The Ontario Securities Commission

OSC Bulletin

December 5, 2013

Volume 36, Issue 49

(2013), 36 OSCB

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

The Ontario Securities Commission
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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

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

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

Contact Centre - Inquiries, Complaints:
Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary:
Fax: 416-593-2318

THOMSON REUTERS

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

Subscriptions are available from Carswell at the price of $649 per year.

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

U.S.	$175
Outside North America	$400

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

Carswell also offers every issue of the Bulletin, from 1994 onwards, fully searchable on S*ecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

http://www.westlawecarswell.com/SecuritiesSource/News/default.htm

or call Carswell Customer Relations at 1-800-387-5164 (416-609-3800 Toronto & Outside of Canada).

Claims from *bona fide* subscribers for missing issues will be honoured by Carswell up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

ISSN 0226-9325

THOMSON REUTERS

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

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
Fax 1-416-298-5082
www.carswell.com
Email www.carswell.com/email

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

Current Proceedings before the Ontario Securities Commission will no longer be printed in the Bulletin as of January 3, 2014. The Current Proceedings can be found on the OSC website – http://www.osc.gov.on.ca/en/Proceedings_before-commission_index.htm.

December 5, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- - - - - - - - - - - - - - - - - - - -

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

Ontario Securities Commission
Cadillac Fairview Tower
20 Queen Street West, 17th Floor
Toronto, Ontario
M5H 3S8

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

CDS **TDX 76**

- - - - - - - - - - - - - - - - - - - -

THE COMMISSIONERS

Howard I. Wetston, Chair	—	HIW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Mary G. Condon, Vice Chair	—	MGC
Sinan O. Akdeniz	—	SOA
Catherine E. Bateman	—	CEB
James D. Carnwath	—	JDC
Sarah B. Kavanagh	—	SBK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Deborah Leckman	—	DL
Alan J. Lenczner	—	AJL
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
AnneMarie Ryan	—	AMR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

December 9-16, December 18-20, 2013, January 15-27, January 30 – February 7, March 3-7 and April 28-30, 2014	**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
10:00 a.m.	C. Price/A. Pelletier in attendance for Staff
	Panel: EPK/DL/AMR
December 5, 2013	**Quadrexx Asset Management Inc., Quadrexx Secured Assets Inc., Offshore Oil Vessel Supply Services LP, Quibik Income Fund and Quibik Opportunities Fund**
10:00 a.m.	s. 127
	D. Ferris in attendance for Staff
	Panel: JEAT
December 9, 2013	**Bradon Technologies Ltd., Joseph Compta, Ensign Corporate Communications Inc. and Timothy German**
10:00 a.m.	s. 127 and 127.1
	C. Weiler in attendance for Staff
	Panel: JEAT

December 9, 2013 2:00 p.m.	**Hasmani, Imtiaz** s. 127 M Britton in attendance for Staff Panel: JDC
December 10, 2013 10:00 a.m.	**Andrea Lee Mccarthy, BFM Industries Inc. and Liquid Gold International Corp. (aka Liquid Gold International Inc.)** s. 127 J. Feasby/C. Watson in attendance for Staff Panel: JDC
December 12, 2013 10:00 a.m.	**Pro-Financial Asset Management Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 13, 2013 10:00 a.m.	**In the matter of Transcap Corporation, Strata-Trade Corporation, Dale Joseph Edgar St. Jean and Gregory Dennis Tindall** s. 127(1) and 127(10) D. Campbell in attendance for Staff Panel: JEAT
December 13, 2013 2:00 p.m.	**Global RESP Corporation and Global Growth Assets Inc.** s. 127(1) D. Ferris in attendance for Staff Panel: JEAT
December 16, 2013 10:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 17, 2013 3:30 p.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: EPK
December 18, 2013 10:00 a.m.	**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: MGC/CP
January 6, 2014 2:00 p.m.	**Kevin Warren Zietsoff** s. 127 J. Feasby in attendance for Staff Panel: TBA
January 13, January 15-21, 27, January 29 – February 10, February 12-14 and February 18-19, 2014 10:00 a.m.	**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
January 21, 2014 10:00 a.m.	**Weizhen Tang** s. 127 C. Rossi in attendance for Staff Panel: TBA

January 21, 2014 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
January 27, 2014 10:00 a.m.	**Welcome Place Inc., Daniel Maxsood also known as Muhammad M. Khan, Tao Zhang, and Talat Ashraf** s. 127 G. Smyth in attendance for Staff Panel: TBA
February 3, 2014 10:00 a.m.	**Tricoastal Capital Partners LLC, Tricoastal Capital Management Ltd. and Keith Macdonald Summers** s. 127 C Johnson/G. Smyth in attendance for Staff Panel: TBA
February 10 and February 12-18, 2014 10:00 a.m.	**Portfolio Capital Inc., David Rogerson and Amy Hanna-Rogerson** s. 127 J. Lynch in attendance for Staff Panel: TBA
February 24, 26-28, 2014 10:00 a.m.	**Crown Hill Capital Corporation and Wayne Lawrence Pushka** s. 127 A. Perschy/A. Pelletier in attendance for Staff Panel: JEAT/CP/JNR
March 17-24 and March 26, 2014 10:00 a.m.	**Newer Technologies Limited, Ryan Pickering and Rodger Frey** s. 127 and 127.1 B. Shulman in attendance for staff Panel: AJL
March 27, 2014 10:00 a.m.	**AMTE Services Inc., Osler Energy Corporation, Ranjit Grewal, Phillip Colbert and Edward Ozga** s. 127 C. Rossi in attendance for Staff Panel: JEAT
March 31 – April 7, April 9-17, April 21 and April 23-30, 2014 10:00 a.m.	**Issam El-Bouji, Global RESP Corporation, Global Growth Assets Inc., Global Educational Trust Foundation and Margaret Singh** s. 127 and 127.1 M. Vaillancourt in attendance for Staff Panel: JEAT
March 31 – April 7 and April 9-11, 2014 10:00 a.m.	**Ronald James Ovenden, New Solutions Capital Inc., New Solutions Financial Corporation and New Solutions Financial (Ii) Corporation** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
April 14-15, April 21, April 23 – May 5 and May 7, 2014 10:00 a.m.	**Ground Wealth Inc., Michelle Dunk, Adrion Smith, Joel Webster, Douglas DeBoer, Armadillo Energy Inc., Armadillo Energy, Inc., and Armadillo Energy, LLC (aka Armadillo Energy LLC)** s. 127 J. Feasby in attendance for Staff Panel: TBA

May 5, May 7-16, May 21 – June 2 and June 4-12, 2014 10:00 a.m.	**Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus** s. 60 and 60.1 of the *Commodity Futures Act* T. Center in attendance for Staff Panel: TBA
June 2, 4-6, 10-16, 18-20, 24-30, July 3-4, 8-14, 16-18, 22-25, August 11, 13-15, 19-25, 27-29, September 2-8, 10-15, October 15-17, 28-31, November 3, 5-7, 11, 19-21, 25-28, December 1, 3-5, 9-15, 17-19, 2014, January 7-12, 14-16, 20-26, 28-30, February 3-9, 11-13 and February 17-20, 2015 10:00 a.m.	**Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho, Simon Yeung and David Horsley** s. 127 H. Craig in attendance for Staff Panel: TBA
September 15-22, September 24, September 29 – October 6, October 8-10, October 14-20, October 22 – November 3 and November 5-7, 2014 10:00 a.m.	**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
November 11-17, 19-21, November 25 – December 1, December 3-5, 9-15, 17-19, 2014, January 14-16, 20-26, 28-30, February 3-9, 11-13, 17-23, 25-27 and March 3-6, 2015 10:00 a.m.	**Ernst & Young LLP** s. 127 and 127.1 Y. Chisholm / H. Craig in attendance for Staff Panel: TBA
May 1, 2015 10:00 a.m.	**Ernst & Young LLP (Audits of Zungui Haixi Corporation)** s. 127 and 127.1 J. Friedman in attendance for Staff Panel: TBA
In writing	**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
In writing	**Blackwood & Rose Inc., Steven Zetchus and Justin Kreller (also known as Justin Kay)** s. 37, 127 and 127.1 C. Rossi in attendance for Staff Panel: JEAT
In writing	**Bunting & Waddington Inc., Arvind Sanmugam and Julie Winget** s. 127 and 127.1 M. Britton/A. Pelletier in attendance for Staff Panel: EPK

In writing	**Global Consulting and Financial Services, Global Capital Group, Crown Capital Management Corp., Michael Chomica, Jan Chomica and Lorne Banks** s. 127 C. Rossi in attendance for Staff Panel: AJL
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 Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 Panel: TBA
TBA	**Gold-Quest International and Sandra Gale** s. 127 C. Johnson 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	**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	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: TBA
TBA	**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
TBA	**Global RESP Corporation and Global Growth Assets Inc.** s. 127 D. Ferris in attendance for Staff Panel: TBA
TBA	**Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein** s. 127 J. Friedman in attendance for Staff Panel: TBA
TBA	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff

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

s. 127

J. Feasby in attendance for Staff

Panel: TBA

Conrad M. Black, John A Boultbee and Peter Y. Atkinson

s. 127 and 127.1

J. Friedman 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 **North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti**

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA **David Charles Phillips and John Russell Wilson**

s. 127

Y. Chisholm/B. Shulman in attendance for Staff

Panel: TBA

TBA **Children's Education Funds Inc.**

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA **Victor George DeLaet and Stanley Kenneth Gitzel**

s. 127(1) and 127(10)

D. Campbell in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

1.1.2 Memorandum of Understanding Concerning Consultation, Cooperation and the Exchange of Information between the Ontario Securities Commission and the Canadian Public Accountability Board

NOTICE OF MEMORANDUM OF UNDERSTANDING CONCERNING CONSULTATION, COOPERATION AND THE EXCHANGE OF INFORMATION BETWEEN THE ONTARIO SECURITIES COMMISSION AND THE CANADIAN PUBLIC ACCOUNTABILITY BOARD

On November 27, 2013, the Ontario Securities Commission and the Canadian Public Accountability Board entered into a Memorandum of Understanding (MOU), with a focus on consultation, cooperation and the sharing of information. The MOU will facilitate the exchange of information that will support collaboration on review and oversight matters.

Questions may be referred to:

Michael Balter
Senior Legal Counsel
General Counsel's Office
Tel: 416-593-3739
E-mail: mbalter@osc.gov.on.ca

Mark Pinch
Senior Accountant
Chief Accountant's Office
Tel: 416-593-8057
E-mail: mpinch@osc.gov.on.ca

December 5, 2013

MEMORANDUM OF UNDERSTANDING
CONCERNING CONSULTATION, COOPERATION AND THE EXCHANGE OF INFORMATION
BETWEEN THE ONTARIO SECURITIES COMMISSION AND
THE CANADIAN PUBLIC ACCOUNTABILITY BOARD

The Parties agree as follows

ARTICLE ONE
UNDERLYING PRINCIPLES

1. The Ontario Securities Commission (the "OSC") is responsible for the regulation of the capital markets in Ontario. It has a dual mandate to provide protection to investors and to foster fair and efficient capital markets and confidence in capital markets. The OSC has developed requirements for timely and accurate public disclosure of information by Reporting Issuers who raise money from Ontario investors. These requirements obligate Reporting Issuers to have their financial statements audited by a Public Accounting Firm that is a member of, and subject to inspection by, the Canadian Public Accountability Board ("CPAB").

2. The mandate of CPAB is to contribute to public confidence in the integrity of financial reporting by public companies by maintaining a register of Public Accounting Firms that audit Reporting Issuers and to oversee the audit of the financial statements of Reporting Issuers. CPAB's authority to carry out its inspection and audit oversight program in Ontario, is set out in the *Canadian Public Accountability Board Act* (Ontario), 2006 (the "CPAB Act").

3. The OSC and CPAB recognize the overlap between their respective mandates and acknowledge the significance of working with each other to promote higher quality auditing and investor confidence in the financial reporting of Reporting Issuers in Ontario.

4. In order to carry out their mandates effectively, the OSC and CPAB require access to highly confidential information from Public Accounting Firms and Reporting Issuers.

5. The OSC and CPAB recognise that it is in the public interest that they have access to such confidential information and, that the confidentiality of that information be maintained.

6. CPAB recognizes that the obligations of the OSC under this Memorandum of Understanding ("MOU") to keep information confidential do not in any way restrict the OSC's ability to use the information in connection with a confidential investigation, including disclosure to a person being examined who is under a confidentiality obligation, and CPAB recognizes further that the OSC's confidentiality obligations are subject to the legal duty of the OSC to make disclosure in connection with a proceeding commenced or proposed to be commenced by the OSC under the Securities Act or an examination of a witness, including a witness summoned as part of an investigation under the Securities Act.

7. The OSC and CPAB have therefore entered into this MOU regarding mutual assistance and the exchange of information on a confidential basis to assist each organization in fulfilling its respective mandate.

ARTICLE TWO
DEFINITIONS

8. For the purpose of this MOU:

"Accounting Principles" has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"Authority" means:

(a) The Canadian Public Accountability Board (CPAB), a corporation without share capital incorporated under the Canada Corporations Act by letters patent dated April 15, 2003; or

(b) The Ontario Securities Commission (OSC), a corporation continued under the *Securities Act*, R.S.O. 1990;

(collectively, the "Authorities")

"Confidential Information" means information that has been reasonably identified as confidential by the supplying Authority, and

(a) is not information that is, at the time of disclosure, or has become, part of the public domain, or

(b) is not the same information that the receiving Authority obtained from a party other than the supplying Authority,

"CPAB's Rules" means the rules governing CPAB's inspections of Participating Audit Firms as prescribed by CPAB under its by-laws;

"Law" means any law, regulation, order, or regulatory rules or requirement applicable in Canada;

"Non-Confidential Information" means information in the possession of either Authority that is not Confidential Information or has ceased to be Confidential Information;

"Person" or ***"Persons"*** means a natural person, legal entity, partnership or unincorporated association;

"Public Accounting Firm" means a sole proprietorship, partnership, corporation, or other legal entity engaged in the business of providing services as public accountants;

"Ontario Securities Law" and ***"Reporting Issuer"*** each have the same meaning as in the *Securities Act* (Ontario), (the "Securities Act");

"Designated Professional", ***"Generally Accepted Auditing Standards"*** or ***"GAAS"***, ***"Participating Audit Firm"*** and ***"Professional Standards"*** each have the same meaning as in the CPAB Act.

ARTICLE THREE
INTENT OF MOU

9. This MOU is a statement of intent to consult, cooperate and exchange information in connection with the inspection, supervision, investigation and oversight of Public Accounting Firms and Reporting Issuers in a manner consistent with and permitted by the Law that governs the Authorities. This cooperation has been and will continue to be primarily achieved through ongoing informal discussions and consultation, supplemented when necessary, by more in-depth cooperation. The provisions of this MOU are intended to support such informal communication, as well as to facilitate the exchange of information where desirable, subject to applicable Law.

10. The Authorities recognise that it is in the public interest that the OSC and CPAB obtain access to confidential information from the other Authority in a timely manner and that, subject to Section 6, the confidentiality of information provided by the Authorities be maintained.

ARTICLE FOUR
SCOPE OF CONSULTATION, COOPERATION AND EXCHANGE OF INFORMATION

11. The Authorities will, within the framework of this MOU, cooperate to promote compliance with their respective missions and mandates.

12. CPAB will share Non-Confidential Information and, subject to Article Six, Confidential Information, and provide assistance to the OSC in obtaining and interpreting such information, which includes, without limitation:

a. Notice and particulars of a situation where CPAB has identified, or becomes aware of a violation, or a series of violations, of Professional Standards or CPAB's Rules at a Participating Audit Firm, relating to an audit or audits of one or more Reporting Issuers performed by a Participating Audit Firm, which violation, or series of violations, creates a heightened risk to the investing public.

b. Notice and particulars of any restriction or sanction CPAB has imposed on, or removed from, any Participating Audit Firm.

c. Notice and particulars of any requirement CPAB has imposed on, or removed from, any Participating Audit Firm.

d. Notice of situations in which CPAB has required a Reporting Issuer to seek the views of the Commission regarding a matter in question.

e. Information, if it becomes known to CPAB in the course of its inspection or investigation activities, that a Reporting Issuer will be:

i. re-filing annual or interim financial statements,

ii. re-stating or potentially restating financial information for comparative periods in annual or interim financial statements for reasons other than the retrospective application of a change in accounting standard or policy or a new accounting standard.

f. Notice CPAB has terminated the status of any audit firm as a Participating Audit Firm because of the failure of such firm to comply with the provisions of CPAB's Participation Agreement and the particulars of the failure.

g. Any anonymous tip received by CPAB that, in CPAB's judgement, suggests a Reporting Issuer may have materially misstated its financial statements, or otherwise breached Ontario Securities Law.

h. Information CPAB may have about a Participating Audit Firm or Firms, or a Reporting Issuer or Issuers, which CPAB, in its judgment believes should be brought to the attention of the OSC.

13. CPAB will share Non-Confidential Information and, subject to Article Six, Confidential Information, and provide assistance to the OSC in obtaining and interpreting such information, regarding CPAB's general strategic plans for inspections, the general results of inspecting Participating Audit Firms or Reporting Issuer audit files, and related issues that may be relevant to assessing compliance with Ontario Securities Law. Such information includes, without limitation, notice of any targeted reviews of Participating Audit Firms or Reporting Issuer audit files resulting from CPAB's risk analysis; a targeted review being a review which is not part of CPAB's annual review process.

14. The Authorities will consult regularly at the staff level regarding the following areas of common interest relating to risk issues and day to day regulatory matters, subject to Article Six:

a. Risk assessment processes;

b. Analyzing areas of high risk relating to particular industries, or Reporting Issuers, with significant operations in foreign jurisdictions;

c. Analyzing and sharing information on the OSC's continuous disclosure review focus areas relating to the application of Generally Accepted Auditing Standards or the application of International Financial Reporting Standards (IFRS) in the financial statements of Reporting Issuers;

d. Analyzing and sharing information relating to the OSC's results of the continuous disclosure review focus areas described in (c);

e. International developments in accounting and auditing standards; and

f. Any other areas of mutual interest.

15. To supplement informal consultations, the OSC will share Non-Confidential and, subject to Article Six, Confidential Information, and provide assistance to CPAB in interpreting such information, relevant to CPAB's mandate. Such information includes without limitation:

a. Notice and particulars of a situation where the OSC has identified, or becomes aware of a potential violation of Professional Standards or CPAB's Rules at a Participating Audit Firm, relating to an audit of a Reporting Issuer performed by a Participating Audit Firm, which potential violation creates a heightened risk to the investing public;

b. Particulars of any restatement of the annual financial statements of a Reporting Issuer as a result of a continuous disclosure, or issue-oriented, review by the OSC;

c. Advance notice of issue-oriented continuous disclosure reviews that may result in the request of information from Participating Audit Firms; and

d. Any anonymous tip received by the OSC that suggests a Designated Professional or Participating Audit Firm has not performed sufficient procedures to support an opinion in an auditor's report that accompanies a Reporting Issuer's financial statements filed in accordance with Ontario Securities Law.

e. Information the OSC may have about a Participating Audit Firm or Firms, or a Reporting Issuer or Issuers, which the OSC, in its judgment believes should be brought to the attention of CPAB.

16. If the OSC provides CPAB with information under Section 15 of the MOU, CPAB will inform the OSC whether any review or examination of a Designated Professional or Participating Audit Firm is being or will be performed by CPAB in light of the information provided. If a review or examination is performed, CPAB will advise the OSC, if it identifies any potential breach of Ontario Securities Law.

ARTICLE FIVE
PERMISSIBLE USES OF INFORMATION

17. Either Authority may use Confidential Information or Non-Confidential Information obtained under this MOU for the purpose of carrying out their respective mandates.

ARTICLE SIX
CONFIDENTIALITY OF INFORMATION AND ONWARD SHARING

18. Except for disclosures in accordance with this MOU, including disclosures in the course of permissible uses of information under Article Five, and except as provided in Section 6, each Authority will maintain the confidentiality of Confidential Information shared under this MOU, requests made under this MOU, the contents of such requests, and any other matters arising under this MOU.

19. To the fullest extent permitted by Law, one Authority will notify the other Authority of any legally enforceable demand for Confidential Information furnished under this MOU and prior to compliance with the demand, the Authority from which the information was demanded will assert all appropriate legal exemptions or privileges with respect to such information as may be available.

20. Except as otherwise provided under this Article and subject to Section 6, Confidential Information may not be disclosed by either Authority to third parties unless each Authority has provided the other with its written consent to such disclosure. Third parties shall include foreign securities or financial regulatory authorities. If consent is not obtained from the Authority, the Authorities will consult to discuss the reasons for withholding approval of such use and the circumstances, if any, under which the intended use by the Authority might be allowed.

21. Subject to section 22, when either Authority intends to share Confidential Information under this MOU, the other Authority will confirm that it will treat this information as highly confidential and that it will protect it to the fullest extent permitted by Law.

22. The OSC has made a determination under section 153 of the Securities Act that information received by the OSC from CPAB under paragraph 12(a) of this agreement shall be maintained in confidence. This determination shall not apply to information received under paragraph 12(a) after the date that is three years following the date the MOU becomes effective, unless the OSC makes another determination with respect to such information.

23. Where the OSC intends to share Confidential Information with another securities or financial regulatory authority in Canada, the OSC shall provide that authority with CPAB's general description of the nature of the Confidential Information and particulars of the prejudice that could arise from its release. The OSC will not share the information unless, prior to receiving the Confidential Information from the OSC, the receiving authority shall provide the OSC and CPAB with its written assurance that:

a. it has taken appropriate steps to protect the Confidential Information from disclosure under that jurisdiction's access to information legislation;

b. without restricting the receiving authority's ability to use or constraining its ability to disclose the information as described in Section 6 (if the section were read by substituting the OSC with the name of the receiving authority), the receiving authority will maintain the confidentiality of the Confidential Information and will not disclose the Confidential Information to third parties unless CPAB has provided the receiving authority with its written consent to such disclosure; and

c. it will notify the OSC and CPAB of any legally enforceable demand for Confidential Information prior to compliance with the demand, and shall assert all appropriate legal exemptions or privileges with respect to such information as may be available.

ARTICLE SEVEN
COSTS

24. The Authorities will consult with one another in matters relating to specific requests made under this MOU that may involve substantial cost. If it appears that responding to a request for assistance will involve substantial costs being incurred by the requested Authority, the Authorities will consider the establishment of a cost-sharing arrangement before responding to the request.

ARTICLE EIGHT

25. The Authorities will review after 3 years following the date of execution of the MOU, and may at any other time agree to review, the functioning and effectiveness of this MOU with a view, among other things, to modifying it as appropriate should that be considered necessary or helpful to the fulfillment of each Authority's respective mandate. This MOU may not be amended without the written consent of each of the Authorities.

ARTICLE NINE
TERMINATION

26. Unless otherwise agreed to by the Authorities in advance of termination, this MOU will terminate on the earlier of (a) the expiration of 30 days after the date either Authority gives written notice to the other Authority of its intention to terminate same, and (b) 3 years following the date of execution of the MOU. Cooperation will continue with respect to all matters on which assistance was sought under the MOU, until the date of termination, unless the Authority seeking assistance terminates the matter for which assistance was requested. Article Six will survive the termination of the MOU.

Executed by the Authorities and effective as of this 27th day of November, 2013:

Canadian Public Accountability Board

"Brian Hunt"
Brian Hunt
Chief Executive Officer
Canadian Public Accountability Board
150 York Street, Suite 900, Box 90
Toronto, Ontario M5H 3S5

Ontario Securities Commission

"James Turner"
James Turner
Vice-Chair
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8

APPENDIX A
CONTACTS

The Authorities may send any communication, request or give notice under this MOU by fax, email or courier to the other Authority at the following address:

ONTARIO SECURITIES COMMISSION (OSC)
20 Queen Street West, 19th Floor
Toronto, Ontario
M5H 3S8

Attention:	Cameron McInnis or the Chief Accountant Office of the Chief Accountant
Telephone:	(416) 593 3675
Fax:	(416) 593 8177
Email:	cmcinnis@osc.gov.on.ca

CANADIAN PUBLIC ACCOUNTABILITY BOARD (CPAB)

Canadian Public Accountability Board
150 York Street, Suite 900, Box 90
Toronto, Ontario
M5H 3S5

Attention:	J. Neil St. John General Counsel
Telephone:	(416) 840 2571
Fax:	(416) 850 9235
Email:	neil.stjohn@cpab-ccrc.ca

1.1.3 Notice of Correction – Canadian Securities Regulators Propose Streamlining Disclosure Requirements for Private Foreign Securities Offerings to Certain Canadian Investors

The fifth paragraph of the news release published on November 28, 2014, at (2013), 36 OSCB 11349, entitled "Canadian Securities Regulators Propose Streamlining Disclosure Requirements for Private Foreign Securities Offerings to Certain Canadian Investors" read as follows:

> MI 45-107 offers the same relief as the Ontario Securities Commission (OSC) proposed amendments published for comment in April 2013 (National Instrument 45-106 *Prospectus and Registration Exemptions* and OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*).

A sentence has been added at the end of the paragraph, so that it reads:

> MI 45-107 offers the same relief as the Ontario Securities Commission (OSC) proposed amendments published for comment in April 2013 (National Instrument 45-106 *Prospectus and Registration Exemptions* and OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions)*. The British Columbia Securities Commission has issued similar relief in BC Notice 47-701 Blanket Permission Under Section 50(1)(c) of the Securities Act.

1.2 Notices of Hearing

1.2.1 TransCap Corporation – s. 127(1), 127(10)

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

AND

IN THE MATTER OF
TRANSCAP CORPORATION,
STRATA-TRADE CORPORATION,
DALE JOSEPH EDGAR ST. JEAN AND
GREGORY DENNIS TINDALL

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

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on December 13, 2013 at 10:00 a.m.;

TO CONSIDER whether, pursuant to paragraph 4 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against TransCap Corporation ("TCC") that:

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

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

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

    d. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to TCC permanently; and

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

2. against Strata-Trade Corporation ("STC") that:

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

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

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

    d. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to STC permanently; and

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

3. against Dale Joseph Edgar St. Jean ("St. Jean") that:

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

    b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by St. Jean cease permanently;

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

d. pursuant to paragraph 7 of subsection 127(1) of the Act, St. Jean resign any positions that he holds as director or officer of an issuer;

e. pursuant to paragraph 8 of subsection 127(1) of the Act, St. Jean be prohibited permanently from becoming or acting as an officer or director of an issuer;

f. pursuant to paragraph 8.1 of subsection 127(1) of the Act, St. Jean resign any positions that he holds as director or officer of a registrant;

g. pursuant to paragraph 8.2 of subsection 127(1) of the Act, St. Jean be prohibited permanently from becoming or acting as an officer or director of a registrant;

h. pursuant to paragraph 8.3 of subsection 127(1) of the Act, St. Jean resign any positions that he holds as director or officer of an investment fund manager; and

i. pursuant to paragraph 8.4 of subsection 127(1) of the Act, St. Jean be prohibited permanently from becoming or acting as an officer or director of an investment fund manager;

4. against Gregory Dennis Tindall ("Tindall") that:

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

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

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

d. pursuant to paragraph 7 of subsection 127(1) of the Act, Tindall resign any positions that he holds as director or officer of an issuer;

e. pursuant to paragraph 8 of subsection 127(1) of the Act, Tindall be prohibited permanently from becoming or acting as an officer or director of an issuer;

f. pursuant to paragraph 8.1 of subsection 127(1) of the Act, Tindall resign any positions that he holds as director or officer of a registrant;

g. pursuant to paragraph 8.2 of subsection 127(1) of the Act, Tindall be prohibited permanently from becoming or acting as an officer or director of a registrant;

h. pursuant to paragraph 8.3 of subsection 127(1) of the Act, Tindall resign any positions that he holds as director or officer of an investment fund manager; and

i. pursuant to paragraph 8.4 of subsection 127(1) of the Act, Tindall be prohibited permanently from becoming or acting as an officer or director of an investment fund manager;

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

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated November 21, 2013 and by reason of an order of the Alberta Securities Commission dated July 29, 2013, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on December 13, 2013 at 10:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

DATED at Toronto this 21st day of November, 2013.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
TRANSCAP CORPORATION,
STRATA-TRADE CORPORATION,
DALE JOSEPH EDGAR ST. JEAN AND
GREGORY DENNIS TINDALL

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. TransCap Corporation ("TCC"), Strata-Trade Corporation ("STC"), Dale Joseph Edgar St. Jean ("St. Jean") and Gregory Dennis Tindall ("Tindall") (together, the "Respondents") are subject to an order made by the Alberta Securities Commission (the "ASC") dated July 29, 2013 (the "ASC Order") that imposes sanctions, conditions, restrictions or requirements on them.

2. In its findings on liability dated May 9, 2013 (the "Findings"), a panel of the ASC (the "ASC Panel") found that the Respondents made materially misleading or untrue statements, contrary to section 92(4.1) of the Alberta *Securities Act*, R.S.A. 2000, c. S-4 (the "ASA"), and that the Respondents perpetrated a fraud, contrary to section 93(b) of the ASA.

3. The ASC Panel further found that STC and St. Jean breached filing requirements, contrary to sections 2.9(16) or (17) and 6.1 of National Instrument 45-106 (*Prospectus and Registration Exemptions*) ("NI 45-106"), and that Tindall concealed or withheld information reasonably required for an investigation, contrary to section 93.4(1) of the ASA.

4. Staff are seeking an inter-jurisdictional enforcement order reciprocating the ASC Order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

5. The conduct for which the Respondents were sanctioned took place between March 1, 2005 and December 10, 2009 (the "Material Time").

6. TCC and STC were both incorporated in Alberta.

7. During the Material Time, St. Jean was a resident of Calgary, Alberta, and was a cofounder, director and officer of TCC and STC. Tindall was resident in Alberta, and also a cofounder, director and officer of TCC and STC.

II. THE ASC PROCEEDINGS

The ASC Findings

8. In its Findings, a panel of the ASC found the following:

TCC

a. TCC made material misleading or untrue statements to investors and perpetrated a fraud on Alberta investors, contrary to sections 92(4.1) and 93(b) (and its predecessor section 93(c)) of the ASA, respectively, and contrary to the public interest;

STC

b. STC made material misleading or untrue statements to investors, breached filing requirements and perpetrated a fraud on Alberta investors, contrary to sections 92(4.1) of the ASA, 2.9(16) or (17) and 6.1 of NI 45-106 and 93(b) (and 93(c)) of the ASA, respectively, and contrary to the public interest;

St. Jean

c. St. Jean made material misleading or untrue statements to investors, breached filing requirements and perpetrated a fraud on Alberta investors, contrary to sections 92(4.1) of the ASA, 2.9(16) or (17) and 6.1 of NI 45-106 and 93(b) (and 93(c)) of the ASA, respectively, and contrary to the public interest; and St. Jean authorized, permitted or acquiesced in TCC's and STC's breaches of Alberta securities laws; and

Tindall

d. Tindall made material misleading or untrue statements to investors, concealed or withheld information reasonably required for an investigation and perpetrated a fraud on Alberta investors, contrary to sections 92(4.1), 93.4(1) and 93(b) (and 93(c)) of the ASA, respectively, and contrary to the public interest; and Tindall authorized, permitted or acquiesced in TCC's and STC's breaches of Alberta securities laws.

The ASC Order

9. The ASC Order imposed the following sanctions, conditions, restrictions or requirements:

a. upon TCC and STC:

i. pursuant to section 198(1)(a) of the ASA, all trading in or purchasing must cease in respect of any securities of TCC or STC, permanently;

ii. pursuant to section 198(1)(b) of the ASA, TCC and STC must each cease trading in or purchasing any securities, permanently;

iii. pursuant to section 198(1)(c) of the ASA, all of the exemptions contained in Alberta securities laws do not apply to TCC or STC, permanently;

iv. pursuant to section 198(1)(e.2) of the ASA, TCC and STC are each prohibited from becoming or acting as a registrant, investment fund manager or promoter, permanently; and

v. pursuant to section 198(1)(e.3) of the ASA, TCC and STC are each prohibited from acting in a management or consultative capacity in connection with activities in the securities market, permanently;

b. upon St. Jean:

i. pursuant to sections 198(1)(b) and (c) of the ASA, St. Jean must cease trading in or purchasing any securities, and all of the exemptions contained in Alberta securities laws do not apply to him, permanently;

ii. pursuant to sections 198(1)(d) and (e) of the ASA, St. Jean must resign any position that he currently holds as a director or officer of any issuer, registrant or investment fund manager, and he is prohibited from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager, permanently;

iii. pursuant to section 198(1)(e.3) of the ASA, St. Jean is prohibited from acting in a management or consultative capacity in connection with activities in the securities market, permanently;

iv. pursuant to under section 198(1)(i) of the ASA, St. Jean must, jointly and severally with Tindall, pay to the Alberta Securities Commission $9.6 million obtained as a result of non-compliance with Alberta securities laws;

v. pursuant to section 199 of the ASA, St. Jean must pay an administrative penalty of $1.2 million; and

vi. pursuant to section 202 of the ASA, St. Jean must pay $30,000 of the costs of the investigation and hearing;

c. upon Tindall:

i. pursuant to sections 198(1)(b) and (c) of the ASA, Tindall must cease trading in or purchasing any securities, and all of the exemptions contained in Alberta securities laws do not apply to him, permanently;

ii. pursuant to sections 198(1)(d) and (e) of the ASA, Tindall must resign any position that he currently holds as a director or officer of any issuer, registrant or investment fund manager, and he is prohibited from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager, permanently;

iii. pursuant to section 198(1)(e.3) of the ASA, Tindall is prohibited from acting in a management or consultative capacity in connection with activities in the securities market, permanently;

iv. pursuant to section 198(1)(i) of the ASA, Tindall must, jointly and severally with St. Jean, pay to the Alberta Securities Commission $9.6 million obtained as a result of non-compliance with Alberta securities laws;

v. pursuant to section 199 of the ASA, Tindall must pay an administrative penalty of $750,000; and

vi. pursuant to section 202 of the ASA, Tindall must pay $35,000 of the costs of the investigation and hearing.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

10. The Respondents are subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements on them.

11. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.

12. Staff allege that it is in the public interest to make an order against the Respondents.

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

14. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission Rules of Procedure.

DATED at Toronto, this 21st day of November, 2013.

1.2.2 Imtiaz Hashmani – 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
IMTIAZ HASHMANI

NOTICE OF HEARING
(Pursuant to sections 127 and 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, commencing on Monday, the 9th day of December, 2013 at 2:00 p.m. or 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 a settlement agreement dated November 29, 2013 entered into between Staff of the Commission ("Staff") and Imtiaz Hashmani pursuant to sections 127 and 127.1 of the Act;

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated November 29, 2013, and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 29th day of November, 2013.

"Daisy G. Aranha"
Per: John Stevenson
Secretary of the Commission

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

AND

IN THE MATTER OF
IMTIAZ HASHMANI

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

A. Background

1. During the period between March 2005 and October 12, 2012, Imtiaz Hashmani ("Hashmani") was the Chief Financial Officer ("CFO") of MineralFields Management Inc. ("MFMI"), Limited Market Dealer Inc. ("LMDI") and Pathway Investment Counsel Inc. ("Pathway") which comprised a group of companies (the "MineralFields Group"). Hashmani was also registered as the Chief Compliance Officer ("CCO") and as a dealing representative with LMDI. However, he was not the directing mind of any of those companies and played no role in establishing the companies or their ownership structure.

2. The MineralFields Group was involved in the distribution and management of flow-through limited partnership products. These limited partnership products invested primarily in flow-through shares of junior Canadian resource issuers through private placement issues.

3. MFMI was registered in the category of investment fund manager. It acted as the investment fund manager for flow-through limited partnerships which were sold through prospectuses and offering memoranda under the branding of MineralFields, Pathway, and EnergyFields LPs (the "MineralFields LPs").

4. LMDI was registered as a dealer in the category of exempt market dealer. LMDI sourced private placement issues of resource companies for the MineralFields LPs to invest in, and received a finder's fee (in cash and/or warrants) from these resource issuers for its services as an agent/finder. LMDI was also involved in negotiating the terms of the private placement issues with management of the resource issuers in connection with the purchase of securities by the MineralFields LPs.

5. Pathway was registered as an adviser in the category of portfolio manager. It was retained to provide portfolio management services to the MineralFields LPs.

6. Between April 28, 2011 and August 31, 2011, Staff conducted reviews of MFMI, LMDI and Pathway (the "Compliance Reviews") for the period between April 1, 2010 and March 31, 2011 (the "Review Period"). Significant concerns were identified. During the course of the Compliance Reviews, certain matters came to the attention of Staff respecting Hashmani.

7. The Compliance Reviews conducted by Staff revealed that Hashmani breached Ontario securities law and acted contrary to the public interest. In particular:

B. Untrue Statements and Misleading Omissions to the Commission

8. During the Compliance Reviews, it was revealed that the CCO of MFMI and Pathway and the Ultimate Designated Person of MFMI, LMDI and Pathway (the "UDP") consistently disclosed in regulatory filings with the Commission that he was the 100% owner of the registered firms within the MineralFields Group. In fact, another person (the "Undisclosed Partner") owned 49.99% of the non-voting shares MFMI and LMDI since inception of these firms until after the Compliance Reviews. The Undisclosed Partner was not registered under the Act in any capacity and was not designated as a "permitted individual" within the meaning of National Instrument 33-109 *Registration Information*.

9. During the Compliance Reviews, Staff made a books and records request that included a request for "a copy of the Registrant's current organization chart and employee list with telephone numbers." In response to this request, Hashmani provided to Staff an organizational chart showing the UDP (directly and through his personal companies) as owning 100% of MFMI and LMDI. At the time, Hashmani was the CCO and CFO of LMDI.

10. At that time, Hashmani did not know that the Undisclosed Partner was part-owner of the non-voting shares of MFMI and LMDI. However, Hashmani acknowledges that he ought to have made additional inquiries concerning the ownership structure of the companies in the MineralFields Group prior to submitting the organizational chart.

11. In July 2011, Hashmani participated in making corrective disclosures to Staff.

C. Inadequate Supervision of Personal Trading and Inappropriate Personal Trading

12. In addition to his position as CCO of LMDI, Hashmani was delegated various compliance functions for the registered firms in the MineralFields Group reporting to the UDP. This included monitoring compliance with the MineralFields Group trade pre-clearance policy which required trades to be pre-approved by Hashmani or the UDP.

13. During the Review Period, Hashmani failed to monitor and ensure that all trades by access persons to the MineralFields Group firms were pre-approved and complied with Ontario securities law including provisions respecting insider trading, self-dealing and other conflicts of interest. Hashmani was required to establish, maintain and apply policies and procedures that established a system of controls and supervision to ensure compliance with Ontario securities law which he failed to do.

14. During the Review Period, the UDP sold shares in an issuer ahead of MineralFields LPs at more favourable prices.

15. During the Review Period, Hashmani neglected to pre-clear with the UDP his sale of shares of an issuer at a price that was more favourable than the price at which the MineralFields LPs sold shares of the same issuer. Hashmani sold ahead of the Explorer Fund, one of the MineralFields LPs, by selling 7,500 shares of an issuer at a price of $2.57 per share on November 22, 2010, while the Explorer Fund sold 100,000 shares of that issuer at a price of $2.51 on November 24, 2010.

D. Inadequate Supervision of Compliance Activities

16. During the Compliance Reviews, Staff identified deficiencies respecting the inadequate compliance structures in the MineralFields Group. In particular, Hashmani failed to ensure that:

(a) individuals conducting registerable activities and acting on behalf of the MineralFields Group were properly registered, approved and/or disclosed to the Commission

(b) adequate portfolio management was performed for clients, including ensuring that a registered adviser was determining the investment terms of private placement transactions entered into by the MineralFields LPs and performing adequate due diligence for all investments;

(c) sufficient know your client ("KYC") information was collected for all clients and that MineralFields Group properly discharged their suitability obligations;

(d) the net asset value ("NAV") of the funds managed by MFMI were computed correctly;

(e) the impact of the NAV errors were assessed, documented and rectified in a timely manner;

(f) reliance on prospectus exemptions was appropriate for all clients;

(g) conflicts of interest among the MineralFields Group were identified and were adequately managed;

(h) claims and representations made to clients were accurate and could be substantiated;

(i) NRD was updated regarding the business locations and trade names used by the MineralFields Group;

(j) appropriate steps were taken to protect the confidentiality of clients' information;

(k) adequate insurance coverage was maintained by the MineralFields Group; and

(l) written policies and procedures were complete and adequately addressed key areas related to each of the MineralFields Group's obligations under Ontario securities law.

17. Staff allege that by engaging in the conduct described above, Hashmani breached Ontario securities law and acted contrary to the public interest.

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

Dated at Toronto, this 29th day of November, 2013

1.3 News Releases

1.3.1 OSC INVESTOR ALERT: Rosswell Group

FOR IMMEDIATE RELEASE
November 28, 2013

OSC INVESTOR ALERT: ROSSWELL GROUP

TORONTO – The Ontario Securities Commission (OSC) is warning investors about solicitations made by Rosswell Group, which operates through the website www.rosswellgroup.com.

The Rosswell Group describes itself as an investment planning specialist firm allowing investors to open investment accounts to trade securities. The Rosswell Group claims to be located in Toronto, Ontario and lists a telephone and fax number with a Toronto area code. No offices were identified at the location listed on the Rosswell Group's website.

The Rosswell Group is not registered to sell securities in Ontario.

The mandate of the OSC is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC's investor materials available at www.osc.gov.on.ca.

If you have any questions or information relating to this matter, please contact the OSC Contact Centre at 1-877-785-1555.

