ONTARIO SECURITIES COMMISSION

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OSC

**The Ontario Securities Commission**

# OSC Bulletin

August 17, 2007

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

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## 1.1 Notices

### 1.1.1 Current Proceedings Before The Ontario Securities Commission

**AUGUST 17, 2007**

**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
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| Robert L. Shirriff, Q.C. | — | RLS |
| Suresh Thakrar, FIBC | — | ST |
| Wendell S. Wigle, Q.C. | — | WSW |

**SCHEDULED OSC HEARINGS**

| | |
|---|---|
| August 28, 2007 | **Shane Suman and Monie Rahman** |
| 10:00 a.m. | s. 127 & 127(1) |
| | K. Daniels in attendance for Staff |
| | Panel: JEAT |
| September 4, 2007 | **Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and** |
| 2:30 p.m. | **Roy Brown (a.k.a. Roy Brown-Rodrigues)** |
| | s.127 and 127.1 |
| | D. Ferris in attendance for Staff |
| | Panel: ST/RLS |
| September 5, 2007 | ***AiT Advanced Information Technologies Corporation, *Bernard Jude Ashe and Deborah Weinstein** |
| 10:00 a.m. | s. 127 |
| | K. Manarin in attendance for Staff |
| | Panel: WSW/HPH/CSP |
| | * Settlement Agreements approved February 26, 2007 |
| September 6, 2007 | **Roger D. Rowan, Watt Carmichael Inc., Harry J. Carmichael and G. Michael McKenney** |
| 10:00 a.m. | s. 127 and 127.1 |
| | J. Superina in attendance for Staff |
| | Panel: RLS/DLK/ST |
| September 6, 2007 | **Jose Castaneda** |
| | s. 127 and 127.1 |
| 10:00 a.m. | H. Craig in attendance for Staff |
| | Panel: WSW/DLK |

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|---|---|
| September 7, 2007<br>11:00 a.m. | **Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries**<br><br>s. 127 & 127.1<br><br>J. S. Angus in attendance for Staff<br><br>Panel: TBA |
| September 11, 2007<br>10:00 a.m. | **Al-Tar Energy Corp., Alberta Energy Corp., Eric O'Brien, Bill Daniels, Bill Jakes, John Andrews, Julian Sylvester, Michael N. Whale, James S. Lushington, Ian W. Small, Tim Burton and Jim Hennesy**<br><br>s. 127(1) & (5)<br><br>Sean Horgan in attendance for Staff<br><br>Panel: RLS/ST |
| September 17, 2007<br>10:00 a.m. | **Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas**<br><br>s.127<br><br>P. Foy in attendance for Staff<br><br>Panel: WSW/DLK |
| September 19, 2007<br>10:00 a.m. | **Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason Dolan, Marco Lorenti and Stephen Zeff Freedman**<br><br>s. 127<br><br>H. Craig in attendance for Staff<br><br>Panel: PJL/ST |
| September 28, 2007<br>10:00 a.m. | **Jason Wong, David Watson, Nathan Rogers, Amy Giles, John Sparrow, Kervin Findlay, Leasesmart, Inc., Advanced Growing Systems, Inc., Pharm Control Ltd., The Bighub.com, Inc., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, Nutrione Corporation and Select American Transfer Co.**<br><br>s. 127 and 127.1<br><br>P. Foy in attendance for Staff<br><br>Panel: JEAT/ST |
| September 28, 2007<br>10:00 a.m. | **Stanton De Freitas**<br><br>s. 127 and 127.1<br><br>P. Foy in attendance for Staff<br><br>Panel: JEAT/ST |
| October 9, 2007<br>10:00 a.m. | **John Daubney and Cheryl Littler**<br><br>s. 127 and 127.1<br><br>A.Clark in attendance for Staff<br><br>Panel: RLS/CSP/MCH |
| October 10, 2007<br>10:00 a.m. | **Saxon Financial Services, Saxon Consultants, Ltd., International Monetary Services, FXBridge Technology, Meisner Corporation, Merchant Capital Markets, S.A., Merchant Capital Markets, MerchantMarx et al**<br><br>s. 127(1) & (5)<br><br>S. Horgan in attendance for Staff<br><br>Panel: JEAT |
| October 12, 2007<br>10:00 a.m. | **Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton**<br><br>s. 127<br><br>H. Craig in attendance for Staff<br><br>Panel: TBA |

| | |
|---|---|
| October 22, 2007<br>10:00 a.m. | **Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin**<br>s. 127<br>H. Craig in attendance for Staff<br>Panel: WSW/KJK |
| October 29, 2007<br>10:00 a.m. | **Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited**<br>s. 127<br>E. Cole in attendance for Staff<br>Panel: LER/ST/DLK |
| November 12, 2007<br>10:00 a.m. | **Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson**<br>s.127<br>J. Superina in attendance for Staff<br>Panel: TBA |
| December 10, 2007<br>10:00 a.m. | **Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans**<br>s. 127 & 127(1)<br>H. Craig in attendance for Staff<br>Panel: WSW/KJK |
| January 7, 2008<br>10:00 a.m. | ***Philip Services Corp. and Robert Waxman**<br>s. 127<br>K. Manarin/M. Adams in attendance for Staff<br>Panel: JEAT/MCH<br>Colin Soule settled November 25, 2005<br>Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft settled March 3, 2006<br>* Notice of Withdrawal issued April 26, 2007 |
| April 2, 2008<br>10:00 a.m. | **Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd. and Camdeton Trading S.A.**<br>s. 127 and 127.1<br>Y. Chisholm in attendance for Staff<br>Panel: TBA |
| May 5, 2008<br>10:00 a.m. | **John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir**<br>S. 127 & 127.1<br>I. Smith in attendance for Staff<br>Panel: TBA |
| TBA | **Yama Abdullah Yaqeen**<br>s. 8(2)<br>J. Superina in attendance for Staff<br>Panel: TBA |
| TBA | **Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell**<br>s. 127<br>J. Waechter in attendance for Staff<br>Panel: TBA |
| TBA | **First Global Ventures, S.A., Allen Grossman and Alan Marsh Shuman**<br>s. 127<br>D. Ferris in attendance for Staff<br>Panel: WSW/ST/MCH |
| TBA | **Frank Dunn, Douglas Beatty, Michael Gollogly**<br>s.127<br>K. Daniels in attendance for Staff<br>Panel: TBA |

TBA **FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun**

s. 127

K. Daniels in attendance for Staff

Panel: RLS/ST

TBA **Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels**

s. 127 and 127.1

D. Ferris 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**

**Andrew Stuart Netherwood Rankin**

**Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg**

**Maitland Capital Ltd., Allen Grossman, Hanouch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Diana Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow**

**Euston Capital Corporation and George Schwartz**

## 1.2 Notices of Hearing

### 1.2.1 Robert Waxman - ss. 127(1) and 127.1

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

**AND**

**IN THE MATTER OF**
**ROBERT WAXMAN**

**AMENDED NOTICE OF HEARING**
**(Sections 127(1) and 127.1)**

**WHEREAS** a Notice of Hearing was issued and a Statement of Allegations was delivered on August 30, 2000, pursuant to sections 127(1) and 127.1 of the Securities Act, R.S.O. 1990 c.S.5, as amended (the "Act"), in respect of Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft;

**AND WHEREAS** by order of the Ontario Securities Commission (the "Commission") dated November 25, 2005, the Commission approved a proposed Settlement Agreement with Colin Soule;

**AND WHEREAS** the Statement of Allegations was amended on December 9, 2005 and an Amended Notice of Hearing was issued by the Commission on December 12, 2005;

**AND WHEREAS** by order of the Commission dated March 3, 2006, the Commission approved a proposed Settlement Agreement with Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft;

**AND WHEREAS** on April 25, 2007, the charges against Philip Services Corp. were withdrawn;

**AND WHEREAS** the Amended Statement of Allegations was further amended on July 26, 2007;

**TAKE NOTICE** that the Commission will hold a hearing pursuant to sections 127(1) and 127.1 of the Act at the offices of the Commission, on the 17th Floor, Large Hearing Room , 20 Queen St. West, Toronto, Ontario commencing on Monday, January 7, 2008 at 10:00 a.m. or as soon thereafter as the hearing can be held:

**TO CONSIDER** whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission to make an order that:

(a) the Respondent cease trading in securities, permanently or for such time as the Commission may direct;

(b) the Respondent be prohibited from becoming or acting as a director or officer of any issuer, permanently or for such period as the Commission may direct;

(c) the Respondent resign any positions he may have as a director and/or officer of any issuer;

(d) the Respondent be reprimanded;

(e) the Respondent pay the costs of Staff's investigation and this proceeding; and/or

(f) contains such other terms and conditions as the Commission may deem appropriate.

**BY REASON OF** the allegations set out in the Amended Statement of Allegations dated July 26, 2007 of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

**DATED** at Toronto, Ontario this 9th day of August, 2007.

"John Stevenson"
Secretary to the Commission

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

**AND**

**IN THE MATTER OF**
**ROBERT WAXMAN**

**AMENDED STATEMENT OF ALLEGATIONS**

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

## I THE RESPONDENTS

1. Philip Services Corp. ("Philip" or the "Company") was, at all material times, a reporting issuer in Ontario, Alberta, British Columbia, Quebec, Saskatchewan, Nova Scotia and Newfoundland. Philip's common shares were listed for trading on the Toronto Stock Exchange (the "TSE"), the Montreal Exchange and the New York Stock Exchange under the symbol PHV. At all material times, Philip was a corporation amalgamated under the laws of the Province of Ontario, with its head office in the City of Hamilton, in the Province of Ontario. Prior to May, 1997, Philip operated its business under the name of Philip Environmental Inc.

2. Philip was, at all material times, an integrated resource recovery and industrial services company providing metal recovery and processing services to major industry sectors throughout North America. According to Philip's Annual Report (the "Form 10-K"), Philip "was one of North America's leading suppliers of metals recovery and industrial services". For the year ended December 31, 1997, Philip reported revenues of US $1.75 billion, of which US $1.1 billion was attributed to the Company's Metals Recovery Group (the "Metals Group"). On or around September 29, 1995, the President and Chief Executive Officer ("CEO") advised the Company's Board of Directors that the Company expected consolidated revenue to reach Cdn $1.5 billion by the end of 1997 as a result of internal growth and acquisitions. At all material times, Philip's fiscal year-end was December 31. All amounts referred to hereinafter are in U.S. dollars, unless otherwise indicated.

3. Allen Fracassi ("A. Fracassi") was, at all material times, the President, CEO and a Director of Philip.

4. Philip Fracassi ("P. Fracassi") was, at all material times, the Executive Vice-President, Chief Operating Officer and a Director of Philip. P. Fracassi and A. Fracassi are brothers and are the founders of the Company.

5. Marvin Boughton ("Boughton") was, at all material times, the Executive Vice-President and Chief Financial Officer ("CFO") of Philip. Boughton is a chartered accountant. Prior to joining Philip in or around 1991, Boughton was a partner in the accounting firm of Deloitte & Touche ("Deloitte"), in its Hamilton, Ontario office and had been employed by Deloitte for approximately 32 years.

6. Graham Hoey ("Hoey") was, at all material times, Senior Vice-President, Finance of Philip. Prior to joining Philip in 1996, Hoey was a partner with Deloitte.

7. Robert Waxman ("Waxman") became a Director of the Company in January, 1994 and was the President of the Metals Group from February, 1996 until his resignation as a Director of Philip and as President of the Metals Group was publicly announced in a press release dated January 5, 1998.

8. John Woodcroft ("Woodcroft") was, at all material times, the Executive Vice-President, Operations of Philip. Woodcroft is a chartered accountant.

## II BACKGROUND

9. In 1997, Philip's business was organized into two operating divisions - the Metals Group and the Industrial Services Group ("ISG"). Both of these divisions reported to Philip's head office, hereinafter referred to as "Corporate".

10. The Metals Group was Philip's largest operating division, accounting for more than 60% of the Company's revenue in 1997. The Metals Group was comprised of three key divisions - copper, ferrous and aluminum processing and recycling. As indicated above, Waxman was President of the Metals Group at all material times.

11. Deloitte, a firm of chartered accountants, was Philip's external auditor from 1990 until December, 1999. During 1997, the partners from Deloitte who were assigned to the Philip audit engagement included the following: the Lead Client

Services Partner 1997, the U.S. Audit Partner 1997, the Quality Control/Audit Partner 1997 and the National Office Partner 1997.

## III OVERVIEW OF STAFF'S ALLEGATIONS

12. The following allegations are being advanced by Staff:

**Failure to provide full, true and plain disclosure in a Prospectus of material facts in respect of the Special Charges - the restructuring charge**

1) Philip filed and Mr. Waxman authorized, permitted or acquiesced in Philip filing a Prospectus with the Commission which he knew or ought to have known failed to contain full, true and plain disclosure of all material facts relating to the securities offered, specifically, material facts relating to a restructuring charge in the amount of $155.720 million, which was not disclosed by Philip until 1998.

**Failure to provide full, true and plain disclosure in a Prospectus of material facts in respect of the Special Charges - the material financial transactions**

2) These material financial transactions amount to approximately $110 million of the total $234.992 million in charges taken by Philip (in addition to the restructuring charge), and are as follows:

(i) that Philip filed and Mr. Waxman authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which he knew or ought to have known failed to contain full, true and plain disclosure of approximately $31 million for holding certificates in respect of inventory, which were issued by Philip in 1996 and were improperly recorded because Philip failed to record the underlying transactions as liabilities or, alternatively, failed to remove the inventory from the accounting records;

(ii) that Philip filed and Mr. Waxman authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which he knew or ought to have known failed to contain full, true and plain disclosure of approximately $29 million of unrecorded liabilities for invoices issued by its customer, Pechiney World Trade Inc., in 1996 and settled by Philip in 1997; and

(iii) that Philip filed and Mr. Waxman authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which he knew or ought to have known failed to contain full, true and plain disclosure of approximately $30.222 million regarding a financing arrangement between Philip and Commodity Capital Group, finalized on or about August 13, 1997, which was not properly recorded in the financial statements.

## IV THE NOVEMBER 1997 OFFERING

13. On November 6, 1997, Philip made a public offering of 20 million common shares (the "November Offering"), 15 million of which were sold in the United States and 5 million of which were sold in Canada and internationally. The November Offering raised approximately $364 million and closed on or about November 12, 1997. The price per each offered common share was $16.50.

14. In connection with the November Offering, Philip filed a Prospectus with the Commission and obtained a final receipt on November 6, 1997. As required pursuant to section 58 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"), the Prospectus contained an Issuer's Certificate signed by A. Fracassi, the CEO, and Boughton, the CFO, and two directors, Waxman and Herman Turkstra, on behalf of Philip's Board of Directors. A registration statement (the "Registration Statement") was filed with the United States Securities and Exchange Commission (the "SEC") on or about November 6, 1997.

15. The Prospectus included audited financial statements for the Company for the years ended December 31, 1996 and December 31, 1995, for which Deloitte had issued unqualified audit opinions. Deloitte consented to the inclusion of these audit opinions in the Prospectus. Furthermore, the Prospectus contained unaudited interim financial statements for the six month periods ended June 30, 1997 and June 30, 1996. Deloitte provided a letter of comfort to the Commission dated November 5, 1997, with respect to the inclusion of the unaudited interim financial statements in the Prospectus. The Prospectus also included unaudited third quarter results for the three and nine month periods ended September 30, 1997.

16. In connection with the November Offering, Philip entered into a U.S. Underwriting Agreement dated November 6, 1997 with a syndicate of underwriters, which provided for the sale by the Company of 15 million common shares in the

United States. Salomon Brothers Inc. and Merrill Lynch & Co. acted as the co-lead underwriters on behalf of the syndicate of underwriters. Philip also entered into an International Underwriting Agreement, dated November 6, 1997, with a syndicate of international underwriters which provided for the sale by the Company of 5 million common shares internationally, including Canada. Salomon Brothers International Limited and Merrill Lynch International acted as representatives on behalf of the international underwriters. The Canadian underwriters that participated in the international underwriting were as follows: Salomon Brothers Canada Inc., Merrill Lynch Canada Inc., CIBC Wood Gundy Securities Inc., Midland Walwyn Capital Inc., First Marathon Securities Inc., Gordon Capital Corporation, RBC Dominion Securities Inc. and TD Securities Inc. (the "Underwriters").

**V PUBLIC DISCLOSURES AND REGULATORY FILINGS**

17. In a press release dated September 29, 1997, Philip announced that it had filed a Registration Statement in the United States and a preliminary prospectus ("Preliminary Prospectus") in Canada with respect to an offering of 20 million of its common shares.

18. On or about October 24, 1997, Philip filed an amended Preliminary Prospectus with the Commission.

19. In a press release dated November 5, 1997, Philip reported record net earnings of $25.4 million for the three month period ended September 30, 1997, a 105% increase over the $12.4 million from continuing operations for the same period in 1996. It also reported that its revenues for the three month period ended September 30, 1997 increased 246% to $502.2 million from $145.2 million for the same quarter in 1996. The financial information released on November 5, 1997 was incorporated into the Prospectus.

20. On or about November 6, 1997, Philip obtained a receipt for the Prospectus from the Commission.

21. In a press release dated November 18, 1997, Philip reported that total net proceeds from the November Offering amounted to approximately $364 million.

22. In a press release dated January 5, 1998, Philip announced the resignation of Waxman as a Director and President of the Company's Metal Group.

23. Philip issued a press release dated January 26, 1998, approximately 11 weeks after the November Offering closed, announcing the following:

> *... the Company will record a one time year end charge to earnings of between US $250 million and US $275 million, which on an after-tax basis, is between US $175 million to US $200 million. This one time charge will be comprised of two items. One item will be in the form of a restructuring charge, which on an after-tax basis will amount to between US $100 million and US $120 million. This restructuring charge includes a write-down of goodwill, which makes up 60% to 70% of this charge, severance payments, relocation costs and a variety of other items. The second component being US $75 million to US $80 million after-tax relates primarily to physical inventory adjustments and also to trading losses and charges relating to a market revaluation of inventory held for resale by our Metals Recovery Group.*

24. In a press release dated January 27, 1998, Philip clarified its January 26, 1998 announcement, stating that the goodwill write-down related to a number of acquisitions the Company concluded over the period from 1993 to 1996. It also stated that the physical inventory adjustment of approximately $60 million after-tax involved the difference between book inventory and physical inventory in the Metals Group copper yard business.

25. On Friday, January 23, 1998, the closing price for Philip's shares on the TSE was $18.90. On January 27, 1998, following the announcements of January 26 and 27, Philip's common shares on the TSE closed at $12.00.

26. In a press release dated March 5, 1998, Philip announced its financial results for the year ending December 31, 1997 and the results of an audit conducted by external auditors into the copper inventory discrepancy. In this press release Philip made a number of disclosures, including that:

    (i) its 1997 year-end audited financial results included a $185.4 million (pre-tax), one-time special and non-recurring charge related to the write-down of certain assets;

    (ii) it reported a loss of $95.8 million for its 1997 year-end;

    (iii) it was restating its earnings for fiscal year 1995 to $3.2 million (rather than approximately Cdn $32.7 million as originally disclosed) and for fiscal year 1996 to a $20 million loss (rather than a profit of approximately Cdn $39 million as originally disclosed); and

(iv) there was a discrepancy in the copper inventory in the audited financial statements for the year ended December 31, 1997 in the amount of approximately $92 million (pre-tax) resulting from trading losses and a further amount of approximately $32.9 million (pre-tax) caused by incorrect recording of copper transactions, which losses were incurred over a three year period as a result of speculative transactions done outside of Philip's normal business practices.

27. On or about March 31, 1998, Philip, pursuant to the United States Securities Exchange Act of 1934, filed the Form 10-K for its 1997 fiscal year with the SEC. The Form 10-K included an unqualified audit opinion signed by Deloitte on March 4, 1998.

28. In a press release dated April 1, 1998, Philip announced that on March 31, 1998, Philip had filed its Form 10-K for its 1997 fiscal year-end financial statements and reported that "as part of its final audit review" it was determined that an additional charge of $13.6 million had to be added to the special and non-recurring charges of $185.4 million (pre-tax), disclosed in its news release of March 5, 1998. These additional charges included $10 million in unrealized losses from copper swap contracts and $3.6 million in "other" costs relating to copper operations.

29. In a press release dated April 23, 1998, Philip announced that its 1997 Audited Financial Statements previously filed with its Annual Report on Form 10-K with the SEC "did not properly reflect the results of transactions in the Company's copper operation and as a result underestimated the Company's liabilities by an amount estimated to be approximately $30 million". It also announced an adjustment to "certain balance sheet accounts" of approximately $5 million.

30. On or about May 5, 1998, Philip filed a Material Change Report with the Commission, pursuant to section 75(2) of the Act, with respect to its announcement on April 23, 1998 as described in paragraph 30.

31. On or about May 14, 1998, Philip filed an amended Form 10-K (the "Form 10-K/A") with the SEC which reflected the further adjustments required to its 1997 audited financial statements as announced in its press release dated April 23, 1998.

32. On or about May 22, 1998, Philip filed its Annual Financial Statements for its fiscal year ended December 31, 1997 with the Commission.

## VI THE METALS GROUP

### A. Background Facts

33. In 1973, Waxman began working in the scrap metals industry for I. Waxman & Sons Limited, the Waxman family business. In or around September, 1993, I. Waxman & Sons Limited rolled all of its active operating assets into Waxman Resources Inc. ("Resources") and then sold all of the shares of Resources to Philip. At the time Philip purchased the shares of Resources, Waxman was the President and Chief Executive Officer of Resources.

34. In light of his substantial experience and contacts in the metals industry, Philip gave Waxman the responsibility of running the operations it had acquired from the Waxman family interests as well as other metals holdings of Philip. Waxman performed an integral role for Philip in both the operations of the Metals Group and the strategic planning for the numerous acquisitions by Philip in the metals industry.

35. In January 1994, Waxman became a Director of Philip. On February 28, 1996, Waxman was appointed President of the Company's Metals Group.

36. At all material times, Waxman reported to A. Fracassi. On a day-to-day basis, Waxman also reported to P. Fracassi and Woodcroft.

37. In 1996 and 1997, the Metals Group accounted for approximately 60% of Philip's revenues.

### B. Inappropriate Transactions

38. In early 1997, the VP, Financial Operations of Philip was preparing a report for A. Fracassi regarding potential inappropriate copper cathode transactions being effected in the Metals Group. At the same time, the VP, Financial Operations was also advised of the details regarding the Copper Investigation.

