The Ontario Securities Commission

OSC Bulletin

September 30, 2005

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

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

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M1T 3V4

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

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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
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

SEPTEMBER 30, 2005

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

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Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: TBA
TBA	**Philip Services Corp. *et al*** s. 127 K. Manarin in attendance for Staff Panel: TBA
TBA	**Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Jose L. Castaneda** s.127 T. Hodgson in attendance for Staff Panel: TBA
TBA	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 & 127.1 K. Manarin in attendance for Staff Panel: TBA

September 30, 2005 2:00 p.m.	**TD-Waterhouse Canada Inc.** s.127 and 127.1 M. Britton in attendance for Staff Panel: PMM/CSP/ST
October 4, 2005 2:30 p.m.	**Momentas Corporation, Howard Rash, Alexander Funt, Suzanne Morrison and Malcolm Rogers** s. 127 and 127.1 P. Foy in attendance for Staff Panel: RWD/CSP
October 6, 2005 10:00 a.m.	**Olympus United Group Inc.** s.127 M. MacKewn in attendance for Staff Panel: TBA
October 6, 2005 10:00 a.m.	**Norshield Asset Management (Canada) Ltd.** s.127 M. MacKewn in attendance for Staff Panel: TBA
October 6, 2005 10:00 a.m.	**George Theodore** s. 127 P. Foy in attendance for Staff Panel: PMM/DLK/ST
October 11, 2005 9:00 a.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: SWJ/RWD/MTM
October 12, 2005 10:00 a.m.	**Christopher Freeman** s. 127 and 127.1 P. Foy in attendance for Staff Panel: RWD/DLK/CSP
October 27, 2005 2:00 p.m.	**James Patrick Boyle, Lawrence Melnick and John Michael Malone** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: PMM
November 1, 2005 2:00 p.m. to 4:00 p.m. November 2-4; 7-11; 16; 21-25; 28; 30; December 1; 6-8, 2005 10:00 a.m. to 4:30 p.m. November 29, 2005 2:30 p.m. to 4:30 p.m.	**Andrew Currah, Colin Halanen, Joseph Damm, Nicholas Weir, Penny Currah and Warren Hawkins** s.127 J. Waechter in attendance for Staff Panel: PMM/RWD/ST
November 23 & 24, 2005 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 J. Cotte in attendance for Staff Panel: DLK/CSP
December 16, 2005 10:00 a.m.	**Portus Alternative Asset Management Inc., and Portus Asset Management, Inc.** s. 127 M. MacKewn in attendance for Staff Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

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

1.1.2 Notice of Commission Approval – IDA Amendments to IDA Regulation 100.9 and 100.10 – CDCC Issued Currency Options

THE INVESTMENT DEALERS ASSOCIATION

AMENDMENTS TO IDA REGULATION 100.9 AND 100.10 – CDCC ISSUED CURRENCY OPTIONS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to IDA Regulation 100.9 and 100.10 – CDCC issued Currency Options. In addition, the British Columbia Securities Commission did not object, and the Alberta Securities Commission and the Autorité des marchés financiers approved the amendments. The purpose of the amendments is to cater for CDCC issued currency options that will be traded on the Bourse de Montreal, and to apply the margin and capital requirements already applicable to Options Clearing Corporation issued currency options consistently with those issued by CDCC. A copy and description of the proposed amendments were published on July 15, 2005, at (2005) 28 OSCB 6138. No comments were received.

1.1.3 Notice of Commission Order – Application to Vary the Recognition Order of Canadian Trading and Quotation System Inc.

APPLICATION TO VARY
THE RECOGNITION ORDER OF
CANADIAN TRADING AND QUOTATION SYSTEM INC.

NOTICE OF COMMISSION ORDER

On September 9, 2005, the Commission issued an order (Variation Order) pursuant to section 144 of the *Securities Act* (Ontario) varying the financial viability terms and conditions of the current order recognizing Canadian Trading and Quotation System Inc. (CNQ) as an exchange (Recognition Order). A copy of the Variation Order is published in Chapter 2 of this bulletin.

The Recognition Order contained terms and conditions that required CNQ to maintain certain financial viability ratios at specified levels. These ratios are based on those developed for mature entities. The Commission issued the Variation Order to amend these terms and conditions to require CNQ to provide monthly reporting, to better reflect the fact that it is in its start-up phase.

A. Financial Viability Terms and Conditions

The Commission has imposed terms and conditions of recognition on recognized market infrastructure entities (Recognized Entities) in relation to, among other things, their financial viability, which include the following:

(a) a general requirement to maintain sufficient financial resources for the proper performance of its functions;

(b) assessment of the entity's financial position, through maintaining prescribed financial ratios at specified levels; and

(c) submission of quarterly and year-end financial statements and financial ratio calculations.

The objective of financial viability requirements is to provide the Commission and its staff with an "early warning" process to identify when a Recognized Entity may be at a higher risk of failure. The Commission started imposing these terms and conditions on Recognized Entities in 2000. CNQ is the first Recognized Entity that is in the start-up phase. As more experience is gained in monitoring the financial viability of Recognized Entities and, in particular, monitoring of start-up operations, staff have found imposing similar terms and conditions on start-up entities as mature entities may not be appropriate, as the former generally are not in the same financial position as the latter. Staff have, therefore, revisited the approach in monitoring the financial viability of Recognized Entities in different phases of operations.

B. Start-Up vs. Mature Operations

Staff note that entities in start-up phase typically incur operating losses during their first few years of business. Their continued success generally depends on their ability to generate new business and the availability of cash to fund their operations. Start-ups generally fund their operations with cash initially injected by their founders, and through the issuance of securities or debt. Their operating results are not as predictable as those for a mature entity. This makes setting financial ratio thresholds difficult, and therefore, reduces the usefulness of financial ratios as early warning signals.

Staff are of the view that, in order to effectively assess the financial viability of a start-up, we need to understand and be informed of any changes in its operations in a timely manner. Staff believe that it is more effective to monitor a start-up's financial results on a more frequent basis, through the review of its interim and annual financial statements and any significant variance between its budgeted and actual results, and through discussions with management of any unexpected developments. Staff, therefore, propose that for the start-up period, a Recognized Entity would provide its monthly and quarterly financial statements and its analysis of any significant variance between its actual and budgeted financial results. Staff would review this information and make necessary inquiries to management of the Recognized Entity.

Once a Recognized Entity matures, financial ratios are useful early warning signals of its financial health. After its start-up phase, a Recognized Entity generally has more stable operating results, which enable the use of ratios for trend analysis. In addition, thresholds could also be meaningfully set because the entity's operating results are more predictable.

As a result, staff are of the view that Recognized Entities that are in the start-up phase will be subject to financial viability terms and conditions that require them to file monthly financial statements and variance analyses to allow staff to closely monitor their financial situation; Recognized Entities that have matured operations will be subject to financial viability terms and conditions that require maintenance of financial ratios at specified levels and less frequent submission of financial statements.

C. CNQ Variation

Since CNQ is still in its start-up phase of operations, staff have proposed that its financial viability should be monitored under the new approach for start-up phase entities. The Commission agrees with this new approach. It has, therefore, issued an order varying the Recognition Order of CNQ to amend the financial viability terms and conditions.

1.3 News Releases

1.3.1 Affinity Financial Group Inc. and its Principals

FOR IMMEDIATE RELEASE
September 22, 2005

OSC APPROVES SETTLEMENT AGREEMENTS REACHED WITH AFFINITY FINANCIAL GROUP INC. AND ITS PRINCIPALS

Toronto – At a hearing on September 21, 2005, the Ontario Securities Commission (OSC) has approved settlement agreements reached with Affinity Financial Group Inc. ("Affinity"), International Structured Products Inc. ("ISP"), Affinity Restricted Securities Inc. ("ARS"), Dionysus Investments Ltd, Brian Keith McWilliams, David John Lewis and Louis Sapi.

In the settlement agreements, Affinity and its related companies (ISP, ARS and Dionysus) admit that they engaged in unlicensed advising in securities by soliciting clients to invest in a product titled the "Rule 144 Loan Program". McWilliams, Lewis and Sapi, the principals of Affinity, admit that they acquiesced in Affinity's breach of Ontario securities law.

The Rule 144 Loan Program involved sending investor funds to an entity in the United States called American Financial Group ("AFG"). Clients were led to believe that their funds would be used by AFG to make loans against restricted securities. In June of 2002, however, one of the principals of AFG disappeared and took the majority of the records relating to the program with him. A Receiver has been appointed by the American courts to attempt to locate and redistribute the investor funds entrusted to AFG, but to date no funds have been redistributed.

In approving the settlement agreements, the Commission made an order terminating the registration of ISP, McWilliams and Lewis under Ontario securities law, and requiring Affinity, ARS and Dionysus to cease trading in securities permanently. McWilliams, Lewis and Sapi are permanently prohibited from becoming directors or officers of any registrant, and were each ordered to pay $10,000.00 towards the costs of the investigation of this matter. Lewis' settlement agreement will not take effect until October 1, 2005, pending receipt of his costs payment.

Copies of the settlement agreements for Affinity, ISP, ARS, Dionysus, McWilliams and Sapi and the Commission's orders approving these agreements are available on the Commission's website (**www.osc.gov.on.ca**). Lewis' settlement agreement and order will be posted on the website once they are finalized.

For Media Inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

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

1.3.2 Regina v. Discovery Biotech, Howard Rash, Orest Lozynsky and Robert Vandenberg

FOR IMMEDIATE RELEASE
September 23, 2005

REGINA V. DISCOVERY BIOTECH, HOWARD RASH, OREST LOZYNSKY AND ROBERT VANDENBERG

TORONTO – Following a judicial pre-trial held September 21, 2005 before the Honourable Mr. Justice Bigelow of the Ontario Court of Justice, a trial date has now been set in this matter. The trial will be held in courtroom 121, Old City Hall, and is scheduled for the six week period commencing September 5, 2006, and continuing until October 13, 2006. This was the earliest period of consecutive sitting dates available to defence counsel and the court.

For Media Inquiries: Wendy Dey
Director, Communications
and Public Affairs
(416) 593-8120

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

1.3.3 Francis Jason Biller

FOR IMMEDIATE RELEASE
September 28, 2005

IN THE MATTER OF
FRANCIS JASON BILLER

TORONTO – The Ontario Securities Commission (OSC) will hold a hearing in the matter of Francis Jason Biller on September 29, 2005, commencing at 10:00 a.m. in accordance with an Amended Notice of Hearing issued on September 26, 2005. Staff of the OSC are seeking an order in the public interest that Biller be permanently removed from the capital markets in Ontario.

In February 2000, the British Columbia Securities Commission issued an order prohibiting Biller from engaging in investor relations activities for a period of 10 years as a result of his involvement in Eron Mortgage and other related companies in British Columbia. On April 5, 2005, Biller pled guilty in the British Columbia Supreme Court to four counts of fraud and one count of theft contrary to the Criminal Code of Canada in relation to his involvement in Eron Mortgage. On September 8, 2005, the British Columbia Supreme Court sentenced Biller to a term of three years imprisonment.

Copies of the Amended Notice of Hearing and Amended Statement of Allegations issued on September 26, 2005 in this matter are available on the Commission's website at **www.osc.gov.on.ca**.

For Media Inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

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

1.4 Notices from the Office of the Secretary

1.4.1 Affinity Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
September 22, 2005

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

AND

IN THE MATTER OF
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC.,
DIONYSUS INVESTMENTS LTD.,
BRIAN KEITH MCWILLIAMS, DAVID JOHN LEWIS
AND LOUIS SAPI

TORONTO – The Commission issued an Order approving the settlement agreement between Staff of the Commission and (1) Affinity Financial Group Inc., International Structured Products Inc., Affinity Restricted Securities Inc, Dionysus Investments Ltd.; (2) Brian Keith McWilliams; and (3) Louis Sapi, respectively.

A copy of the Orders and Settlement Agreements is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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 CIBC Asset Management Inc. and Natcan Investment Management Inc. - MRRS Decision

Headnote

Standard exemption from subsection 4.1(1) of National Instrument 81-102 Mutual Funds allowing dealer managed mutual funds to invest in the units of an issuer during the period and the 60 days after the period in which an affiliate of the dealer manager has acted as an underwriter in connection with the distribution of the units of the issuer.

Rule Cited

National Instrument 81-102 Mutual Funds, ss. 4.1(1), 19.1.

September 20, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NEW BRUNSWICK, NOVA
SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR,
THE NORTHWEST TERRITORIES, NUNAVUT
AND THE YUKON
(the "Jurisdictions")

AND
I
N THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
CIBC ASSET MANAGEMENT INC. AND
NATCAN INVESTMENT MANAGEMENT INC.
(the "Applicants")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Applicants (or "**Dealer Managers**"), the portfolio advisers of the mutual funds named in Appendix "A" (the "**Funds**" or "**Dealer Managed Funds**"), for a decision under section 19.1 of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") (the "**Legislation**") for:

- an exemption from subsection 4.1(1) of NI 81-102 to enable the Dealer Managed Funds to invest in the units (the "**Units**") of Morneau Sobeco Income Fund (the "**Issuer**") on the Toronto Stock Exchange (the "**TSX**") during the period of distribution for the Offering (as defined below) (the "**Distribution**") and the 60-day period following the completion of the Distribution (the "**60-Day Period**") (the Distribution and the 60-Day Period together, the "**Prohibition Period**") notwithstanding that the Dealer Managers or their associates or affiliates act or have acted as an underwriter in connection with the initial public offering (the "**Offering**") of Units of the Issuer pursuant to a preliminary prospectus filed by the Issuer and a final prospectus that the Issuer will file in accordance with the securities legislation of each of the Jurisdictions (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

(b) this MRRS decision document evidences the decision of each Decision Maker.

It is the responsibility of each of the Decision Makers to make a global assessment of the risks involved in granting exemptive relief from subsection 4.1(1) of NI 81-102 in relation to the specific facts of each application.

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* have the same meanings in this decision unless they are defined in this decision.

Representations

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

1. Each Dealer Manager is a "dealer manager" with respect to the Dealer Managed Funds, and each Dealer Managed Fund is a "dealer managed fund", as such terms are defined in section 1.1 of NI 81-102.

2. The head office of the CIBC Asset Management Inc. is in Toronto, Ontario. The head office of Natcan is in Montreal, Quebec.

3. The securities of the Dealer Managed Funds are qualified for distribution in one or more of the

provinces and territories of Canada pursuant to simplified prospectuses that have been prepared and filed in accordance with their respective securities legislation.

4. A preliminary prospectus (the "**Preliminary Prospectus**") of the Issuer dated August 24, 2005 has been filed for which an MRRS decision document evidencing receipt by the regulators in each of the provinces and territories of Canada was issued on August 24, 2005.

5. According to the Preliminary Prospectus, the Units will be priced at $10.00 per Unit. According to the Preliminary Prospectus, the Underwriters will be granted an over-allotment option (the "**Over-allotment Option**") to be exercised in full within 30 days following the closing date of the Offering (as defined below). According to the term sheet in respect of the Offering (the "**Term Sheet**"), the Offering is expected to be for approximately 18.3 million Units with the gross proceeds of the Offering expected to be approximately $183 million. Currently, closing of the Offering is expected to occur on or about September 26, 2005 (the "**Closing Date**").

6. The co-lead underwriters are BMO Nesbitt Burns Inc. and National Bank Financial Inc.

7. As disclosed in the Preliminary Prospectus, the Issuer is an open-ended trust established under the laws of Ontario to indirectly acquire and hold, through Morneau Sobeco Trust, an interest in the limited partnership units of Morneau Sobeco Group Limited Partnership ("**Morneau Sobeco Group LP**").

8. According to the Preliminary Prospectus, W.F. Morneau Services Inc. ("**Morneau Sobeco**") is the largest Canadian-owned pension and benefits consulting and outsourcing firm providing services to organizations across Canada and in the United States.

9. The Issuer will use the proceeds of the Offering to subscribe for units and Series 1 notes of the Trust. The Trust will, in turn, subscribe for Class A LP units of Morneau Sobeco Group LP. Morneau Sobeco Group LP will use these funds, together with the proceeds from certain new credit facilities, to:

   (i) pay a portion of the purchase price in connection with Morneau Sobeco Group LP's direct or indirect acquisition of the outstanding common shares in the capital of Morneau Sobeco from the current holders of shares of Morneau Sobeco;

   (ii) directly or indirectly pay the expenses of the Offerings; and

   (iii) directly or indirectly repay existing debt.

10. The Issuer, the Trust, Morneau Sobeco Group LP and the Underwriters will enter into an underwriting agreement (the "**Underwriting Agreement**") in respect of the Offering prior to the Issuer filing the final prospectus for the Offering. Pursuant to the terms of the Underwriting Agreement, the Issuer will agree to sell to the Underwriters, and the Underwriters will agree to purchase, as principals, from the Issuer all but not less than all of the Units offered under the Offering for a price of $10.00 per Unit payable in cash to the Issuer against delivery of the Units on closing.

11. According to the Term Sheet, the Issuer will be applying to list the Units that will be distributed under the final prospectus on the Toronto Stock Exchange under the symbol "MS1.VN"

12. The Preliminary Prospectus does not disclose that the Issuer is a "related issuer" of any of the Related Underwriters as defined in National Instrument 33-105 – Underwriting Conflicts ("**NI 33-105**").

13. The Issuer may be considered a "connected issuer", as defined in NI 33-105, of certain of the Related Underwriters for the reasons set forth in the Preliminary Prospectus. As disclosed in the Preliminary Prospectus, the Canadian chartered bank affiliate of National Bank Financial Inc. has agreed to make credit facilities available to Morneau Sobeco Group LP. Consequently, the Issuer may be considered to be a "connected issuer" of National Bank Financial Inc. under applicable Canadian securities legislation.

