

Report on Enforcement Activities

From April 1, 2007 to September 30, 2007



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

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INTRODUCTION

This report provides information about enforcement activity undertaken by members of the Canadian Securities Administrators (CSA) during the 6 months ended September 30, 2007. The CSA is the council of the securities regulators of Canada's provinces and territories whose objectives are to improve, coordinate and harmonize regulation of the Canadian capital markets. References in this report to the CSA include reference to its member regulators and associated tribunals.

CSA ENFORCEMENT ACTIVITY IN THE FIRST HALF OF FISCAL 2008

HIGHLIGHTS

From April 1, 2007 to September 30, 2007, Canadian Securities Administrators:

- initiated proceedings on 56 new enforcement matters before a CSA member commission or associated tribunal;
- concluded 58 cases involving 226 companies and individuals that resulted in sanctions, including monetary sanctions, settlements and disgorgements totalling approximately \$6.3 million and approximately \$1.7 million in costs awarded;
- issued 42 interim orders to freeze assets and/or stop individuals and companies from trading in the capital markets; and
- issued eight reciprocal orders, recognizing enforcement decisions from another province to effectively prohibit 13 individuals and companies who were banned in one jurisdiction from engaging in inappropriate conduct in another.

INTRODUCTION

KEY RESULTS

CSA Enforcement Activities			
Comparative Table (for the period of six months ended September 2006 versus the period of six months ended September 2007)			
CSA Enforcement Activities	April 2006 to September 2006	April 2007 to September 2007	
Proceedings commenced	57	56	
Interim orders imposed to freeze assets and/or ban individuals and companies from participation in the market	45	42	
Matters Concluded	Individuals or companies banned from more than one province/territory (Reciprocated Orders)	3	8
	Findings Issued (Sanction Decision Pending)	10	16
	Sanctions Ordered	37	29
	Settlement Agreements	22	29
	Matters Withdrawn	5	6
Appeals	Cases Appealed	7	2
	Appeal Decision Rendered	6	2

INTRODUCTION

REGULATORY ENFORCEMENT IN CRIMINAL COURT

In certain circumstances, CSA regulatory enforcement activity may also result in proceedings in criminal court. From April 1 2007 to September 30, 2007, criminal authorities convicted 13 individuals and three companies of breaking securities laws, resulting in orders to pay \$404,000 in fines and \$1.2 million in restitution and jail time ranging from 21 days to six months. The majority of these court convictions were against those who were found to be illegally distributing securities.

WORKING TOGETHER THROUGH JOINT ENFORCEMENT ACTION

The CSA Enforcement Committee, made up of key enforcement professionals in each of the jurisdictions, meets monthly to discuss general enforcement issues, processes and specific cases where reciprocal or joint action is appropriate. In some cases CSA members pool investigative resources from various jurisdictions to obtain information regarding individuals or companies that may be illegally operating in more than one province or territory. From April 1, 2007 to September 30, 2007, CSA Enforcement teams worked to bring enforcement action against a number of individuals and companies involved in the Saxon Financial Services Ltd. and Limelight Entertainment Inc. cases.

Members of the CSA may also reciprocate decisions, basically broadening the effect of a decision to more than one jurisdiction. Reciprocal orders are an effective way of prohibiting a person banned in one jurisdiction from engaging in inappropriate conduct in another. We reported eight reciprocated orders for the period ended in September 2007.

ENFORCEMENT: A CORE CSA RESPONSIBILITY

Investigation and enforcement are core CSA activities. By identifying contraventions of securities laws or conduct in the capital markets that is contrary to the public interest, and by imposing appropriate sanctions, the CSA deter wrongdoing, protect investors, and foster fair and efficient capital markets in which investors have confidence. Enforcement personnel of CSA member authorities deal with potential securities law violations identified through internal CSA compliance and surveillance or as a result of complaints from market participants and the public.

COMPLEMENTARY ENFORCEMENT ROLES

The CSA's enforcement activity complements that of other agencies, with which we cooperate and share information on matters of mutual interest. This allows us to focus activity and resources where most appropriate.

INTRODUCTION

KEY PLAYERS

ENFORCEMENT BRANCHES OF CSA MEMBERS

Enforcement personnel of CSA members can bring matters before a specialized administrative tribunal, which in most jurisdictions is the local securities commission. Such tribunals can impose sanctions including orders that trading in securities cease or that exemptions are unavailable, bans on individuals acting as corporate directors and officers, mandatory filing of specified disclosure, monetary administrative penalties, disgorgement and payment of costs. Enforcement personnel often negotiate settlement agreements under which those alleged to have contravened securities laws submit to agreed sanctions. In some jurisdictions settlement agreements are approved by staff; in other cases they are presented for the approval of the local securities commission or tribunal.

In some provinces, enforcement personnel of CSA members can also bring securities law contraventions before a court. The sanctions available to enforcement staff in the courts for securities law violations are also more extensive than those available to securities regulatory authorities, including imprisonment.

SROs

Self-regulatory organizations (SROs) oversee regulated conduct of their members. For example, if the Investment Dealers Association of Canada (IDA) finds that a member has contravened its by-laws, it can impose monetary penalties and suspend or revoke IDA membership and registration under securities laws. The Mutual Fund Dealers Association of Canada (MFDA) assumes a similar role for members in its sector. Market Regulation Services Inc. (RS Inc.) oversees trading activity on Canadian equity markets. It imposes sanctions for contraventions of the Universal Market Integrity Rules (UMIRs), including fines and suspension or restriction of market access. The *Chambre de la sécurité financière* oversees (CSF) financial planners and some securities intermediaries Quebec. The Montréal Exchange Inc. (MX), through its Regulatory Division, is responsible for regulating its markets and participants and it may impose sanctions in case of contraventions to its rules.

POLICE

The RCMP and local and provincial police investigate commercial crimes, including market fraud. The federal government established IMET (Integrated Market Enforcement Teams, with combined RCMP and civilian membership) to target major economic crime.

PROVINCIAL ATTORNEYS-GENERAL

Provincial and territorial Attorneys-General or equivalents can bring contraventions of securities laws, as well as of criminal laws, before a court. Fraud and other contraventions of the Criminal Code can attract stiff penalties including large fines and imprisonment.

CONVICTIONS AND MONETARY SANCTIONS

Court Convictions and Fines April 1, 2007 to September 30, 2007				
		Sentence	Restitution	Fine
Illegal Distribution	Jean-Jacques Dardy			84,000\$
	Pâquerette Pelletier			133,000\$
	Mario Grand-Maison			33,000\$
	Constant Vanier			50,000\$
	Richard Ochnik and 1464210 Ontario Inc.		1,128,400\$	
	Robert Wayne Bennett and Celebration of Your Financial Success Online Inc.	six (6) months incarceration, followed by supervised probation for twelve (12) months (<i>in absentia</i>)		5,000\$
	Hans-Ove Hybschmann	90 days of incarceration		
	Everett Conrad	six (6) months incarceration, followed by supervised probation for twelve (12) months with conditions	35,000\$	
	Donald George Hodgson	3 years probation	83,773\$	14,000\$
	Gerald Gordon Hodgson	3 years probation		14,000\$
Disclosure Violations	Guy Cardinal			5,000\$
Miscellaneous	Michel Maheux	21 days of imprisonment		
	Ali Reza Bassiri			16,000\$
	Michel Galipeau			50,000\$
Total:			1,247,173\$	404,000\$

CONVICTIONS AND MONETARY SANCTIONS

Securities Regulators Fines, Disgorgements and Costs for the period from April 1, 2007 to September 30, 2007

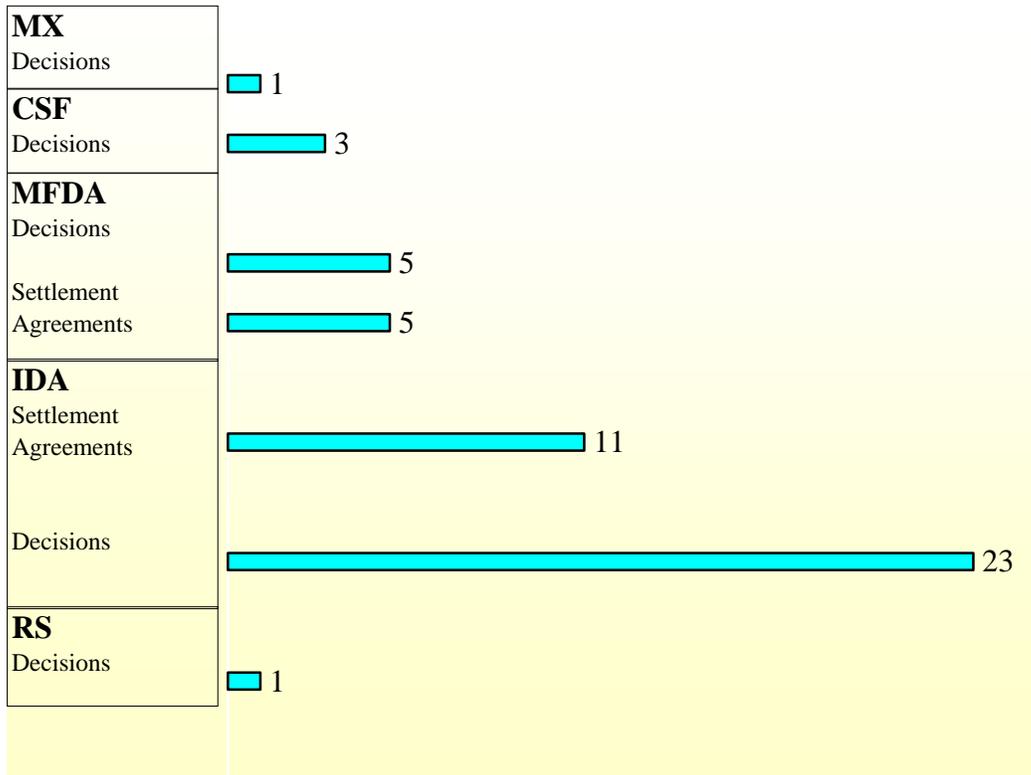
	Fine	Disgorgement	Costs
Illegal Distribution	2,263,000\$		240,000\$
Insider Trading	20,000\$		5,000\$
Market Manipulation and Fraud	400,000\$	9,000\$	136,000\$
Disclosure Violations	841,250\$		1,265,000\$
Misconduct by Registrants	\$306,500\$	2,560,000\$	45,532\$
Miscellaneous	8,500\$		40,000\$
Total:	3,839,250\$	2,569,000\$	1,731,532\$

SROs and Exchanges Fines, Disgorgements and Costs for the period from April 1, 2007 to September 30, 2007

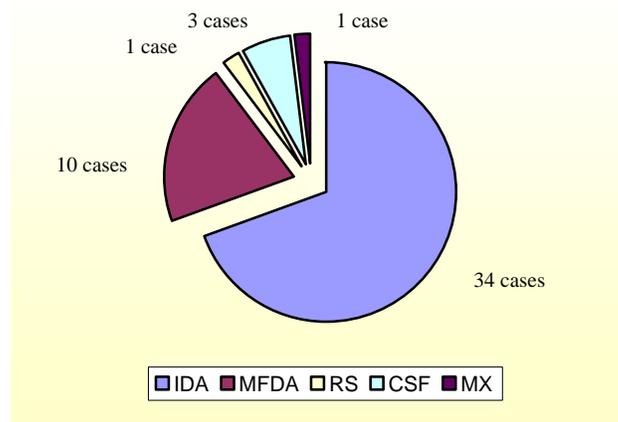
	Fine	Disgorgement	Costs
MFDA	785,000\$		31,500\$
RS	100,000\$		25,000\$
IDA	2,082,712\$	49,153\$	323,772\$
CSF	15,000\$		
MX	35,000\$		10,595\$
Total:	3,017,712\$	49,153\$	390,867\$

INTRODUCTION

SROs - Matters Concluded April 1, 2007 to September 30, 2007



SROs-Matters Concluded
April 1, 2007 to September 30, 2007



ILLEGAL DISTRIBUTION

COURT RULINGS

PRINCE EDWARD ISLAND

Limelight Entertainment Inc., Ove Simonsen, Jacob Moore, Carlos Da Silva and David Campbell - On September 7, 2007, the Prince Edward Island Supreme Court Order issued a permanent injunction enjoining Jacob Moore and Ove Simonsen from trading in securities in the jurisdiction. The respondents in addition to the other named parties were engaged in the solicitation of investments in Prince Edward Island without being registered or a prospectus having been filed in the jurisdiction. This matter was a continuation of an application for a permanent injunction against two of the parties.

QUÉBEC

Jean-Jacques Dardy (Les Investissements Cadec Inc.) – On June 1, 2007, Jean-Jacques Dardy was found guilty of having acted as a securities dealer without being registered as such; and of having helped Les Investissements Cadec Inc. to illegally distribute its securities. Justice Jean-Pierre Boyer of the Court of Québec (Criminal and penal division) ordered Dardy to pay a fine of \$84,000, without costs. See <http://www.lautorite.qc.ca/pdf/com-6juin2007-dardy.pdf> for details.

Pâquerette Pelletier – On June 5, 2007, Pâquerette Pelletier was found guilty of having acted as a securities dealer without being registered as such; and of having proceeded to illegally distribute a negotiable futures contract pertaining to securities. Justice Nicole Martin of the Court of Québec (Criminal and penal division) ordered Pelletier to pay a fine of \$133,000, without costs. See <http://www.lautorite.qc.ca/pdf/com-7juin2007-paquerette-pelletier.pdf> for details.

Mario Grand-Maison (Auberge Alpine Ltée) – On September 18, 2007, Mario Grand-Maison pled guilty of having acted as a securities dealer without being registered as such and of having helped Auberge Alpine Ltée to illegally distribute its securities. Justice Gaby Dumas of the Court of Québec (Criminal and penal division) ordered Grans-Maison to pay a fine of \$33,000, plus costs. See <http://www.lautorite.qc.ca/pdf/com24sept2007-grandmaison.pdf> for details.