39. As a result, the VP, Financial Operations prepared a handwritten memo dated September 12, 1997 to A. Fracassi (the "VP, Financial Operations' Memo"), advising of four transactions "controlled by Bob Waxman which appear[ed] to be of a fraudulent nature" as follows:

(1) *During late 96 and early 97, we borrowed 9.6 million lbs of cathode from GM. Of this, 5.4 million lbs was given to Pechiney but never invoiced. The balance was sold and properly invoiced. However, we paid Pechiney for 3.0 million lbs and MIT for 1.2 million lbs of cathode which was not received by us. The total loss on the scam at US 1.00 per lb is US 9.6 million.*

(2) *During the one year period ended March 97 we lost US 10.0 million on cathode sales to Parametal Trading. These were predominantly paper, non-physical transactions. There is no valid reason, including borrowing, hedging or outright speculating that could explain a loss of this size based upon the average monthly trading volume of US 10.0 million. The only logical conclusion is that money is being taken from the Company.*

(3) *In April of 97, we started buying UBC's from Pechiney. We brokered the scrap to various customers at market prices. The loss to date on these transactions is US 275,000. Madesker has modified the Pechiney invoices to reduce the loss to us. Experience has shown that this is just a delay tactic. Eventually the full amount of the loss will be realized. Initially, we sold to the UBC customers directly. Now MIT has been introduced as a middleman between us and our customers. A bad deal is about to get worse. There is no reason for these transactions other than to put money in other people's pockets.*

(4) *In May 97, we started selling #2 copper scrap to MIT who in turn sells it to Southwire. We are supposed to be paid on the basis of copper recovered by Southwire. By accident, we have discovered that Southwire's recoveries are twice the amount reported to us by MIT. Based upon the initial order alone, we have been cheated out of US 175,000. It is clear that the reason for using a broker is to divert money to the principal of MIT ...*

The memo concludes as follows:

*I have more examples as does [the Executive Vice-President, Corporate & Government Affairs] who has information on yard theft. But without going into more detail we are already up to CAD 27.0 million.*

*Bob must not be allowed to enter into any transactions. All people loyal to him should be fired and we should try to recover whatever we can without having the whole thing blow up.*

40. The VP, Financial Operations' Memo was provided to Woodcroft. Woodcroft advised the VP, Financial Operations that he had discussed the matters raised in the VP, Financial Operations' Memo with A. Fracassi.

41. On October 28, 1997, Waxman executed a $10 million promissory note in favor of Philip for certain indebtedness he had to the company.

## VII THE SPECIAL CHARGES

### A. Overview

42. Special charges were taken by Philip in 1998 which included a restructuring charge and charges in respect of material financial transactions. Philip failed to disclose in the Prospectus that the Company had identified and quantified items to be included in the restructuring charge. Philip's process of identifying and calculating items to be included in the restructuring charge commenced in the late summer of 1997. Also, the financial statements contained in the Prospectus were incorrect because of inappropriate accounting treatments for many material financial transactions. They were subsequently corrected in 1998 as part of the Special Charges.

43. On January 17, 1998, the Globe and Mail reported that Philip would be taking a one-time restructuring charge and would disclose the amount of the restructuring charge on January 26, 1998.

44. On January 26 and 27, 1998, only 11 weeks after the Prospectus was filed with the Commission, Philip issued two press releases announcing that the Company would be taking a restructuring charge. As set out in paragraph 24, in a January 26, 1998 press release, Philip disclosed that it would be taking a restructuring charge and a charge relating to material financial transactions (the "Special Charges"). According to the press release:

*... the company will record a one time year end charge to earnings of between US $250 million and US $275 million, which on an after tax basis, is between US $175 million to US $200 million. This one time charge will be comprised of two items. One item will be in the form of a restructuring charge, which on an after tax basis will amount to between US $100 million and US $120 million. This restructuring charge includes a write-down of goodwill, which makes up 60% to 70% of this charge, severance payments, relocation costs and a variety*

*of other items. The second component being US $75 million to US $80 million after tax relates primarily to physical inventory adjustments, and also to trading losses and charges relating to a market revaluation of inventory held for resale by our Metals Recovery Group.*

45. In the late summer of 1997, Philip commenced a process to identify and calculate items to be included in a restructuring charge. The restructuring charge calculated during the course of this process is very similar to the amounts announced on January 26 and 27, 1998, as set out in above.

46. In the final audited financial statements for the year ended December 31, 1997, Philip recorded various Special Charges relating primarily to its copper business, including a restructuring charge of $155.720 million and Special Charges relating to material financial transactions of $234.992 million.

47. The Special Charges relating to material financial transactions impacted on previously reported earnings by Philip in the years ended December 31, 1995 and 1996 and the three quarters ended March 31, June 30 and September 30, 1997 respectively.

**B. The Restructuring Charge**

**i) Background Facts**

48. In the 10-K filed with the SEC on April 1, 1998, Philip explained the restructuring charge as follows:

*As at December 31, 1997, the Company recorded a pre-tax charge of $155.7 million ($117.1 million after tax) reflecting the effects of (i) restructuring decision made in its Industrial Services Group following the mergers of All Waste and Serv-Tech, (ii) integration decisions in various of its acquired Metals Services Group businesses, the most significant of which were acquired in late October 1997 and (iii) impairments of fixed assets and related goodwill resulting both from decisions to exit various business locations and dispose of the related assets, as well as assessments of the recoverability of fixed assets and related goodwill of business units in continuing use.*

*All businesses assessed for asset impairment were acquired in purchase business combinations and, accordingly, the goodwill that arose in those transactions was included in the test for recoverability. Assets to be disposed of were valued at the estimated net realizable value while the assets of the business units to be continued were assessed at fair value principally using discounted cash flow methods.*

*Special and non-recurring charges relate to the impairment of fixed assets and related goodwill and comprised of the following items:*

| | **($US '000)** |
|---|---|
| Business units, locations or activities to be exited: | |
| Goodwill written off | $ 10,032 |
| Fixed assets written down to estimated net realizable value of $4,843K | 47,584 |
| Unavoidable future lease and other costs associated with properties | 9,358 |
| Other assets to be disposed, including $7,800K accrued disposal costs | 17,740 |
| Business units to be continued: | |
| Goodwill impairment | 49,558 |
| Fixed assets written down to estimated net realizable value of $8,810K | 10,984 |
| Severance, $2,000K paid before year-end | 4,464 |
| Accrued costs | 6,000 |
| TOTAL | $ 155,720 |

49. Philip had identified and quantified most of these items that were written off as a restructuring charge prior to filing the Prospectus. However, there was no specific disclosure in the Prospectus that Philip intended to take a restructuring charge or in the alternative, the minimal disclosure provided was not representative of what was known at the time the Prospectus was filed.

50. Deloitte's management letters, prepared at the conclusion of the 1994 and 1995 engagements, indicate that the accounting for acquisitions, the capitalization of costs (especially start-up costs and losses) and the recognition of accounting for goodwill were serious concerns for its auditor on an annual basis.

**ii) Relevant Portions of the Prospectus**

51. The following excerpts from the Prospectus are the only references made by Philip that may possibly relate to the restructuring charge that the Company was contemplating:

(a) The Preamble to the Financial Information

*The selected historical consolidated financial data ... is derived from the audited Consolidated Financial Statements ... and ... is from the unaudited interim consolidated financial statements of Philip, which in the opinion of management include all adjustments (**consisting solely of normal recurring adjustments**) necessary to present fairly the financial information for such periods.* [Emphasis added.]

(b) Risk Factors

The Prospectus noted that Philip may record additional charges, at a later date, resulting from acquisition or integration issues. However, the Prospectus does not disclose that the Company had already quantified the significant components of the restructuring charge.

*In particular, reserves established or charges recorded in connection with acquisitions or the integration thereof may be insufficient and the Company **may be required** to establish additional reserves or **record additional charges** at a later date.* [Emphasis added.]

(c) Notes to the Unaudited Pro Forma Consolidated Financial Statements - Note 8

The following Note to the Unaudited Pro Forma Consolidated Financial Statements contemplated non-recurring costs, but only in relation to integration costs arising from the AllWaste and Serv-Tech acquisitions and not to the restructuring charge that was being contemplated by Philip during 1997.

*Philip expects that it will incur non-recurring costs relating to severance, relocation and other integration costs. These costs are **not quantifiable** at this time.* [Emphasis added.]

**iii) The Quantification of the Restructuring Charge during 1997**

52. In January and/or February of 1997, during the course of the finalization of the 1996 engagement, the Lead Client Services Partner 1997 advised A. Fracassi to consider a restructuring charge as synergies would be realized from the previous pattern of acquisitions, and the United States marketplace was not reacting adversely to restructuring charges at the time.

53. In early 1997, at least P. Fracassi, Woodcroft and the VP Finance were aware that inappropriate accounting had taken place in finalizing the 1996 results. It was agreed that earnings targets for 1997 would be reduced in order to manage the expectations of the public and enable corrective accounting action to be taken. The expectations, however, were not reduced and it was decided that the corrections would take place as part of the restructuring charge being considered.

54. On February 24, 1997, a meeting was held to discuss the finalization of the 1996 audit engagement. In attendance were A. Fracassi, Boughton, the Partner - National Office and the Lead Client Services Partner 1997. Notes of the meeting record that, amongst other points,

- *"divisions" structure going forward[:] services - metals, and*
- *[o]ut of this 're-org' - the Company is contemplating a restructuring charge in Q2/3 [of] 97.*

55. During the course of the next few months, Deloitte continued to provide advice to Philip on the issue of a restructuring charge and discussed the charge with Philip on a conceptual basis.

56. During the late spring or summer of 1997, various staff of Philip were made aware that a restructuring charge was going to take place. At the same time, in the early summer of 1997, the Underwriters began meeting with Philip to discuss equity financing.

57. On August 1, 1997, the Executive Vice-President, Corporate Development received a fax from Merrill Lynch containing an analysis of the impact of extraordinary charges on the stock price of other publicly listed companies. Attached to the fax were graphs illustrating the impact of "extraordinary charges" on the price of three separate public companies.

58. Shortly after August 5, 1997, Deloitte became aware that a prospectus was going to be issued in the United States and that Deloitte would be required to provide an opinion on the Philip financial results for January to June, 1997 (the "Q2 Review"). The Q2 Review was conducted by Deloitte in September, 1997. The main participants from Philip in the Q2 Review were Boughton, Hoey, the Corporate Controller and the Manager, Financial Reporting.

59. Deloitte, however, was not aware that staff at Philip were attempting to quantify the charge.

60. By August 25, 1997, Philip had decided to raise an equity financing.

61. Prior to August 25, 1997, the Corporate Controller met with at least Boughton and the VP Finance to identify and quantify items to be included in a restructuring charge. At the meeting, Boughton assigned the Corporate Controller the responsibility of identifying items in Corporate and ISG to be included in the restructuring charge. Boughton asked the VP Finance to provide suggestions of components that may form part of a possible restructuring charge in the Metals Group.

62. On August 25, 1997, the VP Finance submitted a memo addressed to Waxman, and copied Boughton and the Corporate Controller. In the memo entitled "Write-off", the VP Finance summarized what had been discussed at the meeting. The memo included a list of "items to consider" for a restructuring charge/write-off. The VP Finance included the following on the list: the "closure of Centennial yard" and the "cost of exiting the solids copper business in Hamilton. Take hit on inventory".

63. Shortly after August 25, 1997, the VP Finance gave the Financial Analyst this memo and asked her to complete a restructuring charge based on the items in it.

64. In early September, 1997, the Financial Analyst prepared schedules quantifying the items to be included in the restructuring charge. The Financial Analyst prepared several iterations of a list comprising items that the Metals Group were suggesting should be included in a restructuring charge or write-down. In spreadsheets dated September 2, 1997, the Financial Analyst quantified the "Metals Recovery Restructure Costs" as at July 31, 1997. The spreadsheets included the amount of Cdn $127 million under the heading of "cathode". The items that the Financial Analyst included in this category were primarily losses that had been inappropriately deferred on the books of the Metals Group and improperly recorded as an asset. These items would ultimately form part of the Special Charges disclosed by Philip in 1998. The Financial Analyst submitted the analysis, totaling Cdn $158 million, to the VP Finance.

65. On September 4, 1997, the VP Finance prepared a second memo. This memo, addressed to Boughton and copied to Waxman, was entitled "Restructuring". The memo commences with the sentence "… these are a number of items we would consider as part of a restructuring charge". The schedule attached to the memo, totaling Cdn $193 million, refers to several items that were later included in the restructuring and Special Charges subsequently recorded in the 1997 annual financial statements.

66. The VP Finance's estimate of Cdn $193 million included an amount of Cdn $167 million for inventory at Centennial. Items related to inventory at Centennial comprised most of the Special Charges which were subsequently recorded in the 1997 financial statements. Originally, all these accounting irregularities formed part of the proposed restructuring charge. It was not until January of 1998 that these items were accounted for separately as a Special Charge and not as a restructuring charge. Most of the items other than Centennial were much smaller, and had come from assorted plans to consolidate yards and operations, and to move out of certain businesses.

67. In September of 1997, at the time that the Waxman Issues discussed in Part VI were being dealt with, Philip management was considering exiting the cathode trading and copper brokerage business located at Centennial. Since early 1997, Philip had been exploring whether they could replace the Centennial yard with another location. Waxman and Woodcroft would have been aware of these significant changes to the business. Waxman's operational authority was removed on or about September 16, 1997. When the Treasurer was re-positioned as head of the Metals Group (the "New President of the Metals Group"), he was instructed to close out all cathode trades and not enter into any new ones. The New President of the Metals Group reported to P. Fracassi and Woodcroft.

68. During the first week of September, 1997, the Financial Analyst received the VP Finance's second memo dated September 4, 1997. At that time, the Financial Analyst prepared another list of items in the Metals Group to be included in the restructuring charge. On approximately September 9, 1997, the VP Finance and the Financial Analyst met briefly with Hoey and the Corporate Controller. The VP Finance distributed copies of one of the Financial Analyst's list of items totaling Cdn $194 million, which was based on the estimates at July 31, 1997.

69. On September 5, 1997, a spreadsheet totaling $137 million in respect of restructuring items for ISG was prepared by the Corporate Controller and given to Boughton. The Corporate Controller continued to refine the list and faxed a slightly revised version to the President, ISG Group on September 30, 1997. The list faxed to the President, ISG Group totaled $128 million.

**iv) The Prospectus & The Continuing Effort at Philip to Quantify the Restructuring Charge**

70. On September 24, 1997, a due diligence conference call session was held concerning the Preliminary Prospectus. Philip management was represented by Boughton, Hoey and the Corporate Controller. The participants (the representatives of the Underwriters) were told that Philip was going to take charges to write off goodwill. They were also advised that while the amount was not quantifiable, it would be sizeable. No further explanation of the approximate magnitude was given.

71. On September 25, 1997, the Board of Directors of Philip discussed and approved the share offering.

72. On September 26, 1997, the Preliminary Prospectus was filed with the Commission.

73. As noted at paragraphs 89 and 90, above, at September 30, 1997, Philip had identified approximately Cdn $194 million for the Metals Group and $128 million for ISG in respect of a potential restructuring charge.

74. In October 1997, the Financial Analyst, on the instructions of the VP Finance, made certain recalculations to the restructuring schedules as at September 30, 1997. Subsequently, the Financial Analyst gave this analysis to the VP Finance.

75. In mid-October 1997, A. Fracassi advised Deloitte that Philip was considering a charge.

76. On November 5, 1997, Philip held a due diligence session by conference call concerning the Prospectus. During the conference call, Hoey advised that Philip was considering a restructuring charge but was not close to a decision. Boughton's notes of the conference call indicate that he informed the meeting that there "may be write-downs - looking at it - W/B of size".

77. At the time of the Prospectus, the U.S. Audit Partner 1997 had discussions with the General Counsel, Executive Vice-President and Corporate Secretary of Philip, and Hoey regarding the restructuring charge. In fact, Deloitte continually inquired as to the status of the restructuring charge. The General Counsel and Hoey confirmed that the decision of whether to take a restructuring charge had not been made and that the asset impairments had not yet occurred. Deloitte was advised that Philip had consulted legal counsel regarding the appropriate disclosure of the possible charge in the Prospectus.

78. The schedules prepared by the Financial Analyst and the VP Finance were not disclosed to Deloitte prior to 1998.

79. Prior to filing its Prospectus on November 5, 1997, Philip had sufficient information to conclude that it would be taking a material charge to earnings but did not disclose this fact to Deloitte, its auditor, or the Underwriters in connection with the public offering and did not disclose that it would be taking a material charge to its earnings, in the Prospectus.

80. The final restructuring charge taken by the two operating divisions, ISG and the Metals Group, amounted to $101.298 million and $54.422 million respectively for a total of $155.720 million. Many of these restructuring costs were identified prior to September 30, 1997.

81. In particular, the following items were identified as of September 30, 1997, as of January 26, 1998 (the date of a press release by Philip regarding the charge), and actually recorded for the December 31, 1997 year-end and prior years:

| $US '000 | | Quantification at September 30, 1997 | Press Release January 26, 1998 | Adjustment Recorded for December 31, 1997 and prior years |
|---|---|---|---|---|
| Industrial Services Group | | | | |
| Quebec | | $ 20,000 | $ 10,400 | $ 17,532 |
| Tech Services | | 26,000 | 23,700 | 21,868 |
| Burlington Environmental | | 40,000 | 31,500 | 29,000 |
| Kansas City | | 11,000 | 11,400 | 9,897 |
| Other | | 31,400 | 27,400 | 23,001 |
| TOTAL | | $ 128,400 | $ 104,400 | $ 101,298 |
| Metals Group | | | | |
| Centennial Plant Closure | (Cdn $168,900 ) | 122,214 | 45,600 | 3,775 |
| Other | (Cdn $ 23,770 ) | 17,200 | | 50,647 |
| | (Cdn $192,670 ) | 139,414 | 45,600 | $54,422 |
| Special Charge - Restructuring | | $267,814 | $ 150,000 | $155,720 |
| Special Charge - Inventory and related accounts | | | 125,000 | 234,992 |
| | Total Special Charges (pre-tax) | $ 267,814 | $ 275,000 | $ 390,712 |

**v) November to December 1997 – Post Prospectus**

82. The VP Finance prepared a spreadsheet dated November 27, 1997 which calculated the restructuring charge for the Metals Group at approximately Cdn $201.599 million. The Corporate Controller relied on this spreadsheet in preparing her list. The Corporate Controller's list consolidated the spreadsheet of the Metals Group with the ISG list. It also contained an item for "Metals" as $146.087 million (Cdn $201.599 million) and the amount of approximately $128 million for ISG. This was also noted in the list that the Corporate Controller faxed to the ISG President on September 30, 1997. The Corporate Controller gave the spreadsheet to Boughton and Hoey on November 27, 1997.

83. Subsequently, the Corporate Controller met with Boughton and Hoey to discuss the spreadsheet.

84. On December 2, 1997, Boughton and Hoey attended a meeting to discuss a list entitled "Restructuring Charge", listing charges totaling $267 million. An amount of $121 million is included in the list and is described as "Centennial Redundant Assets". Handwritten notes on two separate copies of the list reflect the amount being changed to $100 million, suggesting that this item was discussed at the meeting.

85. In late December, 1997, Boughton informed the Lead Client Services Partner 1997 of "ball-park" numbers of the restructuring charge ($200 million). On December 22, 1997, the Lead Client Services Partner 1997, the U.S. Audit Partner 1997, Boughton and Hoey attended a meeting held in Boughton's office. Boughton outlined the proposed restructuring charge in general terms, but did not provide supporting detail. Boughton indicated that a charge would be taken of approximately $100 million for ISG and $100 million for Metals.

86. On December 23, 1997 the Corporate Controller distributed a memo and schedule at a meeting attended by P. Fracassi, Boughton, Woodcroft, the New President of the Metals Group and Hoey. This meeting was convened to discuss the restructuring charge. According to the spreadsheet, Centennial is noted as having redundant assets of $150 million with the action required being to "close yard and liquidate inventory".

87. As indicated above, a significant component of the restructuring charge initially related to inventory at the Centennial yard. According to the minutes of an Audit Committee meeting held on January 19, 1998, Boughton argued that Centennial was a "discontinued" operation and therefore should be dealt with as a separate charge outside of normal operations. However, Deloitte disagreed. As set out in paragraph 27, on March 5, 1998, Philip issued a press release which stated that the trading losses that were incurred were due to "speculative transactions done outside of Philip's normal business procedures".

88. By March, 1998, the items at Centennial had been eliminated from the restructuring charge and were as written in the Special Charges.

**vi) Philip Discloses the Restructuring Charge**

89. On January 26, 1998, Philip issued a news release, as described at paragraph 24, announcing that Philip planned to take a "one-time year-end charge to earnings" of approximately $250 million to $275 million. One component of the charge related to a copper inventory adjustment of approximately $60 million after tax.

90. On January 27, 1998, as described at paragraph 25, Philip issued another news release explaining a $90 million inventory loss in its scrap operations in Hamilton.

91. The matters described in paragraphs 52-81 were known or ought to have been known by Mr. Waxman prior to filing the Prospectus.

**C. The Special Charges in Respect of Material Financial Transactions**

92. In the final audited financial statements for the year ended December 31, 1997, Philip recorded Special Charges in respect of certain material financial transactions, which related primarily to its copper business. In addition to the restructuring charge, the major components of the Special Charges in respect of those material financial transactions (which are referred to in the financial statements as relating to “inventory and related accounts”) disclosed by Philip in the Form 10-K and the Form 10-K/A, are detailed as follows:

| | **($US '000)** |
|---|---|
| Non-recurring charges recorded as operating expenses **(including CIBC $10 million and CCG $30 million)** | $ 78,260 |
| Costing errors recorded as operating expenses | 32,875 |
| Previously incurred but unrecorded trading losses resulting from speculative trading of copper cathode, recorded as special charges **(including Holding Certificates $31 million, Pechiney $29 million and other "Cathode Trading Losses" (including Waxman Promissory Note) $32.13 million)** | 92,235 |
| Overstatement of revenue and accounts receivable, recorded as adjustments to revenue, of which $22.114 million is separately identified. | 31,622 |
| TOTAL | $ 234,992 |

93. The Special Charges caused Philip to restate its comparative financials for the fiscal years ending December 31, 1996 and December 31, 1995, as they were inaccurate. The inaccurate financial statements for the fiscal years ending December 31, 1996 and December 31, 1995 were contained in the Prospectus.

94. The Special Charges were discovered by Deloitte as a result of the significant "shortfall" in the inventory of the Metals Group, of which Deloitte was informed in January of 1998.

95. Deloitte and another accounting firm, which was also conducting an investigation into the inventory discrepancy, identified many significant accounting irregularities which accounted for the inventory shortfall and also other accounting irregularities which did not impact on the inventory account. Some of these are outlined below.

96. The accounting irregularities amount to approximately $110 million of the total $234.992 million of Special Charges relating to material financial transactions, as noted above, and are discussed as follows:

- Holding Certificates
- Reversal of Invoices from Pechiney World Trade (USA), Inc. ("Pechiney")
- Commodity Capital Group Metals Inc. ("CCG")

97. None of the items that are discussed below was properly disclosed in the financial statements that were contained in the Prospectus.