For Media Inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

Follow us on Twitter: OSC_News

For Investor Inquiries:

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

1.3.2 OSC Panel Issues Sanctions Against Majestic Supply Co. Inc, Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.

FOR IMMEDIATE RELEASE
December 2, 2013

OSC PANEL ISSUES SANCTIONS AGAINST
MAJESTIC SUPPLY CO. INC, SUNCASTLE DEVELOPMENTS CORPORATION, HERBERT ADAMS,
STEVE BISHOP, MARY KRICFALUSI, KEVIN LOMAN AND CBK ENTERPRISES INC.

TORONTO – A panel of the Ontario Securities Commission (Commission) released today its Reasons and Decision on Sanctions and Costs in the matter of Majestic Supply Co. Inc. (Majestic), Suncastle Developments Corporation (Suncastle), Herbert Adams (Adams), Steve Bishop (Bishop), Mary Kricfalusi (Kricfalusi), Kevin Loman (Loman) and CBK Enterprises Inc. (CBK).

In its Decision on the merits, released on February 21, 2013, the Commission found that the respondents had illegally distributed Majestic shares to approximately 134 investors.

The panel also found that Adams' deceptive representations amounted to conduct contrary to the public interest and that Majestic, Adams and Bishop "made representations as to the future listing of Majestic shares on a stock exchange for the purpose of effecting trades in Majestic shares, contrary to subsection 38(3) of the Act and contrary to the public interest".

In today's decision, the Commission imposed orders banning Majestic and Suncastle permanently from trading in or acquiring securities. The Commission imposed administrative penalties against each of Majestic and Suncastle in the amount of $200,000 and ordered Suncastle to disgorge $1,832,682 obtained from its sale of Majestic shares.

The panel also imposed a 20 year trading ban on Adams, whom the panel described as a "principal actor" and who, at various points, was an officer and director in Majestic and Suncastle's operations. The Commission also imposed a 20 year director and officer ban on Adams, ordered him to both pay a $300,000 administrative penalty and to disgorge $516,000 obtained pursuant to his sale of Majestic shares.

With respect to Bishop, who was also described as a "principal actor", was Majestic's secretary and vice-president of corporate finance and had a commission-based relationship with Adams, the Commission imposed a 15 year trading ban, a 15 year director and officer ban and ordered him to pay an administrative penalty in the amount of $100,000. The Commission found that Bishop was clearly remorseful, acknowledged the seriousness of his conduct and co-operated with Staff.

Sanctions were also imposed against Kricfalusi, a director of Suncastle, Loman who was involved in the sale of Majestic shares and CBK, a company that held shares as trustee on behalf of Adams and Kricfalusi.

A copy of the Reasons and Decision on the merits and the Reasons for Decision on Sanctions and Costs are available on the OSC website at www.osc.gov.on.ca.

The mandate of the OSC is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC's investor materials available at www.osc.gov.on.ca.

For Media Inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

Follow us on Twitter: OSC_News

For Investor Inquiries:

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

1.3.3 OSC Provides Update on Exempt Market Review, Including its Consideration of Existing Security Holder Exemption

FOR IMMEDIATE RELEASE
December 4, 2013

OSC PROVIDES UPDATE ON EXEMPT MARKET REVIEW,
INCLUDING ITS CONSIDERATION OF EXISTING SECURITY HOLDER EXEMPTION

Toronto – The Ontario Securities Commission (OSC) announced today that it intends to publish in the first quarter of 2014 the following new capital raising prospectus exemptions for a 90-day public comment period:

- offering memorandum exemption,
- family, friends and business associates exemption,
- existing security holder exemption, and
- crowdfunding exemption, together with a registration framework for online funding portals.

"The OSC has a responsibility to consider whether our regulatory framework supports efficient capital formation and contributes to Ontario's economic growth," said Howard Wetston, Q.C., Chair and CEO of the OSC. "It is important that our continued work in this area promotes an innovative and competitive exempt market that facilitates capital raising while protecting investors."

OSC progress report on exempt market review

On August 28, 2013, the OSC published OSC Notice 45-712 *Progress Report on Review of Prospectus Exemptions to Facilitate Capital Raising*, which sets out the next steps in the OSC's exempt market review and consideration of these possible new prospectus exemptions.

The objective of this work is to facilitate capital raising for start-ups and small and medium-sized enterprises and to modernize Ontario's exempt market regulatory regime.

CSA publication regarding existing security holder exemption

On November 21, 2013, the securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Yukon, Northwest Territories, Nunavut and Prince Edward Island published for comment a proposed prospectus exemption that would, subject to certain conditions, allow issuers listed on the TSX Venture Exchange (TSX-V) to raise money by distributing securities to their existing security holders.

The proposed exemption would allow TSX-V-listed issuers to distribute securities to existing security holders, relying on their continuous disclosure record, thereby providing issuers with access to an additional source of financing and potentially reducing costs for investors.

The comment period on the CSA proposal closes on January 20, 2014. The OSC supports the CSA proposal and will consider the comments on that proposal in developing its proposed existing security holder exemption, with the goal of substantial harmonization. As part of the OSC's review, it will consider whether such an exemption should be available to issuers listed on other exchanges. Commenters are asked to share their comments on the CSA proposal with the OSC by submitting them to the following address:

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
Email: comments@osc.gov.on.ca

All comments received will be posted to the OSC website at www.osc.gov.on.ca to improve the transparency of the policy-making process.

For Media Inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

Follow us on Twitter: OSC_News

For Investor Inquiries:

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

1.3.4 Canadian Securities Regulators Seek Comment on Proposed Changes to Registration Rules for Dealers, Advisers and Investment Fund Managers

FOR IMMEDIATE RELEASE
December 5, 2013

CANADIAN SECURITIES REGULATORS SEEK COMMENT ON PROPOSED CHANGES TO REGISTRATION RULES FOR DEALERS, ADVISERS AND INVESTMENT FUND MANAGERS

Montréal – The Canadian Securities Administrators (CSA) are seeking public comment on proposals to amend the regulatory framework for firms and individuals who trade in securities, provide investment advice or manage investment funds. The regulatory framework for registrants is contained in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and related instruments (collectively, the National Registration Rules).

"Both investors and industry participants will benefit from the proposed amendments, which include general improvements to the registrant regulatory framework as well as address specific problems identified during the monitoring of the application of the National Registration Rules," said Bill Rice, Chair of the CSA and President and Chief Executive Officer of the Alberta Securities Commission. "The proposed amendments aim to improve compliance and investor protection by bringing further clarity to regulators' expectations for registrants operating under National Registration Rules."

The CSA introduced the National Registration Rules in 2009 as a means to harmonize, modernize and streamline registration policies across Canada. Since implementation, the CSA have monitored the operation of the National Registration Rules and maintained an ongoing dialogue with registrants. The proposed amendments, which range from technical adjustments to more substantive matters, are the latest result of this ongoing monitoring and dialogue, and aim to increase overall efficiency.

The proposals contain several key amendments that aim to:

- enhance and clarify certain proficiency requirements for registrants. This includes guidance on what is considered to be relevant investment management experience, as well as the addition of an experience component to the proficiency requirements for chief compliance officer of dealer firms;
- limit the activities that may be conducted under the exempt market dealer category of registration;
- codify a sub-adviser exemption, as well as a short-term debt exemption, amend certain existing exemptions in NI 31-103, and add interpretative guidance about certain exemptions;
- streamline the CSA review process of notices of acquisitions of shares or assets of registered firms, and clarify the filing requirements;
- provide additional guidance relating to conflicts of interest in relation to registered representatives that serve on the boards of reporting issuers or have outside business activities; and
- update and improve the registration forms.

For more information on these amendments, please refer to the CSA Notice. Copies of the proposed changes to the National Registration Rules are available on the websites of CSA members. The comment period is open until March 5, 2014.

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:

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Mark Dickey
Alberta Securities Commission
403-297-4481

Richard Gilhooley
British Columbia Securities Commission
604-899-6713

Carolyn Shaw-Rimmington
Ontario Securities Commission
416-593-2361

Kevan Hannah
Manitoba Securities Commission
204-945-1513
506-643-7745

Wendy Connors-Beckett
Financial and Consumer Services Commission
New Brunswick

Tanya Wiltshire
Nova Scotia Securities Commission
902-424-8586

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

Doug Connolly
Financial Services Regulation Div.
Newfoundland and Labrador
709-729-2594

Rhonda Horte
Office of the Yukon Superintendent of Securities
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

Daniela Machuca
Financial and Consumer Affairs
Authority of Saskatchewan
306-798-4160

1.4 Notices from the Office of the Secretary

1.4.1 Children's Education Funds Inc.

FOR IMMEDIATE RELEASE
November 27, 2013

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

AND

IN THE MATTER OF
CHILDREN'S EDUCATION FUNDS INC.

TORONTO – The Commission issued an Order in the above named matter pursuant to section 127 of the Act which provides that:

1. The remaining Term and Condition imposed by the Temporary Order, namely paragraph 13, is deleted.

2. The Temporary Order is revoked.

A copy of the Order dated November 26, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.2 Pro-Financial Asset Management Inc.

FOR IMMEDIATE RELEASE
November 27, 2013

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

TORONTO – The Commission issued an Order in the above named matter with certain provisions.

A copy of the Order dated November 25, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.3 TransCap Corporation – s. 127(1), 127(10)

FOR IMMEDIATE RELEASE
November 27, 2013

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

AND

IN THE MATTER OF
TRANSCAP CORPORATION,
STRATA-TRADE CORPORATION,
DALE JOSEPH EDGAR ST. JEAN AND
GREGORY DENNIS TINDALL

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the Act on November 21, 2013, setting the matter down to be heard on December 13, 2013 at 10:00 a.m. as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated November 21, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 21, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.4 Energy Syndications Inc. et al.

FOR IMMEDIATE RELEASE
November 28, 2013

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

AND

IN THE MATTER OF
ENERGY SYNDICATIONS INC.,
GREEN SYNDICATIONS INC.,
SYNDICATIONS CANADA INC.,
DANIEL STRUMOS, MICHAEL BAUM
and DOUGLAS WILLIAM CHADDOCK

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

A copy of the Reasons and Decision on Sanctions and Costs dated November 27, 2013 and an Order dated November 27, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.5 Global Consulting and Financial Services et al.

FOR IMMEDIATE RELEASE
November 28, 2013

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
GLOBAL CAPITAL GROUP,
CROWN CAPITAL MANAGEMENT CORP.,
MICHAEL CHOMICA, JAN CHOMICA and
LORNE BANKS

TORONTO – The Commission issued its Reasons and Decision with respect to Global Capital Group and Crown Capital Management Corp. following the hearing on the merits held In Writing in the above named matter.

The Commission also issued an Order pursuant to Subsection 127(1) of the Act in the above named matter.

A copy of the Reasons and Decision and the Order dated November 26, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.6 Sterling Grace & Co. Ltd. and Graziana Casale

FOR IMMEDIATE RELEASE
November 28, 2013

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

AND

IN THE MATTER OF
STERLING GRACE & CO. LTD. AND
GRAZIANA CASALE

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

A copy of the Reasons and Decision on a Stay Motion dated November 27, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.7 Victor George DeLaet and Stanley Kenneth Gitzel

FOR IMMEDIATE RELEASE
November 28, 2013

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

AND

IN THE MATTER OF
VICTOR GEORGE DeLAET and
STANLEY KENNETH GITZEL

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

(a) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than December 10, 2013;

(c) Staff are relieved from the requirement to provide the Respondents with any authorities upon which Staff relies that are contained within the Commission's Book of Authorities, and where Staff do rely on any such authority, Staff shall provide the Respondents with written instructions on how to locate the Commission's Book of Authorities;

(d) the Respondents' responding materials, if any, shall be served and filed no later than January 10, 2014; and

(e) Staff's reply materials, if any, shall be served and filed no later than January 17, 2014.

A copy of the Order dated November 27, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.8 Majestic Supply Co. Inc. et al.

FOR IMMEDIATE RELEASE
December 2, 2013

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

AND

IN THE MATTER OF
MAJESTIC SUPPLY CO. INC.,
SUNCASTLE DEVELOPMENTS CORPORATION,
HERBERT ADAMS, STEVE BISHOP,
MARY KRICFALUSI, KEVIN LOMAN and
CBK ENTERPRISES INC.

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

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated November 29, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.9 Imtiaz Hashmani – ss. 127, 127.1

FOR IMMEDIATE RELEASE
December 2, 2013

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

AND

IN THE MATTER OF
IMTIAZ HASHMANI

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Imtiaz Hashmani in the above named matter.

The hearing will be held on December 9, 2013 at 2:00 p.m. in Hearing Room B on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated November 29, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 29, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.10 International Strategic Investments et al.

FOR IMMEDIATE RELEASE
December 2, 2013

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI
AND RYAN J. DRISCOLL

TORONTO – The Commission issued an Order in the above named matter which provides that (i) the confidential pre-hearing conference will continue on December 5, 2013 at 10:00 a.m.; and (ii) the hearing on the merits shall commence on January 13, 2014 and shall continue on January 15th for half a day, January 16, 20, 21, 27, 29, 30, and 31, February 3-7 inclusive, February 10, 12-14 inclusive, February 18 and 19, or on such further or other dates as may be agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated November 27, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.11 Portfolio Capital Inc. et al.

FOR IMMEDIATE RELEASE
December 2, 2013

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

AND

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

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

(a) the Respondents shall provide their hearing briefs, will-say statements and witness list to Staff by 4:30 p.m. on January 3, 2014;

(b) the pre-hearing conference scheduled for December 18, 2013 at 10:00 a.m. is vacated; and

(c) the hearing is adjourned to a further pre-hearing conference to be held on January 10, 2014 at 10:00 a.m.

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

A copy of the Order dated November 29, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 OPMEDIC Group Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

November 27, 2013

OPMEDIC Group Inc.
1361 Beaumont Ave, Suite 301
Montréal, Québec, H3P 2H7

Dear Sirs/Ms.:

Re: OPMEDIC Group Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, 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 that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in *Regulation 21-101 respecting Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

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

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

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

"Martin Latulippe, Director"
Continuous Disclosure
Autorité des marchés financiers

2.1.2 Fiera Quantum Limited Partnership

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Registered investment fund manager that is a wholly owned subsidiary of a reporting issuer exempted from paragraph 12.14(2)(a) of National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations, subject to terms and conditions – Exemption has the effect of allowing the registrant 45 days, instead of the 30 days specified in subsection 12.14(2), to deliver to the regulator its financial information for the first, second and third interim periods of each financial year.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 12.14(2), 12.14(2)(a).
National Instrument 51-102 Continues Disclosure Obligations, s. 4.3, 4.3(1), 4.4.

November 15, 2013

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

AND

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

AND

IN THE MATTER OF
FIERA QUANTUM LIMITED PARTNERSHIP
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the provisions of section 12.14(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") (the "**Requested Exemption**").

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

a) the *Autorité des marchés financiers* is the principal regulator for this application;

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, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Nunavut, Northwest Territories and Yukon; and

c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103, National Instrument 14-101 *Definitions*, MI 11-102 or in the *Securities Act* (Québec) (the "**Act**") have the same meaning.

Representations

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

1. The Filer is a limited partnership governed by the laws of Québec established on January 31, 2013 and its financial year end is December 31.

2. Since April 30, 2013, the Filer is registered as a portfolio manager, exempt market dealer and investment fund manager in the provinces of Ontario and Québec. The Filer is also registered as investment fund manager in Newfoundland and Labrador. In addition, the Filer is registered as exempt market dealer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador. Finally, the Filer is registered as commodity trading manager in the province of Ontario and as a derivatives portfolio manager in the province of Québec.

3. Fiera Quantum GP Inc., the general partner of the Filer (the "**GP**") is a subsidiary of Fiera Capital Corporation ("**Fiera**") which currently is a reporting issuer in the provinces of British Columbia, Québec, Alberta and Ontario.

4. Fiera is a corporation incorporated under the laws of Ontario and its registered head office is located in Montreal, Québec.

5. Fiera is registered as a portfolio manager and exempt market dealer in all provinces and territories of Canada (the "**Canadian Jurisdictions**"), registered as an investment fund manager in the provinces of Ontario, Québec and Newfoundland and Labrador. It is also registered as an investment advisor with the U.S. Securities and Exchange Commission. In addition, Fiera is registered in Québec as a derivatives portfolio

manager pursuant to the *Derivatives Act* (Québec), in Ontario as a commodity trading manager pursuant to the *Commodity Futures Act* (Ontario), and in Manitoba as advisor pursuant to the *Commodity Futures Act* (Manitoba).

6. Fiera's financial year end is December 31.

7. Fiera is a reporting issuer within the meaning of the Act subject to the continuous disclosure obligations set out in National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**"). Fiera became a reporting issuer in Ontario, British Columbia and Alberta on July 29, 1986 and in Québec on September 1, 2010.

8. Under section 4.4. of NI 51-102, the interim financial report that Fiera must file under section 4.3 (1) of NI 51-102 must be filed on or before the earlier of (the "**NI 51-102 Requirement**"):

   (a) the 45th day after the end of the interim period; and

   (b) the date of filing, in a foreign jurisdiction, interim financial statements for a period ending on the last day of the interim period.

9. As a reporting issuer, Fiera is required to, among other things, prepare Management Discussion and Analysis of its quarterly results, prepare a news release each quarter disclosing its results and must comply with certification requirements, which are all items that a non-reporting issuer does not have to address and which items take additional time and effort (collectively "**Fiera's financial information**"). The GP being a subsidiary of Fiera, Fiera's financial information must also include financial information relating to the Filer.

10. Furthermore, as a reporting issuer, the rigors of approval of the financial statements are greater than that of a non-reporting issuer, as the financial statements of Fiera require formal audit committee and board approval.

11. Since Fiera (formerly Fiera Sceptre Inc.) is subject to the NI 51-102 Requirement, it was exempted on August 8th, 2011 from the provisions of section 12.14(2)(a) of NI 31-103 in all Canadian Jurisdictions.

12. The Filer is subject to the provisions in NI 31-103 and specifically subject to section 12.14(2) of NI 31-103 that requires the Filer, as an investment fund manager, to file its interim financial information and Calculation of Excess Working Capital to the regulator no later than the 30th day after the end of a quarter.

13. The Filer is not in default of securities legislation in any jurisdiction of Canada.

14. The preparation of the financial information for Fiera and its subsidiaries (including the Filer) is undertaken as a concurrent process and as the financial information of the subsidiaries is consolidated in the consolidated financial information of Fiera, the preparation of the financial information of the Filer is subject to the same level of internal and external approval as the ones relating to Fiera. As such, the Filer represents it would be unduly prejudiced if required to comply with the 30-day deadline set out in section 12.14(2)(a) of NI 31-103 considering that its financial information must be included in Fiera's financial information and respect the requirements of NI 51-102.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

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

a) the GP remains a subsidiary of Fiera, which continues to be a reporting issuer;

b) the Filer delivers to the regulator its financial information for the period no later than the 45th day after the end of the interim period; and

c) under the continuous disclosure obligations then applicable to Fiera as a reporting issuer, Fiera is not required to file this financial information earlier than the 45th day after the end of the interim period.

"Eric Stevenson"
Surintendant de l'assistance aux clienteles
et de l'encadrement de la distribution

2.1.3 Constellation Software Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from prospectus requirement to proposed distributions of warrants under dividend reinvestment plan – proposed distributions do not fall within criteria of exemption in section 2.2 of NI 45 – relief granted subject to conditions similar to conditions of exemption in section 2.2 of NI 45-106.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 53, 74(1).

November 22, 2013

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
CONSTELLATION SOFTWARE INC.
(the Filer)

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 from the prospectus requirements of the Legislation (the Exemption Sought) so that such requirements do not apply to distributions of warrants (the Warrants) to purchase common shares (Common Shares) in the capital of the Filer issued to Participants (as defined below) in the each of the provinces and territories of Canada in connection with the Filer's dividend reinvestment plan.

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 in each of Alberta, British Columbia, Manitoba, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut.

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 herein.

Representations

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

1. The Filer was amalgamated pursuant to the laws of the Province of Ontario on March 1, 2002.

2. The Filer's head office is located at 20 Adelaide Street East, Suite 1200, Toronto, Ontario M5C 2T6.

3. The Filer is a reporting issuer in each of the provinces and territories of Canada, and is not in default of securities legislation in any of these jurisdictions.

4. The authorized capital of the Filer consists of an unlimited number of Common Shares and an unlimited number of class A non-voting shares. As at the date hereof, there are 21,191,530 Common Shares and no class A non-voting shares issued and outstanding.

5. The Common Shares are listed on the Toronto Stock Exchange (the TSX) under the trading symbol "CSU".

6. The Filer's current dividend policy is to pay dividends on its Common Shares on a quarterly basis in such amount as the Filer's Board of Directors may from time to time determine. Since April 2012, the Filer has declared and paid a quarterly dividend in the amount of US$1.00 per Common Share.

7. Effective May 16, 2013, the Filer adopted a dividend reinvestment plan (the DRIP), under which all registered holders of Common Shares in Canada are eligible to participate (the Eligible Participants). Non-registered holders of Common Shares may be eligible to participate through their financial institution, broker or other intermediary through which their Common Shares are held. Alternatively, non-registered holders of Common Shares may become registered holders of such shares in order to participate in the DRIP.

8. Computershare Trust Company of Canada is the agent and administrator of the DRIP.

9. Pursuant to the DRIP, Eligible Participants are permitted to increase their investment in the Filer

by choosing to automatically reinvest cash dividends received on the Common Shares held by them in additional Common Shares, which will be purchased by the Filer (or a trustee, custodian or administrator on the Filer's behalf) on the open market, or at the Filer's discretion, issued from treasury. If the Common Shares issued pursuant to the DRIP are to be issued from treasury, such Common Shares will be issued at a price equal to the weighted average market price of the Common Shares on the TSX for the five trading days immediately preceding the applicable dividend payment date.

10. As an incentive to increase participation in the DRIP, the Filer proposes to amend the DRIP such that participants in the DRIP (the Participants) will receive one Warrant in addition to each Common Share purchased and/or issued following the reinvestment of dividends. Each whole Warrant would entitle the holder thereof to purchase one Common Share at an exercise price equal to the weighted average market price of the Common Shares on the TSX for the five trading days immediately preceding the applicable dividend payment date for a period of one year from the date of issue of the Warrant (or such other exercise period as may be determined by the Filer from time to time).

11. The Filer does not intend to list the Warrants on the TSX or any other exchange.

12. Participants will not make any cash payment to the Filer upon the issuance of the Warrants.

13. The Filer will provide Participants with a description of the material attributes and characteristics of the Warrants or notice of a source from which the Participant can obtain the information without charge.

14. The DRIP will specify that the aggregate number of Common Shares issuable upon exercise of Warrants in each financial year of the Filer will not exceed 2% of the issued and outstanding Common Shares as at the beginning of each such financial year.

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:

1. the Common Shares trade on a marketplace (as defined in NI 45-106);

2. the aggregate number of Common Shares issued upon exercise of Warrants in each financial year of the Filer will not exceed 2% of the issued and outstanding Common Shares as at the beginning of the financial year;

3. participation in the DRIP is available to every registered holder of Common Shares in Canada; and

4. the Filer, or a trustee, custodian or administrator, provides to each Participant either a description of the material attributes and characteristics of the Warrants or notice of a source from which the Participant can obtain the information without charge.

"Mary Condon"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.1.4 Purpose Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraphs 2.1(1), 2.2(1)(a), 2.5(2)(a), 2.5(2)(e) and 2.5(2)(f) of NI 81-102 to permit mutual funds to invest without restriction in an ETF under common management, and to allow the top funds to pay brokerage commissions for the purchase and sale of the securities of the underlying ETF – Relief needed because the underlying ETF is a mutual fund that do not file a simplified prospectus under NI 81-101 and is not an index participation unit eligible for exemptions under the rule – Underlying ETF securities will be primarily bought or sold over the exchange on the same conditions as other securities traded on the exchange – Relief granted restricted to underlying ETF subject to NI 81-102 and continuing to qualify as a money-market fund as defined by NI 81-102.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.2(1)(a), 2.5(2)(a), 2.5(2)(e), 2.5(2)(f),19.1.

November 28, 2013

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
PURPOSE INVESTMENTS INC.
(the Filer)

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 (the **Legislation**) for a decision granting exemptive relief (the **Exemption Sought**) to the existing mutual funds listed in Schedule "A" (the **Existing Top Funds**) and such mutual funds that may be managed by the Filer or an affiliate thereof in the future (the **Future Top Funds**, and together with the Existing Top Funds, the **Top Funds** and individually, a **Top Fund**) from:

(a) section 2.1(1) of NI 81-102 to permit each Top Fund to purchase units of the Purpose High Interest Savings ETF (the **Underlying ETF**) or enter into a specified derivatives transaction with respect to the Underlying ETF even though immediately after the transaction, more than 10% of the net asset value of the Top Fund would be invested, directly or indirectly, in units of the Underlying Fund;

(b) paragraph 2.2(1)(a) of NI 81-102 to permit each Top Fund to purchase units of the Underlying ETF such that, after the purchase, the Top Fund would hold securities representing more than 10% of (i) the votes attaching to the outstanding voting securities of the Underlying ETF or (ii) the outstanding equity securities of the Underlying ETF;

(c) paragraph 2.5(2)(a) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**), to permit each Top Fund to invest in units of the Underlying ETF which is not subject to NI 81-101; and

(d) paragraphs 2.5(2)(e) and 2.5(2)(f) of NI 81-102, to permit each Top Fund to pay brokerage commissions in relation to its purchase and sale on a recognized exchange (as defined in the *Securities Act* (Ontario)) in Canada of units of the Underlying ETF.

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 paragraph 4.7(1)(c) of Multilateral Instrument 11-102 – *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

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.

Representations

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

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

2. The Top Funds are, or will be, open-ended mutual funds organized and governed by the laws of a jurisdiction of Canada.

3. The Top Funds are, or will be, governed by the provisions of NI 81-102, subject to any

exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.

4. Each Top Fund distributes, or will distribute, securities pursuant to a simplified prospectus and annual information form prepared pursuant to NI 81-101 or a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2 – *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**).

5. The Top Funds are, or will be, reporting issuers in one or more of the provinces and territories of Canada.

6. The Top Funds may wish to invest in units of Purpose High Interest Savings ETF (the **Underlying ETF**).

7. Each investment by a Top Fund in securities of the Underlying ETF is required to be made in accordance with the fundamental investment objectives of the Top Fund and to represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

8. The Filer acts as the investment fund manager of the Underlying ETF.

9. The Underlying ETF is:

   (a) an open-ended mutual fund, subject to NI 81-102 and NI 41-101;

   (b) a reporting issuer in the provinces and territories of Canada; and

   (c) listed on the Toronto Stock Exchange (the TSX).

10. The Underlying ETF seeks to maximize monthly income for holders of its units while preserving capital and liquidity by investing in high interest deposit accounts. The Underlying ETF invests substantially all its assets in high interest deposit accounts with one or more Schedule I, II, or III banks under the *Bank Act* (Canada) or credit unions or leagues to which the *Credit Union and Caisse Populaires Act, 1994* applies or an association to which the *Cooperative Credit Associations Act* (Canada) applies. Accordingly, the Underlying ETF is a money market fund within the meaning of NI 81-102.

11. The Underlying ETF does not borrow cash or provide a security interest over any of its portfolio assets except in accordance with NI 81-102.

12. The Underlying ETF does not and will not hold any of its net assets in securities of other mutual funds.

13. As the Underlying ETF is a money market fund it will not seek relief from the concentration restrictions in subsection 2.1(1) of NI 81-102.

14. The units of the Underlying ETF do not constitute index participation units.

15. The Underlying ETF does not have, and will not have, a net market exposure greater than 100% of its net asset value.

16. In accordance with applicable securities law, no management fees or incentive fees will be payable by the Underlying ETF that, to a reasonable person, would duplicate a fee payable by a Top Fund for the same service.

17. If the investment fund manager of a Top Fund (the **Top Fund Manager**) determines that the management fees and incentive fees paid by the Underlying ETF to its investment fund manager (the **Underlying ETF Manager**) would duplicate a fee payable by the Top Fund for the same service, as prohibited by paragraph 2.5(2)(d) of NI 81-102, the Underlying ETF Manager will pay a management fee rebate to the Top Fund that will not exceed the management fee payable by the Top Fund to the Top Fund Manager in respect of the Top Fund's investment in the Underlying ETF.

18. Holders of units of the Underlying ETF may:

   (a) sell such units on the TSX;

   (b) redeem such units in any number for cash at a redemption price equal to 95% of the closing price for the units on the TSX on the effective day of redemption; or

   (c) exchange a prescribed number of units (a **PNU**) (or an integral multiple thereof) of the Underlying ETF for cash, the exchange price being equal to the net asset value of the securities of the Underlying ETF tendered for exchange on the effective day of the exchange request.

19. The units of the Underlying ETF are highly liquid, as designated brokers act as intermediaries between investors and the Underlying ETF, standing in the market with bid and ask prices for such securities to maintain a liquid market for them.

20. All brokerage costs related to trades in securities of the Underlying ETF will be borne by the Top Funds in the same manner as any other portfolio transactions made on an exchange.

21. If a Top Fund makes a trade in units of the Underlying ETF with or through an affiliate or

associate of the Filer acting as dealer, the Filer will comply with its obligations under National Instrument 81-107 – *Independent Review Committee* for Investment Funds in respect of any proposed related party transactions. All such related party transactions will be disclosed to securityholders of the applicable Top Fund in its management report of fund performance.

22. None of the Filer, the existing Top Funds or the Underlying ETF is in default of any of its obligations under securities legislation in any of the provinces or territories of Canada.

23. An investment in the Underlying ETF by a Top Fund is an efficient and cost effective alternative for a Top Fund to invest cash it may hold from time to time.

24. Absent the Exemption Sought, an investment by a Top Fund in units of the Underlying ETF would be restricted by the concentration restriction in subsection 2.1(1) to no more than 10% of the net asset value of the Top Fund. Furthermore, due to the potential size disparity between the various Top Funds and the Underlying ETF, it is possible that a relatively small investment, on a percentage of NAV basis, by a relatively large Top Fund in the Underlying ETF could result in that Top Fund holding securities representing more than 10% of (i) the votes attaching to the outstanding voting securities of the Underlying ETF, or (ii) the outstanding equity securities of that Underlying ETF, contrary to the control restriction in paragraph 2.2(1)(a) of NI 81-102.

25. An investment in the Underlying ETF by a Top Fund should pose little investment risk to the Top Fund, because the Underlying ETF is subject to NI 81-102 and is a money market fund. As a money market fund, the Underlying ETF's investments are highly restricted, primarily to cash, cash equivalents and short term (less than one year) debt. Moreover, the Underlying ETF does not, and will not in the future, invest in underlying funds or use specified derivatives.

26. Absent the Exemption Sought, an investment by a Top Fund in the Underlying ETF would be prohibited by paragraph 2.5(2)(a) of NI 81-102 solely because the Underlying ETF is not governed by NI 81-101. An investment by a Top Fund in the Underlying ETF would not qualify for the exception in subsection 2.5(3) of NI 81-102 from paragraph 2.5(2)(a) of NI 81-102 because the Underlying ETF does not issue index participation units.

27. The only material difference between the Underlying ETF and a mutual fund governed by NI 81-101 is the method of distribution and disposition of its units. If the Exemption Sought is granted, the Top Funds will be permitted to purchase securities of a mutual fund that is listed on the TSX or another recognized exchange in Canada in the same manner that they are permitted to invest in securities of a mutual fund that is not listed on such an exchange.

28. The trades conducted by a Top Fund may not be of the size necessary for the Top Fund to be eligible to purchase or exchange units of the Underlying ETF directly from the Underlying ETF at its net asset value per unit. Trades in units of the Underlying ETF are therefore likely to be conducted by the Top Funds in the secondary market through the facilities of a recognized exchange. Absent the Exemption Sought, paragraphs 2.5(2)(e) and 2.5(2)(f) would not permit a Top Fund to pay brokerage fees incurred in connection with such a trade.

29. The units of the Underlying ETF are listed on the TSX and the market for them is liquid because it is supported by designated brokers. As a result, a Top Fund will be well positioned to dispose of such units to, for example, fund the redemption requests of its securityholders.

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) the investment by a Top Fund in units of the Underlying ETF is in accordance with the investment objectives of the Top Fund;

(b) a Top Fund does not sell units of the Underlying ETF short;

(c) the Underlying ETF is and continues to qualify as a money-market fund (as defined by NI 81-102);

(d) the relief from paragraphs 2.5(2)(e) and 2.5(2)(f) will only apply to the brokerage fees incurred for the purchase and sale of the Underlying ETF by the Top Funds; and

(e) the prospectus of each Top Fund discloses, or will disclose the next time it is renewed after the date of this decision, the fact that the Top Funds have obtained the Exemption Sought to permit the relevant transactions on the terms described in this decision.

"Raymond Chan"
Manager, Investment Funds
Ontario Securities Commission

SCHEDULE "A"

Purpose Core Dividend Fund
Purpose Tactical Hedged Equity Fund
Purpose Monthly Income Fund
Purpose Total Return Bond Fund
Purpose Diversified Real Asset Fund
Purpose Short Duration Emerging Markets Bond ETF
Purpose Short Duration Global Bond ETF

2.1.5 TriOil Resources Ltd. – 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).

November 28, 2013

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue SW
Calgary, AB T2P 1G1

Attention: Matthew A. Grant

Dear Sir:

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

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

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

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

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

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

"Denise Weeres"
Manager, Legal
Corporate Finance
Alberta Securities Commission

2.1.6 HSBC Global Asset Management (Canada) Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-102 Mutual Funds (NI 81-102) – s.19.1 – Specified derivatives relief – s. 2.7(1) and s. 2.7(4) – Custodian relief – s. 6.1(1)

Counterparty Credit Rating Requirement

A group of mutual funds seeks relief from the counterparty credit rating requirement in subsection 2.7(1) of NI 81-102 to permit the mutual funds to enter into certain swaps that are cleared through a clearing corporation - The mutual fund cannot meet the counterparty credit rating requirement in subsection 2.7(1); the mutual fund will enter into swaps that are cleared through a clearing corporation; the clearing corporation will be the counterparty to the trade

Counterparty Mark-to-Market Exposure Limit

A group of mutual funds seeks relief from the mark-to-market exposure restrictions in subsection 2.7(4) of NI 81-102 to permit the mutual funds to enter into certain swaps that are cleared through a clearing corporation - The mutual fund wants to clear swaps through a clearing corporation that is not an “acceptable clearing corporation” and that is not in Appendix A to NI 81-102; the mutual fund will only clear swaps through certain clearing corporations with adequate regulatory and capital requirements

Custodial Requirements – Deposit of Margin

A group of mutual funds seeks relief from the custodial requirements in subsection 6.1(1) of NI 81-102 to permit the mutual funds to deposit cash and portfolio assets with a dealer as margin for transactions involving cleared swaps - The mutual fund wants to deposit portfolio assets with a dealer as margin for cleared swaps; the portfolio assets will be deposited with a dealer meeting conditions in subsections 6.8(1) and 6.8(2) of NI 81-102

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 19.1, 2.7(1), 2.7(4), 6.1(1).

November 11, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA AND ONTARIO
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
HSBC GLOBAL ASSET MANAGEMENT (CANADA) LIMITED
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation), under section 19.1 of National Instrument 81-102 *Mutual Funds* (NI 81-102), exempting each Existing HSBC Fund (as defined below) and all current and future mutual funds managed by the Filer that enter into Swaps (as defined below) in the future (each, a Future HSBC Fund and, together with the Existing HSBC Funds, each, a HSBC Fund and, collectively, the HSBC Funds):

(a) from the requirement in subsection 2.7(1) of NI 81-102 that a mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating, or the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating;

(b) from the limitation in subsection 2.7(4) of NI 81-102 that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation that settles transactions made on a futures exchange listed in Appendix A to NI 81-102 shall not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and

(c) from the requirement in subsection 6.1(1) of NI 81-102 to hold all portfolio assets of a mutual fund under the custodianship of one custodian in order to permit each HSBC Fund to deposit cash and portfolio assets directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing Corporation (as defined below) as margin,

in each case, with respect to cleared Swaps (the Exemption Sought).

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

(a) the British Columbia Securities Commission is the principal regulator for this application;

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

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

2 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. Capitalized terms used in this decision have the following meanings:

"CFTC" means the U.S. Commodity Futures Trading Commission;

"Clearing Corporation" means any of the Chicago Mercantile Exchange Inc., ICE Clear Credit LLC, LCH.Clearnet Limited and any other clearing organization that is permitted to operate in the jurisdiction of Canada where the HSBC Fund is located;

"Dodd-Frank" means the *Dodd-Frank Wall Street Reform and Consumer Protection Act*;

"Existing HSBC Funds" means any of HSBC Emerging Markets Debt Fund, HSBC U.S. Dollar Monthly Income Fund, HSBC Canadian Bond Fund, HSBC Canadian Bond Pooled Fund, HSBC Global Inflation Linked Bond Pooled Fund, HSBC U.S. High Yield Bond Pooled Fund and HSBC Canadian Balanced Fund;

"Futures Commission Merchant" means any futures commission merchant that is registered with the CFTC and is a member of a Clearing Corporation;

"OTC" means over-the-counter;

"Portfolio Advisor" means each of the Filer and each affiliate of the Filer and each third party portfolio manager retained from time to time by the Filer to sub-advise the investment portfolio of one or more HSBC Funds;

"Swaps" means the swaps that are, or will become, subject to a clearing determination issued by the CFTC, including fixed-to-floating interest rate swaps, basis swaps, forward rate agreements in U.S. dollars, the Euro, Pounds Sterling or the Japanese Yen, overnight index swaps in U.S. dollars, the Euro and Pounds Sterling and untranched credit default swaps on certain North American indices (CDX.NA.IG and CDX.NA.HY) and European indices (iTraxx Europe, iTraxx Europe Crossover and iTraxx Europe HiVol) at various terms; and

"U.S. Person" has the meaning given to it by the CFTC.

Representations

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

1. the Filer is, or will be, the investment fund manager of each HSBC Fund; the Filer is registered as an investment fund manager, a portfolio manager and an exempt market dealer in British Columbia, Ontario, Newfoundland and Labrador and Québec, as a portfolio manager and an exempt market dealer in each of Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia and as an exempt market dealer in the Northwest Territories; the head office of the Filer is in Vancouver, British Columbia;

2. the Filer is, or will be, the portfolio manager of the HSBC Funds; another Portfolio Advisor is, or will be, the sub-advisor to certain of the HSBC Funds;

3. each HSBC Fund is, or will be, a mutual fund created under the laws of British Columbia and is, or will be, subject to the provisions of NI 81-102;

4. neither the Filer nor the HSBC Funds are, or will be, in default of securities legislation in each jurisdiction of Canada;

5. the securities of each HSBC Fund are, or will be, qualified for distribution under a prospectus that was, or will be, prepared and filed in accordance with the securities legislation of the Jurisdictions; accordingly, each HSBC Fund is, or will be, a reporting issuer or the equivalent in each jurisdiction of Canada;

6. the investment objective and investment strategies of each HSBC Fund permit, or will permit, the HSBC Fund to enter into derivative transactions, including Swaps; the Portfolio Advisors for the Existing HSBC Funds consider Swaps to be an important investment tool that is available to them to properly manage the applicable Existing HSBC Fund's portfolio; each of the Existing HSBC Funds have entered into, or intend to enter into, foreign exchange swaps, interest rate swaps and credit default swaps on single names and indices;

7. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a clearing organization recognized by the CFTC; generally, where one party to a Swap is a U.S. Person and the other party to the Swap is a mutual fund, such as a HSBC Fund, that Swap must be cleared, absent an available exception, as of June 10, 2013; with respect to entities such as the HSBC Funds, the compliance date for the clearing of iTraxx CDS indices was July 25, 2013;

8. currently, the Existing HSBC Funds may enter into Swaps on an OTC basis with a number of Canadian, U.S. and other international counterparties; these OTC Swaps are entered into in compliance with the derivative provisions of NI 81-102;

9. in order to benefit from both the pricing benefits and reduced trading costs that a Portfolio Advisor may be able to achieve through its trade execution practices for its advised investments funds and other accounts and from the reduced costs associated with cleared OTC derivatives as compared to other OTC trades, the Filer wishes to have the HSBC Funds enter into Swaps cleared through one or more Clearing Corporations;

10. in the absence of the Exemption Sought, each Portfolio Advisor will need to structure the Swaps entered into by the HSBC Funds so as to avoid the clearing requirements of the CFTC; the Filer respectfully submits that this would not be in the best interests of the HSBC Funds and their investors for a number of reasons, as set out below;

11. the Filer strongly believes that it is in the best interests of the HSBC Funds and their investors to be able to execute OTC derivatives with U.S. Persons, including U.S. swap dealers;

12. in its role as a fiduciary for the HSBC Funds, the Filer has determined that central clearing represents the best choice for the investors in the HSBC Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets;

13. a Portfolio Advisor may use the same trade execution practices for all of its advised funds and other accounts; however, if the HSBC Funds are not able to use cleared Swaps, then each affected Portfolio Advisor will have to create separate trade execution practices only for the HSBC Funds for these types of trades; this will increase the operational risk for the HSBC Funds and will prevent the HSBC Funds from benefitting from both the pricing benefits and reduced trading costs that a Portfolio Advisor may be able to achieve through a common practice for its advised funds and other accounts;

14. as a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the HSBC Funds; and

15. the Exemption Sought is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, such as clearing corporation options, options on futures and standardized futures.

Decision

4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that, in respect of the deposit of cash and portfolio assets as margin:

(a) in Canada,

(i) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and

(ii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the HSBC Fund as at the time of deposit; and

(b) outside of Canada,

(i) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;

(ii) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of $50 million; and

(iii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the HSBC Fund as at the time of deposit.

This decision will terminate on the earlier of (i) the coming into force of any revisions to the provisions of NI 81-102 that address the clearing of OTC derivatives, and (ii) two years from the date of this decision.