14. The Dealer Managed Funds are not required or obligated to purchase any Units during the Prohibition Period.

15. Despite the affiliation between the Dealer Managers and their Related Underwriters, they operate independently of each other. In particular, the investment banking and related dealer activities of the Related Underwriters and the investment portfolio management activities of the Dealer Managers are separated by "ethical" walls. Accordingly, no information flows from one to the other concerning their respective business operations or activities generally, except in the following or similar circumstances:

   (a) in respect of compliance matters (for example, a Dealer Manager and its Related Underwriter may communicate to enable the Dealer Manager to maintain an up to date restricted-issuer list to ensure that the Dealer Manager complies with applicable securities laws); and the Purchase

(b) a Dealer Manager and its Related Underwriter may share general market information such as discussion on general economic conditions, bank rates, etc.

16. The Dealer Managers may cause the Dealer Managed Funds to invest in the Units during the Prohibition Period. Any purchase of the Units will be consistent with the investment objectives of the Dealer Managed Fund and represent the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund or in fact be in the best interests of the Dealer Managed Fund.

17. To the extent that the same portfolio manager or team of portfolio managers of a Dealer Manager manages two or more Dealer Managed Funds and other client accounts that are managed on a discretionary basis (the "**Managed Accounts**"), the Units purchased for them will be allocated:

(a) in accordance with the allocation factors or criteria stated in the written policies or procedures put in place by the Dealer Manager for its Dealer Managed Funds and Managed Accounts, and

(b) taking into account the amount of cash available to each Dealer Managed Fund for investment.

18. There will be an independent committee (the "**Independent Committee**") appointed in respect of each Dealer Managed Fund to review each Dealer Managed Fund's investments in the Units during the Prohibition Period.

19. The Independent Committee will have at least three members and every member must be independent. A member of the Independent Committee is not independent if the member has a direct or indirect material relationship with its Dealer Manager, the Dealer Managed Fund, or any affiliate or associate thereof. For the purpose of this Decision, a material relationship means a relationship which could, in the view of a reasonable person, reasonably interfere with the exercise of the member's independent judgment regarding conflicts of interest facing the Dealer Manager.

20. The members of the Independent Committee will exercise their powers and discharge their duties honestly, in good faith, and in the best interests of investors in its Dealer Managed Funds and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

21. Each Applicant, in respect of its Dealer Managed Funds, will notify a member of staff in the Investment Funds Branch of the Decision Maker in Ontario, in writing of any SEDAR Report (as defined below) filed on SEDAR, as soon as practicable after the filing of such a report, and the notice shall include the SEDAR project number of the SEDAR Report and the date on which it was filed.

22. Each Dealer Manager has not been involved in the work of its Related Underwriter and each Related Underwriter has not been and will not be involved in the decisions of its Dealer Manager as to whether the Dealer Manager's Dealer Managed Funds will purchase Units during the Prohibition Period.

Decision

Each of the Decision Makers has assessed the conflict of interest risks associated with granting an exemption in this instance from subsection 4.1(1) of NI 81-102 and is satisfied that, at the time this Decision is granted, the potential risks are sufficiently mitigated.

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.

The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted, notwithstanding that the Related Underwriters act or have acted as underwriters in the Offering provided that, in respect of each Dealer Manager and its Dealer Managed Funds, independent of any of the other Applicants and their Dealer Managed Funds, the following conditions are satisfied:

I. At the time of each purchase (the "**Purchase**") of Units by a Dealer Managed Fund pursuant to this Decision, the following conditions are satisfied:

(a) the Purchase

(i) represents the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

(ii) is, in fact, in the best interests of the Dealer Managed Fund;

(b) the Purchase is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus; and

(c) the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with its Related Underwriter;

II. Prior to effecting any Purchase pursuant to this Decision, the Dealer Managed Fund has in place written policies or procedures to ensure that,

(a) there is compliance with the conditions of this Decision; and

(b) in connection with any Purchase,

(i) there are stated factors or criteria for allocating the Units purchased for two or more Dealer Managed Funds and other Managed Accounts, and

(ii) there is full documentation of the reasons for any allocation to a Dealer Managed Fund or Managed Account that departs from the stated allocation factors or criteria;

III. The Dealer Manager does not accept solicitation by its Related Underwriter for the Purchase of Units for the Dealer Managed Funds;

IV. The Related Underwriter does not purchase Units in the Offering for its own account except Units sold by the Related Underwriter on Closing;

V. Each Dealer Managed Fund has an Independent Committee to review the Dealer Managed Funds' investments in the Units during the Prohibition Period;

VI. The Independent Committee has a written mandate describing its duties and standard of care which, as a minimum, sets out the conditions of this Decision;

VII. The members of the Independent Committee exercise their powers and discharge their duties honestly, in good faith, and in the best interests of investors in the Dealer Managed Funds and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

VIII. The Dealer Managed Fund does not relieve the members of the Independent Committee from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph VII above;

IX. The Dealer Managed Fund does not incur the cost of any portion of liability insurance that insures a member of the Independent Committee for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph VII above;

X. The cost of any indemnification or insurance coverage paid for by the Dealer Manager, any portfolio manager of the Dealer Managed Funds, or any associate or affiliate of the Dealer Manager or any portfolio manager of the Dealer Managed Funds to indemnify or insure the members of the Independent Committee in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph VII above is not paid either directly or indirectly by the Dealer Managed Funds;

XI. The Dealer Manager files a certified report on SEDAR (the "**SEDAR Report**") in respect of each Dealer Managed Fund, no later than 30 days after the end of the Prohibition Period, that contains a certification by the Dealer Manager that contains:

(a) the following particulars of each Purchase:

(i) the number of Units purchased by the Dealer Managed Funds;

(ii) the date of the Purchase and purchase price;

(iii) whether it is known whether any underwriter or syndicate member has engaged in market stabilization activities in respect of the Units;

(iv) if the Units were purchased for two or more Dealer Managed Funds and other Managed Accounts of the Dealer Manager, the aggregate amount so

purchased and the percentage of such aggregate amount that was allocated to each Dealer Managed Fund; and

(v) the dealer from whom the Dealer Managed Fund purchased the Units and the fees or commissions, if any, paid by the Dealer Managed Fund in respect of such Purchase;

(b) a certification by the Dealer Manager that the Purchase:

(i) was made free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(ii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interest of the Dealer Managed Fund, or

(iii) was, in fact, in the best interests of the Dealer Managed Fund;

(c) confirmation of the existence of the Independent Committee to review the Purchase of the Units by the Dealer Managed Funds, the names of the members of the Independent Committee, the fact that they meet the independence requirements set forth in this Decision, and whether and how they were compensated for their review;

(d) a certification by each member of the Independent Committee that after reasonable inquiry the member formed the opinion that the policies and procedures referred to in Condition II(a) above are adequate and effective to ensure compliance with this Decision and that the decision made on behalf of each Dealer Managed Fund by the Dealer Manager to purchase Units for the Dealer Managed Funds and each Purchase by the Dealer Managed Fund:

(i) was made in compliance with the conditions of this Decision;

(ii) was made by the Dealer Manager free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(iii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

(iv) was, in fact, in the best interests of the Dealer Managed Fund.

XII. The Independent Committee advises the Decision Makers in writing of:

(a) any determination by it that the condition set out in paragraph XI(d) has not been satisfied with respect to any Purchase of the Units by a Dealer Managed Fund;

(b) any determination by it that any other condition of this Decision has not been satisfied;

(c) any action it has taken or proposes to take following the determinations referred to above; and

(d) any action taken, or proposed to be taken, by the Dealer Manager or a portfolio manager of a Dealer Managed Fund, in

response to the determinations referred to above.

XIII. For Purchases of Units during the Distribution only, the Dealer Manager:

(a) expresses an interest to purchase on behalf of Dealer Managed Funds and Managed Accounts a fixed number of Units (the "**Fixed Number**") to an Underwriter other than its Related Underwriter;

(b) agrees to purchase the Fixed Number or such lesser amount as has been allocated to the Dealer Manager no more than five (5) business days after the final prospectus has been filed;

(c) does not place an order with an underwriter of the Offering to purchase an additional number of Units under the Offering prior to the completion of the Distribution, provided that if the Dealer Manager was allocated less than the Fixed Number at the time the final prospectus was filed for the purposes of the Closing, the Dealer Manager may place an additional order for such number of additional Units equal to the difference between the Fixed Number and the number of Units allotted to the Dealer Manager at the time of the final prospectus in the event the Underwriters exercise the over-allotment option as described in the Preliminary Prospectus; and

(d) does not sell Units purchased by the Dealer Manager under the Offering, prior to the listing of such Units on the TSX.

XIV. Each Purchase of Units during the 60-Day Period is made on the TSX; and

XV. For Purchases of Units during the 60-Day Period only, an underwriter provides to the Dealer Manager written confirmation that the "dealer restricted period" in respect of the Offering, as defined in Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, has ended.

"Leslie Byberg"
Manager
Investment Funds Branch

APPENDIX A
THE MUTUAL FUNDS

Frontiers® Pools
Frontiers Canadian Equity Pool
Frontiers Canadian Monthly Income Pool

Renaissance Mutual Funds
Renaissance Canadian Balanced Fund

The Talvest Funds
Talvest Millennium High Income Fund
Talvest Millennium Next Generation Fund

Altamira Funds
AltaFund Investment Corp.
Altamira Dividend Fund Inc.
Altamira Monthly Income Fund

National Bank Mutual Funds
National Bank Dividend Fund
National Bank Monthly Income Fund

2.1.2 Teal Energy Inc. - MRRS Decision

Headnote

Mutual Reliance Review System - Take-over bid – Relief from the prohibition against collateral benefits. Employment agreements entered into with certain selling security holders who are also senior officers of the target company. Agreements negotiated at arm's length and on commercially reasonable terms. Agreements entered into for reasons other than to increase the value of the consideration paid to the selling security holders for their shares. Agreements may be entered into despite the prohibition against collateral benefits.

Applicable Ontario Statutory Provisions

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

Citation: Teal Energy Inc., 2005 ABASC 757

September 16, 2005

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

AND

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

AND

IN THE MATTER OF
TEAL ENERGY INC. (THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that, in connection with the offer (Offer) by the Filer to acquire all of the issued and outstanding common shares (GE Shares) and options (the GE Options) of Golden Eagle Energy Ltd. (Golden Eagle), the Employment Agreements (as defined below) are being made for reasons other than to increase the value of the consideration paid for those GE Shares and GE Options (collectively, the GE Securities) that are owned or controlled by the Management Security Holders (as defined below) and may be entered into notwithstanding the requirements contained in the Legislation which prohibit, in the context of a take-over bid, the entering into of any collateral agreement, com-

mitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner consideration of greater value than that offered to holders of the same class of securities (the Requested Relief).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the MRRS):

2.1 the Alberta Securities Commission is the principal regulator for this application, and

2.2 the MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

4.1 The Filer was incorporated pursuant to the *Business Corporations Act* (Alberta) (the ABCA) on January 27, 1998.

4.2 The Filer's head office is located in Calgary, Alberta.

4.3 The Filer is not a reporting issuer in any jurisdiction of Canada and none of its securities are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation.

4.4 Golden Eagle was amalgamated pursuant to the ABCA on June 15, 2004.

4.5 Golden Eagle's head office is located in Calgary, Alberta.

4.6 Golden Eagle is not a reporting issuer in any jurisdiction of Canada and none of its securities are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation.

4.7 Golden Eagle has the following securities issued and outstanding as at September 7, 2005:

4.7.1 20,539,893 GE Shares, and

4.7.2 1,731,176 GE Options, each exercisable into one GE Share.

4.8 Pursuant to the terms of a pre-acquisition agreement dated July 25, 2005, as amended, between the Filer and Golden Eagle (the Pre-Acquisition Agreement), the Filer agreed with Golden Eagle that it would make the Offer pursuant to a securities exchange take-over bid.

4.9 The Offer was made by way of a take-over bid circular prepared in accordance with the Legislation (the TOB Circular) and mailed to all holders of GE Securities (the GE Security Holders) on August 26, 2005. The expiry date of the Offer is September 30, 2005.

4.10 The Offer is conditional on, among other things, there being validly deposited under the Offer and not withdrawn at the expiry time of the Offer at least 66 2/3% of the GE Securities.

4.11 The Filer has entered into lock-up agreements with Dr. R.C. (Bob) Mummery, Vice President, Exploration, of Golden Eagle (Mummery); Michael J. O'Byrne, Vice President, Land, of Golden Eagle (O'Byrne); Ronald B. Kinniburgh, Vice President and Chief Operating Officer of GE (Kinniburgh); C. Michael Ryer; Craig Steinke; Robert D. Penner; Ron Hietala; and Brian Lamb (collectively, the Locked-Up Shareholders), pursuant to which the Locked-Up Shareholders, who collectively represent approximately 36.5% of the GE Shares and approximately 95.1% of the GE Options, have agreed to tender all of their GE Securities to the Offer.

4.12 The Filer has entered into employment agreements (Employment Agreements) with each of Mummery, O'Byrne and Kinniburgh (the Management Security Holders) that will become effective upon the closing of the Offer (the Effective Date) at which time Mummery will be the Vice President, Exploration, of Teal; O'Byrne will be the Vice President, Land, of Teal; and Kinniburgh will be the Vice President, the Chief Operating Officer and a director of Teal.

4.13 The Employment Agreements provide that each of the Management Security Holders will receive a salary of $120,000 for each year they are employed by the Filer and they will remain employed by the Filer until such time as the Employment Agreements are terminated by either the Filer or the Management Security Holders in accordance with the

provisions of the Employment Agreements.

4.14 The Employment Agreements also provide for commercially reasonable severance packages and a two-year restrictive covenant in the event that the Employment Agreements are terminated.

4.15 The Management Security Holders collectively hold an aggregate of 4,200,050 GE Shares representing approximately 20.4% of the issued and outstanding GE Shares and an aggregate of 1,167,132 of the GE Options representing approximately 67.4% of the issued and outstanding GE Options. Mummery and O'Byrne each individually hold 1,433,350 GE Shares and Kinniburgh holds 1,333,350 GE Shares. Each of the Management Security Holders individually holds 389,044 GE Options.

4.16 The purpose of entering into the Employment Agreements is to provide the Filer with a management team as it continues after the Effective Date and the Filer believes that the Management Security Holders' role with the Filer following the Effective Date is critical to the successful operation of the Filer.

4.17 Although the salaries to be paid to each of the Management Security Holders pursuant to the Employment Agreements are 25% greater than the salaries paid to them by Golden Eagle, the Filer believes that, since the Filer is a significantly larger entity and due to current market conditions in the oil and gas industry, the Employment Agreements are consistent with current industry practice and provide an incentive for the Management Security Holders to enter into the employment of the Filer following completion of the Offer.

4.18 The Filer would not have entered into the Pre-Acquisition Agreement if the Management Security Holders had not agreed to enter into the Employment Agreements.

4.19 The terms of the Employment Agreements have been negotiated at arm's length and on terms and conditions that are commercially reasonable.

4.20 The Employment Agreements have been made for valid business reasons unrelated to the Management Security Holders' holdings of GE Securities and not for the purpose of conferring an economic or collateral benefit that the other GE Security Holders do not enjoy or to increase the value of the consideration to be paid to the Management Security Holders for their GE Securities tendered under the Offer.

4.21 The receipt by the Management Security Holders' compensation pursuant to the Employment Agreements is not conditional upon their support of the Offer.

4.22 The existence of the Employment Agreements was disclosed in the TOB Circular and the directors' circular of GE dated August 26, 2005.

Decision

5. 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.

6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

"Glenda A. Campbell", Q.C.
Vice-Chair
Alberta Securities Commission

"Stephen R. Murison"
Vice-Chair
Alberta Securities Commission

2.1.3 Psion Canada Inc. - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

September 23, 2005

Bryce Kraeker
Gowling Lafleur Henderson LLP
Suite 2010
50 Queen Street West
Kitchener, ON N2H 6M2

Dear Mr. Kraeker:

Re: Psion Canada Inc. (the "Applicant") – Application to Cease to be a Reporting Issuer under the securities legislation of each the Provinces of Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec and Saskatchewan (collectively, the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- the Applicant is not in default of any of its obligations under the Legislature as a reporting issuer,

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

"Cameron McInnis"
Manager, Corporate Finance

2.1.4 TD Canadian Government Bond Index Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application – Extension of distribution beyond lapse date for certain funds until the effective date of the terminations or mergers of the funds.

In Ontario, application pursuant to s.6.1 of OSC Rule 13-502 Fees – exemption from requirement to pay activity fee of $5,500 in connection with an application brought under s.147 of the Act because the application is in substance an application for a lapse date extension under s.62(5) of the Act to which an activity fee of only $1,500 should apply.

September 22, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR,
YUKON AND NUNAVUT
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
TD CANADIAN GOVERNMENT BOND INDEX FUND,
TD INTERNATIONAL GROWTH FUND,
TD U.S. BLUE CHIP EQUITY RSP FUND,
TD GLOBAL SELECT RSP FUND,
TD EUROPEAN GROWTH RSP FUND,
TD EMERGING MARKETS RSP FUND,
TD HEALTH SCIENCES RSP FUND,
TD ENTERTAINMENT & COMMUNICATIONS RSP FUND
AND
TD SCIENCE & TECHNOLOGY RSP FUND
(the TD Funds)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application (the **Application**) from TD Asset Management Inc. (**TDAM**) dated August 22, 2005, for a decision pursuant to securities legislation of the Jurisdictions (the **Legislation**) that the time limits pertaining to the distribution of securities under the current simplified prospectuses and annual information forms of the TD Funds dated October 1, 2004, as amended from time to time (the **TD Prospectuses**), be extended to permit the continued distribution of securities of the TD Funds until the effective date of the Mergers (as defined below) or Terminations (as defined below), as applicable, which shall be no later than October 31, 2005 (the **Lapse Date Relief**).