Michel Galipeau (Groupe Albatros International Inc.) – On September 17, 2007, Michel Galipeau pled guilty to 10 counts of having acted as a securities adviser without being registered as such. Ms Justice Céline Lacerte-Lamontagne of the Court of Québec (Criminal and penal division) ordered Galipeau to pay a fine of \$50,000, without costs. See <http://www.lautorite.qc.ca/pdf/com1oct2007-galipeau.pdf> for details

ONTARIO

Richard Ochnik, 1464210 Ontario Inc., and Village Green Lifestyle Community Corporation – On June 1, 2007, the Ontario Superior Court of Justice made an order that Richard Ochnik and 1464210 Ontario Inc. did not comply with Ontario securities law, and made an order that they make restitution of \$1,128,400 to TD Waterhouse Canada Inc., an aggrieved party. See <http://www.canlii.org/en/on/onsc/doc/2007/2007canlii20286/2007canlii20286.html> for details.

ILLEGAL DISTRIBUTION

MANITOBA

Robert Wayne Bennett and Celebration of Your Financial Success Online Inc. - On May 25, 2007, Bennett was sentenced *in absentia* to six (6) months incarceration, followed by supervised probation for twelve (12) months, and surcharges of \$800. A fine of \$5,000 was imposed upon Celebration. A warrant of committal is outstanding. On September 14, 2005, Bennett and Celebration were convicted at trial in the Provincial Court of Manitoba for trading in securities without registration and without prospectus. Bennett, the incorporator, sole director, and President and CEO of Celebration solicited investors to buy shares in Celebration, describing an investment scheme with an opportunity to make a million, the benefit of getting in on the ground floor of a company with alleged plans to go public, a vacation ownership plan with drastically discounted packages for shareholders, an alleged agreement with another company to build a resort in the Dominican Republic, a bonus system whereby free shares could be received, and a referral program with credits given to investors for referring in others. Over \$25,000 was collected by Bennett and Celebration. Bennett had previously been registered for a short period as a mutual funds salesman under the Act. See http://www.msc.gov.mb.ca/legal_docs/investigation/reasons/bennett.html for details.

Hans-Ove Hybschmann – On February 22, 2007, Hybschmann plead guilty in the Provincial Court of Manitoba for trading without registration. At all material times, Hybschmann had a restricted registration as a mutual fund salesman. Over an eight month period in 2000, discussions occurred between Hybschmann and an investor who was looking for an alternative to her existing pension investment with a higher rate of return. Hybschmann advised her of an alternative with a greater return without tax liability. Hybschmann prepared documentation for the investor to sign to open a new self-directed RRSP account and to transfer \$100,000 of her locked in retirement pension. Following the transfer, \$99,960 of the monies were used to purchase shares of a company called GDL Evergreen Inc. In 2002, the investor was informed that the shares were worthless. On April 27, 2007, Hybschmann was sentenced in Provincial Court to six (6) months incarceration. Hybschmann appealed the sentence to the Court of Queen's Bench. See http://www.msc.gov.mb.ca/legal_docs/investigation/reasons/hybschmann.html for details.

Everett Conrad – On April 4, 2007, Conrad plead guilty in the Provincial Court of Manitoba to fourteen (14) counts of trading without registration and without prospectus. On April 4, 2007, the court accepted a joint recommendation as to sentence and imposed a sentence of a period of incarceration of six (6) months, followed by supervised probation for twelve (12) months with conditions including restitution in the amount of \$35,000. In the period of December 1, 2001 to December 31, 2002, Conrad traded securities of 3948731 Canada Inc. also known as Eco Age Metals & Minerals Inc. to ten (10) Manitoba investors in the total amount of \$151,300. Most of the investors were approached by Conrad, who gave them a sales pitch as to the company's activities and investing in the company. The company's anticipated business activity was explained as processing flue fly ash, using a system called electro-kinetic converter process, in order to separate out minerals to be sold. During the period in question, Conrad was a licensed life insurance agent. Eco Age Metals & Minerals Inc. was dissolved on November 2, 2005. None of the monies were returned to the investors. See http://www.msc.gov.mb.ca/legal_docs/investigation/reasons/conrad.html for details.

Donald George Hodgson and Gerald Gordon Hodgson – On January 22, 2007, Donald George Hodgson and Gerald Gordon Hodgson (the "Hodgsons") pled guilty of trading in securities without registration and without a prospectus. The Hodgsons solicited \$90,000 from 14 investors. Losses were \$83,773.35. The Hodgsons were sentenced on May 17, 2007, and ordered to pay a fine of \$14,000 each and were placed on probation for 3 years. The probation sentence ordered restitution in the amount of \$83,773.35 for which the Hodgsons are

ILLEGAL DISTRIBUTION

jointly and severally liable. Costs and surcharges were waived. See http://www.msc.gov.mb.ca/legal_docs/investigation/reasons/hodgson.html for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

Saxon Financial Services Ltd., Saxon Consultants Ltd., Sean Wilson, Justin Praamsma, Conrad Praamsma, Todd Young, Merchant Capital Markets S.A. - In July 2007 NBSC staff became aware that these parties were soliciting investors in New Brunswick to buy gasoline options. They were also active in other Canadian jurisdictions, and operated from offices in Atlanta, Georgia. Very large returns were promised. The organization appeared to be part of a larger organization having connections in Canada, the US, the British Virgin Islands, the UK, Germany and Switzerland. NBSC staff sought a cease trade order which was granted and subsequently made permanent.

See http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Saxon-TO-13-Jul-07.pdf and http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Saxon-CTO-27-Jul-07-e.pdf for details.

Meisner Inc. S.A., Meisner Corporation, Meisner Incorporated, Jorge Vizcarra, George Dizcarra - In July 2007, NBSC staff became aware that these entities and persons were soliciting New Brunswickers to buy foreign exchange and gasoline options contracts. It appeared they were operating out of Costa Rica and involved individuals who had been previously cease traded by the Saskatchewan Financial Services Commission, but had apparently changed their name and carried on with their activities. Staff sought a cease trade order which was granted and subsequently made permanent in August 2007. See http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Meisner-EPTO-27-Jul-07-e.pdf and http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Meisner%20CTO%202Aug07e.pdf for details.

Limelight Capital Management Ltd., Limelight Entertainment Inc., Al Grossman, Tom Mezinski, Hanoch Ulfan, Carlos da Silva, and David Campbell – On August 17, 2007 the NBSC found that these parties had engaged in an illegal distribution of shares in New Brunswick as a result of which 40 New Brunswickers invested over \$78,000. None of the parties were registered or had sought to file a prospectus. The NBSC imposed administrative penalties totaling \$350,000 including a penalty for failing to comply with a previously issued NBSC cease trade order.

See http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Limelight%20RforD%20%2017Aug07%20e.pdf for details.

University Lab Technologies Inc., University Health Industries Inc., Andrew Werner, George Theodoropoulos, PriceWarner Financial LLC - In August 2007, NBSC Staff became aware that these Florida entities (involving two Canadians), were soliciting share sales in New Brunswick. Some of these parties had been previously cease traded by Saskatchewan, Alberta and BC, however, it appeared that a new corporate entity had been created under which shares were now being marketed. Staff also became aware that the SEC had sought a restraining order against these parties in Florida. On September 24, 2007, the NBSC issued a cease trade order against them. See http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/UniversityLab-epTO-24-Sep-07-e.pdf for details.

ILLEGAL DISTRIBUTION

BUREAU DE DÉCISION ET DE RÉVISION EN VALEURS MOBILIÈRES (BDRVM)

Gestion Guychar Canada inc. and Guy Charron & Richard Lanthier & Huguette Gauthier – On April 16, 2007, the BDRVM issued a freeze order on certain assets of Guy Charron, Huguette Gauthier, Gérald Turp, Turp DTD Consultants inc., Richard Lanthier and 3965121 Canada inc.
See: <http://www.lautorite.qc.ca/pdf/com19avril2007-guychard.pdf> for details.

G.I.S.P. Aideauxfamilles.com and Earl Matthews and Reyanne Briand and G.I.S.P. Aid4familles.com – On May 4, 2007 and on September 7, 2007, the BDRVM issued a cease trading order against G.I.S.P. Aideauxfamilles.com, Earl Matthews, Reyanne Briand and G.I.S.P. Aid4familles.com with respect to investment contracts or any other forms of investment issued by that company and offered on their websites aideauxfamilles.com et aid4familles.com. See <http://www.lautorite.qc.ca/pdf/com9mai2007-gisp.pdf> and <http://www.lautorite.qc.ca/pdf/com3oct2007-gisp.pdf> for details.

Michel L'Italien, 9151-52701 Québec inc., Les Investissements Noble & Finance inc., Noble & Finance inc., Berchmans L'Italien, Lisette L'Italien, Services financiers Michel L'Italien inc., Pauline L'Italien, Sylvie Basseau, Fleurette Rousseau, Michelle Béliveau, Water Bank of America inc. and Water Bank of America (USA) inc. – On May 30, 2007, the BDRVM issued a freeze order on securities of Water Bank of America inc. and Water Bank of America (USA) inc. held by Michel L'Italien, 9151-52701 Québec inc., Les Investissements Noble & Finance inc., Noble & Finance inc., Berchmans L'Italien, Lisette L'Italien, Services financiers Michel L'Italien inc., Pauline L'Italien, Sylvie Basseau, Fleurette Rousseau, Michelle Béliveau. The BDRVM also issued a cease trading order against these same persons and prohibited these persons from acting as securities dealers. See : <http://www.lautorite.qc.ca/pdf/com4juin2007-litalien.pdf> for details.

Normand Bouchard – On June 18, 2007, the BDRVM issued a cease trading order against Normand Bouchard with respect to the investments of Millenia Hope's securities. See <http://www.lautorite.qc.ca/pdf/com21juin2007-normandbouchard.pdf> for details.

Arial Trading LLC, Saxon Financial Services LTD, Saxon Consultants LTD, Merchant Capital Markets S.A., Merchant Capital Markets, Meisner Corporation, Meisner inc. S.A. and Meisner incorporated – On August 10, 2007, the BDRVM issued a cease trading order against the respondents See <http://www.lautorite.qc.ca/pdf/com27aout2007-saxonmeisnermerchant.pdf> for details.

9103-3597 Québec inc. and Éric Grenier – On September 14, 2007, the BDRVM issued a cease trading order against 9103-3597 Québec inc. and Éric Grenier with respect to the trading of securities on their website www.hericom.com. See : <http://www.lautorite.qc.ca/pdf/communiqué-25sept2007-grenier.pdf> for details.

ONTARIO SECURITIES COMMISSION (OSC)

Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason Dolan, Marco Lorenti, and Stephen Zeff Freedman – On April 23, 2007, the OSC issued a temporary order that trading by all Respondents in any securities of LBC Midland I Corporation (“Midland”) or any other corporation controlled by it, Mr. Dolan or Mr. Lorenti shall cease, and that any exemptions do not apply to the Respondents. The OSC also issued a direction to the Bank of Montreal (Markham Branch) to retain all funds, securities or property on deposit in the name or under the control of Midland (which continued, with certain variations, until October 24, 2007). The temporary order against Land Banc of Canada Inc., Midland, Mr. Dolan, and Mr. Lorenti (with certain amendments) continued until October 24, 2007. The temporary order against Fresno Securities and Mr. Freedman (with certain amendments) continued until the date of the hearing. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070918_landbanc.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070510_land-banc.jsp for details.

Jason Wong, David Watson, Nathan Rogers, Amy Giles, John Sparrow, Kervin Findlay, LeaseSmart Inc., Advanced Growing Systems, Inc., Pharm Control Ltd., The Bighub.Com, Inc., Universal Seismic Associates Ltd., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, NutriOne Corporation, and Select American Transfer Co. – On May 18, 2007 the OSC issued a temporary order that trading in securities of the following companies shall cease and any exemptions do not apply to them: The Bighub Inc., Advanced Growing Systems, Inc., LeaseSmart, Inc., Cambridge Resources Corporation, NutriOne Corporation, Internal Energy Ltd., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., and Pharm Control Ltd.; and that trading in any securities by the following individuals shall cease: Jason Wong, David Watson, Nathan Rogers, Amy Giles, John Sparrow, and Kervin Findlay. On May 22, 2007 the OSC further ordered that trading in any securities by Select American Transfer Co. shall cease and that any exemptions do not apply to it. The temporary orders were extended to November 29, 2007, except the part of the temporary orders which order that any exemptions do not apply to the Respondents shall not be extended; and Jason Wong and Kervin Findlay are removed from the title of the proceedings. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070928_select-american.jsp for details.

Stanton De Freitas – On May 30, 2007 the OSC issued a temporary order that trading in any securities by Mr. De Freitas shall cease and that any exemptions do not apply to him. The temporary order was extended (except the part of the Order which ordered that any exemptions do not apply to him) until November 29, 2007. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070928_freitass.jsp for details.

Al-tar Energy Corp., Alberta Energy Corp., Eric O’Brien, Bill Daniels, Bill Jakes, John Andrews, Julian Sylvester, Michael N. Whale, James S. Lushington, Ian W. Small, Tim Burton, and Jim Hennesy – On July 3, 2007, the OSC issued a temporary order that all trading by Al-tar Energy Corp. and Alberta Energy Corp. and their officers, directors, employees and/or agents in securities of Al-tar and Alberta Energy shall cease, and that the Respondents cease trading in all securities. The temporary order was extended to December 18, 2007. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070911_al-tar.jsp for details.

FactorCorp Inc., FactorCorp Financial Inc., and Mark Twerdun – On July 6, 2007, the OSC issued a temporary order that all trading in any securities by and of the Respondents cease (except that Mark Twerdun can trade in certain securities); that any exemptions do not apply to the Respondents.; and that terms and conditions are imposed on the registration of FactorCorp and Twerdun (relating to making redemptions of

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securities of FactorCorp and FactorCorp Financial, and retaining a monitor to oversee the business of FactorCorp and FactorCorp Financial). The temporary order was varied and extended until October 26, 2007. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070926_factorcorp.jsp for details.

