The Ontario Securities Commission

OSC Bulletin

March 21, 2003

Volume 26, Issue 12

(2003), 26 OSCB

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

The Ontario Securities Commission
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

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

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

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Capital Markets Branch:	Fax: 416-593-3651
- Registration:	Fax: 416-593-8283
Corporate Finance Branch:	
- Filings Team 1:	Fax: 416-593-8244
- Filings Team 2:	Fax: 416-593-3683
- Continuous Disclosure:	Fax: 416-593-8252
- Insider Reporting	Fax: 416-593-3666
- Take-Over Bids / Advisory Services:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $549 per year.

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

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

ISSN 0226-9325

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
Email: orders@carswell.com

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MARCH 21, 2003

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Telephone: 416-597-0681 Telecopiers: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Howard I. Wetston, Q.C., Vice-Chair	—	HIW
Kerry D. Adams, FCA	—	KDA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS

SCHEDULED OSC HEARINGS

DATE: TBA **Robert Thomislav Adzija *et al***

s. 127

T. Pratt in attendance for Staff

Panel: TBA

DATE: TBA **First Federal Capital (Canada) Corporation and Monte Morris Friesner**

s. 127

A. Clark in attendance for Staff

Panel: TBA

DATE: TBA **Patrick Fraser Kenyon Pierrepont Lett, Milehouse Investment Management Limited, Pierrepont Trading Inc., BMO Nesbitt Burns Inc.*, John Steven Hawkyard+ and John Craig Dunn**

s. 127

K. Manarin in attendance for Staff

Panel: TBA

* BMO settled Sept. 23/02
\+ TBA

DATE: TBA **ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub**

s. 127

M. Britton in attendance for Staff

Panel: TBA

DATE: TBA	**Jack Banks A.K.A. Jacques Benquesus and Larry Weltman***
	s. 127
	K. Manarin in attendance for Staff
	Panel: PMM/KDA/MTM
	* Larry Weltman settled on January 8, 2003
DATE: TBA	**John Steven Hawkyard**
	s. 127
	K. Manarin in attendance for Staff
	Panel: TBA
March 31, 2003	**Brian Costello**
10:30 a.m.	s. 127
	H. Corbett in attendance for Staff
	Panel: PMM/KDA/MTM
April 8 to 25, 2003 excluding April 18, 2003.	**Phoenix Research and Trading Corporation, Ronald Mock and Stephen Duthie**
All days at 10:00 a.m. except April 15, 2003 at 2:30 p.m.	s. 127 T. Pratt in attendance for Staff
	Panel: TBA
April 14, 2003	**Philip Services Corporation (Motion)**
10:00 a.m.	s. 127
	K. Manarin in attendance for Staff
	Panel: TBA
May 6, 2003	**Gregory Hyrniw and Walter Hyrniw**
10:00 a.m.	s. 127
	Y. Chisholm in attendance for Staff
	Panel: TBA
June 3, 2003	**Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**
2:00 p.m.	s. 127
	Y. Chisholm in attendance for Staff
	Panel: HLM/MTM

ADJOURNED SINE DIE

Buckingham Securities Corporation, Lloyd Bruce, David Bromberg, Harold Seidel, Rampart Securities Inc., W.D. Latimer Co. Limited, Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Bear, Stearns & Co. Inc., Dundee Securities Corporation, Caldwell Securities Limited and B2B Trust

Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier

Global Privacy Management Trust and Robert Cranston

Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation

M.C.J.C. Holdings Inc. and Michael Cowpland

Philip Services Corporation

Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Eizenga, Guy Fangeat, Richard Jules Fangeat, Michael Hersey, George Edward Holmes, Todd Michael Johnston, Michael Thomas Peter Kennelly, John Douglas Kirby, Ernest Kiss, Arthur Krick, Frank Alan Latam, Brian Lawrence, Luke John Mcgee, Ron Masschaele, John Newman, Randall Novak, Normand Riopelle, Robert Louis Rizzuto, And Michael Vaughan

S. B. McLaughlin

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

1.1.2 Correction of Number of CSA Staff Notice 13-312 Securities Regulatory Authority Closed Dates 2003

CORRECTION OF NUMBER OF CSA STAFF NOTICE

CSA STAFF NOTICE 13-312

SECURITIES REGULATORY AUTHORITY CLOSED DATES 2003

The above notice was incorrectly referenced as CSA Staff Notice 13-302 on page 2165 in Chapter 1 of the OSC Bulletin, Volume 26, Issue 11 dated March 14, 2003. The correct reference is CSA Staff Notice 13-312.

1.1.3 OSC Notice 11-726 Assignment of Policy Numbers

ONTARIO SECURITIES COMMISSION NOTICE 11-726
ASSIGNMENT OF POLICY NUMBERS

As part of the Policy Reformulation Project, staff has determined that the following policies are to be reclassified according to the numbering system adopted by the Canadian Securities Administrators. An explanation of that numbering system can be found at 19 OSCB 4258. In some instances, staff has determined that minor changes to the notices are needed so that the notices conform to existing statutory references. The assignment of these new numbers is effective immediately.

Pre-Reformulation	New Number
Uniform Act Policy 2-13 *Advertizing During Waiting Period Between Preliminary and Final Prospectuses*	47-601
OSC Policy 4.7 *Registration of Non-resident Salesmen, Partners or Officers of Registered Dealers*	35-601

Questions regarding this notice may be directed to:

Tula Alexopoulos
Manager, Project Office
Ontario Securities Commission
Phone: 416-593-8084
talexopoulos@osc.gov.on.ca

Alicia Ferdinand
Project Coordinator, Project Office
Ontario Securities Commission
Phone: 416-593-8307
aferdinand@osc.gov.on.ca

March 21, 2003.

1.1.4 OSC Notice 11-727 Assignment of Notice Numbers

ONTARIO SECURITIES COMMISSION NOTICE 11-727
ASSIGNMENT OF NOTICE NUMBERS

As part of the Policy Reformulation Project, staff has determined that the following notices are to be reclassified according to the numbering system adopted by the Canadian Securities Administrators. An explanation of that numbering system can be found at 19 OSCB 4258. In some instances, staff has determined that minor changes to the notices are needed so that the notices conform to existing statutory references. The assignment of these new numbers is effective immediately.

Pre-Reformulation	New Number
OSCN - *Pre-Market Activities in the Context of Bought Deals* (16 OSCB 4812)	47-704
OSCN - *Residency Requirements for Advisers and their Partners and Officers* (17 OSCB 4206)	35-701
OSCN - *Revocation of Cease Trade Orders* (18 OSCB 5)	57-701
OSCN - *Labour Sponsored Investment Funds Course* (18 OSCB 36)	31-707
OSCN - *Recommendations of the Committee on Staff Communications* (18 OSCB 3617)	11-722
OSCN - *Residency Requirements for Certain Non-resident Salespersons and Supervisors* (18 OSCB 3905)	35-702
OSCN - *Residency Requirements for Certain Canadian Resident Dealers* (18 OSCB 3908)	35-703
OSCN - *Policy Reformulation Project* (19 OSCB 2310)	11-723
OSCN - *Numbering System for Policy Reformulation Project* (19 OSCB 4258)	11-724
OSCN - *Multi-jurisdictional Disclosure System* (22 OSCB 5701)	71-701
OSCN - *CICA Assurance Standards Board Exposure* (22 OSCB 6560)	52-715
SAC No. 1- *Financial Statements to be Filed According to GAAP* (12 OSCB 2458)	52-702
SAC No. 1.1- *No Requirement to Provide Management Report Under CICA* (16 OSCB 1080)	52-706
SAC No. 5 - *Filing Extensions for Continuous Disclosure Financial Statements* (15 OSCB 1913)	52-710
SAC No. 6 - *Income Statement Presentation* (15 OSCB 3217)	52-711
SAC No. 8 - *Accounting Basis in an Initial Public Offering (IPO)* (17 OSCB 2084)	52-712
SAC No. 10 - *Restructuring and Similar Changes* (17 OSCB 6075)	52-714
Registration Note No. 3 - *Telemarketing Activities of Certain Employees or Independent Agents of Registered Dealers* (15 OSCB 4775)	31-706

Questions regarding this notice may be directed to:

Tula Alexopoulos
Manager, Project Office
Ontario Securities Commission
Phone: 416-593-8084
talexopoulos@osc.gov.on.ca

Alicia Ferdinand
Project Coordinator, Project Office
Ontario Securities Commission
Phone: 416-593-8307
aferdinand@osc.gov.on.ca

March 21, 2003.

1.1.5 OSC Staff Notice 11-728 Withdrawal of Staff Notices

ONTARIO SECURITIES COMMISSION STAFF NOTICE 11-728
WITHDRAWAL OF STAFF NOTICES

Commission staff has reviewed a number of Staff Notices and has determined that the following notices are no longer required. Accordingly, the following notices are to withdrawn effective immediately:

OSCN - *Electronic Registration Application Forms* (17 OSCB 3529)
OSCN - *Electronic Registration Forms* (17 OSCB 6073)
OSCN - *Electronic Registration Forms* (18 OSCB 5922)
OSCN - *Soft Dollars – Exemptions by the Director* (10 OSCB 6422)
OSCN - *Residential Real Estate Syndications* (11 OSCB 4171)
OSCN - *Application of the Securities Act to Certain Residential Real Estate Offerings* (12 OSCB 2732)
OSCN - *GAAP Report -- Comment Analysis and Future Steps* (16 OSCB 5117)
OSCN - *Report of Filings* (11 OSCB 4277)
OSCN - *Office of the Chief Accountant: Report on the Review Program* (11 OSCB 4277)
OSC Notice 11-702 *Policy Reformulation Table of Concordance* (21 OSCB 31)
OSC Notice 11-703 *Policy Reformulation Table of Concordance* (22 OSCB 3)
OSC Notice 11-704 *Policy Reformulation Table of Concordance* (23 OSCB 193)
OSC Notice 11-705 *Policy Reformulation Table of Concordance* (23 OSCB 4668)
OSC Notice 11-707 *Policy Reformulation Table of Concordance* (23 OSCB 6836)
OSC Notice 11-708 *Policy Reformulation Table of Concordance* (24 OSCB 28)
OSC Notice 11-711 *Policy Reformulation Table of Concordance* (24 OSCB 2078)
OSC Notice 11-713 *Policy Reformulation Table of Concordance* (24 OSCB 4177)
OSC Notice 11-714 *Policy Reformulation Table of Concordance* (24 OSCB 5978)
OSC Notice 11-716 *Policy Reformulation Table of Concordance* (25 OSCB 2001)
OSC Notice 11-718 *Policy Reformulation Table of Concordance* (25 OSCB 4637)
OSC Notice 11-720 *Policy Reformulation Table of Concordance* (25 OSCB 7126)
OSC Notice 52-703 *Pre-Filing Consultation on Innovative or Unusual Financial Reporting* (10 OSCB 687)
OSC Notice 52-704 *Report on Financial Statement Issues* (15 OSCB 6)
SAC #01- *Staff Accounting Communiqués* (12 OSCB 2457)
SAC #2 - *Financial Statements Presentation of Corporate Finance Activities* (12 OSCB 2459)
SAC #3 - *Auditor's Report on Comparative Financial Statements* (12 OSCB 2461)
SAC #7 - *Financial Disclosure in Information Circulars* (15 OSCB 5800)
Registration Clarification No. 1 – *Supplement to Principles of Registration Regarding Distribution of Mutual Funds Through Branches of Financial Institutions* (12 OSCB 1361)

Questions regarding this notice may be directed to:

Tula Alexopoulos
Manager, Project Office
Phone: 416-593-8084
talexopoulos@osc.gov.on.ca

Alicia Ferdinand
Project Coordinator, Project Office
Phone: 416-593-8307
aferdinand@osc.gov.on.ca

March 21, 2003.

1.1.6 OSC Proposed Rescission of National Policy 25 - Registrants Advertising Disclosure of Interest and National Policy 49 - Self-Regulatory Organization Membership

ONTARIO SECURITIES COMMISSION PROPOSED RESCISSION OF NATIONAL POLICY 25 - REGISTRANTS ADVERTISING DISCLOSURE OF INTEREST AND NATIONAL POLICY 49 - SELF-REGULATORY ORGANIZATION MEMBERSHIP

The Commission is publishing in today's Bulletin a request for comment on the proposed rescission of National Policy 25 - Registrants Advertising Disclosure of Interest and National Policy 49 - Self-Regulatory Organization Membership. The rescission notice can be found in Chapter 6 of the Bulletin.

1.3 News Releases

1.3.1 In the Matter of M.C.J.C. Holdings Inc. and Michael Cowpland

FOR IMMEDIATE RELEASE
March 13, 2003

IN THE MATTER OF
M.C.J.C. HOLDINGS INC. AND MICHAEL COWPLAND

TORONTO – The Ontario Securities Commission set the matter of M.C.J.C. Holdings Inc. and Michael Cowpland for hearing from May 20, 2003 to June 20, 2003. M.C.J.C. is alleged to have committed insider trading. Cowpland is alleged to have authorized as a Director the insider trading of M.C.J.C. and misled Staff of the Commission.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-595-8913

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.3.2 OSC Approves Settlement Between Staff and Phoenix Research and Trading Corporation

FOR IMMEDIATE RELEASE
March 13, 2003

OSC APPROVES SETTLEMENT BETWEEN STAFF AND PHOENIX RESEARCH AND TRADING CORPORATION

TORONTO – Today, the Commission approved a settlement reached by Staff of the Commission and the respondent Phoenix Research and Trading Corporation (Phoenix).

Phoenix was registered with the Commission as an investment counsel and portfolio manager pursuant to the *Securities Act*. It was also registered pursuant to the *Commodity Futures Act* as an adviser in the category of commodity trading manager.

Phoenix's fixed income arbitrage activities included the Phoenix Fixed Income Arbitrage Limited Partnership (PFIA LP), a hedge fund. PFIA LP collapsed in early January 2000 when a $3.3 billion U.S. long position in U.S. 6% treasury notes due August 15, 2009 (the UST Notes) caused a significant overdraft position at the Bank of New York. PFIA LP was forced to liquidate its assets. The resulting loss to PFIA LP exceeded US$125 million.

As part of the settlement, Phoenix admitted that the accumulation of an unhedged, long position and the collapse of PFIA LP could have been avoided if, in connection with the company's fixed income trading activity, Phoenix Canada:

(a) had supervised sufficiently its traders and the operations group;

(b) had not established and implemented systems which generated inaccurate books and records;

(c) had not implemented and relied on flawed controls and procedures; and

(d) had properly segregated duties.

The Commission terminated Phoenix's registrations under the *Securities Act* and the *Commodity Futures Act*. The Commission reprimanded the company and ordered that it pay $50,000 in investigation costs.

Copies of the Commission's Order and Settlement Agreement are available on the Commission's website, **www.osc.gov.on.ca**, or from the Commission offices at 20 Queen Street West, 19th Floor, Toronto.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-595-8913

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.3.3 OSC Enforcement Proceeding Against Rampart Securities Inc.