The Ontario Securities Commission (the **OSC**) has also received an application (the **Fee Relief Application**) for a decision pursuant to Ontario securities legislation that an exemption be granted from the requirement to pay an activity fee of $5,500 in connection with the Application in accordance with item E(1) of Appendix C of Ontario Securities Commission Rule 13-502, on the condition that fees be paid on the basis that the Application be treated as an application for other regulatory relief under item E(3) of Appendix C of Rule 13-502 and an exemption from the requirement to pay an activity fee of $1,500 in connection with the Fee Relief Application (collectively, the **Fee Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the OSC is the principal regulator for the Application, and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

1. TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank and is registered under the *Securities Act* (Ontario) (the **Act**) as an adviser in the categories of investment counsel and portfolio manager and as a limited market dealer and under the *Commodity Futures Act* (Ontario) in the category of commodity trading manager.

2. TDAM is the manager of the TD Funds. Each of the TD Funds is a trust established under the laws of Ontario and is a reporting issuer as defined in the securities legislation of each province and territory of Canada and is not in default of any of the requirements of such legislation. Each of the TD Funds currently distributes its securities in each of the Jurisdictions on a continuous basis pursuant to the TD Prospectuses. The TD Prospectuses were prepared and filed in accordance with Canadian securities regulatory requirements (SEDAR project nos. 818661 and 818876).

3. The earliest lapse date of the TD Prospectuses under the Legislation is October 1, 2005.

4. There have been no material changes in the affairs of any of the TD Funds since the filing of the TD Prospectuses, other than those for which amendments have been filed or for which amendments are not required under the terms of relief granted by the Decision Makers. Accordingly, the TD Prospectuses represent current information regarding each of the TD Funds.

5. Pursuant to relief previously granted by the Decision Makers, on or before October 31, 2005, TDAM intends to terminate TD U.S. Blue Chip Equity RSP Fund, TD Global Select RSP Fund, TD European Growth RSP Fund, TD Emerging Markets RSP Fund, TD Health Sciences RSP Fund, TD Entertainment & Communications RSP Fund and TD Science & Technology RSP Fund (the **Terminations**). In accordance with the regulatory approval, TDAM issued a press release in connection with the Terminations on July 21, 2005.

6. Subject to regulatory and unitholder approval; which were granted on July 28, 2005 and August 24, 2005 respectively, on or about October 7, 2005, TDAM intends to merge TD Canadian Government Bond Index Fund and TD International Growth Fund with other mutual funds managed by TDAM (the **Mergers**). Amendments to the TD Prospectus, material change reports and press releases were filed on July 6, 2005.

7. The Terminations and Mergers will be effected in accordance with the requirements of National Instrument 81-102 and any applicable regulatory relief.

8. On August 15, 2005, renewal prospectuses were filed by TDAM for the mutual funds distributing securities under the TD Prospectuses not the subject matter of the Terminations or Mergers.

9. If the Lapse Date Relief in respect of the TD Funds is not granted, TDAM will be required to file a renewal prospectus for the TD Funds, notwithstanding that the TD Funds will be terminated prior to October 31, 2005. The financial costs and time involved in producing, filing, and printing prospectuses for the TD Funds would be unduly costly. It may also cause confusion among investors who may assume that the TD Funds continue to be available for purchase after the effective date of the Terminations or Mergers.

10. The requested lapse date extension will not affect the accuracy of the information in the TD Prospectuses and therefore will not be prejudicial to the public interest.

11. If TDAM were renewing the TD Prospectuses, rather than Terminating or Merging the TD Funds, it could have sought an extension of the lapse date applicable to the TD Prospectuses pursuant to subsection 62(5) of the *Securities Act* (Ontario). The activity fee in Ontario for such an application would be $1,500 in accordance with item F(3) of Appendix C of Rule 13-502.

Decision

Each of the Decision Makers is satisfied that, based on the information and representations contained in the Application and this decision that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make this decision has been met.

The decision of the Decision Makers under the Legislation is that the Lapse Date Relief is granted.

"Paul M. Moore"

"Robert L. Shirriff"

The decision of the OSC under Ontario securities legislation is that the Fee Relief is granted.

"Leslie Byberg"
Manager, Investment Funds Branch

2.1.5 Horizons BetaPro Funds - MRRS Decision

Headnote

MRRS exemption granted to commodity pools from margin deposit limit contained in paragraph 6.8(2)(c) of National Instrument 81-102. Exemption granted to permit commodity pools to invest in derivatives in the U.S. through their portfolio manager that, in turn, will use U.S. dealers. Exemption conditional on the amount of margin deposited not exceeding 20% of the net assets of the fund and on all margin deposited with U.S. dealers being held in segregated accounts.

Rules Cited

National Instrument 81-102 - Mutual Funds, ss. 6.8(2)(c), 19.1

September 22, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NEW BRUNSWICK, NOVA SCOTIA, and PRINCE EDWARD ISLAND
(the "Jurisdictions")

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS (NI 81-102)

AND

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

AND

IN THE MATTER OF
HORIZONS BETAPRO FUNDS

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from BetaPro Management Inc. ("BetaPro") on behalf of Horizons BetaPro Funds (collectively, the "Funds" and individually, a "Fund") for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting the Funds from the margin deposit limit contained in paragraph 6.8(2)(c) of NI 81-102 (the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

1. The Funds, a complete list of which is attached as Schedule "A", consist of 10 open-end mutual funds trusts established under the laws of Ontario. The Funds are mutual funds under the Legislation.

2. On August 3, 2005, the Funds filed a preliminary prospectus in each of the Jurisdictions.

3. Each of the Funds is a "commodity pool" under Multilateral Instrument 81-104 as the Funds have adopted fundamental investment objectives that permit them to use or invest in specified derivatives in a manner that is not permitted under NI 81-102.

4. The investment objective of each Fund is to provide daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to a multiple or the inverse (opposite) multiple of the daily performance of a particular index, security, currency or commodity (each an "Underlying Index").

5. In order to achieve its investment objective, each Fund may invest in equity and/or fixed income securities, currencies, commodities and/or financial instruments, including specified derivatives. Each Fund will apply leverage.

6. The Funds may be used by investors as part of an asset allocation or shorter term investment strategy or to create specified investment exposure (long or short) to a particular asset class or to attempt to hedge an existing investment within the portfolio. The Funds may be used independently or in combination with each other as part of an overall investment strategy.

7. BetaPro (the "Manager" or "Trustee") is the manager and trustee of the Funds, and is a corporation incorporated under the laws of Canada. The Manager's head office is located in Toronto, Ontario.

8. Jove Investment Management Inc. (the "Investment Manager") acts as the investment manager to the Funds and is a corporation incorporated under the laws of Ontario.

9. The Investment Manager has in turn retained ProFund Advisors LLC (the "Portfolio Manager"), a limited liability company organized under the laws of the State of Maryland, to make and execute investment decisions on behalf of the Funds.

10. With respect to investing that portion of the Funds' assets allocated to it by the Manager and Trustee, the Portfolio Manager primarily engages in specified derivative transactions outside of Canada.

11. Subject to the prior written approval of the Manager, the Portfolio Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of the Funds. In order to facilitate specified derivatives transactions outside of Canada, the Funds have established, or intend to establish, accounts (each an "Account") with futures commissions merchants ("Dealers") in the United States of America.

12. All Dealers are registered with the Commodity Futures Trading Commission in the United States and are required to segregate all assets held on behalf of clients, including the Funds. The Dealers are subject to regulatory audits and have insurance to guard against employee fraud. The Dealers each have a net worth, determined from their most recent audited financial statements that have been made public, in excess of the equivalent of $50 million.

13. The Dealers are members of the clearing corporations and exchanges that the standardized futures in the portfolio of the Funds are primarily traded through. The clearing corporation is obliged to apply its surplus funds and the security deposits of its members to reimburse funds owed to clients from failed members.

14. The Dealers require, for each Account, that cash and/or government securities be deposited with the Dealer(s) as collateral for specified derivatives transactions ("Margin"). Margin represents the minimum amount of funds that must be deposited with a Dealer to initiate trading in specified derivatives transactions or to maintain the Dealer's open position in standardized futures.

15. Dealers are required to hold all Margin including cash and government securities in segregated accounts and the Margin is not available to satisfy claims against the Dealer made by parties other than the Funds.

16. Margin will be deposited with Dealers in respect of standardized futures traded on exchanges.

17. Levels of Margin are established at the Dealers discretion.

18. The use of Margin allows the Funds to use leverage to invest in standardized futures more extensively than if no leverage was used.

19. The use of leverage is in accordance with the investment objectives of, and the use of investment restrictions adopted by, the Funds.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make this decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted so long as:

(a) the amount of Margin deposited does not, when aggregated with the amount of Margin already held by the Dealer on behalf of a Fund, exceed 20% of the net assets of the Fund, taken at market value as at the time of the deposit; and

(b) all Margin deposited with Dealers is held in segregated accounts and is not available to satisfy claims against the Dealer made by parties other than BetaPro or the Funds.

"Rhonda Goldberg"
Assistant Manager, Investment Funds

SCHEDULE A

Horizons BetaPro S&P/TSX 60® Bull Plus Fund
Horizons BetaPro S&P/TSX 60® Bear Plus Fund
Horizons BetaPro NASDAQ-100® Bull Plus Fund
Horizons BetaPro NASDAQ-100® Bear Plus Fund
Horizons BetaPro Canadian Bond Bull Plus Fund
Horizons BetaPro Canadian Bond Bear Plus Fund
Horizons BetaPro U.S. Dollar Bull Plus Fund
Horizons BetaPro U.S. Dollar Bear Plus Fund
Horizons BetaPro Crude Oil Bull Plus Fund
Horizons BetaPro Crude Oil Bear Plus Fund

2.1.6 Highpine Energy Ltd. - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

September 7, 2005

Burnet, Duckworth & Palmer
1400, 350 - 7 Avenue SW
Calgary, AB T2P 3N9

Attention: James Kidd

Dear Sir:

Re: Highpine Energy Ltd. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;

3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

Relief requested granted on the 7th day of September, 2005.

"Marsha M. Manolescu"
Deputy Director, Legislation
Alberta Securities Commission

2.1.7 Acetex Corporation - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

September 15, 2005

Osler, Hoskin & Harcourt LLP
1900, 333 - 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

Attention: Simon Baines

Dear Sir:

Re: Acetex Corporation (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

Relief requested granted on the 15th day of September, 2005.

"Blaine Young"
Director, Legal Services & Policy Development
Alberta Securities Commission

2.1.8 Goose River Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application – issuer deemed to have ceased to be a reporting issuer when in default of certain of its continuous disclosure filing obligations as a reporting issuer.

Ontario Statutes

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

September 27, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, ONTARIO AND NOVA SCOTIA (THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
GOOSE RIVER RESOURCES LTD. (THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be deemed to have ceased to be a reporting issuer (the Requested Relief).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the MRRS):

   2.1 the Alberta Securities Commission is the principal regulator for this application, and

   2.2 this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

   4.1 The Filer was incorporated under the *Business Corporations Act* (Alberta) on May 24, 2000.

   4.2 The Filer's head office is in Calgary, Alberta.

   4.3 The Filer is a reporting issuer in each of the Jurisdictions and ceased to be a reporting issuer in British Columbia on September 2, 2005.

   4.4 Upon completion of a plan of arrangement involving the Filer, SignalEnergy Inc. (Signal) and G2 Resources Ltd., Signal acquired all of the issued and outstanding common shares of the Filer.

   4.5 The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada.

   4.6 No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation.

   4.7 The Filer is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer.

   4.8 The Filer is not in default of any of its obligations under the Legislation as a reporting issuer other than the requirement to file interim financial statements for the financial period ended June 30, 2005.

Decision

5. 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.

6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

"Blaine Young"
Director, Legal Services & Policy Development
Alberta Securities Commission

2.2 Orders

2.2.1 Affinity Financial Group Inc. et al. - ss. 127, 127.1

September 21, 2005

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

AND

IN THE MATTER OF
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC.,
DIONYSUS INVESTMENTS LTD.,
BRIAN KEITH MCWILLIAMS, DAVID JOHN LEWIS
AND LOUIS SAPI

ORDER

WHEREAS on September 19, 2005 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S-5, as amended (the "Act") in respect of Affinity Financial Group Inc. ("Affinity"), International Structured Products Inc. ("ISP"), Affinity Restricted Securities Inc. ("ARS"), Dionysus Investments Ltd. ("Dionysus"), Brian Keith McWilliams, David John Lewis and Louis Sapi;

AND WHEREAS Affinity, ISP, ARS and Dionysus (together, the "Affinity Respondents") entered into a settlement agreement with Staff of the Commission dated September 19, 2005 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for the Affinity Respondents and from counsel for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS THEREFORE ORDERED THAT:

1. the Settlement Agreement dated September 19, 2005 attached to this Order is approved;

2. pursuant to clause 1 of subsection 127(1) of the Act, the registration of ISP under Ontario securities law is terminated;

3. pursuant to clause 2 of subsection 127(1) of the Act, the Affinity Respondents are permanently prohibited from trading in securities; and

4. pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to the Affinity Respondents permanently.

"Robert L. Shirriff"

"Carol S. Perry"

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

AND

IN THE MATTER OF
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC.,
DIONYSUS INVESTMENTS LTD.,
BRIAN KEITH MCWILLIAMS, DAVID JOHN LEWIS
AND LOUIS SAPI

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC. AND
DIONYSUS INVESTMENTS LTD.

I. INTRODUCTION

1. In a notice of hearing and statement of allegations to be issued, (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") will announce that it proposes to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act"), it is in the public interest for the Commission to make an order:

   (a) that this Settlement Agreement be approved;

   (b) that the registration of International Structured Products Inc. ("ISP"), Brian Keith McWilliams ("McWilliams") and David John Lewis ("Lewis") be terminated;

   (c) that trading in any securities by Affinity Financial Group Inc, ("Affinity"), ISP, Affinity Restricted Securities Inc. ("ARS") and Dionysus Investments Ltd. ("Dionysus"), cease permanently;

   (d) that the exemptions contained in Ontario securities law do not apply to Affinity, ISP, ARS and Dionysus permanently;

   (e) that McWilliams, Lewis and Louis Sapi ("Sapi") be required to resign any positions that they hold as a director or officer of a registrant;

   (f) that McWilliams, Lewis and Sapi be permanently prohibited from acting as a director or officer of a registrant; and

(g) that McWilliams, Lewis and Sapi be required to pay the costs of the investigation of this matter.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding initiated in respect of Affinity, ISP, ARS and Dionysus (together, the "Affinity Respondents") by the Notice of Hearing in accordance with the terms and conditions set out below. The Affinity Respondents consent to the making of an order against them in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgment

3. For the purposes of this settlement agreement only, the Affinity Respondents agree with the facts set out in this Part III.

Factual Background

The Affinity Respondents

4. Affinity is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario.

5. ISP, formerly Affinity Capital Markets Inc., is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario. Under the name Affinity Capital Markets Inc., ISP was registered with the Commission as a Dealer in the category of Limited Market Dealer from August 28, 2000 to August 28, 2002.

6. ARS is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario. ARS has never been registered with the Commission.

7. Dionysus is a company incorporated in the Bahamas. Dionysus has never been registered with the Commission. Dionysus was struck off the companies register of the Bahamas on May 3, 2004.

8. ISP and ARS are direct and indirect wholly-owned subsidiaries of Affinity. Affinity is jointly owned by McWilliams, Lewis and Sapi.

9. Affinity had a number of other subsidiaries and related companies, including Dionysus. These companies provided financial planning and reporting services to their clients and sold mutual funds and insurance products.

The Individual Respondents

10. McWilliams is an individual who was registered with the Commission as a Salesperson in the category of Limited Market Dealer between August 28, 2000 and December 31, 2002. At all material times, he was the Treasurer, Secretary and a Director of Affinity. He was also the President and a Director of ISP, and the President and a Director of ARS.

11. Lewis is an individual who was registered with the Commission as a Salesperson in the category of Mutual Fund Dealer from April 13, 1993 to May 6, 2002 and in the category of Limited Market Dealer from April 13, 1993 to December 31, 2002. At all material times, he was the President and a Director of Affinity. He was also the Secretary, Treasurer and a Director of ISP, and the Vice-President, Secretary, Treasurer and a Director of ARS.

12. Sapi is an individual who has never been registered with the Commission. He was a Director of ARS from March 30, 2001 to July 6, 2001. He was a Director of Affinity at all material times.

The Rule 144 Loan Program

13. In the period between October 1998 and June 2002 (the "Material Period") ISP and then ARS and Dionysus (collectively, "ARS") solicited their clients to invest in a program where their funds would be used to make loans to insiders of reporting issuers located in the United States. The insiders would pledge restricted securities of the issuer as collateral for the loans. Clients would receive either the interest payments on the loans or the proceeds of the sale of the restricted securities in return for their investment. This was referred to as the Rule 144 Loan Program.

14. The Rule 144 Loan Program was established, managed and operated by a company named American Financial Group ("AFG") that operated out of Miami, Florida and its principal David Siegel ("Siegel") (collectively, the "Americans").

15. ARS' marketing materials relating to the Rule 144 Loan Program stated that "[ARS], at its discretion, may determine to which deals and to what amount, an investor's funds will be allocated". They further stated that "[i]nvestors will have no right to participate in the management of any of the investment programs, and each investor must be willing to entrust all aspects of the management of his investments to [ARS]".

16. ARS executed an Investment Advisory Agreement with its clients who invested in the Rule 144 Loan Program. This agreement authorized ARS to "continuously review, supervise and administer the

investment programs of the [i]nvestor, to determine in the discretion of [ARS] the assets to be held uninvested". It further stated that "the investment and reinvestment of the assets of the [i]nvestor, including the purchase or sale of any securities or the borrowing of any funds on behalf of the [i]nvestor…shall be exclusively within the control and discretion of [ARS]".

17. As noted above, the Rule 144 Loan Program was managed by the Americans. The Americans provided ARS with monthly statements for each investor. ARS prepared monthly account statements on its letterhead for its clients based solely on information provided to it by the Americans.

18. ARS employed sales representatives, all of whom were licensed as mutual fund salespeople and/or limited market dealers, to promote the Rule 144 Loan Program to its clients.

19. During the Material Period, at least 161 of ARS' clients invested at least $30,937,941 in the Rule 144 Loan Program. ARS thereby acted as an adviser without registration, contrary to section 25(1)(c) of the Act.