Saxon Financial Services, Saxon Consultants, Ltd., International Monetary Services, fxBridge Technology, Meisner Corporation, Merchant Capital Markets, S.A., Merchant Capital Markets, MerchantMarx, Simon Bachus, Joseph Cunningham, Richard Clifford, Ryan Cason, John Hall, Donny Hill, Jeremy Jones, Mark Kaufmann, Conrad Praamsma, Justin Praamsma, Scott Sanders, Jack Sinni, Marc Thibault, Sean Wilson, and Todd Young -- On July 26, 2007, the OSC issued a temporary order that the respondents, their officers, directors, employees and/or agents cease trading in all securities. The temporary order was extended until October 10, 2007 (with the exception that Bachus and Cunningham are permitted to trade in certain securities).

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070810_saxon.jsp for details.

Momentas Corporation, Howard Rash, and Alexander Funt – On July 23, 2007, the OSC ordered sanctions and costs in this matter. In September 2006, the Commission had found that Momentas Corporation, Howard Rash, and Alexander Funt violated registration requirements with respect to the sale of Momentas' securities. The OSC ordered that Momentas Corporation, Howard Rash, and Alexander Funt permanently cease trading in securities; that any exemptions permanently do not apply to them; and that Rash and Funt be permanently prohibited from acting as a director of any issuer. The OSC also ordered that Rash and Funt disgorge \$1,300,000 and \$1,260,000, respectively; that they each pay an administrative penalty of \$50,000; that they be reprimanded; and that they pay \$38,782 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070712_momentas.pdf and http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070723_momentas.jsp for details.

SASKATCHEWAN FINANCIAL SERVICES COMMISSION (SFSC)

Arial Trading, Bruce Kirkpatrick and Jeffery Manz - On April 3, 2007, the SFSC extended the temporary cease trade order originally issued on March 19, 2007 against Arial Trading LLC, based in Costa Rica. This extended order also applies to the company representatives, Bruce Kirkpatrick and Jeffery Manz, who act on behalf of Arial. As a result of publicity regarding these orders, Saskatchewan investors came forward with concerns about these firms. The firm and those acting for them solicited investments from Saskatchewan residents through telephone and e-mail canvassing. They were not registered to trade in securities or act as advisors, and have contravened provincial registration requirements.

See <http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/ext-arial-kirkpatrick-manz-April%203-07.pdf> for details.

University Lab Technologies – On April 11, 2007, the SFSC issued a temporary cease trade order against University Lab Technologies Inc. (ULT), which also included certain individual representatives - George Theodore, Dan Iwanski, Steve Axelrod, Sy Schaiken, Bill Ross, and Richard L. Green. That cease trade order was extended on April 26, 2007 indefinitely. University Lab Technologies Inc., based in Boca Raton, Florida, holds itself out as manufacturing and selling natural products that address common complaints among specific groups of people. Salespersons for ULT, made contact with Saskatchewan residents by telephone, email and mail, and offered to sell them common shares of ULT. As a result, some Saskatchewan residents have purchased shares in ULT. SFSC is working closely in this investigation with several other provincial Securities Commissions who have an identified interest in ULT and are also being assisted by the Office of Financial Regulation in Florida, and the Florida offices of the SEC. None of the individuals mentioned, nor ULT, have

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been or are registered to trade in securities in Saskatchewan. The SFSC has also not issued a prospectus receipt to ULT, and the respondents have contravened both the registration and prospectus requirements of Saskatchewan securities laws.

See http://www.spsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Extending/universitylabtechnologies-ext-april26-07.pdf for details.

Gordon Equity Management Ltd. – On May 4, 2007, the SFSC issued a temporary cease trade order against Gordon Equity Management Ltd. (GEM) and their representatives Paul Thomas and Vince Gold. The order was extended indefinitely on May 18, 2007. Gordon Equity Management Ltd., based in Belize City, Belize, holds itself out as a company that specializes in assisting small and medium size companies to raise capital and market their securities to the investment community. Thomas and Gold, acting on behalf of Gordon Equity Management Ltd., have contacted residents of Saskatchewan and offered to exchange shares of large companies that trade on stock exchanges inside and outside of Canada for shares of unlisted companies that the Saskatchewan residents already own. Neither Gordon Equity Management Ltd. nor these two men have been or are currently registered to trade in securities or act as advisors in Saskatchewan, and have contravened provincial registration requirements. Investors in Euston Capital Corp and Limelight Entertainment Inc. appear to be the target of the latest reported incidents in Saskatchewan. Other Securities Commissions across Canada report similar incidents related to these two companies as well as others.

See http://www.spsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Extending/gordonequitymanagementltd-ext-may18-07.pdf for details.

Saxon Consultants – On July 13, 2007, the SFSC issued a temporary cease trade order against Saxon Consultants and MerchantMarx, and their representative was extended indefinitely on July 27, 2007. The order, issued by the SFSC, directs the respondents and its representatives, Sean Wilson, Todd Young and Jack Sinni; Merchant Capital Markets S.A, Merchant Capital Markets, and MerchantMarx, as well as Richard Clifford, to cease trading and advising in securities. The order also removes their right to use exemptions under Saskatchewan securities laws. Saxon is based in Atlanta, Georgia, USA, and the British Virgin Islands. Merchant Markets is based in Geneva, Switzerland. Both are offering investment opportunities in oil, gas and currency options and have contacted and secured investments from several individuals in Saskatchewan. Neither of these companies, nor the persons named, have been or are registered to trade in securities in Saskatchewan and as a result have contravened the requirements of Saskatchewan securities laws. SFSC has been working very closely with other provincial Commissions and as a result there are now similar orders issued in several other provinces against Saxon, Merchant Markets and its representatives. As well there is cooperation and involvement with an investigation involving the CFTC in Atlanta, Georgia. See http://www.spsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Extending/saxonconsultants-ext-cto-july27-07.pdf for details.

ALBERTA SECURITIES COMMISSION (ASC)

Atlas Communications Inc., GCS Holdings Inc. and George Oscar Amyotte - On May 9, 2007, an ASC panel found that Atlas Communications and Amyotte engaged in illegal trading and distributions of securities, that Amyotte made prohibited representations and misrepresentations, and dismissed the allegations against GCS Holdings Inc. A hearing to consider sanction was held on August 30, 2007 with decision reserved. See http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/ATLAS_COMMUNICATIONS_INC.-Decision-05-09-2007-2515448v1.pdf for details.

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Euston Capital Corp., George Schwartz, Harry Gray, Bill Tevruchte, Carlos Carvao, Brent Madinger, Peter Robinson and Jackie Thomas - On May 31, 2007, an ASC panel sanctioned the respondents regarding the illegal distribution of Euston Capital's securities and related prohibited representations. Schwartz was prohibited for 10 years from trading in or purchasing securities, denied the use of exemptions (except as principal through a registrant), and prohibited from acting as a director or officer of any issuer, and ordered to pay an administrative penalty of \$50,000 and \$20,000 towards costs. Carvao was prohibited from trading in or purchasing securities, and denied the use of exemptions for 3 years and ordered to pay an administrative penalty of \$10,000 and \$1,500 towards costs. Each of the other salespersons was prohibited from trading in or purchasing securities and denied the use of exemptions for 5 years and ordered to pay an administrative penalty of \$15,000 and \$3,000 towards costs. The issuer Euston Capital was prohibited from trading in or purchasing securities until receipt issued for a prospectus and ordered to pay \$10,000 towards costs. This decision was appealed. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Euston Capital Corp.- Decision - 2007-05-31 - 2545731.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Euston_Capital_Corp.-Decision-2007-05-31-2545731.pdf) for details.

Maitland Capital Ltd, Al Grossman, Allen Grossman, Ron Gardner, Dianna Cassidy and Robert Geller - On June 7, 2007, an ASC panel found that the issuer, its President Grossman and the other respondent salespersons had engaged in illegal trading and distribution of Maitland Capital securities and committed certain other breaches of the Alberta Securities Act including various prohibited representations and misrepresentations. Written submissions regarding sanction are to be filed. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Maitland Capital Ltd. - Decision - 2007-06-07 - 2552347v1.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Maitland_Capital_Ltd.-Decision-2007-06-07-2552347v1.pdf) for details.

University Lab Technologies Inc., George Theodore, Dr. Jarret Morrow, Kenneth Dunn, Maria Anselmo-Preede and Bill D. Ross - On June 8, 2007, an ASC panel ordered that all trading of University Lab Technologies Inc. securities cease, all respondents cease trading in all securities and all Alberta securities laws exemptions do not apply to the respondents. On July 22, 2007 an ASC panel extended this temporary order pending hearing and decision in the case. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/University Lab Technologies Inc. - ICTO - 2007-06-08 - 2552383v2.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/University_Lab_Technologies_Inc.-ICTO-2007-06-08-2552383v2.pdf) and [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/University Lab Technologies Inc. - ICTO Extension -2007-06-22 - 2563559v1.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/University_Lab_Technologies_Inc.-ICTO_Extension-2007-06-22-2563559v1.pdf) for details.

Susan Amelia Sanford (Solid) - On June 13, 2007, an ASC panel approved a joint sanctioning recommendation regarding her illegal distribution of Pride Resources securities. Sanford was ordered for 6 years to cease trading in securities and denied the use of exemptions except for her own account effected through a registrant and ordered to pay an administrative penalty of \$10,000 and \$1,000 towards costs. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Sanford, Susan Amelia \(Solid\) - Decision - 2007-06-13.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Sanford,Susan_Amelia_(Solid)-Decision-2007-06-13.pdf) for details.

The Synergy Group (2000) Inc., Borealis International, Inc., Len Zielke, David Prentice, Shane Smith, Derek Grigor and Earl Swintenky - On June 15, 2007, an ASC panel ordered that all trading of Borealis International securities cease, all Respondents cease trading in all securities and all Alberta securities laws exemptions do not apply to the Respondents. On June 29, 2007 an ASC panel extended this temporary order pending hearing and decision in the case. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/SYNERGY GROUP - ICTO - 2007-06-15 - 2558700v1.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/SYNERGY_GROUP-ICTO-2007-06-15-2558700v1.pdf) and [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Synergy Group 2000 Inc. - ICTO Extension - 2007-06-29 - 2570674.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Synergy_Group_2000_Inc.-ICTO_Extension-2007-06-29-2570674.pdf) for details.

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Tracy Lee Kroeker, Tolan Shigeo Furusho and Beverly Kamerling (China Industrial) - On June 15, 2007, an ASC panel found that each respondent engaged in an illegal distribution of Goldtech Mining securities. A hearing to consider sanction was held on August 23, 2007 with decision reserved.

See [http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Kroeker, Tracy Lee - Decision - 2007-06-15 - 2559134v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Kroeker_Tracy_Lee_-_Decision_-_2007-06-15_-_2559134v1.pdf) for details.

Led Innovations.com and Charles Mass - On June 18, 2007, an ASC panel approved a joint sanctioning submission regarding the illegal distribution of the issuer's securities. Mass was ordered for 5 years to cease trading in or purchasing securities and denied the use of exemptions except through a registered representative and ordered to pay an administrative penalty of \$15,000 and \$3,000 towards costs.

See [http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/LED Innovations.com - Decision - 2007-06-18 - 2559752v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/LED_Innovations.com_-_Decision_-_2007-06-18_-_2559752v1.pdf) for details.

Kustom Design Group Inc. - On June 28, 2007, an ASC panel ordered that all trading of Kustom Design Group Inc., Hightide Management Inc., and Kustom Design Financial Services Inc. securities cease, all Respondents cease trading in all securities and all Alberta securities laws exemptions do not apply to the Respondents. On July 12, 2007 an ASC panel extended this temporary order excepting some personal trading by Lepitre of securities other than the Respondents pending hearing and decision in this case. See [http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Kustom Design Group Inc. - ICTO - 2007-06-28 - 2566586v2.pdf](http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Kustom_Design_Group_Inc._-_ICTO_-_2007-06-28_-_2566586v2.pdf) and [http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Kustom Design Group Inc. - ICTO Extension - 2007-07-12 - 2577097v2.pdf](http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Kustom_Design_Group_Inc._-_ICTO_Extension_-_2007-07-12_-_2577097v2.pdf) for details.

Topsis Investments Canada Inc., Forbes John McLeod, Larry Kenneth McLeod and Delmer Allen Watt - On July 9, 2007, an ASC panel found that each of the Respondents engaged in illegal trades and distribution of Topsis securities and that the McLeods made misrepresentations to investors in the course of doing so. A hearing to consider sanction has been scheduled for October 23, 2007. See [http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Topsis Investments Canada Inc. - Decision - 2007-07-09 - 2577346v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Topsis_Investments_Canada_Inc._-_Decision_-_2007-07-09_-_2577346v1.pdf) for details.

Capital Alternatives Inc., Milowe Brost, Strategic Metals Corp., Edna Forrest, Carol Weeks and Bradley Regier - On July 10, 2007, an ASC panel sanctioned the respondents for their roles in the illegal distributions of Strategic Metals securities, misstatements in its offering memoranda and engaging in conduct amounting to fraud. Each of the individual respondents was prohibited from trading in securities (with exceptions for certain RSP's and RESP's), using exemptions, or acting as director or officer of any issuer-Brost permanently, Forrest and Regier for 20 years, and Weeks for 15 years. Brost was ordered to pay an administrative penalty of \$650,000 and almost \$33,000 towards costs, Forrest and Regier penalties of \$200,000 each and almost \$26,400 towards costs, and Weeks a penalty of \$65,000 and almost \$13,200 towards costs. Trading in Strategic Metals securities was ordered to cease and it was denied the use of exemptions until the issuer received receipt for a filed prospectus. Capital Alternatives was ordered to pay an administrative penalty of \$200,000 and almost \$33,000 towards costs and permanently prohibited from trading in securities and denied the use of exemptions. This decision has been appealed. See [http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Capital Alternatives Inc. - Decision - 2007-07-10 - 2577674v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement_Orders/15181/Capital_Alternatives_Inc._-_Decision_-_2007-07-10_-_2577674v1.pdf) for details.