FOR IMMEDIATE RELEASE
March 17, 2003

OSC ENFORCEMENT
PROCEEDING AGAINST RAMPART SECURITIES INC.

TORONTO – Staff of the Ontario Securities Commission has withdrawn an enforcement proceeding in respect of Rampart Securities Inc.

The Commission issued a Notice of Hearing on August 14, 2001. A Temporary Order suspending Rampart's registration and ordering that Rampart cease trading was issued the same day. It alleged that Rampart had a capital deficiency contrary to section 107 of *Ontario Regulation 1015* that required Rampart to maintain adequate capital at all times.

On October 24, 2001, Rampart was petitioned into bankruptcy and Ernst & Young were appointed Trustee.

Since the issuance of the OSC Notice of Hearing, the Investment Dealers Association disciplined Rampart for violations in the sales compliance, financial compliance and regulatory capital areas. The IDA terminated Ramparts' rights, privileges and membership in the IDA, imposed a fine of $3 million and ordered Rampart to pay costs of $270,000. Settlements were reached with the principals of Rampart.

As a result of the sanctions imposed by the IDA, Staff of the Enforcement Branch is withdrawing the Notice of Hearing.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-595-8913

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.3.4 OSC to Consider Settlement Reached with DJL Capital Corp. and Dennis John Little

FOR IMMEDIATE RELEASE
March 18, 2003

OSC TO CONSIDER SETTLEMENT REACHED WITH
DJL CAPITAL CORP. AND DENNIS JOHN LITTLE

TORONTO – The Ontario Securities Commission will consider a settlement agreement reached by Staff of the Commission with DJL Capital Corp. and Dennis John Little. The hearing will take place on Thursday March 20, 2003 at 2:00 p.m. in the Main Hearing Room of the Commission's offices, located on the 17th floor, 20 Queen Street West, Toronto.

Staff of the Commission allege that DJL Capital and Little participated in an illegal distribution of securities of Dual Capital Limited Partnership and in an illegal distribution of units in DJL Capital, and engaged in other conduct contrary to the public interest.

On January 11, 2000 the Commission made a Temporary Order requiring DJL Capital and Little to cease trading securities. On consent of DJL Capital and Little, the Temporary Order was extended by Order of the Commission dated January 21, 2000 and remains in effect.

The terms of the settlement agreement between Staff and DJL Capital and Little are confidential until approved by the Commission. The hearing is open to the public except as may be required for the discussion of confidential matters.

Copies of the Notices of Hearing and related Statements of Allegations in this matter, and the Order of the Commission made on January 21, 2000 in respect of DJL Capital and Little, are available on the Commission's website at **www.osc.gov.on.ca** or from the offices of the Commission at 20 Queen Street West, 19th Floor, Toronto.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-595-8913

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Wittke Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer after all of its outstanding securities acquired by another corporation under a plan of arrangement.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, ONTARIO AND QUEBEC

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
WITTKE INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, and Quebec (the "Jurisdictions") has received an application from Wittke Inc. ("Wittke") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Wittke be declared to no longer be a reporting issuer under the Legislation;

2. AND WHEREAS, unless otherwise defined, the terms used herein have the meaning set out in National Instrument 14-101 *Definitions*;

3. AND WHEREAS pursuant to section 3.2 of National Policy 12-201 - Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

4. AND WHEREAS Wittke has represented to the Decision Makers that:

4.1. Wittke was incorporated under the *Business Corporations Act* (Alberta) (the "ABCA") on February 7, 1994 as 598204 Alberta Ltd. Its name was changed to PAW Industries Ltd. on March 1, 1994, to Northside Group Inc. on August 15, 1995 and to Wittke Inc. on January 23, 2002;

4.2. the head office of Wittke is located in Calgary, Alberta;

4.3. the authorized capital of Wittke consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares issuable in series (the "Preferred Shares"), of which 345 Common Shares and no Preferred Shares are issued and outstanding as of February 14, 2003;

4.4. Wittke is currently a reporting issuer in the Jurisdictions and is not in default of any of the requirements under the Legislation with the exception of failing to file, on or after February 17, 2003, its annual financial statements for the year ended September 30, 2002;

4.5. Wittke entered into an agreement dated August 15, 2002 to combine Wittke's business with that of Federal Signal Corporation ("Federal Signal") by way of a plan of arrangement (the "Arrangement") under the ABCA;

4.6. on October 3, 2002 Federal Signal completed the acquisition of all of the Common Shares under the Arrangement;

4.7. as of October 3, 2002, Federal Signal is the indirect beneficial owner of all of the Common Shares;

4.8. the Common Shares were delisted from the Toronto Stock Exchange on October 4, 2002;

4.9. no securities of Wittke are currently listed or quoted on any stock exchange or quotation system in Canada or elsewhere;

4.10. other than the Common Shares, there are no securities of Wittke, including debt securities, outstanding;

4.11. Wittke does not intend to seek public financing by way of an offering of its securities;

5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

6. AND WHEREAS 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;

7. The DECISION of the Decision Makers under the Legislation is that Wittke is declared to no longer be a reporting issuer under the Legislation.

February 28, 2003.

"Patricia M. Johnston"

2.1.2 Del Roca Energy Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities by another issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
DEL ROCA ENERGY LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta and Ontario (the "Jurisdictions") has received an application from Del Roca Energy Ltd. ("Del Roca") for a decision under the securities legislation of the Jurisdictions (the "Legislation") deeming Del Roca to have ceased to be a reporting issuer under the Legislation;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

4. AND WHEREAS Del Roca has represented to the Decision Makers that:

4.1 Del Roca is a public corporation incorporated pursuant to the provisions of the Business Corporations Act (Alberta) (the "ABCA");

4.2 the head office of Del Roca is in Calgary, Alberta;

4.3 the authorized capital of Del Roca consists of an unlimited number of common shares (the "Common Shares"),

of which, as at February 14, 2003, 20,985,153 were issued and outstanding;

4.4 Del Roca is a reporting issuer under the Legislation;

4.5 Del Roca is not in default of any requirements of the Legislation or the rules made under the Legislation;

4.6 pursuant to an offer to purchase dated December 23, 2002 and a subsequent compulsory acquisition under the provisions of the ABCA, TUSK Energy Inc. ("TUSK") acquired all of the issued and outstanding Common Shares;

4.7 TUSK is the sole security holder of Del Roca and there are no securities of Del Roca, including debt obligations, currently outstanding other than the Common Shares;

4.8 the Common Shares were delisted from the TSX Venture Exchange at the close of market on February 14, 2003 and there are no securities of Del Roca listed on any stock exchange or traded on any market;

4.9 Del Roca does not intend to seek public financing by way of an offering of its securities;

5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

6. AND WHEREAS 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;

7. THE DECISION of the Decision Makers under the Legislation is that Del Roca is deemed to have ceased to be a reporting issuer.

March 14, 2003.

"Patricia M. Johnston"

2.1.3 First Rate Enterprises Ltd. and Foreign Currency Exchange Corp. - cl. 104(2)(a)

Headnote

Clause 104(2)(a) - Take-over Bid - Employment agreement to be entered into between offeror, offeree and selling security holder who is also an officer and director of offeree - Decision that the employment agreement is being entered into for reasons other than to increase the value of the consideration paid to the selling security holder for his shares and that the employment agreement may be entered into despite subsection 97(2) of the Act.

Statute Cited

Securities Act R.S.O. 1990, c. S.5, as amended, ss. 97(2) and 104(2)(a).

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

AND

IN THE MATTER OF
FIRST RATE ENTERPRISES LTD.

AND

IN THE MATTER OF
FOREIGN CURRENCY EXCHANGE CORP.

DECISION
(clause 104(2)(a))

UPON the application (the "**Application**") of First Rate Enterprises Ltd. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for a decision pursuant to clause 104(2)(a) of the Act that the proposed employment agreement with the person who is the current chief executive officer of Foreign Currency Exchange Corp. (the "**Target**") and who owns/controls approximately 26% of the shares of the Target is made for reasons other than to increase the value of the consideration paid to such holder for his shares in connection with a proposed take-over bid by the Applicant and that the employment agreement may be entered into notwithstanding subsection 97(2) of the Act;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a wholly-owned subsidiary of the Bank of Ireland and is a corporation existing under the laws of Ireland.

2. On February 26, 2003, the Applicant's affiliate, First Rate Acquisiton, Inc. (the "Offeror") made an offer (the "Offer") to acquire all of the issued and

outstanding common shares (each a "**Share**" and collectively, the "**Shares**") of the Target at price of U.S.$3.50 pursuant to a take-over bid circular.

3. The Applicant is not, and the Offeror will not be, a reporting issuer under the Act.

4. The Target is a Florida corporation and a reporting issuer in Ontario.

5. As at December 31, 2002, the Target had 3,165,787 Shares issued and outstanding. The Shares of the Target are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**"). The closing Share price on the TSX on February 17, 2003, the day before the announcement of the Offer, was Cdn$2.80, equivalent to approximately U.S.$1.84.

6. Randolph Pinna ("Pinna") is the president, chief executive officer and a director of the Target. In this capacity, Pinna is responsible for the business development and overall operations of the Target. Also, he is the principal relationship manager of key clients of the Target. Pinna is also a shareholder of the Target and holds and/or controls 828,420 Shares or approximately 26% of the Shares.

7. If the Offer is completed, the Offeror intends to formalize the employment relationship of Pinna with the Target pursuant to an employment agreement (the "**Employment Agreement**") to be effective on the date of closing of the Offer to be entered into by Pinna, the Target and the Applicant. The Employment Agreement will provide for Pinna's current annual salary of U.S.$100,000 and a benefit package consistent with industry norms. In addition, pursuant to the Employment Agreement, it is intended that Pinna will be entitled to a performance-linked bonus payable each year equal to up to 100% of his annual salary upon the satisfaction of certain significant performance criteria. The Applicant and the Target will be jointly responsible for paying all amounts due to Pinna under the Employment Agreement.

8. Pinna's salary, performance-linked bonus and benefits under the Employment Agreement do not represent a change from what he was entitled to in the last fiscal year.

9. The Employment Agreement will provide for a profit-sharing opportunity for Pinna. In order to grow the business of the Target, the Target requires additional capital which is not readily available from financial institutions on favourable terms. The Offeror therefore intends to negotiate a loan of U.S.$2 million from Pinna. The loan will bear interest at rate equal to the U.S. Treasury short term applicable federal rate, which is currently 1.65%. The principal will be repayable on the third anniversary of the date of the closing of the Offer, subject to extension by mutual consent of the parties thereto.

10. The terms of the loan will also provide that the Target will make an additional payment ("**Additional Payment**") to Pinna, in the event the Target meets certain profitability targets in the second or third year after completion of the Offer. The Additional Payment will be equal to a predetermined percentage of the income before taxes of the Target and will range from U.S.$500,000 to U.S.$2 million. The payment of an Additional Payment will be subject to the Target achieving a minimum cumulative income before taxes of U.S.$3 million in the two or three years. The choice of whether to receive the Additional Payment (if any is payable) in the second year, or to wait until the third year to receive it, will be that of Pinna. If Pinna is terminated by the Target for cause, the only obligation of the Target will be to repay the principal of the loan on the third anniversary of the loan date.

11. According to publicly available financial statements of the Target, the net income before taxes of the Target was U.S.$367,663 in 2001, U.S.$695,750 in 2000 and U.S.$524,185 in 1999. Therefore, in order for Pinna to receive Additional Payments, Pinna will have to substantially increase the business of the Target.

12. In connection with the foregoing, the Offeror intends to contribute additional working capital to the Target and provide certain resources and expertise in the operations of the business of the Target.

13. The Employment Agreement will be entered into for reasons other than to increase the value of the consideration paid to Pinna under the Offer. The purpose of the Employment Agreement and the Additional Payments is to provide an incentive to Pinna to continue his involvement with the Target. To date, he has been critical to the development of the business of the Target and he is crucial to the relationship of the Target with many principal clients of the Target.

14. The terms of the Employment Agreement were negotiated between the Applicant and Pinna on an arm's length basis and are commercially reasonable.

15. The value to accrue to Pinna under the Employment Agreement will not be realized on the closing of the Offer but rather over time in conjunction with the increase in profits of the Target. As a result, it is expected that this arrangement will provide long-term incentives to Pinna to support and grow the business and to

assist with the transition of the business to new ownership and new management.

AND UPON the Commission being satisfied that to make this decision would not be prejudicial to the public interest;

IT IS DECIDED pursuant to clause 104(2)(a) of the Act that, for the purposes of subsection 97(2) of the Act, the Employment Agreement is being made for reasons other than to increase the value of the consideration to be paid to Pinna in respect of his Shares pursuant to the Offer and that the Employment Agreement may be entered into notwithstanding subsection 97(2) of the Act.

March 14, 2003.

"Robert L. Shirriff" "Paul M. Moore"

2.1.4 Nevsun Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted from requirement to file a technical report concurrently with the annual information form provided the annual information form contain cautionary language and the technical report is filed within 140 days of issuer's year end.

Applicable Ontario Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.2(3) and 9.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA,
MANITOBA AND ONTARIO

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
NEVSUN RESOURCES LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Manitoba and Ontario (the "Jurisdictions") has received an application from Nevsun Resources Ltd. ("Nevsun") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") for relief from the requirement contained in section 4.2(3) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") that a technical report supporting information describing mineral projects on a property material to Nevsun be filed concurrently with the filing of Nevsun's annual information form;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

AND WHEREAS Nevsun has represented to the Decision Makers that:

1. Nevsun was incorporated on July 19, 1965 under the laws of British Columbia and its head office is located in Vancouver, British Columbia;

2. Nevsun is a reporting issuer in each of the Jurisdictions and is not in default of any requirement under the Legislation;

3. the authorized capital of Nevsun is 250,000,000 Common shares without par value, of which 49,482,381 Common shares were issued and outstanding as of February 11, 2003;

4. Nevsun's common shares are listed and posted for trading on the Toronto Stock Exchange;

5. Nevsun filed, and mailed to its shareholders, its audited financial statements for the year ended December 31, 2002 on February 10, 2003, which is 99 days earlier than the required filing deadline under the Legislation;

6. Nevsun is preparing an annual information form for the year ended December 31, 2002 (the "AIF") and will file the AIF as soon as possible after the date of this decision;

7. Nevsun is preparing and will file an updated technical report on its most significant material property, the Tabakoto property, concurrently with the filing of its AIF;

8. in July 2002, Nevsun acquired an 80% interest in the Segala property in Mali (the "Segala Property"); the Segala Property, which represents approximately 24% of Nevsun's assets, is a material property to Nevsun;

9. since its acquisition of the Segala Property, Nevsun has issued a number of news releases and filed material change reports disclosing the results of a work program on the Segala Property, including the drill program completed on December 12, 2002;

10. the disclosure in the news releases and the material change reports was prepared under the supervision of F. William Nielsen, P.Geo., a "qualified person" as defined by NI 43-101;

11. the disclosure in the AIF will contain no material information which has not previously been disclosed by Nevsun in news releases and material change reports prepared in accordance with NI 43-101 and will be reviewed by a qualified person;

12. Nevsun has engaged Snowden Mining Industry Consultants ("Snowden") of Perth, Australia to prepare an independent technical report (the "Technical Report") relating to the Segala Property but Nevsun will not be in a position to file the Technical Report prior to February 27, 2003 due to the following circumstances:

    (a) Nevsun acquired the Segala Property on July 24, 2002;

    (b) the Segala Property was not a material property to the previous owner and, to the knowledge of Nevsun, no technical reports were ever filed by the previous owner;

    (c) Nevsun wants to include recent drill results in the Technical Report but the drill program was only completed on December 12, 2002;

    (d) Snowden needs more time to complete its work on the Technical Report;

13. the Technical Report is scheduled to be completed on or before May 20, 2003;

14. the AIF will contain the following statement (the "Cautionary Language"):

    "The technical disclosure in this annual information form with respect to the Segala Property has not been supported by a technical report prepared in accordance with National Instrument 43-101. The technical report is being prepared by a qualified person as defined under National Instrument 43-101 and it will be available on SEDAR (www.sedar.com) on or before May 20, 2003. Readers are advised to refer to that technical report when it is filed."