Disclosure and Due Diligence

20. ARS orally disclosed to most of its clients that the Americans, and in particular Siegel, would select and administer the Rule 144 loans and would make all Rule 144 Loan Program investment decisions.

21. Before beginning to solicit its clients for the Rule 144 Loan Program, ARS reviewed AFG's history with the Rule 144 Loan Program and its history with other investments. ARS did not research Siegel's regulatory status or history. Siegel had previously been enjoined as a result of an enforcement action brought by the United States Securities and Exchange Commission (the "SEC") in response to his participation in a stock manipulation scheme.

ARS' Commissions and Fees from the Rule 144 Loan Program

22. ARS' clients were charged an initial commission of between 0% and 3% of the money invested in the Rule 144 Loan Program. This commission was disclosed to ARS' clients in its marketing materials. ARS represents that its sales agents received 75% of this commission and ARS received the remaining 25%.

23. The Rule 144 Loan Program generated earnings in two ways. If a loan was repaid partially or in full, all of the interest paid by the borrower was transferred directly to ARS' client. If a loan went into default, 80% of the gain generated on the disposition of the share collateral was paid to ARS' client, 10% was retained by the Americans and 10% was paid to ARS. This fee was titled a "performance fee" and was disclosed to ARS' clients in the Investment Advisory Agreement.

24. ARS also received a "loan origination fee" from the Americans for every investment in the Rule 144 Loan Program made by its clients. ARS represents that it believed that this fee was paid out of the money earned by the Americans in the Rule 144 Loan Program and not from its clients' investments in the program.

25. ARS represents that it received approximately $1,336,000 from loan origination fees, performance fees and commissions during the Material Period. Of this amount, ARS represents that it paid at least $395,000 to brokers and referring companies. In total, ARS represents that it earned net proceeds of approximately $950,000.

Outcome of the Rule 144 Loan Program

26. On June 19, 2002, ARS was advised by AFG that Siegel had gone missing and had taken all records relating to the Rule 144 Loan Program with him. Three days later, McWilliams and Lewis flew to Florida to investigate the situation. The FBI was contacted as were securities regulators, including the Ontario Securities Commission.

27. When Siegel was finally located several weeks later, he stated that he had lost investor funds through poor hedging strategies and general mismanagement of the Rule 144 loans. Siegel also stated he had provided false statements to ARS while he tried to "trade his way out of trouble".

28. On July 24, 2002, the SEC initiated enforcement proceedings against the Americans, and later secured the appointment of a Receiver to attempt to recover the proceeds of the Rule 144 Loan Program.

29. On January 27, 2005, the Receiver stated in a report to investors that Siegel may have lost the majority of their funds through bad loans and bad stock purchases. The Receiver also stated that despite Siegel's representations that he was selling shares short to offset the shares taken as collateral for the loans, there were very few short sales actually made. The Receiver also stated that although Siegel represented to investors and their reporting agents [such as ARS] that he was selling the shares held as collateral at a profit, this was not the case.

30. On March 28, 2005, the SEC obtained a final judgment against Siegel affirming his violations of US securities laws in the course of the Rule 144 Loan Program, barring him from acting as a

director or officer of any issuer, and requiring him to pay disgorgement as well as interest and civil penalties.

31. At the date of this agreement, the court-appointed Receiver is continuing his efforts to locate and redistribute the investor funds entrusted to Siegel and AFG through the Rule 144 Loan Program. No funds have been redistributed, and the receiver has informed investors that they should expect to receive "very little, if anything" from his efforts.

32. The Affinity Respondents represent that, as a result of the collapse of the Rule 144 Loan Program, they have ceased carrying on business and are now dormant. They represent that they do not expect to operate ever again.

IV. TERMS OF SETTLEMENT

33. The Affinity Respondents agree that it is in the public interest that the Commission make an order:

(a) requiring them to cease trading in securities permanently;

(b) establishing that the exemptions contained in Ontario securities law do not apply to them permanently; and

(c) terminating ISP's registration under Ontario securities law.

V. STAFF COMMITMENT

34. If this settlement agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of the Affinity Respondents in relation to the facts set out in Part III of this settlement agreement, subject to the provisions of paragraph 38 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

35. Approval of this settlement will be sought at a public hearing before the Commission scheduled for a date to be agreed to by Staff and the Affinity Respondents, in accordance with the procedures set out in this settlement agreement and the Commission's Rules of Practice.

36. Staff and the Affinity Respondents agree that if this settlement agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the Affinity Respondents in this matter, and the Affinity Respondents agree to waive their rights to a full hearing, judicial review or appeal of the matter under the Act.

37. Staff and the Affinity Respondents agree that if this settlement agreement is approved by the Commission, neither Staff nor the Affinity Respondents will make any public statement inconsistent with this settlement agreement.

38. If the Affinity Respondents fail to honour the agreement contained in paragraph 37 of this settlement agreement, Staff reserve the right to bring proceedings under Ontario securities law against the Affinity Respondents based on the facts set out in Part III of this settlement agreement, as well as the breach of the agreement.

39. If, for any reason whatsoever, this settlement agreement is not approved by the Commission or an order in the form attached as Schedule "A" is not made by the Commission, each of Staff and the Affinity Respondents will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing, unaffected by this agreement or the settlement negotiations.

40. Whether or not this settlement agreement is approved by the Commission, the Affinity Respondents agree that they will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

41. The terms of this settlement agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this settlement agreement is not approved by the Commission, except with the written consent of both the Affinity Respondents and Staff or as may be required by law.

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

VIII. EXECUTION OF AGREEMENT

43. This settlement agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

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

Dated this 6th day of September, 2005

Affinity Financial Group Inc.
Per:

"David Lewis"
Authorized Signing Officer

Dated this 29th day of August, 2005

International Structured Products Inc.
Per:

"Brian McWilliams"
Authorized Signing Officer

Dated this 29th day of August 2005

Affinity Restricted Securities Inc.
Per:

"Brian McWilliams"
Authorized Signing Officer

Dated this 1st day of September, 2005

Dionysus Investments Ltd.
Per:

"John E. J. King"
~~Authorized Signing Officer~~ AS ONE OF THE LAST DIRECTORS TO RESIGN FROM COMPANY PRIOR TO MAY 2004.

Dated this 19th day of September, 2005

Staff of the Ontario Securities Commission
Per:

"Michael Watson"
Director, Enforcement Branch

2.2.2 Brian Keith McWilliams - ss. 127, 127.1

September 21, 2005

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

AND

IN THE MATTER OF
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC.,
DIONYSUS INVESTMENTS LTD.,
BRIAN KEITH MCWILLIAMS, DAVID JOHN LEWIS
AND LOUIS SAPI

ORDER
BRIAN KEITH MCWILLIAMS

WHEREAS on September 19, 2005 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c.S-5, as amended (the "Act") in respect of Affinity Financial Group Inc., International Structured Products Inc., Affinity Restricted Securities Inc., Dionysus Investments Ltd., Brian Keith McWilliams ("McWilliams"), David John Lewis and Louis Sapi;

AND WHEREAS McWilliams entered into a settlement agreement with Staff of the Commission dated September 19, 2005 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for McWilliams and from counsel for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS THEREFORE ORDERED THAT:

1. the Settlement Agreement dated September 19, 2005 attached to this Order is approved;

2. pursuant to clause 1 of subsection 127(1) of the Act, McWilliams' registration under Ontario securities law is terminated;

3. pursuant to clause 7 of subsection 127(1) of the Act, McWilliams must resign any positions that he holds as a director or officer of a registrant;

4. pursuant to clause 8 of subsection 127(1) of the Act, McWilliams is permanently

prohibited from acting as a director or officer of a registrant; and

5. pursuant to section 127.1 of the Act, McWilliams must pay the sum of $10,000.00 towards the costs of the investigation of this matter.

"Robert L. Shirriff"

"Carol S. Perry"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended

and

IN THE MATTER OF
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC.,
DIONYSUS INVESTMENTS LTD.,
BRIAN KEITH MCWILLIAMS, DAVID JOHN LEWIS
AND LOUIS SAPI

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
BRIAN KEITH MCWILLIAMS

I. INTRODUCTION

1. In a notice of hearing and statement of allegations to be issued, (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") will announce that it proposes to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act"), it is in the public interest for the Commission to make an order:

   (a) that this Settlement Agreement be approved;

   (b) that the registration of International Structured Products Inc. ("ISP"), Brian Keith McWilliams ("McWilliams") and David John Lewis ("Lewis") be terminated;

   (c) that trading in any securities by Affinity Financial Group Inc, ("Affinity"), ISP, Affinity Restricted Securities Inc. ("ARS") and Dionysus Investments Ltd. ("Dionysus"), cease permanently;

   (d) that the exemptions contained in Ontario securities law do not apply to Affinity, ISP, ARS and Dionysus permanently;

   (e) that McWilliams, Lewis and Louis Sapi ("Sapi") be required to resign any positions that they hold as a director or officer of a registrant;

   (f) that McWilliams, Lewis and Sapi be permanently prohibited from acting as a director or officer of a registrant; and

   (g) that McWilliams, Lewis and Sapi be required to pay the costs of the investigation of this matter.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding initiated in respect of McWilliams by the Notice of Hearing in accordance with the terms and conditions set out below. McWilliams consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgment

3. For the purposes of this settlement agreement, McWilliams agrees with the facts set out in this Part III.

Factual Background

The Affinity Respondents

4. Affinity is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario.

5. ISP, formerly Affinity Capital Markets Inc., is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario. Under the name Affinity Capital Markets Inc., ISP was registered with the Commission as a Dealer in the category of Limited Market Dealer from August 28, 2000 to August 28, 2002.

6. ARS is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario. ARS has never been registered with the Commission.

7. Dionysus is a company incorporated in the Bahamas. Dionysus has never been registered with the Commission. Dionysus was struck off the companies register of the Bahamas on May 3, 2004.

8. ISP and ARS are direct and indirect wholly-owned subsidiaries of Affinity. Affinity is jointly owned by McWilliams, Lewis and Sapi.

9. Affinity had a number of other subsidiaries and related companies, including Dionysus. These companies provided financial planning and reporting services to their clients and sold mutual funds and insurance products.

The Individual Respondents

10. McWilliams is an individual who was registered with the Commission as a Salesperson in the category of Limited Market Dealer between August 28, 2000 and December 31, 2002. At all material times, he was the Treasurer, Secretary and a Director of Affinity. He was also the President and a Director of ISP, and the President and a Director of ARS.

11. Lewis is an individual who was registered with the Commission as a Salesperson in the category of Mutual Fund Dealer from April 13, 1993 to May 6, 2002 and in the category of Limited Market Dealer from April 13, 1993 to December 31, 2002. At all material times, he was the President and a Director of Affinity. He was also the Secretary, Treasurer and a Director of ISP, and the Vice-President, Secretary, Treasurer and a Director of ARS.

12. Sapi is an individual who has never been registered with the Commission. He was a Director of ARS from March 30, 2001 to July 6, 2001. He was a Director of Affinity at all material times.

The Rule 144 Loan Program

13. In the period between October 1998 and June 2002 (the "Material Period") ISP and then ARS and Dionysus (collectively, "ARS") solicited their clients to invest in a program where their funds would be used to make loans to insiders of reporting issuers located in the United States. The insiders would pledge restricted securities of the issuer as collateral for the loans. Clients would receive either the interest payments on the loans or the proceeds of the sale of the restricted securities in return for their investment. This was referred to as the Rule 144 Loan Program.

14. The Rule 144 Loan Program was established, managed and operated by a company named American Financial Group ("AFG") that operated out of Miami, Florida and its principal David Siegel ("Siegel") (collectively, the "Americans").

15. ARS' marketing materials relating to the Rule 144 Loan Program stated that "[ARS], at its discretion, may determine to which deals and to what amount, an investor's funds will be allocated". They further stated that "[i]nvestors will have no right to participate in the management of any of the investment programs, and each investor must be willing to entrust all aspects of the management of his investments to [ARS]".

16. ARS executed an Investment Advisory Agreement with its clients who invested in the Rule 144 Loan Program. This agreement authorized ARS to "continuously review, supervise and administer the investment programs of the [i]nvestor, to determine in the discretion of [ARS] the assets to be held uninvested". It further stated that "the investment and reinvestment of the assets of the [i]nvestor, including the purchase or sale of any securities or the borrowing of any funds on behalf

of the [i]nvestor…shall be exclusively within the control and discretion of [ARS]".

17. As noted above, the Rule 144 Loan Program was managed by the Americans. The Americans provided ARS with monthly statements for each investor. ARS prepared monthly account statements on its letterhead for its clients based solely on information provided to it by the Americans.

18. ARS employed sales representatives, all of whom were licensed as mutual fund salespeople and/or limited market dealers, to promote the Rule 144 Loan Program to its clients.

19. During the Material Period, at least 161 of ARS' clients invested at least $30,937,941 in the Rule 144 Loan Program. ARS thereby acted as an adviser without registration, contrary to section 25(1)(c) of the Act.

Disclosure and Due Diligence

20. ARS orally disclosed to most of its clients that the Americans, and in particular Siegel, would select and administer the Rule 144 loans and would make all Rule 144 Loan Program investment decisions.

21. Before beginning to solicit its clients for the Rule 144 Loan Program, ARS reviewed AFG's history with the Rule 144 Loan Program and its history with other investments. ARS did not research Siegel's regulatory status or history. Siegel had previously been enjoined as a result of an enforcement action brought by the United States Securities and Exchange Commission (the "SEC") in response to his participation in a stock manipulation scheme.

ARS' Commissions and Fees from the Rule 144 Loan Program

22. ARS' clients were charged an initial commission of between 0% and 3% of the money invested in the Rule 144 Loan Program. This commission was disclosed to ARS' clients in its marketing materials. ARS represents that its sales agents received 75% of this commission and ARS received the remaining 25%.

23. The Rule 144 Loan Program generated earnings in two ways. If a loan was repaid partially or in full, all of the interest paid by the borrower was transferred directly to ARS' client. If a loan went into default, 80% of the gain generated on the disposition of the share collateral was paid to ARS' client, 10% was retained by the Americans and 10% was paid to ARS. This fee was titled a "performance fee" and was disclosed to ARS' clients in the Investment Advisory Agreement.

24. ARS also received a "loan origination fee" from the Americans for every investment in the Rule 144 Loan Program made by its clients. ARS represents that it believed that this fee was paid out of the money earned by the Americans in the Rule 144 Loan Program and not from its clients' investments in the program.

25. ARS represents that it received approximately $1,336,000 from loan origination fees, performance fees and commissions during the Material Period. Of this amount, ARS represents that it paid at least $395,000 to brokers and referring companies. In total, ARS represents that it earned net proceeds of approximately $950,000.

Outcome of the Rule 144 Loan Program

26. On June 19, 2002, ARS was advised by AFG that Siegel had gone missing and had taken all records relating to the Rule 144 Loan Program with him. Three days later, McWilliams and Lewis flew to Florida to investigate the situation. The FBI was contacted as were securities regulators, including the Ontario Securities Commission.

27. When Siegel was finally located several weeks later, he stated that he had lost investor funds through poor hedging strategies and general mismanagement of the Rule 144 loans. Siegel also stated he had provided false statements to ARS while he tried to "trade his way out of trouble".

28. On July 24, 2002, the SEC initiated enforcement proceedings against the Americans, and later secured the appointment of a Receiver to attempt to recover the proceeds of the Rule 144 Loan Program.

29. On January 27, 2005, the Receiver stated in a report to investors that Siegel may have lost the majority of their funds through bad loans and bad stock purchases. The Receiver also stated that despite Siegel's representations that he was selling shares short to offset the shares taken as collateral for the loans, there were very few short sales actually made. The Receiver also stated that although Siegel represented to investors and their reporting agents [such as ARS] that he was selling the shares held as collateral at a profit, this was not the case.

30. On March 28, 2005, the SEC obtained a final judgment against Siegel affirming his violations of US securities laws in the course of the Rule 144 Loan Program, barring him from acting as a director or officer of any issuer, and requiring him to pay disgorgement as well as interest and civil penalties.

31. At the date of this agreement, the court-appointed Receiver is continuing his efforts to locate and

redistribute the investor funds entrusted to Siegel and AFG through the Rule 144 Loan Program. No funds have been redistributed, and the receiver has informed investors that they should expect to receive "very little, if anything" from his efforts.

32. The Affinity Respondents represent that, as a result of the collapse of the Rule 144 Loan Program, they have ceased carrying on business and are now dormant. They represent that they do not expect to operate ever again.

McWillams' Role

33. McWilliams was a director and officer of Affinity, ISP and ARS. As the owner of one third of Affinity's shares, McWilliams benefited financially from ARS' participation in the "Rule 144 Loan Program".

34. In addition, of the three Affinity co-owners, McWilliams had primary responsibility for ARS' participation in the "Rule 144 Loan Program". He performed the majority of the administration tasks associated with ARS' clients' investments.

35. McWilliams therefore acquiesced in ARS' breaches of Ontario securities law as outlined above.

IV. TERMS OF SETTLEMENT

36. McWilliams agrees that it is in the public interest that the Commission make an order:

(a) terminating his registration under Ontario securities law;

(b) requiring him to resign any positions that he holds as director or officer of a registrant;

(c) permanently prohibiting him from becoming or acting as a director or officer of a registrant; and

(d) requiring him to pay the sum of $10,000 towards the costs of Staff's investigation of this matter.

37. In addition, McWilliams undertakes not to re-apply for registration under Ontario securities law for a period of at least 10 years from the date of this agreement. He further undertakes to enroll in and successfully complete the Conduct and Practices Handbook Course before making any re-application for registration.

V. STAFF COMMITMENT

38. If this settlement agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of McWilliams in relation to the facts set out in Part III of this settlement agreement, subject to the provisions of paragraph 42 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

39. Approval of this settlement will be sought at a public hearing before the Commission scheduled for a date to be agreed to by Staff and McWilliams, in accordance with the procedures set out in this settlement agreement and the Commission's Rules of Practice.