Front Row Tickets et al. - On July 25, 2007, an ASC panel ordered that all trading of 1205676 Alberta Ltd., operating as Front Row Tickets, securities cease, all respondents cease trading in all securities and all exemptions in Alberta securities laws do not apply to them excepting some personal trading by individual Respondents in securities other than of Front Row Tickets. On August 8, 2007, an ASC panel extended this

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temporary order to September 12, 2007, and on September 12, 2007, extended it pending hearing and decision in the case. See <http://www.albertasecurities.com/Enforcement/Enforcement Orders/15181/Front Row Tickets - ICTO - 2007-07-25 - 2582319v2.pdf> and <http://www.albertasecurities.com/Enforcement/Enforcement Orders/Front Row TICKETS - ICTO Extension - 2007-08-08 - 2602155v1.pdf> for details.

Daniel Edwin Stewart - On July 27, 2007, an ASC panel found that Stewart had engaged in illegal trades and distribution of securities and was not registered to do so. Stewart was ordered for four years to cease trading or purchasing securities, denied exemptions and with the exception of certain specified private companies to cease acting as a director or officer and ordered to pay an administrative penalty of \$25,000 and \$7,500 towards costs. See <http://www.albertasecurities.com/Enforcement/Enforcement Orders/STEWART, Daniel - Decision - 2007-07-27 - 2591900v1.pdf> for details.

Genoray Advanced Technologies Ltd., Lambert Joseph Lavallee, Richard George Kearl, Ross Vincent Bayne, Douglas Andrew Nesbitt and Wyatt Gordon McNabb - On July 30, 2007, an ASC panel found that Nesbitt acted contrary to the public interest respecting his conduct as director and officer of Genoray and that the other respondents traded in Genoray and other securities without being registered to do so and also acted contrary to the public interest. Genoray also failed to disclose a material change. Lavallee also distributed Genoray shares illegally without filing a prospectus. Several other allegations were not sustained. A hearing to consider sanction is to be scheduled. See <http://www.albertasecurities.com/Enforcement/Enforcement Orders/Genoray Advanced Technologies - Decision - 2007-07-30.pdf> for details.

Saxon Financial Service Ltd., Saxon Consultants, Ltd. (carrying on business as Saxon Financial Services), Merchant Capital Markets S.A. (carrying on business as Merchant Capital Markets and as Merchantmarx), Meisner Inc. S.A. (carrying on business as Meisner Corporation and Meisner Incorporated) - August 2, 2007, an ASC panel ordered that the respondents cease trading in all securities and exchange contracts, all exemptions in Alberta securities laws do not apply to them, and the respondents were prohibited from marketing securities as provided in the Order. On August 16, 2007, an ASC panel extended this temporary order pending hearing and decision in the case.

See <http://www.albertasecurities.com/Enforcement/Enforcement Orders/Saxon Financial Services Ltd. - ICTO - 2007-08-02 - 2591471v3.pdf> and <http://www.albertasecurities.com/Enforcement/Enforcement Orders/Saxon Financial Services Ltd - ICTO Extension - 2007-08-16 -2608886v2.pdf> for details.

Brian Patrick Hughes - On August 9, 2007, an ASC panel found that Hughes engaged in illegal trading and distribution of KCP Innovative Services securities and made prohibited representations and endorsed a joint submission regarding sanction. Hughes was prohibited for 3 years from trading in or purchasing securities and using exemptions (except for his personal account through a registrant) and ordered to pay an administrative penalty of \$10,000 and \$4,000 towards costs. See <http://www.albertasecurities.com/Enforcement/Enforcement Orders/HUGHES, Brian Patrick - Decision - 2007-08-09 - 2604727v1.pdf> for details.

KCP Innovative Services Inc. and James Woodrow Baker - On August 9, 2007, an ASC panel found that KCP and Baker illegally distributed KCP securities and Baker also illegally traded them. Written submissions regarding sanctioning were directed to be filed. On September 18, 2007 an interim stay of these proceedings was granted pending hearing of application in the Alberta Court of Queen's Bench to quash these findings. See <http://www.albertasecurities.com/Enforcement/Enforcement Orders/KCP Innovative Services Inc. - Decision - 2007-08-09 - 2604696v1.pdf> for details.

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David Del Bianco - On August 20, 2007, an ASC panel ordered that the respondent cease trading in all securities and all exemptions in Alberta securities laws do not apply to him. On September 4, 2007, an ASC panel extended this temporary order pending hearing and decision in the case. See [http://www.albertasecurities.com/Enforcement/Enforcement Orders/DEL BIANCO, David - ICTO - 2007-08-20 - 2612801v2.pdf](http://www.albertasecurities.com/Enforcement/Enforcement%20Orders/DEL%20BIANCO,%20David%20-%20ICTO%20-%202007-08-20%20-%202612801v2.pdf) and [http://www.albertasecurities.com/Enforcement/Enforcement Orders/Del Bianco, David John - ICTO Extension - 2007-09-04 - 2634829v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement%20Orders/Del%20Bianco,%20David%20John%20-%20ICTO%20Extension%20-%202007-09-04%20-%202634829v1.pdf) for details.

Limelight Entertainment Inc., David Campbell, Carlos Da Silva, Tim McCarty, Jacob Moore, Ove Simonsen, Eric O'Brien, Hank Ulfan and Rick Clynes - On September 19, 2007, an ASC panel found that each of the respondents illegally traded and distributed Limelight securities, five of the individual Respondents made a prohibited representation, and Campbell and Da Silva failed to file reports of exempt distribution. Sanction submissions are to be filed and any further hearing required is to be scheduled. See [http://www.albertasecurities.com/Enforcement/Enforcement Orders/Limelight - Decision - 2007-09-19 - 2646473v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement%20Orders/Limelight%20-%20Decision%20-%202007-09-19%20-%202646473v1.pdf) for details.

Tracy Lee Kroeker (re: Solid Resources Ltd.) - On September 28, 2007, an ASC panel found that the respondent participated in illegal trades and distribution of Pride shares and Solid Resources units. Sanction submissions were to be filed and any further hearing required scheduled. See [http://www.albertasecurities.com/Enforcement/Enforcement Orders/Kroeker, Tracy - Merits Decision - 2007-09-28 - 2654421v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement%20Orders/Kroeker,%20Tracy%20-%20Merits%20Decision%20-%202007-09-28%20-%202654421v1.pdf) for details.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION (OSC)

Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore, and Joseph Daniels – On August 02, 2007, the OSC concluded a settlement agreement with Jacob Moore with respect to his participation in the illegal distribution of Limelight Entertainment Inc. securities, in breach of registration and prospectus requirements of the Ontario Securities Act. Moore also made representations regarding the future value of Limelight shares and its listing on a stock exchange, with the intention of effecting trades in Limelight shares, contrary to the Ontario Securities Act. The OSC ordered that Moore cease trading in any securities for 4 years (with certain exceptions); that any exemptions will not apply to him for 4 years; that he permanently shall not telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any securities; and that he pay \$5,000 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070802_limelight.pdf for details.

Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor, and 1248136 Ontario Limited – In June 2007, OSC staff withdrew the allegations against Mega-C Power Corporation.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/OTH/now_20070604_mega-c.jsp for details.

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Kenneth Biddell - On April 17, 2007, Biddell concluded a settlement agreement with the ASC in which he admitted to his role in an illegal distribution of LED Innovations.com securities. Biddell undertook for 5 years to cease trading in or purchasing securities (except through a registered dealer within his RSP), refrain from use of exemptions, and from acting as a director and officer of any reporting issuer, and paid \$15,000 to settle the allegations and \$3,000 towards costs. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/BIDDELL_Kenneth - SAandU - 2007-04-17 - 2427411v2.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/BIDDELL_Kenneth_SAandU_2007-04-17_2427411v2.pdf) for details.

Klytie's Developments Inc., Hidai Friedman and Efrat Friedman - On June 5, 2007, these parties concluded settlement agreement with the ASC in which they admitted to illegally raising capital for the issuer, making misrepresentations and participating in fraudulent conduct to raise this capital. They undertook for 25 years to refrain from trading in or purchasing securities and were denied the use of exemptions except for their individual accounts through a registered dealer, the individuals to refrain from acting as a director or officer of any issuer, and they paid \$200,000 to settle the allegations and \$20,000 towards costs. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Klytie s Developments Inc. - SAandU - 2007-06-05 - 2447209v6.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Klytie_s_Developments_Inc._SAandU_2007-06-05_2447209v6.pdf) for details.

Solid Resources Ltd. and Alvin Adam Harter - On June 11, 2007, these parties concluded settlement agreement with the ASC in which they admitted to engaging an illegal distribution of the issuer's securities. The issuer paid \$15,000 to settle the allegations and \$5,000 towards costs. Harter paid \$40,000 to settle the allegations and \$5,000 towards costs and undertook for 5 years to cease trading in or purchasing securities and refrain from using exemptions, except as principal through a registered dealer and refrain from acting as a director or officer of any issuer other than those wholly owned by his family or him. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/SOLID_RESOURCES LTD. - SAandU - 2007-06-11 - 2474221v4.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/SOLID_RESOURCES LTD._SAandU_2007-06-11_2474221v4.pdf) for details.

Patrick Starr - On July 3, 2007, Starr concluded settlement agreement with the ASC in which he admitted to engaging in an illegal distribution of Innovative Energy Solutions securities. Starr undertook for 3 years to cease trading in or purchasing securities (except within his RSP through a registered representative) and refrain from acting as a director or officer of any issuer and paid \$18,000 to settle the allegations and \$3,000 towards investigation costs. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/STARRPatrick - SA U - 2007-07-03.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/STARRPatrick_SA_U_2007-07-03.pdf) for details.

Rundle Development Cooperative - On August 23, 2007, this issuer concluded a settlement agreement with the ASC in which it admitted to engaging in illegal trading and distribution of Rundle securities. This issuer is in court-supervised liquidation and undertook to permanently cease trading in or purchasing securities and refrain from using exemptions. See [http://www.albertasecurities.com/Enforcement/EnforcementOrders/RundleDevelopment Cooperative - SA U - 2007-08-23 - 2575397v1.pdf](http://www.albertasecurities.com/Enforcement/EnforcementOrders/RundleDevelopmentCooperative_SA_U_2007-08-23_2575397v1.pdf) for details.

John Anderson and 965081 Alberta Ltd. - On August 27, 2007, these parties concluded a settlement agreement with the ASC in which they admitted to engaging in illegal trading and distribution of Rundle securities. Anderson paid \$20,000 to settle these allegations and \$5,000 towards costs, undertook for 2 years to cease trading or purchasing securities (except by Anderson in his RRSP account through a registrant), refrain from using exemptions, and refrain from acting as a director or officer of any issuer except for his numbered

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company which is being liquidated. See <http://www.albertasecurities.com/Enforcement/EnforcementOrders/Carling - SA U John Anderson - 2007-08-27 - 2612990v3.pdf> for details.

Mel Maschmeyer and Venture West Properties Ltd. - On September 4, 2007, these parties concluded a settlement agreement with the ASC in which they admitted to illegal trading and distribution of Rundle Development Cooperative securities. They paid \$5,000 to settle the allegations, \$5,000 towards costs, and undertook to cease trading in or purchasing securities for 2 years - excepting by Maschmeyer in an RSP account through a registrant.

See http://www.albertasecurities.com/Enforcement/EnforcementOrders/16443_Carling_Development_Inc-SAU_Maschmeyer-2007-09-04.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

DRG Investments Inc. and Richard Robert Good – On June 8, 2007, DRG Investments Inc. and Richard Robert Good entered into a settlement with the BCSC. They illegally distributed securities worth \$2.7 million based on misrepresentations. The BCSC ordered, with conditions, each permanently not to buy or sell securities, and Good not to act as a director or officer or engage in investor relations. For details, see www.bsc.bc.ca, type 2007 BCSECCOM 323 or a full name in the search box, and go to the settlement.

Enrique Rempel (a.k.a. Henry Rempel) – On June 29, 2007, Enrique Rempel entered into a settlement with the BCSC. He illegally distributed securities worth \$3.57 million based on misrepresentations. The BCSC ordered, with conditions, Rempel not to buy or sell securities, act as a director or officer or engage in investor relations for 12 years. For details, see www.bsc.bc.ca, type 2007 BCSECCOM 384 or the full name in the search box, and go to the settlement.

China Dragon Fund Ltd., Michael Patrick Lathigee and Earle Douglas Pasquill – On July 4, 2007, China Dragon Fund Ltd., Michael Patrick Lathigee and Earle Douglas Pasquill entered into a settlement with the BCSC. They illegally distributed securities worth \$12.7 million under offering memorandum, breached their duties as directors. Lathigee also made misrepresentations. China Dragon Fund Ltd. agreed to revise its offering memorandum and offer rescission to the investors. Lathigee agreed to pay \$60,000 and Pasquill agreed to pay \$30,000. For details, see www.bsc.bc.ca, type 2007 BCSECCOM 391 or a full name in the search box, and go to the settlement.

APPEALS

ONTARIO

Richard Ochnik and 1464210 Ontario Inc. – On May 3, 2007, the Ontario Divisional Court dismissed an appeal of the decision of the Ontario Securities Commission that Richard Ochnik and 1464210 Ontario Inc. violated Ontario securities law by trading securities of 1464210 Ontario Inc. while unregistered and without a receipted prospectus and acted contrary to the public interest by engaging in a RRSP/loan scheme.

See <http://www.canlii.org/en/on/onscdc/doc/2007/2007canlii14930/2007canlii14930.html> for details.

INSIDER TRADING

COURT RULINGS

ONTARIO

John Bernard Felderhof – On July 31, 2007, the Ontario Court of Justice found John Bernard Felderhof, a director and officer of Bre-X Minerals Ltd., not guilty of four counts of insider trading and not guilty of four counts that he authorized, permitted or acquiesced in Bre-X Minerals Ltd. issuing press releases in violation of Ontario securities law. See <http://www.canlii.org/en/on/oncj/doc/2007/2007oncj345/2007oncj345.html> for details.

SETTLEMENT AGREEMENTS

ALBERTA SECURITIES COMMISSION (ASC)

Michael Lockwood - On July 11, 2007, Lockwood concluded settlement agreement with the ASC in which he admitted to illegal insider trading of securities. He undertook to cease trading in or purchasing securities (except for his family RSP or RESP) for 5 years and paid \$20,000 to settle these allegations and \$5,000 towards investigations costs.

