The Ontario Securities Commission

OSC Bulletin

May 3, 2012

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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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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

May 3, 2012

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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Vern Krishna	—	VK
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

May 9-18 and May 23-25, 2012	**Crown Hill Capital Corporation and Wayne Lawrence Pushka**
10:00 a.m.	s. 127
	A. Perschy in attendance for Staff
	Panel: JEAT/CP/JNR
May 15, 2012	**Frank Andrew Devcich and Gobinder Kular Singh**
10:00 a.m.	s. 127
	J. Feasby in attendance for Staff
	Panel: EPK
May 15, 2012	**Nicholas David Reeves**
11:00 a.m.	s. 127
	J. Feasby in attendance for Staff
	Panel: EPK
May 16-18, May 23-25, June 4 and June 6, 2012	**Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk**
10:00 a.m.	s. 37, 127 and 127.1
	C. Price in attendance for Staff
	Panel: JDC/MCH
May 18, 2012	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.**
10:00 a.m.	s. 37, 127 and 127.1
	D. Ferris in attendance for Staff
	Panel: EPK/PLK

May 22, 2012 2:30 p.m.	**Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin** s. 127 T. Center in attendance for Staff Panel: MGC/SOA
May 28-29, May 31 – June 1, June 8, June 20 and June 22, 2012 10:00 a.m. May 30, 2012 9:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH
May 29 – June 1, 2012 10:00 a.m.	**Peter Beck, Swift Trade Inc. (continued as 7722656 Canada Inc.), Biremis, Corp., Opal Stone Financial Services S.A., Barka Co. Limited, Trieme Corporation and a limited partnership referred to as "Anguilla LP"** s. 127 B. Shulman in attendance for Staff Panel: MGC/SOA/PLK
June 4, 2012 9:30 a.m.	**Morgan Dragon Development Corp., John Cheong (aka Kim Meng Cheong), Herman Tse, Devon Ricketts and Mark Griffiths** s. 127 J. Feasby in attendance for Staff Panel: EPK
June 7, 2012 11:30 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 J. Feasby in attendance for Staff Panel: TBA
June 11, 2012 9:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: CP
June 18 and June 20-22, 2012 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: PLK
June 21, 2012 10:00 a.m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127 (1) M. Britton in attendance for Staff Panel: MCH
June 22, 2012 10:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: TBA
July 5, 2012 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: MGC

July 12, 2012 10:00 a.m.	**Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung** s. 127 H. Craig in attendance for Staff Panel: MGC
July 18, 2012 10:30 a.m.	**Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock** s. 127 C. Johnson in attendance for Staff Panel: CP
August 1, 2012 10:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 J. Lynch/S. Chandra in attendance for Staff Panel: JDC
August 7-13, August 15-16 and August 21, 2012 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaiants, Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 D. Campbell in attendance for Staff Panel: VK
September 4-10, September 12-14, September 19-24, and September 26 – October 5, 2012 10:00 a.m.	**Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg** s. 127 H Craig in attendance for Staff Panel: TBA
September 5-10, September 12-14 and September 19-21, 2012 10:00 a.m.	**Vincent Ciccone and Medra Corp.** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
September 21, 2012 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
September 24, September 26 – October 5 and October 10-19, 2012 10:00 a.m.	**New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting** s. 127 A. Heydon in attendance for Staff Panel: TBA
October 11, 2012 9:00 a.m.	**New Solutions Capital Inc., New Solutions Financial Corporation, New Solutions Financial (II) Corporation, New Solutions Financial (III) Corporation, New Solutions Financial (VI) Corporation and Ron Ovenden** s. 127 S. Horgan in attendance for Staff Panel: TBA

October 19, 2012 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 127 C. Watson in attendance for Staff Panel: PLK
October 22 and October 24 – November 5, 2012 10:00 a.m.	**MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for staff Panel: TBA
October 22, 24-31, November 1-2,7-14, 2012 10:00 a.m.	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: TBA
October 31 – November 5, November 7-9, December 3, December 5-17 and December 19, 2012 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith** s. 127(1) and (5) A. Heydon in attendance for Staff Panel: TBA
November 5, 2012 10:00 a.m.	**Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.** s. 127 B. Shulman in attendance for Staff Panel: TBA
November 12-19 and November 21, 2012 10:00 a.m.	**Sandy Winick, Andrea Lee Mccarthy, Kolt Curry, Laura Mateyak, Gregory J. Curry, American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Liquid Gold International Inc., and Nanotech Industries Inc.** s. 127 J. Feasby in attendance for Staff Panel: TBA
November 21 – December 3 and December 5-14, 2012 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: TBA
January 7 – February 5, 2013 10:00 a.m.	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff Panel: TBA

TBA	**Yama Abdullah Yaqeen**	
	s. 8(2)	
	J. Superina in attendance for Staff	
	Panel: TBA	
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell**	
	s. 127	
	J. Waechter in attendance for Staff	
	Panel: TBA	
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly**	
	s. 127	
	K. Daniels in attendance for Staff	
	Panel: TBA	
TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric**	
	s. 127 and 127(1)	
	D. Ferris in attendance for Staff	
	Panel: TBA	
TBA	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale**	
	s. 127	
	H. Craig in attendance for Staff	
	Panel: TBA	
TBA	**Shane Suman and Monie Rahman**	
	s. 127 and 127(1)	
	C. Price in attendance for Staff	
	Panel: TBA	
TBA	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan**	
	s. 127	
	H. Craig in attendance for Staff	
	Panel: TBA	
TBA	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York**	
	s. 127	
	H. Craig in attendance for Staff	
	Panel: TBA	
TBA	**Abel Da Silva**	
	s. 127	
	C. Watson in attendance for Staff	
	Panel: TBA	
TBA	**Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)**	
	s. 127	
	T. Center/D. Campbell in attendance for Staff	
	Panel: TBA	

TBA

Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan

s. 127

H. Craig/C.Rossi in attendance for Staff

Panel: TBA

TBA

Paul Donald

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA

Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver, David Rutledge, 6845941 Canada Inc. carrying on business as Anesis Investments, Steven M. Taylor, Berkshire Management Services Inc. carrying on business as International Communication Strategies, 1303066 Ontario Ltd. Carrying on business as ACG Graphic Communications, Montecassino Management Corporation, Reynold Mainse, World Class Communications Inc. and Ronald Mainse

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

TBA

Goldpoint Resources Corporation, Pasqualino Novielli also known as Lee or Lino Novielli, Brian Patrick Moloney also known as Brian Caldwell, and Zaida Pimentel also known as Zaida Novielli

s. 127(1) and 127(5)

C. Watson in attendance for Staff

Panel: TBA

TBA

FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA

2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov

s. 127

D. Campbell in attendance for Staff

Panel: TBA

TBA

York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale

s. 127

H. Craig/C. Watson in attendance for Staff

Panel: TBA

TBA

Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA

Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan

s. 127(7) and 127(8)

J. Feasby in attendance for Staff

Panel: TBA

TBA

Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban

s. 127 and 127.1

C. Johnson in attendance for Staff

Panel: TBA

TBA

L. Jeffrey Pogachar, Paola Lombardi, Alan S. Price, New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., and 2173817 Ontario Inc.

s. 127

M. Britton in attendance for Staff

Panel: TBA

TBA

Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

David M. O'Brien

s. 37, 127 and 127.1

B. Shulman in attendance for Staff

Panel: TBA

TBA

Ground Wealth Inc., Armadillo Energy Inc., Paul Schuett, Doug DeBoer, James Linde, Susan Lawson, Michelle Dunk, Adrion Smith, Bianca Soto and Terry Reichert

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

Sage Investment Group, C.A.D.E Resources Group Inc., Greenstone Financial Group, Fidelity Financial Group, Antonio Carlos Neto David Oliveira, and Anne Marie Ridley

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

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

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: TBA

TBA

Eda Marie Agueci, Dennis Wing, Santo Iacono, Josephine Raponi, Kimberley Stephany, Henry Fiorillo, Giuseppe (Joseph) Fiorini, John Serpa, Ian Telfer, Jacob Gornitzki and Pollen Services Limited

s. 127

J, Waechter/U. Sheikh in attendance for Staff

Panel: TBA

TBA

Empire Consulting Inc. and Desmond Chambers

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA

American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA

Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments

s. 127

M. Britton in attendance for Staff

Panel: VK/JDC

TBA

Moncasa Capital Corporation and John Frederick Collins

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA

Energy Syndications Inc. Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock

s. 127

C. Johnson in attendance for Staff

Panel: TBA

TBA

Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.

s. 127

S. Horgan in attendance for Staff

Panel: TBA

TBA

Bunting & Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff

s. 37, 127 and 127.1

C. Watson in attendance for Staff

Panel: TBA

TBA

Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins

s. 127

C. Rossi in attendance for Staff

Panel: CP/CWMS

TBA

Colby Cooper Capital Inc. Colby Cooper Inc., Pac West Minerals Limited John Douglas Lee Mason

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA **Normand Gauthier, Gentree Asset Management Inc., R.E.A.L. Group Fund III (Canada) LP, and CanPro Income Fund I, LP**

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA **Beryl Henderson**

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA **Ciccone Group, Medra Corp. (a.k.a. Medra Corporation), 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vincent Ciccone (a.k.a. Vince Ciccone), Darryl Brubacher, Andrew J Martin, Steve Haney, Klaudiusz Malinowski, and Ben Giangrosso**

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA **International Strategic Investments, International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.**

s. 127

C. Watson in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia

Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson

1.2 Notices of Hearing

1.2.1 Daniel Sternberg et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on April 26, 2012 at 3:00 p.m., or as soon thereafter as the hearing can be held, to consider:

(a) whether, in the opinion of the Commission, it is in the public interest, pursuant to sections 127 and 127.1 of the Act to order that:

(i) trading in any securities by the Respondents cease permanently or for such other period as is specified by the Commission;

(ii) the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission;

(iii) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

(iv) the Respondents be reprimanded;

(v) Daniel Sternberg ("Sternberg") resign one ore more positions that he holds as an officer or director of any issuer, registrant or investment fund manager;

(vi) Sternberg be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(vii) the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(viii) the Respondents pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law;

(ix) the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law; and

(x) the Respondents be ordered to pay the costs of the Commission investigation and the hearing;

(b) whether to make such further orders as the Commission considers appropriate.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated April 24, 2012 and such additional allegations as counsel may advise and the Commission may permit;

AND BY REASON OF the evidence filed with the Commission and the testimony heard by the Commission;

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

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

DATED at Toronto this 24th day of April, 2012.

"John Stevenson"

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

AND

IN THE MATTER OF
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. During the period May 2004 to June 2011 (the "Material Time"), Daniel Sternberg ("Sternberg") and Philco Consulting Inc. ("Philco") engaged in advising without being registered to advise in securities contrary to the *Securities Act*, R.S.O. 1990, c.S.5 as amended (the "Act") and contrary to the public interest.

2. During the Material Time, Sternberg and Parkwood GP Inc. ("Parkwood GP") traded in securities without registration when an exemption was not available to them contrary to the Act and contrary to the public interest.

3. Sternberg and Parkwood GP also acted contrary to the public interest by breaching undertakings made to Staff on January 15, 2010.

II. BACKGROUND

4. Sternberg is a resident of Toronto, Ontario.

5. Sternberg is the sole shareholder, officer and director of Parkwood GP. Parkwood GP is an Ontario company incorporated on March 12, 2004.

6. Parkwood GP is the general partner of the Parkwood Limited Partnership Fund (the "Fund"), a limited partnership formed under the *Limited Partnerships Act*, R.S.O. 1990, c. L.16, on May 1, 2004.

7. Pursuant to an advisory agreement dated May 1, 2004, Parkwood GP retained Eosphoros Asset Management Inc. ("EAM"), an Ontario corporation, to act as the advisor to the Fund.

8. Commencing in March 2004, EAM was registered under the Act as an adviser in the category of investment counsel and portfolio manager, which transitioned to the category of portfolio manager on September 28, 2009. On April 22, 2005, EAM also became registered as a dealer in the category of limited market dealer, which transitioned to the category of exempt market dealer on September 28, 2009. EAM also became registered as an investment fund manager on September 29, 2010.

9. During the Material Time, EAM paid consulting fees to Philco for services provided by Philco in relation to the Fund. Philco is an Ontario company incorporated on October 1, 2003. Sternberg is the sole shareholder, officer and director of Philco.

10. Parkwood Investment Management Inc. ("Parkwood IM") is an Ontario company incorporated on June 9, 2010. Sternberg is the sole shareholder, officer and director of Parkwood IM.

11. On or about July 5, 2010, Parkwood IM made an application to the Commission for registration as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer. Parkwood IM also made an application for registration as an investment fund manager on or about September 7, 2010.

12. On or about August 5, 2010, Sternberg made an application to the Commission for registration as the ultimate designated person, chief compliance officer, advising representative and dealing representative of Parkwood IM.

13. None of Sternberg, Philco or Parkwood GP was registered with the Commission in any capacity during the Material Time.

The Offering Memorandums

14. During the Material Time, the Fund used two Offering Memorandums; one was used from May 2004 to April 2010 ("OM1"); a second, dated April 30, 2010 ("OM2"), was used thereafter (together the "OMs"). Parkwood GP was identified as the Promoter to the Fund in OM2. According to the OMs, the Fund was required to pay Parkwood GP:

(a) a management fee, payable monthly in arrears, at an annual rate of 2% of the Net Asset Value of the Fund, plus GST or HST, as applicable (the "Management Fee");

(b) a 20% performance fee calculated and accrued monthly and payable annually in accordance with a formula set out in the OMs and a 5% additional performance fee calculated and paid annually in accordance with a formula set out in the OMs (collectively, the "Performance Fees").

15. The OMs also provided that Parkwood GP would engage EAM or such other qualified and registered portfolio manager as selected by Parkwood GP as the investment advisor to the Fund (the "Advisor").

16. OM1 stated that Philco would act as a consultant to the Advisor. OM2 did not refer to Philco or a consultant to the Advisor.

A. Advising Without Registration

17. During the period from May 2004 to April 30, 2010 (the "Consulting Period"), Parkwood GP remitted the Management Fees and Performance Fees paid by the Fund to EAM. EAM subsequently remitted the majority of the Management Fees and Performance Fees, between approximately 85% to 95% of these fees, to Philco for consulting services (the "Services"). The percentage of the fees paid to Philco increased over the course of the Consulting Period.

18. During the Consulting Period, Sternberg, as the sole officer and director of Philco, provided the Services. In providing the Services, Sternberg assisted EAM in providing advisory services to and in making investment decisions for the Fund, thereby engaging in the business of advising the Fund with respect to investing in, buying or selling securities.

19. Neither Philco nor Sternberg was registered as an adviser during the Consulting Period.

20. In June, 2009, Staff of the Compliance and Registrant Regulation Branch conducted a compliance review of the Fund as part of its hedge fund sweep. Staff communicated to Sternberg in writing on December 14, 2009 (the "Deficiency Report") that in providing the Services, Philco and Sternberg were engaging in advising without registration.

21. On January 15, 2010, Sternberg signed and submitted a letter to Staff (the "January 2010 Response") indicating that while he disagreed that, in providing the Services, Philco had been engaging in advising without registration, Philco would cease to act as a consultant to EAM and that Sternberg would apply for registration as an associate advising representative of EAM.

22. On April 30, 2010, Sternberg signed and submitted a letter to Staff "confirming" that Philco had "ceased acting as a consultant to [EAM] in respect of the Fund or otherwise" and stating that Sternberg and Parkwood GP were in the process of determining how to proceed and that he would apply for registration as an associate advising representative of EAM or as the advising representative of a new portfolio manager for the Fund. The letter was accompanied by a copy of OM2.

23. During the period from April 30, 2010 to June, 2011 (the "Post-Consulting Period"), Sternberg continued to assist EAM in providing advisory services to and in making investment decisions for the Fund, thereby engaging in the business of advising the Fund with respect to investing in, buying or selling securities, without being registered as an adviser.

24. During the Post-Consulting Period, Parkwood GP retained the Management Fees and Performance Fees paid by the Fund, and deferred paying fees to EAM, which remained the contractual portfolio manager to the Fund. The Fund paid approximately $1.02 million in Management Fees for the period of April 2010 to May 2011 and $1.5 million in Performance Fees to Parkwood GP, of which the $1.5 million was paid to Sternberg as a dividend on February 1, 2011 (for 2011) and invested by him in the Fund and $350,000 was paid to Sternberg as a dividend on April 15, 2011 (for 2010). Parkwood subsequently paid approximately 5% of the Management Fees and Performance Fees for the Post-Consulting Period to EAM.

25. Sternberg's activities during the Post-Consulting Period were indistinguishable from his activities during the Consulting Period.

B. Trading Without Registration

26. During the Material Time, Sternberg and Parkwood GP distributed limited partnership units of the Fund to investors, when they were not registered with the Commission and when an exemption from registration was not available to them under

the Act. In December, 2009, when the Deficiency Report was received, there were approximately 39 holders of limited partnership units of the Fund.

27. In the Deficiency Report, Staff communicated to Sternberg in writing that such trading activities required Parkwood GP to be registered as an exempt market dealer under the Act.

28. The January 2010 Response to Staff stated that to the extent that Parkwood GP had been involved in the distribution of units of the Fund "all such dealing activity will cease and all units will be distributed by properly registered dealers in the Province of Ontario in reliance on the exemption from registration in Section 8.5 of National Instrument 31-103."

29. Sternberg and/or Parkwood GP subsequently made eleven sales of limited partnership units of the Fund to investors in 2010, none of which were distributed by properly registered dealers.

C. Undertakings To Staff

30. The statements in the January 2010 Response described in paragraphs 21 and 28 above constituted undertakings to Staff (the "Undertakings"). The conduct during the Post-Consulting period described in paragraphs 23 to 25 and the sales of units described in paragraph 29 breached the Undertakings.

III. STAFF'S ALLEGATIONS – Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest

31. The specific allegations advanced by Staff are:

(a) Sternberg and Philco engaged in advising without being registered to advise in securities contrary to subsection 25(1)(c) of the Act (as that subsection existed prior to September 28, 2009) and, after September 28, 2009, engaged in the business of advising in securities without registration contrary to subsection 25(3) of the Act and contrary to the public interest;

(b) Sternberg and Parkwood GP traded in securities of the Fund without registration when an exemption was not available to them contrary to subsection 25(1)(a) of the Act (as that subsection existed prior to September 28, 2009) and, after September 28, 2009, engaged in the business of trading in securities of the Fund without registration contrary to subsection 25(1) of the Act and contrary to the public interest; and

(c) Sternberg and Parkwood GP also acted contrary to the public interest by breaching the Undertakings.

32. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 24th day of April, 2012

1.2.2 Daniel Sternberg et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on April 26, 2012 at 3:00 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement agreement between Staff of the Commission and the Respondents, Daniel Sternberg, Parkwood GP Inc. and Philco Consulting Inc.;

BY REASON OF the allegations set out in the Statement of Allegations dated April 24, 2012, and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 24th day of April, 2012

"John Stevenson"

1.3 News Releases

1.3.1 CSA Provides Guidance to Improve Compliance of Disclosure Requirements Related to Prospectus Exemptions

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

FOR IMMEDIATE RELEASE
April 26, 2012

CSA PROVIDES GUIDANCE TO IMPROVE COMPLIANCE OF DISCLOSURE REQUIREMENTS RELATED TO PROSPECTUS EXEMPTIONS

Calgary – The Canadian Securities Administrators (CSA) today published two notices aimed at improving market participant compliance with exemptions to prospectus requirements. Staff Notice 45-308 *Guidance for Preparing and Filing Reports of Exempt Distribution* and Multilateral Staff Notice 45-309 *Guidance for Preparing and Filing an Offering Memoranda*, offer guidance related to disclosure rules found under National Instrument (NI) 45-106 *Prospectus and Registration Exemptions*.

"The CSA is committed to ensuring that market participants understand what is expected of them when relying on prospectus exemptions to sell securities," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "These Notices not only provide clear guidance to assist issuers in preparing and filing certain exempt market documents, but also serve as a reminder to market participants who rely on prospectus exemptions that their filings or disclosure may come under staff review and that non-compliance may result in appropriate action by a CSA regulator."

The Notices primarily focus on Form 45-106F1 *Report of Exempt Distribution* and Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers,* and provide guidance on such topics as filing deadlines, correct and consistent reporting, financial statement requirements and adequate disclosure of certain information.

Issuers should be aware that the primary responsibility for compliance with NI 45-106 rests with them and that the exempt market is not free from regulation and oversight.

The Notices are available on the websites of various CSA members.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

For more information:

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Donn MacDougall
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Wendy Connors-Beckett
New Brunswick Securities Commission
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Shirley Lee
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306-787-5879

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Doug Connolly
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709-729-2594

Helena Hrubesova
Yukon Securities Office
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

1.3.2 Canadian Securities Regulators Grant Designated Rating Organization Status under New Regulatory Framework

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

FOR IMMEDIATE RELEASE
April 30, 2012

CANADIAN SECURITIES REGULATORS GRANT
DESIGNATED RATING ORGANIZATION STATUS UNDER NEW REGULATORY FRAMEWORK

Toronto – The Canadian Securities Administrators announced today the official designation of DBRS Limited, Fitch, Inc., Moody's Canada Inc., and Standard & Poor's Rating Services (Canada) as Designated Rating Organizations (DROs) under applicable Canadian securities laws, as contemplated under National Instrument 25-101 *Designated Rating Organizations* (NI 25-101).

On April 20, 2012, NI 25-101 came into force, establishing a regulatory framework for the oversight of credit rating organizations, by permitting them to apply for DRO status. This framework is consistent with international regimes applicable to credit rating agencies.

The four rating agencies granted DRO status are in compliance in all material respects with U.S. federal securities laws applicable to a nationally recognized statistical rating organization (NRSRO). The U.S. requirements set out in the NRSRO regime are equivalent to the obligations under NI 25-101 and impose obligations to adhere to rules concerning conflicts of interest, governance, conduct, compliance and required filings.

The designation orders make each of the DROs subject to regulation under applicable Canadian securities laws. The DROs will have a six month transition period to fully implement all requirements set out in NI 25-101. Once they have done so, the CSA expect to issue and announce amended and restated designation orders.

The enabling legislation required to make NI 25-101 a rule in Saskatchewan will be proclaimed in Saskatchewan later this year. The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinate and harmonize regulation for the Canadian capital markets.

For more information:

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Northwest Territories
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Office of the Attorney General
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Helena Hrubesova
Yukon Securities Office
867-667-5466

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Nunavut Securities Office
867-975-6587

1.4 Notices from the Office of the Secretary

1.4.1 Daniel Sternberg et al.

FOR IMMEDIATE RELEASE
April 24, 2012

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

AND

IN THE MATTER OF
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

TORONTO – The Office of the Secretary issued the following Notices of Hearing in the above noted matter:

(i) Notice of Hearing dated April 24, 2012 setting the matter down to be heard on April 26, 2012 at 3:00 p.m. or as soon thereafter as the hearing can be held in the above named matter; and

(ii) Notice of Hearing dated April 24, 2012 for a hearing on April 26, 2012 at 3:00 p.m. to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Daniel Sternberg, Parkwood GP Inc. and Philco Consulting Inc.

The hearing will be held in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the above Notices of Hearing and Statement of Allegations of Staff of the Ontario Securities Commission dated April 24, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.2 Asif Khan

FOR IMMEDIATE RELEASE
April 25, 2012

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

AND

IN THE MATTER OF
ASIF KHAN

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Asif Khan.

A copy of the Order April 25, 2012 and Settlement Agreement April 13, 2012 are available at **www.osc.gov.on.ca**.

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1.4.3 Morgan Dragon Development Corp. et al.

FOR IMMEDIATE RELEASE
April 25 2012

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

AND

IN THE MATTER OF
MORGAN DRAGON DEVELOPMENT CORP.,
JOHN CHEONG (aka KIM MENG CHEONG),
HERMAN TSE, DEVON RICKETTS
AND MARK GRIFFITHS

TORONTO – The Commission issued an Order in the above named matter which provides that there will be a hearing on June 4, 2012 at 9:30 a.m. to provide the panel with a status update.

A copy of the Order dated April 25, 2012 is available at **www.osc.gov.on.ca**.

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1.4.4 Colby Cooper Capital Inc. et al.

FOR IMMEDIATE RELEASE
April 25, 2012

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

AND

IN THE MATTER OF
COLBY COOPER CAPITAL INC.,
COLBY COOPER INC.,
PAC WEST MINERALS LIMITED
JOHN DOUGLAS LEE MASON

TORONTO – The Commission issued an Order in the above named matter which provides that a confidential pre-hearing conference shall take place on June 26, 2012 at 10:00 a.m.

The pre-hearing conference will be *in camera*.

A copy of the Order dated April 23, 2012 is available at **www.osc.gov.on.ca**.

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1.4.5 Richvale Resource Corporation et al.

FOR IMMEDIATE RELEASE
April 26, 2012

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE
AND SHAFI KHAN

TORONTO – The Commission released its Reasons and Decision following the hearing on the merits in the above noted matter.

A copy of the Reasons and Decision dated April 25, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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SECRETARY

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1.4.6 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
April 27, 2012

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

AND

IN THE MATTER OF
SEXTANT CAPITAL MANAGEMENT INC.,
SEXTANT CAPITAL GP INC., OTTO SPORK,
KONSTANTINOS EKONOMIDIS,
ROBERT LEVACK AND NATALIE SPORK

TORONTO – The Commission issued its Reasons and Decision on a Motion in the above named matter.

A copy of the Reasons and Decision on a Motion dated April 27, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.7 Merax Resource Management Ltd. et al.

FOR IMMEDIATE RELEASE
April 27, 2012

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

AND

IN THE MATTER OF
MERAX RESOURCE MANAGEMENT LTD.,
carrying on business as
CROWN CAPITAL PARTNERS,
RICHARD MELLON and ALEX ELIN

TORONTO – Take notice that the sanctions hearing in the above named matter is adjourned to commence on Tuesday, May 22, 2012 at 2:30 p.m. in Hearing Room C, 20 Queen Street West, 17th Floor.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.8 Portus Alternative Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
April 27, 2012

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

AND

IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC., PORTUS ASSET MANAGEMENT INC., BOAZ MANOR, MICHAEL MENDELSON, MICHAEL LABANOWICH AND JOHN OGG

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to Friday, July 6, 2012 at 10:00 a.m. for the purpose of continuing the pre-hearing conference.

The pre-hearing conference will be *in camera*.

A copy of the Order dated April 25, 2012 is available at **www.osc.gov.on.ca**.

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JOHN P. STEVENSON
SECRETARY

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1.4.9 New Solutions Capital Inc. et al.

FOR IMMEDIATE RELEASE
April 27, 2012

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

AND

IN THE MATTER OF
NEW SOLUTIONS CAPITAL INC., NEW SOLUTIONS FINANCIAL CORPORATION, NEW SOLUTIONS FINANCIAL (II) CORPORATION, NEW SOLUTIONS FINANCIAL (III) CORPORATION, NEW SOLUTIONS FINANCIAL (VI) CORPORATION AND RON OVENDEN

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing in this matter is adjourned to October 11, 2012 at 9:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties and the Temporary Order shall be extended for a period of 6 months, until October 12, 2012.

A copy of the Order dated April 25, 2012 is available at **www.osc.gov.on.ca**.

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1.4.10 Daniel Sternberg et al.

FOR IMMEDIATE RELEASE
April 27, 2012

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

AND

IN THE MATTER OF
DANIEL STERNBERG, PARKWOOD GP INC. AND PHILCO CONSULTING INC.

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE COMMISSION AND DANIEL STERNBERG, PARKWOOD GP INC. AND PHILCO CONSULTING INC.

TORONTO – Following a hearing held on April 26, 2012, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Daniel Sternberg, Parkwood GP Inc. and Philco Consulting Inc.

A copy of the Order dated April 26, 2012 and Settlement Agreement dated April 24, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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For investor inquiries:

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416-593-8314
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1.4.11 Trapeze Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
April 27, 2012

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

AND

IN THE MATTER OF
TRAPEZE ASSET MANAGEMENT INC.,
RANDALL ABRAMSON AND
HERBERT ABRAMSON

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Trapeze Asset Management Inc., Randall Abramson and Herbert Abramson.

A copy of the Order dated April 27, 2012 and the Settlement Agreement dated April 19, 2012 are available at **www.osc.gov.on.ca**.

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1.4.12 L. Jeffrey Pogachar et al.

FOR IMMEDIATE RELEASE
April 30, 2012

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

AND

IN THE MATTER OF
L. JEFFREY POGACHAR, PAOLA LOMBARDI AND ALAN S. PRICE, NEW LIFE CAPITAL CORP., NEW LIFE CAPITAL INVESTMENTS INC., NEW LIFE CAPITAL ADVANTAGE INC., NEW LIFE CAPITAL STRATEGIES INC., 2126375 ONTARIO INC., 2108375 ONTARIO INC., 2126533 ONTARIO INC., 2152042 ONTARIO INC., 2100228 ONTARIO INC., 2173817 ONTARIO INC., AND 1660690 ONTARIO LTD.

TORONTO – Take notice that a sanctions hearing in the above named matter is scheduled to be held on Friday, May 11, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor.

OFFICE OF THE SECRETARY
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1.4.13 Normand Gauthier et al.

FOR IMMEDIATE RELEASE
April 30, 2012

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

TORONTO – The Commission issued an Order in the above named matter which provides that a confidential pre-hearing conference shall take place on June 26, 2012 at 11:00 a.m. or on such other date or at such other time as set by the Office of the Secretary and agreed to by the parties.

The pre-hearing conference will be *in camera*.

A copy of the Order dated April 27, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.14 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
April 30, 2012

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

AND

IN THE MATTER OF
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, GURDIP SINGH GAHUNIA also
known as MICHAEL GAHUNIA, ABRAHAM HERBERT
GROSSMAN also known as ALLEN GROSSMAN,
MARCO DIADAMO, GORD McQUARRIE,
KEVIN WASH, and WILLIAM MANKOFSKY

TORONTO – The Commission issued an Order in the above named matter which provides that the parties attend before the Commission on May 29, 2012 at 9:30 a.m. to continue the pre-hearing conference.

The pre-hearing conference will be held *in camera*.

A copy of the Order dated April 26, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.15 Sage Investment Group et al.

FOR IMMEDIATE RELEASE
May 1, 2012

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

AND

IN THE MATTER OF
SAGE INVESTMENT GROUP, C.A.D.E RESOURCES GROUP INC., GREENSTONE FINANCIAL GROUP, FIDELITY FINANCIAL GROUP, ANTONIO CARLOS NETO DAVID OLIVEIRA, AND ANNE MARIE RIDLEY

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing on the merits shall commence on January 23, 2013 and shall continue on January 24, 25, 30 and 31, 2013 from 10:00 a.m. to 4:00 p.m. or on such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary; and that a status hearing shall take place on June 13, 2012 at 10:00 a.m.

A copy of the Order dated April 27, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.16 Peter Sbaraglia

FOR IMMEDIATE RELEASE
May 1, 2012

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

AND

IN THE MATTER OF
PETER SBARAGLIA

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

1. The hearing on the merits originally scheduled to commence on June 4, 2012 will commence on October 22, 2012, on a peremptory basis with respect to Sbaraglia, and shall continue until November 14, 2012, inclusive, with the exception of October 23, 2012, November 5 and 6, 2012; and

2. A pre-hearing conference will be held on June 4, 2012 at 10:00 a.m.; and

3. The extension of the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Rules ordered on January 24, 2012 is set aside.

The pre-hearing conference on June 4, 2012 will be held *in camera*.

A copy of the Order dated April 30, 2012 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Thébex inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

Translation

April 24, 2012

Thébex inc.
C/0: Welch, Bussières avocats
891, Charest Blvd. West
Québec (Québec)
G1N 2C4

Attention to: Mrs. Maïté Blanchette Vézina

Dear Madam:

Re: Thébex inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Ontario and Québec (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant's status as a reporting issuer is revoked.

"Josée Deslauriers"
Director, Investment Funds and Continuous Disclosure
Autorité des marchés financiers

2.1.2 Sun Life Global Investments (Canada) Inc. and Sun Life Milestone Global Equity Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from sections 2.8(1)(d) and (f)(i) of NI 81-102 to permit the Fund when it opens or maintains a long position in a standardized future or forward contract or when it enters into or maintains a swap position and during the periods when the Fund are entitled to receive payments under the swap, to use as cover, an option to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, s. 2.8(1).

March 16, 2012

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

AND

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

AND

IN THE MATTER OF
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.
(the Filer)

AND

IN THE MATTER OF
SUN LIFE MILESTONE GLOBAL EQUITY FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), from sections 2.8(1)(d) and 2.8(1)(f)(i) of NI 81-102 (the **Exemption Sought**) to permit the Fund, when the Fund:

(i) opens or maintains a long position in a debt-like security that has a component that is a long position in a forward contract or in a standardized future or forward contract, or

(ii) enters into or maintains a swap position and during the periods when the Fund is entitled to receive payments under the swap,

to use as cover, a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap.

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova

Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon (the **Other Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of Canada and has its head office in Toronto. The Filer is registered as a commodity trading manager, investment fund manager and portfolio manager in Ontario.

2. The Filer is the manager and portfolio manager of the Fund. As portfolio manager, the Filer manages the derivatives strategies of the Fund.

3. The Fund is an open-ended mutual fund established under the laws of Ontario.

4. Units of the Fund are offered by a simplified prospectus filed in each province and territory of Canada and, accordingly, the Fund is a reporting issuer in each province and territory of Canada.

5. To the knowledge of the Filer, neither the Fund nor the Filer is in default of securities legislation in any jurisdiction of Canada.

6. The investment objective and investment strategies of the Fund are set out in the Fund's simplified prospectus. As part of its investment strategies, the Fund invests in specified derivatives in order to seek exposure to global equity markets. The Fund may also use derivatives to hedge against potential loss.

7. When specified derivatives are used for non-hedging purposes, the Fund is subject to the cover requirements of NI 81-102.

8. As a result of discussions with staff of the principal regulator, the Filer has decided to seek this exemptive relief in order to allow the Fund to satisfy the cover requirements of NI 81-102 in the manner described below.