40. Staff and McWilliams agree that if this settlement agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting McWilliams in this matter, and McWilliams agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

41. Staff and McWilliams agree that if this settlement agreement is approved by the Commission, neither Staff nor McWilliams will make any public statement inconsistent with this settlement agreement.

42. If McWilliams fails to honour the agreements contained in paragraph 37 or 41 of this settlement agreement, Staff reserve the right to bring proceedings under Ontario securities law against McWilliams based on the facts set out in Part III of this settlement agreement, as well as the breach of the agreement.

43. If, for any reason whatsoever, this settlement agreement is not approved by the Commission or an order in the form attached as Schedule "A" is not made by the Commission, each of Staff and McWilliams will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing, unaffected by this agreement or the settlement negotiations.

44. Whether or not this settlement agreement is approved by the Commission, McWilliams agrees that he will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

45. The terms of this settlement agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this settlement agree-

ment is not approved by the Commission, except with the written consent of both McWilliams and Staff or as may be required by law.

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

VIII. EXECUTION OF AGREEMENT

47. This settlement agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

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

Dated this 29th day of August, 2005

"B. McWilliams"
Brian Keith McWilliams

Dated this 19th day of September, 2005

Staff of the Ontario Securities Commission
Per:

"M. Watson"
Michael Watson
Director, Enforcement Branch

2.2.3 Louis Sapi - ss. 127, 127.1

September 21, 2005

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

AND

**IN THE MATTER OF
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC.,
DIONYSUS INVESTMENTS LTD.,
BRIAN KEITH MCWILLIAMS, DAVID JOHN LEWIS
AND LOUIS SAPI**

**ORDER
LOUIS SAPI**

WHEREAS on September 19, 2005 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S-5, as amended (the "Act") in respect of Affinity Financial Group Inc., International Structured Products Inc., Affinity Restricted Securities Inc., Dionysus Investments Ltd., Brian Keith McWilliams, David John Lewis and Louis Sapi ("Sapi");

AND WHEREAS Sapi entered into a settlement agreement with Staff of the Commission dated September 19, 2005 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Sapi and from counsel for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS THEREFORE ORDERED THAT:

1. the Settlement Agreement dated September 19, 2005 attached to this Order is approved;

2. pursuant to clause 7 of subsection 127(1) of the Act, Sapi must resign any positions that he holds as a director or officer of a registrant;

3. pursuant to clause 8 of subsection 127(1) of the Act, Sapi is permanently prohibited from acting as a director or officer of a registrant; and

4. pursuant to section 127.1 of the Act, Sapi must pay the sum of $10,000.00 towards

the costs of the investigation of this matter.

”Robert L. Shirriff”

”Carol S. Perry”

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

AND

IN THE MATTER OF
AFFINITY FINANCIAL GROUP INC.,
INTERNATIONAL STRUCTURED PRODUCTS INC.,
AFFINITY RESTRICTED SECURITIES INC.,
DIONYSUS INVESTMENTS LTD.,
BRIAN KEITH MCWILLIAMS, DAVID JOHN LEWIS
AND LOUIS SAPI

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
LOUIS SAPI

I. INTRODUCTION

1. In a notice of hearing and statement of allegations to be issued, (the “Notice of Hearing”), the Ontario Securities Commission (the “Commission”) will announce that it proposes to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act* (the “Act”), it is in the public interest for the Commission to make an order:

   (a) that this Settlement Agreement be approved;

   (b) that the registration of International Structured Products Inc. (“ISP”), Brian Keith McWilliams (“McWilliams”) and David John Lewis (“Lewis”) be terminated;

   (c) that trading in any securities by Affinity Financial Group Inc, (“Affinity”), ISP, Affinity Restricted Securities Inc. (“ARS”) and Dionysus Investments Ltd. (“Dionysus”), cease permanently;

   (d) that the exemptions contained in Ontario securities law do not apply to Affinity, ISP, ARS and Dionysus permanently;

   (e) that McWilliams, Lewis and Louis Sapi (“Sapi”) be required to resign any positions that they hold as a director or officer of a registrant;

   (f) that McWilliams, Lewis and Sapi be permanently prohibited from acting as a director or officer of a registrant; and

   (g) that McWilliams, Lewis and Sapi be required to pay the costs of the investigation of this matter.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding initiated in respect of Sapi by the Notice of Hearing in accordance with the terms and conditions set out below. Sapi consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgment

3. For the purposes of this settlement agreement, Sapi agrees with the facts set out in this Part III.

Factual Background

The Affinity Respondents

4. Affinity is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario.

5. ISP, formerly Affinity Capital Markets Inc., is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario. Under the name Affinity Capital Markets Inc., ISP was registered with the Commission as a Dealer in the category of Limited Market Dealer from August 28, 2000 to August 28, 2002.

6. ARS is an Ontario corporation with a registered address at 195 The West Mall in Etobicoke, Ontario. ARS has never been registered with the Commission.

7. Dionysus is a company incorporated in the Bahamas. Dionysus has never been registered with the Commission. Dionysus was struck off the companies register of the Bahamas on May 3, 2004.

8. ISP and ARS are direct and indirect wholly-owned subsidiaries of Affinity. Affinity is jointly owned by McWilliams, Lewis and Sapi.

9. Affinity had a number of other subsidiaries and related companies, including Dionysus. These companies provided financial planning and reporting services to their clients and sold mutual funds and insurance products.

The Individual Respondents

10. McWilliams is an individual who was registered with the Commission as a Salesperson in the category of Limited Market Dealer between August 28, 2000 and December 31, 2002. At all material times, he was the Treasurer, Secretary and a Director of Affinity. He was also the President and a Director of ISP, and the President and a Director of ARS.

11. Lewis is an individual who was registered with the Commission as a Salesperson in the category of Mutual Fund Dealer from April 13, 1993 to May 6, 2002 and in the category of Limited Market Dealer from April 13, 1993 to December 31, 2002. At all material times, he was the President and a Director of Affinity. He was also the Secretary, Treasurer and a Director of ISP, and the Vice-President, Secretary, Treasurer and a Director of ARS.

12. Sapi is an individual who has never been registered with the Commission. He was a Director of ARS from March 30, 2001 to July 6, 2001. He was a Director of Affinity at all material times.

The Rule 144 Loan Program

13. In the period between October 1998 and June 2002 (the "Material Period") ISP and then ARS and Dionysus (collectively, "ARS") solicited their clients to invest in a program where their funds would be used to make loans to insiders of reporting issuers located in the United States. The insiders would pledge restricted securities of the issuer as collateral for the loans. Clients would receive either the interest payments on the loans or the proceeds of the sale of the restricted securities in return for their investment. This was referred to as the Rule 144 Loan Program.

14. The Rule 144 Loan Program was established, managed and operated by a company named American Financial Group ("AFG") that operated out of Miami, Florida and its principal David Siegel ("Siegel") (collectively, the "Americans").

15. ARS' marketing materials relating to the Rule 144 Loan Program stated that "[ARS], at its discretion, may determine to which deals and to what amount, an investor's funds will be allocated". They further stated that "[i]nvestors will have no right to participate in the management of any of the investment programs, and each investor must be willing to entrust all aspects of the management of his investments to [ARS]".

16. ARS executed an Investment Advisory Agreement with its clients who invested in the Rule 144 Loan Program. This agreement authorized ARS to "continuously review, supervise and administer the investment programs of the [i]nvestor, to determine in the discretion of [ARS] the assets to be held uninvested". It further stated that "the investment and reinvestment of the assets of the [i]nvestor, including the purchase or sale of any securities or the borrowing of any funds on behalf of the [i]nvestor…shall be exclusively within the control and discretion of [ARS]".

17. As noted above, the Rule 144 Loan Program was managed by the Americans. The Americans provided ARS with monthly statements for each investor. ARS prepared monthly account statements on its letterhead for its clients based solely on information provided to it by the Americans.

18. ARS employed sales representatives, all of whom were licensed as mutual fund salespeople and/or limited market dealers, to promote the Rule 144 Loan Program to its clients.

19. During the Material Period, at least 161 of ARS' clients invested at least $30,937,941 in the Rule 144 Loan Program. ARS thereby acted as an adviser without registration, contrary to section 25(1)(c) of the Act.

Disclosure and Due Diligence

20. ARS orally disclosed to most of its clients that the Americans, and in particular Siegel, would select and administer the Rule 144 loans and would make all Rule 144 Loan Program investment decisions.

21. Before beginning to solicit its clients for the Rule 144 Loan Program, ARS reviewed AFG's history with the Rule 144 Loan Program and its history with other investments. ARS did not research Siegel's regulatory status or history. Siegel had previously been enjoined as a result of an enforcement action brought by the United States Securities and Exchange Commission (the "SEC") in response to his participation in a stock manipulation scheme.

ARS' Commissions and Fees from the Rule 144 Loan Program

22. ARS' clients were charged an initial commission of between 0% and 3% of the money invested in the Rule 144 Loan Program. This commission was disclosed to ARS' clients in its marketing materials. ARS represents that its sales agents received 75% of this commission and ARS received the remaining 25%.

23. The Rule 144 Loan Program generated earnings in two ways. If a loan was repaid partially or in full, all of the interest paid by the borrower was transferred directly to ARS' client. If a loan went into default, 80% of the gain generated on the disposition of the share collateral was paid to ARS' client, 10% was retained by the Americans and 10% was paid to ARS. This fee was titled a "performance fee" and was disclosed to ARS' clients in the Investment Advisory Agreement.

24. ARS also received a "loan origination fee" from the Americans for every investment in the Rule 144 Loan Program made by its clients. ARS represents that it believed that this fee was paid out of the money earned by the Americans in the Rule 144 Loan Program and not from its clients' investments in the program.

25. ARS represents that it received approximately $1,336,000 from loan origination fees, performance fees and commissions during the Material Period. Of this amount, ARS represents that it paid at least $395,000 to brokers and referring companies. In total, ARS represents that it earned net proceeds of approximately $950,000.

Outcome of the Rule 144 Loan Program

26. On June 19, 2002, ARS was advised by AFG that Siegel had gone missing and had taken all records relating to the Rule 144 Loan Program with him. Three days later, McWilliams and Lewis flew to Florida to investigate the situation. The FBI was contacted as were securities regulators, including the Ontario Securities Commission.

27. When Siegel was finally located several weeks later, he stated that he had lost investor funds through poor hedging strategies and general mismanagement of the Rule 144 loans. Siegel also stated he had provided false statements to ARS while he tried to "trade his way out of trouble".

28. On July 24, 2002, the SEC initiated enforcement proceedings against the Americans, and later secured the appointment of a Receiver to attempt to recover the proceeds of the Rule 144 Loan Program.

29. On January 27, 2005, the Receiver stated in a report to investors that Siegel may have lost the majority of their funds through bad loans and bad stock purchases. The Receiver also stated that despite Siegel's representations that he was selling shares short to offset the shares taken as collateral for the loans, there were very few short sales actually made. The Receiver also stated that although Siegel represented to investors and their reporting agents [such as ARS] that he was selling the shares held as collateral at a profit, this was not the case.

30. On March 28, 2005, the SEC obtained a final judgment against Siegel affirming his violations of US securities laws in the course of the Rule 144 Loan Program, barring him from acting as a director or officer of any issuer, and requiring him to pay disgorgement as well as interest and civil penalties.

31. At the date of this agreement, the court-appointed Receiver is continuing his efforts to locate and redistribute the investor funds entrusted to Siegel and AFG through the Rule 144 Loan Program. No funds have been redistributed, and the receiver

has informed investors that they should expect to receive "very little, if anything" from his efforts.

32. The Affinity Respondents represent that, as a result of the collapse of the Rule 144 Loan Program, they have ceased carrying on business and are now dormant. They represent that they do not expect to operate ever again.

Sapi's Role

33. Sapi was not a director or officer of ISP or Dionysus. He was a director of ARS from March 30, 2001 to July 6, 2001, before it commenced operations. Sapi had no involvement in the administration of the Rule 144 Loan Program. Sapi represents that he was not responsible for the publication of ARS' marketing materials referred to in paragraph 15 or the Investment Advisory Agreement referred to in paragraph 16.

34. As the owner of one third of Affinity's shares, Sapi benefited financially from ARS's participation in the "Rule 144 Loan Program". As investors in the Rule 144 Loan Program, Sapi and his family have claimed a loss of approximately $400,000 in personal funds.

35. Sapi acquiesced in ARS's breach of section 25(1)(c) of the Act, as set out above.

IV. TERMS OF SETTLEMENT

36. Sapi agrees that it is in the public interest that the Commission make an order:

(a) requiring him to resign any positions that he holds as director or officer of a registrant;

(b) permanently prohibiting him from becoming or acting as a director or officer of a registrant; and

(c) requiring him to pay the sum of $10,000 towards the costs of Staff's investigation of this matter.

37. In addition, Sapi undertakes not to apply for registration under Ontario securities law for a period of at least 4 years from the date of this agreement. He further undertakes to enroll in and successfully complete the Conduct and Practices Handbook Course before making any application for registration.

V. STAFF COMMITMENT

38. If this settlement agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Sapi in relation to the facts set out in Part III of this settlement agreement, subject to the provisions of paragraph 42 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

39. Approval of this settlement will be sought at a public hearing before the Commission scheduled for a date to be agreed to by Staff and Sapi, in accordance with the procedures set out in this settlement agreement and the Commission's Rules of Practice.

40. Staff and Sapi agree that if this settlement agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Sapi in this matter, and Sapi agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

41. Staff and Sapi agree that if this settlement agreement is approved by the Commission, neither Staff nor Sapi will make any public statement inconsistent with this settlement agreement.

42. If Sapi fails to honour the agreements contained in paragraph 37 or 41 of this settlement agreement, Staff reserve the right to bring proceedings under Ontario securities law against Sapi based on the facts set out in Part III of this settlement agreement, as well as the breach of the agreement.

43. If, for any reason whatsoever, this settlement agreement is not approved by the Commission or an order in the form attached as Schedule "A" is not made by the Commission, each of Staff and Sapi will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing, unaffected by this agreement or the settlement negotiations.

44. Whether or not this settlement agreement is approved by the Commission, Sapi agrees that he will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

45. The terms of this settlement agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this settlement agreement is not approved by the Commission, except with the written consent of both Sapi and Staff or as may be required by law.

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

VIII. EXECUTION OF AGREEMENT

47. This settlement agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

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

Dated this 16th day of September, 2005

"Louis Sapi"
Louis Sapi

Dated this 19th day of September, 2005

Staff of the Ontario Securities Commission
Per:

"Michael Watson"
Director, Enforcement Branch

2.2.4 Kimelman & Baird, LLC - s. 218 of the Regulation

Headnote

Application to the Commission for an order, pursuant to section 218 of Regulation 1015 of the Securities Act (Ontario), that the requirement in section 213 of the Regulation, which provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada, shall not apply to the Applicant. The order sets out the terms and conditions applicable to a non-resident limited market dealer.

Applicable Statutes

Ontario Regulation 1015, R.R.O. 1990, ss. 213, 218.

September 20, 2005

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

AND

**IN THE MATTER OF
R.R.O. 1990, REGULATION 1015,
AS AMENDED (THE "REGULATION")**

**AND
IN THE MATTER OF
KIMELMAN & BAIRD, LLC**

**ORDER
(SECTION 218 OF THE REGULATION)**

UPON the application (the **Application**) of Kimelman & Baird, LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, in order for the Applicant to be registered under the Act as a dealer in the category of limited market dealer;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company formed under the laws of the State of New York. The head office of the Applicant is located in New York, New York.

2. The Applicant is registered as a broker-dealer and an investment adviser with the United States Securities and Exchange Commission. The

Applicant is also a member of the National Association of Securities Dealers.

3. The Applicant provides investment advisory services, broker-dealer services and corporate advisory services to sophisticated investors.

4. The Applicant is not presently registered in any capacity under the Act.

5. The Applicant intends to apply to the Commission for registration under the Act as an adviser in the category of non-Canadian adviser and as a dealer in the category of limited market dealer.

6. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

7. The Applicant is organized under the laws of the State of New York and carries on the business of a broker-dealer and investment adviser in the United States.

8. The Applicant does not require a separate Canadian company in order to carry out its proposed limited market dealer activities in Ontario as it is more efficient and cost-effective for the Applicant to carry out those activities through the existing company.

9. In the absence of this Order, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of limited market dealer as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

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

IT IS ORDERED THAT, pursuant to section 218 of the Regulation, and in connection with the registration of the Applicant as a dealer under the Act in the category of limited market dealer, section 213 of the Regulation shall not apply to the Applicant for a period of three years, provided that:

1. The Applicant appoints an agent for service of process in Ontario.

2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.

3. The Applicant will not change its agent for service of process in Ontario without giving the Commission 30 days' prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.

4. The Applicant and each of its registered directors, officers or partners irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.

5. The Applicant will not have custody of, or maintain customer accounts in relation to securities, funds, and other assets of clients resident in Ontario.

6. The Applicant will inform the Director immediately upon the Applicant becoming aware:

   (a) of it ceasing to be registered as a broker-dealer with the United States Securities and Exchange Commission;

   (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked;

   (c) that it is the subject of an investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority;

   (d) that the registration of its salespersons, officers, directors, or partners' who are registered in Ontario have not been renewed or has been suspended or revoked in any Canadian or foreign jurisdiction; or

   (e) that any of its salespersons, officers, directors, or partners who are registered in Ontario are the subject of an investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.

7. The Applicant will pay the increased compliance and case assessment costs of the Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Commission.

8. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Ontario Securities Commission within a reasonable time if requested.

9. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario

without the consent of the relevant client the Applicant shall, upon a request by the Commission:

(a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the production of books and records.

10. The Applicant will, upon the Commission's request, provide a representative to assist the Commission in compliance and enforcement matters.

11. The Applicant and each of its registered directors, officers or partners will comply, at the Applicant's expense, with requests under the Commission's investigation powers and orders under the Act in relation to the Applicant's dealings with Ontario clients, including producing documents and witnesses in Ontario, submitting to audit or search and seizure process or consenting to an asset freeze, to the extent such powers would be enforceable against the Applicant if the Applicant were resident in Ontario.

