2015
NP 11-202 Receipt dated August 19, 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

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Red Cloud Capital Inc.	Restricted Dealer	August 19, 2015
New Registration	Antya Investments Inc.	Portfolio Manager	August 19, 2015
New Registration	Brookfield Financial Securities LP	Investment Dealer	August 24, 2015
Name Change	From: NexGen Financial Limited Partnership To: NGAM Canada LP	Investment Fund Manager, Mutual Fund Dealer and Portfolio Manager	August 18, 2015

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Margin Requirements for Certain Cash and Security Borrowing and Lending Arrangements – Proposed Amendments to Schedules 1, 7 and 7A of Dealer Member Form 1

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

MARGIN REQUIREMENTS FOR CERTAIN CASH AND SECURITY BORROWING AND LENDING ARRANGEMENTS – PROPOSED AMENDMENTS TO SCHEDULES 1, 7 AND 7A OF DEALER MEMBER FORM 1

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved IIROC's proposed amendments to Schedule 1, 7 and 7A of Dealer Member Form 1. The primary objective of the amendments is to more closely align the capital requirements for certain cash and security borrowing and lending arrangements to an IIROC Dealer Member's risk of loss associated with such arrangements by reducing applicable margin requirements.

The amendments were republished for public comment on February 26, 2015. An original proposal was published for public comment on March 13, 2014. In response to public and Canadian Securities Administrators ("CSA") comments received, IIROC made material and non-material revisions to the original proposal. Two comment letters that were both supportive of the republished proposed amendments were received.

The amendments will be effective on October 1, 2015. A copy of the IIROC Notice including the proposed amendments with changes to the original proposal can be found at http://www.osc.gov.on.ca.

In addition, the Alberta Securities Commission, the Autorité des marchés financiers, the British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Financial and Consumer Services Commission of New Brunswick, the Manitoba Securities Commission, the Nova Scotia Securities Commission, the Office of the Superintendent of Securities, Service Newfoundland and Labrador, and the Prince Edward Island Office of the Superintendent of Securities Office have approved or not objected to the amendments.

13.3 Clearing Agencies

13.3.1 CDS – Material Amendments to CDS Procedures – CAD and USD Receivers of Credit Category Credit Rings – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS)

MATERIAL AMENDMENTS TO CDS PROCEDURES –
CAD AND USD RECEIVERS OF CREDIT CATEGORY CREDIT RINGS

The Ontario Securities Commission is publishing for public comment the proposed CDS procedure amendments that would make changes to the Canadian dollar ("**CAD**") and U.S. dollar ("**USD**") Receivers of Credit Pool ("**RCP**") Category Credit Rings ("**CCRs**"). Specifically, the amendments require Participants in the CAD and USD RCP CCRs, who have current or potential exposures, to fully and simultaneously collateralize the losses that would result from their default with a high degree of confidence. The comment period ends on September 26, 2015.

A copy of the CDS notice is published on our website at http://www.osc.gov.on.ca.

13.3.2 CDS – Material Amendments to CDS Rules – CAD and USD Receivers of Credit Category Credit Rings – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS)

MATERIAL AMENDMENTS TO CDS RULES –
CAD AND USD RECEIVERS OF CREDIT CATEGORY CREDIT RINGS

The Ontario Securities Commission is publishing for public comment the proposed CDS rule amendments that would make changes to the Canadian dollar and United States dollar Receivers of Credit ("**CAD RCP**" and "**USD RCP**", respectively) category credit rings ("**CCR**"). Specifically, the amendments require Participants in the CAD RCP and USD RCP CCRs, who have current or potential exposures, to fully cover their own losses with a high degree of confidence. The comment period ends on September 26, 2015.

A copy of the CDS notice is published on our website at http://www.osc.gov.on.ca.

13.3.3 CDCC – Amendments to the Rule B-3 of CDCC to Introduce Acceleration of Expiry – Notice of Commission Approval

THE CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

AMENDMENTS TO THE RULE B-3 OF CDCC TO INTRODUCE ACCELERATION OF EXPIRY

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDCC, the Commission approved on August 14, 2015 amendments to Rule B-3 of CDCC to introduce acceleration of expiry.

A copy of the CDCC notice was published for comment on June 6, 2015 on the Commission's website at: http://www.osc.gov.on.ca. No comments were received.

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