"Brent W. Aitken"
Vice Chair
British Columbia Securities Commission

2.1.7 Ivanplats Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Issuer Bids – Relief from the restrictions under section 2.7 of MI 62-104 and section 93.4(1) of the Securities Act (Ontario) that prohibit sales by an issuer from the date that the issuer announces its intention to make an issuer bid until the expiry of the issuer bid – Relief would permit the Filer to concurrently announce a private placement and issuer bid – Issuer intends to concurrently announce a private placement financing and Dutch auction issuer bid; issuer intends to close the private placement prior to the expiry of the issuer bid; issuer bid to be offered at a specified price range; issuer will provide comprehensive disclosure about the structure of the private placement financing and the issuer bid in its issuer bid circular; all shareholders will have the opportunity to consider the bid – Relief granted based on particular facts and representations – Relief subject to conditions.

Confidentiality – s.169 BC Securities Act – An applicant wants to keep an application and order confidential for a limited period of time after the order is granted – The record provides intimate financial, personal or other information; the disclosure of the information before a specific transaction would be detrimental to the person affected; the information will be made available after a specific date.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 93.4(1).
Multilateral Instrument 62-104 Take-Over Bids and Issuer Bids, s. 2.7.
Securities Act (British Columbia), s. 169.

July 30, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA AND ONTARIO
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
IVANPLATS LIMITED
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Makers) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation):

(a) for an exemption from the restrictions under section 2.7 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* (MI 62-104) and section 93.4(1) of the *Securities Act* (Ontario) prohibiting sales by an issuer during an issuer bid, permitting the Filer to announce and conduct a private placement concurrent with the announcement of an intention to commence an issuer bid (Concurrent Sale Relief); and

(b) that the application and this decision be held in confidence by the Decision Makers (Confidentiality Relief, and together with the Concurrent Sale Relief, Exemptions).

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

(a) the British Columbia Securities Commission is the principal regulator for this application;

(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 Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut; and

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

3 The decision is based on the following facts represented by the Filer:

1. the Filer is a British Columbia corporation incorporated in 1998;

2. the Filer's corporate and administrative offices in Canada are located in Vancouver, British Columbia;

3. the Filer is a mineral development company that has its principal mineral projects in the Democratic Republic of Congo and South Africa;

4. the authorized share capital of the Filer consists of an unlimited number of Class A common shares without par value (Common Shares), an unlimited number of restricted Class B common shares (Class B Shares) without par value, and an unlimited number of preferred shares without par value; as of July 23, 2013, 514,973,602 Common Shares, 14,511,110 Class B Shares and nil preferred shares, were issued and outstanding;

5. prior to becoming a reporting issuer, the shares of the Filer were widely held by numerous arm's length investors who had subscribed for shares of the Filer (and its predecessor) through a series of financings over almost 20 years;

6. in an effort to maintain an orderly market for the Common Shares following its initial public offering on the TSX in October 2012 (IPO), the Class B Shares (those shares outstanding prior to the IPO) were made subject to a structural lock-up; the Filer's shareholders approved the structural lock-up at an extraordinary general meeting on May 26, 2011; the holders of Class B Shares (Class B Shareholders) have the right to convert, at any time, on a one-for-one basis, their Class B Shares for Common Shares, provided the conversion is accompanied by a signed contractual lock-up agreement that allows, in the normal course, for a staggered release from lock-up over a 39 month period from the date of the IPO;

7. following the IPO, substantially all Class B Shareholders exercised their right to convert to Common Shares and each converting Class B Shareholder signed a contractual lock-up agreement (each Common Share that is subject to a contractual lock-up restriction and only to the extent that such Common Share is held by a holder whose aggregate shareholding exceeded 100,000, is referred to as a Lock-up Share); on April 23, 2013, the first 8% tranche of the Lock-up Shares was released; on July 23, 2013 the second 8% tranche of the Lock-up Shares was released; further tranches are scheduled to be released on a quarterly basis thereafter, occurring next on October 23, 2013, when a further 8% of the Lock-up Shares are scheduled to be released from lock-up (collectively the Subsequent Tranche Releases); as at July 23, 2013, the Filer had approximately 168 million freely tradable Common Shares outstanding, 347 million Lock-up Shares which have yet to be released, and 15 million Class B Shares;

8. to the Filer's knowledge and based on publicly available information, the only shareholder that, as of July 23, 2013, held greater than 10% of the Common Shares was Robert Friedland, the Filer's Executive Chairman (Control Person), who held 135,335,035 Common Shares representing approximately 25.6% of the issued and outstanding Common Shares, calculated assuming conversion of all Class B Shares into Common Shares and without reference to any Common Shares that may be issuable on exercise of options to acquire securities of the Filer; the Control Person has indicated that he does not intend to participate in the Issuer Bid (as defined below);

9. the Filer is not in default under securities legislation in any jurisdiction;

10. the Filer intends to commence an issuer bid under the legislation (Issuer Bid) for its Common Shares; the Issuer Bid will allow holders of Common Shares to be able to indirectly sell a portion of their Common Shares to the Filer and allow Class B Shareholders to also participate by converting all, or a portion, of their holdings to Common Shares, subject to the delivery of a contractual lock-up agreement;

11. immediately prior to the announcement of the Issuer Bid, the Filer intends to:

    (a) conduct a private placement under applicable prospectus exemptions (Private Placement) by:

        (i) issuing Common Shares at an issue price (Issue Price) that equals or exceeds the volume weighted average price of the Common Shares on the TSX for the five trading days preceding the first announcement of the Private Placement and the intention to commence the Issuer Bid (Market Price); and

        (ii) issuing subscription receipts which are, subject to certain conditions, convertible into Common Shares (Subscription Receipts) on payment of the Issue Price;

    (b) issue the Subscription Receipts and Common Shares under the Private Placement to one or more arm's length third parties for aggregate proceeds of between approximately $100 million and $600 million, in such amount that does not result in the issuance of 20% or more of the shares outstanding (as determined immediately prior to the closing of the Private Placement) to any single investor or group of investors acting jointly or in concert under the Private Placement;

    (c) use the proceeds from the sale of Subscription Receipts to fund the Issuer Bid (Issuer Bid Proceeds); and

    (d) use the proceeds from the sale of Common Shares to fund the Filer's operations;

12. the Issue Price will be greater than the maximum Issuer Bid tender price;

13. the Filer will announce the Private Placement and Issuer Bid (Lock-Up Release Transaction) via a press release (Initial Press Release) disclosing:

    (a) the size of the Private Placement, number of Common Shares and Subscription Receipts expected to be sold under the Private Placement, and the amount of proceeds expected to be allocated to operations of the Filer and Issuer Bid, respectively;

    (b) that the Issuer Bid Proceeds will be used to fund the Issuer Bid;

    (c) that the subscribers under the Private Placement will be arm's length investors and no insiders, nor any affiliates or associates of the Control Person will be permitted to participate in the Private Placement;

    (d) that upon completion of the Private Placement, none of the subscribers will own, in the aggregate, more than 20% of the issued and outstanding Common Shares; and

    (e) that, until completion of the Issuer Bid, it is not possible to know whether or not the Issuer Bid will result in a re-purchase of Common Shares greater than the number of Common Shares issued, or issuable, under the Private Placement;

14. in connection with the Private Placement, the Filer will deliver into escrow any Issuer Bid Proceeds to be used to fund the Issuer Bid in accordance with the procedures in subparagraph 18(m) of this decision;

15. the sole condition to the release of the Issuer Bid Proceeds held in escrow in accordance with paragraph 14 of this decision will be the satisfaction of all conditions to the Issuer Bid but for the payment by the Filer for any tendered Common Shares;

16. following the closing of the Private Placement, if the Filer realizes any Issuer Bid Proceeds, the Filer will:

    (a) determine the size of the Issuer Bid; and

(b) finalize and deliver its issuer bid circular describing each of the Issuer Bid, the Private Placement and the conditions of escrow about any Issuer Bid Proceeds (Circular);

17. the Issuer Bid will commence on the mailing of the Circular;

18. the Filer contemplates conducting the Issuer Bid under a modified Dutch auction process (Dutch Auction) as follows:

(a) the Filer proposes to use the Issuer Bid Proceeds to acquire Common Shares (such amount, once determined, the Maximum Take-Up Amount);

(b) to the extent that shareholders wish to tender to the Issuer Bid Common Shares which are subject to the contractual lock-up agreement, those Common Shares will be released from the lock-up by the Filer for the sole purpose of permitting such tenders;

(c) a shareholder may elect to tender Common Shares to the Issuer Bid under either an auction tender (Auction Tender) or a purchase price tender (Purchase Price Tender);

(d) a tendering shareholder who elects to tender via an Auction Tender will be permitted to select a per share price, that is within the Price Range (as defined below), at which the shareholder is willing to sell its Common Shares; the price range the Filer will offer to purchase Common Shares will be set at a low end of no less than 90% of the Market Price and a high end of no less than 110% of the Market Price (Price Range);

(e) a tendering shareholder who elects to tender via a Purchase Price Tender will be deemed to have tendered such Common Shares to the Issuer Bid at the Purchase Price (as calculated in accordance with subparagraphs 18(g) through 18(i) of this decision);

(f) all Common Shares tendered by a shareholder will be deemed to be tendered to the Issuer Bid under a Purchase Price Tender if the shareholder does any of the following:

(i) fails to indicate whether the tendered Common Shares have been tendered under an Auction Tender or a Purchase Price Tender;

(ii) tenders Common Shares under an Auction Tender but fails to specify a purchase price for such Common Shares;

(iii) indicates that the tendered Common Shares have been tendered under both an Auction Tender and a Purchase Price Tender;

(g) promptly following the expiry of the Issuer Bid, the Filer will determine a single price per share (Purchase Price) that it will pay for Common Shares to be taken up under the Issuer Bid;

(h) the Purchase Price will be the lowest price within the Price Range that, when multiplied by the number of Common Shares tendered at or below that price (including those Common Shares tendered under a Purchase Price Tender), is equal to the Maximum Take-Up Amount (unless an insufficient number of Common Shares are tendered to the Issuer Bid, in which case the Purchase Price will be the price, within the Price Range, that enables the Filer to purchase all Common Shares properly tendered to the Issuer Bid);

(i) Common Shares that are tendered by shareholders at a price that is outside the Price Range, or which are otherwise not properly deposited to the Issuer Bid, will be considered to have been improperly tendered, will be excluded from the determination of the Purchase Price and will be returned to shareholders in accordance with subparagraph 18(l) of this decision;

(j) the Purchase Price and the aggregate number of Common Shares that the Filer will purchase under the Issuer Bid will not be determined until after the Issuer Bid expires, provided that the aggregate amount that the Filer will pay for Common Shares under the Issuer Bid will not exceed the Maximum Take-Up Amount;

(k) subject to the conditions of the Issuer Bid, including the conditions relating to proration described in subparagraph 18(n) of this decision, the Filer will purchase, at the Purchase Price, all Common

Shares properly deposited, or deemed to be deposited, for purchase at or below the Purchase Price and which deposits were not withdrawn;

(l) promptly after the Issuer Bid expires, the Filer will return all Common Shares that were:

(i) not properly tendered to the Issuer Bid; or

(ii) properly tendered to the Issuer Bid but not taken up and paid for, including Common Shares deposited under Auction Tenders at prices greater than the Purchase Price and Common Shares not purchased because of proration or because conditions to the tender were not met;

(m) if the number of Common Shares properly tendered to the Issuer Bid (and not withdrawn) would result in an aggregate Purchase Price less than the Maximum Take-Up Amount, the Filer will do all of the following:

(i) purchase at the Purchase Price all Common Shares properly tendered to the Issuer Bid and not withdrawn;

(ii) return to the Subscription Receipt subscribers that portion of the Issuer Bid Proceeds held in escrow to fund the Issuer Bid through Subscription Receipts, if any, but not used in satisfaction of tenders to the Issuer Bid; and

(iii) cancel those Subscription Receipts issued in exchange for that returned portion of the Issuer Bid Proceeds referenced in clause 18(m)(ii) of this decision;

(n) if the number of Common Shares properly deposited or deemed to be deposited for purchase at or below the Purchase Price (and not withdrawn) would result in an aggregate Purchase Price of more than the Maximum Take-Up Amount, the Filer will purchase all those Common Shares properly deposited (or deemed to be deposited) and not withdrawn, for purchase at or below the Purchase Price, on a pro rata basis (subject to adjustments to avoid the purchase of fractional shares);

19. there is a "liquid market" in the Common Shares, as such term is defined in section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (MI 61-101), because:

(a) there is a published market for the Common Shares on the TSX;

(b) during the period since the IPO:

(i) the number of outstanding Common Shares was at all times at least 5,000,000 (excluding Common Shares beneficially owned, or over which control and direction was exercised, by related parties and securities that were not freely tradeable);

(ii) the aggregate trading volume of Common Shares on the TSX (being the published market on which the Common Shares are principally traded) was at least 1,000,000 Common Shares;

(iii) there were at least 1,000 trades in the Common Shares on the TSX; and

(iv) the aggregate value of the trades in the Common Shares on the TSX was at least Cdn$15,000,000; and

(c) the market value of the Common Shares on the TSX was at least $75,000,000 for June 2013;

20. as of July 9, 2013, the Investment Industry Regulatory Organization of Canada (IIROC) has included the Common Shares on its list of highly-liquid securities, resulting in the Filer being exempt from certain restrictions and prohibitions governing trading activity during securities transactions;

21. the Filer has determined it is reasonable to conclude that, following the completion of the Issuer Bid, there will be a market for shareholders who do not tender all of their Common Shares to the Issuer Bid that is not materially less liquid than the market that will exist at the time the Issuer Bid is announced based on the:

(a) liquid market determinations in paragraphs 19 and 20 of this decision;

(b) additional liquidity resulting from the Subsequent Tranche Releases; and

(c) anticipated number of Common Shares that may reasonably be anticipated to be purchased under the Issuer Bid;

22. based on the representations in paragraphs 19, 20 and 21 of this decision, the Filer intends to rely upon the "liquid market" exemption (the Liquid Market Exemption) from the formal valuation requirements otherwise applicable to issuer bids under MI 61-101;

23. the Filer will conduct the Lock-Up Release Transaction in compliance with applicable securities laws, TSX requirements, and applicable exemptions;

24. the Circular will:

(a) disclose the minimum and maximum size of the Issuer Bid and the Price Range;

(b) disclose the mechanics for the take up of and payment for or, where applicable, the return of Common Shares tendered to the Issuer Bid as described in paragraph 18 of this decision;

(c) explain that, by tendering Common Shares at the lowest price in the Price Range, shareholders can reasonably expect that the Common Shares so tendered will be purchased at the Purchase Price (subject to proration);

(d) disclose the fact that the Filer has obtained, and is relying on, the Exemptions;

(e) disclose the facts supporting the Filer's reliance on the Liquid Market Exemption;

(f) provide the disclosure indicated in paragraph 13 of this decision;

(g) disclose the use of Issuer Bid Proceeds and the terms of escrow to which they are subject; and

(h) except to the extent exemptive relief is granted under this application, contain the disclosure prescribed by applicable legislation for issuer bids; and

25. prior to the expiry of the Issuer Bid, all information about the number of Common Shares tendered and the prices at which such Common Shares are tendered shall be kept confidential, and the Filer's depository for the Issuer Bid will be directed by the Filer to maintain such confidentiality until the Purchase Price has been determined.

Decision

4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that:

(a) the Concurrent Sale Relief is granted provided that:

(i) the Filer provides the disclosure in the Circular indicated in paragraph 24 of this decision;

(ii) concurrent with or prior to the filing of the Circular, the Filer discloses the material information about the Lock-Up Release Transaction in a news release, including:

(A) the Price Range for the Issuer Bid, as well as the percentage discount to the then current Market Price represented by the top and bottom of the Price Range;

(B) a brief, summary discussion as to the methods of tender, being the Auction Price Tender and the Purchase Price Tender, and the manner in which the Purchase Price will be determined for the Issuer Bid;

(C) the ability of shareholders subject to contractual lock-up to tender to the Issuer Bid; and

(D) the price range within which the Filer will offer to purchase Common Shares under the Dutch Auction conforms to the Price Range; and

(b) the Confidentiality Relief is granted until the earlier of:

(i) the date on which the Filer publicly files the Initial Press Release;

(ii) the date the Filer advises the principal regulator that there is no longer any need for the application and this decision to remain confidential; and

(iii) the date that is 90 days from the date of this decision.

"Brent W. Aitken"
Vice Chair
British Columbia Securities Commission

2.2 Orders

2.2.1 CIC Capital Ltd. (formerly CIC Mining Resources Ltd.) – s. 144(1)

Headnote

Section 144(1) – Application to vary a cease trade order – cease trade order varied to permit beneficial shareholders, who are not insiders or control persons, to sell securities outside of Canada, subject to conditions.

Applicable Legislative Provisions

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, c. S.5, AS AMENDED
(THE "ACT")

AND

IN THE MATTER OF
CIC CAPITAL LTD.
(formerly CIC Mining Resources Ltd.)

ORDER
(Section 144(1))

WHEREAS the securities of CIC Capital Ltd., formerly CIC Mining Resources Ltd. (the **Applicant**), are subject to a cease trade order issued by a Director of the Ontario Securities Commission (the **Commission**) on June 24, 2011 (the **CTO**);

AND WHEREAS the Applicant has applied to the Commission pursuant to section 144(1) of the Act for a variation of the Order (the **Application**) to allow a beneficial shareholder of the Company, who is not, and was not at the date of the CTO, an insider or control person of the Company, to sell securities of the Company, subject to certain conditions;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was incorporated on June 20, 2003 under the *Canada Business Corporations Act*.

2. The Applicant is a reporting issuer under the securities legislation (the **Legislation**) of the provinces of British Columbia, Ontario and Alberta.

3. The CTO was issued due to the failure of the Applicant to file with the Commission its financial statements, MD&A and filing certifications by the CEO and CFO for the period ended January 31, 2011.

4. The Applicant is subject to cease trade orders issued by the British Columbia Securities Commission on June 7, 2011 and by the Alberta Securities Commission on September 26, 2011, all relating to the failure of the Applicant to file its financial statements for the period ended January 31, 2011.

5. There are no securities of the Applicant listed or posted for trading on any stock exchange or market in Canada. The Applicant voluntarily delisted its securities from the CNSX on June 24, 2011.

6. The Applicant's securities continue to be listed for trading on the Alternative Investment Market of the London Stock Exchange (**AIM**).

AND UPON the Commission being satisfied that:

a) the terms and conditions to the CTO put Canadian shareholders at a disadvantage relative to non-Canadian shareholders who are free to trade their shares on either of the AIM; and

b) it is not prejudicial to the public interest to vary the CTO pursuant to subsection 144(1) of the Act.

IT IS ORDERED that, pursuant to subsection 144(1) of the Act, the CTO be varied by including the following paragraph:

DESPITE THIS ORDER, a beneficial shareholder of CIC Capital Ltd. (formerly CIC Mining Resources Ltd.) who is not, and was not at the date of this order, an insider or control person of CIC Capital Ltd., may sell securities of CIC Capital Ltd. acquired before the date of this order, if:

1. the sale is made through the foreign organized regulated market; and

2. the sale is made through an investment dealer registered in Ontario;

DATED this 22nd day of November, 2013.

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.2.2 Children's Education Funds Inc.

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

AND

IN THE MATTER OF
CHILDREN'S EDUCATION FUNDS INC.

ORDER

WHEREAS on September 14, 2012, the Ontario Securities Commission (the "Commission") ordered pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act") and with the consent of Children's Education Funds Inc. ("CEFI") that the terms and conditions (the "Terms and Conditions") set out in Schedule "A" to the Commission order dated September 14, 2012 be imposed on CEFI (the "Temporary Order");

AND WHEREAS on September 14, 2012, the Commission ordered that the Temporary Order shall take force immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission and ordered that the matter be brought back before the Commission on September 26, 2012 at 10:00 a.m.;

AND WHEREAS on September 20, 2012, the Commission issued a Notice of Hearing pursuant to section 127 in respect of a hearing to be held on September 26, 2012 at 10:00 a.m. to consider whether, in the opinion of the Commission, it was in the public interest, pursuant to subsections 127(7) and (8) of the Act to extend the Temporary Order;

AND WHEREAS on September 26, 2012, Staff of the Commission ("Staff") filed with the Commission the Affidavit of Maria Carelli sworn September 18, 2012 in support of the extension of the Temporary Order;

AND WHEREAS on September 26, 2012, the Commission ordered, with the consent of CEFI, that the Temporary Order against CEFI be extended until December 7, 2012 and the matter be brought back before the Commission on December 6, 2012 at 10:00 a.m.;

AND WHEREAS the Terms and Conditions of the Temporary Order required CEFI to retain a consultant (the "Consultant") to prepare and assist CEFI in implementing plans to strengthen their compliance systems and to retain a monitor (the "Monitor") to review all applications of new clients and contact new clients as set out in the Terms and Conditions;

AND WHEREAS CEFI retained Compliance Support Services Inc. ("Compliance Support") as both its Monitor and its Consultant;

AND WHEREAS Compliance Support filed its Consultant's plan on October 2, 2012 and filed an addendum to Consultant's plan with the OSC Manager on November 12, 2012;

AND WHEREAS on December 6, 2012, Staff filed an Affidavit of Lina Creta sworn December 3, 2012 setting out the monitoring and consulting work completed to date by Compliance Support;

AND WHEREAS on December 6, 2012, the Commission approved a revised monitoring regime which consisted of a review of a random sample of 50% of applications from new clients of CEFI with an income less than $50,000 and a random sample of 10% of applications from new clients with an income greater than $50,000 for the purpose of ensuring adequate KYC Information in order to determine suitability of the investment and should the Monitor not be satisfied with the KYC Information for this purpose, to contact the new client;

AND WHEREAS on December 6, 2012, the Commission ordered, with the consent of CEFI that the Temporary Order be extended to March 1, 2013 and the hearing be adjourned to February 28, 2013 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant and to consider whether any changes are required to the Terms and Conditions;

AND WHEREAS on February 28, 2013, the Commission ordered, with the consent of CEFI that: (i) the terms of the monitoring be varied as set out in paragraph 5 of the Terms and Conditions; and (ii) the Temporary Order be extended to May 13, 2013; and (iii) the hearing be adjourned to May 10, 2013;

AND WHEREAS on May 10, 2013, the Commission ordered, with the consent of CEFI that: (i) as at the close of business on May 10, 2013, the role and activities of the Monitor be suspended; (ii) the Temporary Order be extended to July 22, 2013; and (iii) the hearing be adjourned to July 19, 2013 at 10:00 a.m.;

AND WHEREAS on July 19, 2013, the Commission ordered, with the consent of CEFI that: (i) paragraphs 4, 5, 6, 7, 8, 9, 10 and 11 of the Terms and Conditions be deleted; (ii) paragraph 12 of the Terms and Conditions be deleted and replaced with a new paragraph; (iii) the Temporary Order be extended to August 28, 2013; and (iv) the hearing be adjourned to August 26, 2013 at 10:00 a.m.;

AND WHEREAS on August 26, 2013, the Commission ordered, with the consent of CEFI that: (i) the Temporary Order as amended by Commission Order dated July 19, 2013 be extended to September 23, 2013; (ii) the hearing be adjourned to September 20, 2013 at 10:00 a.m.; and (iii) the hearing date of August 26, 2013 at 10:00 a.m. be vacated;

AND WHEREAS on September 20, 2013, the Commission ordered that: (i) the Temporary Order be extended to October 24, 2013; and (ii) the hearing be adjourned to October 21, 2013 at 2:00 p.m.;

AND WHEREAS on October 21, 2013, Staff filed an affidavit of Lina Creta sworn October 21, 2013 which updated the Commission on Staff's dealings with CEFI and the Consultant since the last appearance;

AND WHEREAS on October 21, 2013 ,the OSC Manager testified concerning the information requested by Staff from the Consultant on October 16, 2013 and the parties made submissions on whether paragraph 13 of the Terms and Conditions should be continued and on the information requested by Staff;

AND WHEREAS on October 21, 2013, the Commission ordered that: (i) paragraphs 1, 2, 3 and 12.1 of the Terms and Conditions be deleted; (ii) the Temporary Order be extended to November 29, 2013 or until such further order of the Commission; and (iii) the hearing be adjourned to November 26, 2013 at 2:00 p.m. for the purpose of providing the Commission with an update on this matter;

AND WHEREAS on November 26, 2013, Staff filed the affidavit of Lina Creta sworn November 25, 2013 attaching the Consultant's attestation letter and the amended Chart of Progress against Plan Recommendations dated November 5, 2013;

AND WHEREAS the Consultant has confirmed that: (i) the procedures and controls recommended by the Consultant have been implemented; (ii) based on the Consultant's design, review and verification of the compliance system and structures that CEFI is complying with the new procedures and controls; and (iii) the new procedures and controls appear to be working effectively and appear to be being enforced;

AND WHEREAS the parties agree that paragraph 13 of the Terms and Conditions should be deleted and the Temporary Order revoked;

AND WHEREAS the Commission considers that it is in the public interest to make this Order:

IT IS HEREBY ORDERED pursuant to section 127 of the Act that:

1. The remaining Term and Condition imposed by the Temporary Order, namely paragraph 13, is deleted.

2. The Temporary Order is revoked.

DATED at Toronto this 26th day of November, 2013.

"James E. A. Turner"

2.2.3 Pro-Financial Asset Management Inc. – ss. 127(1), (2) and (8)

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

ORDER
(Subsections 127(1), (2) and (8))

AND WHEREAS on May 17, 2013, the Commission issued a temporary order (the "Temporary Order") with respect to PFAM pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that:

(i) pursuant to paragraph 1 of subsection 127(1) of the Act, the registration of PFAM as a dealer in the category of exempt market dealer is suspended and the following terms and conditions apply to the registration of PFAM as an adviser in the category of portfolio manager and to its operation as an investment fund manager:

a. PFAM's activities as a PM and IFM shall be applied exclusively to the Managed Accounts and to the Pro-Hedge Funds and Pro-Index Funds; and

b. PFAM shall not accept any new clients or open any new client accounts of any kind in respect of the Managed Accounts;

(ii) pursuant to subsection 127(6) of the Act, the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on May 28, 2013, the Commission ordered: (i) the Temporary Order extended to June 27, 2013; (ii) the hearing to consider whether to further extend the terms of the Temporary Order and/or to make any further order as to PFAM's registration, would proceed on June 26, 2013 at 10:00 a.m.;

AND WHEREAS on June 26, 2013, the Commission ordered that: (i) the Temporary Order be extended to July 15, 2013; and (ii) the affidavit of Michael Denyszyn sworn May 24, 2013 not be marked as an exhibit until the next appearance in the absence of a Commission order to the contrary; and the hearing to consider this matter would proceed on July 12, 2012;

AND WHEREAS on July 11, 2013, the Commission ordered that: (i) the Temporary Order be extended to July 22, 2013; (ii) the hearing be adjourned to July 18, 2013 at 11:00 a.m.; and (iii) the hearing date of July 12, 2013 at 10:00 a.m. be vacated;

AND WHEREAS on July 18, 2013, PFAM brought a motion (the "First PFAM Motion") that the hearing be held *in camera* and that the affidavits of Michael Denyszyn sworn May 24 and June 24, 2013 and the affidavit of Michael Ho sworn July 17, 2013 (collectively the "Staff Affidavits") either not be admitted as evidence or else be treated as confidential documents and the parties agreed that the motion should be heard *in camera*;

AND WHEREAS on July 18, 2013, PFAM's counsel filed supporting documents (the "PFAM Materials") in support of the First PFAM Motion and counsel for PFAM and Staff made oral submissions and filed written submissions;

AND WHEREAS on July 22, 2013, the Commission ordered:

(i) the Temporary Order be extended to August 26, 2013;

(ii) leave be granted to the parties to file written submissions in respect of the First PFAM Motion;

(iii) the Staff Affidavits, the transcript of the PFAM motion, the PFAM Materials, written submissions filed by Staff and PFAM and other documents presented during the course of the First PFAM Motion shall be treated as confidential documents until further direction or order of the Commission; and

(iv) the hearing be adjourned to August 23, 2013 at 10:00 a.m.;

AND WHEREAS on August 23, 2013, Staff filed with the Commission the affidavit of Michael Ho sworn August 22, 2013 and PFAM's counsel filed the affidavit of Stuart McKinnon dated August 23, 2013 but the parties did not seek to mark these affidavits as exhibits;

AND WHEREAS on August 23, 2013, Staff and counsel for PFAM advised the Commission that the parties had agreed on the terms of a draft order;

AND WHEREAS on August 23, 2013, PFAM requested that the hearing be held *in camera* so PFAM's submissions on certain confidentiality issues could be heard and Staff did not oppose PFAM's request;

AND WHEREAS on August 27, 2013, the Commission ordered:

(i) the Temporary Order be extended to October 11, 2013;

(ii) the affidavit of Michael Ho sworn August 22, 2013 and the affidavit of Stuart McKinnon sworn August 23, 2013 be treated as confidential documents until further order of the Commission;

(iii) PFAM will deliver to Staff the final PPN reconciliation report by 4:30 p.m. on September 30, 2013; and

(iv) the hearing to consider whether to: (i) make any further order as to PFAM's registration as an adviser in the category of PM or in respect of its operation as an IFM, as a result of PFAM's ongoing capital deficiency; and/or (ii) otherwise vary or extend the terms of the Temporary Order, will proceed on October 9, 2013 at 11:00 a.m.;

AND WHEREAS on October 9, 2013, PFAM brought a second motion (the "Second PFAM Motion") for an order that the hearing be held *in camera* and for a confidentiality order treating as confidential documents: (i) the Staff and PFAM affidavits; (ii) all facta and correspondence exchanged by Staff and PFAM; and (iii) any transcript of this and prior *in camera* proceedings;

AND WHEREAS on October 9, 2013, PFAM's counsel filed written submissions dated October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013 and the affidavit of Kenneth White sworn October 7, 2013 in support of the Second PFAM Motion and Staff filed written submissions dated October 9, 2013 and the affidavit of Michael Ho sworn October 8, 2013 and opposed the request for an *in camera* hearing and for the confidentiality order;

AND WHEREAS on October 9, 2013, the Commission heard submissions from counsel on the Second PFAM Motion *in camera* and the Commission requested the parties to prepare a draft order that, among other matters, addressed the confidentiality of documents filed with the Commission and permitted BNP Paribas Canada and Société Générale Canada (the "Banks") to review certain documents attached to Staff affidavits dealing substantively with the PPN reconciliation process, provided the Banks treated such documents as confidential;

AND WHEREAS on October 11, 2013, the Commission ordered that:

(i) the Temporary Order be extended to December 15, 2013;

(ii) the affidavit of Michael Ho sworn October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the written submissions of the parties dated October 8 and 9, 2013 shall be treated as confidential documents until further order of the Commission; and

(iii) the hearing to consider whether to: (i) make any further order as to PFAM's registration as an adviser in the category of PM or in respect of its operation as an IFM, as a result of PFAM's ongoing capital deficiency; and/or (ii) otherwise vary or extend the terms of the Temporary Order, shall proceed on December 12, 2013 at 10:00 a.m.;

AND WHEREAS on October 17, 2013, the Commission ordered (the "October 17, 2013 Order") that:

(i) the affidavit of Michael Ho sworn October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the written submissions of the parties dated October 8 and 9, 2013 shall be treated as confidential documents until further order of the Commission;

(ii) the previous orders as to confidentiality made by the Commission on July 22, 2013 and August 27, 2013 shall remain in force until further order or direction of the Commission; and

(iii) documents related to the PPN reconciliation process listed on Schedule "A" to the October 17, 2013 Order be provided to counsel for the Banks on condition that the Banks treat those documents as confidential documents and not provide copies to any third party without further direction or order of the Commission;

AND WHEREAS on September 30, 2013, PFAM agreed to sell to another portfolio manager (the "Purchaser") PFAM's interest in all of the investment management contracts for the Pro-Index funds and the Managed Accounts (the "First Transaction"). In a second transaction, an investor has agreed to purchase through a corporation (the "Investor") all of the shares of the Purchaser (the "Second Transaction").

AND WHEREAS on October 22, 2013, the Purchaser and PFAM filed a notification letter providing CRR Staff with notice ("Notice") of the application filed under section 11.9 and 11.10 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") relating to the First Transaction and the Second Transaction (collectively, the "Transactions");

AND WHEREAS on November 5, 2013, the staff member of the Compliance and Registrant Regulation Branch ("CRR Branch") conducting the review of the Notice requested copies of the affidavits of Michael Denyszyn sworn May 24 and June 24, 2013, the affidavits of Michael Ho sworn July 17, August 22 and October 8, 2013, the affidavits of Stuart McKinnon sworn July 17, August 23 and October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the submissions of Staff and Pro-Financial Asset Management Inc. ("PFAM") (collectively, the "Confidential Documents");

AND WHEREAS on November 13, 2013, Staff filed a Notice of Motion returnable on a date to be determined by the Secretary's office seeking an Order that Staff of the Enforcement Branch be permitted to provide some or all of the Confidential Documents to certain staff members of the CRR Branch and the Investment Funds Branch;

AND WHEREAS the parties have agreed that the Confidential Documents can be provided to and used by staff members of the CRR and Investment Funds Branches as set out in this order and the parties have consented to the terms of this order;

AND WHEREAS, whether or not this order may be necessary in the circumstances, the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that:

1. Staff of the Enforcement Branch be permitted to provide the Confidential Documents to the following persons:

   (i) the staff members of the CRR Branch assigned to review the Notice;

   (ii) the staff member who has been designated to act in the capacity of the Director on behalf of the CRR Branch for the purposes of deciding whether to object to the Notice;

   (iii) the staff members of the Investment Funds Branch who have been assigned to review the application made by PFAM or the Purchaser under section 5.5 of National Instrument 81-102 – *Mutual Funds* ("NI 81-102"); and

   (iv) the staff member who has been designated to act in the capacity of the "Director" for the purposes of deciding whether to approve the application under section 5.5 of NI 81-102;

2. The CRR staff members assigned to review the Notice be permitted to provide relevant information derived from the Confidential Documents ("Relevant Information") to PFAM, the Purchaser and their counsel involved in the Notice as part of the CRR staff members' review and analysis of the Notice on condition that the recipients of such information treat it as confidential and not provide it to any third party without further direction or order of the Commission;

3. The Investment Funds staff members assigned to review the application for change of fund manager be permitted to provide Relevant Information to PFAM, the Purchaser and their counsel involved in the application filed under NI 81-102 as part of the Investment Funds staff members' review and analysis of the application on condition that the recipients of such information treat it as confidential and not provide it to any third party without further direction or order of the Commission;

4. The CRR staff members assigned to review the Notice be permitted to provide Relevant Information to the Investor or its counsel with the consent of PFAM; and

5. The parties may seek direction from the Commission in the event that the CRR staff members and PFAM cannot agree on whether Relevant Information should be provided to the Investor or its counsel.

DATED at Toronto this 25th day of November, 2013.

"James E. A. Turner"

2.2.4 Energy Syndications Inc. et al. – ss. 127, 127.1

November 28, 2013

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

AND

IN THE MATTER OF
ENERGY SYNDICATIONS INC.,
GREEN SYNDICATIONS INC.,
SYNDICATIONS CANADA INC.,
DANIEL STRUMOS, MICHAEL BAUM
and DOUGLAS WILLIAM CHADDOCK

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on March 30, 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 relation to a Statement of Allegations filed by Staff of the Commission ("**Staff**") on March 30, 2012 in respect of Energy Syndications Inc. ("**Energy**"), Green Syndications Inc. ("**Green**"), Syndications Canada Inc. ("**Syndications**"), Daniel Strumos, ("**Strumos**"), Michael Baum ("**Baum**"), and Douglas William Chaddock ("**Chaddock**") (collectively, the "**Respondents**");

AND WHEREAS the Commission conducted a hearing on the merits with respect to the allegations against the Respondents on May 15, 16, 17, 22, 23 and 29, 2013 (the "**Merits Hearing**");

AND WHEREAS on June 20, 2013, the Commission issued its reasons and decision on the merits in this matter (the "**Merits Decision**");

AND WHEREAS the Commission determined that the Respondents had not complied with Ontario securities law and had acted contrary to the public interest, as described in the Merits Decision;

AND WHEREAS on October 24, 2013, the Commission held a hearing with respect to the sanctions and costs to be imposed in this matter (the "**Sanctions and Costs Hearing**");

AND WHEREAS on November 27, 2013, the Commission released its Reasons and Decision on Sanctions and Costs in this matter;

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) against Energy, Green and Syndications (collectively, the "**Corporate Respondents**"):

(i) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that the Corporate Respondents shall cease trading in and acquiring securities for a period of 10 years;

(ii) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to the Corporate Respondents for a period of 10 years;

(iii) pursuant to clause 9 of subsection 127(1) of the Act, that the Corporate Respondents shall, jointly and severally with Chaddock, pay an administrative penalty of $200,000 as a result of their failure to comply with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(iv) pursuant to clause 10 of subsection 127(1) of the Act, that the Corporate Respondent shall, joint and severally with Chaddock, disgorge to the Commission $2,538,255.56 obtained as a result of their non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(v) pursuant to section 127.1 of the Act, that the Corporate Respondents shall, jointly and severally with Chaddock, pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $50,000;

(b) against Chaddock:

(i) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that Chaddock shall cease trading in and acquiring securities for a period of 10 years, with the exception that he may trade and acquire securities for his RRSP accounts after the administrative penalty at subparagraph (b)(vii) and disgorgement at subparagraph (b)(viii) ordered against him below are paid in full;

(ii) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Chaddock for a period of 10 years, except as required to trade in or acquire securities in accordance with the exception provided above;

(iii) pursuant to clause 6 of subsection 127(1) of the Act, that Chaddock be reprimanded;

(iv) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Chaddock is ordered to resign any position he holds as a director or officer of any issuer, registrant or investment fund manager;

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

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

(vii) pursuant to clause 9 of subsection 127(1) of the Act, that Chaddock shall, jointly and severally with the Corporate Respondents, pay an administrative penalty of $200,000 as a result of his failure to comply with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(viii) pursuant to clause 10 of subsection 127(1) of the Act, that Chaddock shall, in his personal capacity, disgorge to the Commission $205,333.28 and shall, jointly and severally with the Corporate Respondents, disgorge to the Commission $2,538.255.56 obtained as a result of his non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(ix) pursuant to section 127.1 of the Act, that Chaddock shall, jointly and severally with the Corporate Respondents, pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $50,000;

(c) against Baum and Strumos:

(i) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that Baum and Strumos shall cease trading in and acquiring securities for a period of 5 years, with the exception that they may trade and acquire securities for their RRSP accounts after the administrative penalties at subparagraph (c)(vii) and disgorgements at subparagraph (c)(viii) ordered against them below are paid in full;

(ii) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Baum or Strumos for a period of 5 years, except as required to trade in or acquire securities in accordance with the exception provided above;

(iii) pursuant to clause 6 of subsection 127(1) of the Act, that Baum and Strumos be reprimanded;

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

(v) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Baum and Strumos are prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for 5 years;

(vi) pursuant to clause 8.5 of subsection 127(1) of the Act, that Baum and Strumos are prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of 5 years;

(vii) pursuant to clause 9 of subsection 127(1) of the Act, that Baum and Strumos shall pay to the Commission an administrative penalty of $7,500 each as a result of their failure to comply with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(viii) pursuant to clause 10 of subsection 127(1) of the Act, that Baum and Strumos shall disgorge to the Commission $50,000 each as a result of their non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(ix) pursuant to section 127.1 of the Act, that Baum and Strumos shall pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $2,500 each.

DATED at Toronto this 27th day of November, 2013.

“Alan Lenzcner”

2.2.5 Global Consulting and Financial Services et al. – s. 127(1)

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
GLOBAL CAPITAL GROUP,
CROWN CAPITAL MANAGEMENT CORP.,
MICHAEL CHOMICA, JAN CHOMICA and
LORNE BANKS

ORDER
(Subsection 127(1) of the Securities Act)

WHEREAS on March 27, 2013, 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**") accompanied by a Statement of Allegations of Staff of the Commission ("**Staff**") dated March 27, 2013 with respect to Global Consulting and Financial Services ("**Global Consulting**"), Global Capital Group ("**Global Capital**"), Crown Capital Management Corp. ("**Crown Capital**"), Michael Chomica ("**Chomica**"), Jan Chomica and Lorne Banks ("**Banks**");

AND WHEREAS on July 17, 2013, the Commission approved a settlement agreement between Staff and Banks;

AND WHEREAS on August 6, 2013, the Commission approved a settlement agreement between Staff and Global Consulting and Jan Chomica;

AND WHEREAS on September 4, 2013, the Commission granted Staff's motion for an order to convert the oral hearing on the merits as it related to Chomica, Crown Capital and Global Capital to a written hearing;

AND WHEREAS on September 13, 2013, Staff filed an Amended Statement of Allegations with the Commission;

AND WHEREAS on October 2, 2013, the Commission held a hearing and imposed sanctions on Chomica, pursuant to subsections 37(1), 127(1) and 127(10) of the Act;

AND WHEREAS on October 9, 2013, Staff filed its written submissions in relation to Crown Capital and Global Capital, a Book of Authorities, the Affidavit of Anthony Long sworn October 8, 2013 and the Affidavit of Tia Faerber sworn October 9, 2013;

AND WHEREAS on November 26, 2013, the Commission released its Reasons and Decision on the merits and on sanctions in this matter as it related to Crown Capital and Global Capital (the "**Reasons and Decision**");

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) pursuant to paragraph 2 of subsection 127(1) of the Act, that Crown Capital and Global Capital shall permanently cease trading in any securities;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, that Crown Capital and Global Capital shall permanently cease the acquisition of any securities;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Crown Capital and Global Capital permanently; and

(d) pursuant to clause 10 of subsection 127(1) of the Act, that Crown Capital shall disgorge to the Commission the amounts of USD $145,346.50 and CAD $109,426.60, which were obtained as a result of its non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act.