12. If the laws of the Applicant's jurisdiction of residence that are otherwise applicable to the giving of evidence or production of documents prohibit the Applicant or the witnesses from giving the evidence without the consent or leave of the relevant client or any third party, including a court of competent jurisdiction, the Applicant shall:

(a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the giving of the evidence.

13. The Applicant will maintain appropriate registration and regulatory organization membership, in the jurisdiction of its principal operations and if required, in its jurisdiction of residence.

“Paul M. Moore”
Commissioner

“Paul K. Bates”
Commissioner

2.2.5 Canadian Trading And Quotation System Inc. - s. 144

September 9, 2005

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

AND

IN THE MATTER OF
CANADIAN TRADING AND QUOTATION SYSTEM INC.

ORDER
(Section 144 of the Act)

WHEREAS the Commission issued an order dated May 7, 2004, recognizing the Canadian Trading and Quotation System Inc. (CNQ) as a stock exchange pursuant to section 21 of the Act (Recognition Order);

AND WHEREAS CNQ has applied for an order pursuant to section 144 of the Act to vary the financial viability terms and conditions of the Recognition Order and to correct typographical errors in the Recognition Order;

AND WHEREAS the Commission has received certain representations from CNQ in connection with CNQ's application to vary the Recognition Order;

AND UPON the Commission being of the opinion that it is not prejudicial to the public interest to vary the Recognition Order;

IT IS ORDERED pursuant to section 144 of the Act that the Recognition Order be varied as follows:

1. Item 5 of Schedule A of the Recognition Order is repealed and replaced by the following:

5. FINANCIAL VIABILITY

(a) CNQ will maintain sufficient financial resources for the proper performance of its functions.

(b) CNQ will deliver to Commission staff its annual financial budget, together with the underlying assumptions, that has been approved by its Board of Directors, within 30 days after the commencement of each fiscal year. Such financial budget should include monthly projected revenues, expenses and cash flows.

(c) For the two-year period commencing on September 9, 2005:

(i) CNQ will deliver to Commission staff unaudited monthly financial statements prepared in accordance with Generally Accepted Accounting Principles, and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment, within 30 days of each month end;

(ii) CNQ will deliver to Commission staff the following within 60 days of each quarter end:

(A) a comparison of the monthly revenues and expenses incurred by CNQ with the projected monthly revenues and expenses included in the most recent annual financial budget delivered to Commission staff, and

(B) for each revenue item whose actual was significantly lower than its projected amount, and for each expense item whose actual was significantly higher than its projected amount, the reasons for the variance;

(iii) CNQ will, prior to making a cash interest payment or principal repayment on the following debts, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment:

(A) the subordinated, convertible debentures described in the term sheet dated November 29, 2002,

(B) the debts owed by CNQ described in the subordinated agreement dated December 23, 2002 between 1141216 Ontario Limited, Wendsley Lake Corporation, CNQ and The Business, Engineering, Science & Technology Discoveries Fund Inc., and

(C) any amounts owed by CNQ to any officers or directors, or to any person or company that owns or controls, directly or indirectly, more than 10% of CNQ, except for reasonable compensation arising in the normal course of business; and

(iv) CNQ will, prior to making any loans, bonuses, dividends or other distributions of assets to any director, officer, related company or shareholder that are in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment.

(d) After September 9, 2007:

(i) CNQ will, on a quarterly basis (along with the quarterly financial statements required to be delivered pursuant to paragraph 10), report to Commission staff the following financial ratios to permit trend analysis and provide an early warning signal with respect to the financial health of the company:

(A) a current ratio, being the ratio of current assets to current liabilities,

(B) a debt to cash flow ratio, being the ratio of total debt (including any line of credit drawdowns, term loans (current and long-term portions) and debentures, but excluding accounts payable, accrued expenses and other liabilities) to EBITDA (or earnings before interest, taxes, depreciation and amortization) for the most recent 12 months, and

(C) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case following the same accounting principles as those used for the audited financial statements of CNQ;

(ii) If CNQ fails to maintain, or anticipates it will fail to maintain:

(A) a current ratio of greater than or equal to 1.1/1,

(B) a debt to cash flow ratio of less than or equal to 4.0/1, or

(C) a financial leverage ratio of less than or equal to 4.0/1,

it will immediately report to Commission staff; and

(iii) If CNQ fails to maintain its current ratio, debt to cash flow ratio or financial leverage ratio at the levels outlined in paragraph (d)(ii) above for a period of more than three months, its President will immediately deliver a letter advising Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation, and the Commission or its staff may impose terms or conditions on CNQ as it determines appropriate, including but not limited to requirements outlined in paragraph (c) above.

2. The word "Quotation" in the heading of Item 2 of Appendix A of Schedule A of the Recognition Order is replaced with the word "Listing".

3. The word "routing" in paragraph 3(d) of Appendix B of Schedule A of the Recognition Order is replaced with "routine".

"Paul M. Moore"

"Robert L. Shirriff"

2.2.6 Deutsche Bank Trust Company Americas and Thomson Corporation - s. 46(4) of the OBCA

Headnote

Order pursuant to subsection 46(4) of the Business Corporations Act (Ontario) (the OBCA) – trust indentures governed by the United States Trust Indenture Act of 1939, as amended, exempted from the requirements of Part V of the OBCA with respect to cross-border offerings.

No relief from Part V for offerings made only in Canada.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B-16, as am., ss. 46(2), 46(4), Part V.
Securities Act, R.S.O. 1990, c. S.5, as am.
Securities Act of 1933, Act of May 27, 1933, 48 Stat, 74, 15 U.S. Code, Secs. 77a-77aa, as am.
Trust Indenture Act of 1939, Act of August 3, 1939, 53 Stat, 1149, 15 U.S. Code, Secs. 77aaa- 77bbb, as am.

September 16, 2005

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, C. B-16, AS AMENDED (THE "OBCA")

AND

IN THE MATTER OF
DEUTSCHE BANK TRUST COMPANY AMERICAS
AND THE THOMSON CORPORATION

ORDER
(Subsection 46(4) OBCA)

UPON the application of Deutsche Bank Trust Company Americas (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 46(4) of the OBCA exempting a trust indenture of The Thomson Corporation (the "Issuer") from the provisions of Part V of the OBCA;

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

AND UPON it being represented by the Applicant to the Commission that:

1. the Applicant is a banking corporation organized under the laws of New York and is neither resident nor authorized to do business in Ontario;

2. the Issuer is a corporation incorporated under the OBCA and is a reporting issuer under the *Securities Act* (Ontario), as amended (the "*Securities Act*"), and not in default of any requirements of the *Securities Act* or the regulation promulgated thereunder;

3. the Issuer has filed a shelf registration statement on Form F-9 in respect of a preliminary short form base shelf prospectus dated September 1, 2005 (the "Registration Statement") with the United States Securities and Exchange Commission pursuant to the United States Securities Act of 1933, as amended;

4. the Issuer has filed a preliminary short form base shelf prospectus dated September 1, 2005 (the "Preliminary Canadian Base Shelf Prospectus") and, after it has received any comments with respect to the Preliminary Canadian Base Shelf Prospectus, will file a final short form base shelf prospectus (the "Canadian Base Shelf Prospectus"), in each case with the securities regulatory authorities in each of the provinces of Canada in accordance with National Instrument 44-101 — *Short Form Prospectus Distributions* and the shelf procedures set forth in National Instrument 44-102 — *Shelf Distributions*;

5. the Issuer may offer unsecured debt securities in aggregate principal amount of up to US$2 billion (the "Debt Securities") for sale to the public from time to time (a) in the United States, under the Registration Statement and one or more related shelf prospectus supplements (together with the Registration Statement, each a "U.S. Prospectus Supplement") following the effectiveness of such Registration Statement, and (b) in Canada, under the Canadian Base Shelf Prospectus and one or more related shelf prospectus supplements (together with the Canadian Base Shelf Prospectus, each a "Canadian Prospectus Supplement") following the Issuer's receipt of a Mutual Reliance Review System decision document for the final Canadian Base Shelf Prospectus;

6. unless otherwise specified in a U.S. Prospectus Supplement or a Canadian Prospectus Supplement, the Debt Securities will be issued under a trust indenture dated as of November 20, 2001, as amended and supplemented from time to time (the "Indenture"), between the Issuer and Computershare Trust Company of Canada ("Computershare"), as trustee;

7. the Issuer does not anticipate that the Debt Securities will be listed on any stock exchange in Canada or the United States.

8. as a result of the filing of the Canadian Base Shelf Prospectus with the securities regulatory authorities in each of the provinces of Canada, Part V of the OBCA will apply to the Indenture by virtue of subsection 46(2) of the OBCA;

9. the Issuer has advised the Applicant that, upon receipt of this Order, it plans to appoint the Applicant (together with Computershare, the "Trustees") as an additional trustee under the Indenture to act as trustee for such series of Debt

Securities for which it may be designated to act as trustee by the Issuer from time to time, other than such series of Debt Securities which are offered solely in Canada pursuant to a Canadian Prospectus Supplement and not concurrently in the United States pursuant to a U.S. Prospectus Supplement;

10. pursuant to subsection 46(2) of the OBCA, Part V of the OBCA is applicable to a trust indenture if, in respect of any debt obligations outstanding or to be issued thereunder, a prospectus has been filed under the *Securities Act*;

11. as the Applicant is neither resident nor authorized to do business in Ontario, the Applicant has requested this Order in order to act as a trustee under the Indenture;

12. the Indenture is governed by the laws of the State of New York. Upon receipt of this Order, the Indenture will be amended to provide that, other than under any supplemental trust indentures to the Indenture under which Debt Securities are offered solely in Canada pursuant to a Canadian Prospectus Supplement and not concurrently in the United States pursuant to a U.S. Prospectus Supplement, (a) the Trustees will satisfy the requirements of sections 310(a)(1), 310(a)(2) and 310(b) of the United States Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and (b) the Indenture will be subject to the requirements of the Trust Indenture Act;

13. because the Trust Indenture Act regulates the issue of debt securities under trust indentures in the United States in a manner that is consistent with Part V of the OBCA, holders of Debt Securities in Ontario will not, subject to paragraph 13, derive any additional material benefit from having the Indenture be subject to Part V of the OBCA;

14. the Applicant has undertaken to file with the Commission a Submission to Jurisdiction and Appointment of Agent for Service of Process;

15. the Issuer has advised the Applicant that any Canadian Prospectus Supplement under which Debt Securities are offered will disclose the existence of this Order and any material risks associated with the purchase of Debt Securities under the Indenture by a holder in Ontario, as a result of the absence of a local trustee appointed under the Indenture;

AND UPON the Commission being of the opinion that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to subsection 46(4) of the OBCA, that, other than under any supplemental trust indentures to the Indenture under which Debt Securities are offered solely in Canada pursuant to a Canadian Prospectus Supplement and not concurrently in the United States pursuant to a U.S. Prospectus Supplement, the Indenture is exempt from Part V of the OBCA, provided that the Indenture is governed by and subject to the Trust Indenture Act.

"Paul Moore"

"Suresh Thakrar"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 optionsXpress, Inc.

ALBERTA SECURITIES COMMISSION (ASC)
MANITOBA SECURITIES COMMISSION (MSC)
ONTARIO SECURITIES COMMISSION (OSC)
BUREAU DE DÉCISION ET DE REVISION EN VALEURS MOBILIÈRES (BDVM)
NEW BRUNSWICK SECURITIES COMMISSION (NBSC)
NOVA SCOTIA SECURITIES COMMISSION (NSSC)

JOINT HEARING

IN THE MATTER OF
OPTIONSXPRESS, INC.

ALBERTA SECURITIES ACT, R.S.A. 2000, C. S-4, S.198
MANITOBA SECURITIES COMMISSION ACT, C.C.S.M. C. S50, S.148
ONTARIO SECURITIES ACT, R.S.O. 1990, C.S.5, AS AMENDED, S.127
QUÉBEC SECURITIES ACT, L.R.Q., C. V-1.1, S.269.2
NEW BRUNSWICK SECURITIES ACT, S.N.B. 2004, C. S-5.5, S.184
NOVA SCOTIA SECURITIES ACT, R.S.N.S. 1989, C.481, AS AMENDED, S.134

Hearing:	**Wednesday, August 31, 2005**		
Panels:			
In Ontario:	**Paul M. Moore, Q.C.**	**-**	**Vice Chair (Coordinating Chair of the hearing)**
	Robert Davis	**-**	**Commissioner**
	David Knight	**-**	**Commissioner**
In Alberta:	**Glenda A. Campbell, Q.C.**	**-**	**Vice Chair (Chair of Alberta Panel)**
	David Betts	**-**	**Commissioner**
In Manitoba:	**Lynne McCarthy**	**-**	**Commissioner (Chair of Manitoba Panel)**
	Bob McEwan	**-**	**Commissioner**
In Quebec:	**Jean-Pierre Major**	**-**	**Member (Chair of Quebec Panel)**
	Alain Gélinas	**-**	**Member**
	Marc Rosenstein	**-**	**Member**
In New Brunswick:	**Donne Smith**	**-**	**Chair (Chair of New Brunswick Panel)**
	David Hashey, Q.C.	**-**	**Commissioner**
In Nova Scotia:	**Les O'Brien, Q.C.**	**-**	**Chair (Chair of Nova Scotia Panel)**
	Daren Baxter	**-**	**Vice Chair**
Appearances:			
In Ontario:	**Gregory MacKenzie**	**-**	**For the OSC Staff**
	Martha Rafuse		

	Peter Dunne **Christine Vogelsang**	**-**	**For optionsXpress, Inc.**
In Alberta:	**Terry Hutcheon**	**-**	**For the ASC Staff**
In Manitoba:	**Kimberly Laycock**	**-**	**For the MSC Staff**
In Quebec:	**Richard Proulx**	**-**	**For the AMF Staff**
In New Brunswick:	**Suzanne Ball** **Jake van der Laan** **Lucie Mathurin-Ring**	**-**	**For the NBSC Staff**
In Nova Scotia:	**Scott Peacock**	**-**	**For the NSSC Staff**
Also Present in Ontario:	**Benjamin Morof**	**-**	**For optionsXpress**

DECISION AND REASONS

The following text has been prepared for purposes of publication in the Ontario Securities Commission Bulletin and is based on excerpts from the English version of the transcript of the hearing. The excerpts have been edited and supplemented and the text has been approved by the coordinating chair of the panel (Paul M. Moore) for the purpose of providing a public record of the decision.

A. Introduction

Vice-Chair Moore:

[1] This is a joint hearing of the Alberta Securities Commission, Manitoba Securities Commission, Ontario Securities Commission, the bureau de décision et de revision en valeurs mobilières in Quebec, the New Brunswick Securities Commission, and the Nova Scotia Securities Commission.

[2] Each jurisdiction has its own panel participating in the hearing, and each jurisdiction will issue its own order or ruling disposing of the matter before it in the joint hearing.

[3] Each panel is assembled in its own forum and is connected with the others through telephone- or video-conferencing facilities. Each panel has its own chair for this joint hearing, and I will be acting as chair of the Ontario panel and as coordinating chair for the joint hearing.

[4] The purpose of the hearing is to consider and, if appropriate, to approve a settlement agreement among optionsXpress, Inc., optionsXpress Canada Corp., the autorité des marchés financiers of Quebec and staff of the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Securities Commission, the Manitoba Securities Commission, the Ontario Securities Commission, the New Brunswick Securities Commission, the Nova Scotia Securities Commission, the Prince Edward Island Securities Commission, and the Securities Commission of Newfoundland and Labrador.

[5] I'm going to now call upon the Ontario staff to introduce this matter and make its submission. I will then give an opportunity for staff of the other jurisdictions to make any submissions if they desire.

[6] When that is concluded, I will give an opportunity to the panel members across the country to ask any questions. We'll do it geographically, beginning with Alberta. And after that, I will ask the respondents or the respondents' counsel if they wish to say anything, and then each of the jurisdictions can ask questions of respondents' counsel if so desired.

[7] Then we will adjourn to allow each panel to confer separately. After about ten minutes, if that proves sufficient, the jurisdictions will get together by calling in to the Ontario Securities Commission. We will be in our boardroom, and we will have a joint conference of all the panels to see if we can come up with a unanimous decision.

[8] We will then reconvene, and if all the jurisdictions agree on the matter, I will then announce the decision and give brief reasons, and if any jurisdiction hasn't agreed, they will speak at that time.

[9] I will also give all the panelists across the country an opportunity to concur or add anything. At the end of the matter, when we have concluded, we will terminate the hearing. If the settlement agreement is approved, Ontario, as the principal jurisdiction under the mutual reliance relief system, will then consider an application to grant an exemption to optionsXpress.

. . .

Mr. MacKenzie:

[10] This is quite an extraordinary process. We are at the final stage of the approval process, but much has occurred up to now. There are actually ten jurisdictions involved, and this will be obvious from a review of the settlement agreement, but perhaps I could just update things.

[11] Since the settlement agreement was executed beginning on August 17th, we've had four jurisdictions approve the settlement agreement already. BC has approved the settlement agreement by way of an executive director order. Saskatchewan, Newfoundland and Labrador, and PEI each has approved the settlement agreement by way of no action letter.

[12] The six remaining jurisdictions are convening today. So we hope today to complete the approval process and to obtain approval.

[13] Approving the settlement agreement would be a great demonstration of the capacity of Canadian securities regulators to cooperate and coordinate on matters of common interest.

[14] I do wish just to point out, though, Mr. Chair, that the way that the settlement agreement is set up, it is of an all-or-nothing nature. If all jurisdictions are not able to approve it, then the settlement agreement is of no force and effect, essentially, and we will have to go back to the drawing board.

. . .

B. Decision

Vice Chair Moore:

[15] We are now re-assembled. All of the panels have deliberated separately, and we have conferred together. We have all agreed separately that we will approve the settlement agreement as being in the public interest.