**i) Holding Certificates**

98. At various times during the material time, Philip financed its operations with the use of holding certificates. Philip issued holding certificates signifying that the inventory being held by Philip was the property of the customer. The holding certificates issued in 1996 represented a total invoice value of approximately $31 million and were issued to the following customers: $8.8 million to Conversion Resources; $7.2 million to Pechiney; $3.5 million to Pechiney; $1.2 million to MIT International LLC; $3.4 million to Parametal Trading Inc. ("Parametal"); $1.9 million to Kataman Metals Inc. ("Kataman") and $4.7 million to Southwire Company.

99. The majority of the holding certificates were signed by Waxman and Woodcroft. The General Counsel, on behalf of Philip, executed a "Purchase Money Security Agreement (Inventory)" in respect of Kataman.

100. The inventory never left the premises of Philip. Philip issued holding certificates to these customers. Philip recorded each transaction involving the holding certificates as a "sale", despite the fact that these were financing transactions. Inventory subject to the holding certificates was improperly counted as Philips' inventory.

101. These transactions were not properly recorded in the Company's financial statements for the year ended December 31, 1996.

102. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the holding certificates, recorded in 1996. A special charge to the 1996 statement of earnings was required to be made because either, a) the liability to repurchase this inventory was not recorded, or b) the inventory remained in the books and records as being owned by Philip, at the date of the Prospectus.

103. The matters described in paragraphs 98-102 in respect of the holding certificates were known or ought to have been known by Mr. Waxman prior to filing the Prospectus.

**ii) Reversal of Invoices - Pechiney**

104. Philip bought and sold copper cathode at various times during the material time.

105. In early 1997, the VP Finance made an adjustment to the 1996 results in the amount of approximately $29 million. He did so to increase profits pursuant to a request by Woodcroft. The VP Finance achieved this by reversing seven invoices for the purchase of copper cathode from Pechiney. The invoices were not recorded as liabilities in the results for 1996, despite the fact that the inventory had been received and was recorded as an asset in the 1996 results.

106. In April of 1997, Philip paid these invoices, but the unrecorded liability continued to be deferred until written-off at year-end, when their write-off formed part of the Special Charges.

107. The purchases and repayments involving Pechiney were not properly recorded in the Company's financial statements for the year ended December 31, 1996 and for the quarters ended March 31, 1997, June 30, 1997 and September 30, 1997.

108. A special charge to the 1996 statement of earnings was required in respect of these transactions because the liability to purchase this inventory was not recorded.

109. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the Pechiney purchases and repayment in 1996 and 1997.

110. The matters described in paragraphs 104-109 were known or ought to have been known by Mr. Waxman prior to the filing of the Prospectus.

**iii) Commodity Capital Group Metals Inc. ("CCG")**

111. In early 1997, Philip began negotiating a financing transaction with CCG, a corporation based in New York. In August and September of 1997, CCG provided approximately $31 million in financing to Philip. In addition to the amount advanced from CCG, Philip also paid to CCG interest payments totaling approximately $1.6 million.

**The Agreements**

112. On or about August 13, 1997, Philip finalized the financing arrangement with CCG. In summary, the arrangement consisted of the following:

(a) Philip agreed to sell "commodity lots" (scrap metal) to CCG at the market value of the commodity;

(b) In the "letter of assurance" addressed to the consortium of banks, Philip also acknowledged that it was aware that CCG financed these purchases by obtaining loans from a consortium of banks;

(c) Philip was obliged to repurchase the commodity lots from CCG at the same prices at which Philip sold the commodity lots to CCG, plus interest. Philip's obligation to repurchase the commodity lots was "absolute and unconditional". Philip also acknowledged that CCG's obligations to Philip were, at all times, subordinated to CCG's obligations to the banks; and,

(d) According to the holding certificates, "Philip agrees to indemnify and hold harmless CCG, the agent, the banks ... from and against all claims and liabilities ... as a result of holding such commodity lot at the location referred to above."

113. The invoices, backdated to June 30, 1997, were issued by Philip to CCG for the sale of 27 million pounds of inventory. On the same date, June 30, 1997, Philip issued holding certificates for 27 million pounds of inventory held on behalf of CCG.

**The August 19, 1997 and September 16, 1997 Transactions**

114. On August 19, 1997, (the "first transaction"), Philip "sold" 27 million pounds of various inventory (commodity lots) to CCG for US $26.550 million, by invoice dated June 30, 1997. In return, on August 22, 1997, CCG paid Philip US $25.225 million, which represented 95% of the purchase price. The 5% balance (net of interest and handling fees) was retained by CCG as a hold-back and was to be paid to Philip at the date Philip "repurchased" the commodity lot from CCG.

115. According to the Treasurer's memo, he was,

> *... requested by Marvin Boughton to control the receipt of funds at Corporate and ensure other liabilities of the Metals Recovery group were extinguished with the funds, namely amounts due to Pechiney Inc.*

116. On the same day, CCG issued a postdated invoice to Philip for the sale to Philip of the same quantity of inventory and for the same price, with a due date of November 19, 1997. This invoice, dated August 19, 1997, was "approved for payment" by Woodcroft and Waxman. On November 19, 1997, as agreed to in the Purchase and Sale Agreement, Philip was obligated to repurchase the inventory from CCG.

117. On September 16, 1997, (the "second transaction") Philip "sold" 5.4 million pounds of various inventory (commodity lots) to CCG for approximately US $4.752 million. In return, Philip received approximately US $4.5 million which represented 95% of the purchase price. The balance was retained by CCG as a hold-back.

118. On the same day, CCG invoiced Philip for the sale to Philip of the same quantity of inventory and for the same price, due on December 17, 1997.

119. Prior to December 17, 1997, the VP Finance alerted Hoey that repayment to CCG would create a charge of approximately $29 million which would have to be taken to earnings or otherwise dealt with. This arose when, in accounting for the loans from CCG, Philip offset an amount of approximately $29 million which had arisen in 1997 when a payment of a previously unrecorded and unrelated liability was made (the unrecorded Pechiney invoices discussed at paragraphs 125-130). As a result of this offset, no liability to CCG was apparent.

120. In November, 1997, Messrs. A. Fracassi, Boughton and Hoey made certain representations to Deloitte for the purposes of the Prospectus. At that time, Philip management did not disclose the liability to CCG.

121. On November 19, 1997, Philip and CCG "rolled" the first transaction; that is, Philip received an extension of the repayment of the loan. Philip and CCG agreed to repeat a transaction that was identical in its terms to the transaction executed on August 19, 1997.

122. On November 19, 1997, according to the Treasurer's memo,

*I [the Treasurer] co-ordinated the movement of funds to facilitate the roll of the transaction by Bob Waxman for another 90 days to February 17, 1998.*

*I also facilitated the transfer of funds on December 17, 1997 to close out the second transaction as I was informed by [VP Finance] it was not to be rolled.*

123. On December 17, 1997, Philip repurchased the inventory underlying the "second transaction", from CCG for approximately $4.7 million.

124. A December, 1997 journal entry processed a payment to CCG but inappropriately capitalized the payment by charging it to acquisition expenses. The journal entry was authorized by Hoey.

**1998**

125. On or about February 17, 1998, Philip was obligated to repurchase the inventory underlying the "first transaction" from CCG. Philip paid to CCG the resulting interest and fees and a new agreement was put in place, resulting in the rolling of the transaction. The new agreement required Philip to provide a greater amount of inventory and pay an additional hold-back of $393,694.

126. On March 19, 1998, Philip terminated its involvement with CCG and repurchased the remaining inventory (58.2 million pounds) from CCG. Philip paid approximately $150,000 in interest and fees.

**Deloitte's Discovery of the Transaction**

127. In early February, 1998, at the time that he resigned from Philip, the VP Finance informed A. Fracassi and Hoey that Deloitte was unaware of two further adjustments that should be taken by Philip. One of these related to the CCG transaction.

128. In mid-February and again in mid-March, 1998, the new President of Metals informed Hoey that there was no liability recorded for CCG.

129. Prior to the end of March of 1998, A. Fracassi and Hoey were made aware that there was no liability on the books of the Metals Group for the CCG transaction. Sometime in mid-April, 1998, Deloitte was informed of the unrecorded liability.

**The Adjustment**

130. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the CCG transaction.

131. After Philip filed its Form 10-K in March of 1998, an adjustment of approximately $30 million was taken by Philip regarding the CCG transaction. The discovery of the unrecorded liability relating to the CCG transaction triggered the recall of Philip's Form 10-K and Deloitte's opinion on the financial statements contained in the Form 10-K.

132. The matters described in paragraphs 111-120 were known or ought to have been known by Mr. Waxman prior to the filing of the Prospectus.

## VIII CONDUCT CONTRARY TO THE PUBLIC INTEREST

133. The Respondent’s conduct, as set out above, contravened sections 56 of the Act and was contrary to the public interest.

## IX OTHER

134. Such further and other allegations as Staff may make and the Commission may permit.

**DATED AT TORONTO** this 26th day of July, 2007.

## 1.4 Notices from the Office of the Secretary

### 1.4.1 Robert Waxman

**FOR IMMEDIATE RELEASE**
**August 10, 2007**

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

**AND**

**IN THE MATTER OF**
**ROBERT WAXMAN**

**TORONTO** – The Office of the Secretary issued an Amended Notice of Hearing yesterday in the above named matter scheduling the hearing on the merits to commence on Monday, January 7, 2008. Staff of the Commission also filed an Amended Statement of Allegations in the above matter dated July 26, 2007.

A copy of the Amended Notice of Hearing and Amended Statement of Allegations dated July 26, 2007 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

### 1.4.2 Saxon Financial Services et al.

**FOR IMMEDIATE RELEASE**
**August 10, 2007**

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

**AND**

**SAXON FINANCIAL SERVICES,**
**SAXON CONSULTANTS, LTD.,**
**INTERNATIONAL MONETARY SERVICES,**
**FXBRIDGE TECHNOLOGY, MEISNER CORPORATION,**
**MERCHANT CAPITAL MARKETS, S.A.,**
**MERCHANT CAPITAL MARKETS, MERCHANTMARX**

**AND**

**SIMON BACHUS, JOSEPH CUNNINGHAM,**
**RICHARD CLIFFORD, RYAN CASON, JOHN HALL,**
**DONNY HILL, JEREMY JONES, MARK KAUFMANN,**
**CONRAD PRAAMSMA, JUSTIN PRAAMSMA,**
**SCOTT SANDERS, JACK SINNI, MARC THIBAULT,**
**SEAN WILSON AND TODD YOUNG**

**TORONTO** – Following a hearing held on August 9, 2007, the Commission issued an Order today extending the temporary cease trade order of July 26, 2007, subject to certain conditions, to October 10, 2007.

A copy of the Order dated August 10, 2007 is available at **www.osc.gov.on.ca**.

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### 1.4.3 Limelight Entertainment Inc. et al.

**FOR IMMEDIATE RELEASE**
**August 14, 2007**

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

**AND**

**IN THE MATTER OF**
**LIMELIGHT ENTERTAINMENT INC.,**
**CARLOS A. DA SILVA, DAVID C. CAMPBELL,**
**JACOB MOORE and JOSEPH DANIELS**

**TORONTO** – On August 13, 2007, the Commission issued an Order and its Reasons and Decision regarding the confidentiality of the settlement agreement between Jacob Moore and Staff of the Ontario Securities Commission following a hearing held on August 2, 2007 in the above matter.

A copy of the Order and Reasons and Decision are available at **www.osc.gov.on.ca**.

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# Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Versacold Income Fund, Eimskip Holdings Inc. and HF. Eimskipafélag Íslands - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – OSC Rule 61-501 – take-over bid and subsequent business combination – Rule 61-501 requires sending of information circular and holding of meeting in connection with second step business combination – target's declaration of trust provides that a resolution in writing executed by unitholders holding more than 66 2/3% of the outstanding units is valid and binding as if such voting rights had been exercised in favour of such resolution at a meeting of unitholders – second step business combination to be subject to minority approval, calculated in accordance with section 8.2 of Rule 61-501 – relief granted from requirement that information circular be sent and meeting be held.

**Applicable Ontario Statutory Provisions**

OSC Rule 61-501 Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions, ss. 4.2, 8.2, 9.1.

**July 11, 2007**

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**ONTARIO AND QUEBEC**

**AND**

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

**AND**

**IN THE MATTER OF**
**THE TAKE-OVER BID FOR**
**VERSACOLD INCOME FUND BY**
**EIMSKIP HOLDINGS INC.,**
**AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF**
**HF. EIMSKIPAFÉLAG ÍSLANDS**

**MRRS DECISION DOCUMENT**

**Background**

The local securities regulatory authority or regulator (the **Decision Maker**) in each of Ontario and Quebec (the **Jurisdictions**) has received an application from Eimskip Holdings Inc. (the **Filer**), an indirect wholly-owned subsidiary of HF. Eimskipafélag Islands (**Eimskipafélag**), in connection with a take-over bid (the **Take-Over Bid**) for Versacold Income Fund (the **Fund**) by the Filer for a decision pursuant to the securities legislation of the Jurisdictions (the **Legislation**) that the requirement (where applicable):

1. to call a meeting of unitholders of the Fund (**Unitholders**) to approve a Compulsory Acquisition or any Subsequent Acquisition Transaction (each as defined below); and

2. to send an information circular to Unitholders in connection with a meeting to approve a Compulsory Acquisition or a Subsequent Acquisition Transaction;

be waived (collectively, the **Requested Relief**).

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

(a) the OSC 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**

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

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act* and an indirect wholly-owned subsidiary of Eimskipafélag. The Filer was formed for the purpose of making the Take-Over Bid. Its registered office is located at 100 King Street West, Suite 6600, 1 First Canadian Place, Toronto, Ontario, M5X 1B8.

2. Eimskipafélag is an investment company domiciled in Iceland. It has interests in air, land and sea transportation solutions worldwide. Its head and registered office is located at Korngordum 2, 104 Reykjavik, Iceland.

3. The Fund is an unincorporated limited purpose income trust established under the laws of British Columbia pursuant to its declaration of trust dated December 19, 2001 (the **Declaration of Trust**). The units of the Fund (the **Units**) are listed for trading on the Toronto Stock Exchange under the symbol "ICE.UN". The head and registered office of the Fund is located in British Columbia.

4. A take-over bid circular (the **Circular**) together with a trustees' circular recommending that holders of Units accept the offer was mailed to holders of Units, and holders of securities that are convertible into Units (the **Exchangeable Securities**), on June 12, 2007.

5. Eimskipafélag, the Filer and the Fund entered into a support agreement (the **Support Agreement**) dated May 29, 2007 pursuant to which the Offeror agreed to make the Take-Over Bid and the Fund agreed to support the Take-Over Bid, all on the terms and conditions of the Support Agreement.

6. The Take-Over Bid includes the following terms and conditions:

   (a) the Filer has offered to acquire all of the issued and outstanding Units at a price of $12.25 in cash per Unit, including any Units that may become issued and outstanding prior to the Expiry Time (defined below) upon the conversion, exchange or exercise of securities that are convertible into, or exchangeable or exercisable for, Units;

   (b) the Take-Over Bid is open for acceptance until 8:00 p.m. (Toronto time) on Friday, July 28, 2007, unless withdrawn or extended (the **Expiry Time**);

   (c) there shall have been validly deposited under the Take-Over Bid and not withdrawn at the Expiry Time that number of Units which, together with any Units directly or indirectly owned by the Filer, constitutes at least 66 2/3% of the issued and outstanding Units at the Expiry Time; and

   (d) if the Filer takes up and pays for Units deposited under the Take-Over Bid, the Filer currently intends to carry out a compulsory acquisition or a subsequent acquisition transaction to acquire all of the units not deposited under the Take-Over Bid, as more particularly described below.

7. Section 14.12 of the Declaration of Trust currently permits an offeror to acquire the Units not tendered to an offer if, within 120 days after the date the offer is made, the offer is accepted by the holders of not less than 90% of the outstanding Units and Units issuable upon the exchange, conversion or exercise of outstanding Exchangeable Securities, taken together, other than outstanding Units and Units issuable upon the exchange, conversion or exercise of Exchangeable Securities held by or on behalf of, or issuable to, the offeror, an affiliate or an associate of the offeror on the date of the offer (a **Compulsory Acquisition**).

8. If the Filer takes up and pays for the Units deposited pursuant to the Take-Over Bid, the Filer may proceed with a Compulsory Acquisition of the Units not deposited to the Take-Over Bid as permitted under the Declaration of Trust.

9. If a Compulsory Acquisition as permitted under the Declaration of Trust is not available to the Filer or if the Filer elects not to proceed under those provisions, the Filer currently intends to:

   (a) amend Section 14.12 of the Declaration of Trust to provide that a Compulsory Acquisition may be effected immediately if the Filer and its affiliates, after take-up and payment of Units deposited under the Take-Over Bid, hold more than 66 2/3% of the outstanding Units (the **Threshold Amendment**) and Units issuable upon the exchange, conversion or exercise of any Exchangeable Securities; and/or

   (b) amend the Declaration of Trust to change the rights, privileges, restrictions and conditions attaching to the Units (other than Units held by the Filer) and re-designate the Units as special units (Special Units) such that, at the time (the **Transfer Time**) of delivery by the Fund of a transfer notice to the Fund's transfer agent and immediately following any issuance of Special Units after the Transfer Time, each holder of Special Units shall transfer, and shall be deemed to have transferred to the Filer all of such holder's right, title and interest in and to its Special Units and at and after the Transfer Time, each holder of Special Units shall cease to be a holder of such Special Units and shall not be entitled to exercise any of the rights of a holder of Special Units other than the right to receive $12.25 in cash per Special Unit (such amendments to the Declaration of Trust and transfer of Special Units as a result thereof, a **Capital Reorganization**).

10. Following such amendments to the Declaration of Trust, it is the current intention of the Filer to avail

itself of the Compulsory Acquisition, as amended by the Threshold Amendment, or the Capital Reorganization, as the case may be, to acquire the Units not deposited under the Take-Over Bid (subject to paragraph 17, each of the Compulsory Acquisition, as so amended, and the Capital Reorganization, as applicable, is referred to herein as a **Subsequent Acquisition Transaction**). If the Filer elects to proceed with a Subsequent Acquisition Transaction, the consideration payable to acquire the remainder of the Units will be the identical consideration per Unit payable by the Filer under the Take-Over Bid.

11. To exercise its rights in respect of a Compulsory Acquisition under Section 14.12 of the Declaration of Trust, the Filer must give notice (the **Offeror's Notice**) to each holder of Units or Exchangeable Securities who did not accept the Take-Over Bid (in each case a **Dissenting Unitholder**) of such proposed acquisition by registered mail within 60 days after the date of termination of the Take-Over Bid and in any event within 180 days after the date of the Take-Over Bid. In accordance with the Declaration of Trust, within 20 days after it receives the Offeror's Notice, each Dissenting Unitholder must send its Units and/or Units issuable pursuant to outstanding Exchangeable Securities to the Fund.

12. In connection with either a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Filer currently intends to amend the provisions of Section 14.12 of the Declaration of Trust to provide that Units held by non-tendering Unitholders will be deemed to have been transferred to the Filer immediately on the giving of the Offeror's Notice and that such non-tendering Unitholders will cease to have any rights as Unitholders from and after that time, other than the right to be paid the same consideration that the Filer would have paid to the non-tendering Unitholders if they had tendered such Units to the Take-Over Bid (the **Notice Amendment**).

13. In order to effect either a Compulsory Acquisition, if available and if the Filer elects to proceed thereunder, or a Subsequent Acquisition Transaction in accordance with the foregoing, rather than seeking Unitholder approval at a special meeting of the Unitholders to be called for such purpose, the Filer intends to rely on Section 13.10 of the Declaration of Trust, which provides that a resolution in writing executed by Unitholders holding more than 66 2/3% of the outstanding votes at any time shall be as valid and binding for all purposes of the Declaration of Trust as if such Unitholders had exercised at that time all of their voting rights in favour of such resolution at a meeting of Unitholders duly called for that purpose.

14. It is a term of the Take-Over Bid, as contained in the Circular and letter of transmittal for use by all registered Unitholders in connection with the Take-Over Bid, that tendering Unitholders grant a power of attorney to the Filer to execute a Unitholders' resolution in writing on their behalf approving, among other things, the Threshold Amendment, the Notice Amendment, the Capital Reorganization and approving any Compulsory Acquisition or Subsequent Acquisition Transaction undertaken in accordance therewith, as applicable (the **Written Resolution**). The Written Resolution will be executed by or on behalf of Unitholders representing at least 66 2/3% of the votes cast by Unitholders. The Written Resolution may be effective prior to the Expiry Time.

15. Alternatively, the Filer itself may execute the Written Resolution following the take-up of Units under the Take-Over Bid (in which case, the Filer would be the holder of over 66 2/3% of the outstanding Units and, therefore, any Compulsory Acquisition or Subsequent Acquisition Transaction undertaken by the Filer would be a "business combination" under Ontario Securities Commission Rule 61-501 – *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* (**Rule 61-501**) and a "going private transaction" under Regulation Q-27 – *Respecting Protection of Minority Securityholders in the Course of Certain Transactions* (**Regulation Q-27**)).

16. If the Filer is unable to effect a Compulsory Acquisition or to propose a Subsequent Acquisition Transaction involving the Fund, or if it proposes a Subsequent Acquisition Transaction but cannot promptly obtain any required approvals or exemptions, the Filer will evaluate its other alternatives. Such alternatives could include, to the extent permitted by applicable law, purchasing additional Units in the open market, in privately negotiated transactions, in another take-over bid or otherwise, or taking no further action.

17. The details of any Subsequent Acquisition Transaction may vary, and the Filer has reserved its ability to propose any other form of subsequent acquisition transaction in accordance with applicable law.

18. Notwithstanding Section 13.10 of the Declaration of Trust, Section 4.2 of Rule 61-501 and Section 4.2 of Regulation Q-27 may require that, in certain circumstances, the Compulsory Acquisition or Subsequent Acquisition Transaction, as applicable, be approved at a meeting of Unitholders called for that purpose.

19. To effect either a Compulsory Acquisition or Subsequent Acquisition Transaction, as applicable, the Filer will comply with the provisions of Rule 61-501 and Regulation Q-27 (as modified

by the decision document) and, specifically, will obtain minority approval, as that term is defined in the Legislation, calculated in accordance with the terms of Section 8.2 of Regulation Q-27 and Section 8.2 of Rule 61-501 (the **Minority Approval**), albeit not at a meeting of Unitholders, but by Written Resolution.

20. The Circular to be provided to Unitholders in connection with the Take-Over Bid contains all disclosure required by applicable securities laws, including without limitation the take-over bid provisions and form requirements of the securities legislation in the Jurisdictions and the provisions of Rule 61-501 relating to the disclosure required to be included in information circulars distributed in respect of business combinations.