DATED at Toronto this 26th day of November, 2013.

"Alan Lenczner"

2.2.6 Victor George DeLaet and Stanley Kenneth Gitzel – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
VICTOR GEORGE DeLAET and
STANLEY KENNETH GITZEL

ORDER
(Subsections 127(1) and 127(10) of the Securities Act)

WHEREAS on November 12, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Victor George DeLaet ("DeLaet") and Stanley Kenneth Gitzel ("Gitzel") (together, the "Respondents");

AND WHEREAS on November 12, 2013, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on November 27, 2013, the Commission heard an application by Staff to convert the matter to a written hearing, in accordance with Rule 11.5 of the Ontario Securities Commission *Rules of Procedure* (2012), 35 O.S.C.B. 10071, and subsection 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS the Respondents did not appear, although properly served;

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) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than December 10, 2013;

(c) Staff are relieved from the requirement to provide the Respondents with any authorities upon which Staff relies that are contained within the Commission's Book of Authorities, and where Staff do rely on any such authority, Staff shall provide the Respondents with written instructions on how to locate the Commission's Book of Authorities;

(d) the Respondents' responding materials, if any, shall be served and filed no later than January 10, 2014; and

(e) Staff's reply materials, if any, shall be served and filed no later than January 17, 2014.

DATED at Toronto this 27th day of November, 2013.

"James E. A. Turner"

2.2.7 Majestic Supply Co. 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
MAJESTIC SUPPLY CO. INC.,
SUNCASTLE DEVELOPMENTS CORPORATION,
HERBERT ADAMS, STEVE BISHOP,
MARY KRICFALUSI, KEVIN LOMAN and
CBK ENTERPRISES INC.

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on October 20, 2010 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 dated October 20, 2010 filed by Staff of the Commission ("Staff") in respect of Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams ("Adams"), Steve Bishop ("Bishop"), Mary Kricfalusi ("Kricfalusi"), Kevin Loman ("Loman") and CBK Enterprises Inc. ("CBK");

AND WHEREAS a hearing on the merits in this matter was held before the Commission on November 7, 9, 10, 11, 14, 15, 16, 17, 28, 29, 2011 and May 18, 2012 (the "Merits Hearing");

AND WHEREAS following the Merits Hearing, the Commission issued its Reasons and Decision with respect to the merits on February 21, 2013 (*Re Majestic Supply Co. Inc. et al.* (2013), 36 O.S.C.B. 2104);

AND WHEREAS the hearing to determine sanctions and costs was held on March 15, 2013 at 10:00 a.m. and continued on May 2, 2013 as a case management conference;

AND WHEREAS on March 15, 2013, Staff, Bishop, Kricfalusi and counsel for Adams appeared and made submissions at a hearing with respect to sanctions and costs;

AND WHEREAS on April 9, 2013, counsel for Loman served and filed written submissions on sanctions and costs;

AND WHEREAS on May 2, 2013, Staff, counsel for Adams and counsel for Loman appeared and made submissions with respect to outstanding evidentiary issues raised at the hearing on March 15, 2013;

AND WHEREAS on November 29, 2013, the Commission issued its Reasons and Decision with respect to sanctions and costs;

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

IT IS ORDERED that:

1. With respect to Majestic and/or Suncastle:

   (a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by Majestic and Suncastle cease permanently;

   (b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by Majestic and Suncastle is prohibited permanently;

   (c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Majestic and Suncastle permanently;

   (d) pursuant to clause 9 of subsection 127(1) of the Act, that Majestic and Suncastle shall pay $200,000 each as administrative penalties, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

(e) pursuant to clause 10 of subsection 127(1) of the Act, that Suncastle shall disgorge to the Commission $1,832,682 obtained as a result of its non-compliance with Ontario securities law, that is designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(f) pursuant to section 127.1 of the Act, that Majestic shall pay $50,000 and Suncastle shall pay $75,000 for costs incurred in the investigation and hearing of this matter.

2. With respect to CBK:

(a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by CBK cease for a period of 5 years;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by CBK is prohibited for a period of 5 years;

(c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to CBK for a period of 5 years;

(d) pursuant to clause 9 of subsection 127(1) of the Act, that CBK shall pay an administrative penalty of $10,000, that is designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(e) pursuant to section 127.1 of the Act, that CBK shall pay $5,000 for costs incurred in the investigation and hearing of this matter.

3. With respect to Adams, Bishop, Loman and/or Kricfalusi:

(a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by Adams cease for a period of 20 years, Bishop cease for a period of 15 years, Loman cease for a period of 10 years and Kricfalusi cease for a period of 8 years;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi is prohibited for a period of 8 years;

(c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Adams for a period of 20 years, Bishop for a period of 15 years, Loman for a period of 10 years and Kricfalusi for a period of 8 years;

(d) pursuant to clause 6 of subsection 127(1) of the Act, that Adams, Bishop, Loman and Kricfalusi are reprimanded;

(e) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Adams, Bishop, Loman and Kricfalusi resign all positions as directors or officers of an issuer, registrant or investment fund manager;

(f) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi is prohibited for a period of 8 years from becoming or acting as officers or directors of any issuer, registrant or investment fund manager, except that Loman may act as a director or officer of an issuer that:

i. is wholly owned by one or more of himself or members of his immediate family;

ii. does not issue or propose to issue securities or exchange contracts to the public; and

iii. does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, that Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and

Kricfalusi is prohibited for a period of 8 years from becoming or acting as registrants, investment fund managers or as promoters;

(h) pursuant to clause 9 of subsection 127(1) of the Act, that Adams shall pay $300,000, Bishop shall pay $100,000, Loman shall pay $75,000 and Kricfalusi shall pay $50,000 as administrative penalties, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, that Adams shall disgorge $516,000, Loman shall disgorge $145,250 and Kricfalusi shall disgorge $60,000 to the Commission as amounts obtained as a result of their non-compliance with Ontario securities law, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(j) pursuant to section 127.1 of the Act, that Adams shall pay $75,000, Bishop shall pay $50,000, Loman shall pay $30,000 and Kricfalusi shall pay $20,000 for costs incurred in the investigation and hearing of this matter.

DATED this 29th day of November, 2013.

“Edward P. Kerwin”

“Paulette L. Kennedy”

2.2.8 International Strategic Investments et al.

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI
AND RYAN J. DRISCOLL

ORDER

WHEREAS on March 6, 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") (the "Notice of Hearing") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 5, 2012, to consider whether it is in the public interest to make certain orders as against International Strategic Investments, International Strategic Investments Inc., (collectively, "ISI"), Nazim Gillani ("Gillani"), Ryan J. Driscoll ("Driscoll") and Somin Holdings Inc. ("Somin");

AND WHEREAS on April 3, 2012, a hearing was held before the Commission and Staff appeared and filed the Affidavit of Peaches A. Barnaby, sworn on March 29, 2012, evidencing service of the Notice of Hearing and the Statement of Allegations on ISI, Gillani and Driscoll;

AND WHEREAS on April 3, 2012 counsel for ISI and Gillani and counsel for Driscoll appeared and made submissions;

AND WHEREAS on April 3, 2012, the Commission ordered that a status hearing take place on April 13, 2012, for Staff to update the Commission on the status of service on Somin (the "Status Hearing") and that a pre-hearing conference is scheduled for Wednesday, June 6, 2012;

AND WHEREAS on April 13, 2012, the Status Hearing was held and Staff provided the Commission with the Affidavit of Peaches A. Barnaby, sworn April 10, 2012, outlining efforts of service on Somin;

AND WHEREAS on April 13, 2012, Staff and counsel for Gillani appeared and made submissions;

AND WHEREAS on April 13, 2012, the Status Hearing was adjourned to April 30, 2012 at 10:00 a.m. to determine whether service had been effected on Somin pursuant to Rule 1.5.1 of the Commission's *Rules of Procedure* (2010), 33 O.S.C.B. 8017;

AND WHEREAS on April 30, 2012, Staff and counsel for Gillani appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on April 30, 2012, Staff provided the Commission with the Affidavit of Peaches A. Barnaby, sworn April 27, 2012;

AND WHEREAS on April 30, 2012, Staff undertook to continue to serve Somin through David F. Munro and Nazim Gillani;

AND WHEREAS on April 30, 2012, the Commission was satisfied that Somin had been served and accepted Staff's undertaking for future service;

AND WHEREAS on June 6, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on June 6, 2012, Staff agreed to continue to serve Somin through David F. Munro and Nazim Gillani personally;

AND WHEREAS on June 6, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to August 20, 2012;

AND WHEREAS on August 20, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on August 20, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to October 9, 2012;

AND WHEREAS on October 9, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on October 9, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to November 20, 2012;

AND WHEREAS on November 20, 2012, the Commission was not available to hold the confidential pre-hearing conference, Staff, counsel for Gillani and counsel for Driscoll consented via email to adjourning the confidential pre-hearing conference to December 3, 2012 and no one responded on behalf of Somin or ISI although duly notified via email;

AND WHEREAS on November 20, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to December 3, 2012;

AND WHEREAS on December 3, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and International Strategic Investments Inc. and counsel for Driscoll appeared and made

submissions and no one appeared on behalf of Somin or International Strategic Investments;

AND WHEREAS on December 3, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to January 16, 2013;

AND WHEREAS on January 16, 2013, a confidential pre-hearing conference was held and Staff, Gillani appearing on his own behalf and on behalf of ISI, and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin;

AND WHEREAS on January 16, 2013, the Commission ordered that the confidential pre-hearing conference be adjourned to March 5, 2013;

AND WHEREAS on March 5, 2013, a confidential pre-hearing conference was held and Staff, counsel for Gillani and ISI, and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin;

AND WHEREAS on March 5, 2013, the Commission ordered that the confidential pre-hearing conference be adjourned to November 27, 2013;

AND WHEREAS on November 27, 2013, the confidential pre-hearing conference continued and Staff, counsel for Gillani and ISI, and Driscoll appearing on his own behalf made submissions and no one appeared on behalf of Somin;

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

IT IS ORDERED that the confidential pre-hearing conference will continue on December 5, 2013 at 10:00 a.m.

IT IS FURTHER ORDERED that the hearing on the merits shall commence on January 13, 2014 and shall continue on January 15th for half a day, January 16, 20, 21, 27, 29, 30, and 31, February 3-7 inclusive, February 10, 12-14 inclusive, February 18 and 19, or on such further or other dates as may be agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 27th day of November, 2013.

"James D. Carnwath"

2.2.9 Portfolio Capital Inc. et al. – Rule 1.4 of the OSC Rules of Procedure

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

AND

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

ORDER
(Rule 1.4 of the Commission's Rules of Procedure (2012), 35 O.S.C.B. 10071)

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

AND WHEREAS the Notice of Hearing set a hearing in this matter for April 17, 2013;

AND WHEREAS on April 17, 2013, Staff and counsel to Rogerson appeared before the Commission and no one appeared on behalf of Hanna-Rogerson or Portfolio Capital;

AND WHEREAS on April 17, 2013, the Commission ordered that a pre-hearing conference take place on May 27, 2013 at 9:00 a.m.;

AND WHEREAS on May 27, 2013, Staff and counsel to the Respondents appeared and made submissions before the Commission;

AND WHEREAS on May 27, 2013, the Commission ordered that a pre-hearing conference take place on June 24, 2013 at 9:00 a.m.;

AND WHEREAS on May 27, 2013, the parties agreed that at the pre-hearing conference scheduled for June 24, 2013 at 9:00 a.m., the parties would be prepared to set the following dates:

(a) a date in September 2013 for a pre-hearing conference, by which time the Respondents and Staff will have provided witness lists and disclosure to the other parties;

(b) a date in October 2013 for a further pre-hearing conference to prepare for the hearing on the merits; and

(c) dates in November 2013 for the hearing on the merits;

AND WHEREAS on June 4, 2013, Staff filed an Amended Statement of Allegations with respect to the Respondents;

AND WHEREAS on June 24, 2013, Staff appeared and made submissions and counsel to Rogerson appeared and made submissions on behalf of his client and on behalf of counsel to Hanna-Rogerson and Portfolio Capital;

AND WHEREAS on June 24, 2013, the Commission ordered that:

(a) Staff shall provide any additional disclosure to the Respondents by July 12, 2013;

(b) Staff shall provide its witness list and hearing briefs to the Respondents by September 12, 2013;

(c) the Respondents shall provide their witness lists and hearing briefs to Staff by September 25, 2013;

(d) the hearing be adjourned to a further pre-hearing conference to be held on September 27, 2013 at 10:00 a.m. to prepare for the hearing on the merits; and

(e) the hearing on the merits in this matter shall commence on November 4, 2013 at 10:00 a.m. and shall continue on November 6, 7, 8 and 11, 2013;

AND WHEREAS on June 26, 2013, Staff filed an Amended Amended Statement of Allegations with respect to the Respondents;

AND WHEREAS on September 27, 2013, Staff appeared and made submissions and counsel to Rogerson and Portfolio Capital appeared and made submissions on behalf of his clients and on behalf of counsel to Hanna-Rogerson;

AND WHEREAS on September 27, 2013, the Commission ordered that the hearing be adjourned to a further pre-hearing conference to be held on October 9, 2013 at 2:00 p.m.;

AND WHEREAS on October 9, 2013, Staff and counsel to the Respondents appeared and made submissions before the Commission;

AND WHEREAS on October 9, 2013, the Commission ordered that:

(a) the hearing dates of November 4, 6, 7 and 8, 2013 be vacated;

(b) the hearing on the merits in this matter shall commence on November 11, 2013 at 10:00 a.m. and shall continue on November 13, 14 and 15, 2013;

(c) the hearing be adjourned to a further pre-hearing conference to be held on October 17, 2013 at 2:00 p.m.;

(d) the motion brought by counsel to Rogerson and Portfolio Capital to adjourn the commencement date of November 11, 2013 for the hearing on the merits (the "Motion") would be heard immediately following the pre-hearing conference scheduled for October 17, 2013; and

(e) the Respondents shall be granted one last indulgence and shall provide their hearing briefs, will-say statements and witness list to Staff by October 29, 2013;

AND WHEREAS counsel to Rogerson and Portfolio Capital filed a Notice of Motion, dated October 15, 2013, and Staff filed the Affidavit of Stephanie Collins, sworn October 16, 2013, in relation to the Motion;

AND WHEREAS on October 17, 2013, Staff and counsel to the Respondents appeared and made submissions for a pre-hearing conference;

AND WHEREAS on October 17, 2013, following the pre-hearing conference, the Commission held a hearing with respect to the Motion, which Staff opposed and counsel to Hanna-Rogerson supported;

AND WHEREAS the Commission considered the factors to grant an adjournment set out in Rule 9.2 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071, along with the motion materials and submissions of the parties, and ordered that:

(a) the hearing on the merits scheduled to commence on November 11, 2013 will commence on February 10, 2014 and shall continue on February 12, 13, 14 and 18, 2014; and

(b) the hearing be adjourned to a further pre-hearing conference to be held on December 18, 2013 at 10:00 a.m.;

AND WHEREAS the Respondents failed to provide their hearing briefs, will-say statements and witness list to Staff by October 29, 2013, as ordered by the Commission on October 9, 2013;

AND WHEREAS on November 29, 2013, Staff and counsel to Rogerson, who also appeared as a representative for Hanna-Rogerson and Portfolio Capital, appeared and made submissions before the Commission at a confidential pre-hearing conference;

AND WHEREAS the Panel informed the parties that any documents that the Respondents wish to rely on at the hearing on the merits must be submitted by January 3, 2014, and that the Respondents would be precluded from submitting any further documents for the hearing on the merits after that date;

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

IT IS ORDERED that:

(a) the Respondents shall provide their hearing briefs, will-say statements and witness list to Staff by 4:30 p.m. on January 3, 2014;

(b) the pre-hearing conference scheduled for December 18, 2013 at 10:00 a.m. is vacated; and

(c) the hearing is adjourned to a further pre-hearing conference to be held on January 10, 2014 at 10:00 a.m.

DATED at Toronto this 29th day of November, 2013.

"Alan Lenczner"

2.2.10 Magna International Inc. – s. 104(2)(c)

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 3,200,000 of its common shares from one of its shareholders – due to discounted purchase price, proposed purchases cannot be made through TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
MAGNA INTERNATIONAL INC.

ORDER
(Clause 104(2)(c))

UPON the application (the "**Application**") of Magna International Inc. (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and sections 97 to 98.7, inclusive, of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchases (the "**Proposed Purchases**") by the Issuer of up to 3,200,000 common shares of the Issuer (the "**Subject Shares**") in tranches, from Canadian Imperial Bank of Commerce (the "**Selling Shareholder**");

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

AND UPON the Issuer (the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 12, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).

2. The registered and principal business office of the Issuer is 337 Magna Drive, Aurora, Ontario, L4G 7K1.

3. The Issuer is a reporting issuer in each of the provinces of Canada and its common shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**") under the symbols "MG" and "**MGA**", respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The Issuer's authorized share capital consists of an unlimited number of common shares ("**Common Shares**"), of which 223,629,978 are issued and outstanding as of November 6, 2013, and 99,760,000 preference shares ("**Preference Shares**") issuable in series. As of November 6, 2013, no Preference Shares are issued or outstanding.

5. The Selling Shareholder has advised the Issuer that its corporate headquarters are located in the Province of Ontario. The trades contemplated by this application will be executed and settled in the Province of Ontario.

6. The Selling Shareholder has advised the Issuer that it does not directly or indirectly beneficially own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 3,200,000 Common Shares and that the Subject Shares were not acquired in anticipation of resale pursuant to private agreements under an issuer bid exemption order by a securities regulatory authority ("**Off-Exchange Block Purchase**").

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

9. On November 6, 2013, the Issuer filed for acceptance, a Notice of Intention to make a Normal Course Issuer Bid (the "**Notice**") with the TSX and publicly announced that subject to approval by the TSX and the NYSE, its board of directors approved a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase up to 12,000,000 Common Shares, representing approximately 5.4% of the Issuer's public float of Common Shares.

10. On November 8, 2013 the Issuer announced that the TSX accepted the Notice. The Normal Course Issuer Bid will commence on November 13, 2013.

11. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX and purchases may also be made on the NYSE or by such other means as may be permitted by the TSX and/or the NYSE, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including private agreements under an issuer bid exemption order issued by a securities regulatory authority.

12. The Issuer and the Selling Shareholder currently intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**"), pursuant to which the Issuer will, subject to market conditions, agree to acquire some or all of the Subject Shares from the Selling Shareholder in one or more tranches, such tranches to occur not more than once per calendar week and no one tranche to exceed 1,000,000 Common Shares, each to occur prior to November 13, 2014 (each such purchase, a "**Proposed Purchase**") for a purchase price (each, a "**Purchase Price**") that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will be at a discount to the prevailing market price on the TSX and below the prevailing bid-ask price for the Issuer's Common Shares at the time of each Proposed Purchase.

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

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

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

16. But for the fact that the Purchase Price will be at a discount to the prevailing market price on the TSX and below the prevailing bid-ask price for the Issuer's Common Shares, at the time of each Proposed Purchase, the Issuer could otherwise acquire the Subject Shares as a "block purchase"

(a "**Block Purchase**") in accordance with the block purchase exception in section 629(1)(7) of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements available pursuant to section 101.2(1) of the Act.

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

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

19. Management of the Issuer is of the view that the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Subject Shares under the Normal Course Issuer Bid, through the facilities of the TSX, and management is of the view that this is an appropriate use of funds to increase shareholder value.

20. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other securityholders of the Issuer to otherwise sell Common Shares in the open market at the prevailing market price. The Proposed Purchases will be carried out with a minimum cost to the Issuer.

21. To the best of the Issuer's knowledge, as of November 6, 2013, the "public float" for the Issuer's Common Shares represented approximately 99.5% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

22. The market for the Common Shares is a "liquid market" within the meaning of section 1.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

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

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

25. The Issuer will not purchase Common Shares pursuant to the Proposed Purchases or its Normal Course Issuer Bid during designated blackout periods administered in accordance with the Issuer's corporate policies.

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

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

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

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

(c) the Purchase Price for each Proposed Purchase is not higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of each Proposed Purchase;

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

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

(f) the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and where such Proposed Purchases are made in tranches, in advance of the first tranche with the Selling Shareholder, and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the

aggregate purchase price, will be available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") following the completion of each Proposed Purchase;

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

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

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid.

DATED at Toronto this 22nd day November, 2013.

"Mary G. Condon"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.2.11 Tim Hortons Inc. – s. 104(2)(c)

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 2,120,000 of its common shares from one of its shareholders – due to discounted purchase price, proposed purchases cannot be made through TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
TIM HORTONS INC.

ORDER
(Clause 104(2)(c))

UPON the application (the "**Application**") of Tim Hortons Inc. (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and 97 to 98.7, inclusive, of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchases (the "**Proposed Purchases**") by the Issuer of up to 2,120,000 common shares of the Issuer (the "**Subject Shares**") in one or more tranches, from Canadian Imperial Bank of Commerce (the "**Selling Shareholder**");

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

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 12, 17, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

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

2. The registered and principal business office of the Issuer is 874 Sinclair Road, Oakville, Ontario, L6K 2Y1.

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

4. The Issuer's authorized share capital consists of an unlimited number of common shares (each, a "**Common Share**") of which approximately 148,133,708 are issued and outstanding as of October 24, 2013.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.

6. The Selling Shareholder has advised the Issuer that it does not directly or indirectly beneficially own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 2,120,000 Common Shares and that the Subject Shares were not acquired by the Selling Shareholder in anticipation of resale pursuant to private agreements under an issuer bid exemption order by a securities regulatory authority ("**Off-Exchange Block Purchase**").

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

9. The Commission issued an order on March 1, 2013 (the "**March Order**") pursuant to clause 104(2)(c) of the Act exempting the Issuer from the Issuer Bid Requirements in respect of the proposed purchases by the Issuer of up to 1,620,000 Common Shares of the Issuer (the "**BMO and RBC Subject Shares**") in one or more tranches, from one or both of BMO Nesbitt Burns Inc. and Royal Bank of Canada. The Issuer has purchased 1,470,000 Common Shares under the March Order.

10. Pursuant to a Notice of Intention to make the Normal Course Issuer Bid (the "**Notice**") accepted by the TSX effective February 19, 2013, as amended, the Issuer has a normal course issuer bid (the "**Normal Course Issuer Bid**") to repurchase its Common Shares, such repurchases not to exceed the regulatory maximum of 15,239,531 Common Shares, representing 10% of the public float as of February 14, 2013, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**").

11. The Normal Course Issuer Bid is being conducted through the facilities of the TSX and purchases may also be made on the NYSE or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or the NYSE, including pre-arranged crosses, exempt offers, private agreements under an issuer bid exemption order issued by a securities regulatory authority and/or block purchases in accordance with section 629(1)7 of the TSX NCIB Rules. On February 26, 2013, the Issuer entered into an automatic repurchase plan agreement with a broker, as amended on May 13, 2013 and August 14, 2013, providing for the repurchase of Common Shares to be conducted by the broker on the TSX, NYSE or alternative trading platforms within predetermined parameters as part of the Normal Course Issuer Bid from February 26, 2013 to February 25, 2014. The Issuer will instruct the broker not to conduct a Block Purchase in accordance with the TSX NCIB Rules during the calendar week that the Issuer completes a Proposed Purchase. The Issuer has a self-imposed trading black-out period with respect to its third quarter results (the "**Blackout Period**"). No purchases of Subject Shares pursuant to Off-Exchange Block Purchases will be made during the Blackout Period.

12. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**"), under which the Issuer will agree to acquire some or all of the Subject Shares from the Selling Shareholder (each such purchase under an Agreement, a "**Proposed Purchase**"). The purchase price (each, a "**Purchase Price**") for each Proposed Purchase will be negotiated at arm's length between the Issuer and the Selling Shareholder and specified in the applicable Agreement. The Purchase Price under each Agreement will be at a discount to the prevailing market price on the TSX and below the prevailing bid-ask price for the Issuer's Common Shares at the time of each Proposed Purchase. All Agreements in respect of a Proposed Purchase will occur by November 27, 2013.

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

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

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

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

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

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

19. Management of the Issuer is of the view that the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Subject Shares under the Normal Course Issuer Bid, through the facilities of the TSX, and management is of the view that this is an appropriate use of funds to increase shareholder value.

20. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other securityholders of the Issuer to otherwise sell Common Shares in the open market at the prevailing market price. The Proposed Purchases will be carried out with a minimum cost to the Issuer.

21. To the best of the Issuer's knowledge, as of October 24, 2013, the "public float" for the Issuer's Common Shares represented approximately 99.37% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

22. The market for the Common Shares is a "liquid market" within the meaning of section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

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

24. At the time that each Agreement in respect of a Proposed Purchase is entered into by the Issuer and the Selling Shareholder, neither the Issuer nor the Selling Shareholder will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

25. The Issuer has completed all purchases of BMO and RBC Subject Shares pursuant to the March Order. No further purchases of BMO and RBC Subject Shares pursuant to the March Order will be made.

26. The Issuer will not purchase, pursuant to private agreements under an issuer bid exemption order by a securities regulatory authority, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer may purchase under its Normal Course Issuer Bid.

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

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

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

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

(c) the Purchase Price for each Proposed Purchase is not higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB

Rules) of a board lot of Common Shares immediately prior to the execution of each Proposed Purchase;

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

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

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

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

(h) at the time that each Agreement in respect of a Proposed Purchase is entered into by the Issuer and the Selling Shareholder, neither the Issuer nor the Selling Shareholder will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed; and

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid.

DATED at Toronto this 12th day of November, 2013.

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Energy Syndications 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
ENERGY SYNDICATIONS INC.,
GREEN SYNDICATIONS INC.,
SYNDICATIONS CANADA INC.,
DANIEL STRUMOS, MICHAEL BAUM
and DOUGLAS WILLIAM CHADDOCK

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

Hearing:	**O**ctober 24, 2013		
Decision:	November 27, 2013		
Panel:	Alan J. Lenczner, Q.C.	–	Commissioner and Chair of the Panel
Appearances:	Christie Johnson	–	Staff of the Commission
	Justin Safayeni	–	For Daniel Strumos
	Shawn Graham	–	For Michael Baum
	Douglas William Chaddock	–	On his own behalf and on behalf of Energy Syndications Inc.,\ Green Syndications Inc. and Syndications Canada Inc.

TABLE OF CONTENTS

REASONS AND DECISION ON SANCTIONS AND COSTS

I. OVERVIEW

A. Background

[1] This was a hearing (the "**Sanctions and Costs Hearing**") before the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing sanctions and costs against Energy Syndications Inc. ("**ESI**"), Green Syndications Canada Inc. ("**GSI**"), Syndications Canada Inc. ("**SCI**"), Daniel Strumos ("**Strumos**"), Michael Baum ("**Baum**") and Douglas William Chaddock ("**Chaddock**") (together, the "**Respondents**"). ESI, GSI and SCI will be collectively referred to as the "**Corporate Respondents**" in this decision.

[2] A Notice of Hearing was issued by the Commission on March 30, 2012 (the "**Notice of Hearing**"), in relation to a Statement of Allegations filed by Staff of the Commission ("**Staff**") on the same day (the "**Statement of Allegations**"). Staff's allegations related to the sale of Land Agreements and Solar Panel Agreements during the time period spanning from October 2008 to April 2011 (the "**Material Time**").

[3] Following a hearing to consider the merits of Staff's allegations (the "**Merits Hearing**"), the Commission's Reasons and Decision on the merits were issued on June 20, 2013 (*Re Energy Syndications et al.* (2013), 36 O.S.C.B. 6500) (the "**Merits Decision**")).

[4] On June 20, 2013, the Commission ordered that a hearing to determine sanctions and costs would be held on September 4, 2013 and set a schedule regarding the written submissions of the parties. This schedule was amended by orders of the Commission dated July 24 and August 20, 2013.

[5] On August 30, 2013, Chaddock, on his own behalf on and on behalf of ESI, GSI and SCI, requested an adjournment of the sanctions and costs hearing (the "**Adjournment Request**") to allow him to obtain and review new evidence, which he submitted would be relevant to his submissions on sanctions and costs. On September 2, 2013, Chaddock filed and served one of the documents on which he intended to rely upon. And on September 3, 2013, Baum also requested an adjournment to allow him to obtain and review the same new evidence identified by Chaddock, which he submitted was also relevant to his submissions on sanctions and costs.

[6] On September 4, 2013, Staff, Chaddock, on his own behalf and on behalf of ESI, GSI and SCI, and Strumos and counsel for Strumos, appeared before the Commission to give oral submissions in respect of the Adjournment Request. Counsel for Baum gave previous notice that neither he nor Baum would attend. After considering the submissions of the parties, the Commission granted the Adjournment Request on September 4, 2013, in order to give the Respondents and Staff a reasonable opportunity to obtain and review the new evidence and to address its admissibility, relevance and the weight it should be given in their written submissions. The sanctions and costs hearing was rescheduled to October 24, 2013.

[7] On October 24, 2013, Staff, Chaddock, Strumos and his counsel and counsel for Baum appeared and made submissions at the Sanctions and Costs Hearing. Chaddock appeared on his own behalf and on behalf of ESI, GSI and SCI. Baum did not appear personally, but he was represented by counsel at the Sanctions and Costs Hearing. Staff, Baum and Strumos provided me with written submissions, which were filed with the Commission before the Sanctions and Costs Hearing.

B. Chaddock's Notice of Constitutional Question

[8] On October 23, 2013, Chaddock filed and served an application record (the "**Application**"), which contained a "Notice of Constitutional Question" that indicated that Chaddock intended to claim a remedy under subsection 24(1) of the *Canadian Charter of Rights and Freedoms* (the "**Charter**").[1] Chaddock's Application included a Notice of Constitutional Question, a Notice of Application and the Affidavit of Douglas William Chaddock sworn October 22, 2013.

[1] Part I of the *Constitution Act, 1982*, being Schedule B to the *Canada Act 1982 (UK)*, 1982, c. 11.

[9] Chaddock argued that his right to a fair hearing was impaired on two grounds: 1) the failure of Staff to comply with its disclosure obligations, which included the provision of communications between the Respondents and the Commission between January 1, 2006 to the present date; and 2) improper use of Staff's powers in relation to its investigation, which Chaddock argued was one that could result in penal liability, and therefore violated his right against unreasonable search or seizure, pursuant to section 8 of the Charter, and his right to be free from self-incrimination.

[10] On October 24, 2013, prior to the Sanctions and Costs Hearing, I heard the submissions of the parties regarding Chaddock's Application, which was entered into as an exhibit. Chaddock argued that Staff did not provide relevant documentation that would have greatly changed how he approached his defence. He also argued that Staff did not provide full disclosure within a reasonable time period. In his Notice of Application, Chaddock indicated that he was seeking:

(a) an order, if necessary, for leave for abridged service and filing of the Application;

(b) an order staying or, in the alternative, an order granting a new hearing on the merits of the proceedings against Chaddock for abuse of process and for breach of Chaddock's rights under sections 7, 8 and 24 of the Charter;

(c) in the alternative, an order requiring the Commission to disclose all relevant documents in the care, possession or control of all agents of all branches of the Commission;

(d) costs of the Application; and

(e) such further Order as the Commission deemed just.

[11] At the hearing, Chaddock also requested a dismissal of findings made against him in the Merits Decision. Counsel for Baum and Strumos indicated that they found the documents relevant and that they would support the re-opening of the hearing on the merits, and are supportive of a dismissal of the findings of liability made in the Merits Decision.

[12] Staff submitted that Chaddock did not make any previous requests for the material he was requesting in his Application. Staff also submitted that the case law is quite settled that the investigative powers of the Commission do not violate the Charter, given that the proceedings against Chaddock are regulatory in nature. Staff stated that it has not brought any criminal or quasi-criminal charges against Chaddock, under section 122 of the Act.

[13] At the hearing, I dealt with the substance and merits of Chaddock's Application, despite his delay in serving and filing the Application in accordance to the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "***Rules of Procedure***"). After reviewing Chaddock's Application and considering the submissions of the parties, I dismissed Chaddock's Application.

[14] Chaddock most heavily relied upon a letter from counsel of Goodman and Carr LLP ("**Goodman and Carr**") dated April 5, 2006, which requested Staff to confirm that it agreed with his analysis that the "Profitable Plots Product" was not subject to regulation under the Act. Counsel of Goodman and Carr then wrote an e-mail to Staff to confirm an earlier telephone conversation in which Staff advised him that the Profitable Plots Product, as defined in his submission on April 5, 2006, was not an investment contract within the meaning of the Act. Although I was prepared to accept, for the purposes of the Application, that Staff did concur with Goodman and Carr that the Profitable Plots Product was an investment contract within the Act, I found that this did not change any part of the Merits Decision.

[15] First, the arrangement set out in the letter dated April 5, 2006 was markedly different from the arrangement of the Land Agreements that I heard evidence about at the Merits Hearing, particularly the absence of any reference to interest paid to the purchasers of the Land Agreements. Second, as I stated in paragraph 80 of the Merits Decision, "reliance on legal advice does not constitute a defence to the allegations of non-compliance with sections 25 and 53 of the Act".

[16] At the hearing, I also noted that the Panel granted Chaddock's Adjournment Request on September 4, 2013 to allow him to produce relevant documents to the other parties in this proceeding. However, apart from the document that he filed on September 2, 2013, Chaddock did not file or serve any new evidence that he wished to rely upon.

II. The Merits Decision

[17] The misconduct of the Respondents involved the sale of Land Agreements and Solar Panel Agreements. The Land Agreements involved hundreds of small 8 metre x 8 metre contiguous plots of land in the United Kingdom, which were obtained by SCI from a Singaporean company, Profitable Plots Proprietary ("**PPP**"). SCI sought potential investors by running advertisements in *The Toronto Star* and in *The Globe and Mail* by offering high annual interest.

[18] In terms of the Solar Panel Agreements, I found that the purpose for the incorporation of ESI and GSI was "to take advantage of the *Green Energy Act* and the Feed In Tariff program of the Government of Ontario whereby the Ontario Power

Authority would pay attractive rates for energy produced by solar and by wind power". Chaddock, through SCI and ESI, also ran advertisements in *The Toronto Star* and *The Globe and Mail* related to the Solar Panel Agreements. However, the advertisements only referred a six month investment with a promised nine percent return and provided a telephone number to contact SCI or ESI; no mention was made that solar panels would be purchased. When potential investors called the telephone number, they were sent a brochure, directed to a website and/or invited to the company premises to discuss the investment further.

[19] In the Merits Decision, I made the following findings:

(a) In the Material Time, SCI received $2,702,820 from 69 investors who bought 220 individual land plots. It bought back plots for a sum of $290,410.72 and made periodic monthly payments of $177,616.80. The difference of $2,234,792.50 is unaccounted for. The bank account of SCI at the end of the Material Time in April 2011 had a credit balance of $29,973.29.

(b) SCI and ESI took in a net amount of $801,233 from the sale of solar panels. Yvonne Lo, a forensic accountant with Staff traced the use of these funds through the corporate records maintained by SCI and ESI. The entire sum was consumed in the period between June 24, 2010 and April 30, 2011 for corporate purposes including for the payment of salaries and commissions, rent, legal and accounting, various visa payments, etc. I am satisfied that this sum of money maintained the ongoing operations for the ten months in question.

(c) Chaddock was the shareholder, directing mind and controlling officer of the Corporate Respondents. He initiated the Land Agreements and the Solar Panel Agreements. On occasion, he also discussed and negotiated purchases with investors.

(d) Baum and Strumos were the principal sales people in this small operation and conducted negotiations with the investors leading to the sale of securities to them. As a result, they traded in securities. Strumos and Baum often signed the Land Agreements or Solar Panel Agreements on behalf of the Corporate Respondents, particularly when Chaddock was out of town.

(e) In the Material Time, SCI paid $151,181.50 as sales commissions to Baum and $141,255.16 to Strumos. Chaddock received $205,333.28.

(f) Each of the Respondents, between October 2008 and September 28, 2009, traded in securities without registration, in circumstances where no registration exemption was available, contrary to subsection 25(1)(a) of the Act (in force prior to September 28, 2009) and contrary to the public interest, and, from September 28, 2009 to April 2011, engaged in the business of trading in securities without registration, in circumstances where no registration exemption was available, contrary to subsection 25(1) of the Act (in force on and after September 28, 2009) and contrary to the public interest.

(g) Each of the Respondents, between October 2008 and April 2011, distributed securities without filing a preliminary prospectus and prospectus with the Commission and receiving a receipt for them from the Director, in circumstances where no prospectus exemption was available, contrary to subsection 53(1) of the Act and contrary to the public interest.

(h) Chaddock, being the directing mind of the Corporate Respondents, authorized, permitted or acquiesced in the Corporate Respondents' non-compliance with Ontario securities law, contrary to section 129.2 of the Act and contrary to the public interest.

[20] Staff also alleged that the Respondents made prohibited representations contrary to subsection 44(2) of the Act; however, I was not satisfied that Staff proved its case on a balance of probabilities and dismissed this allegation.

[21] I note that paragraph 16 of the Merits Decision states that the shares of GSI were owned "as to 25 percent by Strumos". This statement should be corrected to read: "as to 25 percent by Barry Murphy".

III. SUBMISSIONS OF THE PARTIES

A. Staff's Requests for Sanctions and Costs

[22] Staff requests the sanctions and costs set out below against the Respondents and submits that the sanctions they seek are appropriate in all of the circumstances.

[23] With respect to the Corporate Respondents, Staff requests:

(a) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that the Corporate Respondents cease trading in and acquiring securities for a period of 15 years;

(b) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to the Corporate Respondents for a period of 15 years;

(c) pursuant to clause 9 of subsection 127(1) of the Act, the Corporate Respondents shall pay to the Commission an administrative penalty of $50,000 each as a result of their non-compliance with Ontario securities law;

(d) pursuant to clause 10 of subsection 127(1) of the Act, the Corporate Respondent shall, joint and severally with Chaddock, disgorge to the Commission $2,538,255.56 obtained as a result of their non-compliance with Ontario securities law; and

(e) pursuant to section 127.1 of the Act, the Corporate Respondents shall, jointly and severally with Chaddock, pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $85,965.

[24] With respect to Chaddock, Staff requests:

(a) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that Chaddock cease trading in and acquiring securities for a period of 15 years, with the exception that he may trade securities for RRSP accounts after he has fully satisfied all monetary sanctions imposed against him;

(b) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law to not apply to Chaddock for a period of 15 years, except as necessary to permit trading for RRSP accounts in accordance with the above exception;

(c) pursuant to clause 6 of subsection 127(1) of the Act, Chaddock be reprimanded;

(d) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, Chaddock is ordered to resign any position he holds as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Chaddock is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for 15 years;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Chaddock is prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of 15 years;

(g) pursuant to clause 9 of subsection 127(1) of the Act, Chaddock shall pay to the Commission an administrative penalty of $100,000 as a result of his non-compliance with Ontario securities law;

(h) pursuant to clause 10 of subsection 127(1) of the Act, Chaddock shall, in his personal capacity, disgorge to the Commission $205,333.28 and shall, jointly and severally with the Corporate Respondents, disgorge to the Commission $2,538.255.56 obtained as a result of his non-compliance with Ontario securities law; and

(i) pursuant to section 127.1 of the Act, Chaddock shall, jointly and severally with the Corporate Respondents, pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $85,965.

[25] With respect to Baum and Strumos, Staff Requests:

(a) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that Baum and Strumos cease trading in and acquiring securities for a period of 5 years, with the exception that they may trade securities for RRSP accounts after they have fully satisfied all monetary sanctions imposed against them;

(b) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law to not apply to Baum or Strumos for a period of 5 years, except as necessary to permit trading for RRSP accounts in accordance with the above exception;

(c) pursuant to clause 6 of subsection 127(1) of the Act, Baum and Strumos be reprimanded;

(d) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, Baum and Strumos are ordered to resign any position they hold as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Baum and Strumos are prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for 5 years;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Baum and Strumos are prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of 5 years;

(g) pursuant to clause 9 of subsection 127(1) of the Act, Baum and Strumos shall pay to the Commission an administrative penalty of $15,000 each as a result of their non-compliance with Ontario securities law;

(h) pursuant to clause 10 of subsection 127(1) of the Act, Baum shall disgorge to the Commission $151,181.50 obtained as a result of his non-compliance with Ontario securities law;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Strumos shall disgorge to the Commission $141,255.16 obtained as a result of his non-compliance with Ontario securities law; and

(j) pursuant to section 127.1 of the Act, Baum and Strumos shall pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $10,000 each.

B. Submissions of Chaddock, ESI, GSI and SCI

[26] Chaddock appeared at the Sanctions and Costs Hearing on his own behalf and on behalf of ESI, GSI and SCI. He did not provide written submissions, but he made oral submissions at the hearing.

[27] Chaddock notes that he has had no history of any criminal convictions and submitted that “there are no issues”, except for some Small Claims Court issues that arose from this matter. He submits that he would never have done anything that put him under the scrutiny or the control of the Commission. He agrees that he is on the wrong side of the law, and is “more than sorry” if his clients do not receive their money back.

[28] In response to Staff’s requests for market bans, Chaddock submits that he has abided by the the Commission’s temporary cease trade order and that he has attended compelled interviews with Staff. He submits that he does not think it is fair to limit a person’s future potential as a consequence of an accidental mistake that was not premeditated.

[29] Regarding monetary sanctions, Chaddock requests that the Commission allow him to “unwind” the Land Agreements and the Solar Panel Agreements to allow investors to receive their money back. In relation to the Solar Panel Agreements, Chaddock submits that he will be able to return to work and he will be able to “clear up these panels” by selling them to those who wish to buy the panels, and by providing cash back to those who wish to sell the panels.

