

CANADIAN SECURITIES ADMINISTRATORS

2013 Enforcement Report

CSA/ACVM

Canadian Securities Administrators

About the CSA

The Canadian Securities Administrators (CSA) is the council of the ten provincial and three territorial securities regulators in Canada. The mission of the CSA is to facilitate Canada's securities regulatory system, providing protection to investors from unfair, improper or fraudulent practices and to promote fair, efficient and transparent capital markets, through the development of harmonized securities regulation, policy and practice.

The CSA seeks to streamline the regulatory process for companies that wish to raise capital and for individuals and companies working in the investment industry. In enforcement matters, while most enforcement activity is conducted locally, CSA members also coordinate multi-jurisdictional investigations and share tools and techniques that help their staff investigate and prosecute securities law violations that cross borders.

▶ RESPONSIVE

Responsive enforcement acts quickly and appropriately in cases of misconduct.

▶ COLLABORATIVE

Collaborative enforcement prevents misconduct from spreading across borders and promotes efficiency within and across jurisdictions.

▶ EFFECTIVE

Effective enforcement strengthens public confidence in Canadian capital markets.

Message From The Chair



Bill Rice
Chair, CSA

Canadian securities regulators have two primary objectives: protect investors; and foster markets that are fair, efficient and transparent. Enforcement action against those who commit securities violations is a cornerstone of achieving these objectives. As securities regulators, we strive to find new methods to uncover violations in order to stay ahead of constantly evolving illegal activity. The CSA system not only allows members to work collaboratively and share information to combat illegal activity, it

also gives them the freedom to tailor specific initiatives to address this activity in their own jurisdictions.

Each year securities law violations become more complex. CSA members investigate cases that involve more complex schemes, greater levels of subterfuge and an increased use of online resources to perpetrate securities law violations. Our members tackle these cases utilizing advanced online detection methods and collaborating whenever possible with other securities regulators and law enforcement agencies.

CSA members are investing significantly more time and effort in online monitoring and cyber-surveillance and leveraging various tools to support forensic investigations. For example, the Ontario Securities Commission's (OSC) Technology & Evidence Control Unit uses advanced software to support its investigations and in New Brunswick, the Financial and Consumer Services Commission has developed software that enables the early detection of potential scam investment websites. The early detection software includes a database which tracks investment related websites as they come online and can be used to conduct surveillance of these sites on a region by region level. Securities regulators in Alberta, Manitoba and several U.S. states currently utilize the database.

Excellent examples of regulators utilizing new online detection methods are the DBSG and Joseph Gerard Otis cases in Québec. In these cases, the Autorité des marchés financiers (AMF) monitored the respondents' online ads, which offered unreasonable returns on investment to potential investors. An AMF investigator posed as an interested investor, as part of an undercover operation. The result of the undercover operation was cease trade orders issued against the respondents. British Columbia, Ontario and Alberta have all successfully utilized online monitoring as part of their investigations.

Collaboration is increasingly being used by CSA members to assist in enforcing securities laws. CSA members share information and conduct joint investigations that not only cross provincial boundaries, but also international borders. In the case of Boyuan Construction Group, the OSC received assistance not only from its counterparts in Alberta and British Columbia, but also from securities regulators in Hong Kong and the British Virgin Islands.

Our members also collaborate with law enforcement on a regular basis. For example, in Québec, the AMF has established a partnership with the Sûreté du Québec's Financial Crime Market Unit, while in Ontario, the OSC has established a Joint Serious Offences Team that works closely with police agencies and the Ministry of the Attorney General. The British Columbia Securities Commission (BCSC) formed its Criminal Investigation Team in 2007 and has since worked on numerous cases with police agencies.

This year's report is a compilation of cases that came to light thanks to the diligent efforts of CSA member organizations. The strategies and methods that members and their investigators utilized have evolved throughout the years and will continue to evolve in the future as cases grow in complexity. These aim to protect investors, big and small, by staying ahead of a changing landscape of securities violations.



Bill Rice
Chair, CSA

Key Players in Enforcement

In Canada, a number of laws and rules govern capital markets and market participants; different agencies enforce these laws and rules. Each agency fulfills different roles in the overall regulation of capital markets. CSA members administer and enforce the securities legislation in each jurisdiction, whereas criminal authorities enforce the *Criminal Code*.

The Canadian Securities Market

Market Capitalization ¹	\$ 2.21 trillion
Total Issuers ²	5,586
Total Registrants (firms) ³	2,700
Total Registrants (individuals) ³	123,475
Registered Plan Assets ⁴	\$ 1.1 trillion
Pension Fund Assets ⁴	\$ 1.5 trillion
Total Financial Wealth ⁴	\$ 3.1 trillion
Size of Exempt Market ⁵	approx. \$ 150 billion

1 Data from the TMX Market Intelligence Group Report at September 30, 2013 (includes only equity).

2 Total number of issuers compiled from the System for Electronic Document Analysis and Retrieval (SEDAR) and includes listed and unlisted issuers. Does not include investment fund issuers.

3 Data compiled from the National Registration Database (NRD), and includes registered and exempt firms and registered and permitted individuals.

4 Data from Investor Economics, Household Balance Sheet, as of December 2012. Pension fund assets include CPP and QPP. Registered plan assets include assets in RRSPs, DPSPs, TFSA, RDSPs, and RRIFs.

5 Data from reports of exempt distribution filed in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia for investments made by Canadian resident companies, institutional investors, investment funds and individuals using prospectus exemptions in 2012. The figure includes only investments made under five of the available prospectus exemptions that trigger reporting requirements under securities laws.

Securities Laws and Regulators

Securities laws in each province and territory provide the legal foundation for regulatory requirements related to the capital markets. Securities laws also include any regulations or rules under each *Securities Act* and any blanket rulings, orders and decisions issued by securities regulators. Securities laws impose duties on issuers, registrants and other market participants.

An effective regulatory enforcement regime is rooted in strategies that focus on investor protection and the prevention of harm. CSA members, as securities regulators, investigate suspected securities-related misconduct, such as breaches of obligations by registrants with respect to clients, illegal sales of securities, or other securities law infractions.

Securities regulators may bring allegations of securities misconduct to a hearing before an adjudicative panel of a securities commission or an associated tribunal. Securities legislation authorizes CSA members to seek administrative sanctions for securities-related misconduct, including monetary sanctions and prohibitions from market participation or access. Such sanctions are intended to deter misconduct and to protect investors from harm.

Securities legislation also establishes quasi-criminal offences for contraventions of regulatory requirements and prohibitions of certain activities related to the capital markets. Penalties for committing these types of offences can include a term of imprisonment and a significant fine. In some jurisdictions, staff may directly prosecute such cases in court. In others, securities regulators may refer cases of certain quasi-criminal offences to Crown counsel for prosecution in the courts. CSA members have no authority to order a term of imprisonment; this can only be done by a judge.

Criminal Code and Authorities

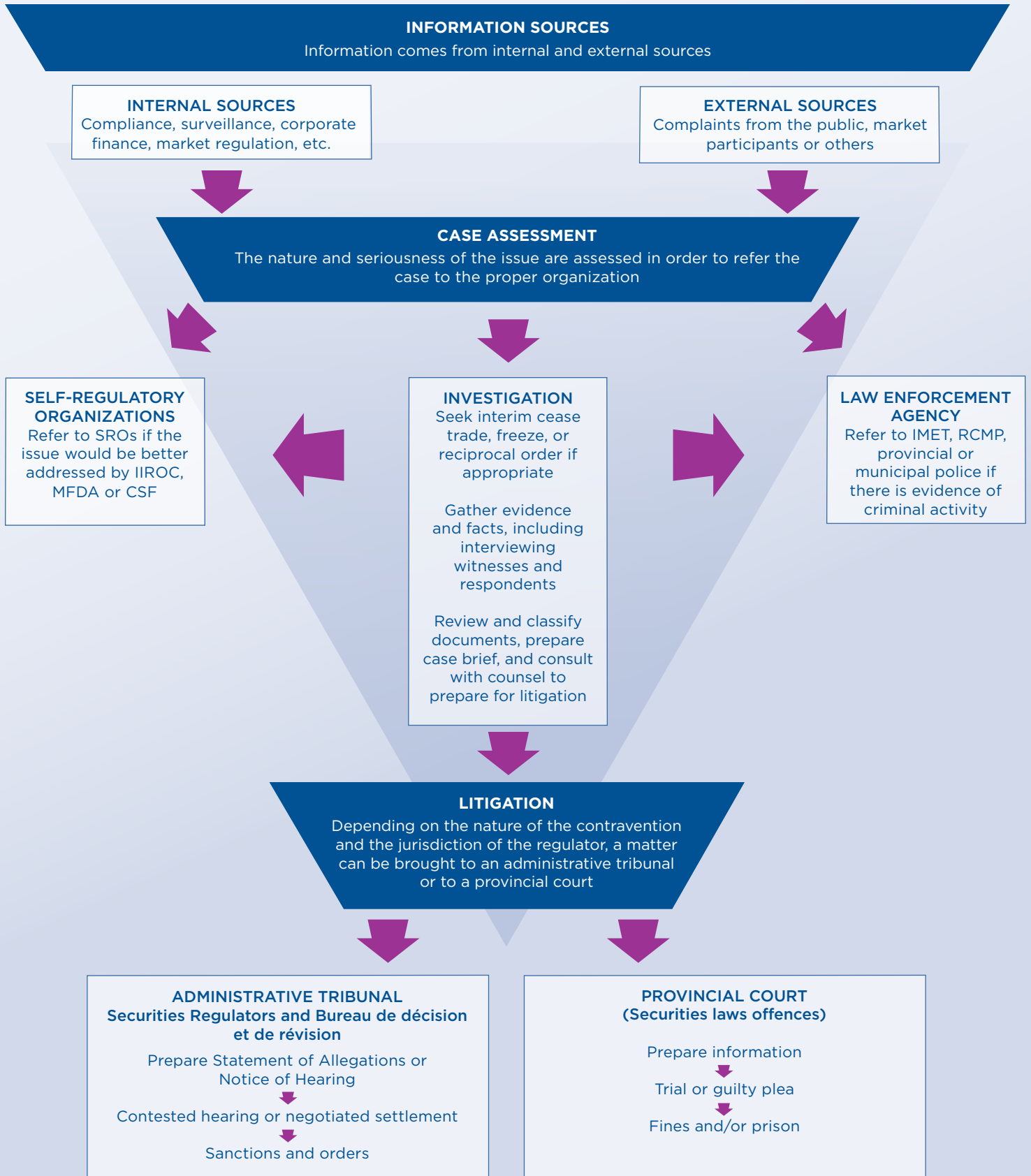
The *Criminal Code*, a federal statute, establishes both specific securities-related criminal offences (such as market manipulation), and more general economic crimes (such as fraud) that could also capture some securities-related misconduct. Penalties imposed by the courts for criminal offences are intended to, among other things, punish those persons who have committed securities-related misconduct. Penalties for committing offences can include a lengthy term of imprisonment and a significant fine under the *Criminal Code*. The pursuit of an offence under the *Criminal Code* requires charges to be laid by law enforcement or the Crown. The prosecution is then pursued by Crown counsel.

Self-Regulatory Organizations (SROs)

Canadian securities regulators have recognized SROs to regulate investment dealers and mutual fund dealers, under the oversight of CSA members. The key SROs in Canada are the Investment Industry Regulatory Organization of Canada (IIROC), the Chambre de la sécurité financière (CSF), and the Mutual Fund Dealers Association of Canada (MFDA). SROs can discipline member dealers or their employees for breaching SRO rules. Sanctions include suspension or termination of membership or market access and monetary penalties.

The Enforcement Process

This graphic breaks down the securities enforcement process from identification of a potential securities breach to sanction.