**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 the Decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that Minority Approval shall have been obtained, albeit not at a meeting of Unitholders, but by Written Resolution.

"Naizam Kanji"
Manager
Ontario Securities Commission

### 2.1.2 Oilsands Canada Corporation - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – exemption granted to permit a fund that uses specified derivatives to calculate its NAV once per week subject to certain conditions – relief needed from the requirement that an investment fund that uses specified derivatives must calculate its NAV daily – relief not prejudicial to the public interest because the NAV will be posted on a website and the units of the investment fund are expected to be listed on the TSX which will provide liquidity for investors – National Instrument 81-106 Investment Fund Continuous Disclosure.

**Applicable Legislative Provisions**

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), 17.1.

**August 2, 2007**

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA, NEW BRUNSWICK, NEWFOUNDLAND AND LABRADOR,**
**YUKON TERRITORY, NORTHWEST TERRITORY AND NUNAVUT TERRITORY**
**(the "Jurisdictions")**

**AND**

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

**AND**

**IN THE MATTER OF**
**OILSANDS CANADA CORPORATION**
**(the "Fund")**

**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 Fund for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the requirement contained in section 14.2(3)(b) of National Instrument 81-106 - *Investment Fund Continuous Disclosure* ("**NI 81-106**") to calculate net asset value ("**NAV**") at least once every business day (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**

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

**The Fund**

1. The Fund is a corporation incorporated under the laws of Ontario. The Fund's head office is located in Ontario.

2. The Fund is not considered to be a "mutual fund" because the shareholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Fund as contemplated in the definition of "mutual fund" in the securities legislation of the provinces and the territories of Canada. Accordingly, the Fund will be a "non-redeemable investment fund" as defined in NI 81-106.

3. Middlefield Fund Management Limited (the "**Manager**") will be the manager of the Fund and will be responsible for providing or arranging for the provision of administrative services to the Fund.

4. Middlefield Capital Corporation will act as investment advisor (the "**Advisor**") to the Fund. Groppe, Long & Littell, will provide the Advisor with long-term oil and gas price forecasts, including ongoing analysis of the global economic and political forces impacting the prices of oil and natural gas.

5. A bank, trust company or other custodian will act as custodian of the assets of the Fund.

**The Offering**

6. The Fund will make an offering (the "**Offering**") to the public of units of the Fund ("**Units**"), each Unit consisting of one redeemable equity share (an "**Equity Share**") and one-half of one transferable Equity Share purchase warrant. Each whole Equity Share purchase warrant (a "**Warrant**") entitles the holder to purchase one Equity Share of the Fund at a subscription price of $10.25 on or before 5:00 p.m. (Toronto time) on July 31, 2010 (the "**Expiry Time**"). Warrants not exercised by the Expiry Time will be void and of no value. The Fund does not intend to continuously offer units once the Fund is out of primary distribution.

7. A preliminary prospectus for the Fund dated June 4, 2007, as amended by Amendment No. 1 thereto dated June 26, 2007 (collectively, the "**Preliminary Prospectus**") has been filed with the securities regulatory authority in each of the Jurisdictions under SEDAR Project No. 1115341.

8. The Fund's investment objective is to achieve capital appreciation of the Fund's investment portfolio. The Fund will invest the net proceeds of the Offering in the securities of issuers that operate in or have exposure to the Canadian oil sands sector, supplemented with the securities of private issuers, which in the view of the Advisor, are acquisition targets or are likely to become publicly-listed in the near to mid-term, thereby offering the potential for capital appreciation.

9. The Fund will have the ability to invest in or utilize derivatives from time to time including to offset or reduce risks associated with an investment or group of investments and to offset or reduce risks such as currency value fluctuations, commodity price fluctuations, stock market risks and interest rate changes. However, the Fund will not invest in or use derivatives if it will result in the Fund failing to comply with its investment restrictions regarding its status as a "mutual fund corporation" as defined in the *Income Tax Act* (Canada).

10. The Equity Shares are expected to be listed and posted for trading on the TSX (the "**TSX"**). An application for conditional listing approval has been made by the Fund to the TSX.

**The Shares**

11. The Equity Shares will be redeemable on a date that is at least 20 business days prior to the last day of any month (each a "**Valuation Date**"). Holders of Equity Shares of the Fund ("**Shareholders**") who properly surrender an Equity Share and, if applicable, Warrants for redemption will receive payment on or before the 15th business day following such Valuation Date, subject to the Fund's right to suspend redemptions.

12. The "Monthly Redemption Price per Equity Share" means the amount, if any, equal to the lesser of (a) 90% of the weighted average trading price of the Equity Shares on the TSX during the 15 trading days preceding the applicable Valuation Date, and (b) the "closing market price" (as defined in the Preliminary Prospectus) of the Equity Shares on the principal market on which the Equity Shares are quoted for trading, less (c) applicable redemption costs.

13. The "Redemption Price per Equity Share" means the amount which is equal to (A) the basic NAV per Equity Share as at the Valuation Date (which basic NAV includes the intrinsic value, if any, attributable to the Warrants) less (B) any costs associated with the redemption including, without limitation, if the Manager determines that it is not practicable or necessary for the Fund to sell portfolio securities to fund such redemption, the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a sale. However, at the sole option of the Manager for the purposes of calculating the Redemption Price per Equity Share, the Manager may value any security which is listed or traded on a stock exchange (or if more than one, on the stock exchange where the security primarily trades, as determined by the Manager) by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days of such exchange ending on and including such Valuation Date, or lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used), all as reported by any means in common use.

14. In respect of any December Valuation Date in 2008 or 2009, Shareholders must concurrently surrender for redemption one-half of one Warrant with each Equity Share surrendered for redemption, provided that if a shareholder surrenders for redemption a number of Equity Shares that is not evenly divisible by two then the shareholder must concurrently surrender that number of Warrants that is equal to the number of Equity Shares surrendered for redemption divided by two and rounded up to the nearest whole Warrant.

15. A Shareholder who properly surrenders one or more Equity Shares and, if applicable, the appropriate number of Warrants, for redemption will receive the following proceeds therefor:

    (i) in respect of Equity Shares, together with the applicable Warrants, properly surrendered for redemption on the December Valuation Date in 2008 or 2009, each Equity Share will be redeemed for an amount, if any, equal to the Redemption Price per Equity Share as of the relevant Valuation Date;

    (ii) in respect of Equity Shares properly surrendered for redemption on any December Valuation Date following the Expiry Time, each Equity Share will be redeemed for an amount, if any, equal to the Redemption Price per Equity Share as of the relevant Valuation Date; and

    (iii) in respect of Equity Shares properly surrendered for redemption on any Valuation Date, other than any December Valuation Date commencing in 2008, each Equity Share will be redeemed for an amount, if any, equal to the Monthly Redemption Price per Equity Share as of the relevant Valuation Date.

16. Shareholders will have the opportunity to trade their Equity Shares on the TSX and as such do not have to rely on the redemption features to provide liquidity for their shares.

**Calculation of Net Asset Value**

17. Under subsection 14.2(3) of NI 81-106, an investment fund that is a reporting issuer is generally required to calculate the NAV of the fund on at least a weekly basis. Furthermore, an investment fund that uses specified derivatives, such as the Fund intends to do, must calculate its NAV on a daily basis.

18. The Fund intends to calculate the NAV per Equity Share (a) at a minimum once per week, (b) on each Valuation Date, and (c) on any other date on which the Manager elects, in its discretion, or is required by applicable laws, to calculate the NAV per Equity Share.

19. The basic NAV per Equity Share on any date on which NAV per Equity Share is calculated shall be calculated by dividing the NAV on such Valuation Date (the "**numerator**") by the total number of Equity Shares issued and outstanding on such Valuation Date (the "**denominator**"). If as a result of such calculation the basic NAV per Equity Share is greater than $10.00, the diluted NAV per Equity Share will be calculated by adding to the denominator the total number of Warrants then outstanding and by adding to the numerator the product of such number of Warrants and $10.00 and the diluted NAV per Equity Share shall be deemed to be the resulting quotient.

20. The final prospectus will disclose that the basic NAV per Equity Share, and when applicable, the diluted NAV per Equity Share, will be made available through the internet at www.middlefield.com, together with an explanation of the difference between the two figures.

**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 the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

(a) the Equity Shares remain listed on the TSX; and

(b) the Fund calculates its NAV per Equity Share at least once per week.

"Leslie Byberg"
Manager, Investment Funds Branch
Ontario Securities Commission

### 2.1.3 Western Goldfields, Inc. - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 10, 2007

André Boivin
**Cassels Brock & Blackwell LLP**
40 King Street West
Scotia Plaza, Suite 2100
Toronto, ON M4H 3C2

Dear M. Boivin:

**Re: Western Goldfields, Inc. (the "Applicant") - application for an order not to be a reporting issuer under the securities legislation of Ontario, Alberta, Saskatchewan Manitoba, New Brunswick, 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 not 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 not 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 Legislation as a reporting issuer,

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

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

### 2.1.4 Cumberland Resources Ltd. - s. 1(10)b

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 10, 2007

**Davies Ward Phillips & Vineberg LLP**
44th Floor
1 First Canadian Place
Toronto, ON M5X 1B1

Attn: Kathleen Grandy

Dear Ms. Grandy:

**Re: Cumberland Resources Ltd. (the "Applicant") – application for an order not to be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Newfoundland & Labrador and Nova Scotia (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 not 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 Legislation as a reporting issuer;

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

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

### 2.1.5 KCP Income Fund and KIK Holdco Company - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 10, 2007

**Blake, Cassels & Graydon LLP**
199 Bay Street
Suite 2800, Commerce Court West
Toronto, ON M5L 1A9

Attention: Erin Pelletier

Dear Sirs/Mesdames,

**Re: KCP Income Fund and KIK Holdco Company (the successor entity by amalgamation to KIK Acquisition Company) (the "Applicants") - application for an order not to be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")**

The Applicants have 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 not to be a reporting issuer in the Jurisdictions.

As each of the Applicants 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 not 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 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 each of the Applicants is not a reporting issuer.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

### 2.1.6 IsoTis S.A. - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 10, 2007

**Lang Michener LLP**
1500 – 1055 West Georgia Street
P.O. Box 11117
Vancouver, B.C., V6E 4N7

Attention: Josh Schmidt

Dear Sirs / Mesdames:

**Re: IsoTis S.A. (the "Applicant") – application for an order not to be a reporting issuer under the securities legislation of Alberta, Ontario and Québec (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 not 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 not 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 not a reporting issuer.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

### 2.1.7 UE Waterheater Income Fund - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 13, 2007

UE Waterheater Income Fund
c/o Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West
Suite 4400
Toronto, Ontario
M5H 3Y4

Attn: Mr. Paul Simon

**Re: UE Waterheater Income Fund (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories, and Nunavut (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 securties legislation (the "**Legislation**") of the Jurisdictions not 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 not 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 Legislation as a reporting issuer,

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

"J. Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

### 2.1.8 6770134 Canada Limited and Fort Chicago Energy Partners L.P. - MRRS Decision

**Headnote**

Mutual Reliance Review System – OSC Rule 61-501 – take-over bid and subsequent business combination – Rule 61-501 requires sending of information circular and holding of meeting in connection with second step business combination – target's declaration of trust provides that a resolution in writing executed by unitholders holding more than 66 2/3% of the outstanding units is valid and binding as if such voting rights had been exercised in favour of such resolution at a meeting of unitholders – second step business combination to be subject to minority approval, calculated in accordance with section 8.2 of Rule 61-501 – relief granted from requirement that information circular be sent and meeting be held.

**Applicable Legislative Provisions**

OSC Rule 61-501 Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions, ss. 4.2, 9.1.

**August 9, 2007**

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

**AND**

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

**AND**

**IN THE MATTER OF**
**6770134 CANADA LIMITED AND**
**FORT CHICAGO ENERGY PARTNERS L.P.**

**MRRS DECISION DOCUMENT**

**Background**

1. The local securities regulatory authority or regulator (the "**Decision Maker**") in each of Ontario and Quebec (the "**Jurisdictions**") has received an application from 6770134 Canada Limited (the "**Offeror**") and Fort Chicago Energy Partners L.P. (the "**Parent**" and together with the Offeror, the "**Applicants**") for a decision (the "**Requested Relief**") under the securities legislation of the Jurisdictions (the "**Legislation**") that the Applicants be exempt in the Jurisdictions from the requirements under section 4.2(2) of Ontario Securities Commission Rule 61-501 - *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* ("**OSC Rule 61-501**") and section 4.2(1) of Regulation Q-27 of the Autorité des marchés financiers - *Protection of Minority Securityholders in the Course of Certain Transactions* ("**Q-27**")

   (a) to call a meeting of holders of Units ("**Unitholders**") to approve any Compulsory Acquisition (as defined below) or Subsequent Acquisition Transaction (as defined below), and

   (b) to send an information circular to Unitholders in connection with a Compulsory Acquisition or Subsequent Acquisition Transaction

   in connection with the proposed offers by the Offeror to purchase all of the issued and outstanding units (the "**Units**") of Countryside Power Income Fund (the "**Fund**") (the "**Unit Offer**"), and all of the outstanding 6.25% exchangeable unsecured subordinated debentures (the "**Exchangeable Debentures**") issued on November 14, 2005 by Countryside Canada Power Inc.

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

   (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.

**Representations**

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

   (a) The Offeror is a corporation governed by the *Canada Business Corporations Act*. The Offeror's registered office is located at 4500 Bankers Hall East, 855 2nd Street S.W., Calgary, Alberta. The Offeror is not a reporting issuer in any jurisdiction.

   (b) The Offeror is indirectly wholly-owned by the Parent. The Parent is a publicly traded limited partnership formed under the *Partnership Act* (Alberta).

   (c) The Offeror commenced the Offers on July 5, 2007 by delivering the Offers and a take-over bid circular (the "**Circular**"), prepared in compliance with the Legislation and the securities legislation of the other provinces and the territories of Canada, to Unitholders.

   (d) The Offeror has made the Unit Offer (including any Units issuable upon the

conversion of any Exchangeable Debentures prior to the expiry of the Unit Offer) at a price per Unit of $9.60 in cash and all of the issued and outstanding Exchangeable Debentures at a price per Exchangeable Debentures of US$1,010 per US$1,000 principal amount of Exchangeable Debentures tendered pursuant to the Offers (as defined in the Circular).

(e) All of the issued and outstanding Units are held by CDS Clearing and Depository Services Inc. ("**CDS**") in book-entry only form.

(f) If the conditions to the Unit Offer are satisfied or waived (including the condition that such number of Units which, together with Units held directly or indirectly by the Offeror, represents more than 66 2/3% of the issued and outstanding Units (on a fully diluted basis, as defined in the Circular) shall have been deposited under the Unit Offer (the "**Minimum Condition**")) and the Offeror takes up and pays for the Units deposited under the Unit Offer, the Offeror will, to the extent possible, acquire, or cause the redemption of, directly or indirectly, the Units not tendered to the Unit Offer (the "**Remaining Units**") through a Compulsory Acquisition or a Subsequent Acquisition Transaction.

(g) If the Unit Offer is accepted by Unitholders representing at least 90% of the issued and outstanding Units (excluding Units held by or on behalf of the Offeror or an affiliate or associate), the Offeror will be entitled to acquire (a "**Compulsory Acquisition**") the Remaining Units for the consideration per Unit payable under the Unit Offer by complying with the provisions of the Fund's declaration of trust (the "**Declaration of Trust**").

(h) If the Offeror is not entitled to acquire the Remaining Units through a Compulsory Acquisition or the Offeror decides not to avail itself of such right, the Offeror currently intends to use all reasonable commercial efforts to proceed with an arrangement, amalgamation, merger, reorganization, consolidation, recapitalization, wind-up or other transaction involving the Fund and/or its subsidiaries and the Offeror or an affiliate of the Offeror (including a transaction involving amendments to the Declaration of Trust) which, if successfully completed, would result in the Offeror or an affiliate of the Offeror owning, directly or indirectly, all of the Units and/or all of the assets of the Fund (a "**Subsequent Acquisition Transaction**").

(i) Rather than seeking the approval of Unitholders for a Compulsory Acquisition or a Subsequent Acquisition at a special meeting called for that purpose, the Offeror intends to rely on section 12.10 of the Declaration of Trust, which would permit the Unit Special Resolutions to be approved in writing by Unitholders holding more than 66 2/3% of the issued and outstanding Units ("**Written Resolution**").

(j) If the Minimum Condition is satisfied, the Offeror will own a sufficient number of Units to approve a Compulsory Acquisition or Subsequent Acquisition Transaction by Written Resolution.

(k) A Compulsory Acquisition and a Subsequent Acquisition Transaction would each be a "business combination" within the meaning of OSC Rule 61-501 and a "going private transaction" within the meaning of Q-27.

(l) To effect either a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Offeror will obtain minority approval (as that term is defined in the Legislation), calculated in accordance with the terms of section 8.2 of OSC Rule 61-501 and section 8.2 of Q-27 ("**Minority Approval**"), albeit not at a meeting of Unitholders, but by Written Resolution.

(m) The Circular contains all disclosure required by applicable securities laws, including, without limitation, the take-over bid provisions and form requirements of the securities legislation in the Jurisdictions and the provisions of OSC Rule 61-501 relating to the disclosure required to be included in a disclosure document for a formal bid in respect of a second-step business combination.

**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 the decision has been met.

The decision of the Decision Makers pursuant to the Legislation is that the Requested Relief is granted provided that (i) the Offeror takes up and pays for Units tendered to

the Unit Offer, and (ii) Minority Approval is obtained by Written Resolution.

"Naizam Kanji"
Manager, Corporate Finance
Ontario Securities Commission

### 2.1.9 Thunder Energy Trust - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 13, 2007

**Blake, Cassels & Graydon LLP**
855 - 2nd Street SW
Suite 3500, Bankers Hall East Tower
Calgary, AB T2P 4J8

**Attention: Kristen Lewicki**

Dear Madam:

**Re: Thunder Energy Trust (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 13th day of August, 2007.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

**2.1.10 Canada Cartage Diversified Income Fund - s. 1(10)**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 10, 2007

**Borden Ladner Gervais LLP**
Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3Y4

Dear Ms. Fraser:

**Re: Canada Cartage Diversified Income Fund (the "Applicant") — application for an order not to be a reporting issuer under the securities legislation of Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Québec 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 not 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 not 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 not a reporting issuer.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

### 2.1.11 Arriscraft International Income Fund - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 13, 2007

David Randell
**McCarthy Tétrault LLP**
Barristers and Solicitors
Suite 4700, Toronto Dominion Bank Tower
Toronto, Ontario M5K 1E6

Dear Mr. Randell:

**Re: Arriscraft International Income Fund (the "Applicant") - application for an order not to be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, 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 not 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 not 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 Legislation as a reporting issuer,

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

"Jo-Anne Matear"
Manager, Corporate Finance
Ontario Securities Commission

### 2.1.12 Western Québec Mines Inc. - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 14, 2007

**Pothier Valiquette**
1155, rue University
Bureau 1216
800 Place Victoria
Montreal, QC H3B 3A7

Dear Sir/Madam:

**Re: Western Québec Mines Inc. (the "Applicant") – Application to Cease to be a Reporting Issuer under the securities legislation of Quebec, Ontario, Alberta and Manitoba ("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 Regulation entitled 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 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.

"Marie-Christine Barrette"
Chef du Service de l'information financière
Autorité des marchés financiers

### 2.1.13 Versacold Income Fund - s. 1(10)

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

August 14, 2007

**Osler, Hoskin & Harcourt LLP**
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: David Vernon

Dear Mr. Vernon:

**Re: Versacold Income Fund (the "Applicant") - application for an order not to be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, 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 not 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 not 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 Legislation as a reporting issuer,

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

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

### 2.1.14 Sentry Select Capital Corp. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from the requirement to deliver a renewal prospectus annually to mutual fund investors who purchase units pursuant to pre-authorized investment plans, subject to certain conditions.

**Applicable Legislative Provisions**

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 71, 147.

**August 8, 2007**

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

**AND**

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

**AND**

**IN THE MATTER OF**
**SENTRY SELECT CAPITAL CORP.**
**(the Filer)**

**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 Filer on behalf of the publicly offered mutual funds (the **Funds**) that are managed from time to time by the Filer or an affiliate of the Filer for a decision (the **Decision**) pursuant to the securities legislation of the Jurisdictions (the **Legislation**) that the requirement in the Legislation to deliver the latest prospectus and any amendment to the prospectus (the **Delivery Requirement**) not apply in respect of a purchase and sale of securities of the Funds pursuant to a pre-authorized investment plan (an **Investment Plan**), including employee purchase plans, capital accumulation plans, or any other contract or arrangement for the purchase of a specified amount of securities on a regularly scheduled basis (the **Requested Relief**).

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

(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**

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

(a) The Filer is a corporation incorporated under the laws of the Province of Ontario. The Filer's head office is located in Toronto, Ontario and it is the manager of the Funds.

(b) The Funds are, or will be, reporting issuers in one or more of the Jurisdictions and in the provinces of British Columbia and Quebec. Securities of the Funds are, or will be, offered for sale on a continuous basis pursuant to a simplified prospectus.

(c) Securities of each of the Funds are or will be distributed through broker dealers or mutual fund dealers (**Distributors**) that may or may not be affiliated with the Filer.

(d) Each of the Funds may offer investors the opportunity to invest in a Fund on a regular or periodic basis pursuant to an Investment Plan.

(e) Under the terms of an Investment Plan, an investor instructs a Distributor to accept additional contributions on a pre-determined frequency and/or periodic basis and to apply such contributions on each scheduled investment date to additional investments in specified Funds. The investor authorizes a Distributor to debit a specified account or otherwise makes funds available in the amount of the additional contributions. An investor may terminate the instructions, or give amended instructions, at any time.

(f) An investor who establishes an Investment Plan (a **Participant**) receives a copy of the current simplified prospectus relating to the applicable Funds at the time an Investment Plan is established.

(g) Pursuant to the Legislation, a Distributor not acting as agent of the purchaser, who receives an order or subscription for a security of a Fund offered in a distribution to which the Delivery Requirement applies, must, unless it has previously done so, send by prepaid mail or deliver to the purchaser the latest prospectus and any amendment to the prospectus filed either before entering into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after entering into such agreement.

(h) Pursuant to the Legislation, an agreement referred to in paragraph (g) is not binding on the purchaser if a Distributor receives notice of the intention of the purchaser not to be bound by the agreement of purchase and sale within a specified time period (a **Withdrawal Right**).

(i) As a result of exemptive relief from the Delivery Requirement, Withdrawal Rights will not apply in respect of purchases made by Participants pursuant to an Investment Plan.

(j) The terms of an Investment Plan are such that an investor can terminate the instructions to the Distributor at any time. Therefore, there is no agreement of purchase and sale until a scheduled investment date arrives and the instructions have not been terminated. At this point the securities are purchased.