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that Nevsun is exempt from the requirement to file a technical report to support information in Nevsun's AIF with respect to the Segala Property concurrently with the filing of the AIF, provided that:

(a) the disclosure in the AIF contains no material information which has not previously been disclosed by Nevsun in news releases and material change reports prepared in accordance with NI 43-101;

(b) the AIF includes the Cautionary Language; and

(c) Nevsun prepares and files the Technical Report no later than May 20, 2003.

February 27, 2003.

"Brenda Leong"

2.2 Orders

2.2.1 Phoenix Research and Trading Corporation - ss. 127 and 127.1 and ss. 60 and 60.1 of the CFA

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended AND
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, as amended**

AND

**IN THE MATTER OF
PHOENIX RESEARCH AND TRADING CORPORATION,
RONALD MOCK AND STEPHEN DUTHIE**

**ORDER
(Sections 127 and 127.1 of the Securities Act and sections 60 and 60.1 of the Commodity Futures Act)**

WHEREAS on March 11, 2003, the Ontario Securities Commission (the "Commission") issued an Amended Amended Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") and section 60 of the *Commodity Futures Act*, R.S.O. 1990, c. C.20 respecting Phoenix Research and Trading Corporation ("Phoenix Canada") and others;

AND WHEREAS Phoenix Canada entered into a Settlement Agreement in which it agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission dated June 11, 2002 and upon hearing submissions from counsel for Phoenix Canada and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to sections 127 and 127.1 of the Act and sections 60 and 60.1 of the *Commodity Futures Act*;

IT IS ORDERED THAT:

1. the attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 1 of the Act and subsection 60(1), paragraph 1 of the *Commodity Futures Act*, the registrations of Phoenix Canada are terminated;

3. pursuant to subsection 127(1), paragraph 6 of the Act and subsection 60(1), paragraph 6 of the *Commodity Futures Act*, Phoenix Canada is reprimanded; and

4. pursuant to section 127.1 of the Act, costs of the investigation in the amount of $50,000 are payable by Phoenix Canada.

March 13, 2003.

"Derek Brown" "Mary Theresa McLeod"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended and
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, as amended

AND

IN THE MATTER OF
PHOENIX RESEARCH AND TRADING CORPORATION,
RONALD MOCK AND STEPHEN DUTHIE

SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND PHOENIX RESEARCH AND TRADING CORPORATION

I. INTRODUCTION

1. By Amended Amended Notice of Hearing dated March 11, 2003 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing against Phoenix Research and Trading Corporation ("Phoenix Canada") to consider, among other things:

   (a) whether pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an Order:

      (i) that the registration of Phoenix Canada be terminated or restricted or that terms and conditions be imposed on its registration;

      (ii) reprimanding Phoenix Canada;

      (iii) requiring Phoenix Canada to pay the costs of the Commission's investigation and the hearing; and

      (iv) encompassing such other terms and conditions as the Commission may deem appropriate; and

   (b) whether, pursuant to sections 60 and 60.1 of the *Commodity Futures Act*, R.S.O. 1990, c. C.20 it is in the public interest for the Commission to make an order:

      (i) that Phoenix Canada's registration be terminated or restricted or that terms and conditions be imposed on its registration;

      (ii) reprimanding Phoenix Canada;

      (iii) requiring Phoenix Canada to pay the costs of the Commission's investigation and the hearing; and

      (iv) encompassing such other terms and conditions as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Phoenix Canada initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Phoenix Canada consents to the making of an order against it in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Phoenix Canada agree with the facts set out in paragraphs 4 through 56.

Facts

(i) The Phoenix Group

4. The Phoenix Group was a hedge fund management group. It was structured as a master/feeder fund arrangement. The Phoenix Group's "feeder" funds were established to raise cash from investors. Its "master" funds were pooled investment vehicles that developed and implemented trading strategies.

5. The Phoenix Group feeder funds were the Phoenix Fixed Income Arbitrage Fund Limited, the Phoenix Fund Limited, the Phoenix Equity Arbitrage Fund Limited and the Phoenix Alternative Strategies Fund Limited.

6. The Phoenix Fixed Income Arbitrage Limited Partnership ("PFIA LP") and the Phoenix Equity Arbitrage Limited Partnership ("PEA LP") were the Phoenix Group's master funds.

7. Unitholders invested in the feeder funds. In turn, the feeder funds (and other investors) purchased units in the master funds. Of the Phoenix Group's feeder funds, the Phoenix Fixed Income Arbitrage Fund Limited and the Phoenix Fund Limited purchased units in PFIA LP.

8. The Phoenix Hedge Fund Limited Partnership was a hedge fund listed on the TSE in or about July 1997 (the "Phoenix TSE fund"). Phoenix Canada provided portfolio management services to the Phoenix TSE fund. The Phoenix TSE fund purchased, among other things, units of PFIA LP.

(ii) Phoenix Canada

9. Phoenix Canada was incorporated in 1994 pursuant to the laws of Ontario. It began operating in early 1995. Phoenix Canada was established as a speciality hedge fund asset manager investing money for sophisticated international clients.

10. During the material time, Phoenix Canada was registered with the Commission as an investment counsel and portfolio manager pursuant to the Act. It was also registered pursuant to the *Commodity Futures Act* as an adviser in the category of commodity trading manager. Phoenix Canada's registrations were suspended voluntarily in May 2000 due to its inability to meet the conditions for registration renewal namely to file audited financial statements and maintain insurance.

11. Phoenix Research and Trading (Bermuda) Limited ("Phoenix Bermuda") is a wholly-owned subsidiary of Phoenix Canada. Commencing in or about late 1995, and pursuant to an agreement between Phoenix Bermuda and Phoenix Canada which ultimately was formalized in a Services Agreement dated June 15, 1999 (the "Services Agreement"), Phoenix Canada provided investment advisory and portfolio management services to the feeder funds, PFIA LP and PEA LP.

12. Among other things, the Services Agreement included Schedules which enumerated PFIA LP's approved fixed income trades, investment guidelines and risk control guidelines.

13. During the material time, Phoenix Canada had approximately 14 employees. Ronald Mock ("Mock") was Phoenix Canada's CEO and President. Mock was registered with the Commission pursuant to the Act as an investment counsel and portfolio manager. He also was the company's registered supervisory procedures officer for the fixed income arbitrage activity.

14. Mock was responsible for all Phoenix Canada's fixed income arbitrage business, including PFIA LP. In connection with such business, Mock managed the Operations Group, comprising the CFO (Blair Taylor), the Operations Manager and the Settlement Clerk. The fixed income traders, including Stephen Duthie ("Duthie"), and the Research and Risk Manager reported to Mock.

15. Mark Kassirer ("Kassirer") was the Chair of Phoenix Canada. Kassirer managed Phoenix Canada's equity arbitrage business.

(iii) Duthie's PFIA LP Trading

16. PFIA LP was a hedge fund. Its investment objective was to maximize returns by pursuing professionally-managed fixed income market neutral and arbitrage investment trading strategies. Such trading strategies are designed to reduce exposure to market direction. Commencing in late January 1999, PFIA LP held investments primarily in U.S. dollars, Canadian dollars and Euros.

17. In the spring of 1998, Duthie became the trader for PFIA LP's U.S. portfolio. At this time, Duthie had less than one year's experience as a fixed income arbitrage trader.

18. Commencing in January 1999, Phoenix Canada management and certain personnel operated on the basis that Duthie was engaged in a matched book trading strategy of repurchase agreements ("repos") and open reverse repos. Phoenix Canada had never before engaged in such a matched book strategy.

19. In a matched book trading strategy of repos and open reverse repos, the trader plays the interest rate spread between the borrowing rate (repo leg) and the lending rate (open reverse repo leg). This is a low risk strategy with only interest rate and counterparty risks. Profits can be generated where the interest earned on the lending leg exceeds the interest expense paid on the borrowing leg, net of transaction costs.

20. Duthie never engaged in a matched book trading strategy of repos and open reverse repos. Rather, he engaged in unhedged long bond trading of various U.S. benchmark treasuries, financed largely by overnight repos.

21. As of January 4, 2000, PFIA LP held a US$3.3 billion long position in 6% U.S. treasury notes due August 15, 2009 (the "UST Notes"). The UST Notes represented PFIA LP's entire U.S. portfolio. The U.S. portfolio constituted 80% of PFIA LP's total assets.

22. Duthie's trading was directional, unhedged and not approved (in concentration, size or length of time held) under the Services Agreement. The Notes were not a suitable investment for PFIA LP and certain other Phoenix Canada clients.

23. The Bank of New York informed Phoenix Canada on January 4, 2000 that the latter was in an overdraft position in excess of US$50 million. The UST Notes caused the overdraft. Phoenix Canada liquidated all of PFIA LP's assets. PFIA

LP collapsed when it sustained a loss in excess of US$125 million.

24. All Phoenix unitholders who had a direct investment in PFIA LP, and the TSE Phoenix fund shareholders, were detrimentally impacted by PFIA LP's collapse.

25. After being informed of the overdraft position, it took Phoenix Canada little time to determine that the UST Notes were a long bond position and not a reversed in bond position.

26. Duthie received an annual salary and was eligible for a bonus. Based on the Phoenix Canada November 1999 profit and loss statement, management had discussed with Duthie the possibility of a bonus in the neighbourhood of $1 million for his 1999 trading activity.

(iv) Phoenix Canada's Conduct

27. Notwithstanding any misconduct by Duthie, the accumulation of an unhedged, long position and the collapse of PFIA LP could have been avoided if, in connection with Duthie's trading activity, Phoenix Canada:

(a) had supervised sufficiently Duthie and the operations group;

(b) had not established and implemented systems which generated inaccurate books and records;

(c) had not implemented and relied on flawed controls and procedures; and

(d) had properly segregated duties.

(a) Books and Records

28. Phoenix Canada inaccurately recorded and/or reported Duthie's purported open reverse repos as outright bond purchases in its:

(a) internal trade capture and accounting computer system (Alydia);

(b) trade blotters;

(c) settlement reports;

(d) VAR reports;

(e) collateral reports;

(f) profit and loss statements;

(g) general ledger accounts; and

(h) net asset value reports.

29. Phoenix Canada's profit and loss statements, and related general ledger accounts, misstated Duthie's position and the related income.

30. Phoenix Canada reported inaccurate information to Phoenix Bermuda, the Bank of Bermuda and unitholders by reporting a large holding of a long position in the UST Notes and not open reverse repos.

31. Since Phoenix Canada did not inform the Bank of Bermuda that the reported long bond position was open reverse repo transactions, the Bank was unable to fulfill properly its administrative role for Phoenix Canada in connection with Duthie's PFIA LP trading.

(b) Controls and Procedures

(i) Trade Capture

32. Duthie's purported open reverse repo transactions were booked in Alydia's bond module even though, in connection with another fixed income strategy, open repo contracts were booked in Alydia's repo module (by creating an artificial termination date and rolling it forward on a daily basis until the contract terminated).

33. Phoenix Canada knew that Duthie's purported open reverse repo transactions fell outside its controls and procedures. The alternative controls and procedures Phoenix Canada implemented, however, were flawed and relied solely on Duthie's oral representations respecting the nature of his trading activity.

34. Phoenix Canada did not request or retain a "Bloomberg" or any other third party source document for any of Duthie's purported open reverse repo transactions. Phoenix Canada neither created a ledger or document to keep track manually of Duthie's purported open reverse repos nor booked Duthie's purported matched book trading in a separate strategy. If Phoenix Canada had done so, the true nature of Duthie's activities could have been readily detected.

(ii) Risk Assessment

35. Value at Risk ("VAR") attempts to determine at a high probability the loss that could occur over a specified period due to changes in the market prices of securities in the portfolio. The biggest risk for Phoenix Canada was the market risk associated with VAR.

36. The VAR Reports were Phoenix Canada's primary risk monitoring and management tool to ensure that investments were within the limits prescribed by PFIA LP. Commencing in November 1998, Phoenix Canada implemented a system to assess

PFIA LP's risk which was flawed and unreliable since it was based solely on Duthie's word.

37. Phoenix Canada's VAR Reports were generated from information pulled from Alydia. The Research and Risk Manager manually adjusted the information inputted by Duthie to Alydia's bond module and the corresponding VAR based only on Duthie's oral representations as to the existence of the purported open reverse repo transactions and their maturity dates.

38. In connection with this manual "adjustment" to the VAR Reports, Phoenix Canada did not maintain any third party source documentation to support Duthie's oral representations. If Phoenix Canada had done so, the true nature of Duthie's activities could have been readily detected.

39. On the face of the unadjusted VAR reports, Duthie's trading exceeded greatly PFIA LP's permitted VAR. A calculation of the VAR at December 31, 1999 for the UST Notes was seven times the allowable VAR permitted by PFIA LP's investment guidelines.

(iii) Net Asset Value

40. Commencing in November 1998, Phoenix Canada implemented a revision to its system to estimate that part of PFIA LP's net asset value relating to Duthie's trading. This system relied only on the truth of Duthie's representations and thus, was flawed and unreliable.

41. There is no need to price a repo or an open reverse repo "trade" because it isn't a market position in a normal sense. Each purported open reverse repo transaction, however, would earn interest income which should be recorded in Phoenix Canada's books.

42. Notwithstanding that there is no need to price an open reverse repo on a monthly basis, Duthie orally identified those positions inputted to the Alydia bond module which he claimed were the purported open reverse repos and assigned a price to such repos. This price was supposed to produce a capital gain figure on the general ledger equal to what Duthie said was the interest earned on the purported open reverse repo transactions.

43. Phoenix Canada did not request or maintain any third party source documents or anything else against which it could check the existence of the purported open reverse repos, the repo rate, corresponding interest income accrual and Duthie's calculation of the adjusted "price".