9. The Fund currently uses a short-term payment obligation issued by an entity with an approved credit rating as cash cover. Once the Exemption Sought is granted, the Fund will no longer use the short-term payment obligation as cash cover.

10. Sections 2.8(1)(d) and 2.8(1)(f)(i) of NI 81-102 do not permit covering the position in long positions in futures and forwards and long positions in swaps for a period when the Fund is entitled to receive payments under the swap, in whole or in part, with a right or obligation to sell an equivalent quantity of the underlying interest of the future, forward or swap. In other words, those sections of NI 81-102 do not permit the use of put options or short future, forward or swap positions to cover long future, forward or swap positions.

11. Other countries and common investment practices recognize the hedging properties of options for all categories of derivatives, including long positions evidenced by standardized futures or forwards or in respect of swaps where a fund is entitled to receive payments from the counterparty, provided they are covered by an amount equal to the difference between the market price of a derivative holding and the strike price of the option that was bought or sold to hedge that derivative holding. NI 81-102 effectively imposes the requirement to overcollateralize, since the maximum liability to the fund under the scenario described is equal to the difference between the market value of the long derivative position and the exercise price of the option. Overcollateralization imposes a cost on a mutual fund.

12. Section 2.8(1)(c) of NI 81-102 permits a mutual fund to write a put option and to cover it by holding a right or obligation to sell an equivalent quantity of the underlying interest of the written put option. This position has similar risks as a long position in a future, forward or swap. Therefore, the Filer submits that the Fund should be permitted to cover a long position in a future, forward or swap with a put option or a short future position.

13. The Filer has written policies and procedures relating to the use of derivatives by the Fund. The Chief Compliance Officer of the Filer is responsible for maintaining the policies and procedures, oversight of the derivative strategies used by the Fund and monitoring and assessing compliance with all applicable legislation. The Chief Compliance Officer reports to the board of directors of the Filer on her compliance assessments. Limits and controls on the use of

derivatives are part of the Filer's fund compliance regime and include reviews by analysts who ensure that the derivative positions of the Fund are within applicable policies.

14. The annual information form of the Fund discloses the internal controls and risk management processes of the Filer regarding the use of derivatives. The simplified prospectus and annual information form, upon renewal, will include disclosure of the nature of the Exemption Sought.

15. Without the Exemption Sought, the Fund will not have the flexibility to enhance yield and to manage more effectively its exposure under specified derivatives.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

(a) when the Fund enters into or maintains a swap position for periods when the Fund would be entitled to receive fixed payments under the swap, the Fund holds:

  (i) cash cover in an amount that, together with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap;

  (ii) a right or obligation to enter into an offsetting swap on an equivalent quantity and with an equivalent term and cash cover that, together with margin on account for the position, is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap; or

  (iii) a combination of the positions referred to in subparagraphs (i) and (ii) that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the swap;

(b) when the Fund opens or maintains a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract, the Fund holds:

  (i) cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative;

  (ii) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and cash cover that, together with margin on account for the position, is not less than the amount, if any, by which the market price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest; or

  (iii) a combination of the positions referred to in subparagraphs (i) and (ii) that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract;

(c) the Fund will not (i) purchase a debt-like security that has an option component or an option; or (ii) purchase or write an option to cover any position under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102, if immediately after the purchase or writing of such option, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would be made up of (A) purchased debt-like securities that have an option component or purchased options, in each case, held by the Fund for purposes other than hedging, or (B) options used to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102;

(d) on the date that is the earlier of (i) the date when an amendment to the annual information form of the Fund is filed for reasons other than the Exemption Sought and (ii) the date that the renewal annual information form of the Fund is receipted, the Fund shall

  (i) disclose the nature and terms of the Exemption Sought in the annual information form of the Fund; and

(ii) include a summary of the nature and terms of the Exemption Sought in the simplified prospectus of the Fund under the Investment Strategies section or in the introduction to Part B of the simplified prospectus with a cross reference thereto under the Investment Strategies section for the Fund; and

(e) this decision will terminate on the coming into force of any securities legislation relating to the use as cover of a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap in compliance with section 2.8 of NI 81-102.

"Raymond Chan"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.3 Fidelity Investments Canada ULC et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption granted to mutual fund organizations from prohibition contained in subsection 5.4(1) of National Instrument 81-105 Mutual Fund Sales Practices permitting mutual fund organizations to pay a portion of the direct costs incurred by the Federation of Mutual Fund Dealers and the Association of Canadian Compliance Professions in organizing conferences, seminars, courses and other educational events, provided certain conditions are met – National Instrument 81-105 Mutual Fund Sales Practices.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 5.4(1), 9.1.

April 20, 2012

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

AND

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

AND

IN THE MATTER OF
FIDELITY INVESTMENTS CANADA ULC
(Fidelity)

AND

IN THE MATTER OF
THE FEDERATION OF MUTUAL FUND DEALERS
(the Federation)

AND
IN THE MATTER OF
THE ASSOCIATION OF CANADIAN COMPLIANCE PROFESSIONALS
(the ACCP)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Fidelity, the Federation and the ACCP (collectively, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a decision under section 9.1 of National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) exempting the Mutual Fund Organizations (as defined herein) from the prohibition in subsection 5.4(1) of NI 81-105 to permit them to pay the direct costs (as such term is defined in NI 81-105) incurred by each of the Federation and the ACCP relating to a conference, seminar, course or other education event (collectively, the **Events**) that is organized and presented by either the Federation or the ACCP (the **Exemption Sought**).

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Nunavut, Northwest Territories, Prince Edward Island, Quebec, Saskatchewan, and Yukon.

Interpretation

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

"Mutual Fund Organizations" means the member of the organization of a mutual fund (as defined in NI 81-105) that wishes to pay the direct costs relating to an Event organized and presented by the Federation (a **Federation Event**) or the ACCP (an **ACCP Event**) and includes Fidelity.

Representations

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

1. The Federation is a not-for-profit industry association for mutual fund dealers who are registered under the *Securities Act* (Ontario) and/or securities legislation in one or more other Canadian jurisdictions, who may also be registered as exempt market dealers and/or restricted market dealers and/or portfolio manager and may sell life insurance, other financial products and services, and other financial products and services which are closely associated with the mutual fund dealer distribution channel. Mutual fund dealer members of the Federation number approximately 30 at this time. Affiliate members of the Federation, who number approximately 14 at this time, are chiefly comprised of industry service providers who have manifested their keen and continuing interest in supporting the mutual fund dealer distribution channel by becoming members, and contributing to the success and activities, of the Federation. The head office of the Federation is located in Toronto, Ontario. The Federation serves its members primarily by organizing and conducting meetings of its members, education days and conferences focused on specialized and comprehensive programs of professional development and industry awareness in financial services. In addition, the Federation acts as an advocate for changes in policy, regulation and legislation before governments and regulators at all levels, and collaborates with other trade and industry associations in Canada. The Federation also seeks out the views of regulators with regard to certain matters and advises its members of such views.

2. Dealer members of the Federation are required to be registered in the category of mutual fund dealer. They may also be registered as an exempt market dealer and/or a restricted dealer.

3. The ACCP is a not-for-profit association for individuals who are registered as compliance officers under securities legislation in one or more provinces or are otherwise interested in the provision of compliance-related services and products. There are approximately 100 members of the ACCP at this time. The ACCP provides a central forum for its members to discuss compliance issues, determine best practices and provide comments to regulators with reference to proposed laws, regulations, rules, etc. Assuming the Exemption Sought is granted, the ACCP will establish a new class of membership being "Affiliate Members". Affiliate Members of the ACCP will be chiefly comprised of industry service providers who have expressed an interest in supporting the efforts and activities of the ACCP and wish to become members of the ACCP and contributing to the success of the ACCP. The head office of the ACCP is located in Toronto, Ontario.

4. Fidelity is a corporation existing under the laws of Ontario, with its head office being located in Toronto, Ontario. Fidelity is the manager of a number of mutual funds that are qualified for distribution in the Jurisdiction and the other provinces and territories of Canada. Accordingly, Fidelity is a member of the organization of a mutual fund family within the meaning of NI 81-105.

5. As part of their services, both the Federation and the ACCP annually arrange and hold education days/seminars and one or more Events for their mutual fund dealer and affiliate members. Events have been held in Toronto, Ontario in the past, but may be held elsewhere in Canada or in the continental United States of America in the future. The Federation and the ACCP will be applying to have Events count as continuing education credits for Event participants. For past ACCP Events, a ratio of one continuing education credit per conference hour has applied.

6. The primary purpose of the Events is to provide educational information about the mutual fund dealer channel of distribution and related matters, including but not limited to the regulation of mutual funds, financial planning, compliance, investing in mutual funds and securities, mutual fund industry matters, and mutual fund issues generally, and therefore is consistent with the requirements of paragraph 5.4(2)(a) of NI 81-105.

7. Fidelity wishes to sponsor certain or all of the Events. However, subsection 5.4(1) of NI 81-105 prohibits Mutual Fund Organizations from sponsoring the costs or expenses relating to a conference, seminar or course that is organized and presented by The Investment Funds Institute of Canada (**IFIC**), the Investment Dealers Association of Canada (the **IDA**) or another trade or industry association. The Federation and the ACCP can each be considered "another trade or industry association". Subsection 5.4(2) of NI 81-105 provides an exemption to permit members of the organization of a mutual fund to sponsor conferences, seminars or courses organized and presented by IFIC, the IDA or their respective

affiliates in accordance with the conditions set out therein. No exemption is granted to trade or industry associations such as the Federation or the ACCP.

8. Fidelity proposes to sponsor the Events in accordance with the conditions set out in subsection 5.4(2) of NI 81-105.

9. The Federation and the ACCP anticipate that other Mutual Fund Organizations will similarly wish to sponsor a portion of the costs of different Events and agree to pay such costs for such Events in accordance with subsection 5.4(2) of NI 81-105, from time to time. If the Requested Relief is granted, the Federation and the ACCP will ensure that any sponsorship of an Event by Fidelity and other Mutual Fund Organizations shall comply with the following conditions, which track the conditions set out in paragraph 5.4(2) of NI 81-105:

   (a) the primary purpose of an Event will be the provision of educational information about financial planning, investing in securities, mutual fund industry matters or mutual fund issues generally;

   (b) none of the Mutual Fund Organizations will pay in aggregate more than ten percent of the total direct costs incurred by the Federation or the ACCP for the organization and presentation of an Event;

   (c) the selection of a representative of a participating dealer to attend an Event will be made exclusively by the participating dealer, uninfluenced by the Mutual Fund Organizations; and

   (d) all Events will be held in Canada or the continental United States of America.

   (collectively, the **Conditions**).

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

   (i) the Mutual Fund Organizations, the Federation and the ACCP comply with the Conditions;

   (ii) the Federation, on behalf of each Mutual Fund Organization (other than Fidelity) whose mutual funds are reporting issuers in Ontario and who wishes to sponsor a Federation Event in reliance on this decision, file an advance written notice with the Director of the Investment Funds Branch of the Ontario Securities Commission that:

      a. names the Mutual Fund Organization that intends to sponsor the Federation Event in reliance on this decision; and

      b. confirms that the Mutual Fund Organization has agreed to sponsor the Federation Event in accordance with the Conditions;

   (iii) the ACCP, on behalf of each Mutual Fund Organization (other than Fidelity) whose mutual funds are reporting issuers in Ontario and who wishes to sponsor an ACCP Event in reliance on this decision, file an advance written notice with the Director of the Investment Funds Branch of the Ontario Securities Commission that:

      a. names the Mutual Fund Organization that intends to sponsor the ACCP Event in reliance on this decision; and

      b. confirms that the Mutual Fund Organization has agreed to sponsor the ACCP Event in accordance with the Conditions; and

   (iv) this decision will terminate one year after the publication in final form of any legislation or rule which modifies the provisions of section 5.4 of NI 81-105 in a manner which makes the Exemption Sought unnecessary or provides similar relief on a different basis or subject to different conditions.

“Paulette Kennedy”
Commissioner
Ontario Securities Commission

“Mary Condon”
Vice-Chair
Ontario Securities Commission

2.1.4 SilverBirch Energy Corporation – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

April 25, 2012

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Jonah Mann

Dear Sir:

Re: SilverBirch Energy Corporation (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

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

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

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

"Blaine Young"
Associate Director, Corporate Finance

2.1.5 GCIC Ltd. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from investment prohibition in subsection 4.1(1) of NI 81-102 to permit certain mutual funds to purchase securities under a private placement where the issuer is not a reporting issuer in any of the jurisdictions – relief conditional on the fund complying with subsection 4.1(4)(a), (c)(ii) and (d) which include approval by the mutual funds' independent review committee.

Applicable Legislative Provisions

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

April 13, 2012

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

AND

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

AND

IN THE MATTER OF
GCIC LTD. ("GCICL") and
SCOTIA ASSET MANAGEMENT L.P.
("SAM" and, collectively with GCICL, the "Filers")

AND
THE MUTUAL FUNDS LISTED IN SCHEDULE A
(collectively, the "Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator ("**Legislation**") for an exemption from subsection 4.1(1) of 81-102 – *Mutual Funds* ("**NI 81-102**") to enable the Funds to purchase common shares (the "**Securities**") of The Williams Companies, Inc. (the "**Issuer**"), a non-reporting issuer in the Jurisdictions (as defined below), during the 60-day period (the "**60-Day Period**") following the period of distribution of the Issuer's Securities pursuant to a private placement offering (a "**Private Placement**"), notwithstanding that Scotia Capital Inc. (the "**Related Underwriter**") acted as an underwriter in connection with the Private Placement (the "**Requested Relief**").

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the "**Jurisdictions**").

Interpretation

Unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, NI 81-102 and National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**") have the same meaning in this application.

Representations

1. GCICL is a corporation existing under the laws of the Province of Ontario, is registered with the OSC as a portfolio manager in the category of adviser, is further registered in that category in each of British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick, Prince Edward Island and Nova Scotia and is registered as a commodity trading manager and investment fund manager with the OSC.

2. SAM is a limited partnership established under the laws of Ontario and is registered as a portfolio manager, investment fund manager, exempt market dealer and commodity trading manager in Ontario; as a portfolio manager and exempt market dealer in British Columbia, Alberta, Manitoba, Quebec, New Brunswick, Nova Scotia, and Newfoundland and Labrador; and as a portfolio manager in Saskatchewan, Prince Edward Island and Yukon.

3. GCICL and SAM are affiliates.

4. GCICL is the manager, trustee (where applicable), principal distributor, registrar, and portfolio adviser of each Fund listed in Column 1 of Schedule A.

5. SAM is the manager, trustee, registrar and portfolio manager of each Fund listed in Column 2 of Schedule A and has appointed GCICL as the sub-advisor to each of those Funds.

6. Each of the Funds is an open-ended mutual fund trust or corporation established under the laws of the Province of Ontario. The securities of each of the Funds are qualified for distribution in the Jurisdictions pursuant to simplified prospectuses and annual information forms prepared and filed in accordance with the securities legislation of the Jurisdictions.

7. Each Filer is currently a “dealer manager” with respect to the Funds for which they act as a portfolio manager and/or portfolio advisor and each Fund is “dealer managed mutual fund”, as such terms are defined in Section 1.1 of NI 81-102.

8. Neither the Filers nor any Fund is in default of securities legislation in any of the Jurisdictions.

9. Each Filer has appointed an independent review committee (“IRC**”)** under NI 81-107 for each of the Funds that they manage.

10. The Private Placement, which was marketed on an underwritten basis in connection with a public offering of Securities in the United States (collectively with the Private Placement, the “**Offering**”), closed in April, 2012.

11. According to the Canadian offering memorandum for the Private Placement dated March 29, 2012:

    (a) the Offering was for 26,000,000 Securities at a price of US$30.59 per Security;

    (b) the Related Underwriter and its U.S. affiliate had a 3% interest in the Offering;

    (c) the underwriters for the Offering (“**Underwriters**”) were granted an option (which was subsequently exercised) to increase by 3,900,000 the number of Securities being offered;

    (d) the Underwriters’ fee of US$ 0.9177 per Security sold in the Offering was equal to the difference between the amount the Underwriters paid the Issuer for each Security and the initial price of the Security to the public; and

    (e) the net proceeds of the Offering will be used to purchase additional common units of Williams Partners L.P and any net proceeds not used for such purpose will be used for general corporate purposes.

12. The investment objective of each Fund permits an investment in the Securities.

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

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

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

14. As the Related Underwriter participated in the Private Placement, the investment prohibition contained in subsection 4.1(1) of NI 81-102 (the "Prohibition") restricts the Funds from making certain investments in the Securities during the 60-Day Period, which can result in the applicable Filer incurring extra costs, which are ultimately borne by the Funds, to substitute investments for those that it is prohibited from purchasing.

15. The Funds would not be restricted by the Prohibition if, in accordance with subsection 4.1(4) of NI 81-102, certain conditions are met, including that the distribution is made by a prospectus filed in one or more of the Jurisdictions and the IRC of the Funds has approved the transaction in accordance with subsection 5.2(2) of NI 81-107.

16. As a prospectus was not filed in any Jurisdiction in connection with the Private Placement the Funds cannot rely on the exemption from the Prohibition contained in subsection 4.1(4) of NI 81-102. However, the Securities trade on the New York Stock Exchange and the Filers will comply with subparagraphs 4.1(4)(a), (c)(ii) and (d) of NI 81-102 when purchasing Securities.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that at the time of each purchase of Securities by a Fund during the 60-Day Period:

(a) the investment will be in compliance with the investment objectives of the Fund;

(b) the Fund has an IRC that complies with NI 81-107;

(c) the IRC of the Fund will have approved the investment in accordance with subsection 4.1(4)(a) of NI 81-102 and with NI 81-107; and

(d) the Fund complies with paragraphs 4.1(4)(c)(ii) and 4.1(4)(d) of NI 81-102.

"Raymond Chan"
Manager, Investment Funds Branch
Ontario Securities Commission

SCHEDULE "A"

List of Funds

Column 1 (Funds Managed by GCICL)	Column 2 (Funds Managed by SAM)
Dynamic Equity Income Fund	Scotia Resource Fund
Dynamic Energy Income Fund	Scotia Income Advantage Fund
Dynamic Strategic Energy Class	Scotia Canadian Dividend Fund
Dynamic Strategic Yield Fund	Scotia Diversified Monthly Income Fund
Dynamic Strategic Yield Class	Scotia Private Advantaged Income Pool
Dynamic Dividend Fund	
Dynamic Dividend Income Fund	
Dynamic Dividend Income Class	
Dynamic Global Infrastructure Fund	
Dynamic Alternative Yield Fund	
Dynamic Strategic Resource Class	

2.1.6 Pembina NGL Corporation – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

Citation: Pembina NGL Corporation, Re, 2012 ABASC 158

April 24, 2012

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

Attention: Paul Pasalic

Dear Sir:

Re: Pembina NGL Corporation (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

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

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

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

"Blaine Young"
Associate Director, Corporate Finance

2.1.7 iPerceptions Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

April 25, 2012

iPerceptions Inc.
4999 Sainte-Catherine Street West
Suite 500
Westmount (Québec) H3Z 1T3

Dear Sir/Mesdames:

Re: iPerceptions Inc. (the "Applicant") – Application for a decision under the securities legislation of Québec, Ontario and Alberta (the "Jurisdictions") that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant are traded on a marketplace as defined in *National Instrument 21-101 – Marketplace Operation*;

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant's status as a reporting issuer is revoked.

"Josée Deslauriers, Director"
Investment Funds and Continuous Disclosure

2.1.8 Equity Financial Holdings Inc. and Equity Financial Trust Company

Headnote

MI 11-102 and NP 11-203 – Application for exemption from issuer bid requirements and insider reporting requirements – issuer has established employee share purchase plan – issuer has appointed wholly owned subsidiary to act as plan trustee – plan trustee will purchase and sell common shares in the open market with employee and employer contributions in accordance with the instructions of plan participants – plan trustee will be purchaser and legal owner of all shares acquired under the Plan until shares are disposed of or distributed in kind to participants – acquisition of shares by plan trustee may be an "issuer bid" since acquisition of shares may be viewed as an indirect acquisition of shares by the Issuer – acquisition of shares may in certain circumstances trigger insider reporting requirements – relief from issuer bid requirements and insider reporting requirements granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 1.1, 93 to 99.1, 104(2)(c), 107, 121(2)(a)(ii).
Multilateral Instrument 11-102 Passport System.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
National Instrument 55-101 Insider Reporting Exemptions.
National Instrument 62-103 Early Warning System and Related Take-Over Bid and Insider Reporting Issues.
Multilateral Instrument 62-104 Take-Over Bids and Issuer Bid.s

April 20, 2012

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

AND

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

AND

IN THE MATTER OF
EQUITY FINANCIAL HOLDINGS INC.
(the Issuer)

AND

EQUITY FINANCIAL TRUST COMPANY
(EFTC)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Issuer and EFTC (collectively, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filers be exempt from the Issuer Bid Requirements and the Insider Reporting Requirements (as such terms are defined below) in connection with acquisitions and dispositions by EFTC of Common Shares (as defined below) pursuant to the Plan (as defined below) (the **Exemptions Sought**), subject to certain conditions.

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

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

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

Interpretation

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

Representations

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

1 The Issuer (formerly Grey Horse Corporation) is a corporation existing under the *Canada Business Corporations Act* with its head office located in Toronto, Ontario.

2 The Issuer, through its subsidiaries, provides financial services to the corporate and institutional market.

3 The Issuer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The Issuer is not noted in default of any requirements of the Legislation.

4 The common shares in the capital of the Issuer (the **Common Shares**) are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "EQI". As at December 31, 2011, the Issuer had approximately 8,973,926 Common Shares issued and outstanding.

5 On November 29, 2007, the Issuer approved an employee share purchase plan (the **Plan**) under a Trust and Agency Services Agreement (the **Trust and Agency Services Agreement**) entered into between the Issuer, EFTC and Solium Capital Inc. (**Solium**) as administrative agent to EFTC which established the trust (the **Trust**) in connection with the Plan. The Plan is designed to, among other things, provide an opportunity for employees of the Issuer and its subsidiaries:

(a) to accumulate savings through automatic payroll deductions and by sharing in the profits of the Issuer and its subsidiaries, and

(b) to increase ownership in the Issuer and participate in its growth.

The Issuer has filed the Trust and Agency Services Agreement on SEDAR and will similarly file any amendments to or replacements of the Trust and Agency Services Agreement on SEDAR.

6 On August 12, 2008, the Issuer was previously granted relief by the Principal Regulator in respect of the Plan (the **Original Relief**).

7 The Issuer wishes to replace Solium as the administrative agent, with SG Vestia Systems Inc.

8 The Plan is open to eligible employees of the Issuer and its subsidiaries (as determined under the Plan) in addition to the Issuer's directors, who enrol as a participant under the Plan (a **Participant**). Participation in the Plan is voluntary. Employees are not induced to participate by any expectation of employment.

9 The Issuer has appointed EFTC (formerly Equity Transfer and Trust Company) to act as trustee of the Trust established under the Trust and Agency Services Agreement (the **Plan Trustee**). EFTC is a wholly-owned subsidiary of the Issuer that has been licensed as a trust company under the *Trust and Loan Companies Act* (Canada). EFTC provides transfer agent and corporate trust services to public issuers in the North American capital markets.

10 The Issuer and the Plan Trustee have retained SG Vestia (**SG Vestia** or the **Administrative Agent**) to act as the new administrative agent for the Plan Trustee. SG Vestia is controlled by Société Générale Bank and specializes in administering equity based compensation plans. Neither the Issuer or EFTC are affiliated with SG Vestia.

11 The assets of the Trust consist of cash contributions made by the Participants or the Issuer in accordance with the Plan and all property acquired with such contributions,

together with all earnings and profits thereon. The Plan Trustee holds all trust property, including the Common Shares, in trust for the benefit of the Participants in accordance with the terms of the Plan and the Trust and Agency Services Agreement.

12 As at December 31, 2011, the Plan Trustee holds approximately 63,385 Common Shares as part of the Trust. The Plan currently does not provide any restrictions as to the number of Common Shares that may be acquired pursuant to the Plan. The number of Common Shares to be acquired from time to time pursuant to the Plan is dependent on the personal contributions made by Participants and the associated employer contributions.

13 Under the Plan, the Plan Trustee purchases and sells Common Shares in the open market with employee and employer contributions in accordance with the instructions of the Participants and the rules of the Plan. The Plan Trustee has established a brokerage account with a registered dealer (the **Broker**) for the purpose of facilitating the acquisition and disposition of the Common Shares on the open market. SG Vestia, as agent for the Plan Trustee, will provide instructions to the Broker with respect to the acquisition and sale of Common Shares on the basis of the instructions received from the Participants and the rules of the Plan.

14 EFTC (in its capacity as Plan Trustee) will be the purchaser and legal owner of all Common Shares acquired under the Plan until such time as the Common Shares are disposed of or distributed in kind to the Participants.

15 Under the Plan, Common Shares acquired from employer contributions on behalf of a Participant vest on January 1 in the year following the year such Common Shares are purchased. Common Shares held in the Plan that have not yet vested are referred to as "Unvested Shares" (the **Unvested Shares**). Common Shares purchased from a Participant's personal contributions and lump sum payments, and Unvested Shares that have vested, are referred to as "Unrestricted Shares" (the **Unrestricted Shares**).

16 The Plan provides that each Participant shall be the "beneficial owner" of all Unrestricted Shares purchased on his or her behalf, shall be allocated any dividends or other distributions with respect to those Unrestricted Shares, and shall be entitled to direct the voting of those Unrestricted Shares at any meeting of the holders of the Common Shares.

17 None of the Issuer, EFTC or SG Vestia will have any right to direct the voting of any Common Shares under the Plan. Specifically, the Unvested Shares held under the Plan will not be voted. EFTC, as the registered holder of the Unrestricted Shares, will not be entitled to vote any Unrestricted Shares allocated to a Participant's personal account except in accordance with the written direction of the Participant.

18 None of the Issuer, EFTC or SG Vestia will make any decisions or exercise any independent investment judgment in connection with any purchases or sale of the Issuer's Common Shares under the Plan. Such purchases and sales will be executed automatically by the Broker in accordance with the Participants' instructions without any involvement of the Issuer or EFTC in determining the timing or manner of execution of such transactions.

19 The acquisition of Common Shares by EFTC in accordance with the Plan may be an "issuer bid" as defined in the Legislation since the purchase of Common Shares may be viewed as an indirect acquisition of Common Shares by the Issuer pursuant to the "issuer bid" definition in the Legislation. Accordingly, the acquisition of Common Shares by EFTC in accordance with the Plan may trigger the issuer bid requirements in the Legislation (the **Issuer Bid Requirements**). The Issuer has determined that none of the exemptions from the Issuer Bid Requirements in the Legislation are available for the acquisitions of Common Shares by EFTC in accordance with the Plan.

20 If EFTC acquires beneficial ownership of, or the power to exercise control or direction over, a sufficient number of Common Shares of the Issuer as to result in EFTC becoming subject to the early warning requirements (the **Early Warning Requirements**) of the Legislation, EFTC will comply with the Early Warning Requirements. EFTC is an "eligible institutional investor" for the purposes of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (*NI 62-103*) and may file reports under the alternative monthly reporting system in accordance with NI 62-103 in these circumstances.

21 Although the Participants are beneficiaries of the Trust and have a beneficial interest in the property of the Trust, including the Common Shares held in the Trust, the Filers have concluded that, as a matter of law, it is unclear as to whether a beneficiary of a trust can be viewed as having an interest in specific assets of a trust in all circumstances. Accordingly, the Filers believe it is unclear whether, as a matter of law, the Participants or the Plan Trustee may be viewed as having "beneficial ownership" of the Unvested Shares and/or the Unrestricted Shares for the purposes of the insider reporting requirements (the **Insider Reporting Requirements**) contained in the Legislation.

22 The acquisition of Common Shares by EFTC pursuant to the Plan may trigger the Insider Reporting Requirements since:

(a) EFTC may, depending on the number of Common Shares to be acquired pursuant to the Plan, be viewed as having acquired beneficial ownership of, or control or direction over, a sufficient number of Common Shares of the Issuer as to result in EFTC being considered an "insider" under the Legislation;

(b) EFTC may be viewed as having acquired beneficial ownership of Common Shares of the Issuer held in the Plan with the result that the Issuer may be deemed to have acquired beneficial ownership of its own securities for the purposes of the definition of "insider" in the Legislation; and

(c) To the extent the Issuer is otherwise an insider of itself, the Issuer may be required to file insider reports in respect of Plan transactions involving its own securities.

23 To the extent that Participants are insiders of the Issuer, the Exemptions Sought will not exempt such insiders from the insider reporting requirements that may otherwise apply to purchases and sales of Common Shares by EFTC or the Administrative Agent in accordance with insider Participants' instructions. The Issuer will advise its insiders that they need to consider the potential application of the insider reporting requirements under the Legislation to Plan transactions involving securities of the Issuer.

24 Certain directors, officers and employees of the Issuer are also directors, officers and employees of EFTC. However, the Issuer and EFTC will continue to maintain appropriate policies and procedures to ensure that EFTC will not be making any purchases or sales of Common Shares under the Plan pursuant to a decision that is made or participated in by any officer, director or employee of EFTC who has actual knowledge of material undisclosed information about the Issuer.

25 The factual representations made by the Issuer in respect of the Original Relief remain true in all material respects, but for certain representations relating to the appointment of SG Vestia as Administrative Agent of the Plan and changes to the Trust and Agency Services Agreement related thereto.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Exemptions Sought are granted, provided that:

(a) none of the Issuer, EFTC or SG Vestia makes any decisions or exercises any independent investment judgment in connection with any purchase or sale of the Issuer's Common Shares under the Plan;

(b) none of the Issuer, EFTC or SG Vestia exercises any right to vote or direct the voting of any Common Shares held under the Plan except that EFTC may, as the Plan Trustee, vote Unrestricted Shares allocated to a Participant's personal account in accordance with the written direction of the Participant;

(c) SG Vestia, on behalf of EFTC, maintains a record of Plan transactions involving securities of the Issuer, and EFTC or SG Vestia on behalf of EFTC, maintains a record of Participants' written directions relating to voting, and undertakes to make available such records to the Principal Regulator upon request;

(d) the Issuer discloses in each management information circular the existence and material terms of the Plan and the number of securities of the Issuer held in the Plan as of a date that is within 60 days of the date of the filing; provided that, if the Issuer does not file a management information circular within a period of 12 months from the date of filing of the most recently filed management information circular, the Issuer discloses this information in another public filing on SEDAR; and

(e) in the event of a material change in the terms of the Plan, this decision will expire 60 days from the date of such material change.

“Paulette Kennedy”
Commissioner
Ontario Securities Commission

“Mary Condon”
Vice Chair
Ontario Securities Commission

2.1.9 Kasten Energy Inc. – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

Citation: Kasten Energy Inc., Re, 2012 ABASC 167

April 27, 2012

Burstall Winger LLP
1600 Dome Tower
333 - 7 Avenue SW
Calgary, AB T2P 2Z1

Attention: Benjamin J. Rootman

Dear Sir:

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

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

As the Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

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

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

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

"Blaine Young"
Associate Director, Corporate Finance

2.1.10 GCIC Ltd. and the Mutual Funds listed in Schedule A

Headnote

National Policy 11-203 Process for Exemption Relief Applications in Multiple Jurisdictions – relief granted from investment prohibition in subsection 4.1(1) of NI 81-102 to permit certain mutual funds to purchase securities under a private placement where the issuer is not a reporting issuer in any of the jurisdictions – relief conditional on the fund complying with subsection 4.1(4)(a), (c)(ii) and (d) which include approval by the mutual funds' independent review committee.

Applicable Legislative Provisions

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

April 26, 2012

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

AND

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

AND

IN THE MATTER OF
GCIC LTD.
(the "Filer")

AND

THE MUTUAL FUNDS LISTED IN SCHEDULE A
(collectively, the "Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator ("**Legislation**") for an exemption from subsection 4.1(1) of 81-102 – *Mutual Funds* ("**NI 81-102**") to enable the Funds to purchase limited partner interests (the "**Securities**") of The Carlyle Group L.P. (the "**Issuer**"), a non-reporting issuer in the Jurisdictions (as defined below), during the period of distribution (the "**Distribution Period**") of the Issuer's Securities pursuant to a private placement offering (the "**Private Placement**") and for the 60-day period (the "**60-Day Period**") following completion of the Distribution Period (the Distribution Period and the 60-Day Period together, the "**Prohibition Period**"), notwithstanding that Scotia Capital Inc. (the "**Related Underwriter**"), an affiliate of the Filer, will act as an underwriter in connection with the Private Placement (the "**Requested Relief**").

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the "Jurisdictions").

Interpretation

Unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, NI 81-102 and National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**") have the same meaning in this application.

Representations

1. GCICL is a corporation existing under the laws of the Province of Ontario, is registered with the OSC as a portfolio manager in the category of adviser, is further registered in that category in each of British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick, Prince Edward Island and Nova Scotia and is registered as a commodity trading manager and investment fund manager with the OSC.

2. GCICL is the manager, trustee (where applicable), principal distributor, registrar, and portfolio adviser of each Fund.

3. Each of the Funds is an open-ended mutual fund trust or corporation established under the laws of the Province of Ontario. The securities of each of the Funds are qualified for distribution in the Jurisdictions pursuant to simplified prospectuses and annual information forms prepared and filed in accordance with the securities legislation of the Jurisdictions.

4. The Filer is currently a "dealer manager" with respect to the Funds and each Fund is "dealer managed mutual fund", as such terms are defined in Section 1.1 of NI 81-102.

5. Neither the Filer nor any Fund is in default of securities legislation in any of the Jurisdictions.

6. The Filer has appointed an independent review committee ("**IRC**") under NI 81-107 for each of the Funds.

7. The Private Placement, which will be marketed on an underwritten basis in connection with the initial public offering of Securities in the United States

(collectively with the Private Placement, the "**Offering**"), is currently expected to close on May 2, 2012.