(k) A Distributor not acting as agent for the applicable investor is required pursuant to the Legislation to mail or deliver to all Participants who purchase securities of Funds pursuant to an Investment Plan, the current simplified prospectus of the applicable Funds at the time the investor enters into the Investment Plan and thereafter, any new prospectus or amendment thereto (a **Renewal Prospectus**) filed pursuant to the Legislation.

(l) There is significant cost involved in the annual printing and mailing or delivery of the Renewal Prospectus to Participants. The annual cost of production of a Renewal Prospectus is borne by the applicable Fund. In addition, mailing costs are incurred.

(m) Securityholders of the Funds who are currently Participants would be sent notice (the **Notice**) advising them:

(i) of the terms of the relief and that Participants will not receive any Renewal Prospectus of the applicable Funds, unless they request it;

(ii) that they may request the Renewal Prospectus by calling a toll-free phone number, by email or by fax, and the Manager will send the Renewal Prospectus to any Participant that requests it. Participants will receive with the Notice a request form (the **Request Form**) under which the Participant may

request, at no cost to the Participant, to receive the Renewal Prospectus;

(iii) that the Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the applicable Fund's website;

(iv) that they can subsequently request the current Renewal Prospectus and any amendments thereto by contacting the applicable Distributor and will provide a toll-free telephone number for this purpose;

(v) that they will not have a Withdrawal Right from an agreement of purchase and sale in respect of purchases pursuant to an Investment Plan, but that they will have a right (a **Misrepresentation Right**) of action for damages or rescission in the event the Renewal Prospectus contains a misrepresentation, whether or not they request the Renewal Prospectus; and

(vi) that they will continue to have the right to terminate the Investment Plan at any time before a scheduled investment date.

(n) Future investors who choose to become Participants and invest in any Funds in respect of which the relief hereby sought applies will be advised:

(a) in the documents they receive in respect of their participation in the Investment Plan or in the simplified prospectus of the Funds (in the section of the simplified prospectus that describes the Investment Plan) of the terms of the relief and that they will not receive a Renewal Prospectus unless they request it at the time they decide to enrol in the Investment Plan or subsequently request it from the applicable Distributor;

(b) that a Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the Fund's website;

(c) that they will not have a Withdrawal Right in respect of purchases pursuant to an Investment Plan, other than in respect of the initial purchase and sale, but they will have a Misrepresentation Right, whether or not they request the Renewal Prospectus; and

(d) that they will have the right to terminate the Investment Plan at any time before a scheduled investment date.

(o) Participants are advised annually in writing (in an account statement sent by the Distributor or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right.

**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 the Decision has been met.

The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

(a) in respect of purchases and sales of securities of the Funds to Participants who purchase the securities pursuant to an Investment Plan which is in existence on the date of this Decision:

(i) Participants who are current securityholders of the Funds are sent the Notice and Request Form described in paragraph (m) above;

(ii) under the terms of the Investment Plan, a Participant can terminate participation in the Investment Plan at any time;

(iii) Participants are advised annually in writing (in an account statement sent by the Distributor or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right; and

(iv) the Misrepresentation Right in the Legislation of a Jurisdiction is maintained in respect of a Participant whether or not a Renewal Prospectus is requested or received.

(b) after the date of the applicable next Renewal Prospectus, in respect of purchases and sales of securities of the Funds to Participants who purchase the securities pursuant to an Investment Plan which is established after the date of this Decision:

(i) Participants are advised, in the simplified prospectus of the applicable Funds or in the documents they receive in

respect of their participation in the Investment Plan, of the information described in paragraph (n) above;

(ii) under the terms of the Investment Plan, a Participant can terminate participation in the Investment Plan at any time;

(iii) Participants are advised annually in writing (in an account statement sent by the Distributors or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right; and

(iv) the Misrepresentation Right in the Legislation of a Jurisdiction is maintained in respect of a Participant whether or not a Renewal Prospectus is requested or received.

**THE DECISION**, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule dealing with the Delivery Requirement.

"James E.A. Turner"
Vice-Chair
Ontario Securities Commission

"Harold P. Hands"
Commissioner
Ontario Securities Commission

### 2.1.15 Provident Energy Resources Inc. - s. 1(10)b

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

**Citation:** Provident Energy Resources Inc., 2007 ABASC 555

August 13, 2007

**Macleod Dixon LLP**
3700 Canterra Tower
400 Third Avenue SW
Calgary, AB T2P 4H2

**Attention: Candace Herman**

Dear Madam:

**Re: Provident Energy Resources Inc. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island 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 13th day of August, 2007.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

**2.1.16 1320659 Alberta Ltd. - s. 1(10)b**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

**Citation:** 1320659 Alberta Ltd., 2007 ABASC 549

August 13, 2007

**Stikeman Elliott LLP**
4300 Bankers Hall West
888 - 3rd Street SW
Calgary, AB T2P 5C5

**Attention: Kyle Brunner**

Dear Sir:

**Re: 1320659 Alberta 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 13th day of August, 2007.

"Agnes Lau, CA"
Associate Director, Corporate Finance
Alberta Securities Commission

### 2.1.17 Shiningbank Energy Income Fund - s. 1(10)b

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

**Ontario Statutes**

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

**Citation:** Shiningbank Energy Income Fund, 2007 ABASC 550

August 13, 2007

**Stikeman Elliott LLP**
4300 Bankers Hall West
888 - 3rd Street SW
Calgary, AB T2P 5C5

**Attention: Kyle Brunner**

Dear Sir:

**Re: Shiningbank Energy Income Fund (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 13th day of August, 2007.

"Agnes Lau, CA"
Associate Director, Corporate Finance
Alberta Securities Commission

### 2.1.18 TriAct Canada Marketplace LP et al. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – temporary exemption granted to permit certain registered dealers wishing to trade on TriAct Canada Marketplace LP's trading system from indicating whether the registered dealer acted as principal or agent in respect of a trade on the trade confirmation sent to clients – relief needed due to a technological deficiency in the trading system that prevents certain registered dealers from accessing the principal/agent information in real time – the exempted registered dealers will supply the principal/agent information to clients upon request.

**August 15, 2007**

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

**AND**

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

**AND**

**IN THE MATTER OF**
**TRIACT CANADA MARKETPLACE LP**
**AND**
**ITG CANADA CORP.**
**AND**
**CANACCORD CAPITAL CORPORATION**

**MRRS DECISION DOCUMENT**

**Background**

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from TriAct Canada Marketplace LP (TCM), ITG Canada Corp. (ITG) and Canaccord Capital Corporation (Canaccord) (Canaccord, ITG and TCM being collectively the Filers), on behalf of themselves and on behalf of those Affected Subscribers (as defined below) for a decision under the securities legislation of the Jurisdictions (the Legislation) for relief (the Requested Relief) for those Affected Subscribers (as defined below) from the requirement that the trade confirmation to be delivered by a registered dealer to their customers contain a statement indicating whether or not the registered dealer is acting as principal or agent in respect of a trade (Principal/Agent Information).

Under the System

(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**

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

(a) TCM is a limited partnership established under the laws of Ontario with its registered office in Toronto, Ontario.

(b) TCM intends to operate an electronic trading system (the trading system) which permits certain registered investment dealers to confidentially trade securities that are listed on the Toronto Stock Exchange and the TSX Venture Exchange (collectively, the Subscribers).

(c) The trading system is an alternative trading system (ATS) under National Instrument 21-101 *Marketplace Operation* (NI 21-101) and TCM has completed the filing and settlement of its initial operation report (Form 21-101F2) with the Ontario Securities Commission (the OSC).

(d) TCM is registered with the OSC and the Alberta Securities Commission as a dealer in the category of investment dealer and is a member of the Investment Dealers Association of Canada (the IDA) in good standing.

(e) TCM is authorized to carry on business as an ATS in the Jurisdictions.

(f) TCM has contracted with Market Regulation Services Inc. for market regulation of the ATS.

(g) ITG is a Nova Scotia Unlimited Liability Corporation under the Companies Act (Nova Scotia).

(h) ITG is registered as a dealer in the category of investment dealer in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Ontario and Saskatchewan and is a member of the IDA in good standing.

(i) Canaccord is a corporation existing under the Business Corporations Act (British Columbia).

(j) Canaccord is registered as a dealer in the category of investment dealer in all of the Jurisdictions and is a member of the IDA in good standing.

(k) Certain registered dealers, including ITG and Canaccord, that intend to use the "MATCH Now" electronic trading system operated by TCM are unable to access the Principal/Agent Information for certain MATCH Now trades (collectively, Affected Subscribers) and are therefore unable to include this information in the trade confirmations they send to their customers.

(l) All Affected Subscribers are registered as dealers in the category of investment dealer and are members of the IDA in good standing.

(m) TCM is aware of a technological deficiency in the trading system that temporarily prevents Affected Subscribers from accessing the Principal/Agent Information and is in the process of making suitable modifications to the trading system to address this deficiency. The modifications are expected to be completed in early 2008.

(n) The trading system does not match visible orders and is a "blind pool" with the result that Affected Subscribers do not know whether there will be a match with client orders. TCM only executes trades when there is a price improvement which ensures that all orders are not prejudicial to the customer.

(o) TCM is able to and will provide information upon request as to whether the Affected Subscriber acted as principal or agent to those Affected Subscribers who are not able to access such information directly and request the information, within one hour upon receiving the request. The Affected Subscribers will also be provided by electronic mail with a daily report which will include the Principal/Agent Information for each trade executed by the Affected Subscriber on MATCH Now.

**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 the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted in favour of all Affected Subscribers provided that:

(a) TCM and the Affected Subscribers are registered in the appropriate Jurisdictions as a dealer in the category of investment dealer and is a member of the IDA in good standing;

(b) where a trade confirmation refers to an order that was executed on multiple marketplaces, in addition to indicating whether the order was executed as agent or principal on a marketplace other than the trading system, the Affected Subscriber will indicate on the confirmation that, if any part of the client order was executed on the trading system, information as to whether the Affected Subscriber was acting as principal or agent will be provided to the client by the Affected Subscriber upon request;

(c) where a trade confirmation refers to an order that was executed entirely through the trading system, the Affected Subscriber will indicate on the confirmation that information as to whether the Affected Subscriber was acting as principal or agent will be provided to the client by the Affected Subscriber upon request;

(d) the Affected Subscribers comply with all requirements of the IDA from time to time for permitting the Requested Relief;

(e) TCM will provide written notification to each of the Decision Makers when the deficiency in the trading system is resolved; and

(f) this relief will expire on the earliest to occur of:

(i) the date on which TCM shall have resolved the technological issue; or

(ii) July 31, 2008.

"Carol S. Perry"

"Paul K. Bates"

## 2.2 Orders

### 2.2.1 Union Gas Limited - s. 158(1.1) of the OBCA

**Headnote**

Order pursuant to subsection 158(1.1) of the Business Corporations Act(Ontario) that an offering corporation is authorized to dispense with its audit committee - Issuer is an indirect wholly-owned subsidiary of a U.S. public parent that is subject to audit committee requirements of the New York Stock Exchange - Issuer exempt from audit committee requirements of Multilateral Instrument 52-110 Audit Committees- Relief conditional upon issuer continuing to satisfy the subsidiary entity eligibility criteria for relief from audit committee requirements of MI 52-110 or a successor instrument.

**Ontario Legislative Provisions Cited**

Business Corporations Act, R.S.O. 1990, c. B.16, s. 158(1.1).
Multilateral Instrument 52-110 Audit Committees,ss. 1.2.

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

**AND**

**IN THE MATTER OF**
**UNION GAS LIMITED**

**ORDER**
**(Subsection 158(1.1) of the OBCA)**

**UPON** the application of Union Gas Limited (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 158(1.1) of the OBCA for a determination that the Applicant be authorized to dispense with an audit committee;

**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 corporation existing under the OBCA by amalgamation on January 1, 1998.

2. The Applicant's capital structure consists of: (a) an unlimited number of common shares (the "Common Shares") of which 57,822,650 were issued and outstanding as of June 30, 2007, (b) multiple classes and series of non-voting preferred shares (the "Preferred Shares") of which 4,189,272 in the aggregate were issued and outstanding as of June 30, 2007 and (c) unsecured non-convertible debt securities (the "Debt Securities") of which an aggregate amount

of $2,183,000,000 was issued and outstanding as of June 30, 2007.

3. All of the Applicant's Common Shares are held by its immediate parent Westcoast Energy Inc. ("Westcoast"). Westcoast's parent company, and the Applicant's ultimate parent, is Spectra Energy Corp. ("Spectra"), a Delaware corporation that is a public company in the United States and whose shares are listed on the New York Stock Exchange ("NYSE"). The Preferred Shares and the Debt Securities are publicly-held.

4. The Applicant is a reporting issuer and is subject to securities legislation in each of the provinces in Canada (the "Legislation"). The Applicant is not in default of any of its obligations as a reporting issuer under the Legislation.

5. Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110") prescribes requirements for audit committees of reporting issuers in certain provinces of Canada, including Ontario. The requirements of MI 52-110 do not apply to reporting issuers that are subsidiary entities if they satisfy the criteria set out in clause 1.2(e) of MI 52-110 (the "Subsidiary Entity Exemption Criteria").

6. The Applicant satisfies the Subsidiary Entity Exemption Criteria of MI 52-110 because (a) the Applicant is a subsidiary entity within the meaning of MI 52-110, (b) the Applicant does not have equity securities (other than non-convertible, non-participating preferred securities) trading on a marketplace, and (c) the Applicant's parent, Spectra, is an issuer that (1) has securities listed on the NYSE, and (2) is in compliance with the requirements of the NYSE applicable to issuers, other than foreign private issuers, regarding the role and composition of audit committees.

7. As an indirect wholly-owned subsidiary of Spectra, the function of an audit committee for the Applicant is carried out at the level of Spectra during the review of its consolidated financial statements. The board of directors of the Applicant will approve the Applicant's financial statements, as is required by the OBCA.

8. The Preferred Shares are governed by the rights attaching to them as set out in the Applicant's amended articles of incorporation and the Debt Securities are governed by trust indentures. Neither the Preferred Shares' rights nor the Debt Securities' trust indentures contain restrictions or affirmative or negative covenants requiring the Applicant's board of directors to have an audit committee.

**AND UPON** the Commission being satisfied that do so would not be prejudicial to the Applicant's shareholders,

**IT IS ORDERED**, pursuant to subsection 158(1.1) of the OBCA, that the Applicant is authorized to dispense with an audit committee for so long as the Applicant continues to satisfy the Subsidiary Entity Exemption Criteria of MI 52-110 or a successor instrument.

**DATED** August 3, 2007

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"Robert L. Shirriff"
Commissioner
Ontario Securities Commission

### 2.2.2 Saxon Financial Services et al. - s. 127(8)

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

**AND**

**IN THE MATTER OF**
**SAXON FINANCIAL SERVICES,**
**SAXON CONSULTANTS LTD.,**
**INTERNATIONAL MONETARY SERVICES,**
**FXBRIDGE TECHNOLOGY,**
**MEISNER CORPORATION,**
**MERCHANT CAPITAL MARKETS, S.A.,**
**MERCHANT CAPITAL MARKETS,**
**MERCHANTMARX, SIMON BACHUS,**
**JOSEPH CUNNINGHAM, RICHARD CLIFFORD,**
**RYAN CASON, JOHN HALL, DONNY HILL,**
**JEREMY JONES, MARK KAUFMANN,**
**CONRAD PRAAMSMA, JUSTIN PRAAMSMA,**
**SCOTT SANDERS, JACK SINNI, MARC THIBAULT,**
**SEAN WILSON AND TODD YOUNG**

**ORDER**
**Section 127(8)**

**WHEREAS** on July 26, 2007, the Ontario Securities Commission (the "Commission") ordered pursuant to clause 2 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") that the Respondents, their officers, directors, employees and/or agents cease trading in all securities immediately (the "Temporary Order");

**AND WHEREAS** the Commission further ordered that pursuant to subsection 127(6) of the Act the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.;

**AND WHEREAS** pursuant to subsections 127(1) and 127(8) of the Act, a hearing was scheduled for August 9, 2007 (the "Hearing");

**AND WHEREAS** on August 9, 2007, the Respondents fxBridge Technology, International Monetary Services, Simon Bachus and Joseph Cunningham requested an adjournment of this matter;

**AND WHEREAS** the Respondents fxBridge Technology, International Monetary Services, Simon Bachus and Joseph Cunningham have agreed to extend the Temporary Order during the period of the adjournment;

**AND WHEREAS** by Commission order made April 4, 2007 pursuant to section 3.5(3) of the Act, any one of W. David Wilson, James E.A. Turner, Lawrence E. Ritchie, Robert L. Shirriff, Harold P. Hands, Paul K. Bates and David L. Knight, acting alone, is authorized to make orders under section 127 of the Act;

**IT IS ORDERED** pursuant to subsection 127(8) of the Act that:

(a) the Hearing is adjourned to October 10, 2007 at 10 a.m., or as soon thereafter as the hearing can be held; and

(b) the Temporary Order be extended during the period of the adjournment, subject to the following:

1. Bachus and Cunningham are permitted to trade in securities for their own accounts or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the Income Tax Act (Canada)) in which they have sole legal and beneficial ownership and interest, provided that:

   (i) the securities are listed and posted for trading on a prescribed stock exchange (as defined in Regulation 3200 to the *Income Tax Act* (Canada)) or are issued by a mutual fund which is a reporting issuer;

   (ii) in the case of securities listed and posted for trading on a prescribed stock exchange (as defined in Regulation 3200 to the *Income Tax Act* (Canada)), Bachus and Cunningham do not own legally or beneficially more than one per cent of the outstanding securities of the class or series of the class in question; and

   (iii) Bachus and Cunningham must carry out permitted trading through a registered dealer and through accounts opened in their name only and must close any accounts in Ontario in which they have any legal or beneficial ownership or interest that were not opened in their name only.

Dated at Toronto this 10th day of August, 2007

"James E. A. Turner"

### 2.2.3 Arapaho Capital Corp. - s. 1(11)

**Headnote**

Section 1(11) -- order that issuer is a reporting issuer for purposes of Ontario securities law -- issuer already a reporting issuer in British Columbia and Alberta -- issuer's securities listed for trading on the TSX Venture Exchange -- continuous disclosure requirements in British Columbia and Alberta are substantially the same as those in Ontario.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11).

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

**AND**

**IN THE MATTER OF**
**ARAPAHO CAPITAL CORP.**

**ORDER**
**(Section 1(11))**

**UPON** the application of Arapaho Capital Corp. (the **Applicant**) for an order pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law;

**AND UPON** considering the application and the recommendations of the staff of the Ontario Securities Commission (the **Commission**);

**AND UPON** the Applicant representing to the Commission as follows:

1. The Applicant was incorporated under the former *Company Act* (British Columbia) on April 17, 1998 and transitioned under the new British Columbia *Business Corporations Act* on March 1, 2005 with its registered and records office located at 3000 Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R3.

2. The Applicant's head office is located at Suite 300 - 570 Granville Street, Vancouver, British Columbia, V6C 3P1.

3. The authorized capital of the Applicant consists of an unlimited number of Common shares without par value, of which 6,200,000 Common shares are issued and outstanding and 100,000,000 non-voting Preference shares, none of which are issued and outstanding as at the date hereof.

4. The Applicant has been a reporting issuer under the *Securities Act* (British Columbia) (the **BC Act**) since October 8, 1998 and the *Securities Act* (Alberta) (the **Alberta Act**) since November 29, 1999.

5. As of the date hereof, the Applicant is not on the list of defaulting reporting issuers maintained pursuant to the BC Act or the Alberta Act, and, to the best of its knowledge, is not in default of any of its obligations under the BC Act or the Alberta Act.

6. The Applicant is not currently a reporting issuer or the equivalent in any jurisdiction in Canada other than British Columbia and Alberta.

7. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.

8. The continuous disclosure materials filed by the Applicant under the BC Act and the Alberta Act since September, 1998 are available on the System for Electronic Document Analysis and Retrieval (**SEDAR**).

9. The Applicant's securities are traded on the TSX Venture Exchange (**TSX-V**) under the symbol "AHO". The Applicant's securities are not traded on any other stock exchange or trading or quotation system.

10. The Applicant is not in default of any of the rules or regulations of the TSX-V.

11. The Applicant has a significant connection to Ontario in that, as of February 9, 2007, 51.65% of the Applicant's issued and outstanding Common shares are held directly and indirectly by Ontario residents.

12. Neither the Applicant nor any of its predecessor entities, nor any of their officers, directors or controlling shareholders, has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13. Neither the Applicant nor any of its predecessor entities, nor any of their officers, directors or controlling shareholders, is or has been subject to:

    (a) any known ongoing or concluded investigations by a Canadian securities regulatory authority, or a court or regulatory body, other than a Canadian

securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

14. None of the officers, directors, or controlling shareholders of the Applicant is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

(a) any cease trade or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years;

except as follows:

(c) Mr. Brian Bayley, a director and officer of the Applicant, is a director of PetroFalcon Corporation (**PetroFalcon**), presently a Toronto Stock Exchange listed company, and Mr. A. Murray Sinclair, a director of the Applicant, was a director of PetroFalcon on February 27, 2002 when the British Columbia Securities Commission (**BCSC**) issued an order regarding a private placement of PetroFalcon to Quest Ventures Ltd., a private company of which Mr. Bayley was also a director. The BCSC considered it to be in the public interest to remove the applicability of certain exemptions from the prospectus and registration requirements of the BC Act for PetroFalcon until a shareholders meeting of PetroFalcon was held. In addition, the BCSC removed the applicability of the same exemptions for Quest Ventures Ltd. in respect of the common shares received pursuant to the private placement. Approval of shareholders was received on May 23, 2002 and the BCSC reinstated the applicability of the exemptions from the prospectus and registration requirements for both companies shortly thereafter;

(d) in early 2003 the directors and officers of Esperanza Silver Corp., a TSX-V listed company, of which Mr. Bayley was a director, became aware that it was subject to outstanding cease trading orders in each of Alberta (issued on September 17, 1998) and Québec (issued on August 12, 1997) arising from its previous failure to comply with the financial statements filing requirements of the Alberta Securities Commission (**ASC**) and the Québec Securities Commission. The historical financial statements and filing fees were subsequently filed and the Alberta order was rescinded on August 1, 2003 and the Québec order was rescinded on May 16, 2003;

(e) Mr. Bayley was a director of Westate Energy Inc., a delisted TSX-V company, when in January 1994 the BCSC issued a cease trade order for failure to comply with the financial statement filing requirements of the BCSC;

(f) Mr. Bayley is a director of American Natural Energy Corp., a TSX-V listed company, and in June 2003 each of the BCSC, the Manitoba Securities Commission and the Quebec Securities Commission issued a cease trade order for failure to comply with the financial statement filing requirements of the above securities commissions. The historical financial statements and filing fees were subsequently filed and all the orders were rescinded in August, 2003; and

(g) Mr. Sinclair was a director of Katanga Mining Limited (formerly Balloch Resources Ltd. and New Inca Gold Ltd.) on February 25, 2002 when Katanga Mining Limited was issued a cease trade order from the BCSC, the ASC and the Commission for failure to file financial statements within the prescribed period of time and pay the filing fees. Katanga Mining Limited has since filed the financial statements and paid the filing fees as required by the above securities commissions. Effective October 21, 2003, trading of the securities of Katanga Mining Limited resumed. The BC Order was rescinded on October 21, 2003, the Alberta Order was rescinded on October 23, 2003, and the Ontario Order was rescinded on March 6, 2003.