See [http://www.albertasecurities.com/Enforcement/Enforcement Orders/15181/LOCKWOOD Michael - SA_u - 2007-07-11 - 2462702v1.pdf](http://www.albertasecurities.com/Enforcement/Enforcement%20Orders/15181/LOCKWOOD%20Michael%20-%20SA_u-2007-07-11-2462702v1.pdf) for details.

MARKET MANIPULATION AND FRAUD

CSA COMMISSION OR TRIBUNAL DECISIONS

ALBERTA SECURITIES COMMISSION (ASC)

James Ryan Anderson - On June 12, 2007, an ASC panel approved a joint sanctioning recommendation regarding his market manipulation misconduct. Anderson was ordered until June 6, 2012 to cease trading in securities and denied the use of exemptions except for trading in investment funds through a registered representative and ordered to pay an administrative penalty of \$50,000 and \$125,000 towards costs. This decision has been appealed. See <http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/Anderson,JamesRyan-SanctionDecision-2007-06-12-2556379.pdf> for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Brian David Anderson – On June 21, 2007, the BCSC permanently banned Brian David Anderson from buying and selling securities, acting as a director and officer and engaging in investor relations activities and ordered him to pay a \$250,000 penalty. Anderson defrauded 352 investors of \$14.7 million by making misrepresentations and illegally distributing securities. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 350 or the full name in the search box, and go to the decision.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION (OSC)

Dane Alan Walton – In April 2007, the OSC concluded a settlement agreement with Dane Alan Walton, the Manager of Trading at Taurus Capital Markets Limited, with respect to the trading of Visa Gold Explorations Inc. shares. Under Walton's management, certain trading had the effect of creating a misleading impression that there was a higher volume of trading in Visa Gold shares than there truly was, and other trading caused an upward pressure on the price for Visa Gold shares. Walton ought to have known that these trades could create a misleading appearance as to market activity for Visa Gold shares or as to the price of those shares. He ought to have realized that, through his firm's market making facility, he might be assisting a trader in masking the true nature of certain of his trades. The OSC ordered that trading in any securities by Walton, for his own account or for the account of others, will cease for 4 months and that for a period of 5 years thereafter, his trading will be subject to certain restrictions. For a period of 3 years following the 4-month cease trade period. Walton will not be permitted to apply to be a specialist or market maker for any publicly traded security. Any exemptions will not apply to Walton for 5 years, subject to certain permitted trades. Walton undertakes not to apply for registration that would permit him to represent clients as a registered representative for 15 years. His registration will be subject to certain restrictions for 5 years. He will not act as an officer or director of any reporting issuer or registrant for 5 years. Walton is to pay \$6,000 in costs, and disgorge to the Commission \$9,000 for allocation to or for the benefit of third parties. If such costs and disgorgement are not paid within 5 years, certain restrictions shall remain in place until further order of the Commission.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070417_walton-zuk.pdf for details.

MARKET MANIPULATION AND FRAUD

ALBERTA SECURITIES COMMISSION (ASC)

Kenneth Richardson - On July 3, 2007, Richardson concluded a settlement agreement with the ASC in which he admitted to manipulating the share price and market for Agau Resources securities. He undertook for 5 years to cease trading in or purchasing securities (except in his RSP through a registrant), to refrain from using exemptions, and refrain from acting as a director or officer of any issuer and paid \$25,000 to settle the allegations and \$5,000 towards costs. See <http://www.albertasecurities.com/Enforcement/EnforcementOrders/15181/RICHARDSON KENNETH - SA U - 2007-07-03 - 2544357v2.pdf> for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Francis (Frank) Jason Dean Biller - On April 26, 2007, the BCSC permanently banned Francis (Frank) Jason Dean Biller from buying and selling securities, acting as a director and officer and engaging in investor relations activities. Biller managed a phone room where people promoted securities of public companies to investors. Biller's conduct was contrary to BCSC 2000 orders against Biller for fraud. For details, see www.bsc.bc.ca, type 2007 BCSECCOM 200 or the full name in the search box, and go to the settlement.

Robert Leigh Jeffs - On April 24, 2007, the BCSC banned Robert Leigh Jeffs from acting as a director and officer and engaging in investor relations activities for 15 years and Jeffs agreed to pay a \$75,000 penalty. He was a director of a company that operated a phone room where people promoted securities of public companies to investors and his personal company hired Francis (Frank) Jason Dean Biller to manage the phone room knowing that Biller was under the BCSC 2000 order for fraud. By doing all this, Jeffs acted contrary to the public interest. For details, see www.bsc.bc.ca, type 2007 BCSECCOM 194 or the full name in the search box, and go to the settlement.

Richard Norman Jeffs - On April 24, 2007, the BCSC banned Richard Norman Jeffs from engaging in investor relations activities for 5 years, Jeffs' brother was a director of a company that operated a phone room where people promoted securities of public companies to investors and his brother's personal company hired Francis (Frank) Jason Dean Biller to manage the phone room. Jeffs assisted Biller to relocate to Vancouver for that purpose and had knowledge of the BCSC order against Biller. By doing all this, Jeffs acted contrary to the public interest. For details, see www.bsc.bc.ca, type 2007 BCSECCOM 192 or the full name in the search box, and go to the settlement.

DISCLOSURE VIOLATIONS

COURT RULINGS

QUÉBEC

Guy Cardinal (Shermag Inc.) – On September 14, 2007, Guy Cardinal pled guilty to 4 counts of having failed, as an insider, to disclose within 10 days of the event, changes in his control over the securities of Shermag Inc. Justice Sylvie Desmeules of the Court of Québec (Criminal and penal division) ordered Cardinal to pay a fine of \$5,000, plus costs. See <http://www.lautorite.qc.ca/pdf/com24sept2007-cardinal.pdf> for details.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION (OSC)

Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman, and John Woodcroft – On April 25, 2007, Staff of the OSC withdrew the allegations against Philip Services Corp.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/OTH/now_20070425_philipservices.jsp for details.

Nuvo Research Inc. (formerly Dimethaid Research Inc.) – On April 24, 2007, the OSC concluded a settlement agreement with Nuvo Research Inc. with respect to its failure to make disclosure in its prospectuses of certain material facts relating to the securities proposed to be distributed – specifically, material facts with respect to the status of its New Drug Application with the FDA for marketing approval of Pennsaid in the United States. The OSC ordered that, within 30 days, Nuvo Research shall initiate a review of its disclosure and reporting practices and procedures by an independent third party, acceptable to both Nuvo Research and Staff, at the expense of Nuvo Research; and that Nuvo Research will implement any recommendations made by the independent third party that are approved by Staff, within a reasonable period of time. Nuvo Research is to pay \$15,000 in costs. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070424_nuvoresearch.jsp for details.

Nortel Networks Corporation and Nortel Networks Limited – On May 22, 2007, the OSC approved a settlement agreement between OSC staff and Nortel Networks Corporation and its operating subsidiary, Nortel Networks Limited, (“Nortel”) with respect to certain inappropriate accounting practices (revenue recognition and provisioning) and the absence of effective internal control over its financial reporting during certain time periods, which contributed to the issuance of financial statements that were not in compliance with U.S. and/or Canadian GAAP. Nortel’s filing of financial statements for certain fiscal periods that did not comply with Canadian GAAP was contrary to the Ontario Securities Act. Nortel’s representation in its financial statements filed with the Commission for certain fiscal periods (and in its other continuous disclosure filings for certain fiscal periods containing financial information derived from such financial statements) that such financial statements had been prepared in accordance with Canadian and/or U.S. GAAP was materially misleading or untrue, and was contrary to the public interest. The inappropriate provisioning and revenue recognition practices were contrary to the public interest. The OSC ordered that Nortel shall deliver to Staff, “Remediation Progress Reports” detailing its progress in implementing the Remediation Plan set out in the settlement

DISCLOSURE VIOLATIONS

agreement during a particular reporting period, and that it pay \$1,000,000 in costs. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070516_nortel-networks.pdf for details.

Eugene N. Melnyk – On May 17, 2007, the OSC concluded a settlement agreement with Eugene Melnyk (at the relevant times, an officer, director, and insider of Biovail Corporation) with respect to various violations of Ontario securities law and/or conduct contrary to the public interest, including: failure to file a report disclosing, among other things, the existence and material terms of certain trusts established in the Cayman Islands, and additional supplementary reports concerning the formation of new trusts; failure to provide complete and accurate information to Biovail regarding holdings of Biovail securities in the trusts and new trusts which resulted in Biovail's management proxy circulars between 1996 and 2006 failing to disclose Melnyk's relationship with the trusts and new trusts, and the number of Biovail securities held by the trusts and new trusts; permitting substantial trading in Biovail shares by offshore trusts established by Melnyk for the benefit of his family without taking greater steps to ensure whether there was full compliance with applicable securities laws, and by failing to direct the registered representative for certain of the accounts established by the Trusts (who was also a fellow director of Biovail) to refrain from trading in Biovail shares during the Biovail Blackout Periods; and authorizing his U.S. legal counsel to send a letter to the IDA which, in the circumstances in which it was sent, was incomplete and misleading. The OSC ordered Mr. Melnyk to pay an administrative penalty of \$750,000; that he be prohibited from acting as a director of Biovail for one year; that he pay \$250,000 in costs; and that he be reprimanded. Mr. Melnyk provided an Undertaking relating to disclosure of his interests in and involvement with the Trusts, a comprehensive report containing a list of trades in Biovail securities entered into by the trusts and new trusts for the period beginning from January 1, 2002, and of any future trading by the trusts and new trusts in Biovail securities. He undertook to send a letter to the IDA apologizing for the relevant conduct summarized in the settlement agreement. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070517_melnyk.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Michael Derek Townsend – On May 29, 2007, Michael Derek Townsend entered into a settlement with the BCSC. He was president of TSX Venture Exchange listed Lateegra Gold Corp. and traded his securities in the company through an offshore account without filing insider trading reports. He agreed to pay the BCSC \$41,250. The BCSC ordered, with conditions, Townsend not to buy and sell securities, act as a director or officer or engage in investor relations for one year. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 300 or the full name in the search box, and go to the settlement.

George Stubos – On May 29, 2007, George Stubos entered into a settlement with the BCSC. He was a director of TSX Venture Exchange listed San Telmo Resources Ltd, now Rolling Thunder Exploration Ltd, and traded his securities in the company through offshore accounts without filing insider trading reports. He agreed to pay the BCSC \$20,000. The BCSC ordered, with conditions, Stubos not to buy and sell securities, act as a director or officer or engage in investor relations for two years and complete a course of study. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 362 or the full name in the search box, and go to the settlement.

Robert Weicker – On July 27, 2007, Robert Weicker entered into a settlement with the BCSC. He was a director and officer of Aberdene Mines Ltd, now Canyon Copper Corp, a US over the counter bulletin board company, when he issued several news releases that contained misrepresentations and did not comply with National Instrument 43-101 *Standards of Disclosure for Mineral Properties*. Weicker agreed to pay the BCSC \$30,000 and with conditions, not prepare or disseminate news releases for 12 months. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 465 or the full name in the search box, and go to the settlement.

MISCONDUCT BY REGISTRANTS

COURT RULINGS

QUÉBEC

Michel Maheux (Coopérative de producteurs de bois précieux Québec Forestales) – On June 14, 2007 Michel Maheux was sentenced following the finding of guilt for contempt of the court rendered on April 12, 2007. Mr. Justice Rodolphe Bilodeau of the Superior Court of Québec sentenced Maheux to serve 21 days in prison. See <http://www.lautorite.qc.ca/pdf/com13avril2007-maheux.pdf> and <http://www.lautorite.qc.ca/pdf/com-15juin2007-maheux.pdf> for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Foresight Capital Corporation, Gilbert Kenneth Wong and Jill Ellen MacGregor Bock – On June 28, 2007, the BCSC ordered Jill Ellen MacGregor Bock, with conditions, not to engage in investor relations or work in the exempt product market for 3 years and to pay a \$25,000 penalty. After three years, the order continues unless and until the penalty is paid and Bock is registered under the securities rules. Bock, a mutual fund salesperson, contravened the securities rules when she failed to ensure that certain speculative and illiquid securities were suitable for her clients. For details, see www.bcsc.bc.ca, type in 2007 BCSECCOM 365 or a full name in the search box, and go to the decision.

Edward Bernard Johnson – On July 20, 2007, the BCSC ordered Edward Bernard Johnson to pay a \$68,000 penalty and to serve a suspension for 2 months, or until he pays the penalty, and following his suspension to be subject to close supervision for 6 months. Johnson admitted that he contravened IDA rules, when he allowed Stanley Steven Ross to trade in a client's account without authorization, and that he misled commission investigators. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 437 or the full name in the search box, and go to the decision.

Bryan Orr – On September 14, 2007, the BCSC banned Bryan Orr from buying and selling securities for 3 years, with a limited exception. Orr admitted he acted as a portfolio manager without registration, made discretionary trades in client accounts without authority and recommended unsuitable investments, all contrary to the securities rules. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 552 or the full name in the search box, and go to the decision.

SETTLEMENT AGREEMENTS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Scotia Securities Inc. - On May 31, 2007, the NSSC approved a settlement agreement entered into by the Scotia Securities Inc. and NSSC staff. The respondent admitted to contravening the Nova Scotia Securities Act

MISCONDUCT BY REGISTRANTS

by failing to notify the NSSC of the termination of certain persons in accordance with Nova Scotia securities laws. The panel imposed an administrative penalty in the amount of \$ 30,000 and costs in the amount of \$1,000. See http://www.gov.ns.ca/nssc/compliancenance/enforproceedings_detail.asp?ID=39 for details.