8. According to the undated preliminary Canadian offering memorandum for the Private Placement:

   (a) the Offering is for 30,500,000 Securities at a price between US$23.00 and US$25.00 per Security;

   (b) the underwriters for the Offering ("**Underwriters**") will be granted an option to increase by 4,575,000 the number of Securities being offered;

   (c) the Underwriters' fee of up to 5% per Security sold in the Offering will be comprised of (i) the difference between the amount the Underwriters pay the Issuer for each Security and the initial price of the Security to the public and (ii) a possible discretionary incentive fee; and

   (d) the net proceeds of the Offering will be used to purchase newly issued partnership units from three holding partnerships (collectively, "**Carlyle Holdings**") that will, in turn, hold interests in four parent entities that will, in turn and along with current partners of Carlyle and certain strategic investors, own the operating companies of the business. Carlyle Holdings will use some of the proceeds to repay outstanding indebtedness under a revolving credit facility and loan agreement and the remainder for general corporate purposes.

9. The Related Underwriter and its U.S. affiliate are currently expected to have a 1% interest in the Offering.

10. The investment objective of each Fund permits an investment in the Securities.

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

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

   (b) the Filer and the Related Underwriter may share general market information such as discussion on general economic conditions, bank rates, etc.

12. As the Related Underwriter will participate in the Private Placement, the investment prohibition contained in subsection 4.1(1) of NI 81-102 (the "**Prohibition**") restricts the Funds from making certain investments in the Securities during the Prohibition Period and may result in the Funds missing investment opportunities the Filer believes are favourable.

13. The Funds would not be restricted by the Prohibition if, in accordance with subsection 4.1(4) of NI 81-102, certain conditions are met, including that the distribution is made by a prospectus filed in one or more of the Jurisdictions and the IRC of the Funds has approved the transaction in accordance with subsection 5.2(2) of NI 81-107.

14. As a prospectus will not be filed in any Jurisdiction in connection with the Private Placement the Funds cannot rely on the exemption from the Prohibition contained in subsection 4.1(4) of NI 81-102. However, the Securities will trade on the NASDAQ Global Select Market and the Filer will comply with subparagraphs 4.1(4)(a), (c)(ii) and (d) of NI 81-102 when purchasing Securities.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that at the time of each purchase of Securities by a Fund during the Prohibition Period:

   (a) the investment will be in compliance with the investment objectives of the Fund;

   (b) the Fund has an IRC that complies with NI 81-107;

   (c) the IRC of the Fund will have approved the investment in accordance with subsection 4.1(4)(a) of NI 81-102 and with NI 81-107; and

   (d) the Fund complies with paragraphs 4.1(4)(c)(ii) and 4.1(4)(d) of NI 81-102.

"Raymond Chan"
Manager, Investment Funds Branch
Ontario Securities Commission

SCHEDULE "A"

List of Funds

Dynamic Power American Growth Fund
Dynamic Power American Growth Class
Dynamic Power Global Growth Fund
Dynamic Power Global Growth Class
Dynamic Power Global Balanced Class
Marquis Institutional Global Equity Portfolio

2.1.11 RuggedCom Inc. – s. 1(10)

Headnote

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

Ontario Statutes

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

May 1, 2012

RuggedCom Inc.
300 Applewood Crescent, Unit 1
Concord, Ontario L4K 5C7

Dear Sirs/Mesdames:

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

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

As the Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

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

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

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

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

2.2 Orders

2.2.1 Freeport Capital Inc. – s. 144

Headnote

Application by issuer for a revocation of a cease trade order – cease trade order issued as a result of the issuer's failure to file certain continuous disclosure materials required by Ontario securities law – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – cease trade order revoked.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

AND

IN THE MATTER OF
FREEPORT CAPITAL INC.
(the Reporting Issuer)

ORDER
(Section 144)

Background

On July 20, 2010, the Director made an order under paragraph 2 of subsection 127(1) of the Act (the Cease Trade Order) that all trading in securities of the Reporting Issuer, whether direct or indirect, shall cease until further order by the Director.

The Order was made because the Reporting Issuer was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order (the Default).

The Reporting Issuer has applied to the Ontario Securities Commission under section 144 of the Act for a revocation of the Cease Trade Order.

Representations

This order is based on the following facts represented by the Reporting Issuer:

1. The Reporting Issuer is a reporting issuer under the securities legislation of the provinces of Ontario, British Columbia, Alberta, and Quebec.

2. The Reporting Issuer is not in default of the Cease Trade Order.

3. Except for the Default, the Reporting Issuer is not in default of any requirements under Ontario securities law.

4. The Reporting Issuer has filed all outstanding continuous disclosure documents that are required to be filed under Ontario securities law.

5. The Reporting Issuer has paid all outstanding activity, participation and late filing fees that are required to be paid.

6. The Reporting Issuer's SEDAR profile and SEDI issuer profile supplement are current and accurate.

7. The Reporting Issuer undertook to hold an annual meeting (the Meeting) of its shareholders within 3 months of this order and to file the management information circular and all other required documents in respect of the Meeting.

8. Upon the issuance of this revocation order, the Reporting Issuer will issue a news release announcing the revocation of the Cease Trade Order. The Reporting Issuer will concurrently file the news release and a material change report regarding the revocation of the Cease Trade Order on SEDAR.

9. The Reporting Issuer was also subject to similar cease trade orders issued by British Columbia Securities Commission dated July 5, 2010, the Autorité des marchés financiers dated July 20, 2010, and the Alberta Securities Commission dated November 4, 2010. as a result of the failure to make the filings described in the Cease Trade Order. The orders issued by the British Columbia Securities Commission, the Autorité des marchés financiers, and the Alberta Securities Commission were revoked on April 12, 2012.

Order

The Director is of the opinion that it would not be prejudicial to the public interest to revoke the Cease Trade Order.

It is ordered under section 144 of the Act that the Cease Trade Order is revoked.

Dated: April 13, 2012

"Jo-Anne Matear"
Manager, Corporate Finance

2.2.2 Asif Khan – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
ASIF KHAN

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Asif Khan (the "Respondent");

AND WHEREAS the Respondent and Staff of the Commission ("Staff") entered into a Settlement Agreement (the "Settlement Agreement") in which they agreed to a settlement subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and upon hearing submissions from counsel for Staff and counsel for the Respondent;

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

IT IS HEREBY ORDERED THAT:

(a) the settlement agreement is approved;

(b) pursuant to clause 1 of subsection 127(1) of the Act, the Respondent is prohibited from being registered under the Act in any capacity for two years, and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the "CPH") and upon any such registration, the Respondent will be subject to mandatory supervision for a period of one year;

(c) pursuant to clause 2 of subsection 127(1) of the Act, the Respondent cease trading in any securities for two years, except for trading on his own behalf in his own account;

(d) pursuant to clause 2.1 of subsection 127(1) of the Act, the Respondent be prohibited from acquiring any securities for two years, except for acquisitions on his own behalf in his own account;

(e) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondent for a period of two years commencing on the date of the Commission's order;

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

(g) pursuant to clause 7 of subsection 127(1) of the Act, the Respondent resign any position he holds as a director or officer of any issuer;

(h) pursuant to clause 8 of subsection 127(1) of the Act, the Respondent is prohibited from becoming or acting as a director or officer of any issuer for four years;

(i) pursuant to clause 8 of subsection 127(1) of the Act, the Respondent resign any position he holds as a director or officer of an investment fund manager;

(j) pursuant to clause 8.3 of subsection 127(1) of the Act, the Respondent is prohibited from becoming or acting as a director or officer of an investment fund manager for four years;

(k) pursuant to clause 8.1 of subsection 127(1) of the Act, the Respondent resign any position he holds as a director or Ultimate Designated Person or Chief Compliance Officer of a registrant;

(l) pursuant to clause 8.5 of subsection 127(1) of the Act, the Respondent is prohibited from becoming or acting as an investment fund manager for four years or promoter for two years;

(m) pursuant to clause 9 of subsection 127(1) of the Act, the Respondent pay an administrative penalty of $25,000 to be allocated under subsection 3.4(2)(b) of the Act to or for the benefit of third parties; and

(n) pursuant to section 127.1 of the Act, the Respondent will pay the costs of the Commission's investigation in the amount of $15,000.

DATED at Toronto this 25th day of April, 2012.

"James E. A. Turner"

2.2.3 Morgan Dragon Development Corp. 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
MORGAN DRAGON DEVELOPMENT CORP.,
JOHN CHEONG (aka KIM MENG CHEONG),
HERMAN TSE, DEVON RICKETTS
AND MARK GRIFFITHS

ORDER
(Section 127)

WHEREAS on March 22, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") (the "Notice of Hearing") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 22, 2012, to consider whether it is in the public interest to make certain orders against Morgan Dragon Development Corp. ("MDDC"), John Cheong (aka Kim Meng Cheong) ("Cheong"), Herman Tse ("Tse"), Devon Ricketts ("Ricketts") and Mark Griffiths ("Griffiths") (collectively, the "Respondents");

AND WHEREAS the Commission issued an Amended Notice of Hearing pursuant to sections 127 and 127.1 of the Act on March 26, 2012 (the "Amended Notice of Hearing");

AND WHEREAS on April 19, 2012, a first appearance hearing was held before the Commission and the Commission heard submissions from counsel for Staff and counsel for Cheong and MDDC;

AND WHEREAS Ricketts, Tse and Griffiths did not appear, although properly served with the Notice of Hearing, Statement of Allegations and the Amended Notice of Hearing;

AND WHEREAS on April 19, 2012, the Commission ordered this matter is adjourned to a confidential pre-hearing conference which shall take place on June 4, 2012 at 9:30 a.m.

AND WHEREAS the Commission has been informed by Staff that a confidential pre-hearing conference will not be required on June 4, 2012;

IT IS ORDERED that there will be a hearing on June 4, 2012 at 9:30 a.m. to provide the panel with a status update.

DATED at Toronto this 25th day of April, 2012.

"Edward P. Kerwin"

2.2.4 Colby Cooper Capital Inc. et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
COLBY COOPER CAPITAL INC.,
COLBY COOPER INC.,
PAC WEST MINERALS LIMITED
JOHN DOUGLAS LEE MASON

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 27, 2012 in respect of Colby Cooper Capital Inc. ("CCCI"), Colby Cooper Inc. ("CCI"), Pac West Minerals Limited ("Pac West") and John Douglas Lee Mason ("Mason") (collectively, the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on March 28, 2012;

AND WHEREAS at the first attendance on April 23, 2012, Staff and counsel for CCCI and Mason appeared, and counsel for CCCI and Mason advised the Commission that it had instructions to also appear on behalf of CCI and Pac West for that attendance;

AND WHEREAS Staff requested that a confidential pre-hearing conference be scheduled, and counsel for the Respondents agreed;

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

IT IS ORDERED that a confidential pre-hearing conference shall take place on June 26, 2012 at 10:00 a.m.

DATED at Toronto this 23rd day of April, 2012.

"James E. A. Turner"

2.2.5 Portus Alternative Asset Management Inc. et al. – ss. 127, 127.1

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

AND

**IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT
INC., PORTUS ASSET MANAGEMENT INC.,
BOAZ MANOR, MICHAEL MENDELSON,
MICHAEL LABANOWICH AND JOHN OGG**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on October 5, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990 c. S.5, as amended (the "Act") accompanied by a Statement of Allegations issued by Staff of the Commission, in respect of Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg (collectively, the "Respondents");

AND WHEREAS on October 4, 2005, the Commission authorized the commencement of proceedings against Boaz Manor ("Manor") in the Ontario Court of Justice pursuant to section 122 of the Act;

AND WHEREAS on April 20, 2006, the Commission authorized the commencement of proceedings against Michael Mendelson ("Mendelson") and the laying of additional charges against Manor, in the Ontario Court of Justice, pursuant to section 122 of the Act (collectively, the "Section 122 Proceeding");

AND WHEREAS on March 31, 2006, Manor brought an application (the "Application") requesting the adjournment of the sections 127 and 127.1 proceeding (the "Administrative Proceeding") against him, pending the conclusion of the Section 122 Proceeding;

AND WHEREAS on June 16, 2006, each of the Respondents in the Administrative Proceeding consented to the adjournment requested in the Application;

AND WHEREAS on June 16, 2006, each of the Respondents in the Administrative Proceeding requested that the Commission grant an adjournment of the Administrative Proceeding against them pending the conclusion of the Section 122 Proceeding;

AND WHEREAS on June 16, 2006, Staff consented to the granting of an adjournment of the Administrative Proceeding against each of the Respondents pending the conclusion of the Section 122 Proceeding;

AND WHEREAS on June 16, 2006, the Commission ordered that the Administrative Proceeding be adjourned against each of the Respondents pending the conclusion of the Section 122 Proceeding and that Staff and the Respondents appear before the Commission within eight weeks of judgment being rendered in the Section 122 Proceeding;

AND WHEREAS on November 19, 2007, Mendelson was convicted of a charge under the *Criminal Code of Canada* before the Ontario Court of Justice and was sentenced to two years in jail and three years probation;

AND WHEREAS on May 25, 2011, Manor was convicted of two charges under the *Criminal Code of Canada* before the Superior Court of Justice (Ontario) and was sentenced to four years in jail;

AND WHEREAS the convictions registered against Manor and Mendelson under the *Criminal Code of Canada* were for acts related to the Administrative Proceeding and the Section 122 Proceeding;

AND WHEREAS on July 13, 2011, the Section 122 Proceeding was concluded;

AND WHEREAS on August 4, 2011, a Notice of Hearing was issued giving notice that the Administrative Proceeding would continue on August 8, 2011;

AND WHEREAS on August 8, 2011, Staff and counsel for Manor attended before the Commission and requested that the Administrative Proceeding be adjourned to October 13, 2011 at 10:00 a.m.;

AND WHEREAS on October 13, 2011, Staff and an agent for counsel for Manor attended before the Commission and requested that the Administrative Proceeding be adjourned to November 22, 2011 at 9:00 a.m.;

AND WHEREAS on November 22, 2011, Staff informed the Commission that each of the Respondents were given notice of the adjournment of the Administrative Proceeding until November 22, 2011;

AND WHEREAS on November 22, 2011, Staff, counsel for Manor, and Ogg attended before the Commission and made submissions;

AND WHEREAS on November 22, 2011, it was ordered that the Administrative Proceeding be adjourned to January 12, 2012 at 10:00 a.m. for the purposes of a pre-hearing conference;

AND WHEREAS on November 22, 2011, it was further ordered that the hearing on the merits shall commence on September 4, 2012, and shall continue on September 5, 6, 7, 10, 12, 13, 14, 19, 20, 21, 24, 26, 27, 28, and October 1, 2, 3, 4, and 5, 2012;

AND WHEREAS on January 12, 2012, Staff, counsel for the Court Appointed Receiver for Portus, counsel for Manor and counsel for Labanowich appeared before the Commission for a pre-hearing conference, and made submissions to the Commission;

AND WHEREAS on January 12, 2012, it was ordered that the hearing be adjourned to April 25, 2012 at 10:00 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on April 25, 2012, Staff, and counsel for Manor attended before the Commission and made submissions;

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

IT IS HEREBY ORDERED that the hearing is adjourned to Friday, July 6, 2012 at 10:00 a.m. for the purpose of continuing the pre-hearing conference.

DATED at Toronto this 25th day of April, 2012.

"James E. A. Turner"

2.2.6 New Solutions Capital Inc. et al. – ss. 127(1), 127(7), 127(8)

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

AND

IN THE MATTER OF
NEW SOLUTIONS CAPITAL INC., NEW SOLUTIONS FINANCIAL CORPORATION, NEW SOLUTIONS FINANCIAL (II) CORPORATION, NEW SOLUTIONS FINANCIAL (III) CORPORATION, NEW SOLUTIONS FINANCIAL (VI) CORPORATION AND RON OVENDEN

ORDER
(Subsections 127(1), 127(7) and 127(8))

WHEREAS on April 11, 2012, the Ontario Securities Commission (the "Commission") issued an order (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "Act") that:

1. all trading in the securities of New Solutions Financial Corporation ("NSFC"), New Solutions Financial (II) Corporation ("NSF2"), New Solutions Financial (III) Corporation ("NSF3") and New Solutions Financial (VI) Corporation ("NSF6") shall cease immediately;

2. New Solutions Capital Inc. ("NSCI"), NSFC, NSF2, NSF3, NSF6, their employees, representatives and Ron Ovenden ("Ovenden") shall cease trading in all securities of NSFC, NSF2, NSF3 and NSF6 immediately; and

3. any exemptions contained in Ontario securities law do not apply to NSCI, NSFC, NSF2, NSF3, NSF6, their employees and representatives and Ovenden;

AND WHEREAS on April 18, 2012, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 25, 2012 at 2:00 p.m. (the "Notice of Hearing");

AND WHEREAS Staff of the Commission ("Staff") have served NSCI, NSFC, NSF2, NSF3, NSF6 and Ovenden with copies of the Temporary Order, the Notice of Hearing, the Affidavit of Stratis Kourous sworn April 19, 2012 and Staff's factum as evidenced by the Affidavit of Service of Lee Crann sworn on April 23, 2012 and the Affidavit of Service of Levy Goldberg-Gilis sworn April 24, 2012;

AND WHEREAS on April 25, 2012, Staff appeared before the Commission and no-one appeared on behalf of any of the respondents;

AND WHEREAS on hearing submissions from Staff and on being advised by Staff that NSFC, NSF2, NSF3, NSF6 do not oppose the extension of the Temporary Order and Ovenden takes no position on the extension of the Temporary Order;

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

IT IS HEREBY ORDERED that the hearing in this matter is adjourned to October 11, 2012 at 9:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties and the Temporary Order shall be extended for a period of 6 months, until October 12, 2012.

DATED at Toronto this 25th day of April, 2012.

"James E. A. Turner"

2.2.7 Daniel Sternberg 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
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION AND
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

ORDER
(Section 127)

WHEREAS on April 24, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with the allegations set out in the Statement of Allegations of Staff of the Commission ("Staff") dated April 24, 2012;

AND WHEREAS Daniel Sternberg ("Sternberg"), Parkwood GP Inc. ("Parkwood GP") and Philco Consulting Inc. ("Philco") (collectively, the "Respondents") entered into a Settlement Agreement with Staff dated April 24, 2012 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated April 24, 2012, subject to the approval of the Commission;

AND WHEREAS on April 24, 2012, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from Staff and the Respondents;

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Sternberg shall cease for a period of one year from the date of this Order, subject

to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(c) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Philco shall cease for a period of one year from the date of this Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(d) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Parkwood GP shall cease for a period of one year from the date of this Order;

(e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sternberg is prohibited for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to acquire securities through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(f) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Philco is prohibited for a period of one year from the date of this Order, subject to the exception that Philco is permitted to acquire securities through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(g) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Parkwood GP is prohibited for a period of one year from the date of this Order;

(h) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Sternberg for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(i) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Philco for a period of one year from the date of this Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(j) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Parkwood GP for a period of one year from the date of this Order;

(k) pursuant to clause 6 of subsection 127(1) of the Act, each of the Respondents is reprimanded;

(l) pursuant to clause 8.2 of subsection 127(1) of the Act, Sternberg is prohibited for a period of one year from the date of this Order from becoming or acting as a director or officer of any registrant;

(m) pursuant to clause 8.5 of subsection 127(1) of the Act, each of the Respondents is prohibited for a period of one year from the date of this Order from becoming or acting as a registrant; and

(n) pursuant to clause 9 of subsection 127(1) of the Act, the Respondents shall, jointly and severally, pay the Commission an administrative penalty in the amount of $100,000 to be allocated pursuant to subsection 3.4(2)(b) of the Act to or for the benefit of third parties.

DATED AT TORONTO this 26th day of April, 2012.

"James E. A. Turner"

2.2.8 Trapeze Asset Management Inc. et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
TRAPEZE ASSET MANAGEMENT INC.,
RANDALL ABRAMSON AND
HERBERT ABRAMSON

ORDER
(Sections 127(1) and 127.1)

WHEREAS on April 20, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in respect of Trapeze Asset Management Inc. ("Trapeze"), Randall Abramson ("R. Abramson") and Herbert Abramson ("H. Abramson") (collectively, the "Respondents"), in connection with a Statement of Allegations issued by Staff of the Commission ("Staff") on April 20, 2012 (the "Statement of Allegations");

AND WHEREAS the Respondents and Staff entered into a Settlement Agreement (the "Settlement Agreement") in which they agreed to a settlement of the proceeding commenced by the Notice of Hearing dated April 20, 2012, subject to the approval of the Commission;

AND WHEREAS the Respondents have provided an undertaking dated April 20, 2012 (the "Undertaking");

AND WHEREAS the Commission has reviewed the Notice of Hearing, the Statement of Allegations, the Settlement Agreement and the Undertaking, and has heard submissions from counsel for Staff and counsel for the Respondents;

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

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

2. pursuant to s. 127(1)6 of the Act, each of the Respondents is hereby reprimanded;

3. pursuant to s. 127(1)4 of the Act, Trapeze shall submit to a review of its practices and procedures by an independent person (the "Consultant") to be approved by Staff at Trapeze's expense in accordance with the Terms of Reference attached hereto as Schedule "A";

4. within 30 days of the Settlement Agreement being approved, Trapeze shall send a written communication to all clients, in a manner and form acceptable to Staff, outlining Trapeze's intention to conduct account reviews per the Terms of Reference attached as Schedule "A", and explaining that the reviews are required by the Commission to ensure that (i) each clients' current KYC information is collected and documented, and (ii) the investments in each client's account(s) are suitable given the client's age, financial circumstances, investment needs and objectives and risk tolerance;

5. Trapeze shall conduct account reviews with all of its clients as soon as reasonably practicable after the approval of the Settlement Agreement in accordance with the Terms of Reference attached as Schedule "A", and shall explain to each client that the review is required because of concerns regarding understatement of risk arising from the Respondents' failure during the Relevant Time to adequately consider factors such as price volatility risk;

6. Trapeze agrees that it shall not increase its fees or take any other steps that would result in its clients bearing any costs or expenses that are incurred by it relating to this Settlement Agreement, including any costs associated with retaining the Consultant;

7. pursuant to s. 127(1)9 of the Act, the Respondents shall, within sixty days of the Settlement Agreement being approved, together pay an administrative penalty of $1,000,000, for allocation to or for the benefit of third parties pursuant to s. 3.4(2)(b) of the Act; and

8. pursuant to s. 127.1 of the Act, the Respondents, shall within sixty days of the Settlement Agreement being approved, together pay $250,000 towards the costs of Staff's investigation.

DATED at Toronto this 27th day of April, 2012.

"Mary G. Condon"
Vice-Chair

SCHEDULE "A"

Terms of Reference for a review of Trapeze's practices and procedures

1. The Consultant shall be appointed promptly following the approval of the Settlement Agreement, but in any event by no later than 30 days following the approval, by mutual agreement between Trapeze Asset Management Inc. ("Trapeze") and Staff of the Commission ("Staff").

2. The Consultant's reasonable compensation and expenses shall be borne exclusively by Trapeze.

3. The agreement with the Consultant ("Agreement") shall be in a form acceptable to Staff and will provide that the Consultant will examine Trapeze's internal policies, practices and procedures for:

    a. collecting and documenting clients' Know Your Client ("KYC") information;

    b. determining the risk levels for individual securities and portfolios of securities having regard to concentration in specific securities or specific industries, price volatility risk, liquidity risk, default risk and counterparty exposure risk;

    c. determining and ensuring the suitability of investments for clients based on their KYC information and having regard to the risk considerations set out in paragraph 3(b) above;

    d. explaining to clients the risks associated with their investments;

    e. enabling management to oversee Trapeze's activities in respect of its compliance with its internal policies, practices and procedures, and Ontario securities law;

    f. preparing and approving marketing materials (including its website and investment letters to clients and marketing material currently used by Trapeze); and

    g. otherwise ensuring compliance with Ontario securities law in respect of the matters enumerated herein including in particular NI 31-103.

    (collectively the "**Review**")

4. In addition to the Review, the Agreement shall provide that the Consultant and Trapeze together will prepare procedures for:

    a. opening new client accounts and obtaining each client's KYC information in compliance with any revised practices and procedures resulting from the Review and ensuring that the investments solicited and/or sold to each client are suitable having regard to Ontario securities law and in particular Part 13 of National Instrument 31-103, and where reasonably practicable, Trapeze shall afford the Consultant an opportunity to attend meetings where new client accounts are being opened, and the Consultant shall be present at a select sample of such meetings, as determined in the Consultant's discretion, acting reasonably;

    b. updating each of Trapeze's existing client's KYC information in compliance with any revised practices and procedures resulting from the Review and ensuring that the investments held by each client are suitable having regard to Ontario securities law and in particular Part 13 of National Instrument 31-103, and where reasonably practicable, each client will be provided an opportunity to meet face to face for the account review and the Consultant shall be present at a select sample of account reviews, as determined in the Consultant's discretion, acting reasonably;

    c. determining, with the agreement of the Consultant, acting reasonably, that the review of specific accounts as set out in section 4(b) above need not include the explanation required by subparagraph 37(e) of the Settlement Agreement, and

    d. documenting the results of each account review required by subsections 4(a) and 4(b) above to evidence that the KYC information has been obtained and/or updated and that the suitability analyses have been done.

5. The Consultant shall have reasonable access to all of Trapeze's books and records necessary to complete the Consultant's mandate and the ability to meet privately with Trapeze's officers and employees. Trapeze shall require its officers, directors and employees to cooperate fully with the Consultant with respect to the Review.

6. The Consultant shall make and keep notes of interviews conducted and keep a copy of documents gathered in connection with the performance of his or her responsibilities.

7. The Consultant shall issue a draft report to Trapeze within six months of appointment.

8. The Consultant shall engage in discussions with Trapeze regarding the draft report to get feedback with a view to finalizing the report within one month of the delivery of the draft report (the "**Final Report**").

9. The Consultant will deliver the Final Report to Trapeze and Staff.

10. The Consultant's draft report and Final Report shall include a description of the review performed, the conclusions reached, and the Consultant's recommendations for any changes or improvements to Trapeze's policies and procedures that the Consultant reasonably deems necessary to conform to regulatory requirements and best practices, including the reasons for such recommendations, and possible procedures for implementing the recommended changes or improvements.

11. Within 30 days after receipt of the Consultant's Final Report, Trapeze will advise Staff of a timetable to implement any recommendations contained in the Final Report. The timetable shall provide for the implementation of such recommendations within six months of the delivery of the timetable. Trapeze may request the consent of Staff not to implement one or more of the recommendations in the Final Report; if Trapeze so requests, it shall provide Staff and the Consultant with the reasons for its position for each request, and if applicable, any alternative actions, policies or procedures Trapeze would propose to adopt instead.

12. Staff may attend at the premises of Trapeze with respect to implementation of the Consultant's recommendations.

13. Trapeze shall implement all of the recommendations contained in the Final Report unless Staff consents otherwise.

14. Once completed, Trapeze shall certify to Staff, by certificate executed on its behalf by the Chief Compliance Officer, that Trapeze has implemented the recommendations contained in the Final Report (the "**Trapeze Certificate of Implementation**").

15. The Consultant shall review the implementation of the recommendations in the Final Report and provide a report on the progress of the implementation to Trapeze and Staff within one month after receipt of the Trapeze Certificate of Implementation.

16. The Consultant's term of appointment shall continue until the Consultant has certified in writing to Trapeze and Staff that all recommendations in the Final Report have been substantially implemented for at least one fiscal quarter (the "**Consultant's Certificate of Completeness**").

17. For the period of engagement and for a period of three years from completion of the engagement, the Consultant shall not enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Trapeze, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such, and shall require that any firm with which the Consultant is affiliated or of which the Consultant is a member or any person engaged to assist the Consultant in performance of the Consultant's duties under the Settlement Agreement and Commission order not, without prior written consent of Staff, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Trapeze, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

18. The Consultant shall agree to treat all information obtained from Trapeze relating to its business and clients in confidence, shall maintain the confidentiality of such information, shall not use any such information for any purpose other than the purposes of the Settlement Agreement, and shall not reveal any such information to any person, other than for purposes of fulfilling his or her obligations with respect to the Settlement Agreement. For purposes of this paragraph, information is not confidential, if it has been or is subsequently publicly disclosed, other than by the Consultant or a person who is excluded from being retained or employed by Trapeze under paragraph 17, above.

19. For greater certainty, the terms of the Review do not limit in any respect the authority of Staff to undertake, as part of its normal course activities, a review of all matters within the scope of the Review or any other aspect of Trapeze's business, including obtaining copies of all Consultant's notes and supporting documents.

2.2.9 Standard & Poor's Ratings Services (Canada), a business unit of The McGraw-Hill Companies (Canada) Corporation

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of Canadian securities laws – Filer has filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with U.S. federal securities law applicable to an NRSRO – Upon being designated, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section of the Decision – Designation granted subject to conditions – The designation order provides a six month transition for the Filer to be fully compliant with NI 25-101.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

April 30, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS IN
MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
STANDARD & POOR'S RATINGS SERVICES
(CANADA), A BUSINESS UNIT OF THE
MCGRAW-HILL COMPANIES (CANADA)
CORPORATION
(the Filer)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**).

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a separately identifiable business unit of a corporation governed by the laws of Nova Scotia with its registered and principal offices located in Toronto, Ontario, which corporation is an indirect wholly-owned subsidiary of The McGraw-Hill Companies, Inc. (**McGraw-Hill**), a corporation organized under the laws of New York.

2. The Filer, together with the other components of S&P Ratings Services (defined below), provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.

3. The Filer is a component of Standard & Poor's Ratings Services (**S&P Ratings Services**) which is a Nationally Recognized Statistical Rating Organization (**NRSRO**) regulated by the SEC, and which includes related global offices that issue ratings under the Ratings Services global brand. S&P Ratings Services is comprised of, and conducts its business globally through, wholly-owned direct and indirect subsidiaries or divisions of McGraw-Hill. The credit rating activities of S&P Ratings Services are conducted globally by this business unit in accordance with a code of conduct, policies and guidelines, and criteria that are generally globally applicable. Therefore, for purposes of this Designation Order the ratings of the other components of S&P Ratings Services are deemed to be ratings of the Filer. Currently,

the Filer, together with the other components of S&P Ratings Services, has more than one million ratings outstanding covering corporate, government and special purposes issuers and obligors and their commercial paper, term debt and other debt securities and preferred shares in the global capital markets.

4. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction.

5 The Filer is in compliance in all material respects with the securities legislation applicable to credit rating organizations in each jurisdiction in Canada, other than NI 25-101, and in any other jurisdiction in which the Filer operates.

6. The Filer has filed all documentation required under Part 2 of NI 25-101, with the exception of certain materials that are being withheld pending the Commission's determination as to whether they will be accorded confidential treatment.

7. S&P Ratings Services is registered as and is in compliance in all material respects with U.S. federal securities law applicable to, an NRSRO. For further disclosure see S&P Ratings Services' Form NRSRO available on the Standard & Poor's website and the Form 10-K for McGraw-Hill filed with the SEC for the year ended December 31, 2011 available on the McGraw-Hill website and the SEC's EDGAR database.

8. The Filer has considered the implications of NI 25-101 and understands that, subject to further discussion with the Commission's staff, it may need to implement new, or amend its existing, code of conduct, policies, guidelines and practices in order to be fully compliant with NI 25-101. To provide for such discussion and achieve compliance with each of the US, European and Canadian regimes which may apply to ratings issued by the Filer, a transition period is required to allow the Filer to become fully compliant with NI 25-101.

9. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section 1 of the Decision below.

Decision

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

The decision of the principal regulator under the Legislation is that:

1. the Filer is designated as a Designated Rating Organization under the Legislation and is exempt from the application of NI 25-101 for the term of this Designation Order (as determined pursuant to section 2 below), provided that:

   (a) the Filer, by virtue of being a component of S&P Ratings Services, is in compliance in all material respects with U.S. federal securities law applicable to an NRSRO as stated in paragraph 7 of the representations to this Designation Order;

   (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution, prior to filing of such documents, of any issues regarding confidentiality of materials filed with the SEC on a confidential basis; and

2. for each jurisdiction of Canada, this Designation Order will terminate on the earlier of:

   (a) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends this Designation Order or provides an alternate designation order pursuant to NI 25-101; and

   (b) October 31, 2012.

"Howard Wetston"
Chair
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.2.10 Moody's Canada Inc.

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of Canadian securities laws – Filer has filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with U.S. federal securities law applicable to an NRSRO – Upon being designated, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section of the Decision – Designation granted subject to conditions – The designation order provides a six month transition for the Filer to be fully compliant with NI 25-101.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

April 30, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
MOODY'S CANADA INC.
(the Filer)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**).

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation governed by the federal laws of Canada with its registered and principal offices located in Toronto, Ontario.

2. The Filer provides credit rating opinions, research and risk analysis regarding a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in Canada, which may from time to time be used outside of Canada.

4. The Filer is a wholly owned subsidiary of Moody's Overseas Holdings, Inc. Currently, the Filer rates approximately 240 different obligors and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

5. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction.

6. The Filer is in compliance in all material respects with the securities legislation applicable to credit rating organizations in each jurisdiction in Canada, other than NI 25-101, and in any other jurisdiction in which the Filer operates.

7. The Filer has filed all documentation required under Part 2 of NI 25-101, except schedules 10 through 13 of the MIS Form NRSRO, which were filed with the SEC on a confidential basis (the **Omitted Materials**). The Filer will provide the Omitted Materials to the Commission on request upon receipt of confirmation in writing from the Commission that the confidentiality of such Omitted Materials, and any materials submitted on a confidential basis to the SEC in future by or on behalf of Moody's Investors Service, Inc. (**MIS**), will be maintained indefinitely.

8. The Filer is: (i) a "credit rating affiliate" of MIS, which is a Nationally Recognized Statistical Rating Organization (**NRSRO**) in the United States; (ii) is listed on MIS's Form NRSRO as a credit rating affiliate, and (iii) is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates. For further disclosure, see the MIS Form NRSRO for the year ended December 31, 2011 available on MIS's website.

9. The Filer has considered the implications of NI 25-101 and concluded that it will need to amend and/or implement its code of conduct, policies, guidelines and practices in order to be fully compliant with NI 25-101. To achieve compliance with each of the US, European and Canadian regimes which may apply to ratings issued by the Filer, a transition period is required to allow the Filer to become fully compliant with NI 25-101.

10. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section 1 of the Decision below.