[30] In relation to the Land Agreements, Chaddock submits that these plots of land have value and therefore investors will still hold onto them. He requests the Commission to allow him, his companies or agents, to purchase the plots of land from purchasers who wish to sell their plots, so that these purchasers can receive their money. Chaddock submits that this approach will be a better alternative than ordering monetary sanctions against him and the Corporate Respondents, which could end up “wiping out” those companies.

[31] Chaddock submits that an order for costs should not be made against him, since this case will serve as a precedent for land companies to distinguish between a document that is governed by Ontario real estate law from one that is governed by Ontario securities law. He submits that he believed that he was only selling land and that he did not know that he was selling a security.

[32] Chaddock submits that Baum and Strumos were nothing more than employees and that they performed their jobs properly. He states that they never met with any lawyers, apart from the times Strumos delivered document packages and picked up cheques, and that they never went to meet with the Land Registry office in England. Although Baum and Strumos were briefed on how to sell the Land Agreements and Solar Panel Agreements, Chaddock requests that the Commission “leave these two guys be”.

C. Submissions of Baum

[33] Baum was hired by PPP in 2006 by its managing partner at the time. Baum first met Chaddock when Chaddock became the managing director of PPP in Canada in approximately 2007. Baum was a Business Sales Manager for SCI and was responsible for selling the vacant land plots to new clients. He was also a Business Sales Manager for GSI and was responsible for selling solar panels to new clients.

[34] Baum did not appear at the Sanctions and Costs Hearing, but his counsel attended the hearing. Baum provided me with written submissions, which included the transcript of his compelled examination that was held on November 8, 2011, pursuant to section 13 of the Act. This transcript was admitted into evidence by the Commission at the Merits Hearing.

[35] Baum does not contest any of the non-monetary sanctions that Staff is seeking, but he does oppose the monetary sanctions and costs Staff is seeking, which he submits are grossly disproportionate and fundamentally unfair considering the circumstances of this case.

[36] As an individual who has no training or experience in the capital markets, Baum argues that it is unreasonable for the Commission to expect him to go through the same level of analysis on the land and solar panel products, as contained in the Merits Decision, to determine for himself that he engaged in selling securities. He submits that there was no clear guidance before the Merits Decision was issued as to whether the distribution of the Land and Solar Panel Agreements required the Respondents to be registered and to file a prospectus. He also notes that the decision dedicated 34 paragraphs to the determination of whether or not the products sold constituted "investment contracts" under the Act, and that he honestly believed that the business conduct was reviewed and approved by lawyers.

[37] Baum submits that he has been without employment for a period of time and, in his compelled testimony, he indicated that he would need to file for bankruptcy.

D. Submissions of Strumos

[38] In his testimony, Strumos stated that he came across an ad for Profitable Plots Canada in 2006, answered the ad and was hired by Chaddock as the first business development executive in North America. Profitable Plots Canada subsequently became SCI. Strumos was the Client Services Manager of SCI and was responsible for dealing with existing clients. He was not a director, officer or shareholder of the Corporate Respondents. He argues that he had no real involvement in terms of mass marketing or the finances of SCI, which he submits rested in the hands of Chaddock.

[39] Strumos provided me with written submissions on sanctions and costs, and he also testified at the Sanctions and Costs Hearing. The Commission admitted a letter dated January 23, 2012 as an exhibit. The letter was Strumos' response to a letter that he received from Staff that indicated some of the things that the Commission was concerned about regarding the Corporate Respondents, Baum and Strumos.

[40] Strumos submits that he is willing to accept lifetime bans with respect to the non-monetary sanctions proposed by Staff if the Commission agrees to eliminate or reduce Staff's requested monetary sanctions. He submits that the total amount of monetary sanctions that Staff seeks is grossly disproportionate to his circumstances. In the event the Commission finds it appropriate to impose monetary sanctions and a costs order against him, Strumos submits that based on the circumstances of the case and previous decisions of the Commission, the amounts ordered to be paid by him should not exceed $25,000 (disgorgement), $5,000 (administrative penalty) and $1,000 (costs).

[41] Strumos testified that he has no experience in the securities industry or in the capital markets, nor did he ever have any intention of entering the securities industry. He submits that he believed he was selling pieces of real estate and consumer products and that it never crossed his mind that these products were subject to the Act. Strumos also stated that he has no intention on participating in the securities industry in the future. He testified that he has never been investigated or has had charges laid against him by a regulatory body or a tribunal.

[42] Strumos testified that he is currently unemployed. Since his involvement with SCI, he has filled a couple of junior level sales positions, but has not been able to keep any of these positions. He is currently unemployed.

IV. SANCTIONS ANALYSIS

A. The Law on Sanctions

[43] The Commission's mandate as set out at section 1.1 of the Act is: (a) to provide protection to investors from unfair, improper or fraudulent practices; and (b) to foster fair and efficient capital markets and confidence in capital markets. The primary means for achieving the purposes of the Act as set out at paragraph 2 of section 2.1 of the Act are:

(a) requirements for timely, accurate and efficient disclosure of information;

(b) restrictions on fraudulent and unfair market practices and procedures; and

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

[44] Subsection 127(1) of the Act provides that the Commission may make certain orders in the public interest. The Supreme Court of Canada has commented on the Commission's public interest jurisdiction and described it as follows: "the purpose of an order under section 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets" (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37 ("***Asbestos***") at para. 43). In *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600 ("***Mithras***"), the Commission stated that:

> … We are not here to punish past conduct; that is the role of the courts … We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient.
>
> (*Mithras*, *supra* at pp. 1610-1611)

[45] The Commission has previously identified the following as some of the factors that should be considered when imposing sanctions:

(a) the seriousness of the allegations proved;

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

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

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

(e) the restraint any sanctions may have on the ability of a respondent to participate without check in the capital markets;

(f) the size of any financial sanction or voluntary payment;

(g) the remorse of the respondent; and

(h) any mitigating factors.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746); *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 ("***M.C.J.C. Holdings Inc.***") at 1134-1136)

[46] General deterrence is an important factor that the Commission should also consider when determining appropriate sanctions that are both protective and preventative (*Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60). The Commission will also consider the specific circumstances of each case and ensure that sanctions are proportionate to those circumstances (*M.C.J.C. Holdings Inc.*, *supra* at 1134).

[47] In determining the appropriate sanctions to impose upon the Respondents, I have also reviewed and considered previous decisions of the Commission, including: *Re Axcess Automation LLC* (2010), 33 O.S.C.B. 7384; *Re IMAGIN Diagnostic Centres Inc.* (2011), 34 O.S.C.B. 7530; *Re Maitland Capital Ltd.* (2011), 34 O.S.C.B. 11379; *Re New Found Freedom Financial* (2013), 36 O.S.C.B. 6758; *Re Sabourin* (2010), 33 O.S.C.B. 5299; *Re Simply Wealth Financial Group Inc.* (2013), 36 O.S.C.B. 5099; and *Re Sulja Bros. Building Supplies, Ltd.* (2011), 34 O.S.C.B. 7515.

B. Application of the Factors

[48] In determining the appropriate sanctions in this matter, I must ensure that the sanctions imposed are fair and proportional to the conduct of the Respondents and that they protect both investors and the capital markets in Ontario. Having regard to the factors that are summarized in paragraphs 45 and 46 above, I consider the following to be of particular relevance:

1. The Seriousness of the Allegations

[49] Where a respondent is found to be liable for multiple breaches in Ontario securities law, the Commission has previously considered the seriousness of the breaches both individually and collectively (*Re Rowan* (2009), 33 O.S.C.B. 91 at paras. 161 and 165). The Respondents failed to comply with the registration and prospectus requirements under the Act, and therefore deprived investors with the significant protections afforded by those requirements. Although Staff's allegation in relation to subsection 44(2) of the Act was dismissed, the misconduct of the Respondents resulted in investor harm by the loss of their investment funds. By trading and distributing securities contrary to sections 25 and 53 of the Act, SCI received a net amount of $2,234,792.50 from 69 investors from the sale of land plots during the Material Time, and both SCI and ESI received a net amount of $801,233 from the sale of solar panels.

2. Experience and Level of Activity in the Capital Markets

[50] Although the Respondents were not registered with the Commission in any capacity, a significant sum totalling over $3 million was obtained by the Respondent's misconduct. In the Merits Decision, I found that Chaddock was the shareholder, directing mind and controlling officer of the Corporate Respondents. I also accept that the Respondents' submissions that Baum and Strumos played a subordinate role to Chaddock in connection to the land and solar panel arrangements.

3. Specific and General Deterrence

[51] Baum submits that he does not intend to participate in the securities industry in the future, and that there is little need for specific deterrence in these circumstances. Strumos submits that there is no risk of him re-offending, and thus specific deterrence can be achieved without financial penalties.

[52] For the purpose of general deterrence, both Baum and Strumos submit that individuals who are similar to themselves are employees with no market experience, who put their trust in others. They submit that such individuals can be effectively deterred without the threat of harsh penalties.

4. Remorse and Mitigating Factors

[53] Baum and Strumos submit that they have not had any previous experience or background in the securities industry or in the capital markets. They also submit that, apart from the proceedings against them in this matter, they have not been charged with any regulatory offences. They also submit that they have cooperated with Staff and that they held an honest belief that they were engaged in legitimate and legal business conduct and not in the sale or distribution of securities during the Material Time. They both relied on Chaddock's representation that legal advice was obtained regarding the products they sold. They submit that they now understand that they ought to have investigated the legality of their conduct further.

[54] Baum submits that he never intended to be in the capital markets, which is the reason why he chooses to agree with the requested non-monetary sanctions of Staff. Baum expresses his remorse and his sympathy to any investors that were adversely affected as a result of his employment with the Corporate Respondents and deeply regrets his involvement with them. Baum stated in his compelled testimony on November 8, 2011 that he would need to declare bankruptcy. Baum states that he earned an equivalent of $58,521.87 per annum, which he submits was modest for working on a full-time basis in sales.

[55] In his testimony at the Sanctions and Costs Hearing, Strumos stated that the impact of these proceedings against him and his family have been significant. Since leaving SCI, he has held no significant income-earning positions, and attributes this to the information that is easily found on the internet regarding this proceeding. He does not expect to be able to find anything more than a menial job in the future. He submits that he received, on average, approximate $56,500 per year in commissions, with no additional remuneration, during the Material Time.

[56] Strumos expresses his remorse and sympathy to any investor that was hurt as a result of his employment with the Corporate Respondents, and deeply regrets his involvement as a Client Sales Manager for SCI. He recognizes any wrongdoing and recognizes the seriousness of his contraventions of the Act. Strumos also submits that he regrets what happened to his life and the shame it brought to himself and his family. He also regrets that he did not ask more questions of Chaddock about the operations of the company and the products they were offering.

[57] In the Merits Decision, I stated that "[t]he good faith reliance on well established, well formulated legal advice may be of significant assistance to a Respondent in the consideration of the sanctions that should apply upon a finding of contravention of the Act" (Merits Decision, *supra* at para. 83). I find that Baum and Strumos, in good faith, relied on Chaddock's representations that legal advice was obtained to approve of the land and solar panel products. Along with the personal financial situations of Baum and Strumos, I consider their reliance on Chaddock's representations to be a relevant factor in my proportionality analysis on the appropriate sanctions to impose against these respondents.

[58] On the other hand, although I recognize that Chaddock sought legal advice from a reputable law firm, Davis LLP, in the Merits Decision, I held that the reliance on legal advice does not constitute a defence to the allegations of a respondent's non-compliance with sections 25 and 53 of the Act. The Land Agreements were drafted by Lisa Davies, who, at the Material Time, was a real estate associate at Davis LLP. I noted that she was not a securities lawyer, has never practised in that area and was not asked to give an opinion on whether the agreement she drafted constituted the sale of a security. The Solar Panel Agreements were drafted by Andrew Lord, who, at the Material Time, was a junior commercial lawyer at Davis LLP. He was not a securities lawyer, nor was he asked to give an opinion on whether the sale of solar panels, pursuant to the Solar Panel Agreement, constituted a security. In February 2011, Davis LLP provided an opinion which indicated that the outright sale of solar panels to investors would not be a security; however, Davis LLP stated it was not providing an unqualified opinion if there were conditions, such as the obligation to buy back the panels or to put them into a leasing program.

[59] I do not find that Chaddock's reliance on legal advice to be a mitigating factor. The lawyers of Davis LLP who drafted the Land and Solar Panel Agreements were not securities lawyers, nor did they provide any opinions as to whether the agreements constituted the sale of a security. Moreover, the opinion provided by Davis LLP in February 2011 indicated that it was not providing an unqualified opinion if the Solar Panel Agreements contained conditions regarding leasing and buy backs; both of these conditions were included in the brochures promoting the sale of the solar panels, as well as in the Solar Panel Agreements made with investors.

[60] In his oral submissions, Chaddock displayed a complete lack of insight into his violations of the Act. Even though he has had ample time to consider the Merits Decision, he is unwilling to recognize that it was only the promise of high rates of interest that motivated the investors and that fact was evident to him at the time the investments were made. Chaddock showed no remorse for his conduct. Deterrence is a factor that must figure in the sanctions against him.

V. APPROPRIATE SANCTIONS IN THIS MATTER

A. Market Participation Orders

[61] With regards to Chaddock and the Corporate Respondents, Staff seeks market participation bans for a period of 15 years. Chaddock was the directing mind of the Corporate Respondents and orchestrated the operations of the companies, which engaged in illegal conduct spanning a period of 31 months. Although I find this misconduct led to significant losses for investors, I also note that the misconduct did not involve a fraudulent scheme or actions by any of the Respondents. After reviewing the submissions of the parties and previous decisions of the Commission, I find that it is appropriate to impose market participation bans against Chaddock and the Corporate Respondents for a period of 10 years. I also order that Chaddock be reprimanded and be ordered to resign as a director or officer of any issuer, registrant or investment fund manager.

[62] Given the duration of the bans proposed and the personal circumstances of these individuals, I accept Staff's submission to provide a carve out for Chaddock, Baum and Strumos for personal trading in their registered retirement savings plan ("**RRSP**") accounts, as defined in the *Income Tax Act*, R.S.C. 1985, c. 1, as amended (the "***Income Tax Act***").

[63] Both Baum and Strumos do not contest any of the non-monetary sanctions that Staff is seeking. I agree with Staff's submissions regarding the non-monetary sanctions against Baum and Strumos and find that it is appropriate that Baum and Strumos be subject to market participation bans for a period of 5 years. Similar to Chaddock, I order that Baum and Strumos be reprimanded and be ordered to resign any positions they hold as a director or officer of any issuer, registrant or investment fund manager.

B. Administrative Penalty

[64] Staff requests an administrative penalty of $50,000 against each of the Corporate Respondents, $100,000 against Chaddock, and $15,000 against each Baum and Strumos.

[65] An administrative penalty should be of a magnitude sufficient to ensure effective specific and general deterrence. I find that it is appropriate to order an administrative penalty of $200,000 against Chaddock and the Corporate Respondents, on a joint and several basis.

[66] Both Baum and Strumos submit that an administrative penalty is not necessary to achieve the goals of specific and general deterrence in the circumstances of this case. I find that reduced administrative penalties are appropriate, fair and proportionate to circumstances of Baum and Strumos. Both of these individuals played subordinate roles in the operations of the Corporate Respondents and did not intentionally breach Ontario securities law. I order that Baum and Strumos each pay an administrative penalty of $7,500.

C. Disgorgement

[67] Paragraph 10 of subsection 127(10) of the Act provides that the Commission may order a person or company who has not complied with Ontario securities law to disgorge to the Commission "any amounts obtained as a result of the non-compliance" with Ontario securities law. In addition to the general factors for sanctioning, the Commission set out the following list of non-exhaustive factors to be taken into account when determining a disgorgement in *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("***Limelight***"):

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

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

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

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

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

(*Limelight*, *supra* at para. 52)

[68] Staff has the onus of proving, on a balance of probabilities, the amounts obtained by a respondent as a result of its non-compliance with the Act (*Limelight*, *supra* at para. 53). Staff submits that a total amount of $3,036,025.50 was obtained by selling the securities of SCI and ESI, which includes the net amounts raised from the sale of the land and solar panel products, along with the salary draws of Chaddock and the sales commissions of Baum and Strumos. To determine its requested disgorgement amount against Chaddock and the Corporate Respondents, as well as to avoid "double dipping", Staff deducted the amounts personally obtained by Chaddock, Baum and Strumos from the total amount of $3,036,025.50 (Transcript, October 24, 2013, p. 29, lines 7-16).

[69] Baum submits that in these circumstances, disgorgement of his commissions is not an appropriate or fair sanction. Strumos submits that a disgorgement order is not appropriate, especially since such an order is not necessary to ensure a specific or general deterrent effect. He submits that deterrence can be accomplished through the non-financial sanctions that Staff seeks and, at most, a modest financial penalty.

[70] Both Baum and Strumos submit that the total commissions they earned are modest wages for their roles in SCI during the Material Time. Baum received $151,181.50 in sales commissions during the Material Time and received plots of land in Concorde Village as a bonus. He submits that there is no evidence that he received any actual value for these plots.

[71] I agree with Staff's analysis of the amounts obtained and find that the following amounts were obtained by the Respondents as a result of their non-compliance with Ontario securities law, which are supported by my findings in the Merits Decision:

(a) a net amount of $2,234.792.50 from the sale of the Land Agreements;

(b) a net amount of $801,233 from the sale of the Solar Panel Agreements;

(c) $205,333.28 received by Chaddock;

(d) $151,181.50 in sales commissions for Baum; and

(e) $141,255.16 in sales commissions for Strumos.

[72] I note that neither ESI nor GSI had a bank account, and both operated from the same premises of SCI. In the Merits Decision, I found that until the summer of 2010, SCI did not engage in any other revenue producing business, apart from raising funds from the sale of the Land Agreements. In relation to the solar panel products, I found that the only way which ESI or GSI could pay back investors was to sell more Solar Panel Agreements, and that these companies had no other source of monies.

[73] I agree with Staff that it does not appear likely that investors in the land and solar panel arrangements will be able to obtain redress, given the dissipation of their funds and the fact that the bank account of SCI, through which funds of both arrangements were directed, had a balance of only $29,973.29 at the end of the Material Time.

[74] I am satisfied that based on a balance of probabilities a total of $3,036,025.50 was obtained by the Respondents as a result of their non-compliance with Ontario securities law.

[75] As discussed in paragraph 29, above, Chaddock submits that as an alternative to imposing monetary sanctions and costs against himself and the Corporate Respondents, the Commission allow Chaddock to "unwind" the land and solar panel arrangements. I am not prepared to make such an order, nor do I find that it is in the public interest to do so.

[76] Consequently, I find that Chaddock and the Corporate Respondents should be ordered to disgorge the entire $2,538,255.56 that they obtained as a result of their non-compliance. I also order that Chaddock, in his personal capacity, disgorge to the Commission $205,333.28, which he received from SCI during the Material Time.

[77] Regarding Baum and Strumos, I find that it is fair and proportionate to order partial disgorgement orders against them. As discussed above, Chaddock was the directing mind of the Corporate Respondents, whereas Baum and Strumos played subordinate roles to Chaddock in the arrangements. They were not directors or officers of the Corporate Respondents. It was Chaddock who initiated and created the Land Agreement and the Solar Panel Agreement products, along with drafting and reviewing related marketing material. I also accept their submissions that: 1) they believed in the representations of Chaddock that Land Agreements and the Solar Panel Agreements did not constitute securities; 2) lawyers had "signed off" on the land and

solar panel arrangements; and 3) they should have asked more questions of Chaddock regarding the mechanics behind the arrangements and the products they were selling.

[78] It would not be fair to impose full recovery or full disgorgement on either of these respondents. I also note that I dismissed Staff's allegation that the Respondents made prohibited representations contrary to subsection 44(2) of the Act. Staff acknowledges that the conduct underlying these breaches was not found to involve any kind of deliberate deceit, nor was it fraudulent or misleading (Transcript, October 24, 2013, p. 55, lines 16-18).

[79] As such, I order that Baum and Strumos disgorge an amount of $50,000 each.

[80] I order that any amounts paid to the Commission in satisfaction of the disgorgement orders made against the Respondents be designated for allocation or for use by the Commission, pursuant to subsection 3.4(2)(b) of the Act.

VI. COSTS ANALYSIS

[81] Pursuant to section 127.1 of the Act, the Commission may impose an order on a person or company to pay the costs of an investigation or hearing if the Commission is satisfied that the person or company has not complied with Ontario securities law or has not acted in the public interest.

[82] At paragraph 29 of *Re Ochnik* (2006), 29 O.S.C.B. 5917 ("***Ochnik***"), the Panel identified criteria that was considered by the Commission in past decisions when awarding costs. Rule 18.2 of the *Rules of Procedure* also sets out a number of factors that a Panel may consider in exercising its discretion to order costs pursuant to section 127.1 of the Act. Considering the submissions of the parties, the factors set out in *Re Ochnik* and in Rule 18.2 of the *Rules of Procedure*, I find the following factors especially relevant in my determination of costs:

(a) the Adjournment Request was granted and resulted in rescheduling the Sanctions and Costs Hearing to October 24, 2013;

(b) no new documents were filed as evidence by Chaddock in relation to his Adjournment Request;

(c) Chaddock's Application regarding a Notice of Constitutional Question was filed and served the day before the Sanctions and Costs Hearing, and was dismissed by the Commission;

(d) Baum cooperated with Staff and did not contest the facts put forth by Staff;

(e) Baum did not attend the Merits Hearing or the Sanctions and Costs Hearing, but he was represented by counsel in the latter;

(f) Strumos participated in a reasonable, informed and well-prepared manner;

(g) Strumos requested an extension for the Respondents to file and serve their written submissions, and such request was granted on July 24, 2013;

(h) Baum requested an extension to file and serve his written submissions, and such request was granted on August 20, 2013;

(i) the Notice of Hearing was issued by the Commission on March 30, 2012 to notify the Respondents that Staff would be seeking costs of the Commission investigation and the hearing; and

(j) Staff's allegation pursuant to subsection 44(2) of the Act was dismissed.

[83] Having reviewed Staff's Bill of Costs and having reviewed the parties' submissions, previous case law and the factors under Rule 18.2 of the *Rules of Procedure*, I find that it is appropriate to order Chaddock and the Corporate Respondents, jointly and severally, to pay $50,000 for costs, and that Baum and Strumos each pay $2,500 for costs.

VII. CONCLUSION

[84] For the reasons above, and I find that the orders for sanctions and costs set out below are appropriate and are in the public interest. They will serve as a specific and general deterrent by sending a message to both the Respondents and like-minded individuals that such conduct will result in meaningful sanctions by the Commission.

[85] I will issue a separate order giving effect to the decision on sanctions and costs, as follows:

[86] With respect to the Corporate Respondents, I hereby order:

(a) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that the Corporate Respondents shall cease trading in and acquiring securities for a period of 10 years;

(b) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to the Corporate Respondents for a period of 10 years;

(c) pursuant to clause 9 of subsection 127(1) of the Act, that the Corporate Respondents shall, jointly and severally with Chaddock, pay an administrative penalty of $200,000 as a result of their failure to comply with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(d) pursuant to clause 10 of subsection 127(1) of the Act, that the Corporate Respondent shall, joint and severally with Chaddock, disgorge to the Commission $2,538,255.56 obtained as a result of their non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(e) pursuant to section 127.1 of the Act, that the Corporate Respondents shall, jointly and severally with Chaddock, pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $50,000.

[87] With respect to Chaddock, I hereby order:

(a) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that Chaddock shall cease trading in and acquiring securities for a period of 10 years, with the exception that he may trade and acquire securities for his RRSP accounts after the administrative penalty at subparagraph 87(g) and disgorgement at subparagraph 87(h) ordered against him below are paid in full;

(b) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Chaddock for a period of 10 years, except as required to trade in or acquire securities in accordance with the exception provided above;

(c) pursuant to clause 6 of subsection 127(1) of the Act, that Chaddock be reprimanded;

(d) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Chaddock is ordered to resign any position he holds as a director or officer of any issuer, registrant or investment fund manager;

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

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

(g) pursuant to clause 9 of subsection 127(1) of the Act, that Chaddock shall, jointly and severally with the Corporate Respondents, pay an administrative penalty of $200,000 as a result of his failure to comply with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 10 of subsection 127(1) of the Act, that Chaddock shall, in his personal capacity, disgorge to the Commission $205,333.28 and shall, jointly and severally with the Corporate Respondents, disgorge to the Commission $2,538.255.56 obtained as a result of his non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(i) pursuant to section 127.1 of the Act, that Chaddock shall, jointly and severally with the Corporate Respondents, pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $50,000.

[88] With respect to Baum and Strumos, I hereby order:

(a) pursuant to clauses 2 and 2.1 of subsection 127(1) of the Act, that Baum and Strumos shall cease trading in and acquiring securities for a period of 5 years, with the exception that they may trade and acquire securities

for their RRSP accounts after the administrative penalties at subparagraph 88(g) and disgorgements at subparagraph 88(h) ordered against them below are paid in full;

(b) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Baum or Strumos for a period of 5 years, except as required to trade in or acquire securities in accordance with the exception provided above;

(c) pursuant to clause 6 of subsection 127(1) of the Act, that Baum and Strumos be reprimanded;

(d) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Baum and Strumos are ordered to resign any position they hold as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Baum and Strumos are prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for 5 years;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, that Baum and Strumos are prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of 5 years;

(g) pursuant to clause 9 of subsection 127(1) of the Act, that Baum and Strumos shall pay to the Commission an administrative penalty of $7,500 each as a result of their failure to comply with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 10 of subsection 127(1) of the Act, that Baum and Strumos shall disgorge to the Commission $50,000 each as a result of their non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(i) pursuant to section 127.1 of the Act, that Baum and Strumos shall pay costs incurred by the Commission in relation to the hearing in this matter in the amount of $2,500 each.

[89] I wish to thank Messrs. Safayeni and Graham who, through the Lawyers Assistance Program, very ably represented their clients Strumos and Baum. Their assistance was greatly appreciated by me and was helpful to their clients.

Dated at Toronto this 27th day of November, 2013.

“Alan Lenczner”

3.1.2 Global Consulting and Financial Services et al. – s. 127(1)

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES, GLOBAL CAPITAL GROUP,
CROWN CAPITAL MANAGEMENT CORP., MICHAEL CHOMICA, JAN CHOMICA and LORNE BANKS

REASONS AND DECISION
(Subsection 127(1) of the Securities Act)

Hearing:	In writing		
Decision:	November 26, 2013		
Panel:	Alan J. Lenczner, Q.C.	–	Commissioner and Chair of the Panel
Counsel:	Carlo Rossi	–	For Staff of the Commission
		–	No one appeared on behalf of Global Capital Group and Crown Capital Management Corp.

TABLE OF CONTENTS

REASONS AND DECISION

PART 1 – PROCEDURAL HISTORY

A. Introduction

[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 Global Capital Group ("**Global Capital**") and Crown Capital Management Corp. ("**Crown Capital**") breached the Act and acted contrary to the public interest.

[2] This proceeding was commenced by Notice of Hearing dated March 27, 2013 (the "**Notice of Hearing**") in connection with Staff's Statement of Allegations dated March 27, 2013 (the **"Statement of Allegations**") with respect to Global Consulting and Financial Services ("**Global Consulting**"), Global Capital, Crown Capital, Michael Chomica ("**Chomica**"), Jan Chomica and Lorne Banks ("**Banks**"). An Amended Statement of Allegations was filed by Staff on September 13, 2013.

[3] Staff alleges that the Respondents breached the section 25 (unregistered trading) and section 126.1(b) (fraud) of the Act, and that the Respondents' conduct was contrary to the public interest and harmful to the integrity of the Ontario capital markets.

[4] This matter also involves a temporary cease trade order (the "**Temporary Order**"). The Temporary Order was first issued on November 4, 2010 against several respondents, including Crown Capital. The Temporary Order was amended and extended from time to time. On June 24, 2013, the Commission ordered that the Temporary Order, as amended, be extended against several respondents, including Crown Capital, to two days following the conclusion of this proceeding, which was initiated by the Notice of Hearing, including the issuance of the Commission's decision on sanctions and costs.

[5] On July 17, 2013, the Commission approved a settlement agreement between Staff and Banks and made orders in the public interest against Banks.

[6] On August 6, 2013, the Commission approved a settlement agreement between Staff and Global Consulting and Jan Chomica and made orders in the public interest against Global Consulting and Jan Chomica.

[7] By Notice of Motion, Motion Record and written submissions dated August 14, 2013, Staff brought a motion for an order to convert the oral hearing on the merits as it related to Chomica, Crown Capital and Global Capital to a written hearing (the "**Motion**"). On September 4, 2013, the Commission granted the Motion and set a schedule for the filing of documents in connection with the written hearing.

[8] Staff also commenced a quasi-criminal proceeding before the Ontario Court of Justice (the "**Section 122 Proceeding**"). In connection with the Section 122 Proceeding, on February 14, 2013, the Ontario Court of Justice accepted a guilty plea by Chomica for three counts of fraud, contrary to sections 122 and 126.1(b) of the Act (the "**Guilty Plea**"). On March 14, 2013, the Ontario Court of Justice sentenced Chomica to 18 months of incarceration for the first count of fraud and two years each for the second and third counts of fraud, to be served concurrently (the "**Conviction**").

[9] Staff and Chomica subsequently requested an oral hearing pursuant to subsections 127(1) and 127(10) of the Act to consider an agreed statement of facts (the "**Section 127 Statement of Facts**") and a joint submission on sanctions (the "**Joint Submission on Sanctions**"). On October 2, 2013, pursuant to paragraph 1 of subsection 127(10) of the Act, I found that Chomica's Conviction formed the basis of an order in the public interest under subsection 127(1) of the Act. I found that Chomica fully accepted, agreed to and understood the facts and sanctions contained in the Section 127 Statement of Facts and the Joint Submission on Sanctions and made orders against Chomica in the public interest.

[10] I will not be making further analysis or findings with respect to the Global Consulting, Chomica, Jan Chomica or Lorne Banks. The following reasons and decision include my findings with respect to Global Capital and Crown Capital (collectively, the "**Respondents**").

PART 2 – OVERVIEW OF FACTS

[11] The following overview of the facts in this case is based on Chomica's "Statement of Facts for Guilty Plea".

[12] This proceeding arose from the discovery of three fraudulent advance-fee schemes being perpetrated from locations in Ontario by Chomica and others that targeted members of the public in Ontario and various jurisdictions outside Canada including the United Kingdom, Europe, Asia and Africa. Two of these schemes are defined below as the Global Capital Scheme and the Crown Capital Scheme.

[13] In an advance-fee fraud, investors are persuaded, on the basis of deceit, to make up-front payments in order to take advantage of an offer promising significantly more in return.

[14] Approximately USD $160,470 was raised from seven investors in connection with the Global Capital Scheme. These investors suffered a complete loss of their investment.

[15] A net total of USD $145,346.50 and CAD $109,426.60 was raised from 59 investors in connection with the Crown Capital Scheme. These investors also suffered a complete loss of their investment.

A. The Global Capital Scheme

[16] From approximately March 2010 to September 2010, Chomica and Banks, using aliases and purporting to act on behalf of Global Capital, solicited shareholders residing in Europe, the United Kingdom, Asia and Africa (the "**Global Capital Investors**") for the purpose of inducing them to make various payments as part of a fraudulent advance-fee scheme (the "**Global Capital Scheme**").

[17] The Global Capital Scheme was operated from Chomica's residential apartment located on Bloor Street East in Toronto. Chomica and other persons operating under his direction (the "Chomica Associates") made solicitations to the Global Capital Investors in connection with the Global Capital Scheme from the Bloor Street Address.

[18] The Global Capital Scheme involved an artificial offer to exchange shares in Dixon, Perot & Champion Inc. (the "**DP&C Shares**") owned by the Global Capital Investors for shares in Microsoft Inc. (the "**Microsoft Shares**"). The DP&C Shares were virtually worthless and illiquid at the time of the solicitations; however, the Global Capital Investors were told that Global Capital valued them at prices ranging from USD $6 to $14, whereas the Microsoft Shares were valued at prices ranging from USD $24 to $27.

[19] As part of the Global Capital Scheme, the Global Capital Investors were informed by Chomica and the Chomica Associates that they had to make certain payments in order to complete the transactions. The payments were purportedly necessary in order to cover the difference in value between the DP&C Shares and the Microsoft Shares. However, once this initial payment was made, the Global Capital Investors were solicited by Chomica and the Chomica Associates for additional payments to cover taxes and various other costs.

[20] The Global Capital Investors were instructed by Chomica and the Chomica Associates to send the funds representing the advance fees to the account of Commonwealth Capital Corp., an Isle of Man corporation, at the Bank of Nevis in St. Kitts and Nevis.

[21] Seven Global Capital Investors paid advance-fees totaling USD $160,470 to the Commonwealth Bank Account as a result of the solicitations noted above. The majority of the funds that were transferred to the Commonwealth Bank Account by the Global Capital Investors were then transferred to bank accounts that were in the name of Global Consulting, which were under the control of Chomica.

[22] The majority of the funds deposited into the Global Consulting Bank Accounts were withdrawn as cash. Jan Chomica carried out transactions in the Global Consulting Bank Accounts at Chomica's direction.

B. The Crown Capital Scheme

[23] From approximately March 2010 to November 2010, Chomica and the Chomica Associates solicited shareholders residing primarily in Ontario (the "**Crown Investors**") for the purpose of inducing them to make various payments as part of a fraudulent advance-fee scheme (the "**Crown Capital Scheme**"). When making solicitations to investors, Chomica and the Chomica Associates used aliases and purported to act on behalf of Crown Capital and a sole proprietorship named Kuti Consulting.

[24] The Crown Capital Scheme was operated from the Bloor Street Address. Chomica and the Chomica Associates made the solicitations to the Crown Investors in connection with the Crown Capital Scheme from the Bloor Street Address.

[25] The Crown Capital Scheme involved an artificial offer to purchase shares owned by the Crown Investors at inflated prices. As part of the Crown Capital Scheme, the Crown Investors were informed by Chomica and the Chomica Associates that they had to make certain payments in order to complete the transactions. The initial payments were purportedly to cover commissions. However, once the Crown Investors made these payments, Chomica and the Chomica Associates advised the Crown Investors that the intended purchaser of their shares had encountered financial difficulties and instead wished to exchange Microsoft Shares for the shares held by the Crown Investors.

[26] The Crown Investors were then directed to make additional payments that were purportedly necessary to cover the difference in value between the Crown Investors' shares and the Microsoft Shares.

[27] The shares held by the Crown Investors were virtually worthless and illiquid at the time of the solicitations; however, Chomica and the Chomica Associates told the Crown Investors that Crown Capital had valued them at prices ranging from USD $5 to $7.50, whereas the Microsoft Shares were valued at or around USD $23.

[28] The Crown Investors were instructed by Chomica and the Chomica Associates to send the funds representing the advance fees to bank accounts in Toronto in the name of Crown Capital and Kuti Consulting (the "**Crown Bank Accounts**").

[29] The Crown Bank Accounts were opened by Peter Siklos ("**Siklos**") using an Ontario driver's license bearing the name "Peter Kuti" (the "**Kuti License**"). The Kuti License was obtained using false identification. "Peter Kuti" was the sole signatory on the Crown Bank Accounts.

[30] Fifty-nine Crown Investors paid advance fees totaling USD $145,346.50 and CAD $109,426.60 (net of deposits that were rejected and returned to the complainants) as a result of the solicitations outlined above.

[31] The majority of the funds deposited into the Crown Bank Accounts by the Crown Investors were withdrawn as cash and/or used to purchase gold.

[32] As discussed in paragraph 8, above, Chomica pled guilty to three counts of fraud, which involved the Global Capital Scheme and the Crown Capital Scheme.

C. The Respondents

[33] Global Capital is a sole proprietorship registered in Ontario on March 15, 2010 to "Jalil Khan".

[34] Crown Capital is an Ontario corporation that was incorporated on June 11, 1992. Chomica was a director and officer of Crown Capital from the date of its incorporation until April 30, 2010 when an individual named "Peter Kuti" became the sole officer and director of Crown Capital.

[35] Neither Global Capital nor Crown Capital have ever been registered in any capacity with the Commission.

[36] The Respondents both used the address of a virtual office as their official address and neither currently has a valid address for service.

PART 3 – PRELIMINARY ISSUES

A. Failure of the Respondents to Participate

[37] Subsection 6(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**") requires that the parties to a Commission proceeding be given reasonable notice of the hearing. Subsection 7(1) of the SPPA, permits a tribunal to proceed in the absence of a party when that party has been given notice of the hearing. Similarly, subsection 7(2) of the SPPA permits a tribunal to proceed where notice of a written hearing has been given and the party fails to participate. Further, Rule 7.1 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "***Rules of Procedure***") 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.

[38] Staff filed several Affidavits of Service with the Commission to demonstrate service of materials on the Respondents, including the Affidavit of Nancy Poyhonen sworn April 15, 2013, demonstrating service of the Notice of Hearing and the Statement of Allegations. After the Commission decided that it was evident that service on Crown Capital and Global Capital was not possible, on June 24, 2013, the Commission ordered that future service on the Respondents was waived, pursuant to Rule 1.4 and Rule 1.5.3(3) of the *Rules of Procedure*.

[39] Neither of the Respondents filed evidence or made submissions for the written hearing. I note that the Notice of Hearing dated March 27, 2013, the Statement of Allegations dated March 27, 2013, the Amended Statement of Allegations dated September 13, 2013 and the Commission's Order dated September 4, 2013, setting the schedule for the written hearing, are posted on the Commission's website. I am satisfied that I may proceed in the absence of the Respondents in accordance with section 7 of the SPPA and Rule 7.1 of the *Rules of Procedure*.

PART 4 – EVIDENCE AND ISSUES

[40] Staff filed its written submissions dated October 9, 2013 ("**Staff's Written Submissions**"), along with the Affidavit of Anthony Long sworn October 8, 2013 (the "**Long Affidavit**") and the Affidavit of Tia Faerber sworn October 9, 2013. Anthony Long is a senior forensic accountant in the Enforcement Branch of the Commission, and, since the summer of 2011, he was the primary investigator in this matter. Staff relies on the Long Affidavit as its complete factual and evidentiary record for its submissions in this hearing.

[41] As previously discussed above, the Respondents did not make any submissions or file any evidence for this written hearing.

[42] Staff's allegations raise the following issues:

(a) Did the Respondents engage in or hold themselves as engaging in the business of trading in securities, without registration, in circumstances where no registration exemption under Ontario securities law was available, contrary to subsection 25(1) of the Act and contrary to the public interest? and

(b) Did the Respondents, directly or indirectly, engage in or participate in any act, practice or course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on investors, contrary to subsection 126.1(b) of the Act and contrary to the public interest?

PART 5 – ANALYSIS

[43] Staff must prove its allegations on the balance of probabilities (*Re Sunwide Finance Inc.* (2009), 32 O.S.C.B. 4671 at paragraphs 26 to 28, applying *F. H. v. McDougall*, 2008 SCC 53 ("***McDougall***")). This is the civil standard of proof. I must scrutinize the evidence with care and be satisfied whether it is more likely than not that the allegations occurred (*McDougall*, *supra* at paragraph 49).

A. Section 25 of the Act

[44] The current subsection 25(1) of the Act came into force on September 28, 2009. The section provides that a 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 is registered with the Commission:

> 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 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.

[45] The definition of "security" in section 1(1) of the Act is broad; however, for the purposes of this matter it is sufficient to note that part (e) of the definition expressly notes that "a share" is a security for the purposes of the Act.

[46] The definition of "trade" or "trading" in section 1(1) of the Act is also broad and 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,
>
> . . .
>
> (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of the foregoing;

[47] From my review of Staff's submissions, there was no record that Global Capital or Crown Capital were ever registered in any capacity with the Commission, nor was there any evidence that any registration exemptions under Ontario securities law were available to them. Chomica and the Chomica associates solicited investors, on behalf of the Respondents, to send funds as part of transactions involving the sales and exchanges of shares.

[48] I am satisfied that Global Capital and Crown Capital, respectively, engaged in or hold themselves as engaging in the business of trading in securities, without registration, in circumstances where no registration exemption under Ontario securities law was available, contrary to subsection 25(1) of the Act and contrary to the public interest.

B. Section 126.1(b) of the Act

1. The Law

[49] Section 126.1 of the Act prohibits conduct relating to Securities that a person or company knows or reasonably ought to know would perpetrate a fraud:

> A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that the person or company knows or reasonably ought to know,
>
> …
>
> (b) perpetrates a fraud on any person or company.

[50] As the term "fraud" is not defined in the Act, the Commission has looked to the common law consideration of the fraud provision of the *Criminal Code of Canada*, R.S.C., 1985, c. C-46, subsection 380, for its meaning. A similar approach has been applied to the fraud provisions of other Securities legislation; see, for example, *Alberta (Securities Commission) v. Brost*, 2008 ABCA 326 ("***Brost***") at para. 42; *Anderson v. British Columbia (Securities Commission)*, 2004 BCCA 7 at para. 27, leave to appeal dismissed, 2004 SCCA No 81; *Lehman Brothers & Associates Corp.* (2011), 34 O.S.C.B. 13840 at paras. 96-98; *Re Nest Acquisitions and Mergers* (2013), 36 O.S.C.B. 4628 at paras. 52-63.

[51] The *actus reus* elements of the offence of fraud were set out by the Supreme Court of Canada in *R. v. Théroux*, [1993] 2 S.C.R. 5 ("***Théroux***"). Citing *R. v. Olan*, [1978] 2 S.C.R. 1175, Justice McLachlin (as she then was) noted that the prohibited act will be established upon proof of two essential elements: a dishonest act and deprivation (*Théroux*, *supra* at para. 16).

[52] The first element, the dishonest act, is established by proof of deceit, falsehood, or "other fraudulent means". The Supreme Court of Canada in *Théroux* held that the existence of "other fraudulent means" will be determined by "what reasonable people consider to be dishonest dealing" (*supra* at para. 16).