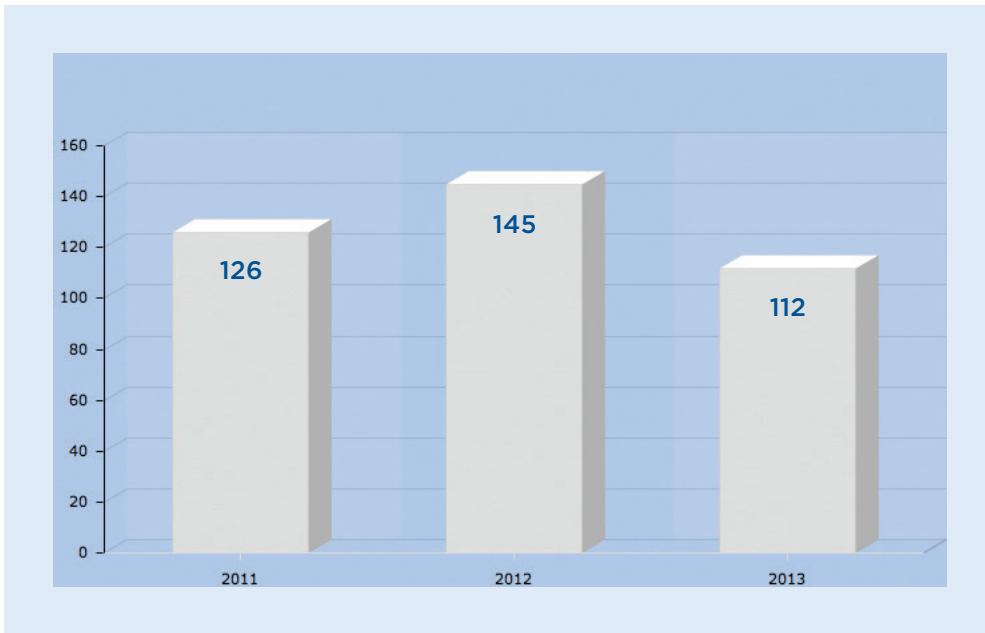
2013 Results

This section presents data in several enforcement categories. The results vary considerably from year to year. Cases differ widely in their complexity and in the number of respondents and victims involved. The time required to conclude a case can range from a few weeks to a year or longer, with complex cases requiring substantial resources. These results should therefore be considered in aggregate; changes in one category are not necessarily a trend.

Proceedings Commenced

Proceedings commenced are cases in which CSA member staff have filed a statement of allegations or sworn an Information before the courts (or in Québec, where a statement of offence has been served on the defendant), any of which allege wrongdoing. Many of the proceedings commenced in 2013 were still underway at the end of the year, and in such cases, decisions have yet to be rendered. One proceeding, targeting an illegal distribution scheme, for example, might involve a number of respondents, including several individuals and one or more companies. The 112 total proceedings commenced in 2013 involve, in aggregate, 160 individuals and 110 companies. By comparison the 145 total proceedings commenced in 2012 included 242 individuals and 146 companies.

Proceedings Commenced



Respondents

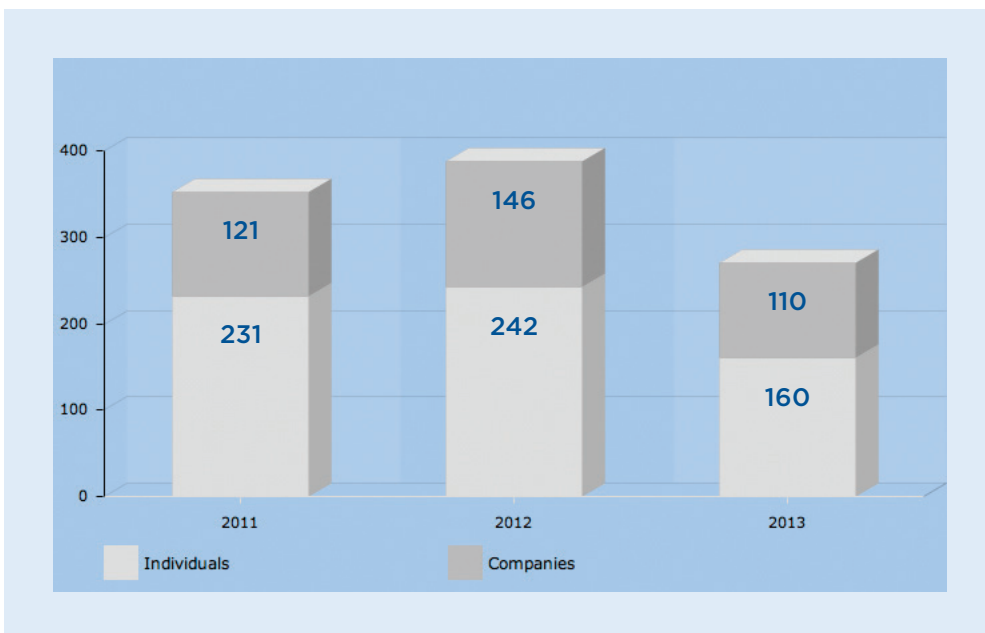


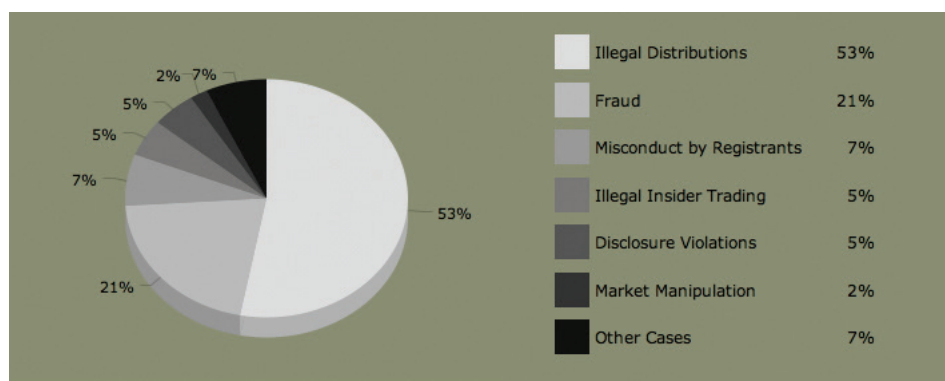
Table 1 below shows how the proceedings commenced break down by category of wrongdoing over the last three years. The table considers both individual and company respondents. The pie chart gives a visual representation of the 2013 data, showing the proportion of activity in each category.

Table 1: Respondents by Category

Type of Offence	2011	2012	2013
Illegal Distributions	239	159	144
Fraud*	n/a	113	56
Misconduct by Registrants	33	38	19
Illegal Insider Trading	31	19	13
Disclosure Violations	18	14	14
Market Manipulation	12	13	6
Other Cases	19	32	18
Total	352	388	270

* Fraud offences were included among other offences prior to 2012.

Respondents 2013



Concluded Matters

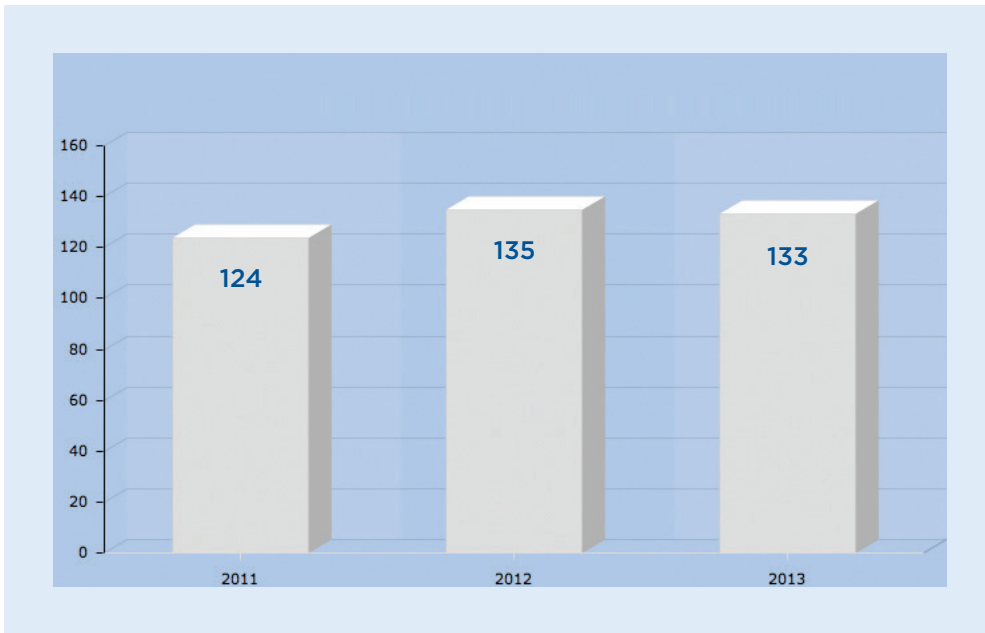
Concluded matters are cases in which a final decision, either a sanction or dismissal, has been issued. The first chart shows the number of concluded enforcement cases in each of the last three years. The second chart shows the number of individual and company respondents against whom matters have been concluded.

The data points in the two charts are not directly related to one another in any given year. A single enforcement case often names several individuals and one or more companies as respondents. Large or complex cases can have numerous respondents. While cases are typically counted as concluded in the year in which the case against the first respondent or respondents is concluded, proceedings against other respondents can often carry on into the next year or beyond. Some of the respondents counted in 2013 may actually relate to cases that counted as concluded in previous years. The data in the charts should therefore be treated independently.

CSA members concluded an aggregate total of 133 cases in 2013, compared to 135 concluded cases in 2012. The tables provide more detail about these cases and how they were concluded. Each case is counted just once, even if more than one person or company was sanctioned in a single case. All 133 cases are listed in the CSA concluded cases database.

In 2013, CSA members concluded matters involving 216 individuals and 166 companies, or 382 total respondents. By comparison, concluded matters in 2012 involved 206 individuals and 116 companies (322 respondents). As explained above, not all of these individual proceedings are connected to cases that were counted as concluded in 2013.

Concluded Cases



Respondents

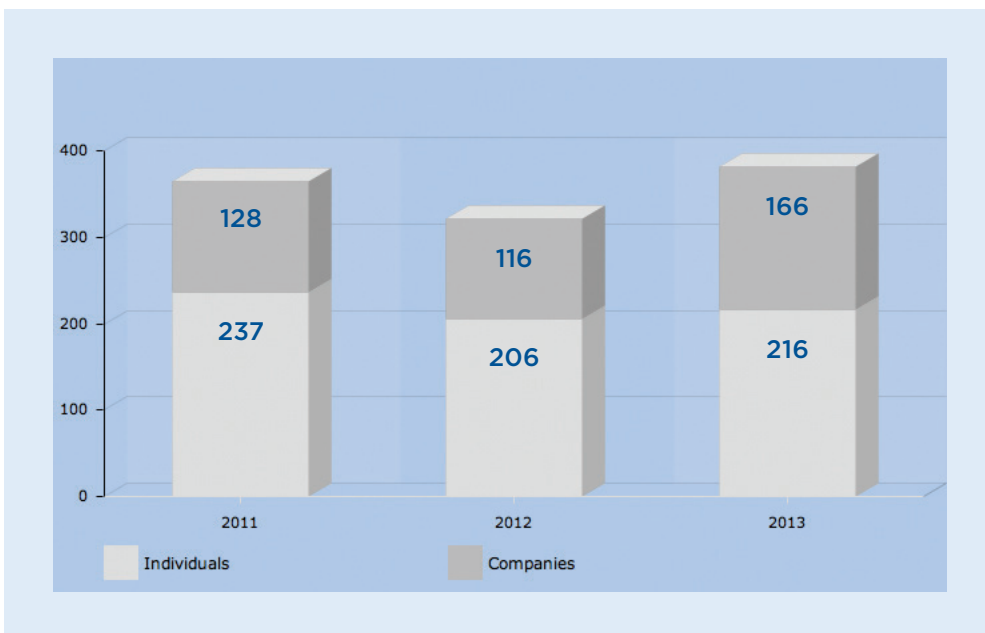


Table 2 shows completed Canadian enforcement matters against individual and company respondents, by category of wrongdoing, for 2011, 2012 and 2013. The pie chart gives a visual representation of the proportion of respondents in each category. Illegal distributions (distributing securities without registration or a prospectus) continue to form the largest category, although with the addition of the fraud category in 2012, many cases that would previously have been categorized as illegal distributions now appear in the fraud category.