Decision

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

The decision of the principal regulator under the Legislation is that:

1. the Filer is designated as a Designated Rating Organization under the Legislation and is exempt from the application of NI 25-101 for the term of this Designation Order (as determined pursuant to section 2 below), provided that:

    (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates, as stated in paragraph 8 of the representations to this Designation Order; and

    (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution, prior to filing of such documents, of any issues regarding confidentiality of materials filed with the SEC on a confidential basis; and

2. for each jurisdiction of Canada, this Designation Order will terminate on the earlier of:

    (a) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends this Designation Order or provides an alternate designation order pursuant to NI 25-101; and

    (b) October 31, 2012.

"Howard Wetston"
Chair
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.2.11 DBRS Limited

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of Canadian securities laws – Filer and its affiliates have filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with U.S. federal securities law applicable to an NRSRO – Upon being designated, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section of the Decision – Designation granted subject to conditions – The designation order provides a six month transition for the Filer to be fully compliant with NI 25-101.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

April 30, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
DBRS LIMITED
(the Filer)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**).

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation governed by the *Business Corporations Act* (Ontario) with its registered and principal offices located in Toronto, Ontario.

2. The Filer provides credit rating opinions that to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Australasia and South America.

3. Affiliates of DBRS Canada are incorporated in the United States of America and in the European Union (**EU**).

   (a) DBRS, Inc. (**DBRS US**), an affiliate of DBRS Canada, is a corporation existing under the laws of Delaware. DBRS US is registered with the SEC as a nationally recognized statistical rating organization (**NRSRO**), and DBRS Canada is a credit rating affiliate (as that term is defined in SEC Form NRSRO) of DBRS US.

   (b) DBRS Ratings Limited (**DBRS UK**), an affiliate of DBRS, is a company incorporated in England and Wales and is a registered credit rating agency in the EU. As DBRS UK is not an NRSRO credit rating affiliate, it is not included in the Filer's Form NRSRO.

   DRBS US and DBRS UK are hereinafter collectively referred to as the **Affiliates**.

4. The Filer is independently owned and operated. Currently, the Filer, together with the Affiliates, rates more than 1,000 different companies and single-purpose vehicles that issue commercial

paper, term debt and preferred shares in the global capital markets.

5. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction.

6. The Filer and the Affiliates are in compliance in all material respects with the securities legislation applicable to credit rating organizations in each jurisdiction in Canada, other than NI 25-101, and in any other jurisdiction in which the Filer or the Affiliates operate.

7. The Filer and the Affiliates have filed all documentation required under Part 2 of NI 25-101.

8. The Filer is registered as an NRSRO affiliate and is in compliance in all material respects with U.S. federal securities law applicable to an NRSRO. For further disclosure, see the Filer's Form NRSRO for the year ended November 30, 2011 available on the Filer's website.

9. The Filer has considered the implications of NI 25-101 and concluded that it will need to amend and implement its code of conduct, policies, guidelines and practices in order to be fully compliant with NI 25-101. To achieve compliance with each of the US, European and Canadian regimes, a transition period is required to allow the Filer to become fully compliant with NI 25-101.

10. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section 1 of the Decision below.

Decision

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

The decision of the principal regulator under the Legislation is that:

1. the Filer is designated as a Designated Rating Organization under the Legislation and is exempt from the application of NI 25-101 for the term of this Designation Order (as determined pursuant to section 3 below), provided that:

   (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to an NRSRO, as stated in paragraph 8 of the representations to this Designation Order;

   (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution, prior to filing of such documents, of any issues regarding confidentiality of materials filed with the SEC on a confidential basis;

2. each of DBRS US and DBRS UK are designated as DRO affiliates; and

3. for each jurisdiction of Canada, this Designation Order will terminate on the earlier of:

   (a) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends this Designation Order or provides an alternate designation order pursuant to NI 25-101; and

   (b) October 31, 2012.

"Howard Wetston"
Chair
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.2.12 Fitch, Inc.

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of Canadian securities laws – Filer has filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with U.S. federal securities law applicable to an NRSRO – Upon being designated, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section of the Decision – Designation granted subject to conditions – The designation order provides a six month transition for the Filer to be fully compliant with NI 25-101.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

April 30, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
FITCH, INC.
(the Filer)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**).

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a Delaware corporation with its registered office at 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, State of Delaware and its principal office located at One State Street Plaza, New York, NY, USA.

2. The Filer provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.

3. The Filer is a wholly-owned subsidiary of Fitch Group, Inc., a Delaware corporation that is owned 50% each by Fimalac S.A. and Hearst Corporation. Currently, the Filer, together with its affiliates, rates more than 325,000 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

4. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction.

5. The Filer is in compliance in all material respects with the securities legislation applicable to credit rating organizations in each jurisdiction in Canada, other than NI 25-101, and in any other jurisdiction in which the Filer or its affiliates operate.

6. The Filer has filed all documentation required under Part 2 of NI 25-101.

7. The Filer is in compliance in all material respects with U.S. federal securities law applicable to a nationally recognized statistical rating organization (**NRSRO**). For further disclosure, see the Filer's Form NRSRO filed with the SEC for the year

ended December 31, 2011 available on the Filer's website.

8. The Filer has considered the implications of NI 25-101 and concluded that, subject to further discussion with the Commission's staff, it may need to amend and implement some of its policies, guidelines and practices in order to be fully compliant with NI 25-101. To provide for such discussion and achieve compliance with each of the US, European and Canadian regimes which may apply to ratings issued by the Filer, a transition period is required to allow the Filer to become fully compliant with NI 25-101.

9. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions, except as contemplated by section 1 of the Decision below.

Decision

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

The decision of the principal regulator under the Legislation is that:

1. the Filer is designated as a Designated Rating Organization under the Legislation and is exempt from the application of NI 25-101 for the term of this Designation Order (as determined pursuant to section 2 below), provided that:

   (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates, as stated in paragraph 7 of the representations to this Designation Order;

   (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution, prior to filing of such documents, of any issues regarding confidentiality of materials filed with the SEC on a confidential basis; and

2. for each jurisdiction of Canada, this Designation Order will terminate on the earlier of:

   (a) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends this Designation Order or provides an alternate designation order pursuant to NI 25-101; and

   (b) October 31, 2012.

"Howard Wetston"
Chair
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.2.13 Normand Gauthier et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 27, 2012 in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII") and CanPro Income Fund I, LP ("CanPro") (collectively, the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on March 28, 2012;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the offices of the Commission on April 27, 2012;

AND WHEREAS at the attendance on April 27, 2012, Staff appeared and Gauthier appeared on behalf of himself and each of the other Respondents, and Gauthier confirmed that he and the other Respondents have retained counsel to represent the Respondents in this proceeding;

AND WHEREAS Staff requested that a confidential pre-hearing conference be scheduled and Gauthier agreed;

A**ND WHEREAS** the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that a confidential pre-hearing conference shall take place on June 26, 2012 at 11:00 a.m. or on such other date or at such other time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 27th day of April, 2012.

"James E. A. Turner"

2.2.14 Shallow Oil & Gas Inc. et al. – ss. 127(1), 127(8)

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

AND

IN THE MATTER OF
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, GURDIP SINGH GAHUNIA also
known as MICHAEL GAHUNIA, ABRAHAM HERBERT
GROSSMAN also known as ALLEN GROSSMAN,
MARCO DIADAMO, GORD McQUARRIE,
KEVIN WASH, and WILLIAM MANKOFSKY

ORDER
(Subsections 127(1) & 127(8))

WHEREAS on January 16, 2008, the Ontario Securities Commission ("the Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that: (i) all trading in securities by Shallow Oil & Gas Inc. ("Shallow Oil") shall cease and that all trading in Shallow Oil securities shall cease; and (ii) Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia, also known as Michael Gahunia ("Gahunia"), and Abraham Herbert Grossman, also known as Allen Grossman ("Grossman"), cease trading in all securities (the "Temporary Order");

AND WHEREAS on January 16, 2008, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on January 18, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, such hearing to be held on January 30, 2008 commencing at 2:00 p.m.;

AND WHEREAS hearings to extend the Temporary Order were held on January 30 and 31, and March 31, 2008. The Temporary Order was extended by the Commission on each date;

AND WHEREAS on June 11, 2008, the Commission issued a Notice of Hearing for June 18, 2008 to consider, among other things:

(a) the issuance of a temporary cease trade order against Diadamo, McQuarrie, Wash, and Mankofsky; and,

(b) the extension of the original Temporary Order dated January 16, 2008.

AND WHEREAS on June 18, 2008, a hearing was held commencing at 10:00 a.m. and Staff and Grossman appeared, presented evidence and made submissions, and Diadamo, McQuarrie, and Mankofsky appeared before the

panel of the Commission and made submissions as to the issuance of a temporary cease trade order against them;

AND WHEREAS on June 18, 2008, the panel of the Commission considered the evidence and submissions of Staff and Grossman, and the submissions of Diadamo, McQuarrie, and Mankofsky;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Shallow Oil, O'Brien, Da Silva, and Grossman be extended until the conclusion of the hearing on the merits in this matter;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Gahunia be extended until November 26, 2008;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(5) of the Act, that Diadamo, McQuarrie, Wash, and Mankofsky cease trading in any securities (the "Second Temporary Order"), with the following exception:

> Diadamo shall be permitted to trade in securities that are listed on a public exchange recognized by the Commission and only in his own existing trading accounts. Furthermore, any such trading by Diadamo shall be for his sole benefit and only through a dealer registered with the Commission;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Second Temporary Order be extended until November 26, 2008 and that the hearing with respect to the Second Temporary Order in this matter be adjourned to November 25, 2008, at 2:30 p.m.;

AND WHEREAS on November 25, 2008, a hearing was held and the panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that:

- the Temporary Order is extended as against Gahunia until the conclusion of the hearing on the merits in this matter and the Second Temporary Order is extended as against Diadamo, McQuarrie, Wash, and Mankofsky until the conclusion of the hearing on the merits in this matter; and,

- the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 is adjourned to June 4, 2009 at 10:00 a.m. for a status hearing.

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between McQuarrie and Staff of the Commission, and on July 24, 2009, the Commission approved a settlement agreement between Mankofsky and Staff of the Commission;

AND WHEREAS on June 4th and September 10th, 2009, and January 12th, 2010 status hearings were held before the Commission and, on each date, a panel of the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned;

AND WHEREAS on June 28th, 2010, a status hearing was held commencing at 10:00 a.m. and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on June 28th, 2010, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on June 28th, 2010, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to February 11, 2011 at 10:00 a.m. for the purpose of a status hearing;

AND WHEREAS on February 11, 2011, a status hearing was held and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on February 11, 2011, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on February 11, 2011, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to May 24, 2011 at 2:30 p.m., for the purpose of a status hearing and to consider setting dates for the hearing on the merits in this matter;

AND WHEREAS on May 24, 2011, a status hearing was held, and Staff and Diadamo attended and no other respondents attended, although properly served with notice of the hearing;

AND WHEREAS on May 24, 2011, Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on May 24, 2011, scheduling of the hearing on the merits was discussed, and Diadamo consented to setting the dates for the hearing on the merits;

AND WHEREAS on May 24, 2011, it was ordered that the hearing on the merits shall commence on September 6, 2011, and shall continue on September 7, 9, and 12, 2011;

AND WHEREAS on May 24, 2011, it was further ordered that the parties attend before the Commission on July 26, 2011 at 2:00 p.m. for a pre-hearing conference;

AND WHEREAS on July 26, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that all parties had been properly served with notice of the hearing;

AND WHEREAS on July 26, 2011, it was ordered that the hearing be adjourned to August 16, 2011 at 3:30 p.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on August 16, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

AND WHEREAS on August 16, 2011, Staff informed the panel that Da Silva and O'Brien will be sentenced on October 19, 2011 in the related section 122 proceedings before the Ontario Court of Justice, and Staff requested that the hearing on the merits be adjourned until after the sentencing decision is rendered in the section 122 proceedings;

AND WHEREAS on August 16, 2011, it was ordered that the dates set down for the hearing on the merits be vacated;

AND WHEREAS on August 16, 2011, it was further ordered that the hearing be adjourned to November 4, 2011 at 10:00 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on November 4, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

AND WHEREAS Staff informed the panel that the sentencing hearing for Shallow Oil, Da Silva and O'Brien in the related section 122 proceedings before the Ontario Court of Justice was adjourned to November 15, 2011;

AND WHEREAS Staff requested that the pre-hearing conference be adjourned to December 15, 2011, pending the sentencing decision for Shallow Oil, Da Silva and O'Brien to be rendered in the section 122 proceedings;

AND WHEREAS on November 4, 2011, it was ordered that the hearing be adjourned to December 15, 2011 at 9:30 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on December 15, 2011, it was ordered that the hearing on the merits shall commence on June 18, 2012, and shall continue on June 20, 21, and 22, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on December 15, 2011, it was further ordered that the hearing be adjourned to March 27, 2012 at 9:00 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on March 27, 2012, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

AND WHEREAS on March 27, 2012, it was ordered that the hearing be adjourned to April 26, 2012 at 10:00 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on April 26, 2012, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

IT IS ORDERED that the parties attend before the Commission on May 29, 2012 at 9:30 a.m. to continue the pre-hearing conference.

DATED at Toronto this 26th day of April, 2012.

"Paulette L. Kennedy"

2.2.15 Sage Investment Group 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
SAGE INVESTMENT GROUP, C.A.D.E RESOURCES GROUP INC., GREENSTONE FINANCIAL GROUP, FIDELITY FINANCIAL GROUP, ANTONIO CARLOS NETO DAVID OLIVEIRA, AND ANNE MARIE RIDLEY

ORDER
(Section 127 of the Securities Act)

WHEREAS on January 27, 2012, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") accompanied by a Statement of Allegations dated January 27, 2012, issued by Staff of the Commission ("Staff") with respect to Sage Investment Group ("Sage"), C.A.D.E. Resources Group Inc. ("C.A.D.E."), Greenstone Financial Group ("Greenstone"), Fidelity Financial Group ("Fidelity"), Antonio Carlos Neto David Oliveira ("Oliveira"), and Anne Marie Ridley ("Ridley"), (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on February 9, 2012;

AND WHEREAS, on February 9, 2012, Staff confirmed that the Commission had received the affidavit of Charlene Rochman affirmed February 9, 2012, which indicated that the Notice of Hearing and Statement of Allegations were served on all Respondents personally, or through their counsel;

AND WHEREAS on February 9, 2012, Staff and Ridley attended the hearing and made submissions, and Staff requested that a pre-hearing conference be scheduled in this matter;

AND WHEREAS on February 9, 2012 the Commission ordered that a pre-hearing conference be scheduled for April 26, 2012 at 2:00 p.m.;

AND WHEREAS on April 26, 2012, Staff and counsel for Oliveira, Greenstone and Fidelity attended before the Commission and no-one appeared on behalf of the remaining Respondents;

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

IT IS HEREBY ORDERED that the hearing on the merits shall commence on January 23, 2013 and shall continue on January 24, 25, 30 and 31, 2013 from 10:00 a.m. to 4:00 p.m. or on such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

IT IS FURTHER ORDERED that a status hearing shall take place on June 13, 2012 at 10:00 a.m.

DATED at Toronto this 27th day of April, 2012.

"James E. A. Turner"

2.2.16 Peter Sbaraglia

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

AND

IN THE MATTER OF
PETER SBARAGLIA

ORDER

WHEREAS on February 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on February 24, 2011 with respect to Peter Sbaraglia ("Sbaraglia");

AND WHEREAS on March 31, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to April 28, 2011;

AND WHEREAS on April 28, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to June 7, 2011;

AND WHEREAS on June 7, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to July 27, 2011;

AND WHEREAS on July 27, 2011, the Commission heard submissions from Staff and Sbaraglia and ordered that a pre-hearing conference in this matter take place on October 28, 2011;

AND WHEREAS on October 28, 2011, the Commission held a pre-hearing conference in this matter and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to November 25, 2011 on the consent of the parties;

AND WHEREAS on November 25, 2011, following a pre-hearing conference at which the Commission heard submissions from Staff and counsel for Sbaraglia, the Commission ordered that: Sbaraglia's motion regarding Staff's disclosure, if Sbaraglia determined to bring such a motion, be scheduled for January 24, 2012; the hearing on the merits commence on June 4, 2012 and continue until June 26, 2012, excluding June 5 and 19, 2012; and a pre-hearing conference be held on April 30, 2012;

AND WHEREAS on January 24, 2012, the Commission held a hearing with respect to a disclosure motion brought by Sbaraglia and ordered that the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Ontario Securities Commission *Rules of Procedure* (2010), 33 O.S.C.B 8017 (the "Rules") be extended by an additional 10 days;

AND WHEREAS on April 30, 2012, the Commission held a hearing with respect to a motion brought by counsel for Sbaraglia seeking an adjournment of the hearing on the merits;

AND WHEREAS counsel for Sbaraglia advised the Commission that they had recently been retained to act for Sbaraglia in this matter and in connection with a motion before the Superior Court of Justice, scheduled to be heard on May 9, 2012, to compel the production by the Receiver of certain documents alleged by Sbaraglia to be relevant to this matter;

AND WHEREAS counsel for Sbaraglia consented to setting aside the extension of the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Rules ordered on January 24, 2012;

AND WHEREAS Staff opposed the motion for an adjournment;

AND WHEREAS the Commission considered the submissions and the motion materials of Staff and counsel for Sbaraglia;

AND WHEREAS the Commission considered the factors set out in rule 9.2 of the Rules;

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

IT IS ORDERED THAT:

1. The hearing on the merits originally scheduled to commence on June 4, 2012 will commence on October 22, 2012, on a peremptory basis with respect to Sbaraglia, and shall continue until November 14, 2012, inclusive, with the exception of October 23, 2012, November 5 and 6, 2012; and

2. A pre-hearing conference will be held on June 4, 2012 at 10:00 a.m.; and

3. The extension of the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Rules ordered on January 24, 2012 is set aside.

DATED at Toronto this 30th day of April, 2012.

"Christopher Portner"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Asif Khan

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

AND

IN THE MATTER OF
ASIF KHAN

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
ASIF KHAN

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Asif Khan ("Khan" or "the Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by a Notice of Hearing to be issued (the "Proceeding") against Khan according to the terms and conditions set out in Part VI of this Settlement Agreement. Khan agrees to the making of an order in the form attached as Schedule "A" based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, Khan agrees with the facts set out in this Part of this Settlement Agreement.

4. Between 2007 and 2010 (the "relevant time"), Khan was the Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO") of frontierAlt Capital Corp. ("FALT Capital"). He was also registered with the Commission as the Ultimate Responsible Person ("URP") of MAK Allen & Day Partners Inc. ("MAK") and held positions as director and officer of MAK including CEO. MAK was registered with the Commission as a limited market dealer ("LMD").

5. Khan was a founder of the FALT financial organization in 2003. It was comprised of, among other things;

   (a) FALT Capital which is a holding and parent company controlled by Khan that participated in Ontario's capital markets as an investment fund manager for certain FALT investment funds.

   (b) frontierAlt Funds Management Limited ("FALT Funds") which is an investment fund manager that managed a number of FALT public mutual funds. FALT Funds is a subsidiary of FALT Capital.

   (c) a series of limited partnerships structured as public non-redeemable investment funds including FrontierAlt 2007 Energy & Precious Metals Flow-Through Limited Partnership ("FALT LP07") and FrontierAlt 2008 Precious Metals & Energy Flow-Through Limited Partnership ("FALT LP08"). FALT LP07 prepared and filed a prospectus and raised approximately $15.2 million from the public in December 2007. FALT LP08 prepared and filed a prospectus and raised approximately $8.2 million from the public in April 2008. The FALT LP07 and FALT LP08 (the "LPs") were active purchasers and sellers of securities of resource issuers, principally flow-through securities which generated income tax benefits for the LPs limited partners (the public purchasers of the LPs' units pursuant to prospectus offerings).

(d) the general partners of limited partnerships which were the investment fund managers for the limited partnerships including FrontierAlt Energy & Precious Metals Inc. ("FALT GP07") and FrontierAlt 2008 Energy & Precious Metals Inc. ("FALT GP08"). FALT GP07 and FALT GP08 were subsidiaries of FALT Capital.

(e) FrontierAlt Resource Capital Class Fund ("FALT Resource") which was a public mutual fund which was an active purchaser (and seller) of securities of resource issuers and which received, from time to time, in-kind rollovers of the portfolio assets from limited partnerships, including FALT LP07 and FALT LP08, in exchange for freely redeemable mutual fund securities of FALT Resource. FALT LP07 rolled all of its assets, valued at $3,736,180, to FALT Resource on November 30, 2009 and thereafter FALT LP07 dissolved. FALT LP08 rolled all of its assets, valued at $4,669,179, to FALT Resource on April 23, 2010 and thereafter dissolved. FALT Resource is a class of shares of the mutual fund company FrontierAlt Capital Class Mutual Fund Limited, which is a subsidiary of FALT Funds. The rollovers occurred at market value at the expiry of the two year non redeemable period.

(f) MAK which was a LMD whose market intermediation consisted almost entirely of facilitating the private placement purchases of securities of resource issuers by the FALT public investment funds. MAK is a subsidiary of FALT Capital.

(g) KeiData which provided fund accounting and other services to the FALT public investment funds. KeiData was a subsidiary of FALT Capital.

6. During the relevant period, the FALT investment fund managers retained an Investment Counsel and Portfolio Manager ("ICPM") for certain of the FALT public investment funds pursuant to portfolio management agreements.

7. During the relevant period, the FALT investment fund managers of the FALT public investment funds retained control over the portfolio assets of the FALT LPs, which were held in custody with third-party brokers.

8. In practice, investment recommendations to the ICPM were routinely made by representatives of MAK and the approval of the investments by the ICPM was routinely received by MAK verbally. No written trade instructions were received by MAK or the FALT investment fund managers and MAK and the FALT investment fund managers did not record trade instructions from the ICPM.

9. During the relevant period, the activities of the FALT investment fund managers as directed by Khan and the activity of the LMD as directed by Khan were characterized by a failure to comply with Ontario securities law and conduct contrary to the public interest.

10. During the relevant period, Khan failed to ensure that the FALT investment fund managers kept proper books and records respecting their fund manager activities for the FALT investment funds. In particular, the FALT investment fund managers failed to maintain adequate documentation including a complete record of all subscription agreements and records of trade instructions from the ICPM relating to the portfolios of the FALT investment funds. Khan also failed to ensure adequate books and records documenting the expensing of offering costs related to the public offerings of the FALT LPs were maintained.

11. Khan also failed to ensure that the investment fund managers had adequate internal controls respecting the safeguarding of the assets of the FALT LPs held in custody at brokers. In particular, he

(a) failed to ensure that the records with brokers were updated when the former President of the FALT investment funds managers resigned on or about December 12, 2008. That former President remained as an authorized trader on the brokers' accounts into 2009; and

(b) failed to implement effective policies and procedures to oversee the trading in the FALT LP's brokerage accounts.

There were no policies and procedures in place to monitor and document the use by individuals who were neither officers nor directors of FALT investment fund managers of trading authority in the brokerage accounts, including authority to direct brokers to issue cheques from the accounts.

12. During the relevant period, Khan failed to ensure that the investment fund managers provided adequate compliance and supervisory oversight of the FALT investment fund portfolios and failed to ensure that the investment funds adhered to the investment objectives and restrictions as disclosed in the prospectuses. In January, 2009, Khan authorized, permitted or acquiesced in the FALT investment funds holding over-concentrations of securities of specific issuers, exceeded early warning thresholds without reporting these to the OSC on a timely basis and acquired a control position in the securities of a reporting issuer. Khan also failed to ensure disclosure of the risks of high concentrations

of specific issuers in the prospectuses for FALT Resource as required under Part B, Item 9 of Form 81-101F1 *Contents of Simplified Prospectus* or to file early warning reports as required by section 102.1 of the Act and Part 7 of OSC Rule 62-504 T*ake-Over Bids and Issuer Bids* or comply with requirements respecting Management Reports of Fund Performance as required by section 4.5 of NI 81-106 *Investment Funds Continuous Disclosure*.

13. In 2009, the designated compliance officer ("DCO") at MAK received compensation directly from a third party and "dealt away" from MAK. The DCO made arrangements with an issuer for which MAK acted as agent to privately place securities with a FALT investment fund and under those arrangements the DCO received compensation directly from the issuer in the form of warrants. Also in 2009, another issuer engaged the DCO personally, along with two others, to assist the issuer with a financing and the DCO received compensation directly from this issuer. In September, 2009, the DCO received shares directly from a third issuer relating to an engagement with MAK. Khan, the URP of MAK, authorized, permitted or acquiesced in these direct payments to the DCO and did not ensure the payments went through the books and records of the registrant.

14. During the relevant period, Khan failed to ensure that MAK kept proper books and records respecting its dealer activities. Khan failed to ensure that MAK maintained an adequate trading blotter, a record of trade instructions received from the ICPM of the FALT investment funds and a complete record of client documentation including subscription agreements.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

15. During the relevant time period, Khan

(a) being a market participant, failed to ensure books, records and other documents as were necessary for the proper recording of the business transactions and financial affairs of the FALT entities were kept by the FALT investment fund managers contrary to subsection 19(1) of the Act;

(b) failed to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances respecting the management of the FALT investment funds contrary to section 116 of the Act;

(c) failed to comply with section 2.1 of OSC Rule 31-505 *Conditions of Registration* authorizing receipt of compensation by the DCO at MAK directly from third parties and "dealing away" from MAK;

(d) being a registrant, failed to keep such books, records and other documents as were necessary for the proper recording of the business transactions and financial affairs of MAK contrary to subsection 19(1) of the Act and section 113 of the General Regulation of the Act; and

(e) failed in his duty to provide adequate compliance oversight and supervision over the activities of MAK contrary to sections 1.3 and 3.1 of OSC Rule 31-505 *Conditions of Registration*.

By engaging in the above conduct, Khan acted contrary to Ontario securities law and contrary to the public interest.

PART V – TERMS OF SETTLEMENT

16. The Respondent agrees to the terms of settlement listed below.

17. The Commission will make an order pursuant to section 127(1) and section 127.1 of the Act that:

(a) the settlement agreement is approved;

(b) the Respondent is prohibited from being registered under the Act in any capacity for two years, pursuant to clause 1 of subsection 127(1), and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the "CPH") and upon such registration, the Respondent will be subject to mandatory supervision for a period of one year;

(c) the Respondent cease trading in any securities for two years, pursuant to clause 2 of subsection 127(1), except for trading on his own behalf in his own account;

(d) the Respondent be prohibited from acquiring any securities for two years, pursuant to clause 2.1 of subsection 127(1), except for acquisitions on his own behalf in his own account;

(e) any exemptions contained in Ontario securities law do not apply to the Respondent for a period of two years commencing on the date of the Commission's order pursuant to clause 3 of subsection 127(1);

(f) the Respondent is reprimanded pursuant to clause 6 of subsection 127(1);

(g) the Respondent resign any position he holds as a director or officer of any issuer pursuant to clause 7 of subsection 127(1);

(h) the Respondent is prohibited from becoming or acting as a director or officer of any issuer for four years pursuant to clause 8 of subsection 127(1);

(i) the Respondent resign any position he holds as a director or officer of an investment fund manager pursuant to clause 8.3 of subsection 127(1);

(j) the Respondent is prohibited from becoming or acting as a director or officer of an investment fund manager for four years pursuant to clause 8.4 of subsection 127(1);

(k) the Respondent resign any position he holds as a director or Ultimate Designated Person or Chief Compliance Officer of a registrant pursuant to clause 8.1 of subsection 127(1);

(l) the Respondent is prohibited from becoming or acting as an investment fund manager for four years or promoter for two years pursuant to clause 8.5 of subsection 127(1);

(m) the Respondent pay an administrative penalty of $25,000 pursuant to clause 9 of subsection 127(1) to be allocated under subsection 3.4(2)(b) of the Act to or for the benefit of third parties; and

(n) the Respondent will pay the costs of the Commission's investigation in the amount of $15,000 pursuant to section 127.1.

18. The Respondent agrees to personally make any payments ordered above by certified cheque within six months of the Commission approving this Settlement Agreement. The Respondent will not be reimbursed for, or receive a contribution toward, this payment from any other person or company.

19. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 17(b) to (d) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI – STAFF COMMITMENT

20. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 21 below.

21. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement. In addition, if this Settlement Agreement is approved by the Commission and the Respondent fails to honour the financial terms of the Settlement Agreement, the Commission is entitled to bring any proceedings necessary to recover the amounts set out in subparagraphs 17 (m) and (n) above.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

22. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for April 25, 2012 at 10:00 a.m. or on another date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

23. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

24. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

25. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

26. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

27. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

    (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

    (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

28. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. Any obligations of confidentiality shall terminate upon the commencement of the public hearing to obtain approval of this Settlement Agreement by the Commission. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or are required by law to disclose the terms.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

29. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

30. A fax copy of any signature will be treated as an original signature.

Dated this 13th day of April, 2012.

"Asif Khan"
Asif Khan

"A.G. Formosa"
Witness

"Tom Atkinson"
"Tom Atkinson"
Director, Enforcement

Schedule "A"

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

AND

IN THE MATTER OF
ASIF KHAN

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Asif Khan (the "Respondent");

AND WHEREAS the Respondent and Staff of the Commission ("Staff") entered into a Settlement Agreement (the "Settlement Agreement") in which they agreed to a settlement subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and upon hearing submissions from counsel for Staff and counsel for the Respondent;

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

IT IS HEREBY ORDERED THAT:

(a) the settlement agreement is approved;

(b) the Respondent is prohibited from being registered under the Act in any capacity for two years, pursuant to clause 1 of subsection 127(1), and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the "CPH") and upon such registration, the Respondent will be subject to mandatory supervision for a period of one year;

(c) the Respondent cease trading in any securities for two years, pursuant to clause 2 of subsection 127(1), except for trading on his own behalf in his own account;

(d) the Respondent be prohibited from acquiring any securities for two years, pursuant to clause 2.1 of subsection 127(1), except for acquisitions on his own behalf in his own account;

(e) any exemptions contained in Ontario securities law do not apply to the Respondent for a period of two years commencing on the date of the Commission's order pursuant to clause 3 of subsection 127(1);

(f) the Respondent is reprimanded pursuant to clause 6 of subsection 127(1);

(g) the Respondent resign any position he holds as a director or officer of any issuer pursuant to clause 7 of subsection 127(1);

(h) the Respondent is prohibited from becoming or acting as a director or officer of any issuer for four years pursuant to clause 8 of subsection 127(1);

(i) the Respondent resign any position he holds as a director or officer of an investment fund manager of clause 8 of subsection 127(1);

(j) the Respondent is prohibited from becoming or acting as a director or officer of an investment fund manager for four years pursuant to clause 8.3 of subsection 127(1);

(k) the Respondent resign any position he holds as a director or Ultimate Designated Person or Chief Compliance Officer of a registrant pursuant to clause 8.1 of subsection 127(1);

(l) the Respondent is prohibited from becoming or acting as an investment fund manager for four years or promoter for two years pursuant to clause 8.5 of subsection 127(1);

(m) the Respondent pay an administrative penalty of $25,000 pursuant to clause 9 of subsection 127(1) to be allocated under subsection 3.4(2)(b) of the Act to or for the benefit of third parties; and

(n) the Respondent will pay the costs of the Commission's investigation in the amount of $15,000 pursuant to section 127.1.

DATED at Toronto this _____ day of March, 2012.

_____
James E. A. Turner
Vice-Chair

3.1.2 Richvale Resource Corporation 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
RICHVALE RESOURCE CORPORATION, MARVIN WINICK,
HOWARD BLUMENFELD, JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

REASONS AND DECISION
(Section 127 of the Act)

Hearing:	October 26, 2011 January 12, 2012		
Decision:	April 25, 2012		
Panel:	Edward P. Kerwin	–	Commissioner and Chair of the Panel
Appearances:	Jonathan Feasby Christie Johnson	–	For the Ontario Securities Commission
		–	No one appeared on behalf of Richvale Resource Corporation or Pasquale Schiavone

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REASONS AND DECISION

I. BACKGROUND

A. History of the Proceeding

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**"), pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), to consider whether Richvale Resource Corporation ("**Richvale**") and Pasquale Schiavone ("**Schiavone**") (collectively, the "**Respondents**") breached the Act and acted contrary to the public interest.

[2] On March 19, 2010, the Commission issued a temporary cease trade order against Richvale, Marvin Winick ("**Winick**"), Howard Blumenfeld ("**Blumenfeld**"), Schiavone and Shafi Khan ("**Khan**") (the "**Temporary Order**"). The Commission extended the Temporary Order from time to time and eventually extended it, by order dated December 2, 2010, to the conclusion of the hearing on the merits.

[3] The merits proceeding in this matter was commenced against Richvale, Winick, Blumenfeld, John Colonna ("**Colonna**"), Schiavone and Khan by a Statement of Allegations and Notice of Hearing dated November 10, 2010. On September 13, 2011, Staff of the Commission ("**Staff**") filed an Amended Statement of Allegations.

[4] On October 14, 2011, prior to the hearing on the merits, Winick, Blumenfeld, Khan and Colonna settled with the Commission.[1]

[5] The proceeding arose from allegations by Staff that between August 8, 2008 and December 31, 2009 (the "**Material Time**"), the Respondents engaged in unregistered trading and trades in securities of Richvale not previously issued and for which no prospectus has been filed in violation of subsection 25(1), formerly subsection 25(1)(a), and subsection 53(1) of the Act and contrary to the public interest.

[6] In addition, Staff alleges that the Respondents engaged in conduct related to securities of Richvale that they knew or reasonably ought to have known perpetrated a fraud contrary to subsection 126.1(b) of the Act and that Richvale made prohibited representations contrary to subsection 38(3) of the Act and contrary to the public interest. Staff also alleges that Schiavone, as officer and director of Richvale, authorized, permitted or acquiesced in violations of the Act in breach of section 129.2 of the Act and contrary to the public interest.

---

[1] See *Re Richvale Resource Corporation et al.* (2011), 34 O.S.C.B. 10805; *Re Richvale Resource Corporation et al.* (2011), 34 O.S.C.B. 10813; *Re Richvale Resource Corporation et al.* (2011), 34 O.S.C.B. 10821; and *Re Richvale Resource Corporation et al.* (2011), 34 O.S.C.B. 10829 respectively.