15. The Applicant will remit all participation fees due and payable by it pursuant to Commission Rule 13-502 Fees by no later than two business days from the date of this Order.

**AND UPON** the Commission being satisfied that to do so is in the public interest;

**IT IS ORDERED** pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

**DATED** August 8th, 2007

"Jo-Anne Matear"
Assistant Manager, Corporate Finance

### 2.2.4 Wedge Energy International Inc. - s. 144

**Headnote**

Section 144 -- Revocation of cease trade order -- Issuer subject to cease trade order as a result of its failure to file interim financial statements -- Issuer has brought filings up to date and is otherwise not in default of Ontario securities law.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(1), 144.

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

**AND**

**IN THE MATTER OF**
**WEDGE ENERGY INTERNATIONAL INC.**

**ORDER**
**(Section 144)**

**WHEREAS** the securities of Wedge Energy International Inc. (the "Filer") are subject to a Temporary Order made by the Director dated May 31, 2007 under paragraphs 2 and 2.1 of subsection 127(1) and subsection 127(5) of the Act, as extended by an Order made by the Director dated June 12, 2007 under paragraphs 2 and 2.1 of subsection 127(1) of the Act (together, the Cease Trade Order) directing that trading in and acquisitions of the securities of the Filer cease until the Cease Trade Order is revoked by the Director;

**AND WHEREAS** the Filer has made an application to the Ontario Securities Commission (the "Commission") for a revocation of the Cease Trade Order pursuant to subsection 144(1) of the Act;

**AND UPON** the Filer representing to the Commission that:

(a) The Filer was incorporated under the laws of the Province of Ontario on July 5, 1996.

(b) The Filer is a reporting issuer in Ontario. The Filer is not a reporting issuer in any other jurisdiction in Canada.

(c) The authorized capital of the Filer consists of an unlimited number of common shares and unlimited number of preferred shares of which 14,212,700 common shares are currently issued and outstanding.

(d) There are no securities of the Filer currently listed or posted for trading or quoted on any exchange or market in Canada.

(e) The Cease Trade Order was issued due to the failure to file interim financial statements for the three-month period ended March 31, 2007 and management's discussion and analysis relating to the interim financial statements for the three- month period ended March 31, 2007 as required by Ontario securities law (the "Continuous Disclosure Documents").

(f) The Filer has filed the Continuous Disclosure Documents with the Commission through SEDAR and is up-to-date on all its other continuous disclosure obligations, has paid all outstanding filings fees and has complied with National Instrument 51-102 *Continuous Disclosure Obligations* regarding delivery of financial statements and except for the Cease Trade Order, is not otherwise in default of any requirement of Ontario securities law.

(g) There have been no material changes to the Filer's business or operations since the date of the Cease Trade Order, and there are currently no such material changes planned.

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

**AND WHEREAS** the Commission is of the opinion that it would not be prejudicial to the public interest to revoke the Cease Trade Order;

**IT IS ORDERED**, pursuant to section 144 of the Act, that the Cease Trade Order is revoked.

**DATED** at Toronto this 14th day of August, 2007.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance

### 2.2.5 Limelight Entertainment Inc. et al. - s. 127

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

**AND**

**IN THE MATTER OF**
**LIMELIGHT ENTERTAINMENT INC.,**
**CARLOS A. DA SILVA, DAVID C. CAMPBELL,**
**JACOB MOORE AND JOSEPH DANIELS**

**ORDER**
**(Section 127)**

**WHEREAS** on April 7, 2006, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and a 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 Jacob Moore ("Moore"), Limelight Entertainment Inc. ("Limelight"), Carlos Da Silva, David C. Campbell, and Joseph Daniels (collectively, without Moore, the "Other Respondents");

**AND WHEREAS** on April 25, 2006, the Commission issued an Amended Notice of Hearing and an Amended Statement of Allegations;

**AND WHEREAS** Moore entered into a Settlement Agreement with Staff of the Commission dated July 25, 2007 (and amended August 2, 2007) (the "Settlement Agreement") in which Moore agreed to a proposed settlement of the proceeding commenced by the Amended Notice of Hearing, subject to the approval of the Commission;

**AND WHEREAS** on July 18, 2007, the Commission issued a Notice of Hearing advising that the Commission would hold a hearing to consider whether the approval of the Settlement Agreement is in the public interest;

**AND WHEREAS** at the commencement of the settlement hearing on August 2, 2007, Staff of the Commission and the Respondent made a joint application pursuant to section 9 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended and section 5(4) of the Practice Guidelines of the Commission's *Rule of Practice* that the settlement hearing proceed *in camera*;

**AND WHEREAS** the Commission made an order that the settlement hearing was to proceed *in camera* and that the Settlement Agreement would be treated as confidential and not released to the public unless and until approved by the Commission;

**AND WHEREAS** on August 2, 2007 the Commission, having reviewed the Settlement Agreement, the Amended Notice of Hearing and Amended Statement of Allegations of Staff of the Commission, and having heard submissions from counsel for Moore and from Staff of the Commission, approved the Settlement Agreement;

**AND WHEREAS** Staff of the Commission and counsel for Moore advised the Commission during their submissions that: (i) Moore and Other Respondents in this proceeding are respondents in an ongoing proceeding (the "ASC Proceeding") before the Alberta Securities Commission (the "ASC"); (ii) the ASC Proceeding involves some of the same facts and allegations, as in the proceeding herein; (iii) the Hearing in the ASC Proceeding concluded on May 31, 2007 and a decision of the ASC has not yet been released; and (iv) Moore never appeared or was represented at the ASC hearing;

**AND WHEREAS** counsel for Moore requested that the Settlement Agreement, the decision of the panel approving the Settlement Agreement and the transcript of the in camera settlement hearing remain confidential and not released to the public until the release of the decision in the ASC Proceeding (the "Confidentiality Request");

**AND WHEREAS** Staff of the Commission opposed the Confidentiality Request;

**AND WHEREAS** upon hearing the submissions of counsel for Moore and Staff of the Commission in respect of the Confidentiality Request, the Commission is of the opinion that it is in the public interest to make this order in all of the circumstances of this matter;

**AND WHEREAS** Staff counsel advised that Staff will advise the Other Respondents who receive disclosure of settlement related documents and information in this proceeding from Staff that they can only use such disclosure for the purpose of making answer and defence to the Amended Statement of Allegations.

**IT IS HEREBY ORDERED** that:

(a) The fact that the Commission approved the Settlement Agreement shall, and is hereby made public;

(b) the terms of the Settlement Agreement, the reasons of the Panel and the transcript of the settlement hearing on August 2, 2007, shall otherwise remain confidential and shall not be made public, except as is necessary for Staff to satisfy its continuing disclosure obligations to the Other Respondents in this proceeding, until the earlier of: (i) the ASC decision in the ASC Proceeding; and (ii) the first day of the Commission hearing herein.

DATED at Toronto on this 13th day of August, 2007

"Lawrence E. Ritchie"

"Robert L. Shirriff"

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# Chapter 3

# Reasons: Decisions, Orders and Rulings

## 3.1 OSC Decisions, Orders and Rulings

### 3.1.1 Hacik Istanbul

**IN THE MATTER OF**
**THE REGISTRATION OF**
**HACIK ISTANBUL**

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

**Date:** August 10, 2007

**Director:** David M. Gilkes
Manager, Registrant Regulation

**Submissions:** Dianna Dale - For the staff of the Commission

Hacik Istanbul - For the Registrant

**Background**

1. Hacik Istanbul (the **Registrant**) has been registered with the Ontario Securities Commission (**OSC**) as a mutual fund salesperson since June 30, 1991. He was sponsored by BMO Investments Inc. from November 8, 2000 until his termination for cause on April 18, 2007.

2. On May 12, 2007, OSC staff received a request to transfer the registration of Mr. Istanbul to The Investment House of Canada Inc., a mutual fund dealer.

3. On June 5, 2007, OSC staff sent a letter to the Registrant and The Investment House of Canada Inc. notifying them that staff was recommending the transfer of the registration of Hacik Istanbul be refused for the reasons described in the submissions below.

4. On June 18, 2007, the Registrant notified the OSC that he wished to exercise his right for an Opportunity to be Heard (**OTBH**) by the Director. Subsection 26(3) of the 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.

5. The OTBH was conducted through written submissions made by OSC staff and the Registrant.

**Submissions**

6. The Registrant was sponsored by BMO Investments Inc. but was also employed and worked for BMO Bank of Montreal (**BMO**). It was his activities at BMO that led to his termination for cause.

7. BMO is a participant in the Air Miles program. The bank offers Air Miles for client appreciation, problem solving and general courtesy for dealing with BMO.

8. In early 2007, BMO conducted an internal audit and found that the same Air Miles account number had showed up on several client applications for loans or mortgages that had been approved. The auditor found that the recurring Air Miles account was held by Mr. Istanbul's spouse. BMO corporate security investigated the matter and found that the spouse of Mr. Istanbul was being credited unearned Air Miles and had been redeeming them.

9. There were a number of instances dating back to 2002 where Air Miles were credited to and redeemed by the spouse of Mr. Istanbul. A total of 6,500 Air Miles were misappropriated and BMO was able to recoup about 2,400 Air Miles. There was a financial loss to BMO of about $1,700.

10. BMO corporate security was considering whether to forward the information to a law enforcement agency for possible criminal charges.

11. The Registrant admitted that he misappropriated Air Miles and credited them to his spouse's account. He also admitted that he had engaged in this practice since 2002.

12. The Registrant said that since the investigation started he had made every effort to surrender the unearned Air Miles back to BMO. However, BMO claims that the transfer of the Air Miles back to it was not done voluntarily. BMO provided information that the bank branch manager where Mr. Istanbul worked instructed a person at the Air Miles group to reverse the unearned Air Miles as they were not returned voluntarily.

13. Mr. Istanbul said that he has had a successful career in banking spanning over 23 years and that "this one air miles incident is not an accurate reflection on my integrity as an industry professional."

**Analysis**

14. Determining whether an applicant should be registered is an important component of the work undertaken by OSC staff to protect investors and foster confidence in the capital markets. This point was made in the *Mithras* decision that reads in part:

> … the role of the Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> *Re Mithras Management Ltd.*, (1990) 13 OSCB 1600

15. The fit and proper standard for registration is based on three well established criteria that have been identified by the OSC:

> The [Registrant Regulation] section administers a registration system which is intended to ensure that all Applicants under the Securities Act and the Commodity Futures Act meet appropriate standards of integrity, competence and financial soundness …
>
> (Ontario Securities Commission, Annual Report 1991)

When analyzing these criteria staff consider:

- integrity – honesty and good character, particularly in dealings with clients, and compliance with Ontario securities law;
- competence – prescribed proficiency and knowledge of the requirements of Ontario securities law; and
- financial soundness – an indicator of a firm's capacity to fulfil its obligations and can be an indicator of the risk that an individual will engage in self-interested activities at the expense of clients.

16. The fit and proper standard for registration is both an initial and an ongoing requirement for registrants. In relation to the ongoing integrity requirement, registrants must meet the general duties as set out in OSC rule 31-505, s. 2.1 (2):

> A registered salesperson, officer or partner of a registered dealer or a registered officer of partner of a registered adviser shall deal fairly, honestly and in good faith with his or her clients.

17. The Registrant admits that he misappropriated Air Miles that should have been awarded to his bank clients. While the monetary loss suffered by BMO was not a significant amount by bank standards, Mr. Istanbul misappropriated Air Miles in a number of instances over a five-year period. He only stopped when he was caught.

18. The Registrant acknowledged it was wrong to misappropriate the Air Miles. He did not provide an explanation for his behaviour nor did he express any remorse for his actions.

**Decision**

19. Mr. Istanbul took Air Miles that did not belong to him and deposited them in his spouse's account. This was an act of dishonesty. Mr. Istanbul refers to the misappropriation as being a single Air Miles incident, however, this was not a single act but numerous acts over a period of five years.

20. The Registrant did not deal fairly, honestly and in good faith with all of his clients nor his employer, BMO, over the last five years. Mr. Istanbul has clearly demonstrated a lack of integrity.

21. I find that the Registrant has not demonstrated the high standards of integrity required of a professional in the securities industry. Therefore, I refuse to grant the registration of Hacik Istanbul.

August 10, 2007

"David M. Gilkes"

### 3.1.2 Limelight Entertainment Inc. et al.

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

**AND**

**IN THE MATTER OF**
**LIMELIGHT ENTERTAINMENT INC., CARLOS A. DA SILVA,**
**DAVID C. CAMPBELL, JACOB MOORE AND JOSEPH DANIELS**

**HEARING HELD PURSUANT TO SECTION 127 OF THE ACT**

**SETTLEMENT HEARING RE: JACOB MOORE**

| | | | |
|---|---|---|---|
| **Hearing:** | Thursday, August 2, 2007 | | |
| **Panel:** | Lawrence E. Ritchie | - | Vice-Chair and Chair of the Panel |
| | Robert L. Shirriff | - | Commissioner |
| **Counsel:** | Derek Ferris | - | for Staff of the Ontario Securities Commission |
| | Ian Smith | - | for Jacob Moore |

**REASONS AND DECISION REGARDING**
**THE CONFIDENTIALITY OF THE SETTLEMENT AGREEMENT BETWEEN**
**JACOB MOORE AND STAFF OF THE ONTARIO SECURITIES COMMISSION,**
**APPROVED BY THE COMMISSION ON AUGUST 2, 2007**

**A. Background**

[1] On April 7, 2006, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and a 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 Jacob Moore ("Mr. Moore"), Limelight Entertainment Inc. ("Limelight"), Carlos Da Silva, David C. Campbell, and Joseph Daniels (collectively, without Mr. Moore, the "Other Respondents"). On April 25, 2006, the Commission issued an Amended Notice of Hearing and an Amended Statement of Allegations.

[2] By Notice of Hearing dated July 18, 2007, the Commission announced that it would hold a hearing on August 2, 2007 for Staff of the Commission ("Staff") and Mr. Moore to seek approval of the Settlement Agreement (the "Settlement Agreement") between Mr. Moore and Staff in connection with the proceedings *In the Matter of Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels* (the "Commission Limelight Proceeding").

[3] On Thursday, August 2, 2007, a hearing to consider the Settlement Agreement was held *in camera* at the request of the parties. At the conclusion of the hearing, the Commission Panel advised the parties that it would approve the Settlement Agreement and signed the relevant Order accordingly.

[4] During the course of the Commission Hearing, it was brought to our attention by counsel for Staff that there is a pending proceeding before the Alberta Securities Commission (the "ASC") involving some of the same respondents, facts and allegations as in the Commission Limelight Proceeding.

[5] Specifically, we were advised that, on May 28, 29 and 31, 2007, the ASC convened a hearing in the matter of *Limelight Entertainment Inc., David Campbell, Carlos Da Silva, Tim McCarty, Jacob Moore, Ove Simonsen, Eric O'Brien, Hank Ulfan and Rick Clynes* (the "ASC Limelight Proceeding"). We were also advised that the panel hearing the ASC Limelight Proceeding reserved its decision in this matter, and no decision has yet been released.

[6] The respondent, Mr. Moore, is a party to both the Commission Limelight Proceeding and the ASC Limelight Proceeding. The ASC Limelight Proceeding was held in the absence of Mr. Moore and his counsel. However, counsel for Mr. Moore informed us that he notified the ASC that Mr. Moore was attempting to reach a Settlement in the Commission Limelight Proceeding.

[7] As a result of the pending decision in the ASC Limelight Proceeding, an issue arose as to whether the Commission's decision and order regarding the approval of the Settlement Agreement in the Commission Limelight Proceeding should remain

confidential pending the release of the decision in the ASC Limelight Proceeding. The concern was that the fact of the Settlement, the terms of the Settlement Agreement and the facts to which Mr. Moore has agreed to support it, may have an impact upon the ASC Limelight Proceeding, which could be unfair to Mr. Moore, and/or some of the Other Respondents.

[8] As stated below, in making our decision, the Panel gave consideration to the goal of this Commission to further transparency in its processes, and the strong impact such transparency has on maintaining and strengthening confidence in the effectiveness of the Commission's efforts to regulate the capital markets and market participants. As well, regard was had to: (i) the interests of, and fairness to, the parties in the ASC Limelight Proceeding (many of whom are respondents in the Commission Limelight Proceeding), (ii) Staff's ongoing disclosure obligations to the Other Respondents, and (iii) the possible impact upon the right of the Other Respondents to make full answer and defence in respect of the Commission Limelight Proceeding, should these disclosure obligations not be fulfilled.

[9] In considering the question of whether confidentiality ought to be maintained, this Panel entertained oral submissions from the parties.

[10] Following submissions, this Panel made an Order (the "Confidentiality Order") that the Settlement Agreement, the Order approving it, and the transcripts of the Settlement Hearing shall remain confidential pending the earlier of the release of the decision in the ASC Limelight Proceeding and the commencement of the Commission Limelight Proceeding, subject to disclosure by Staff of what is necessary for Staff to meet its disclosure obligations to the Other Respondents.

[11] These are our Reasons and Decision regarding the Confidentiality Order.

**B. Submissions**

[12] Both counsel for Staff and counsel for Mr. Moore made oral submissions.

[13] Counsel for Mr. Moore requested the continued confidentiality of the Settlement Agreement and Settlement hearing transcripts. He took the position that the confidentiality sought is necessary and appropriate to ensure that the ASC would not be influenced by the agreed facts and imposed sanctions in the Settlement Agreement, if they were made public. Counsel for Mr. Moore acknowledged that, as a matter of policy, Commission rulings and orders ought to be made public as quickly as possible so that the public is protected and knows what the Commission is doing. However, counsel for Mr. Moore submitted that public disclosure can and ought to be delayed and/or restricted if necessary to protect against prejudice to an individual or individuals, and to ensure fairness to those persons in a judicial or administrative process. Mr. Moore states that such is the case in the present matter.

[14] Counsel for Staff opposed Mr. Moore's request and submitted that the Settlement Agreement should be made public forthwith. Staff also raised concerns that the extension of confidentiality may adversely affect Staff's disclosure obligations to the Other Respondents in the Commission Limelight Proceeding.

[15] As well, Staff expressed concern that the ASC might not release its decision prior to the commencement of the Commission Limelight Proceeding. It is Staff's intention to have Mr. Moore testify in the Commission Limelight Proceeding. As such, the Settlement Agreement needs to be provided to the Other Respondents well in advance of the Commission Limelight Proceeding.

[16] In Staff's view, as a matter of policy, the public is also entitled to know the outcome of the Settlement Hearing and what the terms of the Settlement Agreement are at the earliest possible time. For this reason, Staff takes the position that the Settlement Agreement and the reasons of the panel approving it should be made public and posted on the Commission website.

**C. Analysis and Decision**

[17] Following oral submissions from the parties, we have decided that:

(1) the fact that Mr. Moore has settled with Staff and that this Commission has approved the Settlement Agreement, shall be made public;

(2) the terms of the Settlement Agreement and the settlement hearing transcript shall remain confidential, except for what is necessary to satisfy Staff's disclosure obligations to the Other Respondents in the Commission Limelight Proceeding; and

(3) the confidentiality described in clause (2) above shall remain until the earlier of:

i. the public release of the decision of the ASC Limelight Proceeding; and

ii. the day of the commencement of the substantive hearing of the Commission Limelight Proceeding.

[18] In coming to this decision, we have considered the submissions of the parties and have taken into account the rights and interests of all affected persons, and conflicting policy considerations of fairness and transparency. In particular, we have attempted to balance all of the factors counsel has urged upon us. We are conscious of and strongly support the Commission's practice of making approved settlements and other proceedings public as soon as practicably possible and the importance of the transparency of its decisions and processes. We are also sensitive to Staff's concern that it fulfill its disclosure obligations to the Other Respondents so that they are able to prepare their full answer and defence.

[19] On the other hand, we are also concerned that the disclosure of the Settlement terms, and the admissions made therein, not pose any unfairness or prejudice to any party to the ASC Limelight Proceeding, regardless of whether they had appeared in those proceedings.

[20] In our view, the maintenance of confidentiality for the anticipated short time frame, with the exception provided to Staff, enables Staff to fulfill any disclosure obligations to the Other Respondents in the Commission Limelight Proceeding, while at the same time it protects Mr. Moore, and the Other Respondents in the ASC Limelight Proceeding.

[21] We consider it appropriate for the confidentiality to expire at the earlier of the release of the decision in the ASC Limelight Proceeding and the commencement of the Commission Limelight Proceeding. We recognize that it is possible that the ASC Limelight Proceeding decision may not be rendered at the time of the commencement of the Commission Limelight Proceeding. However, we consider it appropriate to publicly release the Settlement Agreement and transcript at the commencement of the Commission Limelight Proceeding at the very latest nonetheless as a matter of practicality and fairness. Among other reasons, we are advised that Mr. Moore will be testifying at the Commission Limelight Proceeding. As such, the content of the Settlement Agreement could be relevant to the parties in the Commission Limelight Proceeding, and the Other Respondents should not be unduly restricted in advancing their defence.

[22] We are satisfied that this Panel has jurisdiction to order confidentiality as contemplated, and none of the parties takes issue with this view.

[23] The *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 (the "SPPA"), applies to Ontario administrative tribunals that exercise a statutory power of decision conferred by legislation where the tribunal by law has to afford the parties to the proceeding an opportunity for a hearing before making a decision (subsection 3(1) of the SPPA). Since the Commission has the power to hold hearings pursuant to subsection 3.5(1) of the Act, the SPPA applies to Commission hearings.