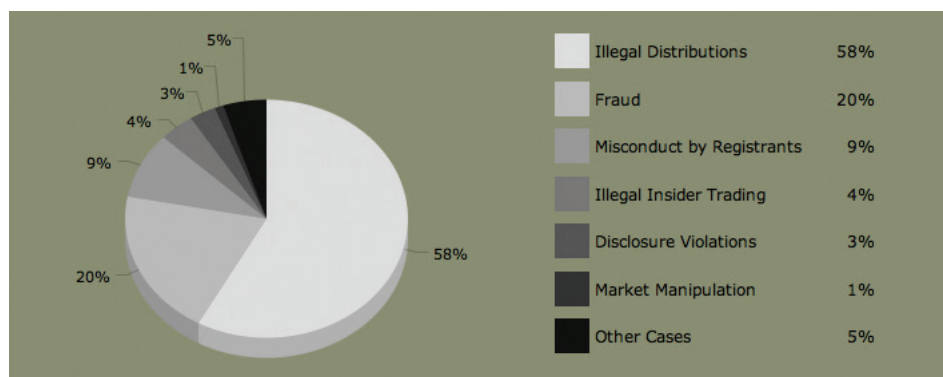
Table 2: Respondents by Category¹

Type of Offence	2011	2012	2013
Illegal Distributions	224	133	220
Fraud ²	n/a	66	78
Misconduct by Registrants	37	61	36
Illegal Insider Trading	16	16	17
Disclosure Violations	15	15	10
Market Manipulation	11	4	2
Other Cases	62	27	19
Total	365	322	382

¹ Reciprocal orders and interim cease trade orders have not been counted in this table.

² Fraud offences were included among other offences prior to 2012.

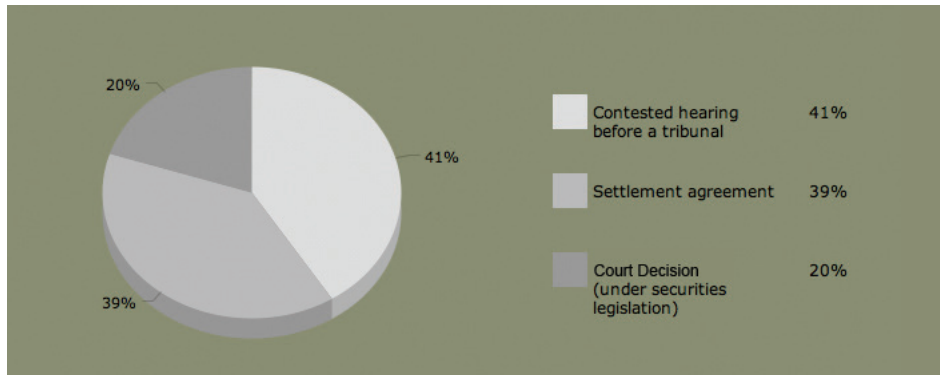
Respondents by Category 2013



How Proceedings Against Respondents Were Concluded

The pie chart below provides a breakdown of how matters against respondents were concluded in 2013, whether by a tribunal decision, a settlement agreement with a CSA member, or a court decision under securities legislation. Matters were concluded against 156 respondents following contested hearings, 150 respondents by settlement agreements and 76 respondents by court decision.

How matters were concluded 2013



Penalties

The sanctions imposed for securities law violations or conduct that is contrary to the public interest range from bans on future activity, such as trading in securities or acting as a director or officer of a public company, to financial penalties and jail terms. Tables 3 and 4 outline monetary orders imposed by securities regulators and the courts over the last three years, including settlements.

Total penalties can vary considerably year to year, depending on the nature of the cases in any given year. In 2013, approximately \$35.4 million was ordered in fines and administrative penalties. While penalties, costs and other monetary sanctions/orders can be difficult to collect, every effort is made by regulators to do so, including using the services of collection agencies.

Table 3: Fines and Administrative Penalties

Type of Offence	2011	2012	2013
Illegal Distributions	\$ 40,928,558	\$ 15,678,547	\$ 16,976,063
Fraud*	n/a	\$ 17,459,625	\$ 12,997,120
Misconduct by Registrants	\$ 1,958,000	\$ 1,750,550	\$ 1,305,004
Illegal Insider Trading	\$ 3,076,288	\$ 684,927	\$ 3,428,000
Disclosure Violations	\$ 2,360,200	\$ 451,500	\$ 60,000
Market Manipulation	\$ 1,900,000	\$ 54,000	\$ 75,000
Other Cases	\$ 1,928,500	\$ 566,500	\$ 520,000
Total	\$ 52,151,546	\$ 36,645,649	\$ 35,361,187

* Fraud offences were included among other offences prior to 2012.

Restitution, compensation and disgorgement are powers available in specific circumstances to some regulators or courts under securities legislation. Restitution is a remedy that aims to restore a person to the position he or she would have been in had it not been for the improper conduct of another. Compensation is a payment to an aggrieved investor to compensate for losses, either in whole or in part. An order for disgorgement requires the payment to the regulator of amounts obtained or losses avoided as a result of a failure to comply with, or a contravention, of securities laws.

Table 4: Restitution, Compensation and Disgorgement

Type of Offence	2011	2012	2013
Illegal Distributions	\$ 42,298,519	\$ 10,533,827	\$ 19,872,816
Fraud ¹	n/a	\$ 99,743,113 ²	\$ 33,495,860
Misconduct by Registrants	-	\$ 9,280,798	\$ 534,420
Illegal Insider Trading	\$ 362,772	\$ 959,938	\$ 889,483
Disclosure Violations	-	-	-
Market Manipulation	\$ 5,600,000	-	-
Other Cases	\$ 1,290,631	\$ 45,280	\$ 155,000
Total	\$ 49,551,922	\$ 120,562,956	\$ 54,947,579

¹ Fraud offences were included among other offences prior to 2012.

² \$48.6 million of this total is the disgorgement amount ordered in the Arbour Energy case.

As well as fines and administrative penalties, respondents are also often ordered by the regulators or courts to pay part or all of the costs of the proceedings. Total costs assigned to respondents by CSA members in 2013 were \$4,099,606 as compared to \$3,911,441 in 2012.

In addition to monetary orders, courts in Ontario, British Columbia and Québec ordered jail terms for eight individuals in 2013, ranging from six months to two years. In total, approximately 13 years of jail time was handed down to offenders in 2013, as compared to nine years in 2012.

Legislation provides for a statutory right of appeal of both tribunal and court decisions, and securities regulators expend significant resources responding to appeals brought by respondents. Occasionally a CSA member will appeal a court decision. These appeals may not have a decision rendered until a subsequent year. As well as the appeals of decisions included in Table 5, procedural appeals are quite common as cases proceed through the enforcement system.

Table 5: Appeals

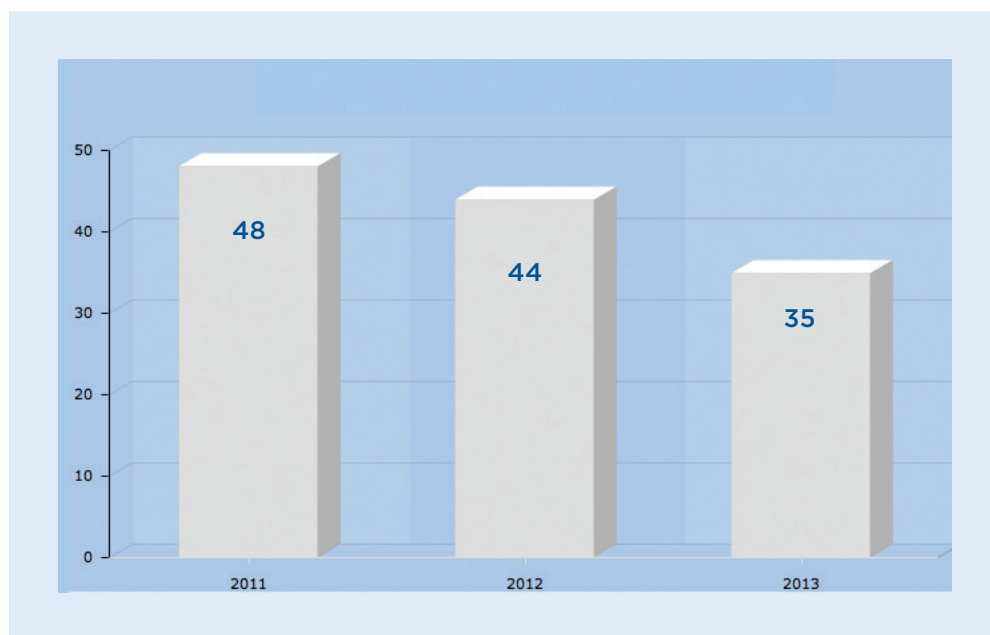
Appeals	2011	2012	2013
Cases appealed	31	30	10
Appeal decisions rendered	19	19	24

Preventive Measures

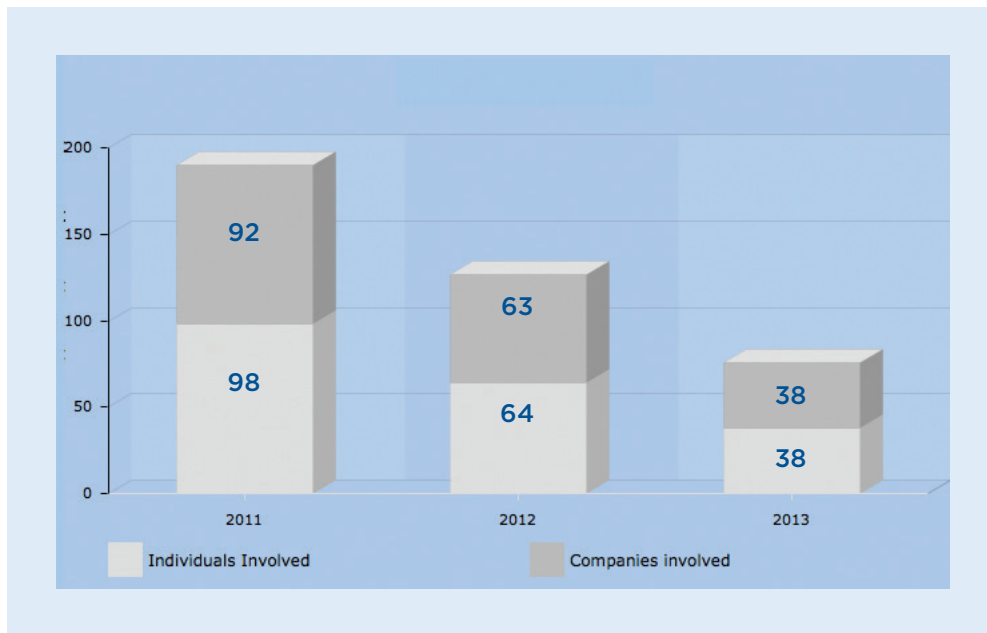
As the charts below illustrate, CSA members continue to use measures such as interim cease trade and asset freeze orders to protect investors by prohibiting or inhibiting a potentially illegal activity while an investigation is underway.

Under the 35 interim orders and asset freeze orders issued in 2013, trading and other restrictions were placed on 38 individuals and 38 companies. In 2012, that number was 44 interim orders and asset freeze orders, and trading restrictions were placed on 64 individuals and 63 companies.