44. By failing to institute a reliable means to determine that Duthie's positions were as he represented and thus, consistent with the risk parameters of PFIA LP, Phoenix Canada compromised the interests of PFIA LP and other Phoenix Canada clients.

45. Further, Phoenix Canada's reliance on Duthie's representations concerning the purported open reverse repo transactions enabled Duthie to mask unrealized holding losses for the UST Notes and to smooth the income pattern of his trading.

(c) Inadequate Supervision of the Operations Group

46. Since all of Duthie's purported open reverse repos were booked as outright bond purchases, Phoenix Canada's settlement clerk and the Bank of Bermuda were able to confirm and settle all of the UST Notes trades.

47. Neither the operations manager, nor the settlement clerk, was told that Duthie was engaged in a repo/open reverse repo strategy and that Duthie should be booking, and the operations group confirming, open reverse repo transactions. If they had been so told, the true nature of Duthie's trading activities could have been readily detected.

(d) Inadequate Supervision of Duthie

48. On the face of Duthie's on-line trading and Phoenix Canada's trade blotters relating to Duthie's activity, Duthie was engaged in directional and unauthorized trading. Further, there were no "Bloombergs" or other third party source documents which supported or corroborated Duthie's oral representations concerning the purported open reverse repo transactions. Thus, there was no way for Phoenix Canada to supervise meaningfully Duthie's trading.

49. Further, because the controls and procedures in place concerning the trade capture, risk assessment and pricing of Duthie's securities were flawed, Phoenix Canada should not have relied upon the trade blotters, VAR reports or the profit and loss statements to supervise Duthie's trading.

50. By late fall 1999, the size and concentration of Duthie's portfolio militated against continuing to rely only on Duthie's oral representations concerning the purported open reverse repo transactions.

51. Further, Phoenix Canada did nothing to corroborate Duthie's oral representations concerning his open reverse repo activities notwithstanding that there appeared to be an inconsistency between his representations and the information contained in Phoenix Canada's November 1999 Collateral Report.

52. In connection with his PFIA LP responsibilities, Duthie engaged in registrable activity by providing advisory services. Duthie was never registered with the Commission, although Phoenix Canada made efforts to have him so registered.

(e) Segregation of Duties

53. Phoenix Canada failed to segregate duties relating to Duthie's purported open reverse repo transactions by:

(a) relying solely on the representations of Duthie to allocate PFIA LP's U.S. bond inventory between long bonds and the purported open reverse repos;

(b) permitting Duthie to execute trades on behalf of PFIA LP respecting the purported open reverse repos and make the "pricing" adjustment relating to interest earned on the purported open reverse repos; and

(c) permitting Duthie to access collateral by virtue of his participation in cash management activities while engaged in his own profit and loss activities.

(f) Phoenix Canada's Co-Operation

54. On January 5, 2000, Phoenix Canada contacted Staff respecting the problem with the UST Notes. Phoenix Canada promptly retained a forensic accounting firm to prepare a report.

55. Phoenix Canada co-operated throughout the Commission's investigation concerning the UST Notes.

56. Phoenix Canada's conduct was contrary to Ontario securities law and the public interest.

IV. TERMS OF SETTLEMENT

57. Phoenix Canada agrees to the following terms of settlement:

(a) The making of an Order:

(i) approving this Settlement Agreement;

(ii) terminating its registrations under the Act and the *Commodity Futures Act*;

(iii) reprimanding it; and

(iv) requiring it to pay costs to the Commission in the amount of $50,000.

V. STAFF COMMITMENT

58. If this settlement is approved by the Commission, Staff will not initiate any complaint to the Commission or any other proceeding under the Act against Phoenix Canada respecting the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

59. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 13, 2003 or such other date as may be agreed to by Staff and Phoenix Canada (the "Settlement Hearing").

60. Counsel for Staff or for Phoenix Canada may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Phoenix Canada agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

61. If this settlement is approved by the Commission, Phoenix Canada agrees to waive its rights to a full hearing, judicial review or appeal of the matter under the Act.

62. Staff and Phoenix Canada agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

63. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Phoenix Canada leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Phoenix Canada;

(b) Staff and Phoenix Canada shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Settlement Agreement or the settlement discussions/negotiations;

(c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person except with the written consent of Staff and Phoenix Canada, or as may be required by law; and

(d) Phoenix Canada agrees that it will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

64. Subject to paragraph 60 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Phoenix Canada until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission, except with the written consent of Staff and Phoenix Canada, or as may be required by law.

65. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

66. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

67. A facsimile copy of any signature shall be as effective as an original signature.

March 12, 2003.

"Mark Kassirer"
Phoenix Research and Trading Corporation
Per: Mark Kassirer

March 12, 2003.

"Michael Hubley"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.2.2 Consumers Packaging Inc. et al. - ss. 144(1)

Headnote

Section 144 – variation of cease trade order to permit trades of securities pursuant to proposal under the Bankruptcy and Insolvency Act.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O., c. S.5, as am., ss. 127 and 144.

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

AND

**IN THE MATTER OF
CONSUMERS PACKAGING INC.**

AND

**IN THE MATTER OF
OI CANADA HOLDINGS B.V.**

AND

**IN THE MATTER OF
O-I CANADA CORP.**

**ORDER
Section 144(1)**

WHEREAS the securities of Consumers Packaging Inc. (the Corporation) are subject to a temporary cease trade order made by Director on behalf of the Ontario Securities Commission pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on January 20, 2003, as extended by a further order of the Director made on January 31, 2003 pursuant to subsection 127(8) of the Act (collectively, the Cease Trade Order), directing that trading in the securities of the Corporation cease until the Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS KPMG Inc., in its capacity as Trustee in Bankruptcy (the Bankruptcy Trustee) of the Corporation and Trustee pursuant to a proposal (the Proposal Trustee), as amended, in respect of the Corporation, OI Canada Holdings B.V. (OI) and O-I Canada Corp. (OI Canada) have applied to the Director pursuant to section 144 of the Act for an order varying the Cease Trade Order;

AND WHEREAS the Bankruptcy Trustee/Proposal Trustee, OI and OI Canada have represented to the Director that:

1. The Corporation was incorporated under the laws of Canada on October 4, 1917.

2. The Corporation is a reporting issuer under the securities legislation of the provinces of Canada.

3. Prior to 2002, the Corporation was engaged in the manufacture and sale of glass containers and carried on business under the name "Consumers Glass" and "Consumers Packaging Inc.".

4. The authorized capital of the Corporation consists of an unlimited number of preferred shares, issuable in series, and an unlimited number of common shares.

5. As of the date hereof, a total of 14,090 $1.75 Series 1 Preferred Shares (the Preferred Shares) and 34,541,921 common shares (the Common Shares) are issued and outstanding. Of the issued Common Shares, 63.78% are held, directly or indirectly, by Mr. John Ghaznavi, the former President and Chairman of the Board of the Corporation.

6. The Common Shares were de-listed from the Toronto Stock Exchange on January 6, 2003 and no securities of the Corporation are currently listed or quoted on any exchange or market.

7. The Corporation has 9.75% Senior Notes, due 2007, aggregate principal amount of U.S. $75,000,000 (the 2007 Notes) and has guaranteed the 10.25% Senior Secured Notes of Consumers International Inc., a wholly-owned subsidiary of the Corporation, due 2005, aggregate principal amount of U.S. $170,000,000 (the 2005 Notes). On February 2, 2001 the Corporation announced a suspension of interest payments on the 2007 Notes and the 2005 Notes, which resulted in an event of default under the indentures governing such notes. The holders of the 2005 Notes received distributions on account of the security granted pursuant to such notes and the aggregate principal amount, including accrued interest to April 30, 2002, thereof has been reduced to approximately U.S. $122,000,000.

8. The Corporation has no securities, including debt securities, outstanding other than the Common Shares, the Preferred Shares and the 2007 Notes. To the best of the Bankruptcy Trustee/Proposal Trustee's knowledge, the Corporation has not guaranteed any payments on any debt securities, other than the 2005 Notes.

9. On May 23, 2001 the Corporation obtained an initial order from the Ontario Superior Court of Justice (Commercial List) pursuant to the provisions of the *Companies' Creditors Arrangement Act* (CCAA) granting it protection from its creditors. In the course of the CCAA proceedings, the Corporation proceeded to sell substantially all of its property and assets for the benefit of its creditors, including substantially all of the assets used in its Canadian glass manufacturing business to OI Canada.

10. On April 30, 2002 the Corporation filed an assignment for the general benefit of its creditors under the *Bankruptcy and Insolvency Act* (Canada) (the BIA), pursuant to which KPMG Inc. was named the Bankruptcy Trustee.

11. On December 30, 2002 the Bankruptcy Trustee filed with the Official Receiver a proposal to the creditors of the Corporation under the BIA, pursuant to which KPMG Inc. was named as the Proposal Trustee. On January 22, 2003 the Bankruptcy Trustee filed with the Official Receiver an amended proposal (the Amended Proposal) to the creditors of the Corporation under the BIA.

12. Pursuant to the claims settlement provisions of the Amended Proposal, claims of creditors with proven claims (the Creditors) will be settled by vesting in the Proposal Trustee all remaining assets and recoveries of the Corporation and having the Corporation issue or enter into with the Proposal Trustee, as nominee for and on behalf of the Creditors, a recovery note or agreement (the Recovery Agreement). The Creditors may share in the benefits of the future utilization of the Corporation's tax losses by payments made under the Recovery Agreement up to a maximum of $30 million.

13. Pursuant to the capital reorganization provisions of the Amended Proposal and articles of reorganization under section 191 of the *Canada Business Corporations Act* (the CBCA), all of the issued and outstanding Common Shares and Preferred Shares will be converted into one share of a new class of preferred shares (the New Preferred Shares) to be held by the Proposal Trustee as nominee for and on behalf of the shareholders (the Custodian) and a new class of authorized common shares will be created (the Capital Reorganization).

14. Subsequent to the Capital Reorganization, the following transactions will occur, in sequence, as part of the Amended Proposal:

    (a) OI will subscribe for and the Corporation will issue to OI one New Preferred Share for $1.00, and

    (b) the Corporation will redeem for $1.00 the one New Preferred Share held by the Custodian

    which will result in OI becoming the sole securityholder of the Corporation.

15. The Corporation's bankruptcy will be annulled pursuant to the BIA coincident with the Capital Reorganization. The restructured Corporation will

then be continued under the *Companies Act* (Nova Scotia) and amalgamated with OI Canada to form an amalgamated entity.

16. The steps of implementation of the Amended Proposal involve or may involve a number of trades of securities of the Corporation.

17. The Corporation will apply to be deemed to have ceased to be a reporting issuer under the Act following the Capital Reorganization.

18. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (In Bankruptcy) (the Bankruptcy Court) made on January 13, 2003 (the Interim Order), the Proposal Trustee sent written notice of the Amended Proposal, the meeting of the Creditors scheduled for February 4, 2003 (the Creditors' Meeting) and the motion to the Bankruptcy Court scheduled for February 20, 2003 to approve the Amended Proposal (the Approval Motion), to all Creditors who had already filed a claim in the estate of the Corporation.

19. In connection with the Creditors' meeting, Creditors were provided with a report of the Proposal Trustee containing detailed disclosure respecting the restructuring of the Corporation under the Amended Proposal and a copy of the Amended Proposal.

20. Pursuant to the Interim Order, the Proposal Trustee also published in The Globe and Mail on January 23, 2003 notice of the Creditors' Meeting to all persons with claims against the Corporation who had not already filed a proof of claim and notice of the Approval Motion.

21. In accordance with the BIA, the Amended Proposal was approved by the statutory majority of the Creditors, voting in person or by proxy, at the Creditors' Meeting and by the Bankruptcy Court at the Approval Motion. The order of the Bankruptcy Court approving the Amended Proposal stated that the terms of the Amended Proposal are reasonable and calculated to benefit the general body of Creditors.

22. Pursuant to the Interim Order, the Proposal Trustee notified the shareholders of the Corporation of the Approval Motion by publishing a notice of such motion in The Globe and Mail on February 7, 2003, and by delivering a copy of the motion record to be filed in support of such motion by courier to Mr. John Ghaznavi and his legal counsel on February 13, 2003.

23. Shareholder approval of the Amended Proposal is not required under the BIA or applicable corporate legislation.

24. The Common Shares and Preferred Shares have no economic value because the Corporation's liabilities substantially exceed the value of its assets and the unsecured creditors will, at best, recover approximately $0.09 on the claim dollar.

25. The Cease Trade Order was issued due to the failure of the Corporation to file its audited annual statement for the year ended December 31, 2001 (the 2001 Filing) and interim financial statements for the nine-month period ended September 30, 2001, the three-month period ended March 31, 2002, the six-month period ended June 30, 2002 and the nine-month period ended September 30, 2002 (the Interim Filings).

26. The Corporation is also subject to cease trade orders (the Additional Cease Trade Orders) of the British Columbia Securities Commission (the BCSC) and the Commission des valeurs mobilières du Québec (the CVMQ) dated January 20, 2003. The Corporation has concurrently applied to the BCSC and the CVMQ for a partial revocation of the Additional Cease Trade Orders.

27. The Corporation does not intend to file the 2001 Filing or the Interim Filings because it is an unnecessary financial and administrative burden for the Corporation since there is no residual value for the shareholders of the Corporation and the unsecured creditors will, at best, recover approximately $0.09 on the claim dollar. OI and OI Canada do not require the Corporation to file the 2001 Filing or the Interim Filings in order to make informed investment decisions.

28. The performance of the Amended Proposal by the Corporation is conditional upon the fulfilment of the condition, within thirty days following the issuance of the Court Order, that no order or decree restraining or enjoining the consummation of the transactions contemplated by the Amended Proposal be issued (the Condition). In order to satisfy the Condition, the Corporation requires an order varying the Cease Trade Order.

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is varied solely to permit the steps of implementation set out in the Amended Proposal that involve trades of securities of the Corporation.

March 14, 2003.

"John Hughes"

2.3 Rulings

2.3.1 Aurado Exploration Ltd. and Vela Financial Holdings Ltd. - s. 9.1 of OSC Rule 61-501

Headnote

Rule 61-501 - Related party transactions – Applicant entered into a put call option agreement with a shareholder of the Applicant (the "Shareholder") that holds 10.65% of its common shares – the put call option agreement assigns a share purchase agreement to the Shareholder – share purchase agreement and related transactions were negotiated independently of the Shareholder with arm's length parties – share purchase agreement and related transactions were approved by over 99% of the Applicant's shareholders (excluding the Shareholder) – no benefit is accruing to the Shareholder that was not otherwise agreed with an arm's length party – proposed transactions would protect the Applicant's interests and significantly reduce the costs of completing the share purchase agreement and related transactions – Shareholder is entering into the put call option agreement to preserve its own investment in the Applicant and has agreed to receive the same consideration payable under the share purchase agreement and related transactions – Applicant's board of directors, excluding directors of the Applicant who are associated with the Shareholder, determined that the proposed transactions are in the best interests of the Applicant and the Applicant's shareholders – the proposed transactions are exempt from requirement to prepare valuation and obtain minority approval.