[16] The purpose of the hearing today was for the participating securities commissions and the bureau de décision et de revision et en valeurs mobilières in Quebec, to consider the settlement agreement dated August 11, 2005, among optionsXpress Inc., which I will refer to as Options, and its newly incorporated Canadian affiliate, which I will refer to as Options Canada, and the ten provincial securities authorities in Canada.

[17] This case involves trading of U.S. securities by Options on behalf of residents in ten Canadian jurisdictions. Options traded without registration, contrary to the applicable provincial securities legislation.

[18] Between early January 2001 and May 6, 2004, Options traded U.S. securities on behalf of 1,467 accounts in Canada and earned gross commissions in excess of $2million Canadian.

[19] Options has delivered to the Commission $550,000 Canadian, supposedly representing an estimate in very rough figures of profits on its behalf that were earned in the above-noted period.

[20] The panels of the various jurisdictions are not relying on the accuracy of the calculation of this figure. It doesn't cover profits that would have been earned subsequent to May 6, 2004.

[21] We do not consider the method of determining this payment to be a precedent for any future matters.

[22] We consider the payment to be a sufficiently significant sum in the circumstances of this case.

[23] This settlement payment will be divided among the ten jurisdictions based on the number of accounts per jurisdiction, as outlined in materials submitted to the commissions.

[24] Options Canada has undertaken to diligently seek membership with the Investment Dealers Association ("IDA") and to obtain from the Commission and the nine other provincial securities regulators registration in the category of investment dealer or equivalent. It is expected that Options Canada will obtain IDA membership and the required registration with all provincial securities regulators by December 31, 2005.

[25] Prior to the registration of Options Canada, Options and Options Canada have undertaken to provide information and to cooperate fully with the Commission and the other provincial securities regulators in a manner equivalent to that required of a registrant in the category of investment dealer or equivalent.

[26] The settlement agreement sets out agreed facts, and I would like to briefly refer to them.

[27] Options acknowledges that it is a corporation organized under the laws of Delaware and is registered as a broker/dealer with the United States Securities and Exchange Commission in each of the U.S. states.

[28] In late 2000, Options began operations as a web-based Internet securities firm from its principal office in Chicago, Illinois. In early 2001, Options started to trade U.S. securities on behalf of residents in the jurisdictions in Canada without being registered. Residents in the jurisdictions could log-on to the Options web site and open an Options account to execute on-line trades of securities listed or traded in the U.S.

[29] Securities legislation in each of the jurisdictions of Canada require a securities firm trading for residents of that jurisdiction to be registered as a dealer in the category of investment dealer or equivalent in that jurisdiction. Options was not registered and is not registered in any capacity in any of the jurisdictions.

[30] All Options accounts are self-directed, as Options employees do not offer advice or make recommendations regarding the purchase or sale of securities.

[31] Options has no offices or employees in the jurisdictions and does not advertise for or otherwise solicit customers in the jurisdictions.

[32] In May 2004, as a result of inquiries by the authorities in the various jurisdictions, Options stopped opening accounts for residents in the Canadian jurisdictions. Options has subsequently continued to preclude the opening of accounts by residents in the various jurisdictions, pending resolution of this matter, and has otherwise cooperated with the Canadian provincial securities authorities.

[33] Options represents that in 2001, as a startup Internet securities firm focused on its U.S. operations, Options had limited knowledge and experience regarding the regulatory requirements of the Canadian jurisdictions. According to representations from Options, Options erroneously believed, in good faith, that its non-solicitation of residents in the jurisdictions exempted Options from registration requirements in the jurisdictions.

[34] The staff of the various Canadian jurisdictions are not aware of any complaints by Options customers in the Canadian jurisdictions. Options represents that it has not received complaints from any Options customers in the Canadian jurisdictions.

[35] Finally, Options admits that it breached section 25 of the Ontario Act in Ontario by reason of the facts set out in part 2 of the settlement agreement, and similar sections in the securities legislation of the other Canadian jurisdictions.

Public Interest

[36] The mandate of the Commission is set out in the Ontario Act, and it is,

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

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

[37] In pursuing the purposes of the Ontario Act, the Commission's mandate includes the "maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants." (See section 2.1(2)(3) of the Ontario Act.)

[38] Our jurisdiction is not punitive or remedial. It is preventative and prospective with respect to possible future harm. See: *Re Mithras Management Ltd.,* (1990), 13 O.S.C.B. 1600, and *Committee for the Equal Treatment of Asbestos Minority Shareholders* v. *Ontario (Securities Commission)* [2001] 2 S.C.R. 132.

[39] With respect to the appropriate sanctions, Options has admitted that it broke the law, but no investors have suffered because of the breach. No investment advice has been given, and no solicitation or advertising aimed at Canadians was made. Although access in Canada was through the Internet, Options had no physical presence in Canada.

[40] Nevertheless, as I stated, the law was broken. This may have been inadvertent, but it was not excusable.

[41] We note also that Options is subject to substantial regulation in the U.S. and has agreed to become regulated through registration in Canada.

[42] In *Belteco Holdings Inc. et al.,* (1998), 21 O.S.C.B. 7743 and in *M.C.J.C. Holdings and Michael Cowpland* (2002), O.S.C.B. 1133, the Commission enumerated a number of factors to consider when imposing sanctions on a respondent, which may be summarized as follows:

(a) the seriousness of the allegations proved,

(b) the respondent's experience in the marketplace,

(c) the level of a respondent's activities in the marketplace,

(d) whether or not there has been a recognition of the seriousness of the improprieties,

(e) the restraint of future conduct that is likely to be prejudicial to the public interest (with reference to past conduct),

(f) whether or not the sanctions imposed may serve to deter not only those involved in the case being considered, but any like-minded people from engaging in similar abuses of the capital markets,

(g) any mitigating factors,

(h) the size of any profit or loss avoided from the illegal conduct,

(i) the reputation and prestige of the respondent, and

(j) the remorse of the respondent.

[43] Not all of these factors need be applicable in every case, and there may be other factors not enumerated that are relevant. I will refer in a minute to the principal factors that we have relied on.

[44] Appropriate sanctions should be determined by taking into account the specific circumstances of each case. As stated in *Cowpland*,

> We have a duty to consider what is in the public interest. To do that, we have to take into account what sanctions are appropriate to protect the integrity of the marketplace . . .
>
> In doing this, we have to take into account circumstances that are appropriate to the particular respondents. This requires us to be satisfied that proposed sanctions are proportionately appropriate with respect to the circumstances facing the particular respondents. We should not just look at absolute values, for example, what has been paid voluntarily in other settlements or what has been found to be appropriate sanctions by way of cease-trade orders in other cases.

[45] The role of a Commission panel reviewing a settlement agreement is not to substitute the sanctions it would impose for what is proposed in the settlement agreement. Rather, the Commission should ensure that the agreed sanctions are within acceptable parameters. *Re Sohan Singh Koonar* (2002), 25 O.S.C.B. 2691, and *Re Pollitt* (2004), 27 O.S.C.B. 9643.

[46] The Commission has previously considered the issue of Internet-based trading for Canadian residents by foreign dealers. In June 2001, the Commission and certain other provincial securities regulators approved settlement agreements with three U.S. Internet-based securities firms that traded U.S. securities for Canadian residents without registration.

[47] Under those settlement agreements, the three U.S. securities firms, Ameritrade Inc., Datek Online Brokerage Services LLC, and TD Waterhouse Investor Services, Inc. were each required to pay $800,000 Canadian. *See: Re Ameritrade Inc.* (2001), 24 O.S.C.B. 3782, *Re TD Waterhouse Investor Services, Inc.* (2001), 24 O.S.C.B. 3787, and *Re Datek Online Brokerage Services LLC* (2001), 24 O.S.C.B. 3785.

[48] As I mentioned earlier, not all of the factors outlined in the cases are necessary to be taken into account when determining whether sanctions in a settlement agreement are appropriate or fall within acceptable parameters. In this particular case, we wish to note the following as being particularly relevant.

[49] First, the proposed sanctions signal to market participants, particularly those using the Internet to reach investors, the importance of the registration obligations for effective securities regulation by the Commission. The registration requirements

under the Ontario Act enable the Commission to protect investors and to maintain high standards of honest and responsible conduct by market participants. By circumventing the registration obligations, market participants frustrate the purposes of the Ontario Act and the mandate of the Commission.

[50] Secondly, Options' failure to seek registration resulted in part from its erroneous belief regarding its registration obligations with the Commission and other provincial securities regulators. Options believed in good faith, albeit erroneously, that registration in Ontario was unnecessary because Options traded only U.S. securities, had no offices or employees in Canada, and did not solicit clients in Canada.

[51] Thirdly, without putting any degree of comfort in the calculation of the figure of $550,000 Canadian, we note that on the basis of proportionality, it is roughly equivalent to the settlement payment of $800,000 Canadian which each respondent in *Ameritrade* paid, and it does take into account Options' relative inexperience as a start-up securities firm when it began trading in Canada.

[52] But as noted earlier in these reasons, we do not consider the particular formula or the amount and the methodology purportedly followed in arriving at $550,000 as a precedent for future cases.

[53] Fourthly, Options represented that it did not receive any complaints from its Canadian clients, and staff indicated that it is not aware of any such complaints.

[54] Fifthly, Options accepted responsibility for its misconduct and acknowledged the seriousness and importance of meeting its registration obligations. Options has been cooperative with all of the provincial securities regulators, and Options Canada is diligently seeking registration.

[55] Finally, the way this matter has been handled and this settlement agreement protect and minimize inconvenience to the existing clients of Options in the Canadian jurisdictions. This is important because our mandate is not only to protect future investors, but to minimize harm to existing investors.

Conclusion

[56] In conclusion, let me say that we are very pleased with the manner in which all parties have handled this matter. Having one settlement agreement with a respondent carrying on business in more than one of the Canadian jurisdictions and having one settlement hearing, where a settlement hearing is required, has avoided the need for separate settlement agreements and multiple proceedings.

[57] The coordination that has been shown in this case should be an example to others that the Canadian securities system, made up of ten provincial securities regulators and three territorial securities regulators, regardless of its faults and regardless of the criticism made by others, can and does operate in an efficient manner.

[58] So congratulations to staff of the Ontario Securities Commission, which managed this matter, and congratulations to staff in the other jurisdictions who have cooperated in this matter.

[59] That concludes my remarks. I'm going to ask each of the jurisdictions and panel members if they wish to make any comments or further remarks. I'm going to start with my fellow panelists in Ontario, and I'll start with Mr. Davis.

Mr. Davis:

[60] I have nothing to add to your comments.

Mr. Knight:

[61] Nothing to add.

Mr. Betts:

[62] No comment, thank you.

Ms Campbell:

[63] I have one comment. On behalf of the panel, I would like to express as well the fact that we are very pleased with the manner in which these proceedings have been coordinated and conducted. This procedure today has resulted in an effective hearing: one hearing which is beneficial for securities regulation in Canada.

[64] We would also like to compliment staff on their oral presentations. They were very good. I compliment you all.

Ms McCarthy:

[65] We have no comments to add, other than to echo Alberta's comments. Compliments to all parties who were involved in this matter.

Mr. Major:

[66] No comment.

Mr. Smith:

[67] Mr. Chair, we have no further comments other than to join in with our colleagues in the other jurisdictions to express our appreciation to staff of the Ontario Securities Commission for its leadership and staff of the other jurisdictions for the excellent job that they have done. We trust that this will, as you have highlighted, be the first of many similar activities in the future. Thank you.

Mr. O'Brien:

[68] Mr. Chair, we have no further comment on the substance of your decision, and we would echo Ms Campbell's comment with respect to the presentation.

Approved by the coordinating chair of the hearing on September 16, 2005.

"Paul M. Moore"
Coordinating Chair

3.1.2 Optimal Models and Decisions Inc.

IN THE MATTER OF
THE REGISTRATION OF
OPTIMAL MODELS AND DECISIONS INC.

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
SECTION 26(3) OF THE SECURITIES ACT

Held on: September 13, 2005

Director: David M. Gilkes
Manager, Registrant Regulation
Capital Markets Branch

Appearances: Charles Piroli — For the Staff of the Commission

Max Reydman — For Optimal Models and Decisions Inc.

Background

1. In May 1997, Optimal Models and Decisions Inc. (**Optimal**) was granted registration in the categories of Commodities Trading Manager and Commodities Trading Counsel under the *Commodity Futures Act*. In January 2004, Optimal was granted registration in the category of Investment Counsel and Portfolio Manager (**ICPM**) under the *Securities Act*.

2. Optimal was due to file its audited financial statements with the Ontario Securities Commission (**OSC**) on June 30, 2005 for the year ended March 31, 2005. On July 4, 2005, Optimal sent a letter to staff of the OSC requesting a 90-day extension for Optimal to submit its financial statements. Furthermore, as Optimal had not been advising on any client assets since September 2004, it requested that the late filing fee for failing to deliver its financial statements on time be waived.

3. On July 8, 2005, the Assistant Manager of Compliance at the OSC advised Optimal that OSC staff was not prepared to grant an extension of the filing deadline or waive the late filing fee. In addition, OSC staff recommended that the Director impose terms and conditions on the registration of Optimal. The terms and conditions required Optimal to submit to the OSC monthly unaudited financial statements for a period of six months.

4. On July 18, 2005, Optimal requested a 30-day extension of the filing date and a waiver of the late filing fee. The Manager of Compliance at the OSC turned down this request in letter dated July 20, 2005.

5. Optimal submitted its financial statements on July 26, 2005, 17 business days past the statutory deadline. OSC staff levied a late fee of $1,700 on Optimal in accordance with the OSC fee rule.

6. In its July 18, 2005 letter, Optimal requested an Opportunity to be Heard (**OTBH**) by the Director if its request for an extension and a waiver of the late filing fee was denied. Subsection 26(3) of the *Securities Act* 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.

7. The OTBH was conducted through an oral hearing on September 13, 2005.

Submissions

8. Counsel for OSC staff outlined the three criteria that are considered in determining whether an applicant is suitable for registration: proficiency, integrity and financial solvency. The failure to file audited financial statements is an important factor in determining the continuing suitability of a registrant.

9. Counsel explained that the experience of OSC staff had been that filing extensions and delays could be indicative of a serious underlying financial problem with the registrant. Without those statements it cannot be determined whether the company is in the financial health it claims.

10. Counsel for Optimal explained that it had not been active since September 2004. Optimal had decided to let its registration lapse this year and had no intention to have an audit and file financial statements with the OSC this year. It decided to have an audit when interest to buy the company was received. Due to the timing of this interest, it was too late to file the financial statements by the statutory deadline.

11. Optimal does not know whether the company will be sold. It currently has no business and as a result, Optimal finds the requirement to file any type of monthly financial statements and to pay the late filing fee to be overly onerous.

Decision

12. OSC staff is concerned that the repeated delays in filing its financial statements may be an attempt to hide an underlying serious financial problem by Optimal. On the other hand, Optimal had decided to let its registration lapse when an offer to purchase the company had been received.

13. If Optimal is not engaging in any business, the terms and conditions and late filing fee could pose a burden. However, if the company is sold, it will become active and should be able to pay the late filing fee.

14. To address the two outcomes (whether Optimal is sold or not), terms and conditions will be imposed on the registration of Optimal. The terms and conditions require that if Optimal is not sold that it cannot conduct business; if Optimal is sold the late filing fee will have to be paid. The terms and conditions are attached as Schedule A to this decision.

September 27, 2005

"David M. Gilkes"

Schedule A

Terms and Conditions

Optimal Models and Decisions Inc. (the **Firm**) shall not open any new client accounts, accept any new business or employ any new representative(s) to act on behalf of the Firm, until such time that (a) the Firm or a majority interest in the Firm has been sold, and (b) the $1,700 late filing fee is paid by the Firm to the Commission relating to the late delivery of the Firm's audited financial statements for the year ended March 31, 2005.