Interim and Asset Freeze Orders



Respondents

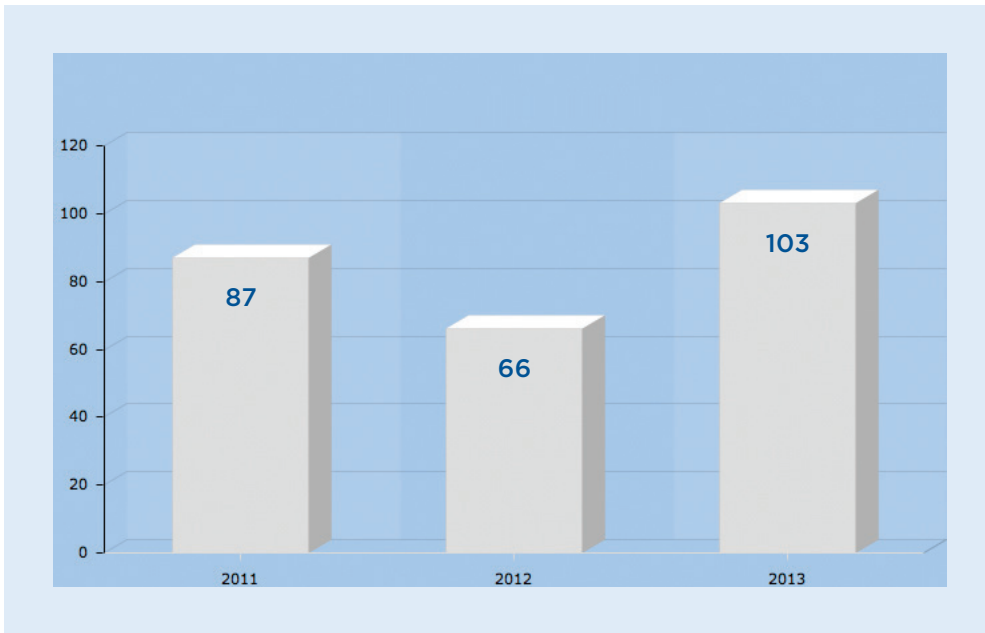


Asset freeze orders are used by securities regulators to prevent the dissipation of assets pending completion of an investigation. Where circumstances merit, regulators can also apply to the court to appoint a receiver to manage assets that have been frozen to facilitate an orderly distribution of assets back to investors. Assets can include bank accounts and personal property such as vehicles, buildings and other physical assets. In 2013, CSA members issued 13 freeze orders relating to nine individuals and nine companies, including a total of \$2,715,849 in bank accounts.

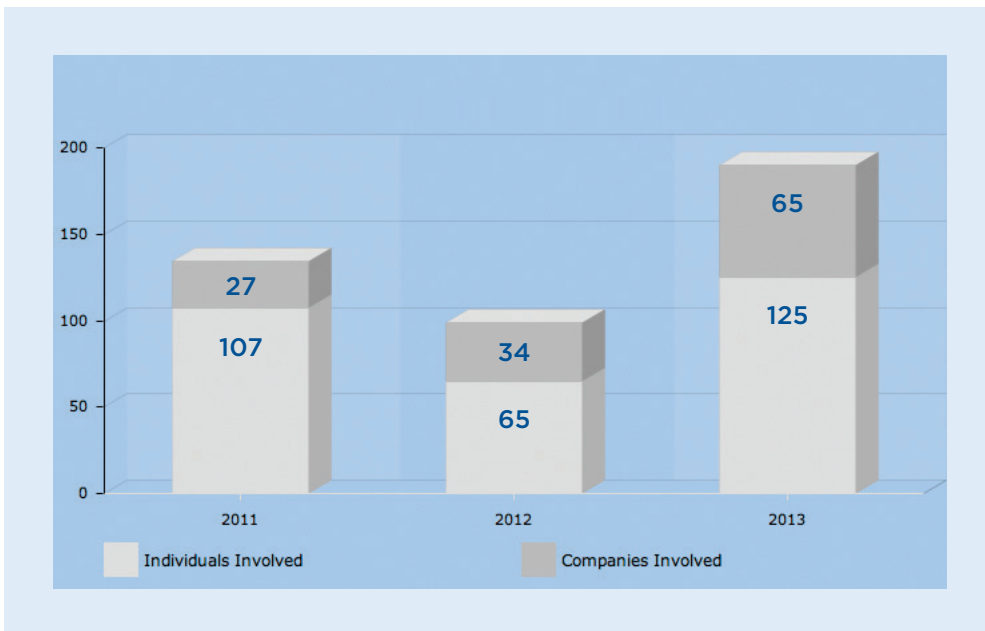
Reciprocal Orders

Orders issued by a court or other securities regulatory authorities may be reciprocated. Reciprocal orders allow securities regulators to apply orders issued in another jurisdiction or by another regulatory authority in their own jurisdiction. This prevents individuals or companies sanctioned in one jurisdiction from moving and carrying on their conduct in another jurisdiction. The use of reciprocal orders demonstrates the commitment of CSA members to strengthening investor protection and enforcement coordination across Canada. The charts indicate the number of reciprocal orders issued in each of the last three years, and the number of individual and company respondents affected by those reciprocal orders.

Reciprocal Orders



Respondents



Cases Concluded by SROs

Self-regulatory organizations (SROs) are an important part of the enforcement mosaic in Canada. The three key SROs, as overseen by CSA members, are the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association of Canada (MFDA), and the Chambre de la sécurité financière (CSF). These three organizations concluded 132 enforcement cases in 2013, compared with 128 in 2012.

2013 Case Highlights

Enforcement cases typically fall into one of six categories, although some cases are relevant to more than one category. We have shortened case names here for simplicity; the CSA concluded cases database contains full case names.

Categories

Fraud

In 2012, the CSA began to list fraud in this report as a distinct category of securities law violation. Prior to 2012, fraud cases had been integrated into the five previously existing categories. CSA members place a priority on countering fraud in the Canadian capital markets.

While the precise definition of fraud varies by jurisdiction, the consistent elements in fraud cases are deceit and deprivation.

In the Alberta fraud case of TransCap Corporation, Strata-Trade Corporation, Dale Joseph Edgar St. Jean and Gregory Dennis Tindall, the respondents made misleading or untrue statements and ultimately perpetrated a fraud on investors. An Alberta Securities Commission (ASC) panel also found that St. Jean and Strata-Trade breached filing requirements and Tindall concealed or withheld information required during an investigation. The respondents were ordered to disgorge the \$9.6 million they did not pay out to clients during their fraudulent scheme. St. Jean was ordered to pay an administrative penalty of \$1.2 million and Tindall was ordered to pay \$750,000.

The TransCap Corporation case was a large Ponzi scheme, in which the promised rate of return was paid to the initial investors using funds provided by subsequent investors. These schemes eventually collapse because there is usually no underlying asset and the perpetrator is ultimately unable to make payments to investors.

The Ontario case of Bernard Boily is the first case that the Ontario Securities Commission (OSC) has dealt with concerning the actions of a Qualified Person, which is the gatekeeper of technical information under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Boily, acting as the Qualified Person for Bear Lake Gold Ltd., a mining exploration company listed on the TSX Venture Exchange, altered assay results received by the company and transferred these results into its assay database. He then prepared press releases for Bear Lake that contained incorrect and inflated data based on the altered results. Boily also provided certain Independent Qualified Persons with altered results and engaged in other misconduct. Trading in Bear Lake was halted on July 17, 2009, and upon resumption, the company suffered a market capitalization loss of \$42 million in one day alone. Boily was ordered to pay a penalty of \$750,000, plus \$50,000 in costs. He received a permanent ban from acting as an officer or director of an issuing company, as well as a 15 year trading ban. In addition, he agreed not to act as a Qualified Person for life.

“ Significant and direct financial harm was done to the investors in this Ponzi scheme that has taken a predictable financial and emotional toll – certainly on investors who testified, but surely not on them alone among the much larger number of investors taken in by the scheme. ”

- ASC Panel, ruling on the TransCap Corporation case

In another Alberta case, the ASC found that Victor George DeLaet and Stanley Kenneth Gitzel had perpetrated a complex investment fraud by using promotional materials and documents to mislead investors into believing their investment in the Focused Life Group of Companies was secured. DeLaet was found to have deliberately deceived investors for the sole purpose of obtaining their money. An ASC panel ordered that DeLaet pay an administrative penalty of \$1.5 million and costs of \$40,000, while Gitzel was ordered to pay a penalty of \$75,000 and costs of \$5,000. DeLaet received a permanent trading ban and was banned for life from acting as a director or officer of an issuer. Gitzel received a five year trading ban and a 10 year ban from acting as a director or officer.

In Ontario, Beryl Henderson sold at least \$474,000 in trust agreements to at least six investors. These agreements purportedly showed evidence of the purchase of shares in Go Sports Entertainment Inc. They proved to be fraudulent, as none of the investors received shares and they ultimately lost all of their investments. The OSC imposed permanent trading, registration and director and officer bans on Henderson, while in a separate proceeding brought by the provincial Crown, she was convicted of fraud and sentenced to 12 months house arrest, three years probation and ordered to make full restitution to her victims.

Also in Ontario, the Nest Acquisitions and Mergers case was a fraudulent scheme on a larger scale. An OSC panel found that David Paul Pelcowitz and IMG International Inc. fraudulently offered U.K. investors artificially inflated prices for certain shares they owned, if they paid advance fees to complete the purchase. Approximately thirty-three investors sent funds to Ontario bank accounts in the names of IMG International and Nest Acquisitions and Mergers, but the promised transactions never took place. Approximately \$1 million in investor funds was misappropriated. Pelcowitz and IMG International were ordered to disgorge \$605,029 and pay an administrative penalty and costs of \$400,000. Permanent cease trading, registration and director and officer bans were also imposed.

Investors who are taken in by frauds seldom recover their money. This is why, in addition to shutting down these schemes, CSA members work to educate investors on how to recognize and avoid suspicious or fraudulent investments by way of provincial and territorial securities regulator websites, programs and investor resources. The CSA's website page on avoiding fraud is a good public education resource.

“ We find here a clear, continuing and deliberate deceit, its purpose to obtain money from investors... such fraudulent conduct is unfair to investors and detrimental to the investor confidence on which the capital market depends.”

- *ASC Panel, ruling on the DeLaet and Gitzel case*

“ The Respondent engaged in fraudulent conduct by misleading the investors about the nature of their investment, her investment expertise and background, the expected returns on the investment and the risk level associated with the investment.”

- *From the OSC Settlement Agreement with Beryl Henderson*

Illegal Distributions

An illegal distribution is a sale or attempted sale of securities to investors that does not comply with securities law registration, trading or disclosure requirements. Some illegal distributions also constitute fraud. For examples of such cases in 2013, see the fraud page of the case highlights section.

Offering an investment opportunity generally requires issuing a prospectus, unless certain exemptions are available. A prospectus is a document that describes the investment and the associated risks to the investor. Anyone in the business of advising or trading in securities in Canada must register with the relevant securities regulator, unless certain exemptions are available.

Investment opportunities may be sold without a prospectus or sold by unregistered people or firms if they fall in the category of “exempt market securities.” Exempt market securities must be sold under strict restrictions, such as limiting the investment opportunity to family, friends or business associates, selling securities worth a minimum of \$150,000 per transaction, or selling investments to accredited investors (persons, corporations or investment funds meeting specific net worth or income requirements).

Armadillo Energy Inc. was one organization that did not file a prospectus. A British Columbia Securities Commission (BCSC) panel found that the company illegally raised \$868,769 from 26 investors by claiming to be a privately owned energy corporation owning an oil lease in Oklahoma. The company was permanently banned from trading or purchasing securities in British Columbia, and was ordered to pay an administrative penalty of \$800,000. Two respondents, Richard Gozdek and Darwin James Hajime Okano, settled with the BCSC and were banned from trading for five and three years respectively and ordered to pay administrative penalties.