Ontario Rules Cited

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 5.5, 5.7 and 9.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION
RULE 61-501

AND

IN THE MATTER OF
AURADO EXPLORATION LTD. AND
VELA FINANCIAL HOLDINGS LTD.

RULING
(Section 9.1)

UPON the application (the "Application") of Aurado Exploration Ltd. ("Aurado") to the Director for a decision pursuant to section 9.1 of Rule 61-501 that, in connection with the Put Call Transactions (as defined in paragraph 27 below), Aurado be exempt from sections 5.5 and 5.7 of Rule 61-501 (collectively, the "Valuation and Minority Approval Requirements");

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

AND UPON Aurado having represented to the Director as follows:

1. Aurado is a corporation incorporated under the *Business Corporations Act* (Ontario).

2. Aurado is a reporting issuer in the Provinces of British Columbia and Ontario and is not in default of any requirement under the *Securities Act* (Ontario) or the *Securities Act* (British Columbia).

3. Aurado's authorized capital consists of an unlimited number of common shares (the "Common Shares") without par value. As of March 11, 2003, Aurado had 110,945,418 Common Shares issued and outstanding.

4. The Common Shares are listed on The Toronto Stock Exchange (the "TSX").

5. Based on publicly disclosed information, no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of Aurado, except Vela Financial Holdings Ltd. ("Vela"), which owns 11,816,520 Common Shares as of March 11, 2003, representing approximately 10.65% of the outstanding Common Shares.

6. The remainder of the Common Shares are publicly-owned.

7. Aurado entered into an agreement dated March 26, 2002, as amended and restated May 28, 2002 and July 28, 2002 (the "Acquisition Agreement"), with two arm's length corporations, Oil Capital Ltd. ("Oil Capital") and Adamas Management & Services Inc. ("Adamas").

8. The Acquisition Agreement provided, among other things, that Oil Capital and Aurado would provide assistance to one another for the purpose of facilitating the negotiation, execution and delivery of a definitive share purchase agreement (the "Share Purchase Agreement") in respect of the acquisition of the indirect beneficial 90% interest of Aral Petroleum OJSC ("Aral") in a licence (the "Concession Contract") providing for the right to conduct hydrocarbon exploration and development operations on the Liman Block Petroleum prospect (the "Liman Block") located in the Atyrau region, Caspian Basin, on the north shore of the Caspian Sea, Republic of Kazakhstan.

9. Aral is a corporation formed under the laws of Kazakhstan. Net Capital Limited ("Net Capital"), also a corporation at arm's length to Aurado, is 99.9% owner of Aral.

10. The Acquisition Agreement provided that if Oil Capital entered into the Share Purchase Agreement, it would assign the Share Purchase Agreement to Aurado on or before the closing date. Alternatively, Oil Capital could permit Aurado to execute and deliver the Share Purchase Agreement directly in its name.

11. The Acquisition Agreement provided that the aggregate consideration under the Share Purchase Agreement would be US$5,000,000 (the "Cash Consideration") payable to Net Capital, and the issuance by Aurado of 200,000,000 Common Shares (the "Share Consideration") to be divided amongst Net Capital, Oil Capital and Adamas.

12. On July 28, 2002, Aurado entered into the Share Purchase Agreement with Net Capital.

13. The terms of the Share Purchase Agreement were designed to transfer 90% of Aral's interest in the Concession Contract to Aurado. Net Capital agreed to cause Aral to assign the Concession Contract to Liman Caspian Oil B.V., a Netherlands corporation formed for the purpose of facilitating the proposed acquisition. Liman Caspian Oil B.V. was owned as to 10% by Net Capital, or its assignee, and as to 90% by NCL Dutch Investment B.V., a Netherlands corporation formed by Net Capital for the purpose of facilitating the proposed acquisition.

14. On completion of the assignment of the Concession Contract to Liman Caspian Oil B.V. by Aral, which required the consent of the Ministry of Energy of the Republic of Kazakhstan and satisfaction of certain other conditions, including payment by Aurado of the Cash Consideration to Net Capital, Aurado would become the 100% owner of NCL Dutch Investment B.V. and an indirect 90% beneficial owner, through Liman Caspian Oil B.V., of Aral's original interest in the Concession Contract.

15. As provided in the Acquisition Agreement, the Cash Consideration under the Share Purchase Agreement consisted of a cash deposit of US$100,000 paid to Net Capital, US$1,900,000 payable to Net Capital on completion of the transactions under the Share Purchase Agreement and the indirect repayment of a US$3,000,000 loan owed by Liman Caspian Oil B.V. to Net Capital on completion of the transactions under the Share Purchase Agreement.

16. In addition to payment of the Cash Consideration, under the terms of the Share Purchase Agreement, Aurado agreed to loan Liman Caspian Oil B.V. up to US$3,700,000 in order to fund the expenses related to development of the Liman Block. To date, Aurado has lent approximately US$800,000 of this amount. If Vela had not completed the transaction contemplated by the Acquisition Agreement (as described in paragraph 25), Aurado would have been an unsecured creditor for any amounts paid to Liman Caspian Oil B.V. in connection with such expenses.

17. The closing of the Share Purchase Agreement would have resulted in the issuance of 30,000,000 Common Shares to Net Capital as consideration for the shares of NCL Dutch Investment B.V. as well as the issuance of 160,494,549 Common Shares to Oil Capital and 9,505,451 Common Shares to Adamas pursuant to the Acquisition Agreement.

18. The Share Purchase Agreement granted Net Capital a non-cumulative option to put to Aurado, at a price of US$0.5333 per share, the 30,000,000 Common Shares Net Capital would have received as consideration. The put option was exercisable as to 7,500,000 Common Shares on each of July 1, 2003, January 3, 2004, July 1, 2004 and January 3, 2005. The Share Purchase Agreement also provided that in the event Aurado is unable to deliver the 30,000,000 Common Shares to Aral at completion, it would be obligated to make cash payments totaling US$16,000,000 to Net Capital in the amounts of US$4,000,000 on each of the four dates that the put option would have been exercisable.

19. The TSX determined that the transactions contemplated under the Acquisition Agreement constituted a "back door listing". As a result, the TSX informed Aurado that the transactions contemplated under the Acquisition Agreement could not be implemented unless Aurado satisfied the TSX's original listing requirements. These requirements include, among other things, the need for approval by shareholders of Aurado (the "Aurado Shareholders") and proven developed reserves of Cdn.$3,000,000.

20. Subsequent to Aurado negotiating the terms of the Acquisition Agreement and entering into the Share Purchase Agreement, Vela, which was at that time at arm's length to Aurado and the other parties to the Acquisition Agreement and the Share Purchase Agreement, acquired in the open market 14,675,000 Common Shares on or about August 20, 2002, representing approximately 14.3% of the then-outstanding Common Shares. As of March 11, 2003, Vela owned 10.65% of the outstanding Common Shares.

21. Aurado held a special meeting (the "Special Meeting") of the Aurado Shareholders on November 18, 2002 to, amongst other reasons, satisfy the requirements of the TSX. At the Special Meeting, Aurado Shareholders approved the terms of the Acquisition Agreement and the Share Purchase Agreement.

22. At the Special Meeting, Aurado Shareholders also approved the creation, issuance and sale of a US$7,700,000 discounted convertible redeemable note (the "Note"), to be issued at a discount to par to net Aurado US$6,500,000. The Note was to be sold to an arm's length corporation, AEO Group Holdings Ltd. ("AEO Group"), Tortola, B.V.I.. Aurado Shareholders also approved a Cdn.$15,000,000 arm's length private placement of 80,000,000 Common Shares. The proceeds raised from the sale of the Note and from the equity private placement were to be used to meet Aurado's obligations under the Acquisition Agreement, to fund operations on the Liman Block and for general working capital purposes.

23. Pursuant to the Share Purchase Agreement, the closing of the acquisition by Aurado of the 90% indirect beneficial interest in the Liman Block was to occur on December 20, 2002. Aurado intended to complete the acquisition of certain petroleum interests prior to this date so as to satisfy the TSX listing requirement for proven developed reserves of Cdn.$3,000,000. However, Aurado was unable to do so on a timely basis.

24. As a result of the delay caused in trying to meet the TSX's listing requirements, Aurado negotiated an extension of the closing date of the Acquisition Agreement to January 17, 2003 and ultimately to January 31, 2003. Notwithstanding the extensions, Aurado was not in a position to complete the transaction by January 31, 2003.

25. In order to ensure the successful completion of the transactions and to protect Aurado's investment in the development of the Liman Block, Aurado and Vela entered into discussions aimed at securing Aurado's interest in the Concession Contract until Aurado had received the necessary regulatory approvals. Pursuant to these discussions, Vela agreed to acquire the Liman Block interest and enter into an agreement (the "Put Call Option Agreement") with Aurado which would permit either Aurado or Vela to cause Aurado to complete the acquisition from Vela upon receipt of the necessary regulatory approvals, including the approval of the TSX. In addition, Vela entered into discussions with Oil Capital that resulted in Aurado, Oil Capital and Vela entering into an assignment agreement (the "Assignment Agreement") pursuant to which Vela, in consideration of completing the Liman Block acquisition, became entitled to receive the 200,000,000 Common Shares previously issuable to Oil Capital, Adamas and Net Capital under the Acquisition Agreement.

26. As neither Vela nor Aurado could issue the 30,000,000 Common Shares to Aral on completion of the acquisition, Vela became obligated to make the four scheduled payments of US$16,000,000 in the aggregate as provided in the Share Purchase Agreement.

27. The Put Call Option Agreement provides for (a) the assignment by Aurado to Vela of the Share Purchase Agreement and related documentation, (b) Vela to pay Net Capital the US$4,900,000 cash payable upon completion of the acquisition of the Liman Block pursuant to the Share Purchase Agreement, and (c) the grant of a mutually irrevocable option (the "Put/Call Option") pursuant to which either Aurado or Vela can cause Aurado to acquire the Liman Block interest (the transactions provided for by the Put Call Option Agreement are collectively referred to as the "Put Call Transactions").

28. The consideration payable by Aurado upon the exercise of the Put/Call Option is (a) 200,000,000 Common Shares, as provided in the Acquisition Agreement and (b) either (i) payment to Vela of US$4,900,000 or (ii) the creation and issuance to Vela of the Note. In the event that Vela is issued the Note, Vela will pay Aurado the US$1,600,000 difference between the amount payable under the Note and the US$4,900,000 to be paid by Aurado. The Put Call Option Agreement, in a provision identical to that in the Share Purchase Agreement, grants Vela the option to put to Aurado up to 30,000,000 Common Shares at a price of US$0.5333 per share as to 7,500,000 common shares on each of July 1, 2003, January 1, 2004, July 1, 2004 and January 1, 2005.

29. As Vela beneficially owns more than 10% of the Common Shares, it is a related party of Aurado within the meaning of Rule 61-501 and the Put Call Transactions are related party transactions within the meaning of Rule 61-501. Therefore, unless exempted by this order, Aurado will have to comply with the Valuation and Minority Approval Requirements.

30. Upon completion by Vela of the acquisition of the Liman Block and the entering into by Aurado and Vela of the Put Call Option Agreement, Aurado disseminated a news release with the information required under section 5.4 of Rule 61-501.

31. In the event Aurado had been able to satisfy the original listing requirements of the TSX prior to January 31, 2003, Aurado would have completed the acquisition of the Liman interest as provided pursuant to the Share Purchase Agreement and Acquisition Agreement. The aggregate consideration payable would have consisted of (a) the payment of US$5,000,000, (b) the issuance of 200,000,000 common shares and (c) the commitment to provide the up to US$3,700,000 credit facility to fund operations on the Liman Block. Concurrently, Aurado would have created, issued and sold the Note to finance its obligations.

32. Aurado negotiated the terms of the Acquisition Agreement and Share Purchase Agreement independently of Vela.

33. The terms of the (a) Acquisition Agreement and Share Purchase Agreement and (b) Note were fully disclosed to Aurado Shareholders in the information circular disseminated in connection with the Special Meeting. These matters were approved by over 99% of the Common Shares voted at the meeting, excluding the Common Shares held by Vela.

34. Although Aurado and Vela are now related parties for purposes of Rule 61-501, Vela was not a related party of Aurado at the time the Acquisition Agreement and the Share Purchase Agreement were initially negotiated. Vela was also not in any way involved in the negotiations relating to the Acquisition Agreement and the Share Purchase Agreement. Therefore, no benefit is accruing to Vela that was not otherwise agreed with an arm's length party as a result of negotiations between Aurado and such arm's length party that occurred prior to Vela becoming a related party.

35. The implementation of the Put Call Transactions would protect Aurado's interests under the Acquisition Agreement and significantly reduce the costs of completing the transactions contemplated under the Acquisition Agreement.

36. Vela is entering into the Put Call Option Agreement to preserve its own investment in Aurado and has agreed to transfer the property interest to Aurado for the same consideration payable under the Acquisition Agreement. The essence of the Put Call Transactions is to allow Vela to temporarily hold Aurado's interest in the Liman Block. It is the intention of Aurado and Vela to transfer the interest in the Liman Block to Aurado shortly after Aurado satisfies the TSX's listing requirements.

37. The board of directors of Aurado, excluding directors associated with Vela, has determined that entering into the Put Call Option Agreement is in the best interests of Aurado and the Aurado Shareholders.

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

IT IS DECIDED pursuant to section 9.1 of Rule 61-501 that, in connection with the Put Call Transactions, Aurado shall not be subject to the Valuation and Minority Approval Requirements, provided that Aurado complies with the other applicable provisions of Rule 61-501.

March 17, 2003.

"Margo Paul"

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Universal Settlements International Inc.

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

AND

IN THE MATTER OF
UNIVERSAL SETTLEMENTS INTERNATIONAL INC.
NOTICE OF APPLICATION
(for revocation/variation of decision(s) pursuant to Section 144 of the Act)

Hearing:	January 31, 2003		
Panel:	Paul M. Moore, Q.C.	-	Vice-Chair (Chair of the Panel)
	Kerry D. Adams, FCA	-	Commissioner
Counsel:	Y.B. Chisholm	-	For the Staff of the Ontario Securities Commission
	R. Bennett	-	For Universal Settlements International Inc.

EXCERPT FROM THE HEARING
CONTAINING THE ORAL REASONS FOR DECISION

The following statement has been prepared for purposes of publication in the Ontario Securities Commission Bulletin and is based on the transcript of the oral hearing, including oral reasons delivered at the hearing, in the matter of Universal Settlements International Inc. The transcript has been edited, supplemented and approved by the panel for the purpose of providing a public record of the panel's decision in the matter.

_____

CHAIR:

This is a hearing under section 144 of the Securities Act based on an application by a certain party requesting the revocation or variation of a section 11 order made by the Commission. Since the existence and content of the section 11 order is confidential, this hearing should be confidential. Therefore, it would be appropriate for any members of the public or the press to leave.

Before we proceed on that basis, I would like to hear from counsel as to whether they agree with me.