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
West Coast Forest Products Ltd.	28 Sept 05	07 Oct 05		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Fareport Capital Inc.	13 Sept 05	26 Sept 05	26 Sept 05		

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
ACE/Security Laminates Corporation	06 Sept 05	19 Sept 05	19 Sept 05		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Fareport Capital Inc.	13 Sept 05	26 Sept 05	26 Sept 05		
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
HMZ Metals Inc.	24 Aug 05	06 Sept 05	06 Sept 05		
Hollinger Canadian Newspapers, Limited Partnership	21 May 04	01 Jun 04	01 Jun 04		
Hollinger Inc.	18 May 04	01 Jun 04	01 Jun 04		
Hollinger International	18 May 04	01 Jun 04	01 Jun 04		
Kinross Gold Corporation	01 Apr 05	14 Apr 05	14 Apr 05		
Rex Diamond Mining Corporation	04 Jul 05	15 Jul 05	15 Jul 05		
Thistle Mining Inc.	05 Apr 05	18 Apr 05	18 Apr 05		
Xplore Technologies Corp.	04 Jul 05	15 Jul 05	15 Jul 05		

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service 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

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Trade Date	# of Purchaser(s)	Issuer/Securities	Total Pur. Price ($)	# of Securities Distributed
08/31/2005	3	ABC American -Value Fund - Units	500,000.00	56,423.00
08/31/2005	6	ABC Fully-Managed Fund - Units	1,151,000.00	103,630.00
08/31/2005	10	ABC Fundamental - Value Fund - Units	1,661,080.00	82,821.00
09/15/2005	45	Aeroports de Montreal - Bonds	300,000,000.00	300,000,000.00
09/20/2005	1	Alberta Star Development Corp. - Non Flow-Through Shares	400,000.00	1,000,000.00
09/20/2005	2	Alberta Star Development Corp. - Units	3,500,010.00	7,777,800.00
09/19/2005	3	Altek Power Corporation - Units	230,022.00	1,150,110.00
09/19/2005	2	Anaconda Gold Corp. - Units	200,000.00	1,333,333.00
09/15/2005	3	Antrim Energy Inc. - Special Warrants	10,999,999.00	6,111,111.00
08/30/2005	1	Avigo Resources Corp. - Common Shares	4,375.00	25,000.00
09/15/2005	1	Bell Resources Corporation - Flow-Through Shares	25,000.00	100,000.00
09/15/2005	1	Bell Resources Corporation - Units	10,000.00	40,000.00
09/13/2005	1	BG Preeco 7 Ltd. - Common Shares	15,465,579.23	13,787,994.00
09/08/2005	1	Calypso Acquisition Corp. - Common Share Purchase Warrant	30,997.12	387,464.00
09/07/2005	1	Carat Exploration Inc. - Common Share Purchase Warrant	119,000.00	75,000.00
09/20/2005	17	CareVest First Mortgage Investment Corporation - Preferred Shares	1,004,494.00	1,004,494.00
08/29/2005	5	Century Mining Corporation - Flow-Through Shares	56,000.00	160,000.00
09/09/2005	1	Century Mining Corporation - Units	417,524.10	1,192,926.00
09/15/2005	1	Century Mining Corporation - Units	157,500.00	450,000.00
08/29/2005	1	Century Mining Corporation - Warrants	0.00	6,400.00
09/08/2005	17	Cinch Energy Corp. - Common Shares	3,596,424.80	1,057,772.00
09/08/2005	29	Cinch Energy Corp. - Flow-Through Shares	6,595,600.50	1,551,906.00
09/15/2005	6	Citigoup Venture Capital International Growth Partnership, (Cayman), L.P. - Units	27,174,500.00	23,000.00

Trade Date	# of Purchaser(s)	Issuer/Securities	Total Pur. Price ($)	# of Securities Distributed
09/13/2005	1	Clayton, Dubilier & Rice Fund VII, L.P. - Limited Partnership Interest	17,703,000.00	15,000,000.00
09/14/2005	1	Contact Diamond Corporation - Common Shares	0.00	20,000.00
09/14/2005	12	CPNInternational Inc. - Units	2,225,000.00	556,250.00
09/14/2005	4	Cube Route Inc. - Preferred Shares	7,028,079.00	27,031,076.00
09/12/2005	16	Currency Capital Corp. - Common Shares	74,000.00	18,500.00
09/08/2005	4	Currie Rose Resources Inc. - Units	348,050.00	2,320,333.00
09/08/2005	3	Cusac Gold Mines Ltd. - Units	71,500.00	550,000.00
08/30/2005	7	EFT Canada Inc. - Common Shares	257,100.00	857,000.00
02/18/2005	1	EVOLVED DIGITAL SYSTEMS INC. - Preferred Shares	339,685.15	970,529.00
06/30/2005	15	EW Power Services Ltd. - Common Shares	1,183,000.00	7,225,000.00
09/12/2005	1	Extenway Solutions Inc. - Receipts	25,000.00	83,333.00
09/14/2005 to 09/22/2005	63	General Motors Acceptance Corporation - Notes	21,175,332.00	63.00
09/20/2005	2	Genesis Limited Partnership #4 - Units	35,000.00	5,000.00
09/19/2005	5	Geoinformatics Explorations Limited - Units	2,950,240.00	5,800,000.00
09/15/2005	9	Golden Chalice Resources Inc. - Common Shares	1.71	475,000.00
09/13/2005	29	Great Panther Resources Limited - Units	1,570,500.00	3,490,000.00
09/12/2005	3	Headwater Technology Solutions Inc. - Common Shares	362,500.00	64,919.00
09/12/2005	3	Headwater Technology Solutions Inc. - Debentures	362,000.00	362,000.00
09/02/2005 to 09/12/2005	3	IMAGIN Diagnostic Centres, Inc. - Preferred Shares	25,000.00	12,500.00
09/08/2005	3	Ithaca Energy Inc. - Units	1,878,497.00	1,772,166.00
09/14/2005	1	JPMorgan Chase & Co. - Bonds	30,000.00	30,000.00
09/08/2005	23	JPMorgan Chase & Co. - Notes	353,500,000.00	353,500,000.00
09/15/2005	3	Kerzner International Limited - Notes	7,026,000.00	6,000.00
09/13/2005	1	Lasalle Canada Realty Ltd. - Common Shares	43,521,897.52	379,892.00
08/31/2005	1	Lynden Ventures Ltd. - Receipts	40,000.00	80,000.00
09/02/2005	7	Manderley Turf Products Inc. - Common Shares	2,000,079.00	10,000,000.00
08/10/2005 to 09/17/2005	16	New Hudson Television Corp. - Common Shares	113,700.00	37,900.00

Trade Date	# of Purchaser(s)	Issuer/Securities	Total Pur. Price ($)	# of Securities Distributed
09/12/2005	3	New Solutions Financial (II) Corporation - Debentures	277,500.00	277,500.00
09/16/2005	10	O'Donnell Emerging Companies Fund - Units	308,960.00	43,700.00
09/16/2005	3	Panolam Industries International Incorporated - Notes	15,222,274.00	13,000,000.00
09/07/2005	5	PDM Royalties Income Fund - Trust Units	4,416,000.00	368,000.00
09/13/2005	1	PenRetail III Limited Partnership - Limited Partnership Units	5,274,855.00	40,000.00
10/01/2004	1	Petroworth Resources Inc. - Common Shares	0.00	100,000.00
07/29/2005	1	Polar Enterprise Partners - Limited Partnership Units	2,353,225.00	3.00
09/08/2005	5	Polymet Mining Corp. - Units	374,979.60	416,644.00
09/21/2005	2	Precept 2005 Flow-Through Limited Partnership - Limited Partnership Units	120,000.00	120.00
09/14/2005	1	Rampart Ventures Ltd. - Common Shares	10,000.00	40,000.00
09/08/2005	13	Rand A. Technology Corporation - Common Shares	7,782,500.00	2,830,000.00
09/16/2005	33	Resilient Resources Ltd. - Units	73,217.30	112,462.00
09/09/2005 to 09/15/2005	12	Result Energy Inc. - Common Shares	1,130,000.00	1,130,000.00
09/13/2005 to 09/22/2005	27	Riley Resources Inc. - Common Shares	1,949,589.00	0.00
09/20/2005	1	Sable Resources Ltd. - Units	15,000.00	50,000.00
09/06/2005	3	Sage Gold Inc. - Flow-Through Shares	65,000.00	866,667.00
09/06/2005	2	Sage Gold Inc. - Units	43,500.00	58,000.00
08/12/2005	2	Seymour Exploration Corp. - Units	27,500.00	137,500.00
01/31/2005 to 08/04/2005	14	Silvermet Corporation - Common Shares	525,000.00	10,500,000.00
09/12/2005	1	SMART Trust - Notes	1,503,595.71	1.00
08/31/2005	1	Sprott Foundation Unit Trust - Trust Units	27,500.00	742.00
09/14/2005	3	Symbium Corporation - Debentures	750,000.00	750,000.00
09/15/2005	3	Texalta Petroleum Ltd. - Units	87,000.00	580,000.00
07/01/2005	1	The Canyon Value Realization Fund (Cayman), Ltd. - Common Shares	59,735,017.92	44,517.00
09/13/2005	1	The Great-West Life Assurance Company Canadian Real Estate Fund No. 1 - Units	766,717,762.10	201,294.00
09/12/2005	1	Torstar Corporation - Notes	24,888,047.95	25,000,000.00

Trade Date	# of Purchaser(s)	Issuer/Securities	Total Pur. Price ($)	# of Securities Distributed
09/01/2005	3	Tower Hedge Fund L.P. - Units	561,100.00	48,370.00
08/31/2005	1	Trez Capital Corporation - Units	351,660.00	0.00
09/13/2005	4	Trivello Ventures Inc. - Units	22,400.00	170,000.00
09/15/2005	3	Twin Mining Corporation - Units	150,000.12	277,778.00
09/08/2005	1	Vedron Gold Inc. - Units	1,250,000.00	5,000,000.00
09/09/2005	11	Waseco Resources Inc. - Common Shares	100,739.28	839,494.00
08/25/2005	2	WellPoint Systems Inc. - Debentures	3,000,000.00	3,000,000.00
09/21/2005	79	York-Rio Resources Inc. - Common Shares	1,606,031.00	1,100,835.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AGF Elements Balanced Portfolio
AGF Elements Conservative Portfolio
AGF Elements Global Portfolio
AGF Elements Growth Portfolio
AGF Elements Yield Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated September 21, 2005
Mutual Reliance Review System Receipt dated September 21, 2005
Offering Price and Description:
Mutual Fund Series, Series D, F and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #833920

Issuer Name:
Brompton Split Banc Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 27, 2005
Offering Price and Description:
$ * (Maximum) - * Preferred Shares and * Class A Shares
Price: $10.00 per Preferred Share and $15.00 per Class A Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
Raymond James Ltd.
Research Capital Corporation
IPC Securities Corporation
Wellington West Capital Inc.
Acadian Securities Incorporated
Promoter(s):
Brompton SBC Management Limited
Project #835389

Issuer Name:
Canadian Fundamental 100 Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated September 23, 2005
Mutual Reliance Review System Receipt dated September 27, 2005
Offering Price and Description:
$ * - * Units - Price: $10.00 per Unit (Minimum Purchase: 100 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Desjardins Securities Inc.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
Berkshire Securities Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
McFarlane Gordon Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Claymore Investments Inc.
Project #835380

Issuer Name:
Emerging Markets Equity Pool
Enhanced Income Pool
US Equity Small Cap Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated September 19, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
United Financial Corporation
Assante Capital Management Ltd.
Assante Financial Management Ltd.
Assante Capital Management Ltd.
Promoter(s):
-
Project #833727

Issuer Name:
Metro inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Shelf Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 23, 2005
Offering Price and Description:
$750,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #834427

Issuer Name:
First Asset/BlackRock North American Dividend AchieversTrust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated September 26, 2005
Mutual Reliance Review System Receipt dated September 27, 2005
Offering Price and Description:
Maximum $ * - * Units; Minimum Purchase: 100 Units - Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Research Capital Corporation
Wellington West Capital Inc.
Promoter(s):
First Asset Funds Inc.
Project #835314

Issuer Name:
MUNDORO MINING INC.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
$15,045,000.00 - 5,100,000 Units Price: $2.95 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Desjardins Securities Inc.
Sprott Securities Inc.
Promoter(s):
-
Project #834334

Issuer Name:
Nexen Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 23, 2005
Mutual Reliance Review System Receipt dated September 23, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
-
Project #834518

Issuer Name:
Nexen Inc.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated September 23, 2005
Mutual Reliance Review System Receipt dated September 23, 2005
Offering Price and Description:
$406,875,000 - 7,500,000 Common Shares Price: $54.25 per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
-
Project #834518

Issuer Name:
PEAK ENERGY SERVICES TRUST
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 23, 2005
Mutual Reliance Review System Receipt dated September 23, 2005
Offering Price and Description:
$20,004,000.00 - 1,667,000 Trust Units
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Orion Securities Inc.
Sprott Securities Inc.
Promoter(s):
-
Project #834724

Issuer Name:
Power Financial Corporation
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated September 23, 2005
Mutual Reliance Review System Receipt dated September 23, 2005
Offering Price and Description:
$250,000,000 - (10,000,000 shares) 4.95% Non-Cumulative First Preferred Shares, Series K - Price: $25.00 per Share to yield 4.95%
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #834603

Issuer Name:
Rinoa Enterprises Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 27, 2005
Offering Price and Description:
$400,000 - 2,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Randal Matkaluk
Project #812455

Issuer Name:
Southwestern Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 23, 2005
Mutual Reliance Review System Receipt dated September 23, 2005
Offering Price and Description:
$21,600,000 - 2,000,000 Offered Shares Price: $10.80 per Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Octagon Capital Corporation
Haywood Securities Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #834742

Issuer Name:
Synenco Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 23, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #834803

Issuer Name:
TEAL Exploration & Mining Incorporated
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated September 16, 2005
Mutual Reliance Review System Receipt dated September 21, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Haywood Securities Inc.
Promoter(s):
African Rainbow Minerals Limited
Project #833672

Issuer Name:
Antrim Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated September 21, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
8,333,333 Units at $1.80 per Unit ($15,000,000.00) Agents' Option 6,111,111 Common Shares and 3,055,555 Private Placement Warrants issuable on exercise of Special Warrants 611,111 Brokers' Warrants issuable on exercise of Underwriters' Special Warrants
Underwriter(s) or Distributor(s):
Research Capital Corporation
Octagon Capital Corporation
Promoter(s):
-
Project #832054

Issuer Name:
ATS Andlauer Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
$93,242,000.00 - 9,324,200 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
ATS Andlauer Transportation Services Inc.
Project #823351

Issuer Name:
Bank of Montreal
BMO Capital Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated September 23, 2005
Mutual Reliance Review System Receipt dated September 26, 2005
Offering Price and Description:
$450,000,000.00 - Trust Capital Securities— Series E (BMO BOaTS — Series E(TM)) Price: $1,000.00 per BMO BOaTS — Series E
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
National Bank
Financial Inc.
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #824957/824916

Issuer Name:
Front Street Long/Short Income Fund II

Principal Regulator - Ontario
Type and Date:
Final Prospectus dated September 21, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
Minimum $20,000,000 (2,000,000 Units); Maximum $100,000,000 (10,000,000 Units) @ $10.00 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Richardson Partners Financial Limited
First Associates Investments Inc.
MGI Securities Inc.
Tuscarora Capital Inc.
Wellington West Capital Inc.
Promoter(s):
Front Street Capital 2004
Project #810554

Issuer Name:
ING Canada Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated September 20, 2005
Mutual Reliance Review System Receipt dated September 21, 2005
Offering Price and Description:
$1,000,000,000.00 - Debt Securities Class A Shares, Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #830580

Issuer Name:
Macquarie Power Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Westwind Partners Inc.
Promoter(s):
-
Project #831763

Issuer Name:
Mavrix Resource Fund 2005 - II Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated September 20, 2005
Mutual Reliance Review System Receipt dated September 21, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
TD Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
IPC Securities Corporation
Wellington West Capital Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Bieber Securities Inc.
First Associates Investments Inc.
MGI Securities Inc.
Research Capital Corporation
Sprott Securities Inc.
Union Securities Ltd.
Promoter(s):
Mavrix Resources Fund 2005 - II Management Limited
Mavrix Fund Management Inc.
Project #824926

Issuer Name:
Morneau Sobeco Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated September 21, 2005
Mutual Reliance Review System Receipt dated September 21, 2005
Offering Price and Description:
$199,792,840.00 - 19,979,284 Units - Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
W.F. Morneau Services Inc.
Project #822829

Issuer Name:
Schooner Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 21, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
$516,700,000.00 (approximate) COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2005-4
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
-
Project #830693

Issuer Name:
Sentry Select FIDAC U.S. Mortgage Trust
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 20, 2005 to Prospectus dated August 30, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Dundee Securities Corp.
First Associates Investments Inc.
Wellington West Capital Inc.
Desjardins Securities Inc.
IPC Securities Corporation
Rothenberg Capital Management
Promoter(s):
Sentry Select Capital Corp.
Project #811020

Issuer Name:
Shiningbank Energy Income Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated September 21, 2005
Mutual Reliance Review System Receipt dated September 21, 2005
Offering Price and Description:
$100,245,000.00 - 4,100,000 TRUST UNITS Price: $24.45 per Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
Promoter(s):
-
Project #831190

Issuer Name:
SRAI Capital Corp.
Sunstone Opportunity Fund (2005) Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated September 20, 2005
Mutual Reliance Review System Receipt dated September 22, 2005
Offering Price and Description:
Minimum: $5,000,000.00 (400 Units); Maximum: $30,000,000.00 (2,400 Units) $12,500 per Unit
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES CORPORATION
BIEBER SECURITIES INC.
BLACKMONT CAPITAL INC.
SORA GROUP WEALTH ADVISORS INC.
RAYMOND JAMES LTD
Promoter(s):
Sunstone Realty Advisors Ic.
Project #815575/815628

Issuer Name:
Tranzeo Wireless Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated September 22, 2005
Mutual Reliance Review System Receipt dated September 26, 2005
Offering Price and Description:
$4,766,450.00 - 2,383,225 Units Price: $2.00 per Unit
Underwriter(s) or Distributor(s):
Pardigm Capital Inc.
Research Capital Corporation
Promoter(s):
-
Project #792575

Issuer Name:
Yamana Gold Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 27, 2005
Mutual Reliance Review System Receipt dated September 27, 2005
Offering Price and Description:
Cdn.$130,000,000.00 - 26,000,000 Common Shares Price: Cdn.$5.00 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Sprott Securities Inc.
Wellington West Capital Markets Inc.
Blackmont Capital Inc.
Paradigm Capital Inc.
Raymond James Ltd.
Promoter(s):
Santa Elina Mines Corporation
Project #833464

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Bluenose Investment Management Inc.	Investment Counsel & Portfolio Manager (Non-Resident)	September 27, 2005
New Registration	Nuveen Asset Management Inc.	International Adviser	September 23, 2005
New Registration	Rathlin Capital International Inc.	Limited Market Dealer	September 22, 2005
New Registration	Beringer Capital Partners Ltd.	Limited Market Dealer	September 22, 2005
Change of Name	From: Gamco Investors, Inc. To: Gamco Asset Management Inc.	International Adviser	August 29, 2005
Change of Name	From: Catalyst Group Inc. To: Alluence Capital Advisors Inc.	Limited Market Dealer	September 19, 2005

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Chapter 25

Other Information

25.1 Approvals

25.1.1 Redwood Asset Management Inc.

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application for approval of experienced applicant to act as trustee for pooled funds and future pooled funds.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

September 27, 2005.

Chitiz Pathak LLP
154 University Ave., Suite 500
Toronto, Ontario
M5H 3Y9

Attention: Manoj Pundit

Dear Sirs/Mesdames:

Re: Redwood Asset Management Inc. (the "Applicant") application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario).
Application No. 656/05

Further to the application dated September 20, 2005 (the "Application"), filed on behalf of the Applicant, and based on the facts set out in the Application, under the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of Redwood Long Short Conservative Equity Fund and similar mutual fund trusts for which the Applicant may act as manager in the future.

"Paul M. Moore"

"Robert L. Shirriff"

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