In the HEIR Home Equity Investment Rewards Inc. case in Ontario, the respondents were involved in unregistered trading and advising, and the illegal distribution of securities, including those of Canyon Acquisitions, LLC, Skyline Apartment Real Estate Investment Trust and Walton Capital Management Inc. The respondents failed to ensure that appropriate exemptions to the registration and prospectus requirements were available. At least 480 Ontario investors purchased securities totalling approximately \$74.5 million, and an additional \$24.2 million was raised from 307 investors through securities offered by Canyon Acquisitions. The OSC ordered disgorgement of \$3.2 million and imposed penalties of \$2 million. The respondents also received permanent trading and registration bans and bans of various lengths from acting as directors or officers. Investors who still held the securities at the time of settlement received their original investment back.

In Nova Scotia, the Andrew J.R. Leonard case concerned a respondent and his group of companies, who were not registered to trade in securities in that province.

They acted as a financial intermediary between investors in the United Kingdom and companies that claimed to sell shares of Crosslands Energy Group International Inc. in the U.S., a company name chosen because it was similar to the name of a prominent energy company. The respondents received 177 separate money transfers from 120 investors and six businesses, totalling approximately US\$1.7 million, \$220,000 CDN and £9,000. The Nova Scotia Securities Commission (NSSC) ordered the respondents to pay an administrative penalty of \$60,000, costs of \$5,000 and restricted them from using any Nova Scotia securities law exemptions and registration with the NSSC for 15 years.

Misconduct by Registrants

Any person or company in the business of advising or trading in securities in Canada must be registered under the securities laws of each Canadian jurisdiction in which they conduct this activity, unless an exemption is provided in legislation or by order from the securities regulators. Misconduct by registrants occurs when a registered person or company violates securities laws. It is also misconduct to fail to register when required to do so, or to fail to adhere to the conditions of a registration exemption. The cases involving registered firms showcase the importance of diligence both in the supervision of portfolio advisers, who manage large investment funds, and also in disclosure to investors. The individual cases provide useful examples of the severity of penalties applied to registrants whose conduct violated securities laws.

In the FactorCorp Financial Inc. case, an Ontario Securities Commission (OSC) panel sanctioned FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun for their failure to meet the standards required of a registrant. The respondents were involved in the sale and distribution of debentures issued to more than 600 Ontario investors, raising approximately \$50.4 million. These debentures were sold using promotional documents that contained materially misleading or untrue statements about the use of proceeds derived from the sales. The respondents also failed to follow minimal industry standards in documenting and securing loans made to borrowers. Investors lost approximately \$25.6 million due to the respondents' contraventions of securities law. Twerdun was ordered to pay sanctions and costs of \$1.4 million and received a permanent director and officer ban. All respondents were ordered to cease trading securities for 10 years.

In British Columbia, League Investment Services Inc., a registered exempt market dealer, reached a settlement agreement with the British Columbia Securities Commission (BCSC) after admitting to contravening securities laws that prohibit a registered firm from recommending a security of a related or connected issuer. Adam Gant and Emanuel Arruda, owners, officers and sole directors of the corporation, admitted promoting the sale of IGW Real Estate Investment Trust (IGW REIT) securities without disclosing that both were trustees and Gant was president of IGW REIT. Gant and Arruda also owned League Assets Corporation through family trusts. This corporation earned

“ The Respondents clearly failed to undertake even a minimal standard of enquiry; impose minimal lending standards; or ensure adequate oversight with respect to the use of investor funds. ”

- From the OSC Sanctions Decision in the FactorCorp Financial Inc. case

management fees based on the sale of IGW REIT securities through League Investment Services Inc. As part of the settlement agreement, Gant and Arruda paid fines of \$150,000 and \$100,000 respectively.

In another case involving a registered exempt market dealer and portfolio manager, Gentree Asset Management Inc., Normand Gauthier, R.E.A.L. Group Fund III (Canada) LP and CanPro Income Fund I LP reached a settlement agreement with the OSC concerning illegal distributions of securities, misleading statements made to investors and Gentree and Gauthier acting outside the scope of their registration categories and failing to comply with their obligations as registrants including their failure to comply with their know your client and suitability obligations. Gauthier and the company sold approximately \$2.5 million worth of company securities without a prospectus to approximately 70 investors, not all of whom qualified as accredited investors or met other applicable prospectus exemptions. A significant portion of the funds raised was diverted to Gentree and utilized for purposes not disclosed to investors. As part of the settlement agreement, the Respondents repaid some investors and have undertaken to pay other investors the remaining \$114,420 within six months of the approval of the settlement agreement in October 2013. Gauthier was ordered to pay an administrative penalty and costs of \$25,000 and was banned for 10 years from trading, registration and acting as a director or officer. Permanent trading and registration bans were imposed on the corporate respondents.

Illegal Insider Trading

Illegal insider trading involves buying or selling a security of an issuer while possessing undisclosed material information about the issuer, and includes related violations such as “tipping” information and trading by the person “tipped.” Material information (or “privileged information” in some jurisdictions) can include everything from financial results to executive appointments to operational events. Illegal insider trading cases highlight the care anyone who might have insider information must take when buying or selling shares.

In the Holtby case, the Alberta Securities Commission (ASC) sanctioned John (Bert) Holtby, Kenneth Burdeyney, Gayle Walton, Randall Kowalchuk, Dale Holtby and John Shepert for variously engaging in illegal insider trading, informing (tipping) and recommending or encouraging trading relating to Edmonton-based Eveready Inc. An ASC panel determined that the actions of the respondents were among the most serious of capital market misconduct and could also seriously undermine confidence in the fairness of the capital market. The respondents were ordered to disgorge their illegally obtained profits and pay penalties ranging from \$20,000 to \$1.75 million. Market access and director and officer bans of varying lengths were also imposed.

“Gauthier and Gentree sold the [securities] to some Ontario residents in circumstances where there were no prospectus exemptions available to them under the Act. Through these acts, [they] acted outside the scope of [their] categories of registration with the Commission.”

- *From the OSC Settlement Agreement with Gentree Asset Management Inc., Normand Gauthier, R.E.A.L. Group Fund III (Canada) LP and CanPro Income Fund I LP*

Insider trading can take on many forms, including using accounts of family members to conceal illegal activities. This occurred in the case involving Ming Chao Zhao in Ontario. The settlement with the Ontario Securities Commission (OSC) indicated that Zhao had concealed his insider trading through the use of a brokerage account held in the name of a family member. He had used his position as an investment banking analyst at BMO Nesbitt Burns to gain access to confidential information about potential takeovers, earning a profit of approximately \$416,000. The OSC ordered Zhao to disgorge his profits and pay sanctions and costs totalling almost \$1.2 million. Permanent trading and registration bans were imposed and he was prohibited from acting as a director or officer of an issuer for 10 years.

The Ontario case against Richard Bruce Moore is an example of a high-level, experienced individual in the investment industry involved in insider trading. Moore used confidential information about potential takeovers, acquired through his employment as a managing director of investment banking at CIBC World Markets and later at UBS Securities Canada Ltd. He made a total profit of approximately \$310,000. The OSC worked in conjunction with the U.S. Securities and Exchange Commission (SEC) to address Moore's trading activities in both jurisdictions. Moore was ordered to disgorge his profits, pay monetary sanctions and costs totalling \$504,269 and received trading, officer and director bans of 10 years, as well as registration restrictions for 15 years. Concurrently, the SEC banned him from working in the securities industry and ordered him to pay more than 340,000 USD in disgorgement and penalties.

Insider trading can involve former insiders of an issuer receiving confidential information from a current insider. In the Véronique Jallabert case in Québec, the former CFO of Pebercan Inc received confidential information from a member of the company's board of directors prior to the Cuban government ending Pebercan's hydrocarbon exploration and production in the country. The respondent then sold part of her remaining shares in the company. Jallabert's illegal trading activities were detected by the Autorité des marchés financiers (AMF) market surveillance department in conjunction with the Investment Industry Regulatory Organization of Canada (IIROC). She pled guilty in the Québec Provincial Court to one count of trading shares while having privileged information. Her sentence included a \$30,000 fine, which is of note as she only profited \$7,000 from her illegal trading activities.

“ Moore misused confidential information belonging to Birch Hill for his personal profit. This conduct fell markedly below the high standard of behaviour expected from someone in Moore's position and given his extensive experience in the capital markets industry. ”

- *From the OSC Settlement Agreement with Richard Bruce Moore*

Disclosure Violations

Confidence in the capital markets requires confidence in the accuracy of the information that companies disclose about their business activities. Timely, accurate and complete financial statements are the core of good disclosure practice. In disclosure cases, the victims are typically company shareholders. Continuous disclosure review programs undertaken by CSA members aim to ensure that investors have accurate and timely information about public companies on which to base their investment decisions. When appropriate, continuous disclosure reviews may result in a referral to the enforcement branch of a CSA member.

Market Manipulation

Market manipulation involves efforts to artificially increase or decrease the price of a security, including a company's shares. Examples of market manipulation include high closing activities, volume manipulation and "pump and dump" schemes. The latter term describes schemes that involve talking up a company's share price with untrue or exaggerated information in order to sell shares at a profit before the inevitable crash in the share price when the company's true position becomes evident.

In the Alberta case against David De Gouveia, the respondent engaged in a course of conduct that he knew or reasonably ought to have known would result in or contribute to a false or misleading appearance of trading activity in, and an artificial price for, shares of Magellan Minerals. An Alberta Securities Commission (ASC) panel rejected De Gouveia's claim that he did not have enough expertise to manipulate the market. The panel concluded that his behavior exhibited the hallmarks of market manipulation, including upticks in trading, high closes, wash trades and uneconomical trading. De Gouveia was banned from trading in or purchasing securities or exchange contracts for 10 years and ordered to pay an administrative penalty of \$75,000 and costs of \$60,000.

Proactive Measures

A high priority for each CSA member is to detect and disrupt securities misconduct before harm is caused. CSA members take proactive measures, such as issuing interim cease trade orders or asset freeze orders, whenever possible to safeguard Canadian investors while investigations are in progress. Interim cease trade and freeze orders are used to secure funds or other assets while a matter is fully investigated.

“ [De] Gouveia's misconduct distorted trading and price signals in the market for Magellan shares. This exposed market participants to direct financial harm as a result of misinformed investment decisions. ”

- ASC Panel, ruling on the De Gouveia case

CSA members also issue investor warnings and alerts through their respective websites and through the CSA website to warn the public about individuals and companies that may be involved in harmful activity. In 2013, CSA members issued 40 investor alerts to warn the public not to invest with certain companies or their representatives. Many of the alerts were related to businesses located in other countries which are not registered in Canada to engage in the business of trading in securities or advising anyone with respect to investing in, buying or selling securities. Investors are urged to be cautious about these individuals and companies and to contact the CSA member in their jurisdiction if they are approached by any of the listed parties.

CSA members are also using cyber-surveillance to detect illegal solicitations for investments on the internet. In Québec, the Autorité des marchés financiers (AMF) has utilized a cyber-surveillance team of four investigators since 2010. Ontario, Alberta and British Columbia also utilize software and investigators to detect online securities violations. The New Brunswick Financial and Consumer Services Commission developed the “Scamalyzer” program which enables the early detection of new investment-related websites. Its database currently holds over 20 million of these websites and the program is being used by other Canadian and American jurisdictions.

In the cases of DBSG Fonds d’investissements Inc. and Joseph Gerard Otis in Québec, the AMF requested cease trade orders from the Bureau de décision et de révision (BDR), as the respondents had offered, via the internet, unrealistic returns on investment. These offers were not grounded in reality, as the respondents in both cases did not possess any relevant experience or knowledge of derivatives. These orders were issued as a result of undercover operations where AMF investigators responded to online ads, posing as potential investors.