[53] The second element, deprivation, is established by proof of detriment, prejudice, or risk of prejudice to the economic interests of the victim, caused by the dishonest act (*Théroux*, *supra* at paras. 16 and 27).

[54] The requisite mental elements of proof for the offence of fraud (the *mens rea*) were also set out by the Supreme Court of Canada in *Théroux*. The Court held that 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).

(*Théroux*, *supra* at para. 27)

[55] The Court reiterated the observation that subjective intention may be inferred from the acts themselves and, further, that it is not necessary for the Crown to show precisely what is in the mind of the accused at the time of the fraudulent acts:

> … The accused must have subjective awareness, at the very least, that his or her conduct will put the property or economic expectations of others at risk. As noted above, this does not mean that the Crown must provide the trier of fact with a mental snapshot proving exactly what was in the accused's mind at the moment the dishonest act was committed. In certain cases, the inference of subjective knowledge of the risk may be drawn from the facts as the accused believed them to be… [W]here the accused tells a lie knowing others will act on it and thereby puts their property at risk, the inference of subjective knowledge that the property of another would be put at risk is clear.
>
> (*Théroux*, *supra* at paras. 23 and 29)

[56] The Alberta Court of Appeal in *Brost*, at paragraphs 42 and 43, confirmed that it is appropriate to draw an inference as to the requisite subjective mental element from the totality of the evidence.

[57] The Commission has held that for a corporation, it is sufficient to show that its directing minds knew or reasonably ought to have known that the corporation perpetrated a fraud to prove a breach of subsection 126.1(b) of the Act (*Re Al-Tar* (2010), 33 O.S.C.B. 5535 at para. 221; *Re Ciccone* (2013), 36 O.S.C.B. 6487 at para. 74).

2. Findings

[58] Based on my review of Staff's submissions and the evidence contained in the Long Affidavit, I am satisfied that the facts of this case establish both a dishonest act and deprivation. The purported exchange of the Global Capital Investors' shares never occurred. In terms of the Crown Capital Scheme, the purported purchase and/or exchange of the Crown Investors' shares also never occurred. Both the Global Capital Investors and the Crown Investors never received any Microsoft Shares and they suffered a complete loss of the amounts paid towards the advance fees.

[59] There was also no evidence that the Respondents engaged in any legitimate business activities. In my view, Global Capital and the Crown Capital were solely used to perpetrate a fraud and were part of an artifice designed solely to extract money from investors.

[60] As discussed above at paragraph 8, Chomica entered into a guilty plea with the Ontario Superior Court of Justice. In his Statement of Facts for his guilty plea, he admitted to being the directing mind of the Global Capital Scheme and of the Crown Capital Scheme. In the Guilty Plea, Chomica plead guilty to three counts of fraud, contrary to sections 122 and 126.1(b) of the Act. In the Section 127 Statement of Facts, Chomica agreed that his convictions for fraud arose from "transactions, business and a course of conduct relating to securities and constituted non-compliance with Ontario securities law".

[61] I find that Chomica was the directing mind of the Respondents from March 2010 to November 2010. I also find that the necessary mental element of fraud was present in that the directing mind, Chomica, knew or ought reasonably to have known that the two corporations perpetrated a fraud.

[62] I am satisfied that, on a balance of probabilities, Staff has proven the *actus reus* and *mens rea* of fraud. Consequently, I find that the Respondents engaged in or participated in an act, practice or course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on the Global Capital Investors and the Crown Investors, contrary to subsection 126.1(b) of the Act and contrary to the public interest.

PART 6 – SANCTIONS

[63] The Commission's mandate, set out in section 1.1 of the Act, is: (a) to provide protection to investors from unfair, improper or fraudulent practices; and (b) to foster fair and efficient capital markets and confidence in capital markets. In pursuing the purposes of the Act, the Commission must have regard to the principles described in subsection 2.1 of the Act, namely:

(a) requirements for timely, accurate and efficient disclosure of information;

(b) restrictions on fraudulent and unfair market practices and procedures; and

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

[64] Subsection 127(1) of the Act provides that the Commission may make certain orders in the public interest. In making an order in the public interest under section 127 of the Act, the Commission's jurisdiction should be exercised in a protective and preventative manner. As expressed in *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600 at 1610-1611:

> We are not here to punish past conduct; that is the role of the courts … We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient.

[65] This view was endorsed by the Supreme Court of Canada in the following terms:

> … the purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the [Commission] under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets.
>
> (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37 at para. 43)

[66] In determining appropriate sanctions, the Commission has identified a number of factors to be considered when determining the appropriate sanctions to be imposed. They include:

(a) the seriousness of the allegations proved;

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

(c) the level of a respondent's activity in the marketplace;

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

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

(f) the size of any profit (or loss avoided) from the illegal conduct;

(g) the restraint any sanctions may have on the ability of a respondent to participate without check in the capital markets; and

(h) any mitigating factors.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746; *Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Div. Ct.) at para. 58; *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 at 1134-1136)

[67] The Supreme Court of Canada has held that it is appropriate for the Commission to consider general deterrence in crafting sanctions which are designed to preserve the public interest. The Court stated that the "weight given to general deterrence will vary from case to case and is a matter within the discretion of the Commission" (*Re Cartaway Corp.*, [2004] 1 S.C.R. 672 at paras. 60 and 64).

A. Staff's Submissions on Sanctions

[68] Staff submit that at the time Staff obtained the records linked to the Crown Bank Accounts, the funds had almost all been disbursed. However, Staff identified that one of the accounts held at Duca Financial Services Credit Union ("**Duca**") had a balance of $23,346 on November 9, 2010. In his affidavit, Long submits that this account received a total of $41,491 from nine individuals, all of whom were confirmed as victims of the Crown Capital Scheme. Long also submits that the only other deposit to this account was from an external source of $102, deposited by an individual named "Peter Kuti" (Long Affidavit, *supra* at para. 76).

[69] On November 9, 2010, the Commission issued a direction pursuant to subsection 126(1) of the Act, requiring that Duca retain all funds in the bank account of Crown Capital that was held by Duca (the "**Crown Duca Account**"). The Freeze Direction was extended by the Ontario Superior Court of Justice on November 16, 2010, April 28 and August 31, 2011, February 28, 2012 and, most recently, on August 27, 2012. On August 27, 2012, the Ontario Court of Justice ordered that the Freeze Direction be continued until October 31, 2013 or until such further order of the court.

[70] Staff submits the following with respect to sanctions:

(a) it is appropriate to permanently ban the Respondents from any participation in the Ontario capital markets;

(b) an order that Crown Capital disgorge to the Commission USD $144,346.50 and CAD $109,426.60 obtained as a result of its non-compliance with Ontario securities law; and

(c) Staff requests that the Commission make an express finding that the funds in the Crown Duca Account were obtained in breach of the Act and to permit Staff to take measures to have the funds in the account forfeited.

(Staff's Written Submissions, supra at paras. 134, 136, 137)

[71] Staff submits that it is unaware of any additional assets in Ontario in the names of either Respondent and, therefore, Staff does not seek any other financial sanctions, apart from those listed above at paragraph 70, against the Respondents.

B. Analysis

[72] Having regard to the factors that are summarized in paragraph 66 above, I consider the following factors to be of particular relevance:

- *Seriousness of the allegations & size of profit (or loss avoided):* I agree with Staff's submission that the Respondents' conduct was contrary to the public interest and harmful to the integrity of the Ontario capital markets. The Respondents' misconduct breached sections 25 and 126.1(b) of the Act, and the latter of which constituted a serious finding of fraud. The Global Capital Scheme raised a net total of USD $160,470 from seven investors, while the Crown Capital Scheme raised a total of USD $145,346.50 and CAD $109,426.60 from 59 investors. Investors subject to both of these schemes suffered a complete loss of their investment, and most of the funds were withdrawn as cash and/or used to purchase gold.

- *Experience & level of activity in the marketplace:* The level of the Respondents' activities in the marketplace and the amounts raised by the Respondents were significant. In a span of nine months, the Respondents were able to obtain a substantial sum of money from investors through two fraudulent schemes.

- *Specific and general deterrence:* The evidence has shown that the Respondents not only flagrantly disregarded the requirements of Ontario securities law, but also acted contrary to the public interest. Given the seriousness of their conduct, significant sanctions must be imposed to not only reflect the harm done to investors, but also to send a message to the Respondents and to like-minded individuals that involvement in these types of illegal and fraudulent schemes will result in severe sanctions.

[73] Taking into account the sanctioning factors listed in paragraph 66, above, and the circumstances of the Respondents, I find that it is in the public interest to permanently restrain the Respondents from any future market participation. I conclude that it is in the public interest to impose permanent trading, acquisition and exemption bans against the Respondents.

[74] Pursuant to paragraph 10 of subsection 127(1) of the Act, the Commission may order a person or company who has not complied with Ontario securities law to disgorge to the Commission "any amounts obtained as a result of the non-compliance" with Ontario securities law. The Commission has previously held that "all money illegally obtained from investors can be ordered to be disgorged, not just the 'profit' made as a result of the activity." (*Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("***Limelight***") at para. 49).

[75] In *Limelight*, the Commission held that it should consider the following factors when contemplating a disgorgement order, in addition to the general factors listed at paragraph 66 above:

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

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

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

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

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

(*Limelight*, *supra* at para. 52)

[76] Based on Staff's written submissions and filed evidence, I find that Staff has proven the onus, on a balance of probabilities, that the amounts of USD $145,346.50 and CAD $109,426.60 were obtained by Crown Capital as a result of its non-compliance with the Act (*Limelight*, *supra* at para. 53). I also find that the funds in the Crown Duca Account were obtained by Crown Capital as a result of its non-compliance with the Act. I find that it is in the public interest that Crown Capital be ordered to disgorge the entire amounts it obtained as a result of its non-compliance with the Act.

[77] I order that any amounts paid to the Commission in satisfaction of the disgorgement order made against Crown Capital be designated for allocation or for use by the Commission, pursuant to subsection 3.4(2)(b) of the Act.

PART 7 – CONCLUSION

[78] For the reasons stated above I find that:

(a) Global Capital engaged in or held itself as engaging in the business of trading in securities, without registration, in circumstances where no registration exemption under Ontario securities law was available, contrary to subsection 25(1) of the Act and contrary to the public interest;

(b) Crown Capital engaged in or held itself as engaging in the business of trading in securities, without registration, in circumstances where no registration exemption under Ontario securities law was available, contrary to subsection 25(1) of the Act and contrary to the public interest;

(c) Global Capital, directly or indirectly, engaged in or participated in an act, practice or course of conduct relating to securities that it knew or reasonably ought to have known perpetrated a fraud on investors, contrary to subsection 126.1(b) of the Act and contrary to the public interest; and

(d) Crown Capital, directly or indirectly, engaged in or participated in an act, practice or course of conduct relating to securities that it knew or reasonably ought to have known perpetrated a fraud on investors, contrary to subsection 126.1(b) of the Act and contrary to the public interest.

[79] For the reasons set out above, I find that it is necessary to protect investors in Ontario and the integrity of Ontario's capital markets, and that it is in the public interest, to make the orders set out below.

[80] I will issue a separate order giving effect to my decision on sanctions as follows:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, that Crown Capital and Global Capital shall permanently cease trading in any securities;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, that Crown Capital and Global Capital shall permanently cease the acquisition of any securities;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Crown Capital and Global Capital permanently; and

(d) pursuant to clause 10 of subsection 127(1) of the Act, that Crown Capital shall disgorge to the Commission the amounts of USD $145,346.50 and CAD $109,426.60, which were obtained as a result of its non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act.

Dated at Toronto this 26th day of November, 2013.

"Alan Lenczner"

3.1.3 Sterling Grace & Co. Ltd. and Graziana Casale – s. 8(4)

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

AND

IN THE MATTER OF
STERLING GRACE & CO. LTD. AND GRAZIANA CASALE

REASONS AND DECISION ON A STAY MOTION
(Subsection 8(4) of the Act)

Hearing:	November 26, 2013		
Decision:	November 27, 2013		
Panel:	Mary G. Condon	–	Vice-Chair
Appearances:	Melissa J. MacKewn Natalia Vandervoort	–	For Sterling Grace & Co. Ltd. and Graziana Casale
	Michelle Vaillancourt Mark Skuce Michael Denyszyn	–	For Staff of the Commission

TABLE OF CONTENTS

REASONS AND DECISION ON A STAY MOTION

I. THE APPLICATION

[1] On November 18, 2013, a Deputy Director of the Compliance and Registrant Regulation branch of the Ontario Securities Commission (the "**Commission**") issued a decision with respect to the registration of Sterling Grace & Co. Ltd. ("**Sterling Grace**") and Graziana Casale ("**Casale**") that:

(a) the registration of Sterling Grace is suspended permanently;

(b) the registration of Casale as ultimate designated person and chief compliance officer is suspended permanently;

(c) the registration of Casale as a dealing representative be suspended, and that she not be permitted to apply for reinstatement for a period of two years;

(d) Casale successfully complete the Conduct and Practices Handbook Course before applying for reinstatement of registration;

(e) Casale be subject to one year of strict supervision in the event her registration is reinstated; and

(f) Casale shall not be a permitted individual of a registered firm for a period of five years.

(the "**Director's Decision**")

[2] Sterling Grace and Casale (together, the "**Applicants**") have requested a hearing and review of the Director's Decision by the Commission pursuant to s. 8(2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") (the "**Hearing and Review**") and, pursuant to s. 8(4) of the Act, request a stay of the Director's Decision pending the disposition of the Hearing and Review.

[3] In addition, the Applicants request that an Investor Alert posted on the Commission's website on November 19, 2013 following the issuance of the Director's Decision (the "**Investor Alert**") be taken down from the Commission's website and that a retraction be posted by the Commission.

[4] Staff of the Commission ("**Staff**") opposes the Applicant's request.

[5] These are my reasons and decision on the Applicant's request for (i) an interim stay pending the disposition of the Hearing and Review and (ii) the retraction of the Investor Alert.

II. ANALYSIS

A. Stay of the Director's Decision

[6] Subsection 8(4) of the Act permits the Commission to grant a stay of a decision of the Director pending the disposition of a hearing and review:

> 8. (4) Despite the fact a person or company requests a hearing and review under subsection (2), the decision under review takes effect immediately, but the Commission may grant a stay until disposition of the hearing and review.

[7] Both Staff and the Applicants agree that the test to be applied for consideration of a request for an interim stay is the three-stage test set out by the Supreme Court in *RJR-MacDonald Inc. v. Canada (Attorney General)*, [1994] 1 S.C.R. 311 ("***RJR-MacDonald***"):

1. Is there a serious question to be tried?

2. Would the Applicants suffer irreparable harm if the application were refused?

3. Does the balance of inconvenience favour the granting or refusal of a stay?

[8] I apply these elements of the test below.

1. Is there a serious issue to be tried?

[9] There is a low threshold to be met for this first stage of the test, which requires a preliminary assessment of the merits of the case (*RJR-MacDonald*, *supra* at para. 49). The Supreme Court directs that "[o]nce satisfied that the application is neither vexatious nor frivolous, the motions judge should proceed to consider the second and third tests, even if of the opinion that the plaintiff is unlikely to succeed at trial" (*RJR-MacDonald*, *supra* at para. 50).

[10] The Applicants submit that there is a serious issue to be tried in this case. They submit that their application for a hearing and review is neither frivolous nor vexatious and that they are asserting their statutory right for a hearing and review.

[11] Meanwhile, Staff submits that a review of the extent of the deficiencies identified in the Director's Decision leads to a conclusion that there is no serious issue to be tried on Hearing and Review.

[12] The grounds for review asserted by the Applicants' in their request for a hearing and review include, amongst other things, a lack of adequate reasons in the Director's Decision and failure to give due consideration and weight to evidence submitted by the Applicants. Without consideration of the Director's Decision, I find that the grounds asserted by the Applicants for a Hearing and Review establish a basis on which the Director's Decision could be overturned.

[13] I therefore find that the Applicants' request for a hearing and review is not frivolous or vexatious and that there is a serious issue to be tried at the Hearing and Review of the Director's Decision.

2. Will the Applicants suffer irreparable harm if a stay is not granted?

[14] The Applicants argue that they will suffer irreparable harm if a stay is not granted. They submit that the immediate effect of the Director's Decision is to shut down Sterling Grace and that if a stay is not granted, the practical reality is that the Hearing and Review will be rendered a nullity.

[15] The Applicants note that in *RJR-MacDonald*, the Supreme Court considered irreparable harm to include (i) a party being put out of business by the decision and (ii) a party suffering irrevocable damage to its business reputation (at para. 59), both of which the Applicants submit will occur in this case absent a stay of the Director's Decision.

[16] The Applicants further refer to a stay decision of the Ontario Licence Appeal Tribunal, *Re Abdul-Hussein (c.o.b. B & A Auto Sale)*, [2001] O.L.A.T.D. No. 248 ("***Abdul-Hussein***"). In that case, the applicant applied for a stay of a decision to revoke his registration as a motor vehicle dealer pending an appeal. In considering the second factor of the *RJR-MacDonald* test, the tribunal stated, "… a stay should be granted in cases where a decision in effect shuts down a business, and a stay should be granted to preserve the business as an ongoing concern until such time as the Applicant has had his appeal heard. To decide otherwise would be to render the Applicant's right to appeal moot" (*Abdul-Hussein*, supra at para. 25). The Applicants submit that for their statutory right to a hearing and review to be meaningful, a stay should be granted to prevent the effective shutdown of the business of Sterling Grace prior to the Hearing and Review.

[17] Staff submits that the Applicants will not suffer irreparable harm for the following reasons:

(a) The Applicants' trading history is short – Sterling Grace only began carrying on business as a dealer in recent years and Casale effectively started working through an exempt market dealer in 2011;

(b) Casale has other marketable skills and will be able to engage in remunerative activity that does not require her to be registered, as she did prior to her registration, as well as subsequent to the establishment of her active dealership business in 2011; and

(c) It should not be presumed that the Applicants will suffer irreparable harm due to a loss of clients. Sterling Grace sells illiquid investment products that clients hold until maturity and the client relationship in many cases will be a one-time transaction, as opposed to the type of ongoing interaction and provision of investment services typical of portfolio managers.

[18] Staff further submits that the Applicants have not provided sufficient evidence to support their claim that refusal to grant a stay would eliminate Casale's livelihood. Staff refers to the decision of the British Columbia Securities Commission (the "**BCSC**") in *Re Hauchecorne*, 1999 LNBCSC 52 ("***Hauchecorne***"), in which the BCSC considered an application to stay penalties imposed by a hearing panel of the Vancouver Stock Exchange pending a hearing and review. Relying on a British Columbia Court of Appeal Decision, *Huber v. British Columbia (Securities Commission)* (1993), 3 C.C.L.S. 88, the BCSC found that the vague description in the applicant's affidavit of the harm that would be caused by loss of employment fell below the level of evidence required to determine whether there would be irreparable harm. On the question of irreparable harm, the BCSC concluded:

> We have received no evidence whatsoever about Hauchecorne's assets, liabilities, expenses, other sources of income, skills or other employment prospects. As a result, because of a lack of evidence, we are unable to conclude that not granting the stay would cause him irreparable harm.
>
> (*Hauchecorne*, *supra* at pages 4-5)

[19] I am mindful of the Supreme Court's direction regarding assessment of irreparable harm in *RJR-MacDonald* at paragraphs 58 and 59:

> At this stage, the only issue to be decided is whether a refusal to grant relief could so adversely affect the applicants' own interests that the harm could not be remedied if the eventual decision on the merits does not accord with the result of the interlocutory application.
>
> "Irreparable" refers to the nature of the harm suffered rather than its magnitude. It is harm which either cannot be quantified in monetary terms or which cannot be cured, usually because one party cannot collect damages from the other. …

[20] In the present circumstances I accept the Applicants' submission that immediate enforcement of the permanent suspension of their registration will have a deleterious effect on Casale's income and ability to earn a living. I note that, in addition to being the ultimate designated person and chief compliance officer, Casale is the sole dealing representative and sole shareholder of Sterling Grace. While it is possible that the Applicants may be able to recover their clients following a positive outcome of the Hearing and Review, I am prepared to accept their submission that referring current clients to competitor exempt market dealers for the period of time before the Hearing and Review could have a significant effect on their continuing business.

3. The balance of inconvenience and public interest considerations

[21] This limb of the test requires a consideration of which of the parties will suffer the greater harm from the granting or refusal to grant a stay pending the Hearing and Review. *RJR-MacDonald* establishes that, as far as Staff is concerned, the onus of demonstrating irreparable harm to the public interest is less than that of a private applicant in cases involving a public authority (*RJR-MacDonald*, *supra* at paras. 62 and 71).

[22] The Applicants point to a number of factors that they submit support a finding that the balance of convenience favours the granting of a stay, including:

(a) Sterling Grace does not take custody of client funds;

(b) For the 11 months between the initiation of a compliance review and the issuance of the Director's Decision, no terms or conditions were placed on the Applicant's registration;

(c) The Applicants are unaware of any investor complaints or losses;

(d) Sterling Grace has had no capital deficiencies since May 2012; and

(c) The Applicants have undertaken positive changes with a view to addressing compliance issues, including revisions to Sterling Grace's Know-Your-Client form.

[23] The Applicants assert that harm to their reputation has already occurred as a result of the posting of the Investor Alert and resulting media coverage. They submit that a consideration of the relative harm to the Applicants and to the public interest should result in the granting of a stay to prevent further irreparable harm to the Applicants, and to prevent their right to a hearing and review from being rendered moot. Further, the Applicants submit that their clients will be both prejudiced and disrupted if the Director's Decision is not stayed for a brief period of time.

[24] Staff raises public interest concerns in permitting the Applicants to continue to trade in the interim period before the Hearing and Review and submits that no evidence has been provided that Sterling Grace's clients will be prejudiced or harmed in any way if a stay is not granted. They submit that given the deficiencies found by the Director, investor protection considerations require that the balance of convenience favours not granting a stay.

[25] Staff refutes the Applicant's assertions that a stay is required to prevent irreparable harm and submits that if a stay is not granted Casale will still be able to pursue other business activities in the capital markets, as she has done in the past, and will be able to provide services to her clients not requiring registration. Staff refers to the BCSC's decision in *Re Foresight Capital Corp.*, 2001 LNBCSC 765 in which the BCSC found that the company requesting a stay of a director's decision "… is, of course, entitled to have the Director's decision reviewed, but, to obtain a stay, it must show something more than mere inconvenience or disruption of its business" (at para. 13). In that case, the BCSC found that the applicant had not met that standard and determined that the balance of convenience favoured leaving the decision in place.

[26] I am guided by a Commission decision of earlier this year in which the Commission granted a request for a stay pending a hearing and review, subject to certain terms and conditions which were intended to protect the investors in that firm; *Re White* (2013), 36 O.S.C.B. 1063 ("***White***"). The Applicants submit that, similar to this case, the *White* matter concerned a Director's decision on issues of Know-Your-Client, suitability and compliance deficiencies. Staff urges me to distinguish *White* from the case at hand on the grounds that the Director's Decision in the present case included findings of misleading Staff, which were not part of the decision in *White*, as well as serious findings with respect to the Know-Your-Product requirements.

[27] While I understand Staff's public interest concerns based on the findings in the Director's Decision, I note that these findings will be the subject matter of the Hearing and Review. In the circumstances of this case, I am not satisfied that there is sufficient harm to the public interest to outweigh the harm that may be suffered by the Applicants in the short term if an interim stay is not granted. My conclusion here is based in part on the Applicants' assurances that they are prepared to include a link to the Director's Decision on the Sterling Grace website and to direct new and existing clients to it so that those clients will be aware of the Director's findings.

[28] Further, I note that the parties submitted at the hearing that they are seeking to schedule dates for the Hearing and Review in January or February of 2014. Given that the Director's Decision would be stayed for a period of less than three months, and given the specific circumstances of the Applicants and the assurances they have provided, I find that the balance of inconvenience and public interest considerations weigh in favour of granting a stay.

4. Conclusion with respect to the stay request

[29] Having considered the three issues above, I conclude that a conditional interim stay should be granted in this case. My decision to order that the Director's Decision be stayed pending the Hearing and Review is conditional on the Applicants providing a link on the Sterling Grace website to the Director's Decision as well as their providing all new and existing clients with a copy of the Director's Decision.

B. The Investor Alert

[30] The Investor Alert notes that effective the date of the Director's Decision, the Applicants' registration has been suspended and the Applicants may no longer sell securities to investors. The Investor Alert alerts investors not to purchase securities from the Applicants.

[31] The Applicants have expressed concern that the Investor Alert has already caused reputational damage. They seek its removal from the Commission website along with the posting of a retraction noting the Investor Alert has been retracted and a stay has been issued pending the Hearing and Review.

[32] The effect of the Director's Decision was immediate and the Investor Alert correctly characterizes the status of the Applicants' registration at the date of its issuance. However, as acknowledged by Staff at the stay hearing, the removal of the Investor Alert from the Commission's website flows from a decision to grant a conditional stay of the Director's Decision pending the Hearing and Review, inasmuch as the Applicants' registration is not suspended in the interim period.

[33] I therefore find that the Investor Alert should be removed from the Commission's website forthwith upon release of this Decision. I do not find there are grounds to issue a retraction of the Investor Alert, as requested by the Applicants.

III. CONCLUSION AND ORDER

[34] Pursuant to s. 8(4) of the Act, I order that the Director's Decision is stayed, subject to the following conditions:

1. The stay order shall continue in force until the parties have the opportunity at the Hearing and Review to address the issuance of a further stay order by the Panel presiding over the Hearing and Review, and in any event shall continue in force no later than February 20, 2014;

2. The Applicants shall post a link to the Director's Decision on the Sterling Grace website forthwith; and

3. The Applicants shall provide a copy of the Director's Decision to all new and existing clients.

[35] Sterling Grace may state on its website and when providing the Director's Decision to clients that "The decision to suspend the registration of Sterling Grace and Casale was stayed pursuant to the decision of the Commission dated November 27, 2013. An application for a hearing and review of the Director's Decision under section 8 of the Act has been requested and will be scheduled to be heard by a panel of the Commission in early 2014".

[36] Given my finding above, I further direct that the Investor Alert be removed from the Commission's website.

Dated at Toronto this 27th day of November, 2013.

"Mary G. Condon"

3.1.4 Majestic Supply Co. 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
MAJESTIC SUPPLY CO. INC., SUNCASTLE DEVELOPMENTS CORPORATION,
HERBERT ADAMS, STEVE BISHOP, MARY KRICFALUSI,
KEVIN LOMAN and CBK ENTERPRISES INC.

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

Hearing:	March 15 and May 2, 2013		
Decision:	November 29, 2013		
Panel:	Edward P. Kerwin	–	Commissioner and Chair of the Panel
	Paulette L. Kennedy	–	Commissioner
Appearances:	Derek Ferris	–	For Staff of the Ontario Securities Commission
	Andrew Furguiele	–	For Herbert Adams
	Kevin Richard	–	For Kevin Loman
	Unrepresented	–	Steve Bishop, Mary Kricfalusi, Majestic Supply Co. Inc., Suncastle Developments Corporation and CBK Enterprises Inc.

TABLE OF CONTENTS

I. INTRODUCTION

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order with respect to sanctions and costs against Majestic Supply Co. Inc. ("**Majestic**"), Suncastle Developments Corporation ("**Suncastle**"), Herbert Adams ("**Adams**"), Steve Bishop ("**Bishop**"), Mary Kricfalusi ("**Kricfalusi**"), Kevin Loman ("**Loman**") and CBK Enterprises Inc. ("**CBK**") (collectively, the "**Respondents**").

[2] The hearing on the merits began on November 7, 2011 and continued from time to time over the course of 11 hearing days until May 18, 2012 (the "**Merits Hearing**"). The decision on the merits was issued on February 21, 2013 (*Re Majestic Supply Co. Inc. et al.* (2013), 36 O.S.C.B. 2104 (the "**Merits Decision**")).

[3] After the release of the Merits Decision, a separate hearing to consider submissions from Staff and the Respondents regarding sanctions and costs the was held on March 15, 2013 and reconvened on May 2, 2013, to determine certain procedural matters (the "**Sanctions and Costs Hearing**").

[4] On March 15, 2013, Staff, Bishop, on behalf of himself and Majestic, Kricfalusi and counsel for Adams appeared, tendered evidence and/or made submissions at the Sanctions and Costs Hearing. Counsel for Loman appeared on that day and did not make oral submissions, but was later granted leave on May 2, 2013 to file written submissions on sanctions and costs, pursuant to Rule 1.6(2) of the Commission's ***Rules of Procedure*** (2012), 35 O.S.C.B. 10071 (the "***Rules of Procedure***"). Bishop filed further written submissions on May 10, 2013.

[5] CBK and Suncastle were not represented and did not participate in the Sanctions and Costs Hearing. However, as noted above, Kricfalusi, Suncastle's president and director, did appear on her own behalf. In the Merits Decision, we decided that we were satisfied that Staff served the Respondents with notice of the hearing. We are also satisfied by the Affidavit of Sharon Nicolades, sworn March 14, 2013, that Staff served the Respondents with Staff's written submissions on sanctions and costs. We were entitled to proceed with the hearing in the absence of the Respondents who did not appear, in accordance with subsection 7(1) of the Statutory Powers Procedure Act, R.S.O. 1990, c. S.22, as amended.

II. THE MERITS DECISION

[6] In the Merits Decision, we concluded that:

(a) Majestic, Suncastle, Adams, Bishop, Kricfalusi, Loman and CBK traded in Majestic securities and/or engaged in acts in furtherance of trades in Majestic securities without having been registered under the Act to do so, contrary to former subsection 25(1)(a) of the Act and contrary to the public interest;

(b) Majestic, Suncastle, Adams, Bishop, Kricfalusi, Loman and CBK engaged in an illegal distribution of securities contrary to subsection 53(1) of the Act and contrary to the public interest;

(c) Adams made deceptive representations to induce an investor to purchase Majestic securities contrary to the public interest;

(d) Majestic, through Bishop, and Adams and Bishop, in their individual capacities, made prohibited representations with respect to the future listing or quoting of Majestic shares on a stock exchange or quotation system, contrary to subsection 38(3) of the Act and contrary to the public interest;

(e) Adams and Bishop authorized, permitted or acquiesced in commission of violations of securities law by Majestic, and are deemed, pursuant to section 129.2 of the Act, to have not complied with Ontario securities law and to have acted contrary to the public interest; and

(f) Adams and Kricfalusi authorized, permitted or acquiesced in commission of violations of securities law by Suncastle, and are deemed, pursuant to section 129.2 of the Act, to have not complied with Ontario securities law and to have acted contrary to the public interest.

(Merits Decision, *supra* at para. 223)

III. SANCTIONS AND COSTS REQUESTED

[7] Staff has requested that the following sanctions and costs orders be made against Majestic and Suncastle:

(a) that trading in securities by Majestic and Suncastle, cease permanently;

(b) that the acquisition of any securities by Majestic and Suncastle be prohibited permanently;

(c) that any exemptions contained in Ontario securities law not apply to Majestic and Suncastle permanently;

(d) that Majestic and Suncastle pay $200,000 each as administrative penalties, to be allocated to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act;

(e) that Suncastle disgorge to the Commission $1,832,682 obtained as a result of its non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act; and

(f) that Majestic and Suncastle pay $75,000 each for costs incurred in the investigation and hearing of this matter.

[8] Staff has requested that the following sanctions and costs orders be made against CBK:

(a) that trading in securities by CBK cease for a period of 5 years;

(b) that the acquisition of any securities by CBK be prohibited for a period of 5 years;

(c) that any exemptions contained in Ontario securities law not apply to CBK for a period of 5 years;

(d) that CBK pay an administrative penalty of $10,000 to be allocated to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act; and

(e) that CBK pay $5,000 for costs incurred in the investigation and hearing of this matter.

[9] Staff has requested that the following sanctions and costs orders be made against Adams, Bishop, Loman and Kricfalusi:

(a) that trading in securities by Adams cease for a period of 20 years, Bishop cease for a period of 15 years, Loman cease for a period of 12 years and Kricfalusi cease for a period of 10 years;

(b) that the acquisition of any securities by Adams be prohibited for a period of 20 years, Bishop be prohibited for a period of 15 years, Loman be prohibited for a period of 12 years and Kricfalusi be prohibited for a period of 10 years;

(c) that any exemptions contained in Ontario securities law not apply to Adams for a period of 20 years, Bishop for a period of 15 years, Loman for a period of 12 years and Kricfalusi for a period of 10 years;

(d) that Adams, Bishop, Loman and Kricfalusi be reprimanded;

(e) that Adams, Bishop, Loman and Kricfalusi resign all positions as directors or officers of an issuer, registrant or investment fund manager;

(f) that Adams be prohibited for a period of 20 years, Bishop be prohibited for a period of 15 years, Loman be prohibited for a period of 12 years and Kricfalusi be prohibited for a period of 10 years from becoming or acting as officers or directors of any issuer, registrant or investment fund manager;

(g) that Adams be prohibited for a period of 20 years, Bishop be prohibited for a period of 15 years, Loman be prohibited for a period of 12 years and Kricfalusi be prohibited for a period of 10 years from from becoming or acting as registrants, investment fund managers or as promoters;

(h) that Adams pay $300,000, Bishop pay $100,000, Loman pay $100,000 and Kricfalusi pay $50,000 as administrative penalties to be allocated to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act; and

(i) that Adams disgorge $1,001,000, Loman disgorge $228,000 and Kricfalusi disgorge $60,000 to the Commission as amounts obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act; and

(j) that Adams pay $75,000, Bishop pay $50,000, Loman pay $50,000 and Kricfalusi pay $25,000 for costs incurred in the investigation and hearing of this matter.

IV. POSITIONS OF THE PARTIES

A. Staff's submissions

[10] Staff's submissions on sanctions focused on each respondent's level of participation in the conduct that led to unregistered trading and the illegal distribution of Majestic shares. Staff argues that the conduct of the Respondents involves significant contraventions of the Act, including significant amounts raised from approximately 137 investors as a result of unregistered trading of Majestic shares. Staff also submits that the Respondents' unlawful activity was prolonged and widespread. From 2006 to 2008 (the "**Material Time**") Majestic issued shares from treasury, raising approximately $2.1 million, and further Majestic shares were sold in the secondary market to 98 investors. Staff takes the position that the proposed sanctions are proportionate and will serve as a specific and general deterrent. Specifically, Staff argues that deterrence is achieved through removal of the Respondents from the capital markets, requiring disgorgement of funds obtained from investors in breach of the Act and requiring the Respondents to pay administrative monetary penalties that will signal both to the Respondents and to other like-minded individuals that similar conduct will result in serious sanctions.

[11] Staff submits that the Respondents' conduct has been so harmful to investors that Adams, Bishop, Kricfalusi and Loman (the "**Individual Respondents**") should be prevented from participating in the capital markets for periods ranging from 10 to 20 years. Staff relies on the Ontario Divisional Court's decision in Erikson, which provides that "[p]articipation in the capital markets is a privilege, not a right" (*Erikson v. Ontario (Securities Commission)*, [2003] OJ No. 593 ("***Erikson***") at paras. 55-56). Staff also relies on *Ochnik*, a Commission decision that imposed permanent trading bans, loss of exemptions and director and officer bans in a case where the panel considered that the respondents engaged in unregistered trading and took advantage of financially vulnerable people (*Re Ochnik*, 29 O.S.C.B. 3929 at paras. 108-116). Staff does not oppose limited carve-outs in trading bans for Bishop, Loman or Kricfalusi to permit them to trade in securities listed on defined stock exchanges within their Registered Retirement Savings Plan(s) ("**RRSP(s)**"), as long as the carve-outs are conditional on prior payment of administrative penalty and disgorgement amounts ordered against them.

[12] Staff applies the factors articulated in Limelight Sanctions in support of its submissions that disgorgement should be ordered (*Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("***Limelight Sanctions***") at para. 52). Staff relies upon the Commission's determination in that case that "all money illegally obtained from investors can be disgorged, not just the 'profit' made as a result of the activity" (*Limelight Sanctions*, *supra* at para. 49). Staff submits that disgorgement sought should be ordered based on the following factors:

a) the entire amount obtained was as a result of unregistered trading;

b) the misconduct was serious and investors were seriously harmed by the loss of their funds;

c) amounts paid are amounts ascertained and verified by investors records and bank documents;

d) it does not appear likely that investors will be able to obtain redress; and

e) a disgorgement order for the amounts obtained provides significant specific and general deterrence.

[13] On the matter of administrative penalties, Staff relies upon *Maple Leaf Sanctions*, among other cases, in support of its submissions that certain of the Respondents should be imposed higher monetary penalties than others (*Re Maple Leaf Investment Fund Corp. et al.* (2012), 35 O.S.C.B. 3075 ("***Maple Leaf Sanctions***")). *Maple Leaf Sanctions* dealt with a matter that involved breaches of sections 25, 38, 53 and 126.1 of the Act, but in the case of one respondent, against whom no fraud finding was made, the Commission nevertheless imposed a $200,000 administrative penalty (*Maple Leaf Sanctions*, *supra* at paras. 8 and 44). Specifically, Staff submits *Maple Leaf Sanctions* was analogous in terms of investors being misled. Staff also argues that the decision is instructive in pointing out that a carve-out is not appropriate until the Commission has some idea of what RRSP accounts or pensions are being considered (*Maple Leaf Sanctions*, *supra* at para. 23). Staff also relies upon the Commission's decision in *Limelight Sanctions* that imposed $200,000 administrative penalties on each of the principals who engaged in repeated violations of the Act, including unregistered trading and acts of dishonesty (*Limelight Sanctions*, *supra* at paras. 62, 69, 75 and 78).

[14] Staff submits that financial sanctions should be ordered regardless of whether it can be shown that the Respondents currently have the ability to pay. In addition to the fact that it is only one factor to be considered in determining sanctions, Staff submits that if the Respondents do not currently have the ability to pay, the order will remain in place in the event that Staff subsequently becomes aware of assets against which the order can be enforced. Staff also submits that reducing the quantum of financial sanctions due to inability to pay is inconsistent with previous Commission decisions and it would encourage respondents to hide their assets to mislead Staff with respect to their current financial situation.

[15] With respect to costs, Staff made general submissions in reliance on section 127.1 of the Act and Rule 18.2 of the Commission's *Rules of Procedure*. Staff sought total investigative and hearing costs of $365,351.31, which includes the fees of one litigation counsel and the lead investigator beginning August 17, 2009. Staff's request also includes disbursement costs for court reporting, videoconferences for Alberta witnesses and travel expenses for the purpose of interviewing investor witnesses in Alberta. Staff did not claim the cost of its accountant or the assisting investigator. Staff submits that the investigation costs were higher in this case as a result of a number of factors, including:

a) the number of primary and secondary market trades in Majestic shares;

b) the need to obtain and analyze trading, financial and banking records for Majestic and Suncastle;

c) the sales of shares to investors in Alberta and Saskatchewan and the decision to travel to Alberta; and

d) the lack of admissions by any of the Respondents.

[16] Staff submits that Adams and Bishop did participate in voluntary interviews, but nevertheless still refused to admit any of the alleged facts. Further, Staff submits that Loman took a position that was ultimately rejected by the Commission. In oral submissions, Staff acknowledged that a large portion of the investigation did not deal with Staff's case against Loman. Staff took the position that it would be unfair to order joint and several payment of costs and that a proportional division among the Respondents would be more appropriate.

[17] Individual submissions for each of the Respondents are elaborated below.

i. Adams

[18] Staff submits that Adams engaged in significant contraventions of the Act, including making material misrepresentations: (i) to induce a Majestic investor into purchasing shares; and (ii) that Majestic would go public. Further, Staff submits Adams also made deceptive representations, which amounted to conduct contrary to the public interest. Staff submits that Adams's misrepresentations aggravate the unregistered trading by him and increases the seriousness of his conduct.

[19] Staff submits that Adams was the driving force behind Majestic and Suncastle and the beneficiary of the sale of shares in the secondary market. Adams, directly and indirectly through CBK, sold his own Majestic shares to investors. Staff indicated that a number of investors who bought Majestic shares from Adams were low-income friends of investor D.B., who clearly did not meet the criteria to qualify as accredited investors. Given that Adams breached subsections 25(1)(a), 38(3) and 53(1) of the Act, acted contrary to the public interest by making deceptive representations to an investor in order to induce a sale of shares, and considering the role that Adams had as director and officer of both Majestic and Suncastle in terms of authorizing, permitting and/or acquiescing in breaches by those companies within the meaning of section 129.2 of the Act, Staff submits that 20-year bans from market participation and corporate positions are appropriate.

[20] On the matter of disgorgement, Staff provided several schedules detailing amounts obtained by Adams through sales of shares. Staff submits that $480,000 were paid directly to Adams for sales of Suncastle shares, $130,000 were received by Adams from loan and conversion agreements resulting in the transfer of Majestic shares, $166,000 were received by Adams through sales of his own Majestic shares and $225,000 were received by Adams as compensation for sales of his Majestic shares held in trust by CBK. Therefore, Staff requests that the Commission order Adams to disgorge a total of $1,001,000 that

he received as a result of his non-compliance with Ontario securities law. In support of its submission that Adams should disgorge $1,001,000, Staff submitted that the amount sought is reasonably ascertainable.