My concern is that the content of the section 11 order that we are being asked to look at is subject to confidentiality under section 17 of the Act, and reference to the parties is strictly confidential, except by order of the Commission.

Therefore, before we look at it, I think the public should be excluded and this should be an in camera hearing. I want guidance from both counsel on that.

MS. CHISHOLM:

I take no issue with that, Mr. Chair. It was considered and discussed internally and between counsel, so we weren't blind to this issue.

This is a rather unique situation, in that there's been a rather public exchange between staff, and the applicant indeed has been -- as the panel is aware -- has been the subject of a court decision and so on.

MR. BENNETT:

It's my understanding that a press release was issued by the commission with respect to the hearing. I second Ms. Chisholm's submission. We're neutral on the matter. There are public issues relating to this. It is a matter of public record and, indeed, my client has been told, prior to the press release issuing, that somebody had heard there was a hearing coming up with respect to this. We are neutral with respect to whether the hearing is in camera or not.

CHAIR:

Thank you. The Act, in section 17 says: "If the Commission considers that it would be in the public interest, it may make an order authorizing the disclosure to any person or company of the nature or content of an order under section 11 or 12, the names of the persons," et cetera...

In view of the publicity surrounding the court case and the dispute, the fact that we're not, at this stage, into the substantive facts, and that counsel are completely neutral on the question, an order under section 17 is appropriate. It is, accordingly, in the public interest to authorize disclosure to the public of disclosures that will be made concerning the section 11 order in this section 144 hearing. We so order. On that basis, it is not necessary to go in camera and, therefore, members of the public do not need to be excluded.

MS. CHISHOLM:

The section 11 order, as you're aware, forms part of the record….

The supporting memorandum to the commissioner who signed the order, as you know, was put before the panel in sealed form. It is something that doesn't cause concern in respect of confidentiality as might some other section 11 memoranda dealing with, for instance, informants. The reason it went in in sealed form was because we did not want to set a precedent of sorts, that by bringing an application, for instance, to quash a summons or an investigation order, one might, by right or by precedent, get their hands on a section 11 memorandum which might, in other cases, cause us grave concern.

CHAIR:

The point is well taken. We do not intend to have the section 11 memorandum introduced as an exhibit and we do not intend it to form part of the record. I understand from the sealed envelope that we received, that this procedure was consented to by both counsel. Is that correct?

MR. BENNETT:

That's correct, sir.

CHAIR:

Thank you.

[Submissions on the merits of the application were then heard. Afterwards, the Chair announced the panel's decision.]

CHAIR:

We've come to a decision. This has been a section 144 application. Section 144 states: "The Commission may make an order revoking or varying a decision of the Commission on the application of the Executive Director, or a person or company affected by the decision if, in the Commission's opinion the order would not be prejudicial to the public interest."

There were three decisions referred to in the application. The first was the Commission's decision to make an order under section 11. The second was the issuance of a summons by a person in the Commission pursuant to that section 11 order. The third was the decision of staff of the Commission to issue Notice 44, giving staff's views on viatical settlements.

We are satisfied that the first decision, namely the decision to make a section 11 order, was a decision of the Commission. It was made by one commissioner as permitted under the Act, which provides that the action of the Commission may be made by one commissioner with respect to a section 11 order.

The issuance of the summons was not a decision of the Commission. However, we were satisfied, after hearing counsel, that if the section 11 order was improperly issued, then we would have the authority to quash that summons. And the action we take on that summons depends on our decision with respect to the section 11 order.

The decision to issue staff Notice 44 was not a decision of the Commission. We do not believe that section 144 gives us the authority to purport to revoke or vary that notice. But if it did, we would not do so because we believe that staff notices, which have no legal standing and are issued by staff, should be decided by staff. Even Commission policy statements, which have no legal binding nature, are only issued after debate and consideration by the Commission as a whole, and should not be changed by a panel on a section 144 application.

The next question we had to face was whether we should revoke or vary the section 11 order. We note that all of the argument we heard today and all of the facts submitted in the affidavit and the cases put before us, relate to facts in existence before the section 11 order was made.

Section 144 is appropriate to be used to vary or revoke a decision of the Commission when new facts come to light, or new law is enacted, making it desirable to change the decision that has been rendered. I am not aware of a section 144 proceeding being used to review and second-guess a decision of another panel of the Commission, although there is nothing in section 144 that would prevent us from doing that if we decided it was the right thing to do.

At first, we were reluctant to proceed down the path of reconsidering the section 11 order. We decided that the better course would be to listen to all of the arguments and decide whether or not the section 11 order was made with authority, or, as counsel for the applicant put it, with jurisdiction.

Section 11 says: "The Commission may, by order, appoint one or more persons to make such investigation with respect to a matter as it considers expedient." I accept the reasoning of counsel for staff that "expedient" should be given a broad meaning in this section.

But the real issue is whether paragraph (a) of section 11 has been adhered to. Paragraph (a) includes the words: "for the due administration of Ontario securities law or the regulation of the capital markets in Ontario."

The issue put to us by counsel for the applicant was that, before the section 11 order was properly made, the commissioner making that order should have satisfied himself that the products involved, viatical settlements, were in fact securities so that he had authority to make the section 11 order.

Staff alleged, in its submission to the commissioner making the section 11 order, that staff believed that there may have been a violation of the Securities Act, in particular sections 25 and 53 dealing with registration and prospectus requirements, and that additional facts to be ascertained would clarify whether the products involved were in fact securities. Staff needed to do an investigation pursuant to a section 11 order to find out what the real facts were.

Counsel for the applicant stated that it was necessary that a factual decision be made to determine whether or not viaticals, or the products sold by the applicant, were securities before a section 11 order could be made.

When we look at the plain wording of section 11, which deals with investigations, we do not believe that a definitive fact-finding decision need be made on a premature basis before a section 11 order is made. The whole purpose of a section 11 order is to ascertain facts.

We believe that staff, *prima facie,* was acting reasonably, and that the commissioner issuing the section 11 order acted reasonably in concluding that the investigation was for the due administration of securities law in Ontario, or the regulation of the capital markets in Ontario. There has been controversy surrounding other transactions called viaticals, as evidenced in the cases cited to us. In at least one other jurisdiction, viaticals are considered securities. There was colour of fact before the commissioner to suspect that the products dealt in by the applicant might well be securities.

A section 144 hearing is not the appropriate mechanism to make a fact-finding decision as to whether the applicant's products are securities. We have no benefit of a record with evidence and fact-finding by the Commission on the earlier decision. There is no statement of allegations. There is no statement of facts. And although there are sample contracts given in the application material, we are concerned that trying to decide the question on the material that was given to us would not be in the public interest. We cannot be sure that we have seen all of the facts.

We agree with the decision of Mr. Justice Campbell, who was faced with a very similar fact situation in *Universal Settlements International, Inc. v. Ontario (Superintendent of Financial Services)*, [2001] O.J. No. 4301, 24 O.S.C.B. 7299 (S.C.J.). In that case, Universal Settlements, the applicant in this matter, asked for declarations that neither the Securities Act nor the Insurance Act applied to USI's business in Ontario. At paragraph 27 of his decision, Justice Campbell wrote:

> Ms. Chisholm submitted that it is only within the factual context or factual matrix that comes from a proceeding and hearing before the Commission that it can make a determination as to whether or not the investment vehicle of the applicant offends the Securities Act. It is submitted that the courts should act on no less a record and indeed, given the expertise of the commission, it would benefit from the consideration of the commission of its own jurisdiction, which, in accordance with the decided cases, would be given deference on a standard of reasonableness.

He went on to say at paragraph 29:

> "I am satisfied that the motions of the OSC and the Superintendent should be granted and the application for a declaration quashed on the basis of prematurity."

Equating a section 11 order, or a review of a section 11 order under section 144, with a proceeding under section 127, or a proceeding before the court under section 122, or a hearing before the Director on a prospectus application, is not appropriate.

A section 11 order is not a step in a proceeding. Section 11 contemplates an investigation to ascertain facts as to whether or not there might be grounds for a proceeding. It would not be appropriate to turn a section 144 application, which is supposed to deal with the revocation or variation of an existing decision based on an adequate record, into a full-blown hearing with new evidence.

In the final analysis, what we have to determine, in the terms of section 144, is whether in our opinion it would not be prejudicial to the public interest to revoke the section 11 order. Counsel for the applicant has not satisfied us that it would not be prejudicial to the public interest for us to revoke the section 11 order. For that reason, the application is declined.

Commissioner Adams, would you care to add anything?

COMMISSIONER ADAMS:

Nothing. Thanks.

MR. BENNETT:

Can I just ask for a point of clarification? Most of the argument proceeded on the basis that the motion to revoke the order was on the basis that there was no jurisdiction in the Commission to issue the order. And I understood you to say, at the end, that section 144 governs, and that the order is not being revoked because it's not in the public interest to do so?

CHAIR:

Section 144 requires us to make one decision, either to revoke or vary a decision of the Commission where, in our opinion, it would not be prejudicial to the public interest to do so, and that is the basis on which we acted.

We took into account, in coming to that conclusion, whether or not the Commission issuing the section 11 order acted with authority in issuing the order. We determined he did have that authority.

MR. BENNETT:

And the point of clarification was that, if you had found there was no authority to issue the order, would you have revoked -- would you have the authority to revoke it under section 144?

CHAIR:

If you're asking me a hypothetical question - would it be in the public interest for the Commission to act without authority? I would say "no". I would be satisfied it was not in the public interest for this Commission to act without

authority; therefore, you can draw the conclusion that the Commission would do whatever was necessary to rectify a situation where the Commission was satisfied that it had acted without authority.

Approved for release by the Chair of the Panel.

"Paul M. Moore"

3.1.2 Donald Kenneth Coatsworth and Jane Matheson Coatsworth

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

AND

IN THE MATTER OF
THE REGISTRATIONS OF
DONALD KENNETH COATSWORTH AND
JANE MATHESON COATSWORTH

Opportunity to be Heard by the Director
Pursuant To Subsection 26(3) of the Securities Act

Date: March 12, 2003

Director: David M. Gilkes
Manager
Registrant Regulation

Submissions: Jessica Di Renzo
Registration Officer

Donald Coatsworth
Jane Coatsworth
Registrants

DECISION AND REASONS FOR DECISION

The decision of the Director is to impose terms and conditions upon the registrations of Donald Coatsworth and Jane Coatsworth (the Registrants) as salespersons. These are the reasons for the decision.

Background

On August 5, 1997, Mr. Coatsworth was registered as a salesperson by the Ontario Securities Commission (**OSC**) while Ms. Coatsworth was registered as a salesperson by the OSC on August 1, 1994. On December 18, 2002, the OSC was informed by the Registrants' employer, Cartier Partners Financial Services (**Cartier**), that the Registrants had each received a Requirement to Pay Notice from Canada Customs and Revenue Agency.

On January, 24, 2003, Staff sent a letter to the Registrants and Cartier proposing terms and conditions requiring quarterly reporting to the OSC, be imposed on the registrations of Donald Coatsworth and Jane Coatsworth. The Registrants did not accept the proposal and requested the opportunity to be heard by the Director pursuant to subsection 26(3) of the Act which states:

> (3) Refusal – The Director shall not refuse to grant, renew, reinstate or amend registration or impose terms and conditions thereon without giving the applicant an opportunity to be heard.

The other provision relevant to this decision is subsection 26(2) of the Act which states:

> (2) Terms and conditions – The Director may in his or her discretion restrict a registration by imposing terms and conditions thereon and, without limiting the generality of the foregoing, may restrict the duration of registration and may restrict the registration to trades in certain securities or a certain class of securities.

The Registrants requested to be heard through a written submission, which was dated February 13, 2003 and received by the OSC on February 17, 2003.

Summary of The Registrants' Submission

The Registrants asked that their registrations be allowed to continue without terms and conditions. Mr. Coatsworth noted that after retiring from teaching in 1996, he attempted to build a financial planning career that was not successful financially. Mr. Coatsworth changed firms and was joined by Ms. Coatsworth in 1999. The Registrants have tried to find a solution to their monetary difficulties for two years but have not been successful. In closing the Registrants wrote:

> "Jane and I are not prepared to tarnish our reputations in our community by giving the wrong advice to our clients. Our integrity is very very important to us. The conditions you are proposing are not necessary because they have been initiated as a result of ongoing personal issues that have never had an effect on our business…".

Summary of Staff's Submission

Staff of the OSC recommended that standard terms and conditions for quarterly reporting to the OSC be imposed on the registrations of Donald and Jane Coatsworth. The Requirement to Pay Notice gave Staff concerns regarding the Registrants continued suitability for registration.

Suitability for registration has three components: proficiency (education and experience), integrity, and financial soundness. The Requirement to Pay Notice has a bearing upon the last component. It is Staff's standard practice to impose terms and conditions for quarterly reporting on an individual's registration should that person file for bankruptcy, have a garnishment or receive a Requirement to Pay Notice. The reputation of the Registrants and quality of advice given by them, was not a factor in Staff's recommendation to impose terms and conditions.

Director's Findings

I find that terms and conditions as set out in Exhibit "A" and Exhibit "B", should be imposed upon the registrations of Donald Coatsworth and Jane Coatsworth, respectively.

Staff have consistently imposed terms and conditions on the registration of an individual who files for bankruptcy, has a garnishment or receives a Requirement to Pay Notice, as it affects the financial soundness and the suitability of a registrant.

The position of Staff is consistent with the OSC mandate of investor protection and for these reasons, I find that terms and conditions should be imposed on the registrations of Donald Coatsworth and Jane Coatsworth.

March 12, 2003.

"David M. Gilkes"

Exhibit "A"
Proposed Conditions for Registration
of
Donald Coatsworth

1. For the sale of Mutual Funds only.

2. Written **quarterly** supervision reports (copy attached) are to be submitted to the Ontario Securities Commission (Attention: Manager, Registrant Regulation) reporting on the details of Donald Coatsworth's sales activities and his dealings with clients. The first quarterly report covering the period from the date of this letter up to March 31, 2003 is due by April 15, 2002. Subsequent reports are due 15 calendar days after the end of each relevant quarterly reporting.

3. All handling of clients' funds will be strictly supervised by Donald Coatsworth's supervising officer.

4. This condition is to continue until Donald Coatsworth has fully satisfied his obligation and presents to the Manager, Registrant Regulation, acceptable evidence that same has been complied with.

_____
Approved Officer for
Cartier Partners Financial Services

_____
Print Name of Signatory Above

_____
Date

_____
Donald Coatsworth
Applicant

_____
Date

QUARTERLY SUPERVISION REPORT

I hereby certify that strict supervision has been conducted for the quarter ending _____, 200__, of the trading activities of _____, by the undersigned. I further certify the following:

1. All orders, both buy and sell, and sales contracts have been initialled and reviewed by a senior officer before entry.