[7] The hearing on the merits commenced on October 26, 2011. On that day, Staff requested that the matter continue as a written hearing under Rule 11 of the *Ontario Securities Commission Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "**OSC Rules**"). The Respondents did not appear. However, Schiavone's counsel provided consent by email to the continuation of the matter as a written hearing, subject to Schiavone's right to attend and be heard by the Commission in the future.

[8] This Panel ordered on October 26, 2011 that pursuant to Rule 11.5 of the OSC Rules, the oral hearing continue as a written hearing until it returned before the Commission on January 12, 2012, then to continue as an oral hearing to allow any necessary *viva voce* evidence and to provide an opportunity for the panel and the parties to ask questions. This Panel further ordered that on or before November 25, 2011, the Respondents serve upon Staff and file with the Commission any affidavits or other documents they wish the Panel to consider as evidence, and the witness list and witness summaries, as defined in Rule 4.5 of the OSC Rules, for each witness they intend to call when the oral hearing in this matter continued (the "**Merits Hearing**").

[9] I heard submissions in this matter on October 26, 2011 and oral evidence from the Staff investigator, Wayne Vanderlaan, on January 12, 2012. I also received Staff's written submissions dated October 25, 2011 accompanied by the Affidavit of Wayne Vanderlaan, sworn October 26, 2011. None of the Respondents appeared in person or by counsel, or provided written submissions on the merits.

[10] For the reasons set out below, I conclude that the Respondents breached subsections 25(1), formerly 25(1)(a), 53(1) and 126.1(b) of the Act, which is contrary to the public interest. I also conclude that Richvale breached subsection 38(3) of the Act and that Schiavone is liable for breaches pursuant to section 129.2 of the Act, which is contrary to the public interest.

B. The Respondents

1. Richvale Resource Corporation

[11] Richvale was incorporated on July 22, 2002 as Tess Security Services (2002) Inc. pursuant to the laws of Ontario. On August 8, 2008, the corporate name was changed to Richvale Resource Corporation, with its head office in Thornhill, Ontario. Winick was Richvale's director as of the date of incorporation. Blumenfeld became director, secretary and treasurer of Richvale on June 23, 2008.

[12] On its website, Richvale purported to be a Canadian exploration and development company with a diversified portfolio of metals and mining business.

[13] There is no record of Richvale having been registered under the Act.

2. Pasquale Schiavone

[14] Schiavone is a resident of the province of Quebec. Schiavone acknowledged that he and Blumenfeld created Richvale in August, 2008. At the Material Time he was listed in Richvale's Business Summary (as defined below) as Richvale's president and director. Schiavone also admitted to being president of Richvale and stated that he was engaged to fill the position and signed an agreement to that effect.

[15] Schiavone was not registered under the Act during the Material Time.

C. The Allegations

[16] Staff alleges that Richvale and Schiavone distributed Richvale securities to investors from August, 2008 to December, 2009, and that residents of several Canadian provinces received unsolicited phone calls from salespersons, including Khan, to purchase securities of Richvale. It is alleged that these unsolicited calls resulted in approximately $753,000 in Investor Funds (as defined below) being received from approximately 27 individuals and companies that purchased shares of Richvale (the "**Investors**").

[17] It is alleged that the Respondents traded in securities of Richvale from the Toronto area without having been registered with the Commission in accordance with subsection 25(1), formerly 25(1)(a), of the Act and without Richvale having filed a prospectus or a preliminary prospectus with the Commission, contrary to subsection 53(1) of the Act.

[18] It is also alleged that salespersons, agents and representatives of Richvale made representations to the Investors that were false, inaccurate or misleading including that the company would be going public and that the securities of Richvale would be listed on a stock exchange, with the intention of effecting trades in Richvale securities, contrary to subsection 38(3) of the Act.

[19] Staff alleges that the Respondents engaged in conduct which they knew or reasonably ought to have known perpetrated a fraud, in breach of subsection 126.1(b) of the Act including, but not limited to, salespersons using aliases, posting

on the Richvale website false or misleading statements about the compensation and business experience of directors and officers of Richvale, and falsely stating that the net proceeds of the sale of Richvale securities would be used primarily for costs associated with the exploration of properties owned by Richvale, while the majority of Investor Funds were paid to enrich Richvale directors, officers and employees or removed in the form of cash and only six percent of Investor Funds were used to renew land claims of Richvale on certain properties in Quebec.

[20] Staff further alleges that Schiavone was a directing mind of Richvale along with Winick and Blumenfeld. As a result, Staff alleges Schiavone authorized, permitted or acquiesced in the commission of violations of securities laws by Richvale and is liable under section 129.2 of the Act.

[21] By virtue of the conduct referred to in paragraphs 16 to 20, it is also alleged that Respondents engaged in conduct contrary to the public interest.

II. PRELIMINARY ISSUES

A. The Commission's Jurisdiction in this Matter

[22] The Commission's mandate under the Act is to (i) provide protection to investors from unfair, improper or fraudulent practices, and (ii) foster fair and efficient capital markets and confidence in capital markets (Act, *supra*, s. 1.1).

[23] The Richvale securities were purchased by investors resident in several Canadian provinces and Schiavone is a resident of the province of Quebec. Nevertheless, investors were sold securities in Richvale, an Ontario corporation with its registered head office in Thornhill, Ontario. Investors were solicited by telephone calls originating in Toronto, Ontario. Investor Funds were sent to Richvale bank accounts located in Ontario and held by Ontario residents. Therefore, there is a sufficient nexus to Ontario for the Commission to have jurisdiction over the Respondents.

B. Failure of the Respondents to Appear

1. Service by Staff

[24] Neither of the two Respondents appeared at the Merits Hearing in person or by counsel. Staff submits that it has provided notice of the proceeding to Richvale and Schiavone. In support of its submission, Staff filed the Affidavits of Charlene Rochman ("**Rochman**") sworn October 25, 2011 and January 11, 2012 which detail the steps taken by Staff to serve the Respondents with notice of hearing dates and Staff's written materials including submissions, evidence, authorities cited in submissions and orders of the Commission in this matter. In addition, Staff relies on the correspondence of counsel to Schiavone dated October 25, 2011, which confirms Schiavone's intention not to attend the Merits Hearing on October 26, 2011.

2. The Law

[25] Subsection 6(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**"), which is set out below, requires that "reasonable notice" be given to the parties to a proceeding:

> **Notice of hearing**
>
> **6.**(1)The parties to a proceeding shall be given reasonable notice of the hearing by the tribunal.

[26] Subsection 7(1) of the SPPA, authorizes a tribunal to proceed in the absence of a party when that party has been given notice of the hearing. The provision states:

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

[27] Further, Rule 7.1 of the OSC Rules provides:

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

3. Authority to Proceed in Absence of Respondents

[28] I am satisfied that Staff served the Respondents with notice of the Merits Hearing. I also note that the Notice of Hearing, the Statement of Allegations and the Amended Statement of Allegations were posted on the Commission's website, as were the Commission orders which set out the dates on which the Merits Hearing was scheduled to take place. I am therefore authorized to proceed in the absence of the Respondents in accordance with subsection 7(1) of the SPPA.

C. The Standard of Proof

[29] The standard of proof in this hearing is the civil standard of proof on a balance of probabilities. Evidence must be sufficiently clear, convincing and cogent to satisfy this standard (*F.H. v. McDougall*, [2008] 3 S.C.R. 41 at paras. 40, 46).

D. Hearsay Evidence

[30] This Panel has the discretion to admit relevant evidence that might not otherwise be admissible as evidence in a court, including hearsay evidence, under subsection 15(1) of the SPPA, subject to the weight given to such evidence (*Re Sunwide Finance Inc*. (2009), 32 O.S.C.B. 4671 at para. 22).

III. ISSUES

[31] Staff's evidence raises the following issues:

(a) Did the Respondents engage in unregistered trading, contrary to present subsection 25(1), former subsection 25(1)(a), of the Act and contrary to the public interest?

(b) Did the Respondents distribute securities of Richvale without having filed a preliminary prospectus or a prospectus, contrary to subsection 53(1) of the Act and contrary to the public interest?

(c) Did the Respondents engage in fraud, contrary to subsection 126.1(b) of the Act and contrary to the public interest?

(d) Did Richvale make prohibited representations, contrary to subsection 38(3) of the Act and contrary to the public interest?

(e) Did Schiavone authorize, permit or acquiesce in commission of violations of securities law by Richvale, contrary to section 129.2 of the Act and contrary to the public interest?

IV. EVIDENCE

A. Overview

[32] Staff submitted the affidavit of senior investigator, Wayne Vanderlaan, ("**Vanderlaan**"), sworn October 26, 2011, and made him available for examination on January 12, 2012. Through the affidavit of Vanderlaan, Staff tendered excerpts from transcripts of interviews with two investors, ("**Investor One**" and "**Investor Two**" respectively, and collectively, the "**Two Investors**") and two geologists, ("**Geologist One**" and "**Geologist Two**" respectively and collectively, the "**Two Geologists**"), as well as excerpts from the examination of Schiavone.

[33] Staff also introduced a number of documents through the affidavit of Vanderlaan, including a financial analysis of the Richvale bank accounts, the Richvale Resource Corp. Business Summary (the "**Business Summary**"), printed statements from the Richvale website, certificates of registration under section 139 of the Act, and copies of letters directing the transfer agent to issue Richvale shares.

[34] Neither of the Respondents attended the hearing, gave any evidence or provided written submissions.

B. Staff Investigator

[35] Vanderlaan is an investigator in the Enforcement Branch of the Commission. He was assigned the file throughout the investigation and reviewed all of the documents appended to his affidavit, which are contained in six volumes. Much of his evidence is derived from examinations of respondents and witnesses interviewed by Staff. Vanderlaan also obtained certificates of registration under section 139 of the Act, which confirm that neither of the Respondents was registered under the Act during the Material Time and testified that Richvale never filed a prospectus with the Commission.

[36] Through his affidavit, Vanderlaan testified about the relationship between Schiavone and Richvale, the solicitation of investors and the application of Investor Funds. His evidence is that Schiavone was at all times President and Chief Executive Officer of Richvale and that Schiavone and Blumenfeld discussed and created the company. It was Vanderlaan's testimony that Schiavone brought in individuals who owned mining properties in Quebec and Blumenfeld contributed the shell company, with the intent of forming Richvale and taking it public.

[37] Vanderlaan also testified, through his affidavit, that Richvale investors were solicited by telephone calls originating in Toronto. His evidence was that the salesperson, Khan, used an alias, told investors that Richvale would be going public in a matter of weeks, sent prospective investors a Business Summary and a Subscription Agreement and directed them to Richvale's website. Shares of Richvale were purportedly sold from treasury at $0.50 per share. Vanderlaan further testified that once investors sent funds to Richvale, Schiavone and/or Blumenfeld directed the transfer agent to issue shares and that Schiavone's signature appeared on the cover letters and share certificates sent to Investors.

[38] As part of the investigation, Vanderlaan also reviewed and analyzed bank account records and cheques obtained from financial institutions and from representatives of Richvale. Bank records related to Richvale's Royal Bank of Canada Account (the "**RBC Account**") and Bank of Nova Scotia Account (the "**BNS Account**") (together, the "**Richvale Accounts**"). Vanderlaan relied on those records to ascertain the flow of funds and trading activity and to create a Financial Analysis.

[39] Vanderlaan's evidence is that during the Material Time Richvale shares were sold to 27 Investors, raising a total of approximately $753,000 which were deposited into the Richvale Accounts. In particular, Vanderlaan identifies transactions involving Investor Funds as follows:

(a) From August, 2008 to August, 2009, approximately $380,000 of Investor Funds were deposited in the RBC Account, which was opened by Schiavone and Blumenfeld and to which they were the only signatories;

(b) After August, 2009, approximately $372,000 of Investor Funds were deposited in the BNS Account, which was opened by Winick and Blumenfeld and to which they were the only signatories;

(c) Investor Funds amounted to 99% of total funds in the Richvale Accounts;

(d) Khan received $239,687.50 or 32% of the total funds in the Richvale Accounts;

(e) $205,583 or 27% of the total funds in the Richvale Accounts was removed in the form of cash;

(f) $41,915 or 6% of the total funds in the Richvale Accounts were spent on mining claims;

(g) Schiavone received $38,300 or 5% of the total funds in the Richvale Accounts; and

(h) None of the total funds in the Richvale Accounts was spent on exploration of mining claims.

[40] Relying on the banking records, Vanderlaan testified through his affidavit that Schiavone personally received five cheques totalling $18,300 and that Schiavone wrote a cheque for $20,000 to a company he personally owned, from the RBC account. It is Vanderlaan's evidence that Schiavone admitted in his examination that he believed Khan was receiving a fifty percent commission and that he didn't think investors had the right to know that half of their money was spent on sales commissions.

[41] Vanderlaan also testified, through his affidavit, that Schiavone received $2,000 worth of pre-paid Mastercards from Blumenfeld "for promotion", which Schiavone knew were purchased with Investor Funds. Further, Vanderlaan testified that Schiavone received a computer and a digital camera worth approximately $3,000 and purchased with Investor Funds.

[42] Vanderlaan obtained copies of Richvale's Business Summary and excerpts from the company's website. It is Vanderlaan's affidavit evidence that the Business Summary contained false and misleading statements concerning the composition and expertise of Richvale's board of directors, the credentials of the actual Richvale directors, the overall disposition of Investor Funds and the compensation of directors. In his affidavit testimony, Vanderlaan also stated Richvale's website contained numerous falsehoods and misleading statements concerning an ethics policy, the credentials of Richvale's directors, claims to an office which was in fact a UPS box and assertions that Richvale had mining claims which had in fact expired.

C. The Two Investors

[43] The Two Investors were interviewed by the Alberta Securities Commission in September, 2010. In their interviews, the Two Investors discussed their interaction with the Respondents in relation to the sale of securities. They stated that they dealt almost exclusively with a Richvale salesperson, and were instructed by him to send funds to Richvale.

1. Investor One

[44] Investor One is a resident of Alberta who owns his own company and is employed as a sheet metal worker. He described himself as not really having much knowledge of investments.

[45] Investor One stated that he owned 558,000 shares of Richvale. He purchased shares during the Material Time at a rate of $0.50 per share.

[46] Investor One was solicited by telephone from an individual who identified himself as Dave, a representative of Richvale. He was also sent information on Richvale through email and eventually made cheques out to Howard Blumenfeld.

[47] After the initial introduction, Investor One recalled investing four times and sending funds totalling $275,000 to Richvale. In the Financial Analysis it appears that Investor One invested five times for a total of $300,000. His investments included:

(a) $10,000, deposited in the RBC Account on May 6, 2009 and for which 20,000 shares were issued;

(b) $15,000, deposited in the RBC Account on June 3, 2009 and for which 30,000 shares were issued;

(c) $25,000 deposited in the RBC Account on August 6, 2009 for 50,000 shares;

(d) $100,000, deposited in the BNS Account on November 9, 2009 and for which 200,000 shares were issued; and

(e) $150,000, deposited in the BNS Account on December 1, 2009 and for which 300,000 shares were issued.

[48] With respect to his interactions with the Richvale representative, Investor One stated he was told that Richvale would be a public company and that they were hopeful it would be soon. Also, while Investor One had not received any returns from his investment, it was implied by Richvale that he would be getting a quick return by selling at five to six dollars per share.

2. Investor Two

[49] Investor Two is a contractor with a high school education. He invests through a broker and does not do his own trading.

[50] During the Material Time, Investor Two acquired 150,000 shares of Richvale at $0.50 per share.

[51] In October, 2008, Investor Two was telephoned at work by an individual who identified himself as Dave, a Richvale representative. As part of the investment pitch, Dave told Investor Two that Richvale had a mining operation in Quebec which had shown positive testing results. Shortly after, Investor Two was sent a subscription agreement by email, filled it out and sent a cheque to Richvale. Investor Two explained that in some cases Richvale would type in the investor's personal information on the subscription agreement including the investor's name, the number of shares and the price per share. Richvale would email the prepared agreement and then send a courier to pick up the cheques. In return, Investor Two would receive share certificates within one to two weeks after payment.

[52] Investor Two represented that he was an accredited investor by virtue of the fact that his income exceeded $200,000 before taxes in the last two calendar years.

[53] Investor Two sent Richvale funds on five separate occasions totalling $75,000. His investments included:

(a) $5,000, deposited in the RBC Account on October 23, 2008 and for which 10,000 shares were issued;

(b) $20,000, deposited in the RBC Account on May 5, 2009 and for which 40,000 shares were issued;

(c) $10,000, deposited in the BNS Account on August 19, 2009 and for which 20,000 shares were issued;

(d) $15,000, deposited in the BNS Account on August 28, 2009 and for which 30,000 shares were issued; and

(e) $25,000, deposited in the BNS Account on November 16, 2009 and for which 50,000 shares were issued.

[54] In his interactions with the Richvale representative, Investor Two stated he was told that Richvale had a successful track record and then directed to the Richvale website. In addition, Investor Two was informed that Richvale would be listed on a stock exchange soon and that the listed shares would trade at a substantially higher price than 50 cents.

D. The Two Geologists

[55] The Two Geologists were interviewed by Vanderlaan in July, 2010. In their interviews, the Two Geologists confirmed they were in contact with Richvale in the early stages of forming the company. Both witnesses were approached to provide services with respect to review of certain properties in Quebec.

1. Geologist One

[56] Geologist One is an engineer who has worked in mining exploration as a consultant and professional for a number of years. He stated he is a qualified person for purposes of writing certain reports under National Instrument 43-101 ("**43-101 reports**").

[57] In October, 2008, Geologist One was approached to write 43-101 reports for Richvale on properties described as Bell River and Lac des Moufettes. Geologist One wrote two geological reports, for Bell River in December, 2008 and for Lac des Moufettes in early 2009, and stated he was only compensated for half of his fees, which amounted to $12,000 paid by personal cheques. He was told that Schiavone, Blumenfeld and one other individual were meant to provide financing for Richvale.

[58] Geologist One stated that Richvale did nothing to further exploration on either Bell River or Lac des Moufettes. It was Geologist One's understanding that Richvale's claims had lapsed by March or April, 2009 and he knew this because he had included the claims listing with the lapse dates in his 43-101 reports and by that time no work had been done and Richvale did not pay to keep the claims. Geologist One stated that Schiavone, among others, told him Richvale had no money to do anything on the properties.

[59] Geologist One also stated that Richvale had no claims to the Le Tac property, which was presented on Richvale's website as a mining property of Richvale. He confirmed this by visiting the Minister of Natural Resources website and reviewing claims, of which none were listed in the name of Richvale. Geologist One agreed that the Richvale website was misleading and states that he told Richvale, specifically Schiavone and at least one other representative, that the Richvale website should be corrected to reflect proper ownership.

2. Geologist Two

[60] Geologist Two is a geologist with 40 years of experience in mining exploration and economic exploration. He too stated he is a qualified person for purposes of writing 43-101 reports.

[61] In August, 2008, Geologist Two was approached by three individuals from Quebec City, whom he refers to as "hobby prospectors". Geologist Two became involved in Richvale when he was requested by the "hobby prospectors" to act as a consultant for a company incorporated in Ontario which intended to take control of their mining properties in Quebec. As a result, Geologist Two prepared a summary describing the Quebec properties which were apparently sold to Richvale at the time he was preparing the document. The Bell River and Le Tac properties were included in his summary.

[62] Geologist Two stated he was also asked to act as a consultant on the Richvale Advisory Board, indicated he was willing, but was never called back. He authorised the use of his name as consultant geologist on the Advisory Board in the development stage, but was not aware that Richvale was preparing a website with his name on it and was never asked for advice. In fact, Geologist Two was informed that Richvale had not done any exploration work on the properties.

[63] In his interview, Geologist Two stated he did not receive any Richvale shares and was never paid for work he did perform. Geologist Two confirmed he was unaware that he had been given 3 million shares in Richvale, was never told he was a shareholder, did not receive documentation to that effect and stated that he wouldn't have accepted the shares in any event. He agreed that the Richvale Business Summary was inaccurate.

E. Schiavone Interview

[64] Schiavone also made a number of admissions in his interview of July, 2010, which were relied upon by Staff. Schiavone confirmed his employment relationship and position as president of Richvale. He acknowledged that he and Blumenfeld created Richvale and that he was aware Khan was soliciting investors and selling Richvale shares at a price of $0.50 per share.

[65] In his interview, Schiavone also acknowledged that he and Blumenfeld were signatories on the RBC Account but denied any knowledge of funds deposited into the BNS account and denied any knowledge of share sales after August, 2009. Schiavone further stated that he did not think investors had a right to know how their money was being spent and admitted to receiving a number of payments and other benefits from the Investor Funds.

V. ANALYSIS

A. Did the Respondents engage in unregistered trading, contrary to present subsection 25(1), former subsection 25(1)(a), of the Act and contrary to the public interest?

1. The Law

[66] During the Material Time, prior to September 28, 2009, subsection 25(1)(a) of the Act set out the registration requirement as follows:

> **25. (1) Registration for trading** – No person or company shall,
>
> (a) trade in a security or act as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer;
>
> …
>
> and the registration has been made in accordance with Ontario securities law and the person or company has received written notice of the registration from the Director and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions.

[67] During the Material Time, on and after September 28, 2009, subsection 25(1) of the Act set out the registration requirement as follows:

> **25. Registration – (1) Dealers** – Unless a person or company is exempt under Ontario securities law from the requirement to comply with this subsection, the person or company shall not engage in or hold himself, herself or itself out as engaging in the business of trading in securities unless the person or company,
>
> (a) is registered in accordance with Ontario securities law as a dealer; or
>
> (b) is a representative registered in accordance with Ontario securities law as a dealing representative of a registered dealer and is acting on behalf of the registered dealer.

[68] Both of the applicable provisions refer to a trade or trading in a security. The terms "trade" or "trading" are defined in subsection 1(1) of the Act as:

> **"trade"** or **"trading"** includes,
>
> (a) any sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or, except as provided in clause (d), a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a debt made in good faith,
>
> …
>
> (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing;

[69] The Commission has established that trading is a broad concept which includes any sale or disposition of a security for valuable consideration, including any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of such a sale or disposition. This interpretation has been confirmed by the Ontario courts in their acknowledgement that "[r]egarding "trade", the legislature has chosen to define the term and they have chosen to define it broadly in order to encompass almost every conceivable transaction in securities" (*R v. Allan Sussman*, [1993] O.J. No. 4359 (Ont. Ct. J.) at para. 46).

[70] The Commission has found that a variety of activities constitute acts in furtherance of trades. For example, the Commission has found that accepting and depositing investor cheques in a bank account for the purchase of shares constitute acts in furtherance of trades (*Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 1727 ("***Limelight***") at para. 133). Likewise, offering securities to investors on the internet is an act in furtherance of a trade (*Re First Federal Capital (Canada) Corp.*, (2004)

27 O.S.C.B 1603 at para. 45). Other examples of activities that have been considered acts in furtherance of trades by the Commission include, but are not limited to:

a. providing potential investors with subscription agreements to execute;

b. distributing promotional materials concerning potential investments;

c. issuing and signing share certificates;

d. preparing and disseminating materials describing investment programs;

e. preparing and disseminating forms of agreements for signature by investors;

f. conducting information sessions with groups of investors; and

g. meeting with individual investors.

(*Re Momentas Corporation* (2006), 29 O.S.C.B. 7408 ("***Momentas***") at para. 80)

[71] The inclusion of the word "indirectly" in the definition of "acts in furtherance" (cited above in paragraph (e) of subsection 1(1) of the Act) reflects an express intention on the part of the Legislature to capture conduct which seeks to avoid the registration requirement by doing indirectly that which is prohibited directly.

[72] Once Staff has established that a respondent has engaged in an activity for which registration or a prospectus is required, the onus is on the respondent to prove facts establishing the availability of an exemption (*Re Lydia Diamond Exploration of Canada Ltd.* (2003), 26 O.S.C.B. 2511 ("***Re Lydia Diamond***") at paras. 83-84).

[73] In this case, there is some indication that the respondents may have relied upon the "accredited investor" exemption at subsection 2.3(1) of National Instrument 45-106 ("**NI 45-106**") (subsection 3.3(1) of NI 45-106, in effect on and after September 28, 2009) from registration requirements found in section 25 of the Act. The definition of "accredited investor" is found at section 1.1 of NI 45-106 and includes:

"accredited investor" means

…

(j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1 000 000,

(k) an individual whose net income before taxes exceeded $200 000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a souse exceeded $300 000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,

(l) an individual who, either alone or with a spouse, has net assets of at least $5 000 000,

…

[74] Evidence must be sufficiently clear, convincing and cogent proof, on a balance of probabilities, that the "accredited investor" exemption applies.

[75] However, the "accredited investor" exemption from dealer registration is not available to market intermediaries. Subsection 2.43(1)(b) of NI 45-106 (subsection 3.0(1)(b) of NI 45-106, in effect on and after September 28, 2009) states:

Removal of exemptions— market intermediaries

2.43 (1) Subject to subsection (2), in Ontario and Newfoundland and Labrador, the exemptions from the dealer registration requirement under the following sections are not available for a market intermediary except for a trade in a security with a registered dealer that is an affiliate of the market intermediary:

…

(b) section 2.3 [*Accredited investor*];

[76] During the material time, a "market intermediary" was defined at Ontario Securities Commission Rule 14-501 as a person or company that engages or holds himself, herself or itself out as engaging in Ontario in the business of trading in securities as a principal or agent. According to then *Companion Policy* 45-106 (45-106CP) the Commission took the position that:

> if an issuer retains an employee whose primary job function is to actively solicit members of the public for the purposes of selling the issuer's securities; the issuer and its employee are in the business of selling securities. Further, if an issuer and its employees are deemed to be in the business of selling securities the Ontario Securities Commission considers both the issuer and its employees to be market intermediaries. […] Accordingly, in order to be in compliance with securities legislation, these issuers and their employees should be registered under the appropriate category of registration in Ontario

[77] Therefore, at the Material Time, if a issuing corporation hired an employee to solicit investments from the public that corporation and its employees are deemed to be market intermediaries to which the "accredited investor" exemption from dealer registration did not apply.

2. Analysis

[78] I find that Richvale traded in Richvale securities and that Schiavone engaged in acts in furtherance of trading Richvale securities for the reasons that follow.

(a) Richvale

[79] I received consistent and credible evidence from the Two Investors, supported by documentary evidence which includes the Subscription Agreements and share certificates, that Richvale solicited investors to buy Richvale shares. The acts of trade or acts in furtherance of trades by Richvale included the following:

(a) Richvale hired a salesperson to act its representative and telephone potential investors to buy Richvale shares;

(b) Richvale's salesperson gave prospective investors a copy of the Business Summary which describes the company, its directors and the offering including the $0.50 price per share;

(c) Richvale's salesperson directed potential investors through the Richvale website in furtherance of selling Richvale shares;

(d) Richvale's salesperson sent packages of documents by e-mail to the Two Investors including Richvale subscription agreements;

(e) Richvale sent a courier to pick up Investor Two's cheque for the purchase of Richvale shares;

(f) Richvale sold shares to 27 investors, raising $380,650 in the RBC Account and $372,500 in the BNS account for a total of approximately $753,000 (the "**Investor Funds**");

(g) Richvale's directors directed the transfer agent to issue share certificates to investors; and

(h) Richvale sent the Two Investors their Richvale share certificates.

[80] It is clear from the evidence that Richvale and its representatives actively solicited and induced the sales of Richvale shares. Richvale's salesperson made representations to induce those sales and sent documents and materials relating to those sales. I find that the actions of Richvale constituted trades.

[81] During the Material Time, Richvale was not registered under the Act in any capacity.

[82] I find that Richvale hired a salesperson whose sole function was to solicit the public for the purpose of selling Richvale shares. As a result, the "accredited investor" exemption would not be available to Richvale pursuant to then section 2.43 of NI 45-106, later subsection 3.0(1)(b) of NI 45-106.

[83] Even if the exemption were available, as stated above at paragraph 72, the onus is on the Respondent to prove facts establishing the availability of an exemption. It appears that some of the subscription agreements did not have accredited investor forms or the form was unsigned. I also have no evidence on the investors' financial positions which would prove that

they qualify. I did not receive sufficient evidence on the availability of an exemption which would allow Richvale to trade in securities in Ontario.

[84] I find that Richvale traded securities without registration and without a registration exemption being available contrary to subsection 25(1), former subsection 25(1)(a), of the Act and contrary to the public interest.

(b) Schiavone

[85] Schiavone had little direct contact with investors. However, as noted in paragraphs 70 and 71 above, there are a number of activities which constitute acts in furtherance of trades that do not require direct contact with investors. Accepting Investor Funds, directing the issuance of shares, and signing share certificates for the purpose of an investment can constitute "trading" within the meaning of the Act.

[86] The Financial Analysis introduced by Staff through Vanderlaan establishes that the Two Investors sent a total of $75,000 to the RBC Account. The RBC Account was opened by Schiavone and Blumenfeld. During the Material Time, Schiavone and Blumenfeld were the sole authorized signatories on the RBC Account. Accordingly, I find that Schiavone opened and maintained a bank account that accepted Investor Funds and thereby engaged in acts in furtherance of trading Richvale shares.

[87] Documentary evidence provided by the Two Investors proves that Schiavone's signature appeared on cover letters enclosing share certificates and on the certificates themselves. This was corroborated by letters sent to the transfer agent with Schiavone's signature on them and the admission from Schiavone himself that he directed the share certificates to be issued to Investors.

[88] Schiavone was not registered with the Commission during the Material Time in any capacity.

[89] As stated above at paragraph 82, I find that Richvale hired a salesperson whose sole function was to solicit the public for the purpose of selling Richvale shares. As a result, pursuant to then section 2.43 of NI 45-106, later subsection 3.0(1)(b) of NI 45-106, the "accredited investor" exemption would not be available to Schiavone as an employee of Richvale.

[90] Again, even if the exemption were available, as stated in paragraph 83, I did not receive sufficient evidence on the availability of an exemption which would allow Schiavone to trade Richvale securities in Ontario.

I find that Schiavone traded securities without registration and without a registration exemption being available contrary to subsection 25(1), former subsection 25(1)(a), of the Act and contrary to the public interest.

B. Did the Respondents distribute securities of Richvale without a prospectus, contrary to subsection 53(1) of the Act and contrary to the public interest?

1. The Law

[91] Subsection 53(1) sets out the prospectus requirement under the Act:

> **53. (1) Prospectus required** – No person or company shall trade in a security on his, her or its own account or on behalf of any other person or company if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued for them by the Director.

[92] A "distribution", is defined in subsection 1(1) of the Act and includes a trade in securities of an issuer that have not been previously issued.

[93] The Commission has acknowledged that the prospectus requirement is fundamental to the protection of the investing public because it ensures investors have full, true and plain disclosure to properly assess investment risk and make an informed decision. The panel in *Limelight* articulated:

> The requirement to comply with section 53 of the Act is important because a prospectus ensures that prospective investors have full, true and plain disclosure of information to properly assess the risks of an investment and make an informed investment decision. The prospectus requirements of the Act play a significant role in the overall scheme of investor protection. As stated by the court in *Jones v. F.H. Deacon Hodgson Inc.* (1986), 9 O.S.C.B. 5579 (H.C.) (at p. 5590), "there can be no question but that the filing of a prospectus and its acceptance by the Commission is fundamental to the protection of the investing public who are contemplating purchase of the shares."

(*Limelight*, *supra* at para. 80)

[95] There is some indication that the respondents may have relied upon the "accredited investor" exemption at subsection 2.3(2) of NI 45-106 (subsection 2.3(1) of NI 45-106, in effect on and after September 28, 2009) from prospectus requirements found in section 53 of the Act. The definition of "accredited investor" is found at section 1.1 of NI 45-106 and is substantially the same as the language articulated at paragraph 73 above.

[96] As stated in paragraph 72 above, the onus is on the respondent to prove facts establishing the availability of an exemption from the prospectus requirements of subsection 53(1) of the Act (*Re Lydia Diamond, supra* at paras. 83-84). Evidence must be sufficiently clear, convincing and cogent proof, on a balance of probabilities, that the "accredited investor" exemption applies, as discussed above at paragraphs 73 to 74.

2. Analysis

[97] Based on the evidence, I find that previously unissued Richvale shares were sold to investors and that such trades were distributions within the meaning of the Act.

[98] No prospectus was filed by Richvale during the Material Time.

[99] The Richvale securities were issued from treasury. Some subscription agreements were accompanied by signed accredited investor forms, while others had no attached accredited investor form or contained a blank accredited investor form. Investor Two represented that he was an accredited investor by virtue of the fact that his income exceeded $200,000 before taxes in the last two calendar years. Although Investor One signed certain accredited investor forms, I received no confirmation from him as to his qualification as an accredited investor. I would also note that there were a number of settlement agreements with the Commission on the part of the four individual respondents in this matter other than Schiavone, which state there were no exemptions available under the Act in respect of the distribution of securities.

[100] I find the evidence does not clearly establish on a balance of probabilities that the Respondents may rely on the "accredited investor" exemption to relieve them from the prospectus requirement in the Act in respect of every investor. Therefore, I find that the trades in Richvale securities were distributions made without a prospectus and without a prospectus exemption, and that the Respondents therefore breached subsection 53(1) of the Act and contrary to the public interest.

C. Did the Respondents engage in fraud, contrary to subsection 126.1(b) of the Act and contrary to the public interest?

1. The Law

[101] Subsection 126.1(b) of the Act sets out the fraud provision as follows:

> **126.1 Fraud and market manipulation** – A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities or derivatives of securities that the person or company knows or reasonably ought to know,
>
> …
>
> (b) perpetrates a fraud on any person or company.