[21] Staff also submits that an administrative penalty in the amount of $300,000 is appropriate for Adams when considering the seriousness of his conduct and relevant other cases. Specifically, Staff pointed to the Commission's finding that Adams committed multiple and repeated violations the Act, engaged in deceptive representations to induce an investor to purchase Majestic securities contrary to the public interest and played an integral role in selling shares to investors, as a controlling person in charge of Suncastle and Majestic. Staff argues that Adams's conduct warrants a strong deterrent message to Adams and other like-minded individuals. Staff directs the panel to the decision in *Sabourin*, a matter in which misconduct by the respondents was found to include numerous breaches of the Act over a period of years, where the Commission indicated that "a respondent who commits multiple breaches of the Act should know that continuing breaches of the Act will have consequences" and that in determining administrative penalties the panel must consider both the specific conduct of the respondent and administrative penalties imposed in other similar cases (*Re Sabourin* (2010), 33 O.S.C.B. 5299 ("***Sabourin Sanctions***") at para. 75). Staff relies on *Limelight Sanctions*, in which the Commission ordered a respondent to pay an administrative penalty of $200,000, in a case in which it was found that investors had been misled as a result of a boiler room operation (*Limelight Sanctions*, *supra* at para. 78). Staff argued that the matter in that case is analogous to this case in which investors were misled by Adams with respect to the existence of patents held by Majestic and told that Majestic's public share value would increase and the securities would go public. These factors, Staff argues, support an order that Adams pay an administrative penalty of $300,000.

[22] Staff further submits that the predominant portion of the investigation dealt with Majestic, Suncastle and Adams. As a result, Staff submits it attributed $225,000 of the investigation and hearing costs, which is approximately two thirds of the total sought, to be divided amongst those three respondents. Therefore, Staff requests an order that Adams pay $75,000 for costs incurred by the Commission.

ii. Bishop

[23] Staff submits that Bishop engaged in significant contraventions of the Act, including making material misrepresentations to induce Majestic investors into purchasing shares and that Majestic would go public. Further, Staff submits that as a former registrant Bishop knew or ought to have known the importance of the registration requirement and that he was breaching Ontario securities law by selling Majestic shares to investors. Staff also submits that Bishop misled investor J.L.1. about the existence of patents owned by Majestic, which aggravates the unregistered trading by him and increases the seriousness of his conduct. Further, Bishop admitted that he raised approximately $2.5 million from 60 Majestic investors.

[24] Staff also acknowledges that Bishop was the original complainant to the Commission and the police and that he cooperated with Staff, which are mitigating factors. However, Staff argues Bishop did not settle and never testified. Further, Staff argues that as a former registrant for approximately 20 years, who clearly knew the registration requirements, Bishop still sold shares to the public, which caused serious harm to investors. Given that Bishop, a former registrant, breached subsections 25(1)(a), 38(3) and 53(1) of the Act and considering Bishop's role as director and officer of Majestic in terms of acquiescing in breaches by Majestic within the meaning of section 129.2 of the Act, Staff submits that 15-year bans from market participation and corporate positions are appropriate.

[25] Staff directed the Panel to two commission agreements, which indicate that Bishop was to be compensated in commissions and Majestic shares for sales of Majestic and Suncastle securities. However, Staff submits that the general ledgers of Majestic and Suncastle in evidence do not attribute amounts received by Bishop as specific commissions. In total, Staff submitted that Bishop received approximately $56,000 from Majestic and $31,000 from Suncastle during the Material Time, but expressly noted that while Bishop was compensated in Majestic shares he did not resell any of his own shares. As a result, Staff does not seek disgorgement from Bishop.

[26] Staff submits that Bishop should pay a $100,000 administrative penalty. Staff argues he committed multiple and repeated violations and played a key role in recruiting and selling shares to Majestic investors. However, Staff again notes that Bishop was the original complainant, was cooperative and did not sell his own Majestic shares to the public.

[27] Staff also seeks an order that Bishop pay $50,000 for costs incurred by the Commission. Staff recognized that Bishop was the original complainant, but that ultimately Bishop did not settle, which caused the Commission to incur hearing costs.

iii. Kricfalusi

[28] Staff submits that 10-year bans from market participation and corporate positions are appropriate for Kricfalusi, who engaged in personal trading, through five loan conversions that caused her to receive $60,000 directly from investors. Further, Staff argues that the length of the bans is appropriate given Kricfalusi's involvement as President and Director of Suncastle and a person who held signing authority for the company. Staff directed the Panel to a number documents in which Kricfalusi signed on behalf of Suncastle, including: Majestic share purchase agreements, cheques and corporate resolutions. Staff relies on the

Commission's finding that Kricflausi acquiesced or participated in breaches of the Act by Suncastle, but notes that there was no finding of fraud on the part of Kricfalusi in this matter.

[29] Taking into account the conduct described above, Staff seeks an administrative penalty of $50,000 and a disgorgement order of $60,000, for the amount received by Kricfalusi directly from investors. Staff also seeks an order that Kricfalusi pay $25,000 for costs incurred by the Commission.

iv. Loman

[30] Staff submits that Loman engaged in significant contraventions of the Act and that, as a former registrant, he knew or ought to have known the importance of the registration requirement and that he was breaching Ontario securities law by selling Majestic shares to investors. Staff also submits that Loman misled investor R.R. about the existence of patents owned by Majestic, which aggravates the unregistered trading by him. However, Staff also notes that Loman was himself an investor, which is a mitigating factor.

[31] Staff requests 12-year bans from market participation and corporate positions for Loman. Staff argues that the bans are warranted because Loman's conduct in breach of the Act resulted in losses by a number of Alberta investors, in circumstances where Loman was a former registrant with the Alberta Securities Commission (the "**ASC**"). Staff submits that Loman was clearly aware of the registration and prospectus requirements of the Act and in 2009 had undertaken to cease trading and refrain from acting as a director and/or an officer of any issuer, carrying on business in Alberta, and had agreed to pay certain amounts in a settlement of a matter with the ASC (*Re Essen Capital Inc.*, 2009 ABASC 530).

[32] Staff submits that Loman, as a commission salesperson of Majestic shares, should be ordered to disgorge $228,000 that he received as a result of his non-compliance with the Act and specifically his involvement with the Alberta investors. Staff argues that disgorgement is warranted because Loman committed repeated violations, caused serious harm to investors and his testimony was not accepted by the Commission. Staff relies on a document at Exhibit U8 of the Merits Hearing, entitled "Kevin Loman transactions", which indicates that $228,000 is the total commission from certain sales of Majestic shares. Staff further relies upon a response at Merits Exhibit U11 from Adams's then counsel to Staff's enforcement notice, which lists 31 investors who are represented to have been introduced through "Bishop and/or Loman", 21 of which overlap with the document entitled "Kevin Loman transactions".

[33] Staff applied the five factors articulated in *Limelight Sanctions* at para. 52, in support of its submission that Loman should disgorge $228,000. In particular, Staff argues that the evidence demonstrates payments to Loman and that $228,000 was obtained as commissions in breach of the Act. Further, Staff submits that the conduct was serious, resulting in losses by a number of Alberta investors. Staff also argued that the amount obtained by Loman is reasonably ascertainable from the "Kevin Loman transactions" document and bank documents, which confirm that monies totaling $228,000 were paid to Loman or his company Essen Inc. Staff submits that the disgorgement order should have a deterrent effect on Loman and other market participants who might engage in an illegal distribution of securities. Lastly, Staff indicates that there is evidence one Alberta investor is involved in litigation with Loman, but there is no evidence of the status of that litigation or the likelihood that redress could be obtained by investors who suffered losses.

[34] It is Staff's position that Loman should pay an administrative penalty of $100,000 for conduct in breach of the Act relating to approximately 30 investors. Staff submits that Loman's refusal to accept responsibility, his previous position as a registrant and a previous three-year trading ban suggest that the administrative penalty sought is appropriate and proportionate to his conduct.

[35] Staff also seeks an order that Loman pay $50,000 for costs incurred by the Commission. Staff argues that the costs reflect the fact that Loman's testimony was ultimately not accepted by the Panel and he would not admit to being a salesperson, which put a significant burden on Staff in terms of calling the Alberta witnesses. Staff also argued that Loman brought in approximately one fifth of the Majestic investors.

v. Majestic

[36] Staff submits that Majestic engaged in significant contraventions of the Act, including unregistered trading, the distribution of its securities from treasury that raised approximately $2.1 million and making material misrepresentations, through Bishop, to induce Majestic investors into purchasing shares, including that Majestic would go public. Staff argues that investors were misled as to the attributes of Souken water-based ink, the performance of refillable cartridges and the existence of patents. Staff also submits that the prohibited representations increase the seriousness of Majestic's conduct.

[37] Staff requests permanent bans on Majestic to ensure that no further investors are brought in. Staff acknowledges that there was a treasury distribution of $2.1 million, but ultimately decided that it would only hurt the current Majestic shareholders further if it sought a disgorgement of that amount. Staff submits that the management of Majestic is currently Bishop and investor J.L.1, who invested his life savings in the company. Staff argues that it is a mitigating factor that the ownership of

Majestic has changed, and that Adams and Kricfalusi are no longer in charge. However, Staff does request an administrative penalty of $200,000 due to the serious nature of the breaches, which led to an illegal distribution of Majestic shares.

[38] As stated above, Staff submits that the predominant portion of the investigation dealt with Majestic, Suncastle and Adams and that $225,000 of the investigation and hearing costs, which is approximately two thirds of the total sought, could be divided amongst those three respondents. Therefore, Staff requests an order that Majestic pay $75,000 for costs incurred by the Commission.

vi. Suncastle

[39] Staff submits that Suncastle was controlled by Adams and Kricfalusi and requests permanent bans on Suncastle to ensure that no further investors may be harmed by similar conduct.

[40] Staff submits that the disgorgement order sought from Suncastle for $1,832,682 is the amount raised by Suncastle from the sale of Majestic shares in the secondary market, as quantified by Paul DeSouza, Staff's senior forensic accountant, and corroborated by Suncastle's financial statements. When asked why the gains on sales of Majestic shares recorded in financial statements for fiscal years 2007 and 2008 amount to $1,592,637, Staff argued that the amount sought to be disgorged is referring to the amount obtained, while the lesser value may factor in acquisition costs for the shares. Staff submits that subsection 127(1) of the Act speaks to disgorgement of amounts obtained, not merely profits realized from non-compliance with the Act.

[41] Staff also submits that an administrative penalty of $200,000 for Suncastle is appropriate.

[42] Again, Staff submits that the predominant portion of the investigation dealt with Majestic, Suncastle and Adams. As a result, Staff requests an order that Suncastle pay $75,000 for costs incurred by the Commission.

vii. CBK

[43] Staff submits that CBK is a trust that held shares of Majestic on behalf of Kricfalusi and Adams. Although the transactions were done in trust for the benefit of Adams and Kricaflusi, Staff submits that CBK still beached subsections 25(1)(a) and 53(1) of the Act. Staff took the position that under the circumstances short five-year bans, an administrative penalty of $10,000 and a costs payment of $5,000 are appropriate.

[44] The transactions in which CBK was involved are already accounted for in Staff's request for disgorgement from Kricfalusi and Adams. Therefore, to avoid duplication, no disgorgement order is sought against CBK.

B. Adams's Submissions

[45] Counsel for Adams submits that appropriate sanctions for Adams would be an administrative penalty of $150,000, disgorgement of $150,000 and a costs order of $50,000. Further, he argues that any ban imposed on Adams's ability to trade securities should be subject to a carve-out exception for personal trading of securities listed on a defined stock exchange in an RRSP account, once all penalties have been paid. Counsel for Adams made no submissions on the other orders requested by Staff.

[46] Adams's counsel argued that the proposed reduced amounts are more appropriate and that Adams does not have the ability to pay fines or costs anywhere near what Staff is requesting. He tendered into evidence Adams's Statutory Declaration, sworn on March 13, 2013, which appends a further declaration sworn July 20, 2011, on the state of Adams's current finances in support of his submission that Adams is unable to pay. Counsel submitted that Adams is currently living on approximately $1,075 per month in disability payments, his assets have depreciated, he no longer holds stocks or bonds and has surrendered his life insurance. Conversely, counsel submits, Adams's liabilities are hefty and have not improved since 2011. In addition, it is argued that Adams is going to have to retain counsel for an inevitably costly fraud trial slated to begin in September 2013. As a whole, counsel for Adams submits that it is unlikely that Adams is going to be able to pay in the foreseeable future. As a result, he argues that it does not assist the Commission to achieve specific or general deterrence by levying sanctions so discordant with an individual's ability to pay that it would be impossible to recoup the amount.

[47] Counsel for Adams relies on *Kasman*, a case in which it was found that manipulative or deceptive trading took place and the Investment Dealers Association ("**IDA**") levied fines that were at odds with what IDA Staff had requested at the sanctions hearing (*Re Kasman* (2009), 32 O.S.C.B. 5729 ("***Kasman***") at paras. 2 and 6). The matter was reviewed by the Commission, which decided that a respondent's personal and financial circumstances are relevant factors to be considered, among other sanctioning factors, to determine the amount of a fine, and accepted that considering ability to pay is consistent with the principle of proportionality (*Kasman*, *supra* at para. 72). The Commission also stated that, in determining the appropriate fine to achieve specific and general deterrence, all relevant factors must be considered and in *Kasman* the value of

trades was relatively minor, over a short period, there was no evidence of harm to any third party and the respondents did not plan the manipulation (*Kasman*, *supra* at para. 74).

[48] Adams's counsel also relies on *R. v. Topp*, a criminal case in which the accused was convicted of defrauding Canada Customs of $4.7 million (*R. v. Topp*, [2011] S.C.R. 119). In that decision, the Supreme Court of Canada analyzed a section of the *Criminal Code*, R.S.C. 1985, c. C-46 (the "***Criminal Code***"), which provides that no sanctions are to be levied if there is no ability to pay. Counsel for Adams agreed that there was no concurrent provision in Ontario securities law, but argued that the decision should be considered for its discussion of principles, including that a Court can only impose a fine if it is satisfied that the offender has the means to discharge the fine (*R. v. Topp*, *supra* at paras. 19-20).

[49] In his written submissions, counsel for Adams also argued that Adams will experience shame as a result of any sanctions. He notes that many of the investors knew Adams prior to investing and the decision setting out the breach has been reported in the media.

[50] Counsel also took the position that Adams is at the lower end of the scale with respect to market experience, when considered by comparison to Loman, who has been an ASC registrant and was previously sanctioned by that body, and Bishop, who has been a registrant with the Commission. Further, Adams's counsel submits, Bishop was described by one witness at the Merits Hearing as a financial advisor and admitted to having raised $2.5 million for Majestic. In contrast, counsel submits Adams had significantly less experience, was never a registrant, and there is no evidence he was heavily involved in the capital markets. If not a mitigating factor for Adams, his counsel argues experience is at least an aggravating factor for others, which is not present for Adams.

[51] In advocating for a trading carve-out, Adams's counsel submits that there should not be a distinction drawn between Adams, Bishop and Loman. His position is that the evidence supports that both Loman and Bishop engaged in deceitful conduct as well. With respect to Bishop, counsel directed the Panel to its finding that Bishop made material misrepresentations to induce Majestic investors into purchasing shares, including that Majestic would go public. In relation to Loman, counsel argued that investors R.F. and R.R. both testified that they were told by Loman that Majestic would go public and that the Panel decided that Loman's explanation for receipt of $145,000 was not credible. The latter, counsel argued, places Loman in a similar position to the respondent in *Re Fortuna - St. John* where a carve-out was refused after the respondent took steps to conceal his activities (*Re Fortuna - St. John*, 21 O.S.C.B. 3851 at paras. 130-133). Therefore, counsel for Adams submits that there is no basis for Staff to take the position that Adams is too untrustworthy to allow a carve-out, while not also making that contention for both Loman and Bishop. His submission is that either Adams, Bishop and Loman should have a carve-out, or none of them should. Adams's counsel confirms that Adams does not have RRSP assets, but requests the carve-out for future acquisition, should the requisite penalties be paid.

[52] It is also submitted that ability to pay is a factor to consider with respect to disgorgement. Counsel for Adams relies on *Sulja Sanctions* in support of that proposition (*Re Sulja Bros. Building Supplies Ltd. et al.* (2011), 34 O.S.C.B. 7515 ("***Sulja Sanctions***") at para. 67) and directs the Panel to consider ability to pay as a mitigating factor when determining disgorgement (*Limelight Sanctions*, *supra* at paras. 21 and 52).

[53] In summation, Adams's counsel states that the overarching goal of the Commission is to create a proportionate sentence that takes into account general and specific deterrence. Counsel submits that it does not achieve general or specific deterrence to create an exorbitant disgorgement order, administrative penalty or costs award that will never be able to be paid off.

C. Bishop's Submissions

[54] Bishop began his submissions by questioning Adams's need for a carve-out, as it implies Adams would have sufficient funds to want to engage in the capital markets in the future. Bishop also took issue with the contention that Adams's experience in the capital markets is lesser than his own or Loman's experience. Bishop argues that Adams advised, assisted or was the shareholder of many corporations over the years and has elaborate knowledge of the markets, in particular with respect to small start-up companies, such as Majestic.

[55] Bishop made various references to his reliance on Majestic and Suncastle's lawyer. Bishop also claimed that he asked a venture capitalist to assess Majestic, and was told that the company was worth $200 million. No evidence was tendered in support of these submissions. Bishop also included in his written submissions that he pursued his contractual obligations to Majestic and Suncastle in the belief that the business was legitimate.

[56] Bishop submits that he was the whistle blower who approached the police and the Commission with the subject matter of this proceeding. He further submitted that he volunteered to meet with Staff's investigator and a number of detectives and readily acknowledged his role. Bishop also submitted that he never sold any of his own Majestic shares, whereas Adams and Kricfalusi benefitted from the sales of their shares to investors.

[57] Bishop conveyed his remorse stating "I want you to understand how regretful I feel every day. This should have never happened." (Bishop – Hearing Transcript of March 15, 2013 at p.116). Bishop submits that he was paid far less that the contracts awarded him, lost friends and will never be in the business again.

[58] On the matter of settlement, Bishop admits he declined to settle because he would be excluded from the proceeding. However, Bishop notes that he told the Commission what he did, how it was done and who directed him. Further, Bishop delivered the documents that Staff could rely upon. Bishop also states that he believes the Commission could not sanction the Respondents enough and that he is not seeking to lessen any penalties. Specifically, Bishop stated that he did not require an RRSP carve-out because he would never have enough money to put into an RRSP.

D. Kricfalusi's Submissions

[59] Kricfalusi sought a reduction of any penalty ordered against her. Kricfalusi submitted that she did not have any money, was a single mother with no support and had two mortgages at a time when she had no money coming in. Kricfalusi also submitted that she was diagnosed with fibromyalgia, which caused her chronic pain and made her unable to work. Kricfalusi did not testify or tender any documentary evidence that would support her submissions.

[60] Kricfalusi further stated that she had followed directions and relied on the lawyer. She expressed her remorse in stating "I am very sad and regretful that all this has happened, and would not have been involved had I known this was not allowed" (Kricfalusi – Hearing Transcript of March 15, 2013 at p.124).

E. Loman's Submissions

[61] Counsel for Loman submits that the sanctions sought by Staff are excessive and disproportionate. He suggests that a cease trade order, denial of exemption and director/officer ban of three to five years, as well as an administrative penalty of $20,000, costs of $10,000 and no disgorgement order, would be more appropriate.

[62] Loman's counsel submits that the Panel acknowledged many of the Alberta investors had an acquaintance-like relationship with Loman and that he was sharing information with them. He took the position that Loman is in a different situation than the people running Majestic, namely Bishop, Adams and Kricfalusi and, therefore, considering proportionality, sanctions imposed on Loman should be less than others in this matter.

[63] Loman's counsel submits that Loman should be granted a carve-out to trade in any RRSP, Tax Free Savings Account ("**TFSA**") or Registered Education Savings Plan ("**RESP**") account, once all funds ordered to be paid have been paid. Further, Loman's counsel submits that Loman should be granted a carve-out to act as a director or officer of an issuer that:

a) is wholly owned by one or more of himself or members of his immediate family;

b) does not issue or propose to issue securities or exchange contracts to the public; and

c) does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer.

[64] Loman's counsel notes that Loman invested $30,000 into Suncastle and between himself and Essen Inc. a further $100,000 into Majestic. He also submits that despite Staff's submissions that Loman was paid $228,000, the evidence demonstrates a payment of $145,250 received by Essen Inc. and a payment of $60,000 made to Loman from Majestic, which totals $205,250. Loman's counsel argues that no disgorgement order should be made against Loman.

[65] Loman's counsel compares Loman to others. He notes that Staff acknowledged Bishop received less money from Majestic than was called for in his employment agreement and sought no disgorgement against him. Further, he submits that Loman, like Bishop, did not sell any of his own shares. He also submits that investors, such as H.E. and L.N. also spoke to others about Majestic and assisted them in investing, yet Staff made no allegations against them and their conduct will not be sanctioned.

[66] Counsel for Loman submits that $20,000 is a fair and proportionate administrative penalty.

[67] With respect to costs sought, Loman's counsel submits that the approach taken by Staff, which does not include certain costs in the Bill of Costs, does not allow the Respondents to test these other costs and such an approach should not be permitted. He argues that the costs system is not a "fair" system in the sense that if Staff is successful it is entitled to costs, but, if the respondent is successful, the Act and the *Rules of Procedure* do not provide for costs awards to the respondent. It is submitted that as a general rule, Staff should not be entitled to recovery of costs that approaches full recovery, as a result of the system being "unfair". Counsel submits that an approach which limits Staff's recovery to two thirds of its Bill of Costs could be

considered. He submits that taking into account the proposed system and Loman's conduct in comparison to others, an appropriate costs award would be $10,000.

F. Staff's Reply Submissions

[68] In response to Adams's submissions, Staff argues that ability to pay is one relevant sanctioning factor, but not a determinative one (*Sabourin Sanctions*, *supra* at para. 60). Staff submits that counsel for Adams requests lower monetary sanctions and costs, but does not provide reasons for the specific figures proposed. Staff also argues that the amounts suggested by Adams's counsel are too low and therefore do not send the appropriate deterrent message, especially given the seriousness of Adams's conduct. On the matter of whether the Panel should permit a carve-out for Adams to trade, Staff submits that it is not appropriate given the aggravating circumstances of his deceitful conduct, and states that there is a precedent in such cases for not providing a carve-out. Further, Staff submits that in the future a respondent may make an application to vary an order if he or she seeks the privilege of trading in securities in Ontario.

[69] Also, with respect to Adams's reliance on criminal case law and the language of the *Criminal Code*, Staff submits that there is no equivalent language in the Act which, if present, would suggest that the Commission ought not impose a monetary penalty if it is not satisfied that the offender is able to pay. Further, Staff submits that criminal case law on the matter is not applicable because the Commission does not impose fines, it imposes administrative penalties, which can then be filed in the Superior Court and enforced as a civil judgment. Staff relies on *R. v. Castro* cited in *Sulja Sanctions*, which finds that a jail sentence and a restitution order can be made together in the criminal setting and that "where the circumstances of the offence are particularly egregious, such as where a breach of trust is involved, a restitution order may be made even where there does not appear to be any likelihood of repayment" (*Sulja Sanctions*, *supra* at para. 23 citing *R. v. Castro* (2010), 270 O.A.C. 140 at paras. 28 and 35). Staff argues that the administrative penalty in the Act is more akin to a restitution order than it is to a criminal fine.

[70] Lastly, the argument that Adams needs funds to pay for his upcoming criminal fraud trial, Staff submits, is a not factor to be considered.

G. Further Submissions

[71] On March 15, 2013, at the Sanctions and Costs Hearing, Bishop questioned the truthfulness of Adams's Statutory Declaration, sworn on March 13, 2013 on inability to pay, specifically stating that Adams was currently the shareholder of a company. Counsel for Adams objected to the submission on the basis that there was no evidentiary foundation for Bishop's claims. Bishop undertook to obtain the relevant documentation, Staff requested time to further investigate the claim and counsel for Adams submitted that if Staff and Bishop wished to cross-examine Adams he was entitled to see the documents before they were put to Adams. On March 15, 2013, the Panel, in consultation with the parties, determined that the Sanctions and Costs Hearing would be adjourned for the parties to gather necessary documentation and advise if a further appearance was necessary to cross-examine Adams. Staff subsequently filed two Affidavits of Jeff Thomson, sworn on April 3, 2013 and May 2, 2013, containing the documents obtained since the adjournment.

[72] On May 2, 2013, Staff, counsel for Adams and counsel for Loman appeared before the Panel and Bishop sent correspondence advising that he was no longer able to attend due to a family emergency. Staff submitted that the documents tendered support that Adams did not own the shares Bishop claimed he did on March 13, 2013 and that, through Thomson's investigation, the transfer agent confirmed that Adams's Statutory Declaration, sworn on March 13, 2013, is accurate. Further, there is no evidence that displaces the declaration. As a result, Staff did not make a request to cross-examine Adams. Counsel for Loman took no position in the issue.

[73] The Panel advised the parties that it received correspondence from Kricfalusi, who indicated she had no submissions, and Bishop, who stated he "hoped to have the opportunity to cross-examine Mr. Adams on his affidavit and subsequent responses". In the circumstances, taking into account that Bishop is an unrepresented respondent, who was unable to attend due to reasonable circumstances, and acknowledging that he should have the opportunity to make submissions on the issue, the Panel decided that another hearing date was not necessary, but that the parties would have until May 10, 2013 to serve and file any written submissions or evidence responding to the affidavits of Jeff Thomson, sworn April 3 and May 2, 2013, after which the Panel would deliberate on its sanctions decision.

[74] On May 10, 2013, Bishop filed written submissions on the issue. In his written submissions, Bishop acknowledged that the evidence may satisfy the contention that Adams was truthful on disclosure of his shareholdings. The remainder of Bishop's submissions did not assist the Panel.

V. THE LAW ON SANCTIONS

[75] Pursuant to section 1.1 of the Act, the Commission's mandate 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.

[76] The Commission must ensure that the sanctions imposed are proportionate to the circumstances of the case and conduct of each respondent. Factors the Commission has considered in determining appropriate sanctions include:

(a) the seriousness of the allegations;

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

(c) the level of a respondent's activity in the marketplace;

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

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

(f) any mitigating factors;

(g) the size of any profit made or loss avoided from the illegal conduct;

(h) the size of any financial sanctions or voluntary payment when considering other factors;

(i) the effect any sanction might have on the livelihood of a respondent;

(j) the restraint any sanctions may have on the ability of a respondent to participate without check in the capital markets;

(k) the reputation and prestige of the respondent;

(l) the shame or financial pain that any sanction would reasonably cause to the respondent; and

(m) the remorse of the respondent.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 ("***Belteco***") at paras. 23-26; *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 ("***MCJC Holdings***") at paras. 18-19 and 26).

[77] Deterrence is an important factor that the Commission may consider when determining appropriate sanctions. In *Cartaway*, the Supreme Court of Canada stated that: "… it is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventative" (*Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60).

[78] The Commission has held that an administrative penalty "may not act as a sufficient deterrent if its magnitude is inadequate compared with the benefit obtained by non-compliance" (*Re Rowan* (2009), 33 O.S.C.B. 91 ("***Rowan***") at para. 74). The panel in *Limelight Sanctions*, *supra* at para. 67, stated:

> The purpose of an administrative penalty is to deter the particular respondents from engaging in the same or similar conduct in the future and to send a clear deterrent message to other market participants that the conduct in question will not be tolerated in Ontario capital markets.

[79] There is no formula for determining an administrative penalty. Factors to be considered in determining an appropriate administrative penalty include: the scope and seriousness of the misconduct; whether there were multiple and/or repeated breaches of the Act; whether the respondent realized a profit as a result of the misconduct; the amount of money raised from investors; and the level of administrative penalties imposed in other cases (*Rowan*, *supra* at para. 67; and *Limelight Sanctions*, *supra* at paras. 71 and 78).

[80] Subsection 127(1)10 of the Act provides that a person or company that has not complied with Ontario securities law can be ordered to disgorge to the Commission "any amounts obtained" as a result of the non-compliance. When determining the appropriate disgorgement orders, we are guided by a non-exhaustive list of factors set out in *Limelight Sanctions* at para. 52, including:

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

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

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

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

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

VI. SPECIFIC SANCTIONING FACTORS

[81] In determining appropriate sanctions, the Commission is guided by the factors set out in *Belteco* and *M.C.J.C. Holdings*. We have considered those factors summarized in the following paragraphs to be specifically applicable in this matter.

A. Seriousness of Misconduct and Breaches of the Act

[82] All of the Respondents participated in serious contraventions of the Act by engaging in unregistered trading contrary to subsection 25(1)(a) of the Act and the distribution of securities without a prospectus contrary to subsection 53(1) of the Act. Registration is a cornerstone of securities law which serves as a gate-keeping function to ensure only properly qualified individuals are permitted to trade with, or on behalf of, the public. The prospectus fulfills an important disclosure requirement to ensure that investors are able to make informed decisions. These violations of the Act were prolonged, from 2005 to 2008, and widespread, affecting 88 treasury shareholders and 98 others who purchased shares through secondary market sales (Merits Decision, supra at paras. 41 and 46).

[83] The seriousness of the conduct is elevated for Majestic, Adams and Bishop, who made prohibited representations with respect to future listing of Majestic shares on a stock exchange with the intention of effecting a trade in a security, contrary to subsection 38(3) of the Act (Merits Decision, *supra* at para. 206). The seriousness of Adams's conduct is aggravated further by the finding that he made deceptive representations to induce an investor to purchase Majestic securities contrary to the public interest (Merits Decision, *supra* at paras. 191 and 193). The deceitful course of conduct of these Respondents is an aggravating factor.

B. The Respondents' Experience in the Marketplace

[84] There is no record of Adams, Kricfalusi, Majestic, Suncastle or CBK having been registered with the Commission in any capacity (Merits Decision, *supra* at paras. 37 and 147).

[85] It is not disputed that Bishop was formerly registered with the Commission for at least 17 years as a salesperson under the categories of mutual fund dealer and limited market dealer at various times between 1982 and 1999. Further, Loman was an ASC registrant, as a mutual fund salesperson from 2003 to 2005. As former registrants with Canadian securities regulators, both Bishop and Loman ought to have known the registration requirements of Ontario securities law, yet they still traded in or acted in furtherance of trades of securities to the public, which caused serious harm to investors. Loman was also previously subject to a three-year trading ban imposed pursuant to the terms of a settlement agreement with the ASC.

[86] Counsel for Adams submitted that Adams's lack of experience in the marketplace, by comparison to Bishop and Loman, should be taken into account in imposing sanctions. Bishop took the position that Adams had experience and elaborate knowledge of the markets, in particular with respect to small start-up companies, such as Majestic. Some of the evidence in Thomson's affidavits, sworn on April 3, 2013 and May 2, 2013, support Bishop's position in part. The manner in which Adams structured his shareholdings, including his trust relationship with CBK, the nature of Adams's deceitful conduct in furtherance of selling Majestic shares and the manner in which he disposed of his shares, through loan and conversion agreements (the "**L&C Agreements**") and other trust arrangements, support a finding that Adams was not an inexperienced market player. We do not find Adams's submissions on this point to be persuasive.

[87] Adams, Bishop and Loman's market experience is an aggravating factor for each, which is not present for the other Respondents.

C. Level of Activity in the Marketplace

[88] We found that Majestic sold shares from treasury to 88 shareholders for consideration of approximately $2.1 million (Merits Decision, *supra* at para. 145). There was also evidence that Suncastle was paid consideration of $1,832,682 for its sale of Majestic shares (Merits Exhibit V5). Furthermore, Majestic, its predecessor company, Adams and Kricfalusi also executed forty-nine L&C Agreements, which were found to constitute securities, in furtherance of selling Majestic shares (Merits Decision, *supra* at para. 145). This is a substantial sum of money obtained through solicitation of investors over at least a two year period.

D. Respondents' Recognition of the Seriousness of their Conduct and Remorse

[89] Bishop repeatedly acknowledged his role and conduct in breach of the Act.

[90] Further, Bishop and Kricfalusi expressed remorse for their conduct. As stated above, Bishop conveyed his remorse stating "I want you to understand how regretful I feel every day. This should have never happened." (Bishop – Hearing Transcript of March 15, 2013 at p.116). Kricfalusi expressed her remorse stating "I am very sad and regretful that all this has happened, and would not have been involved had I known this was not allowed" (Kricfalusi – Hearing Transcript of March 15, 2013 at p.124). We accept their submissions in this respect to be genuine and consider this to be a mitigating factor for Bishop and Kricfalusi.

E. Specific and General Deterrence

[91] Given the seriousness of the conduct, it is important that the Respondents and like-minded individuals engaging in such conduct, particularly when it is deceitful, should be deterred from doing so in the future by imposing appropriate sanctions, which reflect the harm done to investors. We find that specific deterrence is necessary for all the Respondents in this case.

F. Mitigating Factors

[92] We found no mitigating factors to be applicable for Suncastle.

[93] As stated above, we accept Bishop and Kricfalusi's expressed remorse to be genuine and consider this to be a mitigating factor for each. Despite not settling, Bishop also recognized the seriousness of his conduct by acknowledging his role and not disputing the sanctions sought to be imposed upon him. Furthermore, Bishop co-operated with Staff and investigators, provided documentary evidence and participated in voluntary interviews. These are mitigating factors in favour of Bishop.

[94] We accept the submissions that Loman's position as an investor in Majestic is a mitigating factor for him. However, we do not agree that the nature of Loman's relationships with the Alberta investors is a mitigating factor in his favour. The relationships do not minimize his responsibility for acting in contravention of the Act.

[95] We find that Adams's Affidavit, provided as evidence of his inability to pay, is not conclusive. In reviewing the schedules to Adams's Affidavit, we considered that aside from one monthly payment statement from the Ministry of Community and Social Services there was no objective third party corroboration of his assets or liabilities or income, such as, for example, an income tax statement. We received no evidence as to what happened to the money personally received by Adams in this matter. As a result, ability to pay is a mitigating factor, but in this case it is not a strong one.

[96] Without detracting from the seriousness of breaches of the Act by CBK, we also acknowledge that CBK was acting in its capacity as trustee on direction of and for the benefit of Adams and Kricfalusi, which we find to be a mitigating factor for CBK.

[97] We also consider Majestic's change in management after the Material Time to be a mitigating factor when considering sanctions against Majestic. The managing directors and officers who took advantage of their positions during the Material Time are no longer with Majestic (other than Bishop) and current management includes investors who lost their money.

G. Size of Profit Gained or Loss Avoided from Illegal Conduct

[98] We found that Majestic sold shares from treasury for consideration of approximately $2.1 million (Merits Decision, *supra* at para. 145). Furthermore, Majestic and its predecessor raised funds from Majestic investors through L&C Agreements totaling $292,400 (Merits Exhibit V25, Tabs 5, 13, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29 and 31).

[99] There was also evidence that Suncastle received consideration of $1,832,682 for its sale of Majestic shares (Merits Exhibit V5).

[100] We accept that CBK did not profit or avoid loss from the transfer of Majestic shares for the benefit of Adams and Kricfalusi.

[101] The evidence also supports a finding that Adams received $516,000 pursuant to transfers of Majestic shares and L&C Agreements, which he executed in furtherance of reselling Majestic shares (Merits Exhibit V25, Tabs 1-12, 13-18, 30, 32-36, 38-40 and 46). We note that an amount of $5,000 for investor B.R. was double-counted in Staff's submissions at Schedules "B" and "D" and we have deducted that amount to arrive at the total of $516,000 above.

[102] We were not provided with evidence of commissions paid to Bishop.

[103] We had evidence that Krifalusi received a total of $60,000 from investors pursuant to L&C Agreements executed by her for the secondary sales of Majestic shares (Merits Exhibit U25, Tabs 41-43, 47 and 49).

[104] We found that Loman was paid commissions of $145,250 in respect of sales of Majestic shares to Alberta investors (Merits Decision, *supra* at para. 160).

[105] None of the Respondents should be allowed to profit from amounts obtained by them as a result of their activities in breach of Ontario securities law.

H. Respondent's Ability to Pay

[106] Ability to pay is one factor to consider in determining the appropriate sanctions, but it is not a determinative factor. We are not bound by decisions in criminal matters, nor does the Act refer to a means test in considering the appropriate monetary sanctions or costs. Rather, our mandate is to order sanctions which are protective and preventative, when it is in the public interest to do so.

[107] We have considered the evidence of Adams's financial position and view this as a weak mitigating factor. As stated above, we find that Adams's Affidavit on the issue is not conclusive. The schedules to his affidavit, do not include sufficient reliable corroboration of his assets or liabilities or income. Again, no evidence was tendered as to what happened to the money personally received by Adams in this matter. We are not persuaded by the argument that future legal fees for a fraud trial is an appropriate factor to consider.

[108] Kricfalusi did not provide the Panel with evidence in support of her submissions on inability to pay. In the absence of such evidence, we are unable to consider this as a factor in determining the appropriate sanctions for Kricfalusi.

I. Effect of Sanctions on Livelihood of Respondents

[109] While Bishop and Loman were former registrants, with the Commission and the ASC, respectively, there were no submissions from either of them that they wished to pursue a career as a registrant going forward.

J. Shame that Sanctions Would Reasonably Cause to the Respondents

[110] Bishop and Adams both made submissions on the shame experienced by them as a result of these proceedings.

[111] Bishop submits that he lost friends and will never be in the business again. Counsel for Adams submits that Adams will experience shame as a result of any sanctions. He notes that many of the investors knew Adams prior to investing and the decision setting out the breach has been reported in the media. We have considered these factors for Bishop and Adams, but do not find them to be determinative.

VII. APPROPRIATE SANCTIONS IN THIS MATTER

[112] In determining the appropriate sanctions, we have remained cognizant of the role and conduct of each of the Respondents. We have also taken into account the Merits Decision findings of contraventions of the Act, which differ between certain of the Respondents, the submissions of the parties, the evidence before us and the sanctioning factors considered above.

A. Trading, Acquisition and Exemption Prohibitions

[113] We agree that the conduct of the Respondents warrants the imposition of certain trading, acquisition and exemption prohibitions that are commensurate with the conduct of each. We also agree that participation in the capital markets is a privilege and respondents who wish to re-enter the market should take responsibility for their conduct and recognize the seriousness of their improprieties (*Erikson*, *supra*). We are mindful that the Commission has ordered permanent cease trade bans, acquisition bans and exemption application bans in circumstances where respondents were found to have engaged in unregistered trading, in the absence of findings of fraud (*Maple Leaf*, *supra* at para. 8 and 55). The Commission in *Sabourin Sanctions* ordered similar sanctions in a matter where securities were sold to investors through salespersons who were found to have contravened sections 25 and 53 of the Act (*Sabourin Sanctions*, *supra* at para. 7).

[114] Majestic and Suncastle sold and/or resold Majestic shares to investors, without being registered to do so, over a prolonged period of time and resulting in a distribution of securities, contrary to subsections 25(1)(a) and 53(1) of the Act. Specifically, Majestic received consideration of approximately $2.1 million (Merits Decision, *supra* at para. 145) and Suncastle received consideration of $1,832,682 for Majestic shares (Merits Exhibit V5). Further, Majestic made prohibited representations, through Bishop, to induce Majestic investors into purchasing shares, including that Majestic would go public (Merits Decision, *supra* at para. 223). We are not confident that either Suncastle or Majestic should be trusted to participate in the capital markets

and we find that the public interest is served by ordering that neither Majestic nor Suncastle is permitted to trade in or acquire securities and that exemptions contained in Ontario securities law do not apply to Majestic and Suncastle on a permanent basis.

[115] We accept Staff's submissions and proposed trading, acquisition and exemption application bans for CBK. As noted above, CBK acted in furtherance of trades by transferring Majestic shares for the benefit of Adams and Kricfalusi (Merits Decision, *supra* at paras. 149-150). We acknowledge that CBK was acting in its capacity as trustee on direction of Adams and Kricfalusi and find that it is in the public interest to order that CBK cease trading in securities, be prohibited from acquiring securities and that exemptions contained in Ontario securities law not apply to CBK for a period of 5 years.

[116] We find that Adams was a principal actor, and at various points an officer and director, in Majestic and Suncastle's operations and the beneficiary of the majority of share sales in the secondary market. Adams did, directly and indirectly through CBK, sell his own Majestic shares to investors, a number of whom were low-income friends of investor D.B., who did not qualify as accredited investors (Merits Decision, *supra* at paras. 57, 145 and 149-150). Taking into account his breaches of subsections 25(1)(a), 38(3) and 53(1) of the Act, actions contrary to the public interest by making deceptive representations to an investor in order to induce a sale of shares, and considering the role Adams had as director and officer of both Majestic and Suncastle in terms of authorizing, permitting and/or acquiescing in breaches by those companies within the meaning of section 129.2 of the Act, we find that 20-year trading, acquisition and exemption application bans are appropriate. While there was no allegation or finding of fraud in this matter, we nevertheless have no confidence that Adams would not re-engage in similar conduct in the future and will not permit a carve-out for personal trading under these circumstances.

[117] Bishop was also a principal actor, an officer and director of Majestic and was found to have breached subsections 25(1)(a) and 53(1) of the Act and made representations as to the future listing of Majestic shares on a stock exchange for the purpose of effecting trades in Majestic shares, contrary to subsection 38(3) of the Act and contrary to the public interest (Merits Decision, *supra* at para. 206). Bishop was also deemed to have not complied with Ontario securities law pursuant to section 129.2 of the Act for his role as a director and officer of Majestic (Merits Decision, *supra* at para. 223). Unlike Adams, Bishop did not sell any of his own Majestic shares and did not authorize, permit and/or acquiesce in conduct of other corporate vehicles or direct trust arrangements in furtherance of trading Majestic shares. Bishop was clearly remorseful for the consequences of his actions and co-operated with Staff throughout the proceeding. Nevertheless, Bishop was a former registrant with the Commission and should have been cognizant of the registration requirements. We find that Bishop should not be permitted to trade in or acquire securities and that exemptions contained in Ontario securities law should not apply to Bishop for a period of 15 years.