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

David Baskin and Baskin Financial Services Inc. – On May 1, 2007, Baskin and his company admitted to having obtained New Brunswicker residents as clients, without having first sought registration under the New Brunswick Securities Act. A settlement of this violation was approved by the NBSC, pursuant to which the respondents agreed to pay an administrative penalty of \$35,000 and \$750 in costs. See http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Baskin-SA-12-Apr-07-e.pdf and http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Baskin-CO-1-May-07-e.pdf for details

MANITOBA SECURITIES COMMISSION (MSC)

Lionridge Capital Management Inc. - On August 8, 2007 MSC approved a settlement agreement entered into with Lionridge, a portfolio manager, who failed at various times to provide complete and timely information to the MSC on matters involving changes in its share ownership and subordinated loan agreements. On one occasion the registrant failed to provide an audited financial statement to the MSC in a timely manner, and did not report a capital deficiency (which was corrected) to the MSC. Lionridge received a reprimand, paid an administrative penalty of \$10,000, costs of \$5,000, and was required to secure an additional \$10,000 in ongoing minimum working capital. See http://www.msc.gov.mb.ca/legal_docs/orders/lion_ridge.html for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

D.W. Good Investment Company Limited – On June 4, 2007, D. W. Good Investment Company Limited entered into a settlement with the BCSC. Good was reprimanded and agreed to pay a \$3,500 penalty. Good was a registered mutual fund dealer in Alberta. While unregistered in BC, Good traded in accounts for BC residents. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 332 or the full name in the search box, and go to the settlement.

Interbank FX, LLC – On June 29, 2007, Interbank FX, LLC entered into a settlement with the BCSC. Interbank agreed to pay a \$35,000 penalty and to register through the IDA. Interbank was a registered with the US Commodity Futures Trading Commission. While unregistered in BC, Interbank traded in accounts for BC residents. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 376 or the full name in the search box, and go to the settlement.

MISCELLANEOUS

COURT RULINGS

QUÉBEC

Ali Reza Bassiri (Jitec Inc.) – On August 7, 2007, Ali Reza Bassiri was found guilty of having given an undertaking relating to the future value or price of Jitec’s securities (4 counts). Mr. Justice Louis Duguay of the Court of Québec (Criminal and penal division) ordered Bassiri to pay a fine of \$16,000, with costs.

See <http://www.lautorite.qc.ca/pdf/com3oct2007-jitecbassiri.pdf> for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

BUREAU DE DÉCISION ET DE RÉVISION EN VALEURS MOBILIÈRES (BDRVM)

ABN AMRO Asset Management Canada Limited – On June 20, 2007, the BDRVM issued an administrative penalty in the amount of \$5,000 (\$500 per month of non compliance) to ABN AMRO Asset Management Canada Limited for failure to comply with the Quebec Securities Act and regulations relating to the notification to the AMF of any change in the information furnished at the time of the registration (here the reimbursement of a loan in the amount of 10,6M\$ and the taking of a new loan in the amount of 5,8M\$). See : http://www.bdrvm.com/documents/decisions/2007-002_AMF_c_ABN_AMRO_ASSET_MAN_GLOBAL.pdf for details.

Gauthier et Cie, Gestion de placements inc. – On June 21, 2007, the BDRVM issued an administrative penalty in the amount of \$3,500 (10% of the amount non complied with) to Gauthier and Cie, Gestion de placements inc. for failure to comply with Quebec Securities Regulations ordering a securities adviser with an unrestricted practice to possess a working capital of at least \$25,000.

See http://www.bdrvm.com/documents/decisions/2007-004_AMF_c_GAUTHIER_GLOBAL.pdf for details.

United Environmental Energy Corporation, Enviromondial inc., Enviromondial International Vanuatu inc., Nathaly Demers, Raymond Bréard, Claude Charbonneau, Patricia Ann Chandler, Stevens Demers, Ronald Demers, Select American Transfert, Fonds de défense des actionnaires d’Enviromondial inc. and Association des actionnaires d’Enviromondial inc. – On September 20, 2007, the BDRVM confirmed the cease trading orders issued against these persons on May 16 and June 29, 2006. See <http://www.lautorite.qc.ca/pdf/communiqué-1oct2007-demers.pdf> for details.

ONTARIO SECURITIES COMMISSION (OSC)

Thomas Vincent Hinke – In February 2007, the OSC found that Hinke breached the cease trade term of his May 1, 2006 Settlement Order, and that he breached an undertaking by not providing a copy of the OSC Order to all registrants with whom he dealt. Hinke also made false statements to staff and the OSC by misrepresenting information contained in his sworn statement of assets and liabilities. On May 25, 2007, the OSC ordered that Hinke cease trading in securities and that he be prohibited from acquiring securities of any issuer for a period of

MISCELLANEOUS

10 years (with certain exceptions); that he be prohibited from acting as an officer or director of any issuer for 10 years; that no exemptions shall apply to him for 10 years; and that he pay \$15,000 in costs. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070525_hinket.pdf for details.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION (OSC)

Robert Kasner – In April 23, 2007, the OSC concluded a settlement agreement with Robert Kasner, President and CEO of GLR Resources, with respect to his trading of GLR Resources shares during an issuer-restricted period. As an issuer-restricted person, it was contrary to the public interest for Mr. Kasner to trade in securities of GLR Resources during the issuer-restricted period. The OSC ordered that Mr. Kasner shall cease trading in securities of GLR Resources for a period of 6 months, and that he pay \$25,000 in costs. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070423_kasner.jsp for details.

APPEALS

QUÉBEC

Stevens Demers – On February 28, 2006, the BDRVM had issued an order prohibiting Stevens Demers from acting as director or officer of an issuer. Demers then appealed to the Court of Québec. On June 13, 2007, Mr Justice Michel Lasseonde of the Court of Québec (Civil division) ruled that Demers' appeal was unfounded and dismissed it. See <http://www.lautorite.qc.ca/pdf/com21juin2007-enviromondial.pdf> for details.

RECIPROCAL ORDERS

ALBERTA SECURITIES COMMISSION (ASC)

Cameron Kuipers - On May 11, 2007, an ASC panel imposed within Alberta under s. 198(1.1) of the Alberta Securities Act the non-monetary sanctions imposed earlier by the BCSC. The Respondent was prohibited until November 30, 2022 from trading in or purchasing securities (except in an RSP or one account with a registered dealer) and from acting as a director or officer of all but one issuer and also subject to completing successfully a course on directors and officers duties and responsibilities. See [http://www.albertasecurities.com/dms/1404/15181/15909_Kuipers, Cameron - Decision - 2007-05-11 - 2519140v1.pdf](http://www.albertasecurities.com/dms/1404/15181/15909_Kuipers,_Cameron_-_Decision_-_2007-05-11_-_2519140v1.pdf) for details.

Sulja Bros. Building Supplies Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries - On August 27, 2007, an ASC panel imposed within Alberta under the new s. 198(1.1) of the Alberta Securities Act the interim cease trade prohibition imposed against the respondents by the OSC. This decision is significant for being the first instance of reciprocating an interim order under Alberta's recently amended reciprocating power. See [http://www.albertasecurities.com/dms/1404/15181/16344_Sulja Bros. Building Supplies, Ltd. - Decision - 2007-08-16 - 2613082v1.pdf](http://www.albertasecurities.com/dms/1404/15181/16344_Sulja_Bros._Building_Supplies,_Ltd._-Decision_-_2007-08-16_-_2613082v1.pdf) for details.

Daryl Joseph Klein, Kleincorp Mgmt. Inc., carrying on business as "Insta-Cash Loans", Douglas Arnold Clarke and Bick Financial Services Inc. - On August 27, 2007, an ASC panel imposed within Alberta under s. 198(1.1) of the Alberta Securities Act the prohibitions imposed until October 17, 2026 against Klein and Klein Corp. by the BCSC against them trading in or purchasing securities (with the exception of through a registrant for his personal account) and acting as a director or officer of any issuer. The application against Clarke and his company was dismissed for insufficient proof of adequate notice to them, with leave to renew upon proper notice. See [http://www.albertasecurities.com/dms/1404/15181/16391_Klein, Daryl Joseph - Decision - 2007-08-27 - 2621501v1.pdf](http://www.albertasecurities.com/dms/1404/15181/16391_Klein,_Daryl_Joseph_-_Decision_-_2007-08-27_-_2621501v1.pdf) for details.

Cheryl-Lynn Braun - On September 12, 2007, an ASC panel permanently prohibited Braun under s. 198(1.1) of the Alberta Securities Act from trading in securities or using exemptions as a result of her 2006 Edmonton fraud conviction.

See <http://www.albertasecurities.com/Enforcement/Enforcement%20Orders/Braun,%20Cheryl-Lynn%20-%20Decision%20-%202007-09-12%20-%202641465v1.pdf> for details.

BRITISH COLUMBIA SECURITIES COMMISSION

Joseph Edward Allen – On May 30, 2007, the BCSC reciprocated orders against Joseph Edward Allen sanctioned by the Ontario Securities Commission in May 2006. The BCSC permanently banned Allen from buying and selling securities, with a limited exception, and engaging in investor relations activities. For details, see www.bpsc.bc.ca, type 2007 BCSECCOM 309 or the full name in the search box, and go to the order.

Syed Kabir – On May 30, 2007, the BCSC reciprocated orders against Syed Kabir sanctioned by the Ontario Securities Commission in May 2006. The BCSC banned Kabir from buying and selling securities, with a limited exception, and engaging in investor relations activities until May 9, 2013. For details, see www.bpsc.bc.ca, type 2007 BCSECCOM 310 or the full name in the search box, and go to the order.

RECIPROCAL ORDERS

Terry James Minnie – On August 21, 2007, the BCSC permanently banned Terry James Minnie , with limited exceptions, from buying and selling securities and acting as a director and officer and engaging in investor relations. In March 2007, Minnie was convicted in the BC Supreme Court of fraud and theft arising from transactions related to securities. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 501 or the full name in the search box, and go to the order.

Raymond Patrick Shaw – On August 21, 2007, the BCSC banned Raymond Patrick Shaw, with limited exceptions, from buying and selling securities and acting as a director and officer and engaging in investor relations for 20 years. In March 2007, Shaw was convicted in the BC Supreme Court of fraud and theft arising from transactions related to securities. For details, see www.bcsc.bc.ca, type 2007 BCSECCOM 500 or the full name in the search box, and go to the order.

SELF-REGULATORY ORGANIZATIONS

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

ONTARIO

Altimum Mutuals Inc. – On June 15, 2007, the MFDA approved a settlement between MFDA staff and Altimum in which Altimum admitted that it had distributed misleading sales communications to clients. The MFDA ordered Altimum to pay a fine of \$10,000.

See <http://www.mfda.ca/enforcement/hearings07/Decision200711.pdf> for details.

Jean-Pierre Groulx - On May 9, 2007, the MFDA found that Groulx misappropriated \$1,123,000 from his insurance clients. The MFDA ordered that Groulx be permanently prohibited from conducting securities related business. See <http://www.mfda.ca/enforcement/hearings06/Decision200609.pdf> for details.

Lorne Henry – On May 11, 2007, the MFDA found that Henry misappropriated \$317,650 from 12 individuals, borrowed \$3,500 from two clients and failed to cooperate with an investigation. The MFDA ordered that Henry be permanently prohibited from conducting securities related business, pay a fine of \$350,000 and costs of \$10,000. See <http://www.mfda.ca/enforcement/hearings07/Decision200702.pdf> for details.

John Quigley – On July 12, 2007, the MFDA found that Quigley misappropriated \$240,000 from six clients and failed to cooperate with an investigation. The MFDA ordered that Quigley be permanently prohibited from conducting securities related business, pay a fine of \$290,000 and costs of \$7,500. See <http://www.mfda.ca/enforcement/hearings07/Decision200703.pdf> for details.

Mary Elizabeth Rygiel - On June 25, 2007, the MFDA approved a settlement agreement between MFDA staff and Rygiel in which Rygiel admitted that she permitted an unregistered individual to conduct securities related business through the accounts of the Member. The MFDA ordered that Rygiel be prohibited from acting in a compliance or supervisory capacity for three years, take a proficiency course before acting as a compliance officer, pay a fine of \$5,000 and costs of \$1,000.

See <http://www.mfda.ca/enforcement/hearings07/Decision200708.pdf> for details.

Keith Oswald Wong - On June 19, 2007, the MFDA found that Wong accessed the confidential client database of another Member and used information he obtained to solicit clients. The MFDA ordered that Wong be suspended from acting in a compliance or supervisory capacity for three years, complete an ethics course, and pay a fine of \$7,000 and costs of \$1,000.

See <http://www.mfda.ca/enforcement/hearings07/Decision200709.pdf> for details.

MANITOBA

Ronald Freynet – On August 14, 2007, the MFDA found that Freynet misappropriated \$30,000 from three clients and failed to repay one of those clients \$10,000 and also borrowed \$20,000 from two other clients. The MFDA ordered that Freynet be permanently prohibited from conducting securities related business, pay a fine of \$10,000 and costs of \$2,500. See <http://www.mfda.ca/enforcement/hearings07/Decision200704.pdf> for details.

SELF-REGULATORY ORGANIZATIONS

ALBERTA

Robert Michael Smylski – On May 22, 2007, the MFDA approved a settlement between Staff and Smylski in which Smylski admitted that he conducted securities related business outside the Member for which he was not registered. The MFDA ordered that Smylski be permanently prohibited from conducting securities related business and pay a fine of \$5,000. See <http://www.mfda.ca/enforcement/hearings07/Decision200707.pdf> for details.

BRITISH COLUMBIA

IQON Financial Inc. – On May 24, 2007, the MFDA approved a settlement between MFDA staff and IQON in which it admitted that it had failed to supervise an approved person who had conducted securities related business outside the Member and it had failed to comply with the terms of an agreement with the MFDA. The MFDA ordered IQON to retain a consultant to address deficiencies in its supervisory procedures, pay a fine of \$100,000 and costs of \$7,500. See <http://www.mfda.ca/enforcement/hearings07/Decision200713.pdf> for details.

Robert Franklin Leer - On July 19, 2007, the MFDA approved a settlement between MFDA staff and Leer in which Leer admitted that he had engaged in securities related business outside the Member for which he was not registered. The MFDA ordered Leer to take an ethics course, pay a fine of \$8,000 and costs of \$2,000. See <http://www.mfda.ca/enforcement/hearings07/Decision200710.pdf> for details.