“ The Bureau believes it is important that Joseph Otis..., respondent, and the other respondent companies in this matter cease operating in a field for which they are clearly not qualified. This individual obviously does not have the training or experience needed to operate in the derivatives industry. ”

- BDR, ruling on the Otis case

“ The rules about soliciting funds from would-be investors, offering advice and selling financial products are strict. Financial products must be approved by the AMF, and anyone wishing to sell financial products or advise consumers on purchasing them must be registered with the AMF. Registration is conditional on, for example, having specialized training, adequate financial capacity and sufficient work experience. ”

- BDR, ruling on the DBSG case

Prosecution in the Courts

In some cases, Canadian securities regulators are able to pursue charges related to securities law violations in the courts, either on their own or through a Crown prosecutor, where jail terms can be imposed.

In Ontario, Michael Chomica was sentenced to two years in jail after pleading guilty to three counts of fraud brought by staff of the Ontario Securities Commission (OSC) in the Ontario Court of Justice. Chomica was the architect of two fraudulent advance-fee schemes that targeted investors in Ontario, Europe, the United Kingdom, Africa and Asia. He also arranged for bank accounts under his control to be used in a third fraudulent advance-fee scheme that primarily targeted investors in the United Kingdom. In total, investors lost almost \$600,000 as a result of the three schemes. In a separate proceeding, Chomica was ordered to disgorge \$550,000 by the OSC and received permanent trading, registration and director and officer bans. His sister, Jan Chomica, was permanently banned by the OSC from trading and prohibited from acting as a registrant or as a director or officer for her role in operating the bank accounts. Lorne Banks was ordered to disgorge \$25,000 and pay an administrative penalty of \$50,000. Banks also received permanent trading, registration and officer and director bans.

In British Columbia, Michael David Chodorowski pled guilty to 30 charges under the *Securities Act* (British Columbia) and four *Criminal Code* charges. Based on complaints referred to the British Columbia Securities Commission (BCSC) by the Nanaimo Royal Canadian Mounted Police (RCMP), Chodorowski was charged for operating a large Ponzi scheme, with the majority of the victims residing in B.C. These charges were the result of cooperation between the BCSC, the Manitoba Securities Commission (MSC) and the RCMP. Chodorowski was sentenced to two years in jail under the *Securities Act* (British Columbia), to be served concurrently with the six-year jail sentence received for the *Criminal Code* charges. He was also ordered to pay restitution of over \$725,000.

“Having reviewed the submissions of Staff and Chomica and having heard the oral submissions of the parties, I found that Chomica’s fraudulent misconduct that led to the Conviction required strong sanctions to be imposed.”

- OSC Sanctions decision regarding Michael Chomica

Securities regulators across Canada may pursue quasi-criminal or criminal charges against repeat securities law violators. Abraham Grossman, Howard Rash and Gregory Carrington are examples of repeat offenders in Ontario and B.C. who were prosecuted and received jail time for their offences. Grossman pled guilty to two counts of breaching cease trade orders and one count of unregistered trading contrary to the *Securities Act* (Ontario). He was ordered to pay \$155,000 in restitution and was sentenced to six months in jail, to be served consecutive to a three year sentence imposed on him for previous *Securities Act* (Ontario) violations. Rash was sentenced by the Ontario Court of Justice to nine months in jail and two years' probation, after pleading guilty to one count of fraud and one count of violating a cease trade order. He fraudulently sold securities over the telephone, receiving over \$300,000 in commissions on US\$14.75 million of securities in New Gold LLP. Carrington reached a settlement agreement with the BCSC in 2011, admitting that he authorized, permitted or acquiesced in contraventions of B.C. securities law relating to four companies. He received a 20-year market ban. He violated the ban by subsequently approaching investors to become involved in gold and silver mines in Oregon. He was charged and sentenced to a 90-day jail term.

Other cases brought before the courts in 2013 include the Terrence M. Bedford case in Ontario and the Saverina Cottone case in Québec. Bedford was sentenced to two years in a federal penitentiary for orchestrating a fraudulent investment fund scheme that involved almost US\$5 million. He misrepresented the actual investments to approximately 24 Canadian and American investors and concealed the true value of the fund and the actual investment losses. Cottone misappropriated investments made by her clients at First Canadian Financial Services. She was sentenced to 20 months in jail for her securities law violations.

Inter-jurisdictional Collaboration

Collaboration among securities regulators and law enforcement officials takes many forms. CSA members routinely share information, and will conduct joint investigations or even joint hearings in cases that cross jurisdictional boundaries.

Canadian securities regulators also work with international regulators, such as the Securities and Exchange Commission (SEC) and state-level regulators in the U.S., and the Financial Conduct Authority in the U.K. This collaboration happens through formal agreements between regulators, organizations such as the North American Securities Administrators Association and through informal contacts across the jurisdictions. Pursuant to international agreements, enforcement personnel assist their counterparts in other jurisdictions with regulatory investigations. They also share best practices and intelligence about emerging trends.

An example of collaboration between two agencies is highlighted in the Colby Cooper Capital Inc. case. The Alberta Securities Commission (ASC) assisted the investigation conducted by the Ontario Securities Commission (OSC), by freezing funds and facilitating interviews with investors. The respondents were under OSC jurisdiction, but most of the targeted investors were located in Alberta. The respondents used a high pressure sales approach that included making representations and providing information to potential investors that were false, inaccurate and misleading. Investors were told that invested funds would be used to develop oil and gas properties in Alberta and Texas, when, in fact, the majority of investors' funds were misappropriated for other purposes. Approximately \$4.8 million was raised from approximately 480 investors across Canada. The OSC ordered a total disgorgement of about \$6 million, as well as an administrative penalty of \$500,000, and costs of \$100,000. The respondents were also permanently prohibited from trading and from acting as registrants or directors or officers.

The Boyuan Construction Group, Inc. case is an example of collaboration among securities regulators across Canada and internationally. OSC staff received assistance from the ASC, British Columbia Securities Commission (BCSC) and securities regulators in Hong Kong and the British Virgin Islands. The respondent was found to have inadequate internal controls and procedures, which resulted in misleading statements being made to its auditors and to the staff of the OSC. The founder, chairman and CEO had entered into a related party transaction and loan agreement on behalf of the company in the absence of adequate controls and procedures and without the approval of other company directors and officers. Among other things, the respondent agreed to make a voluntary payment of \$200,000 and to pay \$100,000 in costs.

The Pierre Jolicoeur case is an example of collaboration between a securities regulator and provincial police services. The Autorité des marchés financiers (AMF) collaborated with the Sûreté du Québec Financial Crime Market Unit to investigate the respondent for illegally offering services as a securities dealer and advisor without being registered. The investigation found that Jolicoeur had misappropriated over \$2,000,000 of investors' funds. In total, investors lost close to \$7,000,000. He pled guilty to 59 criminal charges of fraud, fraud against creditors, obstructing justice and money laundering and was sentenced to six and a half years in prison.

The Capital Markets Technologies Inc. case in Prince Edward Island showcases how CSA members can work in a direct partnership. In this case, the director of enforcement for the New Brunswick Securities Commission (now known as Financial and Consumer Services Commission) agreed to act as the solicitor for staff of the Prince Edward Island Superintendent of Securities. The respondent distributed securities in the form of convertible loan agreements to 36 Prince Edward Island investors, raising \$701,030. The respondent admitted to distributing a security without a receipt for a prospectus or properly relying on an accredited investor exemption and failing to file a report of exempt distribution. The company was ordered to offer a right of rescission and refund to non-accredited investors and to date has refunded \$65,520 to eight investors.

“ The misleading statements and documents provided to staff and the auditors reflects the absence of adequate internal controls and procedures at Boyuan respecting the approval and recording of related party transactions and the provision of information respecting such transactions to its auditor and regulator. ”

- *From the OSC Settlement Agreement with Boyuan Construction Group, Inc.*

2013 Concluded Cases Database

Fraud

Access Automation LLC; Access Fund Management, LLC; Access Fund, L.P.; Driver, Gordon Alan; Taylor, Steven M.; Berkshire Management Services Inc.; 1303066 Ontario Ltd.; Montecassino Management Corporation; Mainse, Reynold; and World Class Communications Inc. (ON)

- Order re: Access Automation LLC; Access Fund Management, LLC; Access Fund, L.P.; Driver, Gordon Alan; Taylor, Steven M.; Berkshire Management Services Inc.; 1303066 Ontario Ltd.; Montecassino Management Corporation; Mainse, Reynold; and World Class Communications Inc.
 - Decision re: Access Automation LLC; Access Fund Management, LLC; Access Fund, L.P.; Driver, Gordon Alan; Taylor, Steven M.; Berkshire Management Services Inc.; 1303066 Ontario Ltd.; Montecassino Management Corporation; Mainse, Reynold; and World Class Communications Inc.
-

Bedford, Terrence M. (ON)

Boily, Bernard (Bear Lake Gold Ltd.) (ON)

- Order re: Boily, Bernard (Bear Lake Gold Ltd.)
 - Settlement re: Boily, Bernard (Bear Lake Gold Ltd.)
-

Bunting & Waddington Inc.; Sanmugam, Arvind; Winget, Julie; and Brekelmans, Jenifer (ON)

- Order re: Bunting & Waddington Inc.
 - Settlement re: Bunting & Waddington Inc.
-

Chomica, Michael (ON)

Cicccone Group (ON)

- Order re: Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)
 - Decision re: Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)
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Colby Cooper Capital Inc.; Colby Cooper Inc.; PAC West Minerals Limited; and Mason, John Douglas Lee (ON)

- Order re: Colby Cooper Capital Inc.; Colby Cooper Inc.; PAC West Minerals Limited; and Mason, John Douglas Lee
 - Settlement re: Colby Cooper Capital Inc.; Colby Cooper Inc.; PAC West Minerals Limited; and Mason, John Douglas Lee
-

DeLaet, Victor George; and Gitzel, Stanley Kenneth (AB)

- Merits decision re: DeLaet, Victor George; and Gitzel, Stanley Kenneth
 - Sanction decision re: DeLaet, Victor George; and Gitzel, Stanley Kenneth
-

Empire Consulting Inc.; and Chambers, Desmond (ON)

- Order re: Empire Consulting Inc.; and Chambers, Desmond
 - Decision re: Empire Consulting Inc.; and Chambers, Desmond
-

Glendale Growth & Trust and GT Serv Corp. (NFLD)

Global Consulting and Financial Services; Global Capital Group; Crown Capital Management Corp.; Chomica, Michael; Chomica, Jan; and Banks, Lorne (ON)

- Order re: Banks, Lorne
- Settlement re: Banks, Lorne
- Order re: Global Consulting and Financial Services; and Chomica, Jan
- Settlement re: Global Consulting and Financial Services; and Chomica, Jan
- Order re: Chomica, Michael
- Decision re: Chomica, Michael

Global Energy Group Ltd. (ON)

- Order re: Global Energy Group Ltd.; New Gold Limited Partnerships; Tsatskin, Vadim; Harper, Christina; Bajovski, Nikola; Cohen, Bruce; Groberman, Herbert; and Shiff, Andrew
- Decision re: Global Energy Group Ltd.; New Gold Limited Partnerships; Tsatskin, Vadim; Harper, Christina; Bajovski, Nikola; Cohen, Bruce; Groberman, Herbert; and Shiff, Andrew

Goldpoint Resources Corporation; Novielli, Pasqualino (a.k.a. Lee or Lino Novielli); Moloney, Brian Patrick (a.k.a. Brian Caldwell); and Pimentel, Zaida (a.k.a. Zaida Novielli) (ON)

- Order re: Goldpoint Resources Corporation; Novielli, Pasqualino (a.k.a. Lee or Lino Novielli); Moloney, Brian Patrick (a.k.a. Brian Caldwell); and Pimentel, Zaida (a.k.a. Zaida Novielli)
- Decision re: Goldpoint Resources Corporation; Novielli, Pasqualino (a.k.a. Lee or Lino Novielli); Moloney, Brian Patrick (a.k.a. Brian Caldwell); and Pimentel, Zaida (a.k.a. Zaida Novielli)

Hendersen, Beryl (ON)

- Order re: Hendersen, Beryl
- Settlement re: Hendersen, Beryl

Heritage Management Group; and Hrynysak, Anna (ON)