[24] Section 9 of the SPPA authorizes an administrative tribunal to decide whether a hearing or part of a hearing should not be accessible to the public. Specifically, subsections 9(1) and 9(1.1) of the SPPA state:

> Hearings to be public, exceptions
>
> **9.** (1) An oral hearing shall be open to the public except where the tribunal is of the opinion that,
>
> (a) matters involving public security may be disclosed; or
>
> (b) intimate financial or personal matters or other matters may be disclosed at the hearing of such a nature, having regard to the circumstances, that the desirability of avoiding disclosure thereof in the interests of any person affected or in the public interest outweighs the desirability of adhering to the principle that hearings be open to the public,
>
> in which case the tribunal may hold the hearing in the absence of the public.
>
> Written hearings
>
> (1.1) In a written hearing, members? of the public are entitled to reasonable access to the documents submitted, unless the tribunal is of the opinion that clause (1) (a) or (b) applies.
>
> […]

[25] This is also consistent with subsection 7(1) of the *Practice Guidelines –Settlement Procedures in Matters Before the Ontario Securities Commission*. This section states:

> 7. Publication of Settlement Agreement–(1) Publication Where Approved– After a proposed settlement is approved by the Commission, the settlement agreement and any related order will be published in the OSC

> Bulletin. *Where a respondent, including a non-settling respondent, has reason for not wanting a settlement agreement to be made public for a period of time, the respondent may apply to the Commission for an order to that effect.* The policy of the Commission is to make approved settlement agreements public immediately, in the absence of exceptional circumstances. [emphasis added]

[26] We are of the view that the particular circumstances are unusual and warrant keeping the Settlement Agreement confidential until the earlier of: (1) the release of the decision of the ASC Limelight Proceeding; and (2) the day of the commencement of the substantive hearing of the Commission Limelight Proceeding. We are satisfied that after balancing all the relevant factors, imposing confidentiality for what we anticipate will be a brief period of time, outweighs the desirability of releasing the settlement terms at this time, particularly since the Order permits Staff to fulfill its disclosure obligations to the Other Respondents.

Dated at Toronto, this 13th day of August, 2007.

"Lawrence E. Ritchie"
Lawrence E. Ritchie

"Robert L. Shirriff"
Robert L. Shirriff

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# Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

| Company Name | Date of Temporary Order | Date of Hearing | Date of Permanent Order | Date of Lapse/Revoke |
|---|---|---|---|---|
| American Natural Energy Corporation | 26 Jul 07 | 07 Aug 07 | 07 Aug 07 | |
| Wedge Energy International Inc. | 31 May 07 | 12 Jun 07 | 12 Jun 07 | 14 Aug 07 |

### 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 |
|---|---|---|---|---|---|
| T S Telecom Ltd. | 10 Aug 07 | 23 Aug 07 | | | |

### 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 |
|---|---|---|---|---|---|
| AldeaVision Solutions Inc. | 03 May 07 | 16 May 07 | 16 May 07 | | |
| American Natural Energy Corporation | 26 Jul 07 | 08 Aug 07 | 08 Aug 07 | | |
| Argus Corporation Limited | 25 May 04 | 03 Jun 04 | 03 Jun 04 | | |
| CoolBrands International Inc. | 30 Nov 06 | 13 Dec 06 | 13 Dec 06 | | |
| Denninghouse Inc. | 08 Aug 07 | 17 Aug 07 | | | |
| Fareport Capital Inc. | 13 Jul 07 | 26 Jul 07 | 26 Jul 07 | | |
| Hip Interactive Corp. | 04 Jul 05 | 15 Jul 05 | 15 Jul 05 | | |
| HMZ Metals Inc. | 03 Apr 06 | 14 Apr 06 | 17 Apr 06 | | |
| IMAX Corporation | 03 Apr 07 | 16 Apr 07 | 16 Apr 07 | | |
| Outlook Resources Inc. | 08 Aug 07 | 21 Aug 07 | | | |
| T S Telecom Ltd. | 10 Aug 07 | 23 Aug 07 | | | |
| VVC Exploration Corporation | 04 Jun 07 | 15 Jun 07 | 15 Jun 07 | | |

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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 FORMS 45-106F1 AND 45-501F1**

| Transaction Date | No of Purchasers | Issuer/Security | Total Purchase Price ($) | No of Securities Distributed |
|---|---|---|---|---|
| 07/31/2007 | 1 | 2122529 Ontario Inc. - Debentures | 1,400,000.00 | N/A |
| 06/21/2007 | 18 | Alliance Pacific Gold Corp. - Common Shares | 499,978.40 | 1,249,946.00 |
| 07/27/2007 | 1 | AmberCore Software Inc. - Debentures | 1,200,000.00 | N/A |
| 07/26/2007 | 2 | Avatas Aerospace Inc. - Common Shares | 216,498.13 | 209.44 |
| 02/01/2007 to 06/01/2007 | 5 | Avenue Global Asset Management Inc - Debentures | 328,165.12 | N/A |
| 07/10/2007 | 1 | Axela Biosensors Inc. - Debentures | 1,200,000.00 | 1.00 |
| 07/17/2007 | 21 | BA Energy Inc. - Common Shares | 38,837,488.00 | 4,854,686.00 |
| 06/28/2007 | 2 | Banctec Inc. - Common Shares | 593,750.50 | 46,575,000.00 |
| 07/12/2007 | 4 | Berkley Resources Inc - Flow-Through Shares | 1,475,000.00 | 1,900,000.00 |
| 08/01/2007 | 50 | Bluerock Resources Ltd. - Common Shares | 6,719,799.84 | 13,999,583.00 |
| 08/01/2007 | 1 | BroadSign International Inc. - Common Shares | 528,450.00 | 500,000.00 |
| 07/10/2007 | 7 | Calloway Limited Partnership - Limited Partnership Units | 0.00 | N/A |
| 07/27/2007 | 25 | Canadian Horizons (Naramata) Limited Partnership - Limited Partnership Units | 758,800.00 | 7,588.00 |
| 07/18/2007 | 63 | Canadian Spirit Resources Inc. - Units | 3,544,200.00 | 3,053,000.00 |
| 07/13/2007 | 14 | CanWest MediaWorks Limited Partnership - Notes | 57,214,897.00 | N/A |
| 07/24/2007 | 1 | Capital International Private Equity Fund V, L.P. - Limited Partnership Interest | 15,692,100.00 | N/A |
| 07/19/2007 | 22 | CareVest Blended Mortgage Investment Corporation - Preferred Shares | 1,305,365.00 | 1,305,365.00 |
| 07/19/2007 | 28 | CareVest First Mortgage Investment Corporation - Preferred Shares | 1,706,077.00 | 1,706,077.00 |
| 08/01/2007 | 2 | Carina Energy Inc. - Common Shares | 70,000.00 | 155,556.00 |
| 07/19/2007 | 204 | Centenario Copper Corporation - Warrants | 83,408,000.00 | 1,600,000.00 |
| 07/10/2007 | 122 | Centrasia Mining Corp. - Receipts | 12,600,000.00 | 10,500,000.00 |
| 07/09/2007 | 29 | Chatters Beauty Group II Inc. - Common Shares | 408,000.00 | 48.00 |
| 07/16/2007 | 1 | Clayton, Dubilier & Rice Fund VII, L.P. (Co-Investment) L.P. - Limited Partnership Interest | 2,607,500.00 | N/A |

| Transaction Date | No of Purchasers | Issuer/Security | Total Purchase Price ($) | No of Securities Distributed |
|---|---|---|---|---|
| 07/15/2007 to 07/24/2007 | 21 | CMC Markets Canada Inc. - Contracts for Differences | 240,774.00 | 21.00 |
| 07/11/2007 | 32 | Consolidated Ecoprogress Technology Inc. - Units | 368,270.00 | 7,365,400.00 |
| 07/24/2007 | 21 | Consolidated Global Diamond Corp. - Units | 2,300,000.00 | 11,500,000.00 |
| 07/30/2007 | 8 | DB Mortgage Investment Corporation #1 - Common Shares | 5,679,000.00 | 5,679.00 |
| 06/21/2007 | 2 | Dollar Financial Corp. - Notes | 13,067,620.00 | 13,000.00 |
| 07/23/2007 | 24 | Durango Capital Corp. - Common Shares | 649,950.00 | N/A |
| 07/06/2007 | 16 | Dynacor Mines Inc. - Warrants | 4,000,000.00 | N/A |
| 07/23/2007 | 2 | DynaMotive Energy Systems Corporation - Warrants | 1,398,704.00 | N/A |
| 06/14/2006 | 1 | Dynasty Metals & Mining Inc. - Common Shares | 6,000,000.00 | 1,000,000.00 |
| 07/20/2007 | 2 | Embotics Corporation - Common Shares | 350,000.00 | 35,000.00 |
| 07/16/2007 | 2 | Equimor Mortgage Investment Corporation - Units | 12,818.00 | N/A |
| 07/24/2007 | 1 | Explor Resources inc. - Common Shares | 56,250.00 | 150,000.00 |
| 07/25/2007 | 3 | Falcon Ventures Incorporated - Common Shares | 39,000.00 | 240,000.00 |
| 07/20/2007 | 63 | FIC S.E. Asia Fund Ltd. - Common Shares | 2,611,692.00 | 2,611,692.00 |
| 07/13/2007 | 1 | First Leaside Wealth Management Inc. - Preferred Shares | 5,000.00 | 5,000.00 |
| 07/20/2007 | 1 | FirstAtlantic Financial Holdings Inc. - Common Shares | 105,873.80 | N/A |
| 07/21/2007 | 26 | Fortsum Business Solutions Inc. - Units | 3,500,000.35 | N/A |
| 08/01/2007 | 14 | Galway Resources Ltd. - Units | 8,500,000.00 | 6,800,000.00 |
| 07/16/2007 | 36 | Genco Resources Ltd. - Common Shares | 24,999,997.50 | 6,666,666.00 |
| 07/02/2007 | 1 | Geophysical Prospecting Inc. - Common Shares | 25,000.00 | 500,000.00 |
| 07/18/2007 | 12 | Golden Tag Resources Ltd. - Units | 752,000.00 | 3,790,000.00 |
| 07/20/2007 | 19 | Goldking Mining Ltd - Common Shares | 585,000.00 | 3,900,000.00 |
| 06/19/2007 | 1 | Grandcru Resources Corporation - Common Shares | 10,000.00 | 40,000.00 |
| 07/03/2007 to 07/11/2007 | 56 | Halo Resources Ltd. - Flow-Through Units | 1,656,625.20 | 3,487,632.00 |
| 07/03/2007 to 07/11/2007 | 10 | Halo Resources Ltd. - Units | 1,035,000.00 | 2,300,000.00 |
| 10/19/2006 | 2 | Hamilton Lan Co-Investment Fund L.P. - Limited Partnership Interest | 11,318,000.00 | N/A |
| 07/19/2007 | 2 | HBOS Treasury Services plc - Notes | 335,000,000.00 | N/A |
| 07/23/2007 | 1 | HDFC Bank Limited - Common Shares | 7,219,028.25 | 75,000.00 |

| Transaction Date | No of Purchasers | Issuer/Security | Total Purchase Price ($) | No of Securities Distributed |
|---|---|---|---|---|
| 05/28/2007 | 5 | HydraLogic Systems Inc. - Units | 748,377.35 | 2,138,221.00 |
| 07/11/2007 | 1 | IAC- Independent Academies Canada Inc. - Common Shares | 600,000.00 | 300,000.00 |
| 07/13/2007 to 07/23/2007 | 52 | IGW Real Estate Investment Trust - Units | 3,009,516.64 | 2,941,854.00 |
| 05/28/2007 | 1 | International Kirkland Minerals Inc. - Common Shares | 165,000.00 | 1,000,000.00 |
| 08/10/2006 | 1 | International Kirkland Minerals Inc. - Common Shares | 105,000.00 | 1,000,000.00 |
| 02/03/2007 | 1 | International Kirkland Minerals Inc. - Common Shares | 180,000.00 | 1,000,000.00 |
| 06/29/2007 to 07/03/2007 | 6 | Jatheon Technologies Inc. - Common Shares | 775,000.00 | 1,550,000.00 |
| 08/01/2007 | 1 | Kyoto Planet Group Inc. - Common Shares | 12,500.00 | 980,000.00 |
| 07/01/2006 to 06/30/2007 | 4 | Legg Mason Absolute Return Master Trust - Units | 64,395,227.22 | 6,654,748.83 |
| 10/20/2006 to 06/30/2007 | 25 | Legg Mason Accufund - Units | 8,134,736.81 | 341,562.66 |
| 10/20/2006 to 06/30/2007 | 61 | Legg Mason Batterymarch Canadian Core Equity Fund - Units | 352,781,391.70 | 3,037,855.51 |
| 10/20/2006 to 06/30/2007 | 38 | Legg Mason Batterymarch Canadian Small Cap Fund - Units | 3,989,246.58 | 143,060.40 |
| 10/20/2006 to 06/30/2007 | 2 | Legg Mason Batterymarch North American Equity Fund - Units | 2,483,832.94 | 129,701.28 |
| 10/20/2006 to 06/30/2007 | 285 | Legg Mason Batterymarch U.S. Equity Fund - Units | 28,457,599.03 | 241,215.40 |
| 10/20/2006 to 06/30/2007 | 137 | Legg Mason Brandywine Fundamental Value U.S. Equity Fund - Units | 21,665,452.04 | 1,704,593.57 |
| 10/20/2006 to 06/30/2007 | 6 | Legg Mason Brandywine Global Equity Fund - Units | 94,953,909.46 | 8,890,878.01 |
| 07/01/2006 to 06/30/2007 | 5 | Legg Mason Brandywine Global Fixed Income Fund - Units | 154,183,334.06 | 15,434,242.74 |
| 10/20/2006 to 06/30/2007 | 489 | Legg Mason Brandywine International Equity Fund - Units | 54,589,042.61 | 2,110,571.22 |
| 10/20/2006 to 06/30/2007 | 47 | Legg Mason Diversified - Units | 23,736,421.04 | 129,701.28 |
| 07/01/2006 to 06/30/2007 | 3 | Legg Mason Long Duration Diversified Portable Alpha Fund - Units | 4,957,906.85 | 502,827.52 |
| 07/01/2006 to 06/30/2007 | 36 | Legg Mason Private Capital Management U.S. Equity Fund - Units | 10,825,324.29 | 980,049.38 |
| 07/01/2006 to 06/30/2007 | 3 | Legg Mason Short Duration Diversified Portable Alpha Fund - Units | 9,496,610.80 | 924,845.44 |

| Transaction Date | No of Purchasers | Issuer/Security | Total Purchase Price ($) | No of Securities Distributed |
|---|---|---|---|---|
| 10/20/2006 to 06/30/2007 | 421 | Legg Mason U.S. Value Fund - Units | 56,413,921.90 | 5,714,459.01 |
| 10/20/2006 to 06/30/2007 | 259 | Legg Mason Western Asset Canadian Core Bond Fund - Units | 435,949,316.31 | 17,864,778.26 |
| 07/01/2006 to 06/30/2007 | 6 | Legg Mason Western Asset Canadian Income Fund - Units | 36,239,977.37 | 230,126.26 |
| 07/01/2006 to 06/30/2007 | 159 | Legg Mason Western Asset Canadian Money Market Fund - Units | 1,137,379,088.39 | 113,737,908.84 |
| 07/01/2006 to 06/30/2007 | 4 | Legg Mason (C$) U.S. Value Fund - Units | 1,487,350.18 | 165,005.59 |
| 07/18/2007 | 39 | Magellan Resources Ltd. - Common Shares | 582,410.00 | 1,164,820.00 |
| 07/18/2007 | 40 | Magellan Resources Ltd. - Flow-Through Shares | 1,337,790.00 | 2,487,000.00 |
| 07/18/2007 | 14 | Meriton Networks Inc. - Notes | 5,243,136.84 | N/A |
| 07/29/2007 | 1 | Metco Resources Inc. - Common Shares | 100,000.00 | 1,000,000.00 |
| 07/18/2007 | 4 | Mobivox Corporation - Preferred Shares | 10,436,988.21 | 2,339,715.00 |
| 07/25/2007 | 116 | Monarch Energy Limited - Units | 3,699,510.00 | 12,331,700.00 |
| 07/31/2007 | 1 | Morgan Stanley - Notes | 106,570.00 | 4.00 |
| 10/26/2006 to 05/18/2007 | 45 | MTC Growth Fund I-Inc. - Common Shares | 6,961,666.99 | 444,015.75 |
| 07/18/2007 | 6 | Netezza Corporation - Common Shares | 1,767,463.20 | 141,000.00 |
| 07/26/2007 | 8 | Neuromed Pharmaceuticals Inc. - Units | 11.91 | 16,650.00 |
| 07/26/2007 | 8 | Neuromed Pharmaceuticals Ltd. - Units | 18,315,011.91 | 16,650.00 |
| 06/29/2007 | 7 | Nevoro Inc. - Common Shares | 702,773.00 | 2,592,700.00 |
| 08/01/2007 | 21 | New World RRSP Lenders Corp. - Bonds | 927,000.00 | 927.00 |
| 07/24/2007 | 53 | Newport Exploration Ltd. - Common Shares | 5,635,000.00 | 16,100,000.00 |
| 07/26/2007 | 12 | Nordic Investment Bank - Bonds | 300,000,000.00 | 3,005,349.52 |
| 08/03/2007 | 3 | Nordic Oil and Gas Ltd. - Units | 200,000.00 | 1,000,000.00 |
| 07/19/2007 | 66 | North Arrow Minerals Inc. - Units | 2,500,000.00 | 6,250,000.00 |
| 07/20/2007 | 11 | NOVX Systems Inc. - Notes | 2,826,760.52 | N/A |
| 07/26/2007 | 3 | Octopz Inc. - Debentures | 1,500,000.00 | N/A |
| 07/16/2007 to 07/17/2007 | 2 | Open Access Limited - Units | 100,000.00 | N/A |
| 07/18/2007 | 25 | Oriental Minerals Inc. - Units | 5,121,200.00 | 3,304,000.00 |
| 06/27/2007 | 4 | Origin Biomed Inc. - Common Shares | 19,360.00 | 16,000.00 |
| 07/12/2007 | 37 | Osisko Exploration Itee - Flow-Through Shares | 17,499,997.00 | 3,333,333.00 |

| Transaction Date | No of Purchasers | Issuer/Security | Total Purchase Price ($) | No of Securities Distributed |
|---|---|---|---|---|
| 07/26/2007 | 93 | OSUM Oil Sands Corp. - Flow-Through Shares | 56,351,385.00 | 1,439,100.00 |
| 07/18/2007 | 98 | Portal Resources Ltd. - Units | 5,126,550.00 | 7,887,000.00 |
| 07/16/2007 | 35 | Powerstar International Inc. - Units | 1,132,249.80 | 2,058,636.00 |
| 07/30/2007 | 59 | Quetzal Energy Inc. - Units | 15,622,998.75 | N/A |
| 07/31/2007 | 36 | Radar Acquisitions Corp. - Units | 1,090,000.00 | 4,360,000.00 |
| 08/02/2007 | 79 | Rainy River Resources Ltd. - Flow-Through Shares | 35,070,000.00 | N/A |
| 05/17/2007 to 07/12/2007 | 26 | Red Maple Energy Inc. - Common Shares | 1,352,000.00 | N/A |
| 07/18/2007 | 69 | Red Mile Entertainment Inc. - Units | 4,885,135.25 | N/A |
| 07/16/2007 | 10 | Regal Energy Ltd. - Common Shares | 1,129,740.00 | N/A |
| 08/01/2007 | 1 | Renaissance Institutional Equities Fund International L.P. - Limited Partnership Interest | 2,673,250.00 | N/A |
| 06/06/2007 to 06/12/2007 | 4 | Rockwood-LaSalle Limited Partnership - Loans | 100,000.00 | N/A |
| 07/19/2007 to 07/23/2007 | 2 | Rockwood-LaSalle Limited Partnership - Loans | 50,000.00 | N/A |
| 06/28/2007 | 1 | Rockwood-LaSalle Limited Partnership - Units | 50,000.00 | N/A |
| 05/10/2007 to 05/17/2007 | 3 | Rockwood-LaSalle Limited Partnership - Units | 100,000.00 | N/A |
| 07/09/2007 | 19 | Saturn Minerals Inc. - Common Shares | 500,000.00 | N/A |
| 07/11/2007 | 20 | Schlumberger Canada Limited - Notes | 250,000,000.00 | N/A |
| 07/31/2007 | 19 | Scisense Limited Partnership - Limited Partnership Units | 242,548.50 | 48.50 |
| 08/02/2007 | 64 | Scollard Energy Inc. - Common Shares | 12,875,002.50 | 51,500,001.00 |
| 07/23/2007 | 1 | Seprotech Systems Incorporated - Units | 396,000.00 | 1,800,000.00 |
| 07/19/2007 | 53 | Shanghai Songrui Forestry Products Inc. - Units | 4,500,000.00 | 4,500,000.00 |
| 07/25/2007 | 5 | Skyharbour Resources Ltd. - Units | 440,000.00 | 4,000,000.00 |
| 07/26/2007 | 3 | Southampton Ventures Inc. - Units | 5,000,000.00 | 2,500,000.00 |
| 07/20/2007 | 1 | Spartan BioScience Inc. - Common Shares | 95,000.00 | 159,992.00 |
| 07/02/2007 | 2 | Spreadtrum Communications Inc. - Common Shares | 11,191,008.00 | 80,000.00 |
| 07/18/2007 | 96 | Staccato Gold Resources Ltd. - Units | 4,274,025.00 | 12,211,500.00 |
| 07/11/2007 to 07/16/2007 | 28 | Starfire Minerals Inc. - Units | 2,247,449.00 | N/A |
| 07/12/2007 | 10 | Stonegate Minerals Ltd. - Common Shares | 335,000.00 | 1,675,000.00 |

| Transaction Date | No of Purchasers | Issuer/Security | Total Purchase Price ($) | No of Securities Distributed |
|---|---|---|---|---|
| 07/24/2007 to 07/31/2007 | 5 | Tech Link International Entertainment Limited - Debentures | 923,630.14 | N/A |
| 07/09/2007 | 2 | TerreStar Global Ltd. - Common Share Purchase Warrant | 30,055.50 | 553,100.00 |
| 07/05/2007 | 1 | The Last Waltz Limited Partnership - Units | 500,000.00 | 500.00 |
| 07/19/2007 | 1 | The Presbyterian Church in Canada - Units | 326,560.50 | 32.18 |
| 07/13/2007 | 25 | Thor Explorations Ltd. - Units | 2,000,000.04 | 16,666,667.00 |
| 07/16/2007 | 17 | Toba Industries Ltd. - Warrants | 344,442.50 | 2,625,500.00 |
| 05/29/2007 | 3 | Trez Capital Corporation - N/A | 450,000.00 | N/A |
| 08/01/2007 | 4 | Truition Inc. - Preferred Shares | 1,500,000.15 | 2,253,369.00 |
| 07/27/2007 | 1 | UBS AFA Trading Index Certificate - Units | 442,110.44 | 444.00 |
| 07/23/2007 | 1 | UBS AG Stamford Branch - Notes | 265,000,000.00 | N/A |
| 07/27/2007 | 2 | UBS Alpha Select Index Certificate - Units | 543,611.57 | 506.00 |
| 07/27/2007 | 1 | UBS A&Q Alternative Solution Index - Units | 241,670.85 | 142.00 |
| 07/11/2007 | 12 | Upper Canada Explorations Limited - Units | 379,125.00 | N/A |
| 07/10/2007 | 1 | Valad Funds Management Limited and Valad Commercial Management Limited - Units | 103,701.63 | 2,359,100.00 |
| 07/31/2007 | 4 | Value Partners Investments Inc. - Common Shares | 150,000.00 | 47,469.00 |
| 05/25/2007 | 1 | Van Lee Limited Partnership - Loans | 25,000.00 | N/A |
| 07/23/2007 | 1 | Van Lee Limited Partnership - Loans | 25,000.00 | N/A |
| 06/07/2007 to 06/08/2007 | 2 | Van Lee Limited Partnership - Units | 100,000.00 | N/A |
| 06/28/2007 to 07/03/2007 | 3 | Van Lee Limited Partnership - Units | 100,000.00 | N/A |
| 07/10/2007 | 14 | Veris Health Sciences Inc. - Common Shares | 5,900,294.00 | 7,999,933.00 |
| 07/26/2007 | 3 | Voice Enabling Systems Technology Inc. - Units | 69,998.48 | 85,364.00 |
| 07/31/2007 | 6 | VSS Communications Parallel Partners IV, L.P. - Limited Partnership Interest | 28,471,604.00 | N/A |
| 07/13/2007 | 77 | Walton AZ Picacho View 1 Investment Corporation - Common Shares | 2,408,760.00 | 240,876.00 |
| 07/13/2007 | 11 | Walton AZ Picacho View Limited Partnership 1 - Limited Partnership Units | 3,127,587.53 | 297,384.00 |
| 07/18/2007 | 35 | Wescan Goldfields Inc. - Flow-Through Shares | 1,555,500.00 | 3,888,750.00 |
| 07/19/2007 | 64 | Zeox Corporation - Units | 6,000,000.00 | 3,000,000.00 |
| 07/17/2007 | 56 | Zongshen PEM Power Systems Inc. - Units | 5,130,000.00 | 9,000,000.00 |