[118] Kricfalusi was an officer and director of Suncastle, she was found to have breached subsections 25(1)(a) and 53(1) of the Act, acted contrary to the public interest and was the beneficiary of certain sales of Majestic shares in the secondary market (Merits Decision, *supra* at paras. 149-150 and 223). Kricfalusi was also deemed to have not complied with Ontario securities law pursuant to section 129.2 of the Act for her role as a director and officer of Suncastle (Merits Decision, *supra* at para. 223). Kricfalusi did express remorse for her involvement and, unlike Adams and Bishop, there was no evidence that she made any prohibited representations to investors. We find that 8-year trading, acquisition and exemption bans are appropriate and should send a deterrent message to Kricfalusi.

[119] Loman was a Majestic securities salesperson who was found to have breached subsections 25(1)(a) and 53(1) of the Act and acted contrary to the public interest for his acts in furtherance of trading Majestic shares (Merits Decision, *supra* at paras. 161-162 and 223). Despite being an investor himself, Loman had direct contact with the Alberta investors and received commissions on sales of Majestic shares to a number of those investors (Merits Decision, *supra* at para. 160). While Loman was not involved in a management capacity with Majestic or Suncastle like the other individual Respondents, he was a former registrant with the ASC, has been subject to bans in the past and should be held to a higher standard because of his experience. We find it appropriate for Loman to be ordered to cease trading in securities, be prohibited from acquiring securities and that exemptions contained in Ontario securities law not apply to Loman for a period of 10 years.

[120] We have disagreed with the length of Staff's proposed trading, acquisition and exemption sanctions for Kricfalusi and Loman. In *Limelight Sanctions* the salesman, Daniels, received 10-year prohibitions with respect to trading and removal of exemptions, subject to a carve-out for RRSPs (*Limelight Sanctions*, *supra* at para. 42). We find that more proportionate prohibitions on trading, acquisition and exemption in the case of these respondents would be orders for 10 years in the case of Loman and 8 years in the case of Kricfalusi.

[121] In *Sabourin Sanctions*, the Commission found salespersons to have contravened sections 25 and 53 of the Act (*Sabourin Sanctions*, *supra* at para. 7). In that decision, the panel decided the salespersons should permanently cease trading securities, be prohibited from acquiring securities and that there should be a permanent removal of exemptions against each of them, subject to a carve-out for RRSPs with respect to trading and acquiring securities (*Sabourin Sanctions*, *supra* at para. 7).

[122] We find that none of the Respondents should be granted any exception for personal trading because they cannot be trusted to participate in Ontario's capital markets even in a limited capacity.

[123] We consider it appropriate in the circumstances to impose 20, 15, 10 and 8-year prohibitions on the individual Respondent's ability to trade securities, acquire securities or benefit from exemptions contained in Ontario securities law. Bishop and Kricfalusi have expressed, and the panel has accepted, their remorse for conduct in breach of the Act and contrary to the public interest. Bishop has acknowledged the seriousness of his breaches throughout the proceeding. We also find that Loman's position as an investor is a mitigating factor for him. For these reasons, we consider it appropriate to impose the prohibitions on the Respondents' abilities to trade securities, acquire securities or benefit from exemption under Ontario securities law.

B. Other Market Prohibitions

[124] Given their misconduct, we agree that none of the Individual Respondents should be immediately entitled to become or act as registrants, investment fund managers or as promoters. As stated above, we have no confidence in Adams, having found that he engaged in deceitful conduct to induce the sale of Majestic shares. Bishop was a former registrant with the Commission, who also made prohibited representations to investors. Lastly, Loman was a former registrant with the ASC, who had been previously sanctioned pursuant to a settlement agreement with the ASC. To protect the public, we find that it is appropriate to impose market prohibitions on Adams for 20 years, Bishop for 15 years, Loman for 10 years and Kricfalusi for 8 years so that they do not become or act as registrants, investment fund managers or as promoters for the respective amounts of time.

C. Director and Officer Bans

[125] We note that permanent director and officer bans, coupled with permanent trading, acquisition and exemption prohibitions, were found to be appropriate in *Ochnik*. In that matter, a respondent had violated sections 25 and 53 and engaged in misleading and deceptive behaviour (*Ochnik*, *supra* at paras. 92, 108-113). Similar sanctions were ordered against the respondent who breached section 25 in *Maple Leaf* (*Maple Leaf*, *supra* at paras. 8 and 55).

[126] In Sabourin Sanctions, the Commission ordered the salespersons and directing mind to resign and be permanently banned from becoming or acting as directors or officers of an issuer, in which approximately $33.9 million was invested in an investment scheme that was found to be a sham (*Sabourin Sanctions*, *supra* at para. 64). In *Limelight Sanctions*, a matter in which $2.75 million was raised from investors through unregistered trading and an illegal distribution, the directing minds were also permanently banned, and the salespersons were banned for a period of 10 years, from becoming or acting as directors or officers of an issuer (*Limelight Sanctions*, *supra* at para. 87(d) and (e)).

[127] The Individual Respondents each engaged in conduct for the purpose of trading or acting in furtherance of unregistered trading in securities. Adams, Bishop and Kricfalusi acted as officers and/or directors of Majestic and/or Suncastle during the Material Time and authorized, permitted or acquiesced in breaches of the Act by those companies (Merits Decision, *supra* at para. 223). Loman received funds through his company, Essen Inc., as a vehicle for payment of commissions due to him from sales of Majestic shares (Merits Decision, *supra* at paras. 15, 83, 93, 160).

[128] The Individual Respondents' use of their positions to further conduct contrary to the Act and contrary to the public interest guides us in our decision that they should resign all positions as directors or officers of an issuer, registrant or investment fund manager. Commensurate with their involvement, we find that Adams should be prohibited for a period of 20 years, Bishop for 15 years, Loman for 10 years and Kricfalusi for 8 years from becoming or acting as officers or directors of any issuer, registrant or investment fund manager.

[129] Having heard and considered the submissions of Loman's counsel, we are prepared to allow that Loman be granted a carve-out to act as a director or officer of an issuer that:

a) is wholly owned by one or more of himself or members of his immediate family;

b) does not issue or propose to issue securities or exchange contracts to the public; and

c) does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer.

[130] On the other hand, Bishop made no submissions in support of a carve-out to allow him to continue acting in his current role as a director and officer of Majestic. If Bishop wishes to seek such a carve-out, he may apply for an order varying this decision pursuant to section 144 of the Act.

[131] In our view, the orders for resignation and imposition of varying director and officer bans requested by Staff will ensure that the Individual Respondents will not be placed in a position of control or trust with respect to issuers, registrants or investment fund managers in the near future. These orders serve to ensure general and specific deterrence for the Individual Respondents and like-minded individuals.

D. Disgorgement

[132] We are guided by the non-exhaustive list of factors set out in *Limelight Sanctions* in determining appropriate disgorgement orders (*Limelight Sanctions*, *supra* at para. 52).

[133] Majestic sold shares from treasury to 88 shareholders for consideration of approximately $2.1 million (Merits Decision, *supra* at para. 145). Majestic and its predecessor also benefitted from a number of L&C Agreements totaling $292,400. There is no question that investors were seriously harmed by Majestic's non-compliance with the Act. However, considering Majestic's change in management, and in an effort to avoid causing more harm to Majestic investors, we agree that no disgorgement order should be made against Majestic. Nor will a disgorgement order be made against CBK, who did not obtain amounts as a result of non-compliance with Ontario securities law.

[134] We accept, on a balance of probabilities, that the evidence shows that Suncastle obtained consideration of $1,832,682 for its sale of Majestic shares (Merits Exhibit V5). Suncastle's breaches of subsection 25(1)(a) and 53(1) the Act caused serious harm to investors. Therefore, Suncastle should disgorge the amount obtained as a result of non-compliance with Ontario securities law. We find the value of $1,832,682 to be reasonably ascertainable based on the analysis of Suncastle's financial records and the testimony of Staff's forensic accountant, Paul DeSouza. We do not think it likely that the individuals who suffered losses will be able to obtain redress.

[135] We find that Adams obtained $516,000 pursuant to transfers of Majestic shares and L&C Agreements he executed in furtherance of trading Majestic shares (Merits Exhibit V25, Tabs 1-12, 13-18, 30, 32-36, 38-40 and 46). Staff also tendered evidence that Adams received $480,000 from investors for the sale of Suncastle shares (Merits Exhibit V25, Tabs 44-45 and 48; Merits Exhibit W1). Staff's Statement of Allegations, filed October 20, 2010, specifically alleged that the Respondents, including Adams, "sold **Majestic shares** contrary to the registration and prospectus requirements of the [Act]" [emphasis added] (para. 9) and made no such allegations with respect to sales of Suncastle shares. Further, our findings in the Merits Decision clearly state that the Respondents "traded in **Majestic securities** and/or engaged in acts in furtherance of trades in **Majestic securities** without having been registered under the Act to do so […]" [emphasis added] (Merits Decision, *supra* at para. 223).

[136] Absent allegations and findings of non-compliance with Ontario Securities law with respect to the sales of Suncastle shares, we are not prepared to order disgorgement of the $480,000 requested by Staff. This should not detract from the seriousness of Adams's misconduct. His breaches of the registration and prospectus requirements of the Act, coupled with a finding that he made prohibited representations with respect to the future listing of Majestic shares on a stock exchange (Merits Decision, *supra* at para. 223) caused substantial harm to investors. Given the precarious financial situation in which Adams currently finds himself, according to Adams's Affidavit, it is unlikely that those who suffered losses will be able to obtain redress. As stated at paragraph 101 above, the evidence supports that Adams received $516,000 as a result of his non-compliance with the Act and we find the amount of $516,000 to be reasonably ascertainable. A disgorgement order of $516,000 should send a deterrent message to Adams and like-minded individuals.

[137] While Bishop's commission agreement entitled him to an annual salary of $75,000 for his role as senior management, a monthly vehicle allowance of $800 and commissions in the form of shares and cash, we were not directed to any evidence that confirms that the approximately $56,000 paid to him by Majestic and $31,000 paid to him by Suncastle during the Material Time were paid as commissions for sales of Majestic shares (Merits Exhibit U15). We note that Bishop admitted to having raised $2.5 million from sales of Majestic shares. However, absent the information which would confirm amounts obtained by him in the course of his non-compliance, we are not prepared to make a disgorgement order against Bishop.

[138] We agree that Kricfalusi obtained an amount of $60,000 from investors pursuant to L&C Agreements executed by her for the secondary sales of Majestic shares (Merits Exhibit U25, Tabs 41-43, 47 and 49). She too engaged in breaches of the registration and prospectus requirements of the Act and authorized, permitted or acquiesced in the commission of the violations of the Act by Suncastle (Merits Decision, *supra* at para. 223), which caused serious harm to investors. From Kricfalusi's submissions we understand that those who suffered losses are unlikely to be able to obtain redress. We find that the amount of $60,000 obtained by Kricfalusi is reasonably ascertainable and that ordering her to disgorge that amount would fulfill goals of specific and general deterrence.

[139] Loman, through his company, obtained commissions, which were directly related to his non-compliance with sections 25 and 53 of the Act. Specifically, we found that Loman received $145,250 as commissions (Merits Decision, *supra* at para. 160). We made no further findings with respect to amounts Loman may have received. Loman admitted to having received $145,250, through Essen Inc. That payment was confirmed through financial records and the purpose corroborated by the "Kevin Loman transactions" document (Merits Exhibit U8). We did not find Loman's explanation for receipt of those funds to be credible. Loman's explanation was unsupported by any service agreement and we did not accept his professed ignorance of an invoice in respect of his own work for a relatively large fee (Merits Decision, *supra* at para. 160). We find that the amount of $145,250 obtained as a result of Loman's non-compliance with Ontario securities law is reasonably ascertainable. We are not confident that the individuals who suffered losses are likely to be able to obtain redress and find that a disgorgement order of $145,250 against Loman should serve as an appropriate deterrent message.

[140] In *Sabourin Sanctions*, the panel ordered joint and several disgorgement of the $33.9 million obtained from investors less $6 million that appeared to have been returned to investors (*Sabourin Sanctions*, *supra* at paras. 70 and 93(g)). The panel in that matter found that joint and several liability of Sabourin and the corporate respondents was appropriate because as the directing and controlling mind of the companies it would impossible to treat them differently (*Sabourin Sanctions*, *supra* at para. 70). Staff suggested in oral argument that joint and several liability could be ordered in this matter for Adams, but did not provide sufficient justification for their proposition. Therefore, we will not be making such an order in this case.

[141] The conduct of the Respondents, particularly the deceitful behaviour, was serious and resulted in substantial harm to investors. As stated above, we find it unlikely that the Majestic investors who suffered losses will be able to obtain redress. Given the reasonably ascertainable value of funds personally obtained by the Respondents, we find that they shall individually disgorge the amounts evidently obtained from sales and resales of Majestic securities.

E. Administrative Penalties

[142] We are guided by the factors noted above to be considered in determining an appropriate administrative penalty (*Rowan*, *supra* at para. 67; and *Limelight Sanctions*, *supra* at paras. 71 and 78).

[143] We find that orders for administrative penalties against Majestic and Suncastle in the amount of $200,000 each are appropriate in the circumstances. Each committed multiple and repeated violations of the Act, which caused serious harm to Majestic investors. In *Limelight Sanctions*, the Commission imposed administrative penalties of $200,000 against each of the principals for repeated violations of the Act, including unregistered trading (*Limelight Sanctions*, *supra* at 62, 69, 75 and 78). Further, in *Maple Leaf*, the Commission ordered a respondent who engaged in unregistered trading and unregistered advising to pay an administrative penalty of $200,000 (*Maple Leaf*, *supra* at para. 8 and 55). Majestic sold shares from treasury to 88 shareholders for consideration of approximately $2.1 million (Merits Decision, *supra* at para. 145) and together with its predecessor also benefitted from a number of L&C Agreements. We also accept that Suncastle obtained consideration of $1,832,682 in the course of its non-compliance with the Act (Merits Exhibit V5). The scope and seriousness of their misconduct warrants a strong deterrent message.

[144] CBK's breaches affected eleven Majestic investors and occurred over a shorter period. We are not aware of any profit realized by CBK as a result of its non-compliance with Ontario securities law. CBK did breach key provisions of the Act, but its actions in furtherance of trade were on the direction of Adams and Kricfalusi as beneficiaries. In the circumstances, we agree with Staff that an administrative penalty of $10,000 against CBK would serve the necessary general and specific deterrence objectives.

[145] Given the multiple, repeated and widespread breaches of the Act by Adams, we find that it is appropriate for Adams to be ordered to pay an administrative penalty of $300,000. Adams benefited from the majority of the L&C Agreements executed by Majestic investors. He received over half a million dollars directly through his non-compliance with the Act and is responsible for much more as an officer and director of Majestic and Suncastle at various periods. It is particularly important that Adams and like-minded individuals be deterred from engaging in deceptive conduct, such as making prohibited representations of future listing. Again, we view Adams's ability to pay to be a weak mitigating factor that does not persuade us to reduce the administrative penalty sought by Staff.

[146] Bishop also engaged in multiple and repeated breaches of Ontario securities law, including making prohibited representations of future listing of Majestic shares. Like Adams, he was deemed to have not complied with Ontario securities law by virtue of his role as an officer and director of Majestic. As stated above, it is unclear whether Bishop realized a profit from his activities in breach of the Act. Bishop did however admit to having raised $2.5 million from investors through the sales of Majestic shares. Nevertheless, Bishop acknowledged the seriousness of his conduct, expressed remorse and was cooperative with Staff. Therefore, we find that an administrative penalty of $100,000 is more appropriate for Bishop.

[147] Kricfalusi's multiple acts contrary to the registration and prospectus requirements of the Act were repeated during the Material Time. Krifalusi did obtain $60,000 from five Majestic investors as a result of L&C Agreements. Further, she was deemed to have not complied with Ontario securities law in her role as an officer and director of Suncastle. However, she was not found to have made prohibited representations to investors. In these circumstances, we find that Kricfalusi should be ordered to pay an administrative penalty of $50,000 and that such an order would have the appropriate deterrent effect.

[148] We are not persuaded by Staff's submission that Loman should be ordered to pay an administrative penalty equal to Bishop's. While, as a salesperson, Loman violated several key provisions of the Act, he was not intimately involved in Majestic's management. Loman was not deemed to have not complied with Ontario securities law pursuant to section 129.2 of the Act as Bishop was for his role as officer and director or Majestic and was not found to have made prohibited representations with respect to future listing of Majestic shares as Bishop was (Merits Decision, *supra* at para. 223). Nevertheless, Loman engaged in multiple and repeated breaches of the Act and realized a profit of at least $145,250 as commissions from sales of Majestic shares. The seriousness of his misconduct is heightened by the fact that Loman was previously subject to sanctions of the ASC and continued to engage in the misconduct noted above, which suggests that a strong deterrent message is necessary for

Loman and like-minded individuals. For these reasons, we consider an administrative penalty of $75,000 to be more appropriately linked to Loman's misconduct in this case.

[149] Under the circumstances, we find that it would be appropriate to order Majestic to pay $200,000, Suncastle to pay $200,000, CBK to pay $10,000, Adams to pay $300,000, Bishop to pay $100,000, Kricfalusi to pay $50,000 and Loman to pay $75,000 as administrative penalties for each respondent's failures to comply with Ontario securities law.

VIII. COSTS

[150] Pursuant to subsections 127.1(1) and 127.1(2) of the Act, the Commission has discretion to order a person or company to pay the costs of an investigation and hearing if the Commission is satisfied that the person or company has not complied with the Act or has not acted in the public interest. Rule 18.2 of the Commission's *Rules of Procedure* sets out a number of factors a panel may consider in exercising its discretion to order costs.

[151] We consider the costs sought by Staff of $365,351.31 to be generally reasonable and conservative. These total costs include the time of one litigator and one investigator from August 17, 2009 to March 14, 2013. Staff does not seek any costs related to time spent investigating, preparing or attending the Merits Hearing for its forensic accountant or assistant investigator. The request does include disbursement costs for court reporting, videoconferences for Alberta witnesses and travel expenses for the purpose of interviewing investor witnesses in Alberta.

[152] In support of this request, Staff provided written submissions, the Affidavit of Jeff Thomson, sworn March 14, 2013, supported by a summary statement of hours and fees, dockets of time incurred in the investigation and litigation phases of the proceeding, and disbursement invoices, as required by Rule 18.1(2)(b) of the *Rules of Procedure*. The weekly docket summary timesheet provided dates, numbers of hours worked and details of the tasks performed by each of the Staff members listed. We reject the submissions of counsel for Loman with respect to inability to test costs. We are satisfied that the evidence supports an adequate record of costs as a whole.

[153] We accept Staff's submission that costs were higher in this case because of the large number of trades, the need to analyse trading, financial and banking records for Majestic and Suncastle, the involvement of out-of-province investors and the lack of admissions by the Respondents.

[154] We also accept that the focus of the investigation dealt primarily with Majestic, Suncastle and Adams. Suncastle and Adams should be ordered to pay $75,000 each for costs associated with the investigation and hearing of this matter. However, considering that Bishop cooperated, on behalf of Majestic, in providing necessary documentation for Staff's investigation, we find that a deduction of $25,000 should be granted to the company. Therefore, Majestic shall be ordered to pay $50,000 for costs. Bishop, who cooperated in voluntary interviews, but ultimately did not settle or testify, should be equally responsible for $50,000 with respect to costs of the investigation and hearing of this matter.

[155] We also agree with Staff's costs order sought for CBK. Time spent dealing with allegations against CBK was minimal, but again CBK did not settle. Therefore it is appropriate from CBK to pay $5,000 for costs. Similarly, Kricfalusi's conduct was confirmed by documentation and she did not prolong the proceeding, but also did not settle. We find that a more appropriate share of costs for Kricfalusi is $20,000.

[156] We reject Staff's submissions that Loman should pay $50,000 for costs. Although his testimony was ultimately not accepted, Staff's fresh evidence motion failed and Staff was able to prove only part of the allegations made against Loman. For these reasons, we have decided to reduce the costs payable by Loman to $30,000. Counsel for Loman is correct that the Act and the Commission's *Rules of Procedure* do not permit recovery of costs by the Respondents. In this case, Staff proved a number of breaches of the Act by Loman. We will not embark on a speculative analysis of what would occur in the event that Staff did not prove its allegations against a respondent.

[157] We agree that Staff's estimate of costs is generally reasonable in the circumstances and that allocation, less certain reductions noted above, is appropriate. We will order Majestic to pay $50,000, Suncastle to pay $75,000, CBK to pay $5,000, Adams to pay $75,000, Bishop to pay $50,000, Kricfalusi to pay $20,000 and Loman to pay $30,000 for the investigation and hearing costs incurred by the Commission, pursuant to section 127.1 of the Act.

IX. CONCLUSION

[158] We consider that it is important in this case to impose sanctions that reflect the seriousness of the securities law violations that occurred in this matter and that will deter the Respondents and like-minded individuals from engaging in future conduct that violates securities law. Accordingly, we will make the following orders in the public interest:

1. With respect to Majestic and/or Suncastle:

   (a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by Majestic and Suncastle cease permanently;

   (b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by Majestic and Suncastle is prohibited permanently;

   (c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Majestic and Suncastle permanently;

   (d) pursuant to clause 9 of subsection 127(1) of the Act, that Majestic and Suncastle shall pay $200,000 each as administrative penalties, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

   (e) pursuant to clause 10 of subsection 127(1) of the Act, that Suncastle shall disgorge to the Commission $1,832,682 obtained as a result of its non-compliance with Ontario securities law, that is designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

   (f) pursuant to section 127.1 of the Act, that Majestic shall pay $50,000 and Suncastle shall pay $75,000 for costs incurred in the investigation and hearing of this matter.

2. With respect to CBK:

   (a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by CBK cease for a period of 5 years;

   (b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by CBK is prohibited for a period of 5 years;

   (c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to CBK for a period of 5 years;

   (d) pursuant to clause 9 of subsection 127(1) of the Act, that CBK shall pay an administrative penalty of $10,000, that is designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

   (e) pursuant to section 127.1 of the Act, that CBK shall pay $5,000 for costs incurred in the investigation and hearing of this matter.

3. With respect to Adams, Bishop, Loman and/or Kricfalusi:

   (a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by Adams cease for a period of 20 years, Bishop cease for a period of 15 years, Loman cease for a period of 10 years and Kricfalusi cease for a period of 8 years;

   (b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi is prohibited for a period of 8 years;

   (c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Adams for a period of 20 years, Bishop for a period of 15 years, Loman for a period of 10 years and Kricfalusi for a period of 8 years;

   (d) pursuant to clause 6 of subsection 127(1) of the Act, that Adams, Bishop, Loman and Kricfalusi are reprimanded;

   (e) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Adams, Bishop, Loman and Kricfalusi resign all positions as directors or officers of an issuer, registrant or investment fund manager;

   (f) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi

is prohibited for a period of 8 years from becoming or acting as officers or directors of any issuer, registrant or investment fund manager, except that Loman may act as a director or officer of an issuer that:

i. is wholly owned by one or more of himself or members of his immediate family;

ii. does not issue or propose to issue securities or exchange contracts to the public; and

iii. does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, that Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi is prohibited for a period of 8 years from becoming or acting as registrants, investment fund managers or as promoters;

(h) pursuant to clause 9 of subsection 127(1) of the Act, that Adams shall pay $300,000, Bishop shall pay $100,000, Loman shall pay $75,000 and Kricfalusi shall pay $50,000 as administrative penalties, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, that Adams shall disgorge $516,000, Loman shall disgorge $145,250 and Kricfalusi shall disgorge $60,000 to the Commission as amounts obtained as a result of their non-compliance with Ontario securities law, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(j) pursuant to section 127.1 of the Act, that Adams shall pay $75,000, Bishop shall pay $50,000, Loman shall pay $30,000 and Kricfalusi shall pay $20,000 for costs incurred in the investigation and hearing of this matter.

[159] We will issue a separate order giving effect to our decision on sanctions and costs.

Dated this 29th day of November, 2013.

“Edward P. Kerwin”

“Paulette L. Kennedy”

This page intentionally left blank

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
Mirabela Nickel Limited	02 Dec 13	13 Dec 13		

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
*Strike Minerals Inc.	18 Nov 13	29 Nov 13	29 Nov 13		

***NEW RESPONDENT WAS ADDED TO THE MCTO AGAINST STRIKE MINERALS INC.**

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
Northland Resources S.A.	22 Nov 13	4 Dec 13			
Strike Minerals Inc.	19 Sept 13	01 Oct 13	01 Oct 13		
*Strike Minerals Inc.	18 Nov 13	29 Nov 13	29 Nov 13		

***NEW RESPONDENT WAS ADDED TO THE MCTO AGAINST STRIKE MINERALS INC.**

This page intentionally left blank

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
11/09/2013	18	BacTech Environmental Corporation - Units	100,000.00	1,000,000.00
11/06/2013	3	Barclays Bank PLC - Notes	1,050,000.00	1,050,000.00
11/07/2013	4	BNP Paribas Arbitrage SNC - Certificates	800,000.00	N/A
11/06/2013	4	BNP Paribas Arbitrage SNC - Certificates	783,187.50	7,500.00
11/14/2013	2	Capsugel S.A. - Notes	5,248,500.00	2.00
10/30/2013	1	Deutsche Bank AG - Notes	150,000.00	1.00
11/19/2013	1	Focus Graphite Inc. - Common Shares	299,999.93	689,655.00
11/13/2013	55	Gondwana Energy Corp. - Special Warrants	1,983,361.00	396,672,200.00
11/15/2013	1	IAC/InterActiveCorp. - Notes	1,045,800.00	1,000.00
11/14/2013	1	Incyte Corporation - Notes	629,820.00	1.00
11/13/2013	2	InvenSense, Inc. - Notes	4,187,200.00	2.00
11/04/2013	2	Kentucky Utilities Company - Bonds	15,632,132.40	2.00
09/16/2013	14	Mayo Lake Minerals Inc. (amended) - Common Shares	324,000.00	3,240,000.00
11/06/2013	280	MEG Energy Corp. - Notes	210,463,800.00	N/A
11/13/2013	3	Merlin Entertainments plc. - Common Shares	1,057,266.00	200,000.00
10/31/2013	8	Morrison Laurier Mortgage Corporation - Preferred Shares	279,000.00	N/A
11/13/2013	1	Navios Maritime Acquisition Corporation/Navios Acquisition Finance (US) Inc. - Notes	5,234,000.00	5,000.00
10/17/2013 to 10/21/2013	3	New Haven Mortgage Income Fund (1) Inc. - Special Shares	58,200.00	N/A
10/31/2013	1	SCREP V Japan Institutional Feeder C L.P. - Limited Partnership Interest	252,462,500.00	N/A
11/08/2013	6	Statoil ASA - Notes	91,219,030.15	87,000.00
04/16/2013 to 05/30/2013	6	Sustainable Energy Technologies Ltd. (Amended) - Preferred Shares	650,000.00	65,000.00
10/31/2013	1	The McElvaine Investment Trust - Trust Units	500,000.00	25,621.97
11/13/2013	1	The Mosaic Company - Notes	3,128,654.90	1.00
11/13/2013	1	The Mosaic Company - Notes	2,091,778.57	2,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/13/2013	1	The Mosaic Company - Notes	3,133,805.16	3,000.00
04/25/2013	8	Thrasos Innovation Inc. - Preferred Shares	10,193,999.79	43,478,260.00
11/01/2013	1	Triton Debt Opportunities Fund I General Partners L.P. - Limited Partnership Interest	98,588,000.00	N/A
11/13/2013	21	Twitter, Inc. - Common Shares	11,645,034.48	427,862.00
11/04/2013 to 11/08/2013	21	UBS AG, Jersey Branch - Certificates	6,246,262.54	21.00
11/11/2013 to 11/15/2013	14	UBS AG, Jersey Branch - Certificates	4,370,510.77	14.00
11/01/2013	1	UBS AG, London Branch - Notes	1,047,650.00	1,000.00
11/14/2013	3	WellCare Health Plans, Inc. - Notes	14,170,950.00	3.00
11/14/2013	15	ZENN Motor Company Inc. - Units	3,704,000.00	3,704,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Aumento Capital II Corporation
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated November 27, 2013
Receipted on November 28, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2139763

Issuer Name:
Barometer Disciplined Leadership Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 27, 2013
NP 11-202 Receipt dated November 29, 2013
Offering Price and Description:
Class A, F and I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Barometer Capital Management Inc.
Project #2139215

Issuer Name:
Canadian Utilities Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated November 25, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
$2,000,000,000.00
Preferred Shares
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2137576

Issuer Name:
CatchMark Timber Trust, Inc.
Principal Regulator - Ontario
Type and Date:
Second Amended and Restated Preliminary MJDS Prospectus dated November 26, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
US$ * - * Shares of Class A Common Stock
Price: US$ * per Class A Common Stock
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
-
Project #2134363

Issuer Name:
Element Financial Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 2, 2013
NP 11-202 Receipt dated December 2, 2013
Offering Price and Description:
$1,250,000,000.00
Debt Securities
Preferred Shares
Common Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2143378

Issuer Name:
Empire Life Emblem Diversified Income Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 29, 2013
NP 11-202 Receipt dated December 2, 2013
Offering Price and Description:
Series A, Series T6, Series F and Series I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Empire Life Investments Inc.
Project #2142478

Issuer Name:
Fidelity American Value Class
Fidelity Global Opportunities Class
Fidelity Overseas Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated November 25, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
Series A, Series B and Series F, Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Fidelity Investments Canada ULC
Project #2137670

Issuer Name:
Hemisphere Energy Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 26, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
$4,000,400.00 - 3,637,000 Units and 3,077,000 Flow Through Shares
Price: $0.55 per Unit and $0.65 per Flow Through Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Integral Wealth Securities Limited
MGI Securities Inc.
Promoter(s):
-
Project #2136768

Issuer Name:
Inter Pipeline Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated December 2, 2013
NP 11-202 Receipt dated December 2, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2143537

Issuer Name:
McCoy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 28, 2013
NP 11-202 Receipt dated November 28, 2013
Offering Price and Description:
$32,864,000.00 - 5,200,000 Common Shares
Price: $6.32 per Offered Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
GMP SECURITIES L.P.
Promoter(s):
-
Project #2137119

Issuer Name:
MEG Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 29, 2013
NP 11-202 Receipt dated November 29, 2013
Offering Price and Description:
$157, 000,000.00 - 5,000,000 Common Shares
Price: $31.40 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #2137466

Issuer Name:
NorthWest International Healthcare Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 29, 2013
NP 11-202 Receipt dated December 2, 2013
Offering Price and Description:
$* - * Units
Price: $* per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
National Bank Financial, Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Scotia Capital Inc.
Desjardins Securities Inc.
Manulife Securities Inc.
Promoter(s):
-
Project #2141734

Issuer Name:
PNI Digital Media Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 2, 2013
NP 11-202 Receipt dated December 2, 2013
Offering Price and Description:
$* - *Common Shares
Price: $* per Offered Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #2143514

Issuer Name:
Secure Energy Services Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 26, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
$95,652,174.20 - 6,231,412 Common Shares
Price: $15.35 per Offered Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
FirstEnergy Capital Corp.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Peters & Co. Limited
Promoter(s):
-
Project #2138012

Issuer Name:
Sun Life NWQ Flexible Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 22, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
Series A, F, and I Units)
Underwriter(s) or Distributor(s):
-
Promoter(s):
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.
Project #2136831

Issuer Name:
TransAlta Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated November 29, 2013
NP 11-202 Receipt dated November 29, 2013
Offering Price and Description:
$2,000,000,000.00
Common Shares
First Preferred Shares
Warrants
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2142404

Issuer Name:
TransCanada Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated November 26, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
$2,000,000,000.00
Common Shares
First Preferred Shares
Second Preferred Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2138001

Issuer Name:
Trinidad Drilling Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 2, 2013
NP 11-202 Receipt dated December 2, 2013
Offering Price and Description:
$150,000,000.00 - 15,000,000, Common Shares
Price: $10.00 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Cormark Securities Inc.
Paradigm Capital Inc.
Peters & Co. Limited
Promoter(s):
-
Project #2138151

Issuer Name:
Twin Butte Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 29, 2013
NP 11-202 Receipt dated November 29, 2013
Offering Price and Description:
$85,000,000.00 - 6.25% Convertible Unsecured Subordinated Debentures
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Peters & Co. Limited
Canaccord Genuity Corp.
GMP Securities L.P.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #2138064

Issuer Name:
Yangarra Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 29, 2013
NP 11-202 Receipt dated November 29, 2013
Offering Price and Description:
$13,510,975 -12,048,148 Offered Common Share; 3,394,915 CDE Flow-through Shares, and 7,755,000 CEE Flow-through Shares
Price: $0.540 per Offered Common Share,
Price: $0.590 per CDE Flow-through Share and
Price: $0.645 per CEE Flow-through Share
Underwriter(s) or Distributor(s):
ALTACORP CAPITAL INC.
DUNDEE SECURITIES LTD.
PARADIGM CAPITAL INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
MGI SECURITIES INC.
Promoter(s):
-
Project #2138003

Issuer Name:
Calloway Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated November 29, 2013
NP 11-202 Receipt dated December 2, 2013
Offering Price and Description:
$2,000,000,000.00
Units
Subscription Receipts
Warrants
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2135508

Issuer Name:
Chesswood Group Limited
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated November 27, 2013
NP 11-202 Receipt dated November 27, 2013
Offering Price and Description:
$100,000,000.00 - Debt Securities (unsecured) - Common Shares - Warrants - Subscription Receipts - Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2134917

Issuer Name:
Copper Mountain Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 25, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
17,700,000.00 - Common Shares
Price:$1.70
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2134099

Issuer Name:
EPCOR Utilities Inc.
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated November 27, 2013
NP 11-202 Receipt dated November 27, 2013
Offering Price and Description:
$1,000,000,000.00 - Medium Term Note Debentures (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc. TD Securities Inc.
Promoter(s):
-
Project #2135210

Issuer Name:
Grande West Transportation Group Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated November 27, 2013
NP 11-202 Receipt dated November 28, 2013
Offering Price and Description:
Minimum of $4,000,000.00 to a Maximum of $5,000,000.00
Minimum of 8,000,000 Shares to a Maximum of 10,000,000 Shares
Price of $0.50 Per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth
Euro Pacific Canada, Inc.
Promoter(s):
William Trainer
Project #2114225

Issuer Name:
GuestLogix Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 26, 2013
NP 11-202 Receipt dated November 27, 2013
Offering Price and Description:
9,092,000.00 Common Shares
Price: $1.10 per Offered Share
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2133007

Issuer Name:
Harmony Diversified Income Pool
(Embedded Series, Series F, Series T, Series V and Wrap Series Securities)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated November 26, 2013 to the Simplified Prospectus and Annual Information Form dated July 12, 2013
NP 11-202 Receipt dated November 27, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2073379

Issuer Name:
Horizons Gold Yield ETF
Horizons Natural Gas Yield ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 7, 2013 to the Long Form Prospectus dated February 20, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #2005925

Issuer Name:
Marquis Institutional Bond Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated November 14, 2013 to the Simplified Prospectus and Annual Information Form dated November 30, 2012
NP 11-202 Receipt dated November 28, 2013
Offering Price and Description:
Series A, E, I, O and V units
Underwriter(s) or Distributor(s):
GCIC Ltd.
1832 Asset Management L.P.
Promoter(s):
GCIC Ltd.
Project #1978353

Issuer Name:
NDX Growth & Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated November 28, 2013
NP 11-202 Receipt dated November 29, 2013
Offering Price and Description:
Maximum: $100,000,000 - 10,000,000 Class A Units @ $10.00 per Class A Unit
Minimum: $20,000,000 - 2,000,000 Class A Units @ $10.00 per Class A Unit
Maximum: US$25,000,000 - 2,500,000 Class U Units@ US$10.00 per Class U Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corp.
Promoter(s):
Strathbridge Asset Management Inc.
Project #2126263

Issuer Name:
NUVISTA ENERGY LTD.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 26, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
$78,100,000.00
11,000,000 Common Shares
Price $7.10 per Common Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
RBC Dominion Securities Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #2131365

Issuer Name:
Park Lawn Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 26, 2013
NP 11-202 Receipt dated November 28, 2013
Offering Price and Description:
MINIMUM OFFERING $6,000,005.00 - (697,675 Common Shares)
MAXIMUM OFFERING $9,000,003.00 - (1,046,512 Common Shares)
Price: $8.60 per Common Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Promoter(s):
-
Project #2126767

Issuer Name:
Redwood Energy Growth Class
(Series A units and Series F units
Principal Regulator - Ontario
Type and Date:
Amendment No. 4 dated November 15, 2013 to the Simplified Prospectus dated November 22, 2012 (SP amendment No. 4) and Amendment No. 5 dated November 15, 2013 (together with SP amendment no. 4, "Amendment no. 5") to the Annual Information Form dated November 22, 2012
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
Series A and F units
Underwriter(s) or Distributor(s):
Redwood Asset Management Inc.
Promoter(s):
Redwood Asset Management Inc.
Project #1969989

Issuer Name:
Russell Focused Global Equity Pool
(Series A, B, E, F and O units)
Russell Focused Global Equity Class (class of shares of Russell Investments Corporate Class
Inc.)
(Series B, E, F and O shares)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 25, 2013
NP 11-202 Receipt dated November 28, 2013
Offering Price and Description:
Series A, B, E, F and O units
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
Promoter(s):
Russell Investments Canada Limited
Project #2123623

Issuer Name:
The Children's Educational Foundation of Canada
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated November 22, 2013
NP 11-202 Receipt dated November 27, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CHILDREN'S EDUCATION FUNDS INC.
Promoter(s):
CHILDREN'S EDUCATION FUNDS INC.
Project #2122409

Issuer Name:
Turquoise Hill Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 25, 2013
NP 11-202 Receipt dated November 26, 2013
Offering Price and Description:
Rights to Subscribe for 1,006,116,599 Common Shares at a Price of US$2.40 per Common Share or C$2.53 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2132436

Issuer Name:
Vicwest Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 27, 2013
NP 11-202 Receipt dated November 27, 2013
Offering Price and Description:
$30,000,000.00 5.25% Convertible Unsecured Subordinated Debentures Due December 31, 2018
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Altacorp Capital Inc.
Cormark Securities Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #2131377

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Parador Asset Management, LLC	Portfolio Manager	November 26, 2013
New Registration	Citco Securities Inc.	Exempt Market Dealer	November 27, 2013
Voluntary Surrender	Fraser Mackenzie Limited	Investment Dealer	November 28, 2013
Voluntary Surrender of registration	Audentium Financial Corp.	Mutual Fund Dealer	November 29, 2013
Suspension (Pending Surrender)	Beattie & Company Limited	Exempt Market Dealer	December 2, 2013
Suspended (Pending Surrender)	Intrepid Equity Finance Ltd.	Exempt Market Dealer	November 22, 2013

This page intentionally left blank

Chapter 25

Other Information

25.1 Consents

25.1.1 Oramericas Corp. – 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.
Business Corporations Act, S.B.C. 2002, c. 57.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
ONTARIO 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
ORAMERICAS CORP.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Oramericas Corp. (the "Applicant") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission to continue in another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant was incorporated under the OBCA by articles of incorporation effective November 30, 2004.

2. The authorized share capital of the Applicant consists of an unlimited number of common shares (the “Common Shares”) of which 21,078,375 were issued and outstanding as at October 18, 2013. The Common Shares are listed for trading on the NEX board of the TSX Venture Exchange under the trading symbol “OA.H”.

3. The Applicant's current registered office is located at 5096 South Service Road, Suite 102, Burlington, Ontario, Canada L7L 5H4.

4. Following the proposed continuance, the registered office of the Applicant will be located at Suite 2760, 200 Granville Street, Vancouver, British Columbia V6C 1S4.

5. The Applicant proposes to make an application to the Director under the OBCA pursuant to section 181 of the OBCA (the "Application for Continuance") for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the "BCBCA") (the "Continuance").

6. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by consent from the Commission.

7. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act* (Ontario) (the "Act"). The Applicant is also a reporting issuer under the securities legislation of British Columbia and Alberta.

8. 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 in Canada.

9. The Applicant is not a party to any proceedings or, to the best of its knowledge, information and belief, any pending proceedings under the Act, the OBCA or any securities legislation in any province of Canada.

10. The Continuance has been approved by the Applicant's shareholders at the annual general and special meeting of the shareholders held on October 3, 2013. The resolution approving the Continuance was approved by 99.179% of the votes cast.

11. The Applicant's management and head office are located in British Columbia and the Continuance is being proposed to move the jurisdiction of incorporation to the jurisdiction in which the business is being operated.

12. The Applicant intends to remain a reporting issuer in British Columbia, Alberta and Ontario following the proposed Continuance under the BCBCA.

13. The Applicant intends to continue trading on the NEX board of the TSX Venture Exchange under the trading symbol “OA.H” following the Continuance under the BCBCA.

14. Holders of Common Shares as of the date of the Meeting have the right to dissent from the proposed Continuance under section 185 of the OBCA. The information circular dated September 3, 2013, and filed on SEDAR on September 17, 2013, describing the proposed Continuance that was mailed to holders of Common Shares on September 10, 2013 disclosed full particulars of the dissent rights and the reasons for and the implications of the Continuance. None of the holders of Common Shares exercised dissent right pursuant to section of 185 of the OBCA.

15. 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.

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 15th day of November, 2013.

“Edward P. Kerwin”
Commissioner
Ontario Securities Commission

“Anne Marie Ryan”
Commissioner
Ontario Securities Commission

25.2 Approvals

25.2.1 Timbercreek Asset Management Ltd. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with prior track record acting as trustee in reliance of Approval 81-901, for approval to act as trustee of mutual funds and future mutual funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

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

November 29, 2013

McCarthy Tétrault LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto, Ontario M5K 1E6

Attention: Michael C. Nicholas

Dear Sirs/Mesdames:

Re: Timbercreek Asset Management Ltd. (the "Applicant")

Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee

Application No. 2013/0665

Further to your application dated October 8, 2013 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Timbercreek Global Real Estate Income & Growth Fund (the "Fund") and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Fund and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"James Turner"

"Judith Robertson"

This page intentionally left blank

Index

This page intentionally left blank