2. All client accounts have been reviewed for:

   - suitability of investments
   - excess trading or switching, and
   - client addresses and any amendments thereto

3. A review of trading activity on a daily basis has been conducted of the salesperson's client accounts.

4. No transactions have been made in any new account until the full and correct documentation is in place.

5. No client complaints have been received during the period covered. (If there have been, please attach a copy of the complaint documentation and the follow-up action initiated by the company).

6. There has been no handling of clients' funds or securities or issuance of cheques to clients without management approval.

7. Any transfer of funds or securities between clients' accounts has been authorized in writing and reviewed by the supervising officer.

8. Spot audits of the salesperson's client accounts have been conducted during the preceeding month to ensure compliance with these procedures and no violation of these procedures were discovered.

_____
Date

_____
Supervising Officer

Exhibit "B"
Proposed Conditions for Registration
of
Jane Coatsworth

1. For the sale of Mutual Funds only.

2. Written **quarterly** supervision reports (copy attached) are to be submitted to the Ontario Securities Commission (Attention: Manager, Registrant Regulation) reporting on the details of Jane Coatsworth's sales activities and her dealings with clients. The first quarterly report covering the period from the date of this letter up to March 31, 2003 is due by April 15, 2002. Subsequent reports are due 15 calendar days after the end of each relevant quarterly reporting.

3. All handling of clients' funds will be strictly supervised by Jane Coatsworth's supervising officer.

4. This condition is to continue until Jane Coatsworth has fully satisfied her obligation and presents to the Manager, Registrant Regulation, acceptable evidence that same has been complied with.

_____
Approved Officer for
Cartier Partners Financial Services

_____
Print Name of Signatory Above

_____
Date

_____
Jane Coatsworth
Applicant

_____
Date

QUARTERLY SUPERVISION REPORT

I hereby certify that strict supervision has been conducted for the quarter ending _____, 200__, of the trading activities of _____, by the undersigned. I further certify the following:

1. All orders, both buy and sell, and sales contracts have been initialled and reviewed by a senior officer before entry.

2. All client accounts have been reviewed for:

   - suitability of investments
   - excess trading or switching, and
   - client addresses and any amendments thereto

3. A review of trading activity on a daily basis has been conducted of the salesperson's client accounts.

4. No transactions have been made in any new account until the full and correct documentation is in place.

5. No client complaints have been received during the period covered. (If there have been, please attach a copy of the complaint documentation and the follow-up action initiated by the company).

6. There has been no handling of clients' funds or securities or issuance of cheques to clients without management approval.

7. Any transfer of funds or securities between clients' accounts has been authorized in writing and reviewed by the supervising officer.

8. Spot audits of the salesperson's client accounts have been conducted during the preceeding month to ensure compliance with these procedures and no violation of these procedures were discovered.

_____
Date

_____
Supervising Officer

This page intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Aludra Inc.	03 Mar 03	14 Mar 03	14 Mar 03	
Parton Capital Inc.	11 Mar 03	21 Mar 03		

4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation

*** Correct revocation date for Martin Health Group Inc. is February 27, 2003 and not February 29, 2003 as printed in the March 7, 2003 OSC Bulletin.**

This page intentionally left blank

Chapter 6

Request for Comments

6.1.1 Proposed Rescission of National Policy 25 - Registrants Advertising Disclosure of Interest and National Policy 49 - Self-Regulatory Organization Membership

PROPOSED RESCISSION OF
NATIONAL POLICY 25 - REGISTRANTS ADVERTISING DISCLOSURE OF INTEREST AND
NATIONAL POLICY 49 - SELF-REGULATORY ORGANIZATION MEMBERSHIP

The Ontario Securities Commission (OSC), in conjunction with the Canadian Securities Administrators (CSA), proposes to rescind the following National Policies:

- National Policy 25 - Registrants Advertising Disclosure of Interest (NP 25)
- National Policy 49 - Self-Regulatory Organization Membership (NP 49)

REASON FOR PROPOSED RESCISSIONS

National Policy 25

NP 25 originally came into force on December 6, 1971 and reflects the views of provincial securities administrators that a standard of conduct ought to be followed by all classes of registrant when recommending the purchase or sale of a security in which they have a material interest. NP 25 provides that registered advisers are required to disclose in a conspicuous position a full and complete statement of any financial or other interest that he may have either directly or indirectly in any of the securities. This includes disclosure on every circular, pamphlet, advertisement, letter, telegram and other publication issued, published or sent by them or in the sale or purchase thereof including any commissions, financial arrangements or other remuneration they may expect to receive if the recommendation is followed.

The Canadian securities regulatory authorities consider that NP 25 is no longer necessary as local securities legislation and rules now contain provisions on disclosure of conflicts of interest. In Ontario provisions are set out under section 40 of the Ontario Securities Act, OSC Rule 31-501 *Registrant Relationships* and OSC Rule 31-505 *Conditions of Registration*.

National Policy 49

NP 49 came into force on June 30, 1993. NP 49 applies to dealers that are not members of a self-regulatory organization ("SRO"), as defined in this Policy, but carry on business in more than one jurisdiction and otherwise fall within the definition of "national dealer". NP 49 provides that those dealers should be members of a self-regulatory organization and contribute to the Canadian Investor Protection Fund ("CIPF"), the national contingency trust fund for clients of SRO member firms. After June 30, 1994, the securities regulatory authorities, in determining whether to renew the registration of any national dealer which was a national dealer on June 30, 1993, will consider whether that national dealer is a member of a self-regulatory organization and contributes to CIPF.

Securities legislation in certain provinces now contains provisions, which require all dealers and brokers to become members of a SRO. In Ontario these provisions are found under OSC Rule 31-507 *SRO Membership for Securities Dealers and Brokers*.

UNPUBLISHED MATERIALS

In coming to this decision, the CSA have not relied on any significant unpublished study, report, decision, or other materials.

COMMENTS

Interested parties are invited to make written submissions with respect to the proposed rescissions. Submissions received by May 21, 3003 will be considered.

Submissions should be addressed to the Ontario Securities Commission, as indicated below:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

A diskette containing the submissions (in Windows format) should also be provided. As securities legislation in certain provinces requires that a summary of written comments received during the comment period be published, confidentiality of submissions received cannot be maintained.

Questions regarding this rescission may be directed to:

Tula Alexopoulos
Manager, Project Office
Ontario Securities Commission
Phone: 416-593-8084
talexopoulos@osc.gov.on.ca

Alicia Ferdinand
Project Coordinator, Project Office
Ontario Securities Commission
Phone: 416-593-8307
aferdinand@osc.gov.on.ca

TEXT OF PROPOSED RESCISSIONS

"National Policy 25 entitled “Registrants Advertising Disclosure of Interest” is rescinded."

"National Policy 49 entitled " Self-Regulatory Organization Membership” is rescinded."

March 21, 2003.

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 SecuritiesScource (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

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
28-Feb-2003	6 Purchasers	01 Communique Laboratory Inc. - Common Shares	1,046,250.00	775,000.00
26-Feb-2003	Gerry Sohl	1555098 Ontario Inc. and 1557915 Ontario Inc. - Common Shares	250,020.00	20.00
01-Mar-2003	Michael Bowick	ABC American -Value Fund - Units	200,000.00	31,250.00
01-Mar-2003	Barbara Johnston	ABC Fully-Managed Fund - Units	150,000.00	18,921.00
01-Mar-2003	4 Purchasers	ABC Fundamental - Value Fund - Units	600,000.00	30,862.00
06-Jan-2003	Hugh McCauley	Acuity Pooled Canadian Small Cap Fund - Trust Units	10,000.00	1,000.00
08-Jan-2003	David Stonehouse	Acuity Pooled Canadian Small Cap Fund - Trust Units	2,848.25	267.00
31-Dec-2003	Acuity Investment Management	Acuity Pooled Canadian Small Cap Fund - Trust Units	10.00	1.00
25-Feb-2003	Doug Adams	Acuity Pooled Canadian Small Cap Fund - Trust Units	150,000.00	13,387.00
09-Jan-2003	1118880 Ontario Ltd.	Acuity Pooled Canadian Social Values Fund - Trust Units	25,000.00	2,310.00
06-Jan-2003	1118879 Ontario Ltd.	Acuity Pooled Canadian Social Values Fund - Trust Units	50,000.00	5,000.00
04-Mar-2003	Ralph Robb	Acuity Pooled Conservative Asset Allocation - Trust Units	50,000.00	4,141.00
06-Jan-2003	Hugh McCauley	Acuity Pooled Core Canadian Equity Fund - Trust Units	9,299.28	930.00
31-Dec-2003	Acuity Investment Management	Acuity Pooled Core Canadian Equity Fund - Trust Units	10.00	1.00

06-Jan-2003	1118879 Ontario Ltd.	Acuity Pooled Core Canadian Equity Fund - Trust Units	7,924.06	792.00
24-Feb-2003	Dawn Estergaard	Acuity Pooled Fixed Income Fund - Trust Units	181,955.83	13,991.00
06-Jan-2003	1118880 Ontario Ltd.	Acuity Pooled Global Equity Fund - Trust Units	44,794.42	5,979.00
04-Mar-2003	Florence Readhead	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,422.00
03-Mar-2003	Marta Witer	Acuity Pooled High Income Fund - Trust Units	13,500.00	933.00
27-Feb-2003	Gerhard Kuehnel	Acuity Pooled High Income Fund - Trust Units	135,894.23	9,287.00
21-Feb-2003	Treo Investments Inc.	Acuity Pooled High Income Fund - Trust Units	98,227.05	6,792.00
20-Feb-2003	Gerald Merrick	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,407.00
19-Feb-2003	Shelagh Rounthwaite	Acuity Pooled High Income Fund - Trust Units	1,000,000.00	69,535.00
06-Jan-2003	Hugh McCauley	Acuity Pooled Income Trust Fund - Trust Units	8,000.00	800.00
31-Dec-2002	Acuity Investment Management	Acuity Pooled Income Trust Fund - Trust Units	10.00	1.00
06-Feb-2003	1118880 Ontario Ltd.	Acuity Pooled Income Trust Fund - Trust Units	50,000.00	5,000.00
25-Feb-2003	Doug Adams	Acuity Pooled Income Trust Fund - Trust Units	150,000.00	13,387.00
11-Feb-2003	David Stonehouse	Acuity Pooled Short Term Fund - Trust Units	67,500.00	8,280.00
06-Jan-2003	Hugh McCauley	Acuity Pooled Social Values Canadian Fund - Trust Units	8,000.06	800.00
08-Jan-2003	David Stonehouse	Acuity Pooled Social Values Canadian Fund - Trust Units	3,921.13	397.00
31-Dec-2003	Acuity Investment Management	Acuity Pooled Social Values Canadian Fund - Trust Units	10.00	1.00
14-Feb-2003	National Bank Financial Ltd.	Altrinsic Global Opportunities Fund - Units	25,000.00	244.00
05-Mar-2003	Inco Limited	Aurora Platinum Corp. - Common Shares	132,500.00	50,000.00
04-Mar-2003	66 Purchasers	Avalon Resources Ltd. - Units	1,790,699.60	4,500,747.00
27-Feb-2003	7 Purchasers	Avenir Diversified Income Trust - Trust Units	134,500.00	336,250.00

14-Feb-2003	IOCT Financial Inc.	BPI Global Opportunites III Fund - Units	190,000.00	2,285.00
14-Feb-2003	Fundex Investments Inc.	BPI Global Opportunites III RSP Fund - Units	7,000.00	880.00
27-Feb-2003	EdgeStone Capital Equity Fund II Nominee;Inc.	BreconRidge Manufacturing Solutions. Corporation - Preferred Shares	20,000,000.00	44,444,444.00
28-Feb-2003	6 Purchasers	Camilion Solutions, Inc. - Preferred Shares	8,000,015.96	48,530,869.00
03-Mar-2003	4 Purchasers	Canadian Trading and Quotation System Inc. - Convertible Debentures	3,350,000.00	24.00
28-Feb-2003	Ontario Teachers Pension Plan Board	Capital International Emerging Markets Fund - Shares	2,866,067.40	82,353.00
28-Feb-2003	Citibank Canada	Capital International Emerging Markets Fund - Shares	7,945,193.10	228,295.00
27-Feb-2003	Polar Capital Corp.	Chesapeake Energy Corporation - Preferred Shares	11,204.00	150.00
27-Feb-2003	20 Purchasers	Clear Energy Inc. - Common Shares	7,378,000.00	2,635,000.00
07-Mar-2003	3 Purchasers	CLERA INC. - Common Shares	209,783.93	41,893.00
28-Feb-2003	29 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Units	351,665.35	29,685.00
05-Feb-2003	23 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Units	2,112,273.21	228,855.00
28-Feb-2003	3 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Units	62,704.63	5,408.00
28-Feb-3	Judith M. Forbes;Peter & Heather Senst	Cranston, Gaskin, O'Reilly & Vernon - Units	35,040.00	3,129.00
24-Jan-2003	Canadian Friends of Yeshivat Aish Hatorah	Creststreet Resource Fund Limited - Shares	28,024.08	2,383.00
05-Mar-2003	4 Purchasers	Crystallex International Corporation - Special Warrants	1,360,000.00	2,562,500.00
03-Mar-2003	Ontario Teachers' Pension Plan Board	Dalton Global Opportunities Offshore Fund Ltd. - Shares	22,269,000.00	9,679.00
18-Feb-2003 2/28/03	6 Purchasers	Desert Sun Mining Corp. - Units	525,000.00	525,000.00
28-Feb-2003	Michael Wekerle	Diamonds North Resources Ltd. - Units	80,000.00	100,000.00
08-Feb-2003	Sheldon Swaye	Drilcorp Energy Ltd. - Option	60,000.00	150,000.00
07-Jan-2003	Morley Salmon	Drilcorp Energy Ltd. - Option	80,000.00	80,000.00