MARKET REGULATION SERVICES INC. (RS)

ONTARIO

Michael Bond and Sesto DeLuca - On June 4, 2007, an RS hearing panel ordered Michael Bond to pay a fine of \$100,000 and \$25,000 in costs and suspended his access from all marketplaces regulated by RS for two years. The RS panel also reprimanded Sesto DeLuca. The RS panel found that Bond entered orders to buy shares in three issuers that were listed on the TSX Venture Exchange between 4 April 2005 and 29 July 2005 when he knew or ought reasonably to have known that the entry of those orders would create an artificial bid price for those securities. Further, the RS panel found that Sesto DeLuca failed to supervise properly and fully Michael Bond as necessary to ensure compliance of Bond with the RS Universal Integrity Market Rules. See <http://docs.rs.ca/ArticleFile.asp?Instance=100&ID=48DB2743A1684229AA0483ED20F105E0> for details.

SELF-REGULATORY ORGANIZATIONS

INVESTMENT DEALERS ASSOCIATION (IDA)

IDA PANEL DECISIONS

NOVA SCOTIA

Margaret Patricia Hayden - On August 14, 2007, an IDA hearing panel accepted a settlement agreement wherein Hayden admitted that she acted contrary to IDA Regulations. Hayden was fined \$17,000 and must pay \$17,500 in costs. She must also successfully complete the examination based on the IDA *Conduct and Practices Handbook* within six months from the effective date of the settlement agreement. Hayden is currently employed with Acadian Securities Inc. See IDA Bulletin 3670 at www.ida.ca for details.

Michael Joseph Puccini – On March 28, 2007, an IDA hearing panel found Puccini guilty of engaging in conduct detrimental to the public interest, contrary to IDA By-laws. Further, Puccini refused and/or failed to attend and give information in respect to an investigation being conducted by the IDA's Enforcement Department. Puccini was permanently banned from approval with the IDA, fined \$150,000 and must pay \$17,371 in costs. Mr. Puccini has not been registered with an IDA Member firm since November 15, 2005. See IDA Bulletin 3619 at www.ida.ca for details.

QUÉBEC

The Jitney Group Inc. - On March 12, 2007, an IDA hearing panel accepted a settlement agreement negotiated between staff of the IDA and Jitney. Pursuant to the settlement agreement, Jitney has admitted that between December 31, 2002 and February 25, 2004, it failed to maintain at all times a risk adjusted capital (RAC) at a level greater than zero, being capital deficient for amounts of up to \$1,877,000, in violation of IDA By-laws. Further, Jitney admitted that between approximately March 8 and April 28, 2004, it failed to comply, at all times, with a business restriction imposed by the IDA requiring that the Member limits the size of its securities owned and sold short positions and capital provided on such positions to \$150,000. For its misconduct, Jitney has been fined \$50,000 and must pay \$15,000 in costs. See IDA Bulletin 3628 at www.ida.ca for details.

Marc Beaudoin - On May 8, 2007, an IDA hearing panel found that Beaudoin had violated IDA By-laws by refusing to appear and give information before the persons conducting an investigation. The IDA hearing panel noted that failure to cooperate in an IDA investigation is serious misconduct because it subverts the IDA's ability to perform its functions. Beaudoin has been fined \$50,000 and must pay \$6,115.09 in costs. He has also been assessed a permanent ban on approval in any capacity with an IDA Member firm. Beaudoin has not been registered with an IDA Member firm since January 30, 2006. See IDA Bulletin 3638 at www.ida.ca for details.

Orazio Petriello – On March 29 and May 10, 2007 the IDA conducted a disciplinary hearing in which the hearing panel found Petriello guilty of engaging in conduct detrimental to the public interest, contrary to IDA By-laws in that, between October 19, 2000 and August 19, 2002, he misappropriated funds, totalling \$124,000, of one of his clients by depositing six bank drafts purchased by this client in the accounts of two other clients who were persons tied to Petriello, namely his father and his spouse. Petriello was permanently banned from

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approval with the IDA, fined \$150,000 and must pay \$29,135.18 in costs. Petriello has not been registered with an IDA Member firm since November 2, 2004. See IDA Bulletin 3645 at www.ida.ca for details.

Jean-Louis Trudeau - On June 14, 2007, an IDA Hearing Panel imposed discipline penalties on Jean-Louis Trudeau. The IDA Hearing Panel had previously ruled that, during February 2003 and May 2004, Trudeau failed to use due diligence to ensure that the acceptance of orders for the accounts of four clients was within the bounds of good business practice, contrary to IDA Regulations. Trudeau failed in his role to protect the public interest by executing trades that were indicative of unlawful or suspicious behaviour without making any prior effort to determine whether insider trading or the use of privileged information was involved. In finding Trudeau guilty of this first count, the Hearing Panel recalled the crucial role of participants in the securities industry who contribute to the honesty of the system by not willingly turning a blind eye to the lapses or to the conduct of their clients, and by questioning their dubious actions. Furthermore, the IDA hearing panel found that, during June 2001 and May 2004, Trudeau failed to use due diligence to ensure that he learned the essential facts relative to four clients, and to every order or account accepted, contrary to IDA Regulations. Trudeau neglected to identify the clients in accordance with IDA guidelines relative to the proceeds of crime (money laundering) legislation and failed to obtain necessary information from his clients. Trudeau must pay a total fine of \$130,000, disgorge \$41,342.63 in commissions, and must pay \$30,000 in costs. In addition, Trudeau is required to re-write and pass the *Conduct and Practices Handbook Exam* within one year of the effective date of the decision. Trudeau is currently employed with Canaccord Capital Corporation. See IDA Bulletin 3646 at www.ida.ca for details.

Bertrand Trudel – On March 23, 2007, an IDA hearing panel ruled that, on or about March 21, 2002, Trudel effected an unauthorized trade on behalf of his client contrary to IDA Bylaws; between July 1997 and July 2002, he effected discretionary trades in a client's margin account without the proper written authorization of the client; between January 2000 and July 2002, he made unsuitable recommendations to two clients given their investment objectives and risk tolerance; and between January 2000 and November 2002, he took instructions from a third party without a proper power of attorney to carry out trading in the account of three clients all contrary to IDA Regulations. The IDA hearing panel dismissed counts that Trudel failed to ensure that certain operations on behalf of his clients were in accordance with the rules set forth in the Québec Securities Act and that he failed to report his personal interest in a company in which his clients were investing. In its penalty decision dated May 28, 2007, the IDA hearing panel ordered that Trudel pay a total fine of \$35,000; disgorge commissions in the amount of \$6,359.37; and pay \$10,000 in costs. Furthermore, Trudel is to be under close supervision until November 1, 2007. Trudel is currently employed with Retirement Option Group Inc. See IDA Bulletin 3647 at www.ida.ca for details.

Martin Brunetta - On June 12, 2007, an IDA hearing panel accepted a settlement agreement negotiated between staff of the IDA and Brunetta where he admitted to have failed to use due diligence to remain informed of the essential facts relative to certain foreign clients, contrary to IDA Regulations and By-laws and to have engaged in conduct unbecoming and detrimental to the public interest and failed to exercise his role to protect the public contrary to IDA By-laws. Further, he executed some 50 transactions in client accounts on the instructions of third parties, without the records of the investment dealer showing that any written authorization or ratification had been granted by the clients, contrary to IDA Regulations and By-laws. Brunetta was fined \$30,000 and must pay \$7,000 in costs. He must also pay back \$1,451.32 in commissions. In addition, Brunetta is to be under strict supervision for a period of six months and must successfully complete the IDA Conduct and Practices Handbook exam within six months of the effective date of the settlement agreement. Brunetta remains employed with the Montréal branch of CIBC World Markets Inc. See IDA Bulletin 3649 at www.ida.ca for details.

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Peak Securities Inc. – On July 18, 2007, the IDA hearing panel accepted a settlement agreement negotiated between staff of the IDA and PEAK Securities Inc. Under the terms of the settlement agreement, PEAK Securities Inc. admitted that on July 15, 2004, it failed to maintain its Risk Adjusted Capital at a level greater than zero, and thus found itself in a capital deficiency position for the amount of \$59,000; and in July 2004, it had not finished implementing control measures relative to activities that have an impact on Risk Adjusted Capital—although it was completed subsequently—all contrary to IDA By-laws. Peak Securities Inc. must pay a fine of \$30,000 and \$15,000 in costs. See IDA Bulletin 3660 at www.ida.ca for details.

Johanne Pinet – On July 6, 2007, an IDA Hearing Panel ruled that, between October 18, 2005, and November 18, 2005, Pinet had engaged in conduct unbecoming and detrimental to the public interest, contrary to IDA By-laws, when she misappropriated funds from her half-brother, a client of National Bank Financial Inc., in the amount of \$1,120, via eight withdrawals. Pinet has been suspended from approval for a period of one year from the effective date of the decision and must pay \$4,000 in costs within 24 months. Pinet has not been registered with an IDA Member firm since December 2005. See IDA Bulletin 3667 at www.ida.ca for details.

Fernando Meffé - On August 17, 2007, the IDA conducted a settlement agreement hearing lately accepted by the IDA hearing panel between staff of the IDA and Meffé wherein Meffé admitted that he had contravened IDA Regulations and By-laws. Meffé has been assessed a five-year prohibition of approval in an officer category and/or in a supervisory capacity; a seven-year prohibition of approval as a Designated Registered Options Principal or as an Alternate Registered Options Principal; a four-month suspension of approval for trading options; the requirement to successfully pass the *Derivatives Fundamentals* and *Options Licensing Course* within a 12-month period as a condition to the maintenance of his approval to trade options after the four-month suspension period; a twelvemonth close supervision period; and a fine in the amount of \$45,000 and \$5,000 in costs. Meffé is a registrant with National Bank Financial Inc. See IDA Bulletin 3672 at www.ida.ca for details.

National Bank Financial Inc. – On August 17, 2007, the IDA conducted a disciplinary hearing later accepted by an IDA hearing panel accepted a settlement agreement between National Bank and staff of the IDA. Pursuant to the settlement agreement, National Bank has acknowledged violating IDA Regulations, and By-laws and Policy No. 2. National Bank has been fined \$795,000.00 and is required to pay \$50,000.00 in costs. See IDA Bulletin 3673 at www.ida.ca for details.

ONTARIO

Octagon Capital Corporation – On June 11, 2007, an IDA hearing panel found Octagon Capital Corporation (Octagon) guilty of participating in a distribution of securities which was not in accordance with the provisions of the Ontario, Alberta, and British Columbia Securities Acts, thereby engaging in business conduct unbecoming or detrimental to the public interest, and contrary to IDA By-laws and Regulations. Octagon has been fined \$50,000. See IDA Bulletin 3634 at www.ida.ca for details.

Stacey Trevor Symonds - On April 26, 2007, an IDA Hearing Panel accepted a settlement agreement negotiated between Mr. Symonds and staff of the IDA. Symonds admitted that he conducted discretionary trades in three client accounts without the accounts being specifically approved and accepted as discretionary accounts, contrary to IDA Regulations. Symonds is fined \$20,000 and must pay \$3,000 in costs. He will also be required to be under strict supervision for a period of 12 months upon any subsequent registration with a Member firm, and must successfully complete the *Conduct and Practices Handbook* exam within 6 months

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from any subsequent registration with a Member firm. Symonds is no longer employed with an IDA Member firm. See IDA Bulletin 3635 at www.ida.ca for details.

Geoffrey Bruce Schmidt – On May 1, 2007, IDA staff advised the IDA hearing panel that Schmidt had attended for the interview as ordered. The IDA panel ruled that to proceed with the charge would be unfair and unjust to Schmidt and dismissed the charges without costs. Schmidt has not been registered with an IDA Member firm since September 27, 2005. See IDA Bulletin 3637 at www.ida.ca for details.

Donald Moffat Little - Following a discipline hearing held May 15, 16 and 17, 2007, an IDA hearing panel found Little guilty of violating IDA By-laws by engaging in business conduct or practice unbecoming or detrimental to the public interest in that he accepted a cheque from an elderly client in the sum of \$500,000, liquidated securities in the client's account in order to cover the cheque, and then deposited the cheque into his personal bank account without the knowledge or consent and contrary to the internal policies of his Member firm employer. A second allegation that Little engaged in business conduct or practice unbecoming and detrimental to the public by becoming the Attorney, pursuant to a Power of Attorney for Property, and the Executor of the will of a client without the knowledge or consent and contrary to the internal policies of his Member firm employer, was dismissed as the IDA hearing panel was left in a state of doubt on this charge and ruled that the benefit of that doubt must be given to Little. Little was fined \$15,000 and must pay costs in the amount of \$20,000. He must also successfully complete the Conduct and Practices Handbook exam prior to any subsequent registration with an IDA Member firm. Little is no longer employed with an IDA Member firm. See IDA Bulletin 3644 at www.ida.ca for details.

Julius Caesar Phillip Vitug – On July 30, 2007, an IDA hearing panel dismissed the charge that, in or about April and July 2006, Vitug violated IDA By-laws by engaging in business conduct or practice which is unbecoming or detrimental to the public interest in that he misled staff of the IDA—on two occasions—by failing to respond truthfully and/or completely to questions posed in relation to two clients at an interview conducted by the IDA pursuant to By-law 19.5. The IDA hearing panel found that Vitug was not given sufficient notice in writing prior to the interviews about two clients about whose accounts he was questioned and therefore was deprived of the opportunity to fully prepare for the examination. The Panel ruled that the IDA has a duty to advise the person to be examined in writing of the matters under investigation and that the notice should be sufficient to let the person know in what respect his or her co-operation is required, which did not happen in this case. The IDA hearing panel also noted that the reason for not giving notice about the information was based on a concern on the part of the IDA to protect the integrity of the investigative process and to avoid any prejudice to the investigation. Vitug is currently employed with Blackmont. See IDA Bulletin 3652 at www.ida.ca for details.