[102] It is well established, by previous Commission decisions, that the elements of fraud under subsection 126.1(b) of the Act are:

> … the *actus reus* of the offence of fraud will be established by proof of:
>
> 1. the prohibited act, be it an act of deceit, a falsehood or some other fraudulent means; and
>
> 2. deprivation caused by the prohibited act, which may consist in actual loss or the placing of the victim's pecuniary interests at risk.
>
> Correspondingly, the *mens rea* of fraud is established by proof of:
>
> 1. subjective knowledge of the prohibited act; and

> 2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).
>
> (*R. v. Théroux*, [1993] 2 S.C.R. 5 ("***Théroux***") at para. 27; *Re Al-Tar Energy Corp.* (2010), 33 O.S.C.B. 5535 ("***Al-Tar Energy***") at paras. 216-221)

[103] In *Anderson v. British Columbia (Securities Commission)* (2004), 192 B.C.A.C. 119 (leave to appeal to the Supreme Court of Canada denied) ("***Anderson***"), the British Columbia Court of Appeal discussed the mental element of the fraud provision in the British Columbia *Securities Act*, R.S.B.C. 1996, c. 418, as amended (the "**BC Act**") and stated:

> …[the fraud provision of the BC Act] does not dispense with the requirement that there must be a fraud involved in the transaction, which requires a guilty state of mind.…[the fraud provision of the BC Act] simply widens the prohibition against participation in transactions to include participants who know or ought to know that a fraud is being perpetrated by others, as well as those who participate in perpetrating the fraud. It does not eliminate proof of fraud, including proof of subjective knowledge of the facts constituting the dishonest act, by someone involved in the transactions.
>
> (*Anderson*, *supra* at paras. 24 and 26)

As the fraud provision of the BC Act has identical operative language to section 126.1 of the [Ontario] Act, the Commission has adopted the analysis in *Anderson* in cases involving subsection 126.1(b) of the Act (*Al-Tar Energy, supra* at para. 218).

[104] The Commission has also recognized that, for a corporation, it is sufficient to show that its directing minds knew that the acts of the corporation perpetrated a fraud to prove breach of subsection 126.1(b) of the Act (*Al-Tar Energy, supra* at para. 221; *Re Global Partners* (2010), 33 O.S.C.B. 7783 at para. 245).

[105] Courts and tribunals have concluded that non-disclosure of important facts, unauthorized diversion of funds, use of corporate funds for personal purposes, and unauthorized arrogation of funds or property are examples of fraud (*Théroux, supra* at para. 18; *Anderson, supra* at para. 30; *Re Lehman Cohort Global Group Inc.* (2010), 33 O.S.C.B. 7041 at para. 90).

2. Analysis

[106] Richvale and Schiavone deceived investors. I find that the Respondents participated in acts which they knew or reasonably ought to have known perpetrated a fraud within the meaning of the Act.

(a) Richvale

[107] It is clear from the evidence that Richvale operated a fraudulent scheme akin to a one-man boiler room and made material misrepresentations to induce Richvale investors into purchasing shares .

[108] The evidence before me establishes that Richvale's salesperson used aliases to solicit Richvale investors by telephone. In the solicitation and the materials that he sent to investors by e-mail, he identified himself as acting on behalf of Richvale and misled investors by claiming that Richvale would be going public and listed on a stock exchange in the near future.

[109] Richvale's salesperson also led investors to believe that Richvale was in the business of mining and that the company had achieved positive testing results. In reality, Richvale had spent no money on exploration of Richvale's mining claims and allowed at least one of the claims to lapse.

[110] Promotional materials, including Richvale's Business Summary and website, contained a number of falsehoods. Misleading and deceitful representations were made as follows:

(a) The Business Summary stated under "Use of Proceeds" that the net proceeds from the sale of Richvale shares would be "used primarily for costs associated with the exploration of the Company's resource property, for ongoing operations, and to acquire new properties", when in reality most of the funds were being withdrawn to enrich the directors, officers and employees of Richvale, including at least 30% paid as commission to the salesperson;

(b) The Business Summary and Richvale's website exaggerated and falsified the experience of directors and officers;

(c) The Business Summary claimed the directors had not accrued any expense or compensation, but Schiavone's employment contract provides for remuneration and begins prior to the date of the Business Summary;

(d) The Richvale website, used to solicit investors, claimed that individuals with extensive experience in Mining and exploration were on the Advisory Board and Board of Directors when they were not;

(e) The Richvale website advertised existence of a Greater Toronto Satellite Office which was merely a UPS mailbox; and

(f) The Richvale website listed Le Tac as one of the properties held by Richvale. Geologist One confirmed Richvale had no claims over Le Tac.

[111] The Richvale salesperson instructed investors on how to complete payment of shares. The Investor Funds were then deposited into the Richvale Accounts and disbursed in a manner that was not disclosed to investors and which was inconsistent with the Business Summary. Investor Funds were used in the following manner:

(a) Loans were made to friends of Richvale employees with no documentation, deadline for repayment or interest rate;

(b) Approximately 27% of funds in the Richvale Accounts were withdrawn in cash;

(c) At least 30% of Investor Funds were paid by way of commission to the salesperson;

(d) Approximately 78% of Investor Funds were paid to directors, officers or employees of Richvale or removed in the form of cash; and

(e) Only 6% of Investor Funds were used to renew mining claims.

[112] There is no evidence that Richvale intended to use the Investor Funds for the purpose of exploration. Rather, the funds went directly to benefit its employees. The Financial Analysis of the banking records in evidence further show that approximately a quarter of the funds in the Richvale Accounts were withdrawn in cash. There is no evidence before us that explains the use of these Investor Funds. Accordingly, I conclude that Richvale had no underlying legitimate business.

[113] I find that Richvale engaged in acts of deceit or falsehood. It made false and misleading statements to Investors which deceived the Investors about the investment, including misrepresentations about its salesperson's identity, the nature of the business, and the allocation of Investor Funds.

[114] These false and misleading statements induced the Investors to pay a total of approximately $753,000 into the Richvale Accounts. More specifically, Investor One invested five times and sent funds totalling $300,000 to Richvale and Investor Two sent Richvale funds on five separate occasions totalling $75,000. I conclude that at least these Two Investors were deprived of their funds as a result of false and misleading statements.

[115] Accordingly, I find that Richvale perpetrated a fraudulent scheme, contrary to subsection 126.1(b) of the Act and contrary to the public interest.

(b) Schiavone

[116] There is compelling evidence that Schiavone knew about the dishonest acts and the deprivation suffered by the investors that would result therefrom.

[117] Schiavone confirmed his employment relationship and position as president of Richvale. He acknowledged that he and Blumenfeld created Richvale and that he was aware Khan was soliciting investors and selling Richvale shares at a price of $0.50 per share.

[118] As we found in paragraph 79, of the approximately $753,000 paid by Richvale investors, $380,650 was deposited to the RBC account. As noted in paragraph 65 above, Schiavone and Blumenfeld were the signatories on the RBC Account and were authorized to withdraw money from those accounts.

[119] Schiavone further stated that he did not think Investors had a right to know how their money was being spent and admitted to receiving a number of payments and other benefits from Investor Funds. Benefits derived from the Investor Funds which accrued to Schiavone include:

(a) Schiavone received five cheques totalling $18,300 from the RBC Account;

(b) Schiavone wrote a cheque for $20,000 to a company he personally owned from the RBC account;

(c) Schiavone received $2,000 worth of pre-paid Mastercards from Blumenfeld "for promotion", which he knew were purchased with the Investor Funds; and

(d) Schiavone received a computer and a digital camera worth approximately $3,000 which were purchased with the Investor Funds.

[120] I find that Schiavone furthered the fraudulent acts in the scheme by diverting Investor Funds from the intended use that was represented to the Investors. Having received Investor Funds and disposed of them in the manner described in paragraph 119 above, Schiavone knew or reasonably ought to have known that such actions would result in deprivation on the part of the Richvale Investors.

[121] I find that Schiavone participated in fraudulent misconduct, contrary to subsection 126.1(b) of the Act and contrary to the public interest.

D. Did Richvale make prohibited representations, contrary to subsection 38(3) of the Act and contrary to the public interest?

1. The Law

[122] Subsection 38(3) of the Act states:

> **38(3) Listing**—Subject to the regulations, no person or company, with the intention of effecting a trade in a security, shall, except with the written permission of the Director, make any representation, written or oral, that such security will be listed on any stock exchange or quoted on any quotation and trade reporting system, or that application has been or will be made to list such security upon any stock exchange or quote such security on any quotation and trade reporting system, unless,
>
> > (a) application has been made to list or quote the securities being traded, and securities of the same issuer are currently listed on any stock exchange or quoted on any quotation and trade reporting system; or
> >
> > (b) the stock exchange or quotation and trade reporting system has granted approval to the listing or quoting of the securities, conditional or otherwise, or has consented to, or indicated that it does not object to the representation.

[123] Unlike subsection 38(2) of the Act, subsection 38(3) does not require an undertaking with respect to the future listing, only a representation**.** A representation about listing shares on a stock exchange is sufficient to constitute a violation of subsection 38(3) of the Act. For example, in the *Limelight* case, the Commission found that evidence of salespersons stating that Limelight shares would be listed on an exchange, with the timeframe given ranging from 10 to 12 days to a year, constituted a breach of subsection 38(3) of the Act (*Limelight*, *supra* at para. 181).

2. Analysis

[124] Based on the evidence, I find that Richvale made prohibited representations, contrary to subsection 38(3) of the Act and contrary to the public interest.

[125] Richvale's salesperson told Investor One and Investor Two when they made their investments that Richvale would go public. Investor One stated that he was not given an exact date but was told that Richvale was hoping to go public "really soon". Investor Two was repeatedly told by Richvale's salesperson that Richvale was "really close, that it was going to be trading soon, like within couple months" on an exchange. The Richvale representative continuously lowered the time frame given to Investor Two, saying Richvale was closer and closer to listing on an exchange until finally the salesperson said that Richvale could be listed within a few weeks.

[126] Investor Two was also told by Richvale's salesperson that Richvale shares would be listed on the Toronto Stock Exchange. Later he was told that the Richvale shares would be listed on a European stock exchange to "make it easier to transfer [Richvale] to the Toronto market".

[127] Despite Schiavone's assertion that he and Blumenfeld intended to take Richvale public, the evidence does not support a claim that there was ever any actual intention that Richvale would go public nor that any filing had been made and approved for a listing on an exchange.

[128] I find that the evidence clearly establishes that representations were made by Richvale's salesperson as to Richvale shares being listed on a stock exchange with the intention of effecting a trade in a security. This is part of the fraudulent scheme within which Richvale and Schiavone played an active role and from which they directly or indirectly received the bulk of the proceeds of the sale of securities.

[129] I am satisfied on the evidence that Richvale, through its salesperson, made representations as to the future listing of Richvale shares on a stock exchange for the purpose of effecting trades in Richvale shares contrary to subsection 38(2) of the Act and contrary to the public interest.

E. Did Schiavone authorize, permit or acquiesce in commission of violations of securities law by Richvale, contrary to section 129.2 of the Act and contrary to the public interest?

1. The Law

[130] Under the Act, a director or officer or an individual who performs similar functions can be liable for breaches of securities law by a corporation. Section 129.2 of the Act states:

> **129.2 Directors and officers**—For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario securities law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario securities law, whether or not any proceeding has been commenced against the company or person under Ontario securities law or any order has been made against the company or person under section 127.

[131] In subsection 1(1) of the Act, a "director" is defined as "a director of a company or an individual performing a similar function or occupying a similar position for any person" and an "officer" is defined as:

> (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager,
>
> (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and
>
> (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

[132] The Commission determined in *Momentas* that the threshold for a finding of liability against a director or officer under section 129.2 of the Act is low. Indeed, merely acquiescing in the conduct or activity in question will satisfy the requirement of liability. The *Momentas* panel discussed the threshold and defined the terms "authorize", "permit" and "acquiesce" as follows:

> Although these terms have been interpreted to include some form of knowledge or intention, the threshold for liability under section 122 and 129.2 is a low one, as merely acquiescing the conduct or activity in question will satisfy the requirement of liability. The degree of knowledge of intention found in each of the terms "authorize", "permit" and "acquiesce" varies significantly. "Acquiesce" means to agree or consent quietly without protest. "Permit" means to allow, consent, tolerate, give permission, particularly in writing. "Authorize" means to give official approval or permission, to give power or authority or to give justification.
>
> (*Momentas*, *supra* at para. 118)

[133] Section 129.2 of the Act attaches liability to directors and officers or individuals who perform similar functions (ie. a "***de facto***" director or officer) who authorize, permit or acquiesce in the non-compliance of a company, whether or not any proceedings have been commenced against the company itself.

2. Analysis

[134] Based on the evidence, I find that Schiavone did authorize, permit or acquiesce in breaches of Ontario securities law by Richvale.

[135] Schiavone stated that he and Blumenfeld created Richvale in August, 2008.

[136] As discussed above at paragraph 64, Schiavone admitted he was president of Richvale and acknowledged that he was engaged to fill the position and signed an agreement to that effect.

[137] The Business Summary and Richvale's website further corroborate that Schiavone was represented to the public as Richvale's president. Further documentation which supports the same include letters to the Richvale transfer agent and share certificates signed by Schiavone as president of Richvale.

[138] Schiavone's authority and seniority in Richvale's hierarchy is evidenced by the fact that he and Blumenfeld opened and were signatories to the first bank account opened by or for Richvale, the RBC Account, which held approximately half of the Investor Funds raised by the scheme Schiavone also acknowledged that he and Blumenfeld were responsible for directing funds to exploration, but never did so.

[139] In his interview, Schiavone stated he was aware Khan was hired by Blumenfeld to sell Richvale securities. He believed Khan was being paid a 50% commission, but did not think Investors had a right to know exactly what their money was spent on.

[140] Finally, Schiavone admitted he was aware that the website material was inaccurate and that he was responsible for website content, but claimed to rely on Blumenfeld's expertise for the "literature".

[141] In light of the evidence and admissions referred to above, I find that Schiavone, being a *de facto* director and officer of Richvale, authorized, permitted or acquiesced in the commission of the violations of sections 25, 38, 53 and 126.1 of the Act by Richvale, contrary to section 129.2 of the Act and contrary to the public interest.

VI. CONCLUSION

[142] For the reasons given above, I find that:

(a) Richvale and Schiavone traded in Richvale securities without registration, contrary to present subsection 25(1), former subsection 25(1)(a) of the Act and contrary to the public interest;

(b) Richvale and Schiavone engaged in an illegal distribution of securities contrary to subsection 53(1) of the Act and contrary to the public interest;

(c) Richvale and Schiavone engaged or participated in acts, practices or a course of conduct relating to Richvale shares that they knew or reasonably ought to have known perpetrated a fraud, contrary to subsection 126.1(b) of the Act and contrary to the public interest;

(d) Richvale made prohibited representations contrary to subsection 38(3) of the Act and contrary to the public interest; and

(e) Schiavone authorized, permitted or acquiesced in commission of violations of securities law by Richvale, contrary to section 129.2 of the Act and contrary to the public interest.

[143] The parties are directed to contact the Office of the Secretary to the Commission within ten days to schedule a sanctions and costs hearing, failing which a date will be set by the Office of the Secretary.

Dated at Toronto this 25th day of April, 2012.

"Edward P. Kerwin"

3.1.3 Sextant Capital Management Inc. et al.

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

AND

IN THE MATTER OF
SEXTANT CAPITAL MANAGEMENT INC.,
SEXTANT CAPITAL GP INC., OTTO SPORK,
KONSTANTINOS EKONOMIDIS,
ROBERT LEVACK AND NATALIE SPORK

REASONS AND DECISION ON A MOTION

Hearing:	March 14, 2012		
Decision:	April 27, 2012		
Panel:	James D. Carnwath, Q.C.	–	Commissioner and Chair of the Panel
Appearances:	Jay Naster Dena Smith (Student-at-Law)	–	For Otto Spork, Konstantinos Ekonomidis and Natalie Spork
	Scott C. Hutchison Tamara Center Paul Jonathan Saguil	–	For Staff of the Commission
	No one appeared	–	For Sextant Capital Management Inc. or Sextant Capital GP Inc.

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I. INTRODUCTION

[1] Otto Spork, Konstantinos Ekonomidis and Natalie Spork (the "Moving Parties"), moved on March 14, 2012 for:

a) An order that the Ontario Securities Commission (the "**Commission**") does not have jurisdiction to complete the s.127 hearing currently scheduled to resume on April 18, 2012, before a single member of the Commission;

b) an order that the hearing scheduled to be completed on April 18, 2012, be heard before the same quorum of the Commission that has conducted the hearing since its commencement on June 7, 2010, further to a Notice of Hearing issued May 12, 2010;

c) such further order as counsel may request and the Commission may permit. (the "**Motion**")

[2] Enforcement staff of the Commission ("**Staff**") oppose the Motion.

[3] To understand the issues to be decided in the matter, a history of the events leading to the motion is necessary. That history is as follows:

(a) Further to a Notice of Hearing dated May 12, 2010, the Moving Parties received notice that the Commission would hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "***Act***") commencing on June 7, 2010 at 10:00 a.m. to consider whether, in the Commission's opinion, it is in the public interest for the Commission to make an order pursuant to s.127(1) and s.127.1 of the *Act*.

(b) On June 7, 2010, the Moving Parties attended before Commissioners James D. Carnwath and Carol S. Perry (the "**Merits Panel**") for the commencement of the hearing. On June 7, 2010 an order was made adjourning the hearing for one week. On June 14, 2010, the parties made their opening addresses. The hearing continued over the course of approximately sixteen days between June 2010 and December 2010 (the "**Merits Hearing**").

> [Note: Commissioner Perry's appointment to the Commission expired on February 14, 2011.]

(c) The Panel issued Reasons for Decision respecting the merits of Staff's allegations on May 17, 2011. In particular, the Panel found that one or more of the Moving Parties breached ss.19, 116 and 126.1 of the *Act*, and thereby acted contrary to the public interest.

(d) By email dated May 26, 2011, the Secretary's Office advised as to the availability of the Commission to conduct the "Sanctions Hearing", and stated that Commissioner Carnwath proposed to sit alone on the Sanctions Hearing particularly following the recent amendments to s.3.5(3) of the *Act*. The Secretary sought counsel's input as to whether this proposal was satisfactory. On June 2, 2011, counsel for the Moving Parties advised they were not in agreement with proceeding before only one member of the Commission.

(e) By email dated June 13, 2011, the Secretary's Office advised that a quorum would be available for the Sanctions Hearing and canvassed further dates with counsel. Following counsel's inquiry as to who the proposed panel members would be, on June 14, 2011, the Secretary advised Commissioners Carnwath and Kelly. In response, by email dated June 17, 2011, counsel for the Moving Parties advised they anticipated opposing the proposed change to the composition of the Panel.

(f) By letter dated June 21, 2011, the Secretary's Office advised that the Commission no longer intended to substitute Commissioner Kelly for Commissioner Perry as Commissioner Perry had consented to sitting in accordance with s.4.3 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 (the "***SPPA***"). The Secretary's Office suggested proceeding on July 11 or 13, but also sought counsels' input for dates in the fall if the earlier dates were not acceptable. However, the Secretary's Office noted that if the matter went into the fall there was no guarantee that Commissioner Perry would be available, in which case, Commissioner Carnwath would complete the hearing and give a decision pursuant to s.4.4(1) of the *SPPA*.

(g) By letter dated June 24, 2011, counsel for the Moving Parties advised the Commission that they were not available to proceed on July 11 and 13, but were available on September 22 and 23. Confirmation was also sought as to whether Commissioners Carnwath and Perry were available to proceed on that date. The Secretary's Office replied by letter dated June 28, 2011, advising that the matter was set down to be heard on September 22 and 23, 2011.

(h) By Notice dated June 28, 2011, the Commission announced that a Sanctions Hearing was set down for September 22 and 23, 2011. On September 20, 2011, the Commission issued a further notice adjourning the Sanctions Hearing on consent to December 7, 2011.

(i) On November 18, 2011, the Commission granted a motion by the then counsel for the Moving Parties to remove the counsel of record for the Moving Parties.

(j) By email dated November 24, 2011, the Secretary's Office notified the Moving Parties that the Secretary's Office had been instructed by Commissioner Carnwath to inform the Moving Parties that Commissioner Perry is unable to participate in the Sextant Sanctions Hearing, scheduled for December 7, 2011. Pursuant to s.4.4(1) of the *SPPA* – Incapacity of member, Commissioner Carnwath would complete the hearing and give a decision.

(k) By order issued December 5, 2011, at the request of counsel for the Moving Parties, the Sanctions Hearing scheduled for December 7, 2011 was adjourned, on consent, to April 18, 2012.

II. POSITION OF THE PARTIES

The Moving Parties

[4] The Moving Parties rely on the principle of *audi alteram partem*, often described as "he who hears must decide" and "he who decides must hear." They submit that to complete the hearing before only one member of the two-member Merits Panel, is contrary to this principle of natural justice.

[5] The Moving Parties submit that the provisions of the *SPPA*, and in particular s.4.4(1), does not authorize a tribunal to complete a hearing and give a decision where, as a consequence of a member being unable to complete the hearing, the remaining member or members of the tribunal do not constitute a quorum.

[6] The Moving Parties submit that the portion of the hearing to be completed, referred to as the Sanctions Hearing, is not a new or separate hearing, but rather the resumption of a hearing commenced further to the Notice of Hearing issued May 12, 2010. Therefore, amendments to the *Act* respecting quorum requirements which came into force subsequent to the commencement of the hearing (specifically an amendment to s.3.5(2) of the *Act*, which came into force on May 12, 2011) have no application to a hearing commenced prior to that date.

Staff

[7] Staff submit that a one-member panel can be constituted in a manner consistent with the *Act*, the *SPPA*, the rules, procedures and past practices of the Commission and the rules of the natural justice.

[8] Staff submit that the *SPPA* distinguishes between a "proceeding" (the overall case or matter in respect of which the tribunal is to exercise its ultimate statutory power of decisions) and a "hearing" (an individual step or stage within such a proceeding). Staff submit that following a finding of acts contrary to the public interest, the Secretary of the Commission can assign different Commissioners to the Sanctions Hearing, even though they did not preside at the Merits Hearing.

[9] In support of its position, Staff cite *Re MRS Sciences Inc.* (2011), 34 OSCB 12288 ("***MRS***").

III. ANALYSIS

[10] To understand the history of this matter leading to the Motion, the following sections of the *SPPA* must be borne in mind:

> **Expiry of term**
>
> **4.3** If the term of office of a member of a tribunal who has participated in a hearing expires before a decision is given, the term shall be deemed to continue, but only for the purpose of participating in the decision and for no other purpose.
>
> **Incapacity of member**
>
> **4.4**(1) If a member of a tribunal who has participated in a hearing becomes unable, for any reason, to complete the hearing or to participate in the decision, the remaining member or members may complete the hearing and give a decision.

Audi Alteram Partem

[11] In *International Woodworkers*, Gonthier J., writing for the majority in the Supreme Court of Canada, concluded at para. 76:

> I agree that, as a general rule, the members of a panel who actually participate in the decision must have heard all of the evidence as well as the arguments presented by the parties and in this respect I adopt Pratte J.'s words in *Doyle v. Restrictive Trade Practices Commission,* [[1985] 1 F.C. 362 (C.A.)], at pp. 368-369:
>
> > The important issue is whether the maxim "**he who decides must hear**" invoked by the applicant should be applied here.
> >
> > This maxim expresses a well-known rule according to which, where a tribunal is responsible for hearing and deciding a case, only those members of the tribunal who heard the case may take part in the decision. It has sometimes been said that this rule is a

> corollary of the audi alteram partem rule. This is true to the extent a litigant is not truly "heard" unless he is heard by the person who will be deciding his case … This having been said, it must be realized that the rule "**he who decides must hear**", important though it may be, is based on the legislator's supposed intentions. It therefore does not apply where this is expressly stated to be the case; nor does it apply where a review of all the provisions governing the activities of a tribunal leads to the conclusion that the legislator could not have intended them to apply. Where the rule does apply to a tribunal, finally, it requires that all members of the tribunal who take part in a decision must have heard the evidence and the representations of the parties in the manner in which the law requires that they be heard.
>
> (*International Woodworkers of America, Local 2-69 v. Consolidated-Bathurst Packaging Ltd.*, [1990] 1 S.C.R. 282 at para. 76 ("***International Woodworkers***"))

[12] *Audi alteram partem* and its relation to ss. 4.3 and 4.4(1) of the *SPPA* was considered by the Ontario Court of Appeal in *Piller v. Assn. of Ontario Land Surveyors* (2002), 160 O.A.C. 333 ("***Piller***"). At paras. 49 to 52 of *Piller*, Gilese J.A. found:

> **49.** Section 2 of the SPPA requires a liberal construction of s. 4.3. It provides that:
>
> > This Act, and any rule made by a tribunal under section 25.1 shall be liberally construed to secure the just, most expeditious and cost-effective determination of every proceeding on its merits.
>
> **50.** In addition, in determining the meaning to be given to the words "participating in the decision" as they appear in s. 4.3, the purpose of s. 4.3 is to be kept in mind. Like s. 26(11), its underlying purpose is to prevent a hearing from being disrupted by the expiry of a panel member's term of office. Many hearings take place over an extended period with lengthy adjournments or interruptions during which time a member's term of office may expire. The purpose of section 4.3 is frustrated if the expiry of a panel member's term of office during potentially lengthy preliminary proceedings were to require a new member to be appointed and the proceedings to start de novo. The deemed extension of a term is to enable the continued involvement and participation of a panel member seized of a matter that comes before the panel in which he or she is participating. It also meets the need for the expeditious and cost-effective determination of proceedings.
>
> **51.** Section 4.3 states that if the term of office of a member of a tribunal expires "before a decision is given", that term shall be deemed to continue. On its plain wording, this could occur at anytime before a decision is given. The words "after the evidence has been heard" do not precede the words "before a decision is given" in s. 4.3 and, in my view, ought not to be read in as to do so is inconsistent with the purpose of s. 4.3 and the dictates of s. 2.
>
> **52. Procedural fairness precludes a tribunal member from participating in the making of a decision if the member has not fully heard the matter**. In my view, the continuation of a tribunal member's term pursuant to s. 4.3 for the purpose of participating in the decision necessarily encompasses those activities required to meaningfully and lawfully participate in making the decision namely, participation in the completion of the hearing. For the sake of completeness, I note that hearing panel members may have other duties as, for example, attendance at Council meetings. The words in s. 4.3 limiting the extension of a tribunal member's term for the sole purpose of participating in the decision precludes the performance of such other duties by the member whose term has been extended by operation of s. 4.3. [Emphasis added]

[13] I conclude from Gilese J.A.'s statement in para. 52 of *Piller*, *above*, that the Legislature's intention in passing ss. 4.3 and 4.4(1) of the *SPPA* was to ensure that, where possible, the principle of *audi alteram partem* be recognized.

[14] Implicit in the Moving Parties' submissions is that the application of s. 4.4(1) of the *SPPA* to the facts of this case would result in my competency to preside at the Sanctions Hearing, were it not for the quorum requirements of s. 3(11) of the *Act*. I shall deal with the quorum issue later in these Reasons.

The "Separate Hearings"

[15] Staff submits that there is no breach of the *audi alteram partem* principle because the *SPPA* explicitly distinguishes between a "proceeding" (the overall case or matter in respect of which the tribunal is to exercise its ultimate statutory power of decision) and a "hearing" (an individual step or stage within such a proceeding).

[16] Staff submits the interpretation section of the *SPPA* provides, in relevant part, as follows:

> 1. (1) In this Act, […]
>
> "hearing" means a hearing **in any proceeding**; […]
>
> "proceeding" means a proceeding to which this Act applies; […]
>
> [Emphasis added]

[17] Staff further submits that, in most proceedings, there are multiple steps or stages which each can take the form of a discrete hearing. The practice in this Commission has been, for some time, to deal with a merits hearing, which terminates in Reasons for Decision. If findings against the respondents are made, a sanctions hearing is convened.

[18] Staff submits that the Commission has consistently approached the issues of expiry of terms of appointment and panel composition in accordance with the following principles:

1. A sanctions hearing is a distinct hearing which is temporarily and procedurally discrete from the merits hearing. While both hearings are part of a single proceeding, they are, as a matter of law, separate hearings.

2. Where the term of a Commissioner on a merits panel has expired before the sanctions hearing begins, the former Commissioner is ineligible to preside in the sanctions hearing and a new panel is appointed.

[19] The following excerpt from the submissions of Mr. Hutchison illustrate Staff's position:

> CHAIR: Again, forgive me for interrupting you, let me ask you this: [I]magine a hearing with commissioners A, B and C, goes, we'll say, for 30 days, lots of evidence, issues of credibility, making it as difficult as possible for you, Mr. Hutchison.
>
> …
>
> CHAIR: And so they come to a conclusion and they issue their decision on the merits and the secretary appoints commissioners D, E and F to hear the sanctions hearing, perfectly okay?
>
> MR. HUTCHISON: In my respectful submission, the Commission is allowed to exercise its jurisdiction. That's exactly what happened in MRS. In MRS, two commissioners hear merits. Neither of them is a commissioner by the time it gets to the sanctions. And a new panel is assigned.
>
> (Motion Transcript of March 14, 2012 at pp. 56-57)

[20] To my knowledge no one contested the practice of separating sanctions hearings from merits hearings until the hearing of the motion in *MRS,* heard November 2, 2011. The moving parties in *MRS, above,* at para. 11, argued they were denied procedural fairness because "a new Panel that is composed of Commissioners who were not on the MRS Merits Panel does not have jurisdiction to make a determination on sanctions and costs in this matter." The motion was denied and that decision appealed to the Divisional Court.

[21] In *MRS, above*, the motion panel found at para. 4:

> We find that it is within the jurisdiction of the Commission for the Secretary to appoint a Panel of Commissioners who did not participate in the hearing on the merits to preside over the sanctions and costs hearing.

[22] In *MRS,* as in this case, the linchpin of Staff's case was its analysis of the interpretation section of the *SPPA* to draw a distinction between a "proceeding" and a "hearing". At the opening of the Motion before me, I asked counsel why they had not referred me to Article 1.2 of the OSC *Guidelines for Members and Employees Engaging in Adjudication* (the "*Guidelines*"). Article 1.2 defines "Panel" as follows:

> **Article 1.2**
>
> **"**Panel" means the Member or group of Members assigned to hear and determine a Proceeding;

Mr. Hutchison, counsel for Staff in this matter, as he was in *MRS*, responded as follows:

> MR. HUTCHISON: I can only indicate, sir, with regret that it's an oversight and I'm happy to offer you a submission. With respect, I will say in my defence, I've been through this issue once with other counsel and other counsel didn't identify the definition either. So I'm happy to offer you a submission at the appropriate time with respect to that though.
>
> (Motion Transcript of March 14, 2012 at p. 8)

[23] Counsel for the Moving Parties, Mr. Naster, replied that he intended to suggest that Article 1.2 was problematic for Staff. I note that Article 1.2 of the *Guidelines* was not referred to in counsels' submissions in *MRS,* nor did the MRS motion panel refer to it. I find the omission curious since, on the plain wording of the article, a Member is assigned to hear and determine a proceeding – that is to say, including the sanctions hearing. When asked to comment on this during his submissions, Mr. Hutchison acknowledged that "there is some imprecision of language that is found within this building." I cannot quarrel with that observation. There followed this exchange:

> CHAIR: So I want to be sure I've got it correctly. Your submission is that the meaning of proceeding here means a hearing.
>
> MR. HUTCHISON: It means a hearing. It means a session at which some part of the Commission's overall statutory power of decision is going to be exercised.
>
> CHAIR: I understand your submission.
>
> (Motion Transcript of March 14, 2012 at p. 64)

[24] Staff's case rests on a careful distinction between a "proceeding" and a "hearing". Nevertheless, when faced with Article 1.2 of the *Guidelines,* Staff's submission is they mean the same thing. Nevertheless, one can draw an inference that a Member was assigned to preside throughout the "proceeding", including the sanctions hearing. It is unfortunate that the *Guidelines* definition of "Panel" in Article 1.2 was not put before the MRS motion panel. It would have been helpful to have had its views.

[25] If Staff's view of separate hearings is correct, the need for ss. 4.3 and 4.4(1) of the *SPPA* is diminished, a result which runs counter to the intention of the *SPPA* and the *ratio* in *Piller*, as articulated by Gilese J.A.

[26] Regardless of whether Staff's position on separate hearings is right or wrong, does the Motion fail?

[27] Assuming, without deciding, that *MRS* was correctly decided, Staff submits my assignment by the Secretary to hear the Sanctions Hearing is proper, due to the recent amendment to the *Act* which permits a single Commissioner to hear all matters before the Commission. Subsection 3.5(3) of the *Act* states:

> **3.5 (3) Power of one commissioner –** Despite subsection 3(11) and subject to subsection (4), any two or more members of the Commission may in writing authorize one member of the Commission to exercise any of the powers and perform any of the duties of the Commission, including the power to conduct contested hearings on the merits, and a decision of the member shall have the same force and effect as if made by the Commission.

[28] The Moving Parties concede this point, as reported in the following exchange:

> CHAIR: May I ask you, Mr. Naster, if your friend's view of the two hearings, separate and apart, prevails, then does it follow that since the appointment of the panel to hear this matter follows the amendment, that is one person, cures the quorum problem?
>
> MR. NASTER: If we are dealing with a brand new hearing –
>
> CHAIR:Yes.
>
> MR. NASTER: – then I assume all the rules and laws that are applicable as of the point in time when this brand new hearing is commenced would apply. I couldn't very well suggest otherwise and maintain any –
>
> CHAIR: It seems to follow.

> MR. NASTER: It does follow. And that's why I have anticipated my friend would be arguing the separate hearing context and why, in my submission, it's not tenable.
>
> (Motion Transcript of March 14, 2012 at pp. 42-43)

[29] Shortly put, if I agree with Staff, the motion fails.

The Quorum Argument

[30] Assuming, without deciding, that I do not accept Staff's submission on separate hearings, what then follows? Mr. Naster submits this leaves me as a single Commissioner competent to preside at the Sanctions Hearing in accordance with s. 4.4(1) of the *SPPA* save for one important exception – s. 3(11) of the *Act* prescribes that two members of the Commission constitute a quorum for the purpose of conducting a contested hearing on the merits. His submission on this point is correct. Subsection 3(11) of the *Act* provides:

> **3(11) Quorum** – Two members of the Commission constitute a quorum.

[31] Mr. Naster correctly submits that s. 3.5(3) of the *Act* does not apply to a hearing which started before the section came into effect on May 12, 2011. Therefore, submits Mr. Naster, if s. 3(11) of the *Act* requires a quorum of two and s. 4.4(1) of the *SPPA* permits a single panel member to continue, there is an apparent conflict.