- Order re: Heritage Management Group; and Hrynysak, Anna
- Settlement re: Heritage Management Group; and Hrynysak, Anna

Mandyland Inc.; Blue Sky Resorts Inc.; Blue Sky Lease Inc.; Uhersky, Dennis Wayne; Uhersky, Margaret Janet; and Davis, Jeremy Peter (AB)

- Merits decision re: Mandyland Inc.; Blue Sky Resorts Inc.; Blue Sky Lease Inc.; Uhersky, Dennis Wayne; Uhersky, Margaret Janet; and Davis, Jeremy Peter
- Sanction decision re: Mandyland Inc.; Blue Sky Resorts Inc.; Blue Sky Lease Inc.; Uhersky, Dennis Wayne; Uhersky, Margaret Janet; and Davis, Jeremy Peter

Moncasa Capital Corporation; and Collins, John Frederick (ON)

- Decision re: Moncasa Capital Corporation; and Collins, John Frederick
- Order re: Moncasa Capital Corporation; and Collins, John Frederick

Nest Acquisitions and Mergers; IMG International Inc.; Pelcowitz, David Paul; and Smith, Michael (ON)

New Found Freedom Financial (ON)

- Decision re: New Found Freedom Financial; Singh, Ron Deonarine; Martinez, Wayne Gerard; and Levy, Pauline
- Order re: New Found Freedom Financial; Singh, Ron Deonarine; Martinez, Wayne Gerard; and Levy, Pauline

New Hudson Television Corporation; New Hudson Television LLC; and Salganov, James Dmitry (ON)

- Order re: New Hudson Television Corporation; New Hudson Television LLC; and Salganov, James Dmitry
- Settlement re: New Hudson Television Corporation; New Hudson Television LLC; and Salganov, James Dmitry

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

- Order re: Sage Investment Group; C.A.D.E Resources Group Inc.; and Greenstone Financial Group
- Order re: Oliveira, Antonio Carlos Neto David
- Settlement re: Oliveira, Antonio Carlos Neto David

Rash, Howard (ON)

Sbaraglia, Peter (Mander Group Inc.) (ON)

- Order re: Sbaraglia, Peter (Mander Group Inc.)
- Settlement re: Sbaraglia, Peter (Mander Group Inc.)

Schmidt, Richard; and Goldenrod Resources Inc. (AB)

Sunderji, Adil (ON)

- Order re: Sunderji, Adil
- Settlement re: Sunderji, Adil

TransCap Corporation; Strata-Trade Corporation; St. Jean, Dale Joseph Edgar; and Tindall, Gregory Dennis (AB)

- Merits decision re: TransCap Corporation; Strata-Trade Corporation; St. Jean, Dale Joseph Edgar; and Tindall, Gregory Dennis
- Sanction decision re: TransCap Corporation; Strata-Trade Corporation; St. Jean, Dale Joseph Edgar; and Tindall, Gregory Dennis

Winick, Sandy; Mccarthy, Andrea Lee; Curry, Kolt; Mateyak, Laura; Curry, Gregory J.; American Heritage Stock Transfer Inc.; American Heritage Stock Transfer, Inc.; BFM Industries Inc.; Liquid Gold International Corp. (a.k.a. Liquid Gold International Inc.); and Nanotech Industries Inc. (ON)

- Order re: Winick, Sandy; and Curry, Gregory J.
- Decision re: Winick, Sandy; and Curry, Gregory J.

Illegal Distributions

Ahluwalia, Mohinder (Electrolinks Corporation) (ON)

- Decision re: Ahluwalia, Mohinder (Electrolinks Corporation)
- Order re: Ahluwalia, Mohinder (Electrolinks Corporation)

Amourfantaisie (9141-7196 Québec Inc.); and St-Laurent, Denis (QC)

Andrew Mitchell Holdings LLC; Maccallum, James A.; and Trites, Andrew J. (NB)

- Order re: Andrew Mitchell Holdings LLC; Maccallum, James A.
- Settlement re: Andrew Mitchell Holdings LLC; Maccallum, James A.

Armadillo Energy Inc.; 0894563 BC Ltd.; Okano, Darwin James Hajime; Gozdek, Richard; and Soolaman, Mohammed (BC)

- Decision re: Armadillo Energy Inc.
- Order re: 0894563 B.C. Ltd.; and Okano, Darwin James Hajime
- Settlement re: 0894563 B.C. Ltd.; and Okano, Darwin James Hajime
- Order re: Gozdek, Richard
- Settlement re: Gozdek, Richard

Asselin, Gilbert (QC)

Aviawest Resorts Inc.; DiCastrì, Rob; Pearson, Andrew; Pearson, James; Pearson, Lawrence; Pearson, Susan; Zulak Financial Group Ltd.; Zulak, Melvin; and Davis, Karla Ann (BC)

- Decision re: Aviawest Resorts Inc.; DiCastrì, Rob; Pearson, Andrew; Pearson, James; Pearson, Lawrence; and Pearson, Susan

Baglione, Aurelio; et al. (ON)

- Order re: Baglione, Aurelio; et al.
- Settlement re: Baglione, Aurelio; et al.

Beaudoin, Laurent (QC)

Bernou, André; Bourque, Francine; and Intra Pacifico Consultant inc. (QC)

Bunting & Waddington Inc.; Sanmugam, Arvind; Winget, Julie; and Brekelmans, Jenifer (ON)

- Order re: Brekelmans, Jenifer
- Settlement re: Brekelmans, Jenifer
- Order re: Winget, Julie
- Settlement re: Winget, Julie

Capital Markets Technologies (PEI)

- Order re: Capital Markets Technologies
- Settlement re: Capital Markets Technologies

Chartrand, Luc (QC)
Chartrand, Luc; and Hornez, Irène (QC)
Chodorowski, David (BC)
Chung, Kenneth Dean (BC)
<ul style="list-style-type: none">• Order re: Chung, Kenneth Dean• Settlement re: Chung, Kenneth Dean
Cottone, Saverina (QC)
Couture, Pierre (QC)
D'Andrea, Paul (QC)
DesRosiers, Rejean (ON)
<ul style="list-style-type: none">• Order re: DesRosiers, Rejean• Settlement re: DesRosiers, Rejean
Di Stefano, Rocco (Sodexin) (QC)
Di Stefano, Rocco (Zema Finance) (QC)
Doyon, Sébastien; Verdon, Jean; and 4412265 Canada inc. (QC)
Energy Syndications Inc.; Green Syndications Inc.; Syndications Canada Inc.; Strumos, Daniel; Baum, Michael; and Chaddock, Douglas William (ON)
<ul style="list-style-type: none">• Decision re: Energy Syndications Inc.; Green Syndications Inc.; Syndications Canada Inc.; Strumos, Daniel; Baum, Michael; and Chaddock, Douglas William• Order re: Energy Syndications Inc.; Green Syndications Inc.; Syndications Canada Inc.; Strumos, Daniel; Baum, Michael; and Chaddock, Douglas William
Gariépy, Denis (QC)
Gaudreau, Jean-Marc (Gestion Soficap inc. / 9135-4118 Québec inc.) (QC)
Gestion Nali inc. (QC)
Gildea, William; Terrasphere Systems LLC; and Terrasphere Inc. (NB)
<ul style="list-style-type: none">• Order re: Gildea, William; Terrasphere Systems LLC; and Terrasphere Inc.• Settlement re: Gildea, William; Terrasphere Systems LLC; and Terrasphere Inc.
Goyette, Steve (Groupe GDM Inc.) (QC)
Groupe International Newtech inc.; Pontbriand, Marcel; and Charpentier, Marjolaine (QC)
Guychar (Lanthier, Richard; Turp, Gérald; Charron, Guy; and Gauthier, Huguette) (QC)

H.H. Fast Investments Ltd.; Fast, Eldred; Letkeman, Beverly; and Sanson, Cindylee (SK)

- Order re: H.H. Fast Investments Ltd.; Fast, Eldred; Letkeman, Beverly; and Sanson, Cindylee
- Settlement re: H.H. Fast Investments Ltd.; Fast, Eldred; Letkeman, Beverly; and Sanson, Cindylee

Hamel, Claudé; and Bellemare, Carole (QC)

HEIR Home Equity Investment Rewards Inc.; et al (ON)

- Order re: HEIR Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Robertson, Archibald; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Borland, Brent; Robbins, Wayne D.; Caruso, Marco; et al.
- Settlement re: HEIR Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Robertson, Archibald; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Borland, Brent; Robbins, Wayne D.; Caruso, Marco; et al.
- Order re: Deschamps, Eric
- Settlement re: Deschamps, Eric
- Order re: Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Borland, Brent; Robbins, Wayne D.; Caruso, Marco; the Placencia Estates Development LLC; Copal Resort Developments Group, LLC; Rendezvous Island, Ltd; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.
- Settlement re: Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Borland, Brent; Robbins, Wayne D.; Caruso, Marco; the Placencia Estates Development LLC; Copal Resort Developments Group, LLC; Rendezvous Island, Ltd; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.

Hibbert, Lyndon Horace; and HWL Healthy Wealthy Living Inc. (NS)

- Order re: Hibbert, Lyndon Horace; and HWL Healthy Wealthy Living Inc.
- Settlement re: Hibbert, Lyndon Horace; and HWL Healthy Wealthy Living Inc.

I.W.F. Incorporated (a.k.a. I.W.F. Inc.); Keystone Explorations; Global Capital and Asset Management; and Shore, Jack (SK)

- Order re: I.W.F. Incorporated (a.k.a. I.W.F. Inc.); Keystone Explorations; Global Capital and Asset Management; and Shore, Jack
- Decision re: I.W.F. Incorporated (a.k.a. I.W.F. Inc.); Keystone Explorations; Global Capital and Asset Management; and Shore, Jack

Johnston, Raymond Harvey; and Sherwood Financial Services Ltd. (AB)

Joubert, René (QC)

Kimball, Errin Keith (AB)

Kirkham, Brian R. (AB)

Lacroix, Dominic; and Micro-Prêts inc. (QC)

Landry, Éric (QC)

Lanthier, Richard; Charron, Guy; and Gauthier, Huguette (QC)

Lapierre, Claude; Lapierre, Jocelyn; and Tuteur modulaire J.C. inc. (QC)

Laroche, Sylvain (QC)

Leonard, Andrew; A.J.R. Leonard Consulting; AL RC Global Equity; and Crosslands Energy Group International Inc. (NS)

- Order re: Leonard, Andrew; A.J.R. Leonard Consulting; AL RC Global Equity; and Crosslands Energy Group International Inc.
- Settlement re: Leonard, Andrew; A.J.R. Leonard Consulting; AL RC Global Equity; and Crosslands Energy Group International Inc.