11-Mar-2003	Ray Koivisto;Ken Kukkee	East West Resource Corporation - Common Shares	18,000.00	200,000.00
07-Mar-2003	Wayne R. Cook	Ezipin Canada Inc. - Convertible Debentures	50,000.00	50,000.00
04-Mar-2003	N/A	Galileo Focused Business Income Trust Fund - N/A	500,000.00	50,000.00
28-Feb-2003	8 Purchasers	GCP Mining Corporation - Shares	0.00	60,002.00
05-Mar-2003	Sprott Asset Management Inc.	Geomaque Explorations Ltd. - Units	925,000.00	11,562,500.00
15-Jan-2003	Unigraphic Litho Inc.	Golden Hope Mines Ltd. - Common Shares	200,000.00	1,000,000.00
26-Feb-2003	Pacific Investment Management	GSR Mortgage Loan Trust 2003-2F - Mortgage	716,931.25	700,000.00
24-Feb-2003	Pacific Investment Management	GSR Mortgage Loan Trust 2003-2F - Mortgage	7,893,025.01	778,474.00
28-Feb-2003	Bruce MacGowan;Christopher Burton	Harbour Capital Canadian Balanced Fund - Trust Units	73,662.33	612.00
08-Apr-2003 2/28/03	Vickers & Benson	HAVAS S.A. - Common Shares	14,302,969.00	1,627,011.00
04-Mar-2003	6 Purchasers	Hedley Technologies Inc. - Units	272,000.00	1,720,000.00
10-Mar-2003	Credit Risk Advisors;TAL Investment Counsel	Hollinger Inc. - Notes	8,738,815.00	5,962,620.00
04-Feb-2003	Canadain Medical Protective Associates	Imperial Capital Acquisition Fund III (Institutional) 2 Limited Partnership - Limited Partnership Units	305,000.00	305,000.00
05-Mar-2003	7 Purchasers	Ionalytics Corporation - Preferred Shares	804,500.00	804,500.00
31-Jan-2003	Jim McGovern	KBSH - Arrow Global Long / Short Fund - Units	250,000.00	25,235.00
31-Jan-2003	Susan Pennal	KBSH - Arrow Global Long / Short Fund - Units	250,000.00	25,235.00
31-Jan-2003	Jim McGovern	KBSH - Arrow Multi-Strategy Fund - Units	250,000.00	24,963.00
31-Jan-2003	Susan Pennal	KBSH - Arrow Multi-Strategy Fund - Units	250,000.00	24,963.00
28-Feb-2003	33 Purchasers	Kingwest Avenue Portfolio - Units	380,100.00	21,996.00
10-Dec-2002	J2 Healthcare Corporation;Ann Gibbs	Lifebank Cryogenics Corp. - Common Shares	60,500.00	110,000.00

27-Feb-2003	David Balsdon	Mavrix Fund Managment Inc. - Common Shares	1,500.00	1,000.00
13-Feb-2003	Bank of Montreal	Meritage Corporation - Notes	1,515,000.00	1.00
28-Feb-2003	Mesa Resources Inc.	Mesa Resources Inc. - Units	12,500.00	50,000.00
03-Mar-2003	105 Purchasers	Meston Resources Inc. - Units	11,963,700.00	1,750.00
11-Mar-2003	8 Purchasers	Metallica Resources Inc. - Units	2,598,000.00	1,732,000.00
07-Mar-2003	Royal Trust Bulk Account #100441999	MEG Energy Corp. - Common Shares	300,800.00	128,000.00
19-Feb-2003	S. Grant Hall	Microsource Online, Inc. - Common Shares	1,500.00	250.00
19-Feb-2003	Vaughn Dobson	Microsource Online, Inc. - Common Shares	3,000.00	500.00
19-Feb-2003	Bill Mount	Microsource Online, Inc. - Common Shares	1,200.00	200.00
14-Feb-2003	Minh Tathanhlong	Microsource Online, Inc. - Common Shares	1,800.00	300.00
14-Feb-2003	Gino Paolone	Microsource Online, Inc. - Common Shares	3,000.00	500.00
14-Feb-2003	David Dombroski	Microsource Online, Inc. - Common Shares	1,800.00	300.00
21-Feb-2003	TMB MidOcean Inc.;CPP Investment Board Private Holders Inc.	MidOcean Partners, LP - Limited Partnership Units	948,839,253.12	510,107,572.00
28-Feb-2003	4 Purchasers	Milano Investments Limited Partnership - Limited Partnership Units	260,117.60	4.00
06-Mar-2003	Pacific Canada Resources Inc.	Minco Mining and Metals Corporation - Debentures	200,000.00	1.00
27-Feb-2003	Fred Dalley;Don & Lee Mcloughlin	Mint Inc. - Special Warrants	180,000.00	360,000.00
28-Feb-2003	8 Purchasers	Multi-Glass International Corp. - Common Shares	155,500.00	610,000.00
10-Mar-2003	31 Purchasers	New Solutions Financial (IV) Corporation - Debentures	2,249,169.15	0.00
03-Mar-2003 3/12/03	7 Purchasers	Oilexco Incorporated - Units	195,000.00	780,000.00
26-Jan-2003	Victor Bonicci	Out2.com, Inc. - Shares	7,593.00	4,000.00
28-Feb-2003	Norman Sutherland	Pele Mountain Resources Inc. - Units	80,000.00	500,000.00
31-Dec-2003	RM Money Market Pool	RBC Global Investment Management Inc. - Units	100,000.00	389,134.00

07-Mar-2003	6 Purchasers	Recognia Inc. - Notes	225,000.00	6.00
07-Mar-2003	Dynatech Ventures PTE Ltd.	RFTune Inc. - Convertible Debentures	219,930.13	1,050,000.00
11-Mar-2003	Stuart R. Raftus	Rockwater Capital Corporation - Special Warrants	927,850.00	1,205,000.00
04-Mar-2003	First Associates Investmnets Inc.;Research Capital Corporation	Rubicon Minerals Corporation - Common Shares	0.00	6,400.00
26-Feb-2003	13 Purchasers	Rubicon Minerals Corporation - Units	597,221.00	477,777.00
18-Feb-2003	Stonestreet Limited Partnership	SatCon Technology Corporation - Preferred Shares	200,000.00	16.00
31-Dec-2002	8 Purchasers	Sawtooth International Resources Inc. - Common Shares	123,000.00	492,000.00
24-Feb-2003 3/3/03	32 Purchasers	Second World Trader Inc. - Units	9,280.00	38.00
04-Mar-2003 3/10/03	3 Purchasers	Second World Trader Inc. - Units	10,150.00	35.00
21-Feb-2003	Griffin Family	SEK AB Svensk Exportkcredit - Notes	100,000.00	100.00
07-Feb-2003 3/3/03	Leslie Westmen;Ladaz Technologies- Units	Silvercreek Limited Partnership	375,000.00	7.00
06-Mar-2003	10 Purchasers	Sirific Wireless Corporation - Preferred Shares	8,917,591.17	16,343,837.00
07-Mar-2003	New Mellennium Venture Fund Inc.	SIPQuest Inc. - Preferred Shares	2,932,400.00	1,475,000.00
01-Mar-2003	3 Purchasers	Stacey Investment Limited Partnership - Limited Partnership Units	1,175,034.00	55,954.00
28-Feb-203	Andrea Glassman	Stanford Mortgage Investment Corporation 1998 Inc. - Common Shares	10,000.00	1,000.00
23-Feb-2003	Bank of Montreal	The Goldman Sachs Group Inc. - Notes	15,301,069.02	4.00
28-Feb-2003	6 Purchasers	The McElvaine Investment Trust - Trust Units	648,150.00	41,903.00
26-Feb-2003	AGF Management Limited	United Mexican States - Notes	4,410,946.00	2.00
07-Mar-2003	Polar Capital Corp.	UTStarcom, Inc. - Notes	21,981.00	8.00
28-Feb-2003	George Martin;Catherine Simpson	Vertex Fund - Trust Units	56,500.26	2,306.00
06-Mar-2003	The Business;Engineering; Science & Technology	VNRAND, Inc., eVault, Inc. - Shares	1,758,012.00	6,892,591.00

NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3

Seller	Security	Number of Securities
Patrick A. Gouveia	Atlas Cold Storage Income Trust - Trust Units	604,972.00
The Catherine and Maxwell Meighen Foundation	Canadian General Investments, Limited - Common Shares	233,500.00
Ralph Sickinger	Carma Financial Services Corporation - Common Shares	785,000.00
CMG Reservoir Simulation Foundation	Computer Modelling Group Ltd. - Common Shares	258,500.00
Douglas Goodfellow	Goodfellow Inc. - Shares	2,500.00
The Schad Foundation	Husky Injection Molding Systems Ltd. - Common Shares	500,000.00
Kalimantan Investment Corporation	Kalimantan Gold Corporation Limited - Common Shares	2,500,000.00
Edensor Nominees Pty Ltd.	Tahera Corporation - Common Shares	40,000,000.00
Donald F. Felice	The Jenex Corporation - Common Shares	100,000.00
The Catherine and Maxwell Meighen Foundation	Third Canadian General Investment Trust Limited - Common Shares	122,300.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
APF Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 12, 2003
Mutual Reliance Review System Receipt dated March 12, 2003
Offering Price and Description:
$49,920,000
4,800,00 Trust Units
$10.40 Per Trust Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Research Capital Corporation
Griffiths McBurney & Partners
Promoter(s):
-
Project #520393

Issuer Name:
Front Street Gold Performance Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 14, 2003
Mutual Reliance Review System Receipt dated March 14, 2003
Offering Price and Description:
$ * - * Units @ $10.00 per Unit.
Minimum purchase 100 Units
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
Front Street Capital
Project #520832

Issuer Name:
NCE Flow-Through (2003) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated March 12, 2003
Mutual Reliance Review System Receipt dated March 13, 2003
Offering Price and Description:
$50,000,000 (Maximum Offering)
$8,000,000 (Minimum Offering)
A maximum of 2,000,000 and a minimu of 320,000 Limited Partnership Units
Subscription Price: $25 per Unit
Minimum Subscription: 100 Units
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Berkshire Securities Inc.
FirstEnergy Capital Corp.
Griffiths McBurney & Partners
Jory Capital Inc.
Wellington West Capital Inc.
Promoter(s):
Petro Assets Inc.
Project #514136

Issuer Name:
AIC Global Advantage Corporate Class
(Formerly AIC World Advantage Corporate Class)
AIC World Equity Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated March 5, 2003 to the Amended and Restated Annual Information Forms dated May 3, 2002, Amending and Restating the Annual Information Forms dated March 20, 2002
Mutual Reliance Review System Receipt dated March 13, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #421065

Issuer Name:
Canadian Superior Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 12, 2003
Mutual Reliance Review System Receipt dated March 12, 2003
Offering Price and Description:
$15,000,000.00 - Maximum of 10,000,000 Units @$1.50 per Unit
Underwriter(s) or Distributor(s):
Maison Placements Canada Inc.
Acadian Securities Incorporated
Promoter(s):
-
Project #519677

Issuer Name:
Great-West Lifeco Inc.
Principal Regulator - Manitoba
Type and Date:
Final Short Form Prospectus dated March 14, 2003
Mutual Reliance Review System Receipt dated March 14, 2003
Offering Price and Description:
$600,000,000.00 - $200,000,000 principal amount of 6.14% Debentures due March 21, 2018 and $400,000,000 principal amount of 6.67% Debentures due March 21, 2033
Per $1,000.00 Principal amount of Debentures
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Casgrain & Company Limited
Promoter(s):
-
Project #519660

Issuer Name:
Noranda Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 17, 2003
Mutual Reliance Review System Receipt dated March 18, 2003
Offering Price and Description:
$150,000,000.00 - 6,000,000 Cumulative Preferred Shares, Series H @$25.00 per Cumulative Preferred Share, Series H
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Trilon Securities Corporation
Promoter(s):
-
Project #519003

Issuer Name:
Class A Units (SC and DSC options) and Class D Units of:
Putnam Canadian Balanced Fund
Putnam Canadian Bond Fund
Putnam Canadian Equity Fund
Putnam Canadian Money Market Fund
Putnam Global Equity Fund
Putnam U.S. Value Fund
Putnam U.S. Voyager Fund
Putnam International Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 13, 2003
Mutual Reliance Review System Receipt dated March 18, 2003
Offering Price and Description:
Class A Units (SC and DSC options) and Class D Units
Underwriter(s) or Distributor(s):
Not Applicable
Not applicable
Promoter(s):
Putnam Investments Inc.
Project #513253

Issuer Name:
TransAlta Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 14, 2003
Mutual Reliance Review System Receipt dated March 14, 2003
Offering Price and Description:
$240,000,000.00 - 15,000,000 Common Shares @$16.00 per Common Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
UBS Bunting Warburg Inc.
Raymond James Ltd.
Promoter(s):
-
Project #518583

Issuer Name:
Wheaton River Minerals Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 11, 2003
Mutual Reliance Review System Receipt dated March 11, 2003
Offering Price and Description:
Cdn.$333,500,000.00 - 230,000,000 Common Shares and 57,500,000 Series ''A'' Common Share
Purchase Warrants issuable upon the exercise of 230,000,000 previously issued Subscription Receipts
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
GRIFFITHS MCBURNEY & PARTNERS
CANACCORD CAPITAL CORPORATION
CIBC WORLD MARKETS INC.
YORKTON SECURITIES INC.
FAHNESTOCK CANADA INC.
SPROTT SECURITIES INC.
Promoter(s):
Project #517995

Issuer Name:
Canadian Superior Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 12, 2003
Mutual Reliance Review System Receipt dated March 12, 2003
Offering Price and Description:
$15,000,000.00 - Maximum of 10,000,000 Units @$1.50 per Unit
Underwriter(s) or Distributor(s):
Maison Placements Canada Inc.
Acadian Securities Incorporated
Promoter(s):
-
Project #519677

Issuer Name:
Canadian Superior Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 12, 2003
Mutual Reliance Review System Receipt dated March 12, 2003
Offering Price and Description:
$15,000,000.00 - Maximum of 10,000,000 Units @$1.50 per Unit
Underwriter(s) or Distributor(s):
Maison Placements Canada Inc.
Acadian Securities Incorporated
Promoter(s):
-
Project #519677

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Category (Categories)	ING Wealth Management Inc. 200 University Avenue Suite 1300 Toronto ON M5H 4B8	From: Mutual Fund Dealer To: Mutual Fund Dealer Limited Market Dealer	Mar 05/03
New Registration	Westfield Capital management Company, LLC Attention: Arthur J. Bauernfeind One Financial Center, 23rd Floor Boston MA 02111 USA	International Adviser Investment Counsel & Portfolio Manager	Mar 18/03

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 RS Sets Hearing Date in the Matter of Garett Steven Prins to Consider an Offer of Settlement

NOTICE TO PUBLIC

Subject: Market Regulation Services Inc. sets hearing date *In the Matter of Garett Steven Prins* to consider an Offer of Settlement

Market Regulation Services Inc. ("RS") will hold a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of RS on April 1, 2003 commencing at 10:00 a.m., or as soon thereafter as the Hearing can be held, at the offices of RS, 145 King Street West, 9th floor, Toronto, Ontario. The Hearing is open to the public.

The purpose of the hearing is to consider an Offer of Settlement entered into between RS and Garett Steven Prins ("Prins).

It is alleged that Prins breached Universal Market Integrity Rules 4.1(1)(c) and 2.1(1), and Rule 7-106(1)(b) of the Rules of the Toronto Stock Exchange relating to frontrunning and conduct inconsistent with just and equitable principles of trade.

The Hearing Panel may accept or reject an Offer of Settlement pursuant to Part 3.4 of Policy 10.8 of the Universal Market Integrity Rules governing the practice and procedure of hearings. In the event the Offer of Settlement is accepted, the matter becomes final and there can be no appeal of the matter. In the event the Offer of Settlement is rejected, RS may proceed with a hearing of the matter before a differently constituted Hearing Panel.

The terms of the settlement, if accepted and approved by the Hearing Panel, and the disposition of this matter by the Hearing Panel will be published by RS as a Disciplinary Notice.

Reference:

Jane P. Ratchford
Chief Counsel
Investigations and Enforcement
Market Regulation Services Inc.

Telephone: 416-646-7229

This page intentionally left blank

Index

This page intentionally left blank