[32] The resolution of this conflict is found in s. 32 of the *SPPA*, which provides:

> Unless it is expressly provided in any other Act that its provisions and regulations, rules or by-laws made under it apply despite anything in this Act, the provisions of this Act prevail over the provisions of such other Act and over Regulations, rules or by-laws made under such other Act which conflict therewith.

[33] It is acknowledged that Commissioner Perry is unable to complete the hearing. That leaves "a member" of the Merits Panel able to continue the hearing, pursuant to s. 4.4(1) of the *SPPA.* The conflict between the *Act* and the *SPPA* must be resolved in favour of the *SPPA*, pursuant to s. 32 of the *SPPA*. The quorum argument fails.

[34] Therefore, whether Staff's view of the law on "separate hearings" is right or wrong, the motion fails.

[35] It is not uncommon, following a decision by a merits panel, for the term of a member of that panel to expire before the sanctions hearing. When that happens, I suggest the better practice would be to first apply provisions 4.3 and 4.4(1) of the *SPPA* and thereby avoid, where possible, the assignment of a panel member who did not preside at the merits hearing.

IV. CONCLUSION

[36] The motion is denied. If Staff wishes to seek costs, a motion may be brought.

Dated this 27th day of April, 2012.

"James D. Carnwath"

3.1.4 New Solutions Capital Inc. and Ronald James Ovenden – s. 28

IN THE MATTER OF
THE REGISTRATION OF
NEW SOLUTIONS CAPITAL INC. AND RONALD JAMES OVENDEN

SUSPENSION OF REGISTRATION UNDER SECTION 28
OF THE SECURITIES ACT (ONTARIO)

1. New Solutions Capital Inc. (**NSCI**) is registered under the *Securities Act* (Ontario) (the **Act**) as a dealer in the category of exempt market dealer.

2. Ronald James Ovenden (**Ovenden**) is registered as the ultimate designated person of NSCI.

3. On April 11, 2012, the Ontario Securities Commission (the **Commission**) entered a Temporary Order (the **Temporary Order**) as against NSCI, several issuers related to NSCI (the **Related Party Issuers**), and Ovenden.

4. In the Temporary Order, the Commission noted that it appeared to it that NSCI and Ovenden, as well as the Related Party Issuers, may have failed to deal fairly, honestly and in good faith with their clients, contrary to s. 2.1 of OSC Rule 31-505 *Conditions of Registration* and may have engaged in conduct that is contrary to ss. 44(2) and 126.1 of the Act.

5. In the Temporary Order, the Commission ordered that all trading in the securities of the Related Party Issuers cease immediately.

6. In the Temporary Order, the Commission further ordered that NSCI and Ovenden cease trading in the securities of the Related Party Issuers, and that any exemptions contained in Ontario securities law do not apply to NSCI, the Related Party Issuers and Ovenden.

7. On April 13, 2012, Angelie Lomoljo (**Lomoljo**), who had been registered as the Chief Compliance Officer (**CCO**) of NSCI, resigned from NSCI effective immediately.

8. NSCI has not replaced Lomoljo as CCO, and has not applied for the registration of a new proposed CCO. By not designating an individual as the firm's CCO, NSCI is in breach of s. 11.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

9. On April 25, 2012, the Commission extended the Temporary Order until October 12, 2012.

10. It appears to me, in my capacity as Director, that it would be objectionable for NSCI and Ovenden to be registered under the Act in light of the Temporary Order made by the Commission. Further, NSCI has failed to comply with Ontario securities law by not designating an individual as the firm's CCO. Each of these grounds provides a basis for me to suspend NSCI's registration pursuant to s. 28 of the Act.

11. On behalf of staff (**Staff**) of the Commission, George Gunn, Manager, Compliance and Registrant Regulation, communicated Staff's recommendation that NSCI and Ovenden be suspended in a letter (the **Letter**) to Ovenden dated April 12, 2012.

12. The Letter advised NSCI and Ovenden that they were entitled to an opportunity to be heard before the Director decided to accept Staff's recommendation. NSCI and Ovenden confirmed that they would not exercise their right to be heard.

Decision

13. My decision is that the registration of NSCI and Ovenden be suspended, effective immediately.

April 26, 2012

"Erez Blumberger"
Acting Director
Compliance and Registrant Regulation Branch,
Ontario Securities Commission

3.1.5 Daniel Sternberg et al.

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

AND

IN THE MATTER OF
DANIEL STERNBERG, PARKWOOD GP INC. AND PHILCO CONSULTING INC.

SETTLEMENT AGREEMENT BETWEEN STAFF, DANIEL STERNBERG,
PARKWOOD GP INC. AND PHILCO CONSULTING INC.

PART I – INTRODUCTION

1. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Daniel Sternberg ("Sternberg"), Parkwood GP Inc. ("Parkwood GP") and Philco Consulting Inc. ("Philco") (collectively, the "Respondents").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated April 24, 2012 against the Respondents (the "Proceeding") in accordance with the terms and conditions set out below. The Respondents consent to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

Background

3. Sternberg is a resident of Toronto, Ontario.

4. Sternberg is the sole shareholder, officer and director of Parkwood GP. Parkwood GP is an Ontario company incorporated on March 12, 2004.

5. Parkwood GP is the general partner of the Parkwood Limited Partnership Fund (the "Fund"), a limited partnership formed under the *Limited Partnerships Act*, R.S.O. 1990, c. L.16, on May 1, 2004.

6. Pursuant to an advisory agreement dated May 1, 2004, Parkwood GP retained Eosphoros Asset Management Inc. ("EAM"), an Ontario corporation, to act as the advisor to the Fund.

7. Commencing in March 2004, EAM was registered under the Act as an adviser in the category of investment counsel and portfolio manager, which transitioned to the category of portfolio manager on September 28, 2009. On April 22, 2005, EAM also became registered as a dealer in the category of limited market dealer, which transitioned to the category of exempt market dealer on September 28, 2009. EAM also became registered as an investment fund manager on September 29, 2010.

8. During the material time referred to below, EAM paid consulting fees to Philco for services provided by Philco in relation to the Fund. Philco is an Ontario company incorporated on October 1, 2003. Sternberg is the sole shareholder, officer and director of Philco.

9. Parkwood Investment Management Inc. ("Parkwood IM") is an Ontario company incorporated on June 9, 2010. Sternberg is the sole shareholder, officer and director of Parkwood IM.

10. On or about July 5, 2010, Parkwood IM made an application to the Commission for registration as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer. Parkwood IM also made an application for registration as an investment fund manager on or about September 7, 2010.

11. On or about August 5, 2010, Sternberg made an application to the Commission for registration as the ultimate designated person, chief compliance officer, advising representative and dealing representative of Parkwood IM.

12. None of Sternberg, Philco or Parkwood GP was registered with the Commission in any capacity during the period of May 2004 to June 2011 (the "Material Time").

The Offering Memorandums

13. During the Material Time, the Fund used two Offering Memorandums; one was used from May 2004 to April 2010 ("OM1"); a second, dated April 30, 2010 ("OM2"), was used thereafter (together the "OMs"). Parkwood GP was identified as the Promoter to the Fund in OM2. According to the OMs, the Fund was required to pay Parkwood GP:

(a) a management fee, payable monthly in arrears, at an annual rate of 2% of the Net Asset Value of the Fund, plus GST or HST, as applicable (the "Management Fee");

(b) a 20% performance fee calculated and accrued monthly and payable annually in accordance with a formula set out in the OMs and a 5% additional performance fee calculated and paid annually in accordance with a formula set out in the OMs (collectively, the "Performance Fees").

14. The OMs also provided that Parkwood GP would engage EAM or such other qualified and registered portfolio manager as selected by Parkwood GP as the investment advisor to the Fund (the "Advisor").

15. OM1 stated that Philco would act as a consultant to the Advisor. OM2 did not refer to Philco or a consultant to the Advisor.

A. Advising Without Registration

16. During the period from May 2004 to April 30, 2010 (the "Consulting Period"), Parkwood GP remitted the Management Fees and Performance Fees paid by the Fund to EAM. EAM subsequently remitted the majority of the Management Fees and Performance Fees, between approximately 85% to 95% of these fees, to Philco for consulting services (the "Services"). The percentage of the fees paid to Philco increased over the course of the Consulting Period.

17. During the Consulting Period, Sternberg, as the sole officer and director of Philco, provided the Services. In providing the Services, Sternberg assisted EAM in providing advisory services to and in making investment decisions for the Fund, thereby engaging in the business of advising the Fund with respect to investing in, buying or selling securities.

18. Neither Philco nor Sternberg was registered as an adviser during the Consulting Period.

19. In June, 2009, Staff of the Compliance and Registrant Regulation Branch conducted a compliance review of the Fund as part of its hedge fund sweep. Staff communicated to Sternberg in writing on December 14, 2009 (the "Deficiency Report") that in providing the Services, Philco and Sternberg were engaging in advising without registration.

20. On January 15, 2010, Sternberg signed and submitted a letter to Staff (the "January 2010 Response") indicating that while he disagreed that, in providing the Services, Philco had been engaging in advising without registration, Philco would cease to act as a consultant to EAM and that Sternberg would apply for registration as an associate advising representative of EAM.

21. On April 30, 2010, Sternberg signed and submitted a letter to Staff "confirming" that Philco had "ceased acting as a consultant to [EAM] in respect of the Fund or otherwise" and stating that Sternberg and Parkwood GP were in the process of determining how to proceed and that he would apply for registration as an associate advising representative of EAM or as the advising representative of a new portfolio manager for the Fund. The letter was accompanied by a copy of OM2.

22. During the period from April 30, 2010 to June, 2011 (the "Post-Consulting Period"), Sternberg continued to assist EAM in providing advisory services to and in making investment decisions for the Fund, thereby engaging in the business of advising the Fund with respect to investing in, buying or selling securities, without being registered as an adviser.

23. During the Post-Consulting Period, Parkwood GP retained the Management Fees and Performance Fees paid by the Fund, and deferred paying fees to EAM, which remains the contractual portfolio manager to the Fund. During this period, the Fund paid approximately $1.02 million in Management Fees for the period of April 2010 to May 2011 and $1.5 million in Performance Fees to Parkwood GP, of which the $1.5 million was paid to Sternberg as a dividend on February 1, 2011 (for 2011) and invested by him in the Fund and $350,000 was paid to Sternberg as a dividend on April 15, 2011 (for 2010). Parkwood subsequently paid approximately 5% of the Management Fees and Performance Fees for the Post-Consulting Period to EAM.

24. Sternberg's activities during the Post-Consulting Period were indistinguishable from his activities during the Consulting Period.

B. Trading Without Registration

25. During the Material Time, Sternberg and Parkwood GP distributed limited partnership units of the Fund to investors, when they were not registered with the Commission and when an exemption from registration was not available to them under the Act. In December, 2009, when the Deficiency Report was received, there were approximately 39 holders of limited partnership units of the Fund.

26. In the Deficiency Report, Staff communicated to Sternberg in writing that such trading activities required Parkwood GP to be registered as an exempt market dealer under the Act.

27. The January 2010 Response to Staff stated that to the extent that Parkwood GP had been involved in the distribution of units of the Fund "all such dealing activity will cease and all units will be distributed by properly registered dealers in the Province of Ontario in reliance on the exemption from registration in Section 8.5 of National Instrument 31-103."

28. Sternberg and/or Parkwood GP subsequently made eleven sales of limited partnership units of the Fund to investors in 2010, none of which were distributed by properly registered dealers.

C. Undertakings To Staff

29. The statements in the January 2010 Response described in paragraphs 20 and 27 above constituted undertakings to Staff. The conduct during the Post-Consulting period described in paragraphs 22 to 24 and the sales of units described in paragraph 28 breached those undertakings.

D. Ontario Securities Law

30. Sternberg, Parkwood GP and Philco admit and acknowledge that by engaging in the conduct described above, they contravened Ontario securities law during the Material Time in the following ways:

(a) Sternberg and Philco engaged in advising without being registered to advise in securities contrary to subsection 25(1)(c) of the Act (as that subsection existed prior to September 28, 2009) and, after September 28, 2009, engaged in the business of advising in securities without registration contrary to subsection 25(3) of the Act; and

(b) Sternberg and Parkwood GP traded in securities of the Fund without registration when an exemption was not available to them contrary to subsection 25(1)(a) of the Act (as that subsection existed prior to September 28, 2009) and, after September 28, 2009, engaged in the business of trading in securities of the Fund without registration contrary to subsection 25(1) of the Act.

E. The Public Interest

31. Sternberg, Parkwood GP and Philco admit and acknowledge that they acted contrary to the public interest by contravening Ontario securities law as set out above.

32. Sternberg and Parkwood GP further admit that the conduct referred to in paragraph 29 above was contrary to the public interest.

F. Additional Facts

33. Sternberg and Parkwood GP undertake that they will take the following actions following approval of this Settlement Agreement by the Commission:

(a) within 3 days of an order approving this Settlement Agreement (the "Order"), Parkwood GP will give notice (the "Notice") to the limited partners of the Fund (the "Limited Partners") of a meeting of the Limited Partners in accordance with section 11.3 of the Fund's Limited Partnership Agreement dated May 1, 2004 (the "LP Agreement");

(b) the Notice shall advise the Limited Partners that the following questions will be submitted and voted on at the meeting of the Limited Partners:

i. whether Samara Capital Inc. ("Samara"), a registered investment fund manager, portfolio manager and exempt market dealer that is unrelated to Sternberg, will become the investment fund manager and portfolio manager of the Fund; and

ii. if the appointment of Samara is not approved by the Limited Partners, whether the Fund is to be wound up;

(c) make best efforts to ensure that the above questions are voted upon at the meeting of the Limited Partners.

34. In the event that Parkwood GP does not obtain the number of votes required under the LP Agreement to pass either of the items referred to in subparagraph 33(b) above, Parkwood GP will voluntarily withdraw as the General Partner of the Fund pursuant to paragraph 9.14 of the LP Agreement.

35. Sternberg advises that Samara has agreed to act as the investment fund manager and portfolio manager to the Fund, subject to the approval by the Limited Partners pursuant to the LP Agreement, and intends to employ Sternberg as an employee of Samara to assist with administration matters.

36. In the event that the Limited Partners vote in favour of a dissolution of the Fund, Sternberg and Parkwood GP will direct EAM, as portfolio manager and a registered dealer, to take the necessary steps to redeem the outstanding units of the Fund and will take all other action required to dissolve the Fund.

G. Staff Agreement

37. Staff of the Commission agree that after the one-year period referred to in Schedule "B" has expired, Staff will not recommend that an application by Sternberg for registration as an associate advising representative with an appropriately registered firm in the category of portfolio manager be refused based on information that was known or made available to Staff as of the date of this Settlement Agreement.

38. Staff of the Commission agree that Parkwood GP will not be directing the business, operations or affairs of the Fund:

(a) in connection with actions taken by it to implement the appointment of Samara referred to in paragraph 33, above, and

(b) thereafter, if the appointment of Samara as investment fund manager and portfolio manager is approved by the Limited Partners, so long as Samara performs those functions and Parkwood GP does not receive, directly or indirectly, any fees from the Fund.

PART IV – RESPONDENT'S POSITION

39. No investor has been harmed by the conduct of Sternberg or Parkwood GP.

40. Following the January 2010 Response, Sternberg, with the advice of counsel, engaged in efforts directed to obtaining registration for himself and Parkwood IM, including preparing OM2 and providing a copy of it to Staff.

41. During the Material Time, Sternberg did not actively solicit investors for the Fund. Nine of the eleven sales of limited partnership units of the Fund after the January 2010 Response, referred to in paragraph 28 above, were made to existing holders of Fund units.

PART V – TERMS OF SETTLEMENT

42. The Commission will make an order, pursuant to subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

Sternberg

(b) trading in any securities by Sternberg shall cease for a period of one year from the date of the Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(c) the acquisition of any securities by Sternberg is prohibited for a period of one year from the date of the Order, subject to the exception that Sternberg is permitted to acquire securities through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(d) the exemptions contained in Ontario securities law do not apply to Sternberg for a period of one year from the date of the Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(e) Sternberg is reprimanded;

(f) Sternberg is prohibited for a period of one year from the date of the Order from becoming or acting as a director or officer of any registrant; and

(g) Sternberg is prohibited for a period of one year from the date of the Order from becoming or acting as a registrant;

Parkwood GP

(h) trading in any securities by Parkwood GP shall cease for a period of one year from the date of the Order;

(i) the acquisition of any securities by Parkwood GP is prohibited for a period of one year from the date of the Order;

(j) the exemptions contained in Ontario securities law do not apply to Parkwood GP for a period of one year from the date of the Order;

(k) Parkwood GP is reprimanded; and

(l) Parkwood GP is prohibited for a period of one year from the date of the Order from becoming or acting as a registrant;

Philco

(m) trading in any securities by Philco shall cease for a period of one year from the date of the Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(n) the acquisition of any securities by Philco is prohibited for a period of one year from the date of the Order, subject to the exception that Philco is permitted to acquire securities through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(o) the exemptions contained in Ontario securities law do not apply to Philco for a period of one year from the date of the Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(p) Philco is reprimanded;

(q) Philco is prohibited for a period of one year from the date of the Order from becoming or acting as a registrant; and

(r) the Respondents shall, jointly and severally, pay the Commission an administrative penalty in the amount of $100,000 to be allocated pursuant to subsection 3.4(2)(b) of the Act to or for the benefit of third parties;

43. The Respondents agree to the terms set out herein. Sternberg further agrees to execute, immediately following approval of this Settlement Agreement by the Commission, a written undertaking to the Commission in the form attached as Schedule "B" to this Settlement Agreement, that states that:

(a) Sternberg will immediately withdraw his application for registration currently filed with the Commission and will not reapply for registration for at least one year from the date of the Order; and

(b) Sternberg, on behalf of Parkwood IM, will immediately withdraw Parkwood IM's application for registration currently filed with the Commission and Parkwood IM will not reapply for registration for at least one year from the date of the Order.

PART VI – STAFF COMMITMENT

44. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against any of the Respondents in relation to the facts set out in Part III herein, subject to the provisions of paragraph 45 below.

45. If this Settlement Agreement is approved by the Commission, and at any subsequent time a Respondent fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against the Respondent based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

46. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and the Respondents for the scheduling of the hearing to consider the Settlement Agreement.

47. Staff and the Respondents agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding the Respondents' conduct, unless the parties agree that further facts should be submitted at the settlement hearing.

48. If this Settlement Agreement is approved by the Commission, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

49. If this Settlement Agreement is approved by the Commission, no party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

50. Whether or not this Settlement Agreement is approved by the Commission, the Respondents agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

51. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and the Respondents leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and the Respondents; and

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

52. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, except that Staff and the Respondents may discuss the terms with Samara and EAM to the extent necessary to arrange for their undertaking, respectively, the roles contemplated in paragraphs 33 and 36, above, and may disclose the consequences of this Settlement Agreement to the auditors of the Fund in connection with the completion of their audit of the Fund's financial statements for its year ended December 31, 2011. Any obligations of confidentiality shall terminate upon the commencement of the public hearing to obtain approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Sternberg and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

54. A facsimile or electronic copy of any signature will be as effective as an original signature.

Dated this 24th day of April, 2012.

Signed in the presence of:

"Marissa Wallace"
Witness

"Daniel Sternberg"
Daniel Sternberg

"Marissa Wallace"
Witness

"Daniel Sternberg"
Parkwood GP Inc.
per: Daniel Sternberg

"Marissa Wallace"
Witness

"Daniel Sternberg"
Philco Consulting Inc.
per: Daniel Sternberg

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Kathryn Daniels for"
Tom Atkinson
Director, Enforcement Branch

Dated this 24th day of April, 2012.

SCHEDULE "A"

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

AND

IN THE MATTER OF
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION AND
DANIEL STERNBERG, PARKWOOD GP INC.
AND PHILCO CONSULTING INC.

ORDER
(Section 127)

WHEREAS on April 24, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") in connection with the allegations set out in the Statement of Allegations of Staff of the Commission ("Staff") dated April 24, 2012;

AND WHEREAS Daniel Sternberg ("Sternberg"), Parkwood GP Inc. ("Parkwood GP") and Philco Consulting Inc. ("Philco") (collectively, the "Respondents") entered into a Settlement Agreement with Staff of the Commission dated April 24, 2012 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated April 24, 2012, subject to the approval of the Commission;

AND WHEREAS on April 24, 2012, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from Staff and the Respondents;

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Sternberg shall cease for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(c) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Philco shall cease for a period of one year from the date of this Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(d) pursuant to clause 2 of subsection 127(1) of the Act. trading in any securities by Parkwood GP shall cease for a period of one year from the date of this Order;

(e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sternberg is prohibited for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to acquire securities through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his

spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(f) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Philco is prohibited for a period of one year from the date of this Order, subject to the exception that Philco is permitted to acquire securities through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(g) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Parkwood GP is prohibited for a period of one year from the date of this Order;

(h) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Sternberg for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

(i) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Philco for a period of one year from the date of this Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

(j) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Parkwood GP for a period of one year from the date of this Order;

(k) pursuant to clause 6 of subsection 127(1) of the Act, each of the Respondents is reprimanded;

(l) pursuant to clause 8.2 of subsection 127(1) of the Act, Sternberg is prohibited for a period of one year from the date of this Order from becoming or acting as a director or officer of any registrant;

(m) pursuant to clause 8.5 of subsection 127(1) of the Act, each of the Respondents is prohibited for a period of one year from the date of this Order from becoming or acting as a registrant; and

(n) pursuant to clause 9 of subsection 127(1) of the Act, the Respondents shall, jointly and severally, pay the Commission an administrative penalty in the amount of $100,000 to be allocated pursuant to subsection 3.4(2)(b) of the Act to or for the benefit of third parties.

DATED AT TORONTO this _____ day of April, 2012.

_____

SCHEDULE "B"

I, Daniel Sternberg, am a Respondent to a Notice of Hearing dated April 24, 2012 (the "Notice of Hearing") issued by the Ontario Securities Commission (the "Commission"). As a term of the settlement agreement dated April 24, 2012 entered into by me in respect of the Notice of Hearing (the "Settlement Agreement") and approved by the Commission, I undertake to the Commission the following:

(a) I will immediately withdraw my application for registration currently filed with the Commission and I will not reapply for registration for at least one year from the date of the order of the Commission approving the Settlement Agreement (the "Order"); and

(b) I, on behalf of Parkwood IM, will immediately withdraw Parkwood IM's application for registration currently filed with the Commission and Parkwood IM will not reapply for registration for at least one year from the date of the Order.

Dated this 24th day of April, 2012.

Signed in the presence of:

"Marissa Wallace"
Witness

"Daniel Sternberg"
Daniel Sternberg

Acknowledgement as received by,

"John Stevenson"
John Stevenson
Secretary to the Ontario Securities Commission

3.1.6 Trapeze Asset Management Inc. et al.

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

AND

IN THE MATTER OF
TRAPEZE ASSET MANAGEMENT INC.,
RANDALL ABRAMSON AND HERBERT ABRAMSON

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "**Commission**") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Securities Act***") it is in the public interest for the Commission to make certain orders in respect of Trapeze Asset Management Inc. ("**Trapeze**"), Randall Abramson ("**R. Abramson**") and Herbert Abramson ("**H. Abramson**") (collectively, the "**Respondents**").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("**Staff**") agree to recommend settlement of the proceeding commenced by Notice of Hearing dated April 20, 2012 (the "**Proceeding**") against the Respondents according to the terms and conditions set out in Part VII of this settlement agreement (the "**Settlement Agreement**"). The Respondents agree to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. The Respondents agree with the facts set out in this Part III.

4. Staff and the Respondents agree that the facts set out in this Part III for the purpose of this settlement are without prejudice to the Respondents in any other proceedings of any kind including, but without limiting the generality of the foregoing, any other proceedings brought by the Commission under the *Securities Act* (subject to paragraph 39 below) or any civil or other proceedings currently pending or which may be brought by any other person, corporation or agency.

Overview

5. Between September 30, 2006 and August 31, 2010 (the "**Relevant Time**"), the Respondents inaccurately assessed the risk associated with many of the investments purchased on behalf of clients in managed accounts. The Respondents did not give adequate consideration to certain risks (as described in paragraph 24 below), resulting in purchased securities being assessed as medium risk, with the exception of authorized short-selling which was considered high risk. The Respondents acknowledge that adequate consideration of the risks described in this Settlement Agreement would have resulted in higher than medium risk ratings being assigned to securities and client portfolios during the Relevant Time.

6. During the Relevant Time, Trapeze accounts were managed by the Respondents on a discretionary basis and were invested predominantly in securities of the same issuers in varying proportions depending on the investment mandate selected by clients (as described in paragraph 22 below).

7. As a result of the Respondents' misclassifications of risk of securities and their investments on behalf of virtually all clients in securities of the same issuers (as described below), the Respondents failed to ensure that investments made during the Relevant Time were suitable for all of their clients, the vast majority of whom had a medium risk tolerance. Further, in some cases, the Respondents failed to adequately ascertain clients' investment needs, experience, investment objectives and risk tolerance, prior to investing their assets.

8. At certain points in time during the Relevant Time, many clients experienced substantial declines in the market value for their accounts at Trapeze.

The Parties

9. During the Relevant Time, Trapeze was a corporation incorporated pursuant to the laws of Ontario and registered under Ontario securities law as an adviser in the category of portfolio manager (previously investment counsel and portfolio manager), and as a dealer in the category of exempt market dealer (formerly limited market dealer).

10. During the Relevant Time, R. Abramson was the President and Chief Executive Officer, a director and an indirect majority shareholder of Trapeze, registered under Ontario securities law as a dealing representative and advising representative (formerly trading and advising officer), the Ultimate Designated Person (formerly Ultimate Responsible Person) and Chief Compliance Officer of Trapeze. R. Abramson resigned as Chief Compliance Officer of Trapeze on September 7, 2011.

11. During the Relevant Time, H. Abramson was the Chairman and a director of Trapeze and was registered under Ontario securities law as a dealing representative and advising representative of Trapeze (formerly trading and advising officer). H. Abramson has never served as Chief Compliance Officer for Trapeze.

12. During the Relevant Time, the Respondents opened new client accounts, provided new and existing clients with investment advice and managed client investment portfolios on a discretionary basis.

13. During the Relevant Time, almost all Trapeze accounts were managed on a discretionary basis by R. Abramson and H. Abramson.

14. During the Relevant Time, Trapeze had more than 700 clients with over 1,300 accounts and more than $280 million of assets under management.

15. At certain points in time during the Relevant Time, many clients saw their investment portfolios decline in value by approximately 50% to 90%. Also at certain points in time during the Relevant Time, the markets in which the Respondents invested on behalf of their clients experienced declines.

Know Your Client ("KYC")

16. For accounts managed during the Relevant Time, Trapeze completed and maintained a new account application form ("**NAAF**") for each client, the purpose of which was to identify the client's net assets, investment experience, investment needs and objectives and risk tolerance. However, in some cases the Respondents did not adequately ascertain the client's investment needs and objectives and risk tolerance.

17. The NAAF contained three risk tolerance classifications: low, medium and high. During the Relevant Time, the Respondents identified the vast majority of their clients on the NAAFs relating to the client accounts as having a medium risk tolerance. In some cases, despite not adequately ascertaining the clients' investment needs, objectives and risk tolerance, the Respondents managed those clients' assets on a discretionary basis, often investing those assets in securities that were higher than medium risk, or which were or at times became high risk.

Suitability

18. The Respondents have advised Staff that during the Relevant Time, they followed a "value investment" approach for selecting issuers of securities for investment and for determining the risk levels for each security offered by those issuers. The Respondents state that this approach focused on risks relating to an issuer's business, seeking securities that the Respondents believed were undervalued and provided significant potential increase over the longer term.

19. The Respondents represented to clients that their "value investment" approach was an effective means of identifying medium risk securities in which to invest, and that they relied on their "value investment" approach for that purpose.

20. The "value investment" approach is not generally accepted in the investment industry as a means for determining the risk level of securities.

21. While the Respondents invested for their clients in some large and medium cap issuers, the majority of the securities the Respondents purchased for clients were in small cap issuers, many of which were in the junior energy (oil and gas) sector and in basic materials, such as gold. During the Relevant Time, the Respondents' client accounts were concentrated in small cap issuers in these sectors, at times holding over fifty per cent in oil and gas issuers and as much as twenty per cent in gold issuers.

22. The Respondents have advised Staff that during the Relevant Time, they offered their clients a choice of three "mandates" for their accounts, namely, a growth mandate, an income mandate and a balanced mandate, which

included both growth and income in proportions selected by the client. The Respondents managed these mandates based on notional model portfolios with growth and income mandates (the "**Model Portfolios**"). The Respondents also offered clients an ability to invest in the Trapeze Value Trust ("**TVT**"), a pooled fund based on the growth mandate. All client managed accounts and TVT held a base position of securities in the same issuers invested in by the Respondents.

23. During the Relevant Time, the Respondents assessed the risk of all securities in which the Respondents invested on behalf of clients as medium, with the exception of authorized short-selling which was considered high risk. Accordingly, each mandate and Model Portfolio and the TVT was described to clients by the Respondents as medium risk. The vast majority of the Respondents' clients during the Relevant Time indicated a medium risk tolerance.

24. The Respondents acknowledge that, in part, as a result of their emphasis on issuer-related risks and longer term investment periods, the Respondents did not give sufficient weight to sector and individual security concentration risk, price volatility risk and liquidity risk when assessing risks associated with securities invested in on behalf of their clients. The Respondents acknowledge that adequate consideration of those factors would have resulted in higher than medium risk ratings being assigned during the Relevant Time.

25. As a result of the Respondents' misclassifications of risk of securities (as described above) and their investments on behalf of virtually all clients in securities of the same issuers, the Respondents failed to ensure that investments made during the Relevant Time were suitable for all of their clients.

Marketing

26. As a result of the Respondents' failure to adequately assess the risk of the investments made on behalf of clients, in the manner described herein, statements made in marketing materials distributed by the Respondents to their clients during the Relevant Time understated the risks associated with Trapeze's investment strategy and a number of recommended investments.

Management Responsibility

27. During the Relevant Time, R. Abramson and H. Abramson were the operating and directing minds of Trapeze and had ultimate authority and responsibility for the management and oversight of Trapeze's operations.

Fees Earned

28. During the Relevant Time, Trapeze earned fees from clients by charging a percentage fee for assets under management, and a performance fee on returns above a hurdle rate (collectively, the "**Management Fees**").

29. Trapeze earned Management Fees in each fiscal year during the Relevant Time, ranging from $2,701,935 in 2009 to $45,573,143 in 2007.

Co-operation

30. The Respondents have co-operated with Staff in the investigation of this matter.

PART IV – RESPONDENTS' POSITION

31. The Respondents request that the settlement hearing panel consider the following mitigating circumstances:

    a. the Respondents state that they have always acted in what they believed to be their clients' interests;

    b. under its standard contract with its clients, Trapeze was entitled to charge a performance fee of twenty per cent of any return over an eight per cent hurdle, after base management fees and costs. In response to the loss of value suffered by clients in 2007 and 2008, Trapeze voluntarily decided to forego charging performance fees until its continuing clients' accounts return to or exceed the value of their accounts on January 1, 2007. As a result, Trapeze voluntarily waived performance fees of at least $8,700,000 to which it would have been entitled for its performance in 2010 in respect of its continuing clients; and

    c. in response to a request from Commission compliance staff in March 2010, the Respondents initiated a programme to review with each of their clients the information contained in their NAAFs and to prepare new NAAFs for them to be signed back by the clients. Under this programme, interviews and portfolio reviews have been conducted with approximately eighty per cent of Trapeze's clients.

PART V – CONDUCT CONTRARY TO NATIONAL INSTRUMENT 31-103, OSC RULE 31-505 AND SECTION 129.2 OF THE SECURITIES ACT

32. The Respondents' activities described in paragraphs 16 and 17 above regarding the inadequate collection of some clients' investment needs, objectives and risk tolerance, were contrary to section 13.2 of NI 31-103, and contrary to section 1.5 of OSC Rule 31-505 prior to section 13.2 of NI 31-103.

33. The Respondents' activities described in paragraphs 18 to 25 above regarding their failure to adequately assess the risk associated with certain individual securities and in certain discretionarily managed investment portfolios, and investing on behalf of virtually all clients in securities of the same issuers, the Respondents failed to ensure that investments made during the Relevant Time were suitable for all of their clients, contrary to section 13.3 of NI 31-103, and contrary to section 1.5 of OSC Rule 31-505 prior to September 28, 2009.

34. R. Abramson and H. Abramson, as the controlling and directing minds and senior executives of Trapeze, authorized, permitted or acquiesced in the breaches of Ontario securities law engaged in by Trapeze, contrary to section 129.2 of the Securities Act.

PART VI – CONDUCT CONTRARY TO THE PUBLIC INTEREST

35. The above described conduct and breaches of Ontario securities law constitute conduct contrary to the public interest.

PART VII – TERMS OF SETTLEMENT

36. The Respondents agree to the terms of settlement set out below.

37. The Commission will make an order pursuant to section 127(1) and section 127.1 of the Securities Act that:

    (a) the Settlement Agreement shall be approved;

    (b) each of the Respondents shall be reprimanded;

    (c) Trapeze shall submit to a review of its practices and procedures pursuant to s.127(1)(4) of the *Securities Act* by an independent person to be approved by Staff (the "**Consultant**") at Trapeze's expense in accordance with the Terms of Reference attached hereto as Schedule "B";

    (d) within 30 days of the Settlement Agreement being approved, Trapeze shall send a written communication to all clients, in a manner and form acceptable to Staff, outlining Trapeze's intention to conduct account reviews per the Terms of Reference attached as Schedule "B", and explaining that the reviews are required by the Commission to ensure that (i) each client's current KYC information is collected and documented, and (ii) the investments in each client's account(s) are suitable given the client's age, financial circumstances, investment needs and objectives and risk tolerance;

    (e) Trapeze shall conduct account reviews with all of its clients as soon as reasonably practicable after the approval of the Settlement Agreement in accordance with the Terms of Reference attached as Schedule "B", and shall explain to each client that the review is required because of concerns regarding understatement of risk arising from the Respondents' failure during the Relevant Time to adequately consider factors such as price volatility risk;

    (f) Trapeze agrees that it shall not increase its fees or take any other steps that would result in its clients bearing any costs or expenses that are incurred by it relating to this Settlement Agreement, including any costs associated with retaining the Consultant;

    (g) the Respondents shall within sixty days of the Settlement Agreement being approved, together pay an administrative penalty of $1,000,000 to be allocated for the benefit of third parties by the Commission pursuant to s. 3.4(2) of the *Securities Act*; and

    (h) the Respondents shall within sixty days of the Settlement Agreement being approved, together pay $250,000 towards the costs of Staff's investigation.