MacDermott, Ralph; and A.C.T. Associated Capital Traders (NS)

- Order re: MacDermott, Ralph; and A.C.T. Associated Capital Traders
- Settlement re: MacDermott, Ralph; and A.C.T. Associated Capital Traders

MacPherson, Gregory Daniel; and Reisner, Sidney John (AB)

Majestic Supply Co. Inc.; Suncastle Developments Corporation; CBK Enterprises Inc.; Adams, Herbert; Bishop, Steve; and Kricfalusi, Mary (ON)

- Decision re: Majestic Supply Co. Inc.; Suncastle Developments Corporation; CBK Enterprises Inc.; Adams, Herbert; Bishop, Steve; and Kricfalusi, Mary
- Order re: Majestic Supply Co. Inc.; Suncastle Developments Corporation; CBK Enterprises Inc.; Adams, Herbert; Bishop, Steve; and Kricfalusi, Mary

MBS Group (Canada) Ltd.; and Ahluwalia, Balbir (ON)

- Order re: MBS Group (Canada) Ltd.; and Ahluwalia, Balbir
- Decision re: MBS Group (Canada) Ltd.; and Ahluwalia, Balbir

McIntosh, Robert Bob; and Prolink North America Inc. (QC)

Morgan Dragon Development Corp.; Cheong, John (a.k.a. Kim Meng Cheong); and Tse, Herman (ON)

- Order re: Morgan Dragon Development Corp.; Cheong, John (a.k.a. Kim Meng Cheong); and Tse, Herman
- Settlement re: Morgan Dragon Development Corp.; Cheong, John (a.k.a. Kim Meng Cheong); and Tse, Herman

Nagy, Bernard Simon (QC)

Onix International Inc.; and Phipps, Tyrone Constantine (ON)

- Order re: Onix International Inc.; and Phipps, Tyrone Constantine
- Settlement re: Onix International Inc.; and Phipps, Tyrone Constantine

Photo Violation Technologies Corp.; Marlatt, Frederick Lawrence (a.k.a. Mitschele, Frederick Lawrence); Minor, Michael Wallace; Minor, Michael Garfield Timothy (a.k.a. Minor, Tim) (BC)

Progressive Management Ltd. (Riccio, Anthony; Iaboni, Giuseppe (Joe); Townend, Lance; Dance, Karen; Amato, Pierre (Pietro); and Potvin, Pierre) (QC)

Ressources minières Andréane inc. (Cortellazzi, Andréa; Ollu, Serge; Raynault, Denyse; HE-5 Ressources Corporation; Minéraux Izza inc.; Vallée, Jacques) (QC)

Robinson, Dedric Joseph; Libertygate Investment Corp.; D. Robinson & Associates Inc.; Holomey, Allan Dwayne; and A.D.H. Stealth Investments Inc. (AB)

- Merits decision re: Robinson, Dedric Joseph ; Libertygate Investment Corp.; D. Robinson & Associates Inc.; Holomey, Allan Dwayne; and A.D.H. Stealth Investments Inc.
- Sanction decision: Robinson, Dedric Joseph; Libertygate Investment Corp.; D. Robinson & Associates Inc.; and Holomey, Allan Dwayne

Rogers Gold Corp. (AB)

- Settlement re: Rogers Gold Corp.
- Order re: Rogers, John Dale; Keenan, Robert Harold; and Mitchell, Charles (Chad)

Sauriol, René (QC)

Schiavone, Pasquale (QC)

Simply Wealth Financial Group Inc.; Allarde, Naida; Giangross, Beranardo; K&S Global Wealth Creative Strategies Inc.; Persaud, Kevin; Lobban, Maxine; and Lobban, Wayne (ON)

- Order re: Simply Wealth Financial Group Inc.; Allarde, Naida; Giangross, Beranardo; K&S Global Wealth Creative Strategies Inc.; Persaud, Kevin; Lobban, Maxine; and Lobban, Wayne
- Decision re: Simply Wealth Financial Group Inc.; Allarde, Naida; Giangross, Beranardo; K&S Global Wealth Creative Strategies Inc.; Persaud, Kevin; Lobban, Maxine; and Lobban, Wayne

Société d'investissement Tempus S.E.C. (QC)

- News release: Parent, Raymond
- News release: Parent, Raymond; and Botbol, Alain

Symmetry 2 Mortgage Investment Corporation (BC)

Synergy Group (2000) inc. (Battah, Kenneth; and McDuff, Julien) (QC)

Systematech Solutions Inc.; Vuong, April; and Quach, Hao (ON)

- Order re: Systematech Solutions Inc.; Vuong, April; and Quach, Hao
- Settlement re: Systematech Solutions Inc.; Vuong, April; and Quach, Hao

Thibault, Shane Elie Lucien (AB)

Trempe, Alain; Drouin, René; and Desjardins, Guy (QC)

Viau, Nicholas (QC)

Winick, Sandy; Mccarthy, Andrea Lee; Curry, Kolt; Mateyak, Laura; Curry, Gregory J.; American Heritage Stock Transfer Inc.; American Heritage Stock Transfer, Inc.; BFM Industries Inc.; Liquid Gold International Corp. (a.k.a. Liquid Gold International Inc.); and Nanotech Industries Inc. (ON)

- Decision re: Curry, Kolt; Mateyak, Laura; American Heritage Stock Transfer Inc.; and American Heritage Stock Transfer, Inc.
- Order re: Curry, Kolt; Mateyak, Laura; American Heritage Stock Transfer Inc.; and American Heritage Stock Transfer, Inc.

Misconduct by Registrants

Audet, André (QC)

Credential Asset Management (NS)

- Order re: Credential Asset Management
- Settlement re: Credential Asset Management

Entreprises Greg Pompeo inc. (QC)

FactorCorp Financial Inc.; FactorCorp Inc.; and Twerdun, Mark (ON)

- Order re: FactorCorp Financial Inc.; FactorCorp Inc.; and Twerdun, Mark
- Decision re: FactorCorp Financial Inc.; FactorCorp Inc.; and Twerdun, Mark

Fondation Universit as du Canada (QC)

Gant, Adam; Arruda, Emanuel; and League Investment Services Inc. (BC)

- Order re: Gant, Adam; Arruda, Emanuel; and League Investment Services Inc.
- Settlement re: Gant, Adam; Arruda, Emanuel; and League Investment Services Inc.

Gentree Asset Management Inc.; R.E.A.L. Group Fund III (Canada) LP;
Canpro Income Fund I, LP; and Gauthier, Normand (ON)

- Settlement re: Gentree Asset Management Inc.; R.E.A.L. Group Fund III (Canada) LP;
Canpro Income Fund I, LP; and Gauthier, Normand
- Undertaking re: Gentree Asset Management Inc.; R.E.A.L. Group Fund III (Canada) LP;
Canpro Income Fund I, LP; and Gauthier, Normand

Hashmani, Imtiaz (ON)

- Order re: Hashmani, Imtiaz
- Settlement re: Hashmani, Imtiaz

HUTECH21 CO., LTD. doing business as PRAIRIE OIL FIELD SERVICES LTD. (MB)

Joneldy Capital inc.; and Lehoux, Jonathan (QC)

Les investissements Rivemont inc. (QC)

Les Services de gestion CCFL inc. (QC)

Quadrus Investment Services Ltd. (NS)

- Order re: Quadrus Investment Services Ltd.
- Settlement re: Quadrus Investment Services Ltd.

 Quantum Financial Services (Canada) Ltd. (BC)

Return on Innovation Advisors Ltd., Trustee and Investment Fund Manager of ROI High Income Private Placement Fund, ROI Private Placement Fund, ROI Strategic Private Placement Fund, and ROI Institutional Private Placement Fund (NS)

- Order re: Return on Innovation Advisors Ltd., Trustee and Investment Fund Manager of ROI High Income Private Placement Fund, ROI Private Placement Fund, ROI Strategic Private Placement Fund, and ROI Institutional Private Placement Fund
- Settlement re: Return on Innovation Advisors Ltd., Trustee and Investment Fund Manager of ROI High Income Private Placement Fund, ROI Private Placement Fund, ROI Strategic Private Placement Fund, and ROI Institutional Private Placement Fund

 Rust, Grant Stuart (NS)

- Order re: Rust, Grant Stuart
- Settlement re: Rust, Grant Stuart

 Sheito, Allen E.; and Woods, Gary A. (NS)

 Sigma Alpha Capital inc. (QC)

 Société d'Investissement Fjord inc. (QC)

 Solutions monétaires Monarc inc.; Stevens, Karina; and Hauck, Paul (QC)

 Tactex gestion d'actifs inc.; and Cheung, Liam (QC)

 Ucore Rare Metals Inc. (NS)

- Order re: Ucore Rare Metals Inc.
- Settlement re: Ucore Rare Metals Inc.

 Windermere Capital (Canada) inc.; and Wright, Christopher D. (QC)

Illegal Insider Trading

Holtby, Herbert Holtby; Tanner, Neil Donald; Burdeyney, Kenneth Michael; Jaschke, Eric John; Walton, Gayle Marie; Landsiedel, Ken; Kowalchuk, Randall George; Holtby, Dale Francis; Shepert, John Jacob; and Douglas, James Roger (AB)

- Merits decision re: Holtby, Herbert Holtby; Tanner, Neil Donald; Burdeyney, Kenneth Michael; Jaschke, Eric John; Walton, Gayle Marie; Landsiedel, Ken; Kowalchuk, Randall George; Holtby, Dale Francis; and Shepert, John Jacob
- Sanction decision re: Holtby, Herbert Holtby; Tanner, Neil Donald; Burdeyney, Kenneth Michael; Jaschke, Eric John; Walton, Gayle Marie; Landsiedel, Ken; Kowalchuk, Randall George; Holtby, Dale Francis; and Shepert, John Jacob

 Hu, Xiang (Shane) Hua (AB)

 Jallabert, Véronique (QC)

 Lambert, Anthony Maurice (AB)

 Moore, Richard Bruce (Tomkins PLC) (ON)

- Order re: Moore, Richard Bruce (Tomkins PLC)
 - Settlement re: Moore, Richard Bruce (Tomkins PLC)
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Stan, Robert Henry; Roncin, Anita Louise; Nagai, Eugene Hiroshi; Riordon, Timothy Peter;
Wade, Kevin Ronald; and Stan, Kathryn Paula (AB)

Zhao, Ming Chao (ON)

- Order re: Zhao, Ming Chao
 - Settlement re: Zhao, Ming Chao
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Disclosure Violations

Bralorne Gold Mines Ltd.; Kocken, Wilhelmus (William); and Ball, Matthew (BC)

- Order re: Bralorne Gold Mines Ltd.; Kocken, Wilhelmus (William); and Ball, Matthew
 - Settlement re: Bralorne Gold Mines Ltd.; Kocken, Wilhelmus (William); and Ball, Matthew
-

Canaco Resources Inc.; Smith, Andrew Lee; Smallwood, Randy; Parsons, David; and Lock, Brian (BC)

Consolidated International Investment Holdings (QC)

Lemay, Michel (QC)

Market Manipulation

Campbell, Stephen (Discovery Air Inc.) (ON)

- Order re: Campbell, Stephen (Discovery Air Inc.)
 - Settlement re: Campbell, Stephen (Discovery Air Inc.)
-

De Gouveia, David (AB)

- Merits decision re: De Gouveia, David
 - Sanction decision re: De Gouveia, David
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Other Cases

Atkinson, Peter Y. (ON)

- Order re: Atkinson, Peter Y.
 - Settlement re: Atkinson, Peter Y.
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Boyuan Construction Group, Inc. (ON)

- Order re: Boyuan Construction Group, Inc.
 - Settlement re: Boyuan Construction Group, Inc.
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Caspian Energy Inc. (AB)

Chambers, Berith Ward; and Advanced Investor Intelligence Inc. (AB)

Donald, Paul (Certicom Corp.) (ON)

- Order re: Donald, Paul (Certicom Corp.)
 - Decision re: Donald, Paul (Certicom Corp.)
-

Grossman, Abraham (Strategic Gifting Group) (ON)

iTokk, Inc.; and Penstock, Kevin (BC)

- Order re: iTokk, Inc.; and Penstock, Kevin
 - Settlement re: iTokk, Inc.; and Penstock, Kevin
-

Jara, Victor Alejandro Gavilan (AB)

Kovacs, Louis Michael (ON)

- Order re: Kovacs, Louis Michael
 - Settlement re: Kovacs, Louis Michael
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New Solutions Financial Corporation; and New Solutions Financial (II) Corporation (ON)

- Order re: New Solutions Financial Corporation; and New Solutions Financial (II) Corporation
 - Settlement re: New Solutions Financial Corporation; and New Solutions Financial (II) Corporation
-

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

- Order re: Ridley, Anne Marie
 - Settlement re: Ridley, Anne Marie
-

Peer Financial Ltd.; RBEE Capital Associates Ltd.; and Burgess, Ralph William (AB)

Scotia Capital Inc. (BC)

- Order re: Scotia Capital Inc.
 - Settlement re: Scotia Capital Inc.
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Telfer, Ian (ON)

- Order re: Telfer, Ian
 - Settlement re: Telfer, Ian
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