## Chapter 11

# IPOs, New Issues and Secondary Financings

**Issuer Name:**
Agrium Inc.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Shelf Prospectus dated August 13, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
U.S.$1,000,000,000.00:
Common Shares
Preferred Shares
Subscription Receipts
Debt Securities
Units
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #1140449

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**Issuer Name:**
Assiniboia Farmland Limited Partnership 3
Principal Regulator - Saskatchewan
**Type and Date:**
Preliminary Prospectus dated August 7, 2007
Mutual Reliance Review System Receipt dated August 8, 2007
**Offering Price and Description:**
MAXIMUM: $50,000,000.00 (2,000,000 LIMITED PARTNERSHIP UNITS) Price: $25.00 per unit Minimum Purchase: 100 units
**Underwriter(s) or Distributor(s):**
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Berkshire Securities Inc.
Bieber Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
MGI Securities Inc.
Raymond James Inc.
Research Capital Corporation
**Promoter(s):**
EAI Agriculture Development Corporation
**Project** #1137546

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**Issuer Name:**
BroadShift Inc.
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Preliminary Prospectus dated August 10, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
$ * - * Common Shares Price: $ * Per Common Share
**Underwriter(s) or Distributor(s):**
Westwind Partners Inc.
GMP Securities L.P.
**Promoter(s):**
M.C. Capital Corp.
1561132 Ontario Ltd.
Ariza Capital Inc.
**Project** #1127517

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**Issuer Name:**
Canetic Resources Trust
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Shelf Prospectus dated August 8, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
$750,000,000.00 – Units Subscription Receipts
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #1138338

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**Issuer Name:**
Cirrus Energy Corporation
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Prospectus dated August 9, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
$30,550,000.00 -13,000,000 Common Shares Price: $2.35 per Common Share
**Underwriter(s) or Distributor(s):**
Tristone Capital Inc.
Clarus Securities Inc.
Jennings Capital Inc.
**Promoter(s):**
David Taylor
Robert Carter
**Project** #1138920

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**Issuer Name:**
Consonus Technologies, Inc.
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Preliminary Prospectus dated August 9, 2007
Mutual Reliance Review System Receipt dated August 9, 2007
**Offering Price and Description:**
$ * - * Shares of Common Stock Price: $ * per Share
**Underwriter(s) or Distributor(s):**
Paradigm Capital Inc.
**Promoter(s):**
-
**Project** #1096495

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**Issuer Name:**
NAL Oil & Gas Trust
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Prospectus dated August 13, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
$125,001,200.00 - 10,246,000 Subscription Receipts, each representing the right to receive one trust unit; and $100,000,000.00 - 6.75% Convertible Extendible Unsecured Subordinated Debentures Price: $12.20 per Subscription Receipt and $1,000 per Debenture
**Underwriter(s) or Distributor(s):**
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
Raymond James Ltd.
Peters & Co. Limited
**Promoter(s):**
-
**Project** #1140815

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**Issuer Name:**
NiMin Capital Corp.
Principal Regulator - British Columbia
**Type and Date:**
Preliminary CPC Prospectus dated August 10, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
Offering: $300,000.00 (1,200,000 Common Shares) Price: $0.25 per Common Share
**Underwriter(s) or Distributor(s):**
Haywood Securities Inc.
**Promoter(s):**
Quest Capital Corp.
**Project** #1140693

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**Issuer Name:**
NovaBay Pharmaceuticals, Inc.
Principal Regulator - Ontario
**Type and Date:**
Fourth Amended and Restated Preliminary PREP Prospectus dated August 10, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
US$ * - 5,000,000 Common Shares Price: US$ * per Common Shares
**Underwriter(s) or Distributor(s):**
Dundee Securities Corporation
Desjardins Securities Inc.
Blackmont Capital Inc.
**Promoter(s):**
-
**Project** #1051403

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**Issuer Name:**
Wolverine Minerals Corp.
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Prospectus dated August 8, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
$1,000,000.00 - 4,000,000 Common Shares Price: $0.25 per Common Share
**Underwriter(s) or Distributor(s):**
PI Financial Corp.
**Promoter(s):**
Logan B. Anderson
**Project** #1140175

---

**Issuer Name:**
AGF Elements Balanced Portfolio
(Series V Units)
AGF Elements Growth Portfolio
(Series V and Series T Units )
Principal Regulator - Ontario
**Type and Date:**
Amendment #2 dated July 25, 2007 to the Simplified Prospectuses and Annual Information Forms dated November 24, 2006
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
Series V and Series T Units @ Net Asset Value
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
AGF Funds Inc.
**Project** #1004736

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**Issuer Name:**
AGF Global Dividend Fund
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus and Annual Information Form dated August 9, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
Mutual Fund Series, Series D, Series F, Series O and Series V Units
**Underwriter(s) or Distributor(s):**
AGF Funds Inc.
**Promoter(s):**
-
**Project** #1121265

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**Issuer Name:**
Offering Series A shares or units or Series SC and Series DSC units (Series B, Series D, Series F,
Series F4, Series F6, Series F8, Series I, Series T4, Series T6, Series T8 and Series SC shares or units
are also offered as indicated ) of:
AIM Trimark Dialogue Allocation Fund (also Series SC, Series D and Series F )
AIM Trimark Dialogue Income Portfolio (also Series F and Series I )
AIM Trimark Dialogue Income with Growth Portfolio (also Series F and Series I )
AIM Trimark Dialogue Growth with Income Portfolio (also Series F and Series I )
AIM Trimark Dialogue Growth Portfolio (also Series F and Series I )
AIM Trimark Dialogue Long -Term Growth Portfolio (also Series F and Series I )
AIM Trimark Core Canadian Balanced Class of AIM Trimark Canada Fund Inc .
(also Series F, Series I, Series T4, Series T6 and Series T8)
AIM Trimark Core Canadian Equity Class of AIM Trimark Canada Fund Inc . (also Series F and Series I )
AIM Trimark Core American Equity Class of AIM Trimark Corporate Class Inc . (also Series F and Series
I)
AIM Trimark Core Global Equity Class of AIM Trimark Corporate Class Inc . (also Series F and Series I )
Trimark Interest Fund (Series SC and Series DSC )
AIM Canada Money Market Fund
AIM Short-Term Income Class of AIM Trimark Corporate Class Inc . (also Series B and Series F )
Trimark U.S. Money Market Fund (Series SC and Series DSC )
Trimark Government Plus Income Fund (also Series F and Series I )
Trimark Canadian Bond Fund (also Series F and Series I )
Trimark Floating Rate Income Fund (also Series F and Series I )
Trimark Advantage Bond Fund (also Series F and Series I )
Trimark Global High Yield Bond Fund (also Series F and Series I )
Trimark Income Growth Fund
(also Series SC, Series F, Series I, Series T4, Series T6 and Series T8)
Trimark Select Balanced Fund
(also Series F, Series I, Series T4, Series T6 and Series T8)
Trimark Diversified Income Class of AIM Trimark Canada Fund Inc .
(also Series F, Series F8, Series I, Series T4, Series T6 and Series T8)
AIM Canadian Balanced Fund
(also Series D, Series F, Series I, Series T4, Series T6 and Series T8)
Trimark Global Balanced Fund
(also Series D, Series F, Series I, Series T4, Series T6 and Series T8)
Trimark Global Balanced Class of AIM Trimark Corporate Class Inc . (also Series F)
Trimark Canadian Focus Class of AIM Trimark Corporate Class Inc . (also Series F and Series I )
Trimark Canadian Plus Dividend Class of AIM Trimark Corporate Class Inc .
(also Series F, Series F4, Series F6, Series F8, Series I, Series T4, Series T6 and Series T8)
Trimark Canadian Fund (also Series SC, Series F and Series I )
Trimark Canadian Endeavour Fund (also Series F and Series I )
Trimark Select Canadian Growth Fund
(also Series D, Series F, Series I, Series T4, Series T6 and Series T8)
AIM Canadian First Class of AIM Trimark Canada Fund Inc .
(also Series F, Series I, Series T4, Series T6 and Series T8)
AIM Canadian Premier Fund (also Series D, Series F and Series I )
AIM Canadian Premier Class of AIM Trimark Canada Fund Inc . (also Series F and Series I )
Trimark Canadian Small Companies Fund (also Series F)
AIM North American Endeavour Class of AIM Trimark Corporate Class Inc .
(formerly AIM American Mid Cap Growth Class ) (also Series F and Series I )
Trimark U.S. Companies Fund (also Series D, Series F and Series I )
Trimark U.S. Companies Class of AIM Trimark Corporate Class Inc . (also Series F)
AIM American Growth Fund (also Series F and Series I )
Trimark U.S. Small Companies Class of AIM Trimark Corporate Class Inc .
(also Series D, Series F and Series I )
Trimark Global Dividend Class of AIM Trimark Corporate Class Inc .
(also Series F, Series F4, Series F6, Series F8, Series I, Series T4, Series T6 and Series T8)
Trimark Fund (also Series SC, Series F, Series I, Series T4, Series T6 and Series T8)
Trimark Select Growth Fund (also Series F, Series I, Series T4, Series T6 and Series T8)
Trimark Select Growth Class of AIM Trimark Corporate Class Inc . (also Series F and Series I )
AIM Global First Class of AIM Trimark Corporate Class Inc . (also Series F and Series I )
AIM Global Theme Class of AIM Trimark Corporate Class Inc . (also Series F and Series I )
Trimark Global Endeavour Fund (also Series D, Series F and Series I )
Trimark Global Endeavour Class of AIM Trimark Corporate Class Inc . (also Series F)
Trimark Global Small Companies Class of AIM Trimark Corporate Class Inc .
(also Series F and Series I )
Trimark International Companies Fund (also Series F and Series I )
AIM International Growth Class of AIM Trimark Corporate Class Inc . (also Series F and Series I )
Trimark Europlus Fund (also Series F and Series I )
AIM European Growth Fund (also Series F and Series I )
AIM European Growth Class of AIM Trimark Corporate Class Inc . (also Series F)
AIM Indo-Pacific Fund (also Series F and Series I )

Trimark Canadian Resources Fund (also Series F and Series I )
Trimark Discovery Fund (also Series F and Series I )
AIM Global Health Sciences Fund (also Series F and Series I )
AIM Global Health Sciences Class of AIM Trimark Corporate Class Inc . (also Series F)
AIM Global Technology Fund (also Series F and Series I )
AIM Global Technology Class of AIM Trimark Corporate Class Inc . (also Series F)
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectuses and Annual Information Forms dated August 10, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
Mutual fund securities at net asset value
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
AIM FUNDS MANAGEMENT INC.
**Project** #1123145

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**Issuer Name:**
AltaGas Income Trust
Principal Regulator - Alberta
**Type and Date:**
Final Short Form Shelf Prospectus dated August 8, 2007
Mutual Reliance Review System Receipt dated August 8, 2007
**Offering Price and Description:**
$500,000,000.00 - Trust Units Debt Securities
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #1130295

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**Issuer Name:**
Fidelity Canadian Asset Allocation Fund
(Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Canadian Balanced Fund
(Series A, B, F, O, T5, T8, S5 and S8 units)
Fidelity Canadian Bond Fund
(Series A, B, F and O units)
Fidelity Canadian Short Term Bond Fund
(Series A, B, F and O units)
Principal Regulator - Ontario
**Type and Date:**
Amendment #1 dated August 7, 2007 to the Simplified Prospectuses and Annual Information Forms dated October 18, 2006
Mutual Reliance Review System Receipt dated August 14, 2007
**Offering Price and Description:**
Mutual fund units at net asset value
**Underwriter(s) or Distributor(s):**
Fidelity Investments Canada Limited
**Promoter(s):**
Fidelity Investments Canada Limited
**Project** #992573

---

**Issuer Name:**
frontierAlt Oasis Canada Fund
frontierAlt Oasis Global Income Fund
frontierAlt Oasis World Fund
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectuses and Annual Information Forms dated August 7, 2007
Mutual Reliance Review System Receipt dated August 8, 2007
**Offering Price and Description:**
Series A and F Units
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
FrontierAlt Oasis Funds Management Inc.
**Project** #1123107

---

**Issuer Name:**
Intertape Polymer Group Inc.
Principal Regulator - Quebec
**Type and Date:**
Final Short Form Prospectus dated August 9, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
Rights to Subscribe for Common Shares
Subscription Price: 1.6 Rights and Cdn.$3.61 or US$3.44 per Common Share
Total Offering: Cdn.$92,476,781.00 — US$88,121,919.00
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #1134907

---

**Issuer Name:**
JJR II Acquisition Inc.
(formerly SSQ II Acquisitions Inc.)
Principal Regulator - Ontario
**Type and Date:**
Final Prospectus dated August 7, 2007
Mutual Reliance Review System Receipt dated August 14, 2007
**Offering Price and Description:**
$232,500.00 - 2,325,000 Common Shares Price: $0.10 per Common Share
**Underwriter(s) or Distributor(s):**
Blackmont Capital Inc.
**Promoter(s):**
Ronald D. Schmeichel
**Project** #1118910

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**Issuer Name:**
Nventa Biopharmaceuticals Corporation
Principal Regulator - British Columbia
**Type and Date:**
Final Short Form Prospectus dated August 9, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
$10,000,000.00 - 80,000,000 Units Price: $0.125 per Unit
**Underwriter(s) or Distributor(s):**
Jennings Capital Inc.
Canaccord Capital Corporation
**Promoter(s):**
-
**Project** #1123235

---

**Issuer Name:**
Olympus Pacific Minerals Inc.
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Short Form Prospectus dated August 1, 2007 007
Mutual Reliance Review System Receipt dated August 8, 2007
**Offering Price and Description:**
$25,000,000.00 - 38,461,538 Units Price: $ 0.65 per Unit
**Underwriter(s) or Distributor(s):**
Loewen, Ondaatje, McCutcheon Limited
M Partners Inc.
**Promoter(s):**
-
**Project** #1122678

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**Issuer Name:**
PhotoChannel Networks Inc.
Principal Regulator - British Columbia
**Type and Date:**
Final Short Form Shelf Prospectus dated August 10, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
9,287,735 Common Shares
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #1110062

---

**Issuer Name:**
Pure Industrial Real Estate Trust
Principal Regulator - British Columbia
**Type and Date:**
Final Prospectus dated August 13, 2007
Mutual Reliance Review System Receipt dated August 14, 2007
**Offering Price and Description:**
$19,000,000.00 - 4,750,000 Units at $4.00 per Unit
**Underwriter(s) or Distributor(s):**
Dundee Securities Corporation
RBC Dominion Securities Inc.
BMO Capital Markets Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Bieber Securities Inc.
Desjardins Securities Inc.
Sora Group Wealth Advisors Inc.
MGI Securities Inc.
**Promoter(s):**
Sunstone Industrial Advisors Inc.
**Project** #1128161

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**Issuer Name:**
Sentry Select Balanced Fund
Sentry Select Canadian Energy Growth Fund
Sentry Select Canadian Income Fund
Sentry Select Diversified Total Return Fund
Sentry Select Dividend Fund
Sentry Select Focused 50 Income Fund
Sentry Select Global Small Cap Fund
Sentry Select Global Value Fund
Sentry Select Money Market Fund
Sentry Select Precious Metals Growth Fund
Sentry Select REIT Fund
Sentry Select Small Cap Income Fund
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectuses and Annual Information Forms dated August 10, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
Series A and F Units @ Net Asset Value
**Underwriter(s) or Distributor(s):**
Sentry Select Capital Corp.
NCE Financial Corporation
Sentry Select Capital Corp.
**Promoter(s):**
Sentry Select Capital Corp.
**Project** #1123067

---

**Issuer Name:**
Sprott Small Cap Equity Fund
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus dated August 9, 2007
Mutual Reliance Review System Receipt dated August 9, 2007
**Offering Price and Description:**
Series A, F and I Units
**Underwriter(s) or Distributor(s):**
Sprott Asset Management Inc.
**Promoter(s):**
Sprott Asset Management Inc.
**Project** #1129538

---

**Issuer Name:**
Stealth Energy Inc.
Principal Regulator - British Columbia
**Type and Date:**
Final Prospectus dated August 7, 2007
Mutual Reliance Review System Receipt dated August 8, 2007
**Offering Price and Description:**
$506,000.00 - 2,200,000 COMMON SHARES $0.23 PER COMMON SHARE
**Underwriter(s) or Distributor(s):**
Union Securities Ltd.
**Promoter(s):**
Rudy de Jonge
David Eaton
**Project** #1114690

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**Issuer Name:**
Sterling Mining Company
**Type and Date:**
Final Prospectus dated August 10, 2007
Receipted on August 13, 2007
**Offering Price and Description:**
-
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #1120059

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**Issuer Name:**
STONE & CO. DIVIDEND GROWTH CLASS CANADA
(formerly, Stone & Co. Dividend Growth Class )
(Series A, B, C, F, T8A, T8B and T8C Shares)
(class of mutual fund shares of Stone & Co. Corporate Funds Limited )
STONE & CO. RESOURCE PLUS CLASS
(Series A, B and C Shares)
(class of mutual fund shares of Stone & Co. Corporate Funds Limited )
STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA
(Series A, B, C, F, T8A, T8B and T8C Units)
STONE & CO. FLAGSHIP STOCK FUND CANADA
(Series A, B, C, F, T8A, T8B and T8C Units)
STONE & CO. FLAGSHIP GLOBAL GROWTH FUND
(Series A, B, C, F, T8A, T8B and T8C Units)
STONE & CO. GROWTH INDUSTRIES FUND
(formerly, Stone & Co. Flagship Growth Industries Fund )
(Series A, B, C and F Units)
STONE & CO. LONGEVITY GLOBAL DIVIDEND FUNDTM
(formerly, Stone & Co. Longevity Fund)
(Series A, B, C, T8A, T8B and T8C Units)
STONE & CO. FLAGSHIP MONEY MARKET FUND CANADA
(Series A, B, C Units)
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectuses dated August 7, 2007
Mutual Reliance Review System Receipt dated August 8, 2007
**Offering Price and Description:**
Series A, B, C, F, T8A, T8B and T8C @ Net Asset Value
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
Stone & Co. Limited
Lion Funds Management Inc.
**Project** #1123670

---

**Issuer Name:**
TDK Resource Fund Inc.
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus dated August 10, 2007
Mutual Reliance Review System Receipt dated August 10, 2007
**Offering Price and Description:**
CLASS A SHARES, SERIES 1
**Underwriter(s) or Distributor(s):**
TDK Management Fund Inc.
**Promoter(s):**
TDK Fund Management Inc.
**Project** #1128415

---

**Issuer Name:**
VenGrowth Cash Management Fund
Principal Regulator - Ontario
**Type and Date:**
Amendment #1 dated August 7, 2007 to the Simplified Prospectus dated January 18, 2007
Mutual Reliance Review System Receipt dated August 13, 2007
**Offering Price and Description:**
-
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
VenGrowth Capital Partners Inc.
**Project** #1029026

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**Issuer Name:**
iCo therapeutics Inc.
Principal Regulator – British Columbia
**Type and Date:**
Preliminary Prospectus dated May 1, 2007
Closed on August 2, 2007
**Offering Price and Description:**
-
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
**-Project** #1094660

# Chapter 12

# Registrations

### 12.1.1 Registrants

| Type | Company | Category of Registration | Effective Date |
|---|---|---|---|
| New Registration | Dimensional Fund Advisors Canada Inc. | Limited Market Dealer | August 9, 2007 |
| New Registration | CTI Capital Securities Inc. /CTI Capital Valeurs Mobilieres Inc. | Investment Dealer | August 10, 2007 |
| New Registration | Lombard Odier Darier Hentsch (Canada), Limited Partnership | Investment Counsel and Portfolio Manager | August 14, 2007 |
| New Registration | Steepe & Co. Ltd. | Limited Market Dealer | August 14, 2007 |
| New Registration | Investeco Financial Corp | Investment Counsel and Portfolio Manager | August 14, 2007 |
| New Registration | Bull Capital Management Inc. | Limited Market Dealer & Investment Counsel & Portfolio Manager | August 14, 2007 |

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# Chapter 13

# SRO Notices and Disciplinary Proceedings

## 13.1.1 IDA Regulation 200.1(h) - Confirmation for Externally Managed Account Transactions - Withdrawal of Proposed Rule Amendment

**INVESTMENT DEALERS ASSOCIATION OF CANADA**

**REGULATION 200.1(H) - CONFIRMATION FOR EXTERNALLY MANAGED ACCOUNT TRANSACTIONS**

**WITHDRAWAL OF PROPOSED RULE AMENDMENT**

### I Overview

On November 11, 2005, the Ontario Securities Commission published for comment proposed rule amendments to Regulation 200.1(h) with respect to the provision of trade confirmations for externally managed accounts.

### II Withdrawal

The Association has informed the Canadian Securities Administrators (CSA) that the Association has withdrawn the proposed rule amendments and that a revised version of these proposals will be submitted for CSA approval in the near future.

Questions may be referred to:

Richard J. Corner
Vice President, Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6908

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# Index

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