David Lyle Doering - Following a disciplinary hearing held on July 5, 2007, Doering admitted to engaging in conduct detrimental to the public interest, contrary to IDA By-laws, in that he acted contrary to the provisions of the Ontario Securities Act when he solicited and traded investments for his clients in two off book private placements for which a prospectus had not been filed nor an exemption obtained, without the knowledge of his Member firm employer and contrary to his firm's internal policies. A second allegation was dismissed, namely that between October and November 2000 Doering engaged in business conduct or practice unbecoming and detrimental to the public by failing to disclose his involvement in an outside business activity, namely that he was a director and CFO of a company, to his Member firm employer or to the IDA. Doering was fined \$12,500 and must pay \$10,000 in costs. Doering will also be under close supervision for six months from the start date of new employment at a Member firm. Doering is not currently employed by an IDA Member firm. See IDA Bulletin 3653 at www.ida.ca for details.

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Chak (Jason) Ng – An IDA hearing panel found Chak (Jason) Ng guilty of violating IDA By-laws for unknowingly facilitating a market manipulation in the stock of Pender International Inc. (Pender). The hearing panel also found that Ng violated IDA Regulations by taking instructions for various accounts from Michael Mitton, the perpetrator of the manipulation, notwithstanding that Mitton had no trading authorization over those accounts. Ng is currently employed with Research Capital Corporation, a Member of the IDA. The penalties imposed against Ng will be determined at a penalty hearing to be held on November 26 and 27, 2007.

Ivan Djordjevic – On July 20, 2007, an IDA hearing panel found that, on or about March 1, 2004, Djordjevic forged the signature of client AG on an unlimited guarantee for the purposes of having AG guarantee the account of client PW which is conduct unbecoming and detrimental to the public interest. The penalties to be imposed upon Djordjevic will be assessed at a penalty hearing on October 10, 2007. Djordjevic has not been registered with an IDA Member firm since November 2005.

Ronald Keith Furevick - Following a disciplinary hearing held on July 20, 2007, an IDA hearing panel accepted a settlement agreement jointly submitted by IDA Enforcement staff and Furevick where Furevick admitted that he had contravened IDA By-laws by failing to disclose that he was the beneficial owner of an account in the name of Donald Verhash; that he had misrepresented to his employer's sales compliance staff that transactions in that account were being directed by Donald Verhash; and that he had conducted unauthorized trading in five accounts belonging to five different clients, none of whom suffered losses but were unnecessarily exposed to market risk of which they were not aware. Furevick agreed to pay \$35,000 in fines and \$25,000 in costs. He has also been assessed an 18 month suspension from approval in any capacity commencing on January 1, 2006; a 10 year suspension of approval in any supervisory capacity, including Branch Manager, Chief Compliance Officer and Ultimate Designated Person, commencing on January 1, 2006; a condition that he re-write and pass the examination based on the *Conduct and Practices Handbook* before being re-approved in any capacity; and a one year period of close supervision upon re-approval. Furevick has not been registered with an IDA Member firm since January 2006. See IDA Bulletin 3664 at www.ida.ca for details.

Davor Dave Milardovic - Following a disciplinary hearing on July 27, 2007, an IDA hearing panel found that Milardovic failed to cooperate in an IDA investigation in that he failed to attend interviews scheduled by IDA staff on January 11, 2007, and on May 9, 2007, contrary to IDA By-laws. The interviews were being conducted as part of an investigation into the circumstances surrounding Milardovic's dismissal from IPC Securities Corporation. For his misconduct, Milardovic has been fined \$50,000 and must pay \$8,000 in costs. He has also been assessed a permanent prohibition from approval in any capacity. Milardovic has not been employed with an IDA Member firm since March 2006. See IDA Bulletin 3665 at www.ida.ca for details.

Credifinance Securities Limited - An IDA appeal has allowed the appeal of Credifinance Securities Limited (Credifinance), at all material times a Member of the IDA. Following an appeal hearing held on July 3, 2007, the IDA appeal panel allowed Credifinance to appeal a Hearing Panel decision dated October 25, 2006 which found Credifinance guilty of failing to co-operate with the IDA, namely by failing to respond within the time requested by IDA investigators to two written demands dated November 3, 2005 and November 10, 2005. The IDA appeal panel determined that Credifinance was not obligated to provide the information until the demand letter was received. This was contrary to the finding of the original Hearing Panel that Credifinance had failed to co-operate by taking no steps to fulfill the undertakings it had given until after receipt of the letter dated November 3, 2005. The appeal was therefore allowed. Considering the demand of November 10, 2005, the IDA appeal panel found that the Hearing Panel's decision that Credifinance failed to co-operate with the IDA by

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virtue of its failure to even try to obtain the backs of certain cheques from its carrying broker could not stand in light of the fact that the conduct was not sufficient on its own to make out the charge that on or about November 2004 to January 2006 Credifinance failed to cooperate with the IDA by failing to provide information and documents as required by the IDA, contrary to By-law 19.5. See IDA Bulletin 3668 at www.ida.ca for details.

MANITOBA

Jory Capital Inc. and Patrick Michael Cooney – An IDA appeal panel dismissed an appeal brought by Jory Capital Inc. (Jory) and Patrick Michael Cooney. The appeal was from two decisions of a Manitoba District Council Hearing Panel. The first decision, dated July 28, 2005, found that a June 22, 2004 payment by Jory to Mr. Cooney, while Jory was in a loss situation and under certain Early Warning Restrictions, violated IDA By-laws. The second decision, dated January 5, 2006, imposed sanctions on Jory and Cooney. Jory was fined \$25,000. Cooney was fined \$25,000 and was prohibited, for a period of five years, from receiving approval in any capacity where he might exercise significant influence on, or responsibility for, financial compliance. The Appeal Panel found that the sanctions imposed were reasonable, having regard to Jory's and Cooney's prior disciplinary record in matters relating to financial compliance. The IDA Appeal Panel agreed with the Hearing Panel that repeated violations had to attract progressively escalating sanctions. The appellants have indicated an intention to bring a further appeal to the Manitoba Securities Commission. See the IDA Bulletin 3626 at www.ida.ca for details.

ALBERTA

Ernest En Lin - On May 7, 2007, an IDA hearing panel heard and accepted the Association's request to withdraw the allegations against Ernest En Lin. For a complete summary of facts, please see IDA Bulletin 3625 at www.ida.ca for details.

Catherina Dawn Blaker – On March 15, 2007, an IDA Hearing Panel accepted a settlement agreement negotiated between IDA staff and Blaker where she admitted to having engaged in conduct unbecoming in contravention of IDA By-laws and Regulations. Blaker was permanently banned from approval in any registered capacity with the IDA. Blaker has not been registered with an IDA Member firm since September 2001. See IDA Bulletin 3627 at www.ida.ca for details.

Moin Mirza – On September 18, 2007, an IDA hearing panel found Mirza guilty of failing to attend and give information in respect of an investigation being conducted by the IDA's Enforcement Department. After considering all the evidence, the panel found that Mirza's conduct in the circumstances was consistent with a lack of any desire to cooperate and an intentional avoidance of the request for cooperation. Mirza was fine \$40,000 and must pay \$7,651.10 in costs. See Bulletin 3679 at www.ida.ca for details.

Vance Elder – On July 9, 2007 an IDA hearing panel found Vance Elder, at all material times an approved person with the Glenmore Landing and Esso Plaza branch offices of BMO Nesbitt Burns (Nesbitt) in Calgary, an IDA Member firm, guilty of violating IDA By-laws and Regulations. Elder was fined \$100,000; must pay \$15,000 in costs; is required to rewrite the exam based on the *Conduct and Practices Handbook* within six months of the penalty assessment; and must accumulate an extra 25 continuing education credits over a two year period. He has also been placed under 12 months of close supervision and has had his "Senior Vice-President" designation revoked for a period of two years. Elder continues to be employed with the Esso Plaza branch office of BMO Nesbitt Burns in Calgary. See IDA Bulletin 3671 at www.ida.ca for details.

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BRITISH COLUMBIA

Thomas Edward McLellan - Following an IDA disciplinary hearing held on March 29, 2007, the hearing panel determined that McLellan knowingly permitted an approved person who was not registered in any capacity for the province of Ontario to maintain investment accounts, advice, and/or place transactions on behalf of clients who resided in the province of Ontario, contrary to IDA By-laws. McLellan was fined \$15,000, is required to pay \$5,000 in costs and is prohibited from re-approval by the IDA for a period of three months. He must also successfully complete the *Conduct and Practices Handbook* exam offered by the CSI. McLellan is no longer employed with an IDA Member firm. See IDA Bulletin 3630 at www.ida.ca for details.

Bruce Calvin Deck - On May 22, 2007, an IDA Hearing Panel accepted a settlement agreement negotiated between IDA staff and Deck where he admitted that he acted contrary to IDA By-laws. Deck agreed to pay \$138,212 as part of the settlement and must pay \$15,000 in costs. In addition, he is prohibited from re-approval in any registered capacity for two years and as a condition of re-approval, he must be under strict supervision for 12 months and successfully re-write and pass the examination based on the *Conduct & Practices Handbook Course* and the *Canadian Securities Course*. Deck has not been registered with an IDA Member firm since April 30, 2007. See IDA Bulletin 3640 at www.ida.ca for details.

Canaccord Capital Corporation – On April 25, 2007, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Canaccord where Canaccord admitted that from November 2001 through November 2002 it failed to adequately supervise a pro account and engaged in business conduct or practice that is detrimental to the public interest, by failing to restrict a trading strategy, which it knew, or ought to have known, might be unfair to other market participants and contrary to the public interest, and by failing to establish procedures which would enable it to detect whether the trading in the account was fair to other market participants or contrary to the public interest. Canaccord was fined \$80,000 and must pay \$5,000 in costs. See IDA Bulletin 3643 at www.ida.ca for details.

Wade Douglas MacBain, Karl Edward Neufeld, Frederick Henry Smith – An IDA Hearing Panel has stayed the discipline proceedings in the matters of Wade Douglas MacBain, Karl Edward Neufeld and Frederick Henry Smith, at all material times Approved Persons with Matrix Financial Corporation, a Member of the IDA. The stays of proceedings come in response to a decision of the Court of Appeal for Saskatchewan, dated June 20, 2007, dismissing the appeals of the IDA from a decision of the Saskatchewan Financial Services Commission in the matters of MacBain, Neufeld and Smith. A copy of the decision of the Court can be found at: <http://www.lawsociety.sk.ca/judgments/2007/CA2007/2007skca70.pdf> See IDA Bulletin 3656 at www.ida.ca for details.

Ian Alexander Frew - The IDA has withdrawn the Notice of Hearing and ended discipline proceedings in the matter of Ian Alexander Frew, at all material times an Approved Person with Matrix Financial Corporation, a Member of the IDA. The Notice of Hearing has been withdrawn in response to a decision of the Court of Appeal for Saskatchewan dated June 20, 2007, dismissing the appeals of the IDA from a decision of the Saskatchewan Financial Services Commission in the related matters of Wade Douglas MacBain and Karl Edward Neufeld and Frederick Henry Smith. The matters of MacBain, Neufeld and Smith have been stayed by a Hearing Panel appointed pursuant to IDA By-laws. A copy of the decision of the Court of Appeal for Saskatchewan can be found on their website at the following link: <http://www.lawsociety.sk.ca/judgments/2007/CA2007/2007skca70.pdf>. See IDA Bulletin 3657 at www.ida.ca for details.

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Xavier Cheng Kuo Li – On July 13, 2007, an IDA hearing panel considered, reviewed, and accepted a settlement agreement negotiated between IDA Staff and Li where he admitted to contravening IDA By-laws. Li was fined \$45,000 and must pay \$4,000 in costs; has been assessed a suspension from approval in any registered capacity with the IDA for a period of six weeks; and must be under close supervision for a period of 12 months upon registration with an IDA Member firm. Mr. Li has not been registered with an IDA Member firm since July 6, 2007. See IDA Bulletin 3658 at www.ida.ca for details.

LA CHAMBRE DE LA SÉCURITÉ FINANCIÈRE (CSF)

QUÉBEC

Pierre Duguay – On June 27, 2007, Pierre Duguay was found guilty of failing to act with honesty, good faith and skill in assisting clients with filling out a scholarship plan application and causing it to be signed by another representative; of signing subscription forms while falsely purporting to act as a representative of clients although these clients had in fact been solicited by a person unauthorized to do so under the Act. The Disciplinary Committee imposed fines totalling \$9,000 on Mr. Duguay and struck the representative off the roll for 11 months, in addition to ordering the publication of a notice thereof, at his expense. With costs and expenses. See www.jugements.qc.ca, under the database for the CSF, for details.

Luc Bilodeau – On September 14, 2007, the Disciplinary Committee issued a reprimand against Luc Bilodeau further to a Court of Québec judgment handed down on April 24, 2006 whereby Mr. Bilodeau was found guilty of failing to determine a client's investor profile and risk tolerance; of failing to allocate funds according to client's investment objectives and of forging the signature of his client, Gabriel Mayrand, on a letter of instructions. The Court of Québec judgment overruled a not-guilty decision issued by the Disciplinary Committee on October 8, 2003. See www.jugements.qc.ca, under the database for CSF, for details.

Peter Agostino Vultaggio – On August 7, 2007, Peter A. Vultaggio was found guilty, further to a guilty plea, of placing his own benefit ahead of client interests by conducting numerous trades in client portfolios that were not in their interests and performing portfolio transactions without their authorization. The Disciplinary Committee struck Mr. Vultaggio off the roll for a period of six months, ordered him to pay fines in the amount of \$6,000, as well as costs and expenses, and ordered the publication of a notice of the decision in a newspaper distributed in the location where the respondent carries or carried on his professional activities. See www.jugements.qc.ca, under the database for CSF, for details.

SELF-REGULATORY ORGANIZATIONS

MONTRÉAL EXCHANGE (MX)

QUÉBEC

Marc Beaudoin — In September, 2000, Marc Beaudoin proceeded off exchange to a transaction involving 500,000 Jitec Inc. shares, for a total value of \$2,600,000. As the shares of Jitec Inc. were then listed on the MX, this transaction should have taken place on the MX during a trading session as required by the Rules of the Bourse. Following a hearing, the Disciplinary Committee of the MX issued a decision imposing to Marc Beaudoin a fine of \$35,000 and requiring that he refunds the costs of the investigation for an additional amount of \$10,595. See http://www.m-x.ca/f_circulaires_en/134-07_en.pdf for details.

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