PART VIII – STAFF COMMITMENT

38. If this Settlement Agreement is approved by the Commission, Staff will not commence any other proceeding under the *Securities Act* against the Respondents under Ontario securities law respecting the facts set out in Part III of the Settlement Agreement, subject to the provisions of paragraph 39 below.

39. If the Commission approves this Settlement Agreement and any of the Respondents fail to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against that Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART IX – PROCEDURE FOR APPROVAL OF SETTLEMENT

40. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.

41. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

42. If the Settlement Agreement is approved by the Commission, the Respondents agree to waive all of their rights to a full hearing, judicial review or appeal of the matter under the *Securities Act*.

43. If the Commission approves this Settlement Agreement, none of the parties will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

44. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART X – DISCLOSURE OF SETTLEMENT AGREEMENT

45. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

    a. this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the settlement hearing takes place will be without prejudice to Staff and the Respondents; and

    b. Staff and the Respondents will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

46. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART XI – EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 19th day of April 2012.

"Timothy Ruuskanen"
Witness

"Randall Abramson"
For Trapeze Asset Management Inc.

"Timothy Ruuskanen"
Witness

"Randall Abramson"
Randall Abramson

"Timothy Ruuskanen"
Witness

"Herbert Abramson"
Herbert Abramson

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

SCHEDULE "A"

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

AND

**IN THE MATTER OF
TRAPEZE ASSET MANAGEMENT INC.,
RANDALL ABRAMSON AND
HERBERT ABRAMSON**

**ORDER
(Sections 127(1) and 127.1)**

WHEREAS on April 20, 2012, Staff of the Ontario Securities Commission ("**Staff**" and the "**Commission**") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Securities Act***") in respect of Trapeze Asset Management Inc. ("**Trapeze**"), Randall Abramson ("R. Abramson") and Herbert Abramson ("H. Abramson") (collectively, the "**Respondents**") in respect of conduct that occurred between September 30, 2006 and August 31, 2010 (the "**Relevant Time**");

AND WHEREAS the Respondents and Staff entered into a Settlement Agreement (the "**Settlement Agreement**") in which they agreed to a settlement of the proceeding commenced by the Notice of Hearing dated April 20, 2012, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing, and upon hearing submissions from counsel for Staff and counsel for the Respondents;

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

IT IS ORDERED THAT:

1. the OSC Settlement Agreement is approved;

2. each of the Respondents are hereby reprimanded;

3. Trapeze shall submit to a review of its practices and procedures pursuant to s. 127(1)(4) of the *Securities Act* by an independent person (the "**Consultant**") to be approved by Staff at Trapeze's expense in accordance with the Terms of Reference attached hereto as Schedule "A";

4. within 30 days of the Settlement Agreement being approved, Trapeze shall send a written communication to all clients, in a manner and form acceptable to Staff, outlining Trapeze's intention to conduct account reviews per the Terms of Reference attached as Schedule "A", and explaining that the reviews are required by the Commission to ensure that (i) each clients' current KYC information is collected and documented, and (ii) the investments in each client's account(s) are suitable given the client's age, financial circumstances, investment needs and objectives and risk tolerance;

5. Trapeze shall conduct account reviews with all of its clients as soon as reasonably practicable after the approval of the Settlement Agreement in accordance with the Terms of Reference attached as Schedule "A", and shall explain to each client that the review is required because of concerns regarding understatement of risk arising from the Respondents' failure during the Relevant Time to adequately consider factors such as price volatility risk;

6. Trapeze agrees that it shall not increase its fees or take any other steps that would result in its clients bearing any costs or expenses that are incurred by it relating to this Settlement Agreement, including any costs associated with retaining the Consultant;

7. the Respondents shall within sixty days of the Settlement Agreement being approved, together pay an administrative penalty of $1,000,000 for allocation to or for the benefit of third parties;

8. the Respondents shall within sixty days of the Settlement Agreement being approved, together pay $250,000 towards the costs of Staff's investigation.

DATED at Toronto this _____ day of April, 2012.

_____

SCHEDULE "B"

Terms of Reference for a review of Trapeze's practices and procedures

1. The Consultant shall be appointed promptly following the approval of the Settlement Agreement, but in any event by no later than 30 days following the approval, by mutual agreement between Trapeze Asset Management Inc. ("**Trapeze**") and Staff of the Commission ("**Staff**").

2. The Consultant's reasonable compensation and expenses shall be borne exclusively by Trapeze.

3. The agreement with the Consultant ("**Agreement**") shall be in a form acceptable to Staff and will provide that the Consultant will examine Trapeze's internal policies, practices and procedures for:

   a. collecting and documenting clients' Know Your Client ("**KYC**") information;

   b. determining the risk levels for individual securities and portfolios of securities having regard to concentration in specific securities or specific industries, price volatility risk, liquidity risk, default risk and counterparty exposure risk;

   c. determining and ensuring the suitability of investments for clients based on their KYC information and having regard to the risk considerations set out in paragraph 3(b) above;

   d. explaining to clients the risks associated with their investments;

   e. enabling management to oversee Trapeze's activities in respect of its compliance with its internal policies, practices and procedures, and Ontario securities law;

   f. preparing and approving marketing materials (including its website and investment letters to clients and marketing material currently used by Trapeze); and

   g. otherwise ensuring compliance with Ontario securities law in respect of the matters enumerated herein including in particular NI 31-103.

   (collectively the "**Review**")

4. In addition to the Review, the Agreement shall provide that the Consultant and Trapeze together will prepare procedures for:

   a. opening new client accounts and obtaining each client's KYC information in compliance with any revised practices and procedures resulting from the Review and ensuring that the investments solicited and/or sold to each client are suitable having regard to Ontario securities law and in particular Part 13 of National Instrument 31-103, and where reasonably practicable, Trapeze shall afford the Consultant an opportunity to attend meetings where new client accounts are being opened, and the Consultant shall be present at a select sample of such meetings, as determined in the Consultant's discretion, acting reasonably;

   b. updating each of Trapeze's existing client's KYC information in compliance with any revised practices and procedures resulting from the Review and ensuring that the investments held by each client are suitable having regard to Ontario securities law and in particular Part 13 of National Instrument 31-103, and where reasonably practicable, each client will be provided an opportunity to meet face to face for the account review and the Consultant shall be present at a select sample of account reviews, as determined in the Consultant's discretion, acting reasonably;

   c. determining, with the agreement of the Consultant, acting reasonably, that the review of specific accounts as set out in section 4(b) above need not include the explanation required by subparagraph 37(e) of the Settlement Agreement, and

   d. documenting the results of each account review required by subsections 4(a) and 4(b) above to evidence that the KYC information has been obtained and/or updated and that the suitability analyses have been done.

5. The Consultant shall have reasonable access to all of Trapeze's books and records necessary to complete the Consultant's mandate and the ability to meet privately with Trapeze's officers and employees. Trapeze shall require its officers, directors and employees to cooperate fully with the Consultant with respect to the Review.

6. The Consultant shall make and keep notes of interviews conducted and keep a copy of documents gathered in connection with the performance of his or her responsibilities.

7. The Consultant shall issue a draft report to Trapeze within six months of appointment.

8. The Consultant shall engage in discussions with Trapeze regarding the draft report to get feedback with a view to finalizing the report within one month of the delivery of the draft report (the "**Final Report**").

9. The Consultant will deliver the Final Report to Trapeze and Staff.

10. The Consultant's draft report and Final Report shall include a description of the review performed, the conclusions reached, and the Consultant's recommendations for any changes or improvements to Trapeze's policies and procedures that the Consultant reasonably deems necessary to conform to regulatory requirements and best practices, including the reasons for such recommendations, and possible procedures for implementing the recommended changes or improvements.

11. Within 30 days after receipt of the Consultant's Final Report, Trapeze will advise Staff of a timetable to implement any recommendations contained in the Final Report. The timetable shall provide for the implementation of such recommendations within six months of the delivery of the timetable. Trapeze may request the consent of Staff not to implement one or more of the recommendations in the Final Report; if Trapeze so requests, it shall provide Staff and the Consultant with the reasons for its position for each request, and if applicable, any alternative actions, policies or procedures Trapeze would propose to adopt instead.

12. Staff may attend at the premises of Trapeze with respect to implementation of the Consultant's recommendations.

13. Trapeze shall implement all of the recommendations contained in the Final Report unless Staff consents otherwise.

14. Once completed, Trapeze shall certify to Staff, by certificate executed on its behalf by the Chief Compliance Officer, that Trapeze has implemented the recommendations contained in the Final Report (the "**Trapeze Certificate of Implementation**").

15. The Consultant shall review the implementation of the recommendations in the Final Report and provide a report on the progress of the implementation to Trapeze and Staff within one month after receipt of the Trapeze Certificate of Implementation.

16. The Consultant's term of appointment shall continue until the Consultant has certified in writing to Trapeze and Staff that all recommendations in the Final Report have been substantially implemented for at least one fiscal quarter (the "**Consultant's Certificate of Completeness**").

17. For the period of engagement and for a period of three years from completion of the engagement, the Consultant shall not enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Trapeze, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such, and shall require that any firm with which the Consultant is affiliated or of which the Consultant is a member or any person engaged to assist the Consultant in performance of the Consultant's duties under the Settlement Agreement and Commission order not, without prior written consent of Staff, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Trapeze, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

18. The Consultant shall agree to treat all information obtained from Trapeze relating to its business and clients in confidence, shall maintain the confidentiality of such information, shall not use any such information for any purpose other than the purposes of the Settlement Agreement, and shall not reveal any such information to any person, other than for purposes of fulfilling his or her obligations with respect to the Settlement Agreement. For purposes of this paragraph, information is not confidential, if it has been or is subsequently publicly disclosed, other than by the Consultant or a person who is excluded from being retained or employed by Trapeze under paragraph 17, above.

19. For greater certainty, the terms of the Review do not limit in any respect the authority of Staff to undertake, as part of its normal course activities, a review of all matters within the scope of the Review or any other aspect of Trapeze's business, including obtaining copies of all Consultant's notes and supporting documents.

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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
Crystallex International Corporation	13 Apr 12	25 Apr 12	25 Apr 12	
Azure Dynamics Corporation	13 Apr 12	25 Apr 12	25 Apr 12	
Tranzeo Wireless Technologies Inc.	18 Apr 12	30 Apr 12	30 Apr 12	
Timminco Limited	18 Apr 12	30 Apr 12	30 Apr 12	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Frontline Technologies Inc.	13 Apr 12	25 Apr 12	25 Apr 12		

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Frontline Technologies Inc.	13 Apr 12	25 Apr 12	25 Apr 12		

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

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
04/04/2012	3	Aircastle Limited - Note	7,003,286.00	1.00
03/09/2012	4	Amorfix Life Sciences Ltd. - Units	79,280.00	352,355.00
04/02/2012	6	Annie's Inc. - Common Shares	1,166,220.00	62,000.00
03/07/2012	19	Ashburton Ventures Inc. - Units	255,000.00	5,100,000.00
03/22/2012	109	Aurion Resources Ltd. - Common Shares	3,000,000.00	8,881,426.00
04/04/2012	6	Avcorp Industries Inc. - Common Shares	13,877.18	107,575.00
03/26/2012	1	Avis Budget Car Rental, LLC and Avis Budget Finance, Inc. - Notes	496,100.00	483.09
04/04/2012	5	b5media Inc. - Preferred Shares	595,020.04	1,764,706.00
04/19/2012	1	Birchcliff Energy Ltd. - Common Shares	38,250,000.00	5,000,000.00
04/09/2012	2	Black Widow Resources Inc. - Common Shares	245,000.00	2,450,000.00
03/11/2011	1	BNP Paribas LLC - Note	1,265,420.00	1.00
04/03/2012	2	CafePress Inc. - Common Shares	659,050.00	35,000.00
04/12/2012	22	Canadian Horizons Blended Mortgage Investment Corporation - Preferred Shares	280,235.00	280,235.00
03/30/2012	3	CASA Energy Services Corp. - Notes	40,000,000.00	40,000,000.00
02/20/2012 to 02/29/2012	21	Catalyst Healthcare Ltd. - Preferred Shares	1,135,722.00	2,021,544.00
01/04/2011 to 12/30/2011	8	CI Income Advantage Fund - Units	308,036,945.79	30,360,621.86
05/10/2011 to 11/01/2011	1	CI Short-Term Advantage Trust - Units	53,999,973.33	5,173,280.11
03/07/2012 to 03/08/2012	27	Clearview Resources Ltd. - Common Shares	5,871,370.00	587,137.00
03/30/2012	28	Clearview Resources Ltd. - Common Shares	5,358,254.00	525,145.00
03/23/2012	116	Creative Wealth Monthly Pay Trust - Trust Units	416,300.00	41,630.00
02/27/2012	108	Crosshair Energy Corporation - Units	7,287,015.00	N/A
03/08/2012	1	DIRECTV Holdings LLC and DIRECTV Financing Co; Inc. - Notes	27,763,000.00	3.00
04/03/2012	2	DNB Bank ASA - Notes	6,930,964.81	2.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/10/2012	42	Eagle Hill Exploration Corporation - Flow-Through Shares	7,200,000.06	43,636,364.00
01/07/2011 to 09/30/2011	7	Farm Mutual Canadian Equity Pooled Fund - Common Shares	1,500,000.00	155,522.00
01/07/2011 to 12/16/2011	15	Farm Mutual Canadian Fixed Income Pooled Fund - Common Shares	9,100,000.00	883,520.00
03/14/2012	23	Gimus Resources Inc. - Common Shares	357,500.00	3,575,000.00
02/29/2012	16	Golden Cross Resources Inc. - Units	600,000.00	8,000,000.00
04/05/2012	50	Great Western Minerals Group Ltd. - Bonds	89,658,000.00	90,000,000.00
04/02/2012 to 04/05/2012	9	IGW Real Estate Investment Trust - Units	375,529.98	374,498.01
04/02/2012 to 04/05/2012	3	Member-Partners Solar Energy Capital Inc. - Bonds	70,000.00	700.00
04/03/2012	18	Michigan Potash Inc. - Common Shares	714,500.00	2,858,000.00
04/03/2012	3	Millennial Media, Inc. - Common Shares	258,888.00	20,100.00
03/07/2012	51	Nevada Sunrise Gold Corp. - Units	2,004,000.00	16,700,000.00
04/01/2012 to 04/02/2012	218	New World Lenders Corp. - Bonds	21,495,814.00	21,520.00
03/28/2012	10	Oak Point Energy Inc. - Common Shares	2,513,899.70	1,239,739.00
04/13/2012 to 04/23/2012	35	Omniarch Capital Corporation - Bonds	887,591.00	35.00
02/01/2012	1	Patient Home Monitoring Corp - Debentures	75,000.00	75.00
01/20/2012	1	Patient Home Monitoring Corp. - Debentures	20,000.00	20.00
03/21/2012	33	Pennant Energy Inc. - Units	1,018,500.00	5,092,500.00
01/01/2011 to 12/01/2011	18	Performance Diversified Fund - Units	19,870,582.22	19,792.00
01/01/2011 to 12/01/2011	3	Performance Growth Fund - Units	152,500.00	10,201.00
03/07/2012 to 03/29/2012	8	Peugeot S.A. - Common Shares	4,869,639.69	933,680.00
03/30/2012	1	Redev Properties Kenisngton Investment Pool Inc. - Bonds	22,400.00	224.00
04/03/2012	1	Rexnord Corporation - Common Shares	446,000.00	25,000.00
04/12/2012	131	Santacruz Silver Mining Ltd. - Common Shares	19,999,989.80	22,222,222.00
03/30/2012	1	Sector Re V Limited - Notes	14,986,500.00	15,000,000.00
01/04/2011 to 12/30/2011	8	Select Canadian Equity Managed Fund - Units	39,400,517.51	3,802,176.60
01/12/2011 to 09/26/2011	1	Select Income Advantage Managed Trust - Units	191,000,000.00	18,800,389.76

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/04/2011 to 12/30/2011	8	Select International Equity Managed Fund - Units	39,614,991.07	4,298,783.12
01/04/2011 to 12/30/2011	8	Select U.S. Equity Managed Fund - Units	49,947,998.84	5,850,465.54
11/24/2010 to 12/23/2010	1	Signature Diversified Yield Trust - Units	117,000,000.00	10,284,071.00
01/07/2011 to 12/15/2011	1	Signature Diversified Yield Trust - Units	2,063,701,299.87	172,733,477.14
08/04/2011	1	Signature Dividend Fund (Class X) - Units	6,111.74	617.97
04/05/2012	57	Simba Energy Inc. - Units	4,242,900.00	53,036,250.00
03/23/2012	50	Sirona Biochem Corp - Units	1,406,500.00	14,065,000.00
04/11/2012	6	Solara Exploration Ltd - Flow-Through Shares	230,000.00	2,300,000.00
03/08/2012	102	Spartan Oil Corp. - Special Warrants	57,501,840.00	13,068,600.00
05/31/2011	9	The Goldman Sachs Group Inc. - Notes	6,578,152.00	6,790,000.00
04/12/2012	1	The Hartford Financial Services Group Inc. - Notes	495,868.85	500,000.00
04/03/2012	22	United Hydrocarbon International Corp. - Common Shares	40,000,000.00	40,000,000.00
01/30/2012	27	Western Energy Services Corp. - Notes	175,000,000.00	175,000,000.00
03/12/2012	16	Wolf Coulee Resources Inc. - Special Warrants	5,290,000.00	2,645,000.00
04/13/2012	10	ZENN Motor Company Inc. - Units	1,997,500.00	2,350,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Amica Mature Lifestyles Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 27, 2012
Offering Price and Description:
$24,750,000.00 - 2,750,000 Common Shares Price: $9.00 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS
GMP SECURITIES L.P.
BMO NESBITT BURNS INC.
RAYMOND JAMES LTD.
TD SECURITIES INC.
Promoter(s):
-
Project #1896469

Issuer Name:
APMEX Physical - 1 oz. Gold Redeemable Trust
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form PREP Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
STIFEL NICOLAUS CANADA INC.
SCOTIA CAPITAL INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACQUARIE PRIVATE WEALTH INC.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
Promoter(s):
APMEX PRECIOUS METALS MANAGEMENT SERVICES, INC.
Project #1893179

Issuer Name:
Canada Lithium Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 30, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
-
Project #1898017

Issuer Name:
Moneda LatAm Fixed Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 26, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
Maximum $* - * Class A Units and * Class U Units Price: $10.00 per Class A Unit Minimum Purchase: $5,000 (500 Class A Units) Price: US$10.00 per Class U Unit Minimum Purchase: US$5,000 (500 Class U Units)
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
DUNDEE SECURITIES LTD.
MANULIFE SECURITIES INCORPORATED
UNION SECURITIES LTD.
Promoter(s):
SCOTIA MANAGED COMPANIES ADMINISTRATION INC.
Project #1896875

Issuer Name:
NexGen Corporate Bond Registered Fund
NexGen Corporate Bond Tax Managed Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated April 25, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
Units of the following series: Regular, Regular F, High Net Worth, High Net Worth F, Ultra High Net Worth and Institutional Front End Load, Deferred Load and Low Load, and
shares of the Series of Capital Gains Class, Return of Capital 40 Class, Dividend Tax Credit 40 Class and Compound Growth Class
Underwriter(s) or Distributor(s):
NEXGEN FINANCIAL LIMITED PARTNERSHIP
NexGen Financial Limited Partnership
Promoter(s):
NEXGEN FINANCIAL LIMITED PARTNERSHIP
Project #1897705

Issuer Name:
Stay Gold Inc.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Long Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
Maximum Offering: $1,800,000.00 - 8,000,000 Units and 3,000,000 Flow-Through Units Minimum Offering: $1,200,000.00 - 6,000,000 Units1,500,000 Flow-Through Units Price: $0.15 per Unit and $0.20 per Flow-Through Units
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
Brendan Matheson
Darrin Campbell
Jordan Keeke
Project #1896806

Issuer Name:
Top 20 Dividend Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
$* (* Units) Maximum Price: $10.00 per Unit Minimum Purchase: $2,000 (200 Units)
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
SCOTIA MANAGED COMPANIES ADMINISTRATION INC.
Project #1897166

Issuer Name:
MLF Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 26, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Scotia Managed Companies Administration Inc.
Project #1897935

Issuer Name:
Excel Latin America Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
Maximum $* - (* Class A Units and/or Class F Units) Price: $10.00 per Class A Unit and Class F Unit
Minimum purchase: 100 Class A Units or Class F Units
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC.
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
SHERBROOKE STREET CAPITAL (SSC) INC.
UNION SECURITIES LTD.
Promoter(s):
EXCEL FUNDS MANAGEMENT INC.
Project #1897524

Issuer Name:
ELA Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
EXCEL FUNDS MANAGEMENT INC.
Project #1897527

Issuer Name:
Brookfield High Yield Strategic Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 25, 2012
NP 11-202 Receipt dated April 26, 2012
Offering Price and Description:
Maximum $* (* Units) Price: $10.00 per Unit Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
DUNDEE SECURITIES LTD.
MACQUARIE PRIVATE WEALTH INC.
MANULIFE SECURITIES INCORPORATED
BROOKFIELD FINANCIAL CORP.
Promoter(s):
BROOKFIELD INVESTMENT MANAGEMENT (CANADA) INC.
Project #1894942

Issuer Name:
TAG Oil Ltd
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 27, 2012
Offering Price and Description:
$43,576,500.00 - 4,170,000 Common shares Price: $10.45 per Share
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
CASIMIR CAPITAL LTD.
CORMARK SECURITIES INC.
GMP SECURITIES L.P.
MACKIE RESEARCH CAPITAL CORPORATION
M PARTNERS INC.
Promoter(s):
-
Project #1896489

Issuer Name:
Taylor North American Equity Opportunities Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 23, 2012
NP 11-202 Receipt dated April 24, 2012
Offering Price and Description:
Maximum $* - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
Promoter(s):
BROMPTON FUNDS LIMITED
Project #1893696

Issuer Name:
Trez Capital Mortgage Investment Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated April 26, 2012
NP 11-202 Receipt dated
Offering Price and Description:
$100,000,000.00 (10,000,000 Class A Shares) Maximum $* (* Class A Shares) Minimum $10.00 per Class A Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
MACQUARIE PRIVATE WEALTH INC.
DESJARDINS SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
Promoter(s):
TREZ CAPITAL LIMITED PARTNERSHIP
Project #1896860

Issuer Name:
Sentry Global Dividend Class
Sentry Global Dividend Fund
Sentry U.S. Growth and Income Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated April 26, 2012
NP 11-202 Receipt dated April 27, 2012
Offering Price and Description:
Series A, Series F and Series I Securities
Underwriter(s) or Distributor(s):
Sentry Investments Inc.
Sentry Select Capital Inc.
Promoter(s):
SENTRY INVESTMENTS INC.
Project #1895918

Issuer Name:
AlphaNorth Growth Fund*
(Series A and F)
AlphaNorth Rollover Fund*
(Series A)
(*Each a class of shares of AlphaNorth Mutual Funds Limited)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 26, 2012 to the Simplified Prospectuses and Annual Information Form dated June 13, 2011
NP 11-202 Receipt dated April 24, 2012
Offering Price and Description:
Series A and F Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
AlphaNorth Asset Management
Project #1738746

Issuer Name:
Atlantis Gold Mines Corp.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Long Form Prospectus dated April 25, 2012 to the Long Form Prospectus dated February 23, 2012
NP 11-202 Receipt dated April 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Kay Jessel
Project #1852345

Issuer Name:
Brompton 2012 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
$35,000,000.00 (Maximum) 1,400,000 Limited Partnership Units Price per Unit: $25
Minimum Subscription: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
RAYMOND JAMES LTD.
UNION SECURITIES LTD.
Promoter(s):
BROMPTON FLOW□THROUGH MANAGEMENT LIMITED
BROMPTON FUNDS LIMITED
Project #1864126

Issuer Name:
Spirit Bear Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
$300,000.00 - 3,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Management Inc.
Promoter(s):
-
Project #1887089

Issuer Name:
Timbercreek Global Real Estate Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 27, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
Maximum: $50,000,010.06 (4,042,038 Units) - $12.37 per Class A Unit and $12.60 per Class B Unit
Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
GMP SECURITIES L.P.
RBC DOMINION SECURITIES INC.
MANULIFE SECURITIES INCORPORATED
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
TIMBERCREEK ASSET MANAGEMENT LTD.
Project #1887396

Issuer Name:
Ballard Power Systems Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Based Shelf Prospectus dated April 23, 2012
NP 11-202 Receipt dated April 30, 2012
Offering Price and Description:
US$75,000,000.00:
Common Shares
Preferred Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1887449

Issuer Name:
Canadian 50 Advantaged Preferred Share Fund
(Class A and/or Class F Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 24, 2012
NP 11-202 Receipt dated April 26, 2012
Offering Price and Description:
Maximum $125,000,000.00 - 5,000,000 Class A and/or Class F Units @
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
MACQUARIE PRIVATE WEALTH INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1879094

Issuer Name:
East Coast Investment Grade Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 26, 2012
NP 11-202 Receipt dated April 27, 2012
Offering Price and Description:
$150,000,000.00 (12,500,000 Units) Maximum Price: $12.00 per Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
ARROW CAPITAL MANAGEMENT INC.
Project #1878382

Issuer Name:
ECIGIF Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 26, 2012
NP 11-202 Receipt dated April 27, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
ARROW CAPITAL MANAGEMENT INC.
Project #1886469

Issuer Name:
Elcora Resources Corp.
Principal Regulator - Nova Scotia
Type and Date:
Final CPC Prospectus dated April 24, 2012
NP 11-202 Receipt dated April 25, 2012
Offering Price and Description:
$375,000.00 - (3,750,000 Common Shares) Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Troy Grant
Project #1867698

Issuer Name:
Exemplar Canadian Focus Portfolio
(Series A, Series F, Series L and Series I Shares)
Exemplar Diversified Portfolio
(Series A, Series F, Series L and Series I Shares)
Exemplar Market Neutral Portfolio
(Series A, Series B, Series F, Series G, Series L and Series I Shares)

Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 24, 2012
NP 11-202 Receipt dated April 26, 2012
Offering Price and Description:
Series A, Series B, Series F, Series G, Series L and Series I Shares
Price: Net Asset Value per Share
Minimum Initial Purchase: $5,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
BLUMONT CAPITAL CORPORATION
Project #1878824

Issuer Name:
JFT Strategies Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 23, 2012
NP 11-202 Receipt dated April 25, 2012
Offering Price and Description:
Maximum $200,000,000.00 - (Maximum 20,000,000 Class A Units and/or Class F Units)
Price: $10.00 per Unit Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACQUARIE PRIVATE WEALTH INC.
Promoter(s):
FIRST ASSET INVESTMENT MANAGEMENT INC.
Project #1876004

Issuer Name:
Lachlan Star Limited
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated April 26, 2012
NP 11-202 Receipt dated April 27, 2012
Offering Price and Description:
10,975,000 Ordinary Shares Issuable upon Exercise of 10,975,000 Outstanding Special Warrants For gross proceeds of C$17,560,000.00 - and - 329,250 Compensation Options Issuable upon Exercise of 329,250 Outstanding Special Underwriter Warrants
Underwriter(s) or Distributor(s):
MACQUARIE CAPITAL MARKETS CANADA LTD.
DUNDEE SECURITIES LTD.
RAYMOND JAMES LTD.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1891210

Issuer Name:
Series A, F and O Securities (and other securities as noted) of
Mackenzie Ivy American Class
Mackenzie Saxon Explorer Class (also offers Series T8)
Mackenzie Saxon U.S. Equity Fund (also offers B-Series and Investor Series)
Mackenzie Universal Canadian Value Class (also offers Series E, J, T6 and T8)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated April 17, 2012 to the Simplified Prospectuses and Annual Information Form dated September 30, 2011
NP 11-202 Receipt dated April 24, 2012
Offering Price and Description:
Series T8, B-Series, Investor Series, Series A, F, O, E, J, T6, and T8 @ Net Asset Value
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Promoter(s):
MACKENZIE FINANCIAL CORPORATION
Project #1789999

Issuer Name:
Northwest Specialty Innovations Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 23, 2012 to the Simplified Prospectus and Annual Information Form dated November 8, 2011
NP 11-202 Receipt dated April 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Northwest & Ethical Investments L.P.
Project #1807928

Issuer Name:
North American Palladium Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 24, 2012
NP 11-202 Receipt dated April 24, 2012
Offering Price and Description:
$35,030,000.00 - 11,300,000 Flow-Through Shares $3.10 per Flow-Through Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
RBC DOMINION SECURITIES INC.
CORMARK SECURITIES INC.
RAYMOND JAMES LTD.
MACQUARIE CAPITAL MARKETS CANADA LTD.
CREDIT SUISSE (CANADA), INC.
GMP SECURITIES L.P.
HAYWOOD SECURITIES INC.
OCTAGON CAPITAL CORPORATION
Promoter(s):
-
Project #1890574

Issuer Name:
Tricon Capital Group Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 24, 2012
NP 11-202 Receipt dated April 24, 2012
Offering Price and Description:
$45,000,000.00 - 11,250,000 Common Shares Price: $4.00 per Common Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #1886940

Issuer Name:
Vela Minerals Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated April 23, 2012
NP 11-202 Receipt dated April 25, 2012
Offering Price and Description:
$1,500,000.00 - 10,000,000 SHARES PRICE: $0.15 PER SHARE
Underwriter(s) or Distributor(s):
MACQUARIE PRIVATE WEALTH INC.
Promoter(s):
-
Project #1859428

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Cambridge Asset Management Inc.	Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	April 24, 2012
Consent to Suspension (Pending Surrender)	General Capital Markets Ltd.	Exempt Market Dealer	April 24, 2012
Name Change	From: Manna Asset Management Inc. To: Kensington Asset Management Inc.	Portfolio Manager	April 24, 2012
Change in Registration Category	Sprott Asset Management LP	From: Investment Fund Manager, Exempt Market Dealer and Portfolio Manager To: Commodity Trading Manager, Investment Fund Manager, Exempt Market Dealer and Portfolio Manager	April 25, 2012
Change in Registration Category	Tralucent Asset Management Inc.	From: Investment Fund Manager, Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer and Portfolio Manager	April 25, 2012
New Registration	Société de Gestion Privée des Fonds FMOQ Inc.	Exempt Market Dealer	April 25, 2012
New Registration	IS Capital Markets Inc.	Exempt Market Dealer	April 25, 2012

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Nuleaf Ventures Inc.	From: Investment Fund Manager and Exempt Market Dealer To: Restricted Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	April 26, 2012
New Registration	Climate Change Infrastructure Management Inc.	Exempt Market Dealer	April 26, 2012
Voluntary Surrender	Martin + Becker Financial Management Ltd.	Mutual Fund Dealer	April 30, 2012

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 SIGMA X Canada – Notice of Cessation of Operation

SIGMA X CANADA

NOTICE OF CESSATION OF OPERATION

SIGMA X Canada has announced that it will no longer accept orders from subscribers and is ceasing operations effective from the close of business on Friday, April 27th, 2012.

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Chapter 25

Other Information

25.1 Consents

25.1.1 Lander Energy Corporation – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00,
AS AMENDED (THE "REGULATION")
MADE UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO)
R.S.O. 1990, c. B.16, AS AMENDED (THE "OBCA")

AND

IN THE MATTER OF
LANDER ENERGY CORPORATION

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Lander Energy Corporation (the "Applicant") to the Ontario Securities Commission (the "Commission") requesting consent (the "Application") from the Commission for the Applicant to continue in another jurisdiction, as required by subsection 4(b) of the Regulation;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the OBCA on October 11, 2007. Its head and principal office is located at 330 Bay Street, Suite 1208, Toronto, Ontario M5H 2S8.

2. The Applicant, with a view to relocate its head office to British Columbia for administrative convenience, intends to apply to the Director under the OBCA for authorization to continue under the *Business Corporations Act* (British Columbia) ("BCBCA"). Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, its Application for continuance as a corporation under the BCBCA must be accompanied by a consent from the Ontario Securities Commission. The Applicant intends to apply for continuation under the BCBCA as soon as it receives consent from the Commission.

3. The Applicant is an offering corporation under the OBCA and is and intends to remain a reporting issuer under the *Securities Act* (the "Act"). The Applicant is also a reporting issuer in British Columbia, Alberta and Saskatchewan and intends to remain a reporting issuer in each of these jurisdictions following the proposed continuance as a corporation under the BCBCA.

4. The common shares of the Application are currently listed and posted for trading on the TSX Venture Exchange under the trading symbol "LAE.H".

5. The Applicant is not in default of any of the provisions of the OBCA, the Act or the regulations or rules made thereunder, any rules, regulations or policies of the TSX Venture Exchange, or the securities legislation of any province where it is a reporting issuer.

6. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, any pending proceeding under the Act or the OBCA.

7. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA. The Applicant's management information circular, dated March 9, 2012 and filed on SEDAR on March 13, 2012 which was provided to all shareholders of the Applicant for its April 4, 2012 annual and special meeting (the "Meeting"), provided shareholders with a summary of differences between the BCBCA and the OBCA.

8. At the Meeting, a special resolution authorizing the continuance under the BCBCA was approved by 100% of the votes cast by shareholders of the Applicant. None of the shareholders of the Applicant exercised dissent right pursuant to section of 185 of the OBCA.

9. The Applicant intends to relocate its head office to British Columbia and change its name in conjunction with its continuance as a corporation under the BCBCA. The Applicant will apply to make the British Columbia Securities Commission its principal regulator in due course as well.

10. The Applicant issued a press release dated April 11, 2012 indicating that, subject to regulatory approvals, the Applicant intends to commence trading of its common shares on the TSX Venture Exchange under the new name of the Applicant, Proposer Gold Corp., under the trading symbol "PGX.H".

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario this 24th day of April, 2012.

"James D. Carnwath"
Commissioner
Ontario Securities Commission

"Wes M. Scott"
Commissioner
Ontario Securities Commission

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