

**Report on
Enforcement Activities**
From October 1, 2005 to March 31, 2006

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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 March 31, 2006. 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.

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.

KEY PLAYERS

SECURITIES TRIBUNALS

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 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.

Members act jointly in approving some settlements and taking enforcement action. In this report, the Portus case is an example.

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.

INTRODUCTION

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 some securities intermediaries and financial planners in Quebec.

EXCHANGES

Exchanges monitor compliance, by listed companies, with the terms of Exchange listing agreements and policies. Where appropriate, they can deny pre-approval of certain transactions, require corrective disclosure, halt or suspend trading and, in egregious cases, terminate a listing.

POLICE

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

COURTS

Provincial and territorial Attorneys-General or equivalents can bring contraventions of securities laws, as well as of criminal laws, before a court. In some provinces, enforcement personnel of CSA members can also bring securities law contraventions before a court. Fraud and other contraventions of the Criminal Code can attract stiff penalties including large fines and imprisonment. The sanctions available to courts for securities law violations are also more extensive than those available to securities regulatory authorities, including imprisonment.

CSA ENFORCEMENT ACTIVITY IN THE SECOND HALF OF 2005

From October 1, 2005 to March 31, 2006, CSA members pursued 47 new enforcement matters. During the same period, 76 cases resulted in sanctioning orders or settlements that often included several persons or companies. During the same period, self-regulatory organizations (“SROs”: RS, MFDA and IDA) concluded 19 settlement agreements, and ordered sanctions in 15 cases, including one expulsion. This activity is summarized in the following tables and graphs.

HEARING AND ENFORCEMENT JOINT ACTIONS

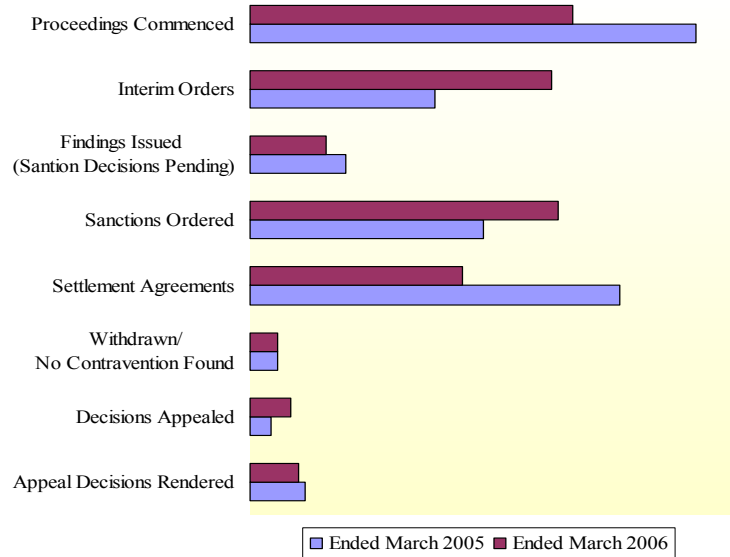
Members act jointly in approving some settlements and taking enforcement action. In this report, the Portus case is an example.

A number of enforcement matters are explained in more detail in the sections that follow.

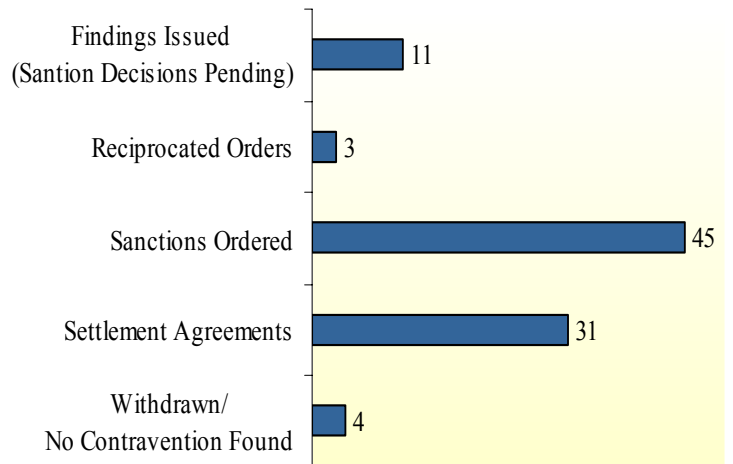
INTRODUCTION

CSA Enforcement Activities for the Period from October 1, 2005 to March 31, 2006		
Enforcement Activities		Number
Proceedings commenced ¹		47
Interim Order ²		44
Reciprocated Orders		3
Matters Concluded	Findings Issued (Sanction Decision Pending)	11
	Sanctions Ordered	45
	Settlement Agreements	31
	Withdrawn/No Contravention Found	4
Appeals	Decisions Appealed	6
	Appeal Decision Rendered	7

Comparative Table for the Period of 6 Months ended March 2005 versus 6 months ended March 2006



CSA Enforcement Activities - Matters Concluded (October 1, 2005 to March 31, 2006)



¹ Proceedings before a CSA member Commission or associated tribunal may be commenced by a Notice of Hearing. Court proceedings may be commenced by way of "Information".

² Includes freeze orders and interim cease trade orders.

CONVICTIONS AND MONETARY SANCTIONS

Court Convictions and Fines October 1, 2005 to March 31, 2006			
		Sentence	Fine
Illegal Distribution	Stevens Demers	90 days in jail	\$89,000
Illegal Distribution	Jean-Pierre Lusignan		\$36,000
Illegal Distribution	Claude Valade		\$30,000
Illegal Distribution	Michel Ducharme		\$30,000
Illegal Distribution	Paul Billette		\$10,000
Illegal Distribution	Éric Pesenti		\$60,000
Illegal Distribution	Kimberly B. Krehbiel		\$3,000
Illegal Distribution	Troy Reeves		\$9,297
Insider Trading	Andrew Rankin	6 months in jail	
Miscellaneous	Daniel Bélanger		\$90,000
Miscellaneous	Georges Benoît		\$10,000
Miscellaneous	Philip David Archer	60 days conditional sentence	
Total:			\$367,297

Securities Regulators Fines and Costs for the period from October 1, 2005 to March 31, 2006			
	Fines	Costs	
Illegal Distribution	\$596 359,22	\$43 000,00	
Insider Trading	\$80 541,50	\$23 000,00	
Market Manipulation and Fraud	\$141 766,40	\$85 000,00	
Disclosure Violations	\$590 000,00	\$70 000,00	
Misconduct by Registrants	\$199 220,00	\$100 118,75	
Miscellaneous	\$735 000,00		
Total:	\$2 342 887,12	\$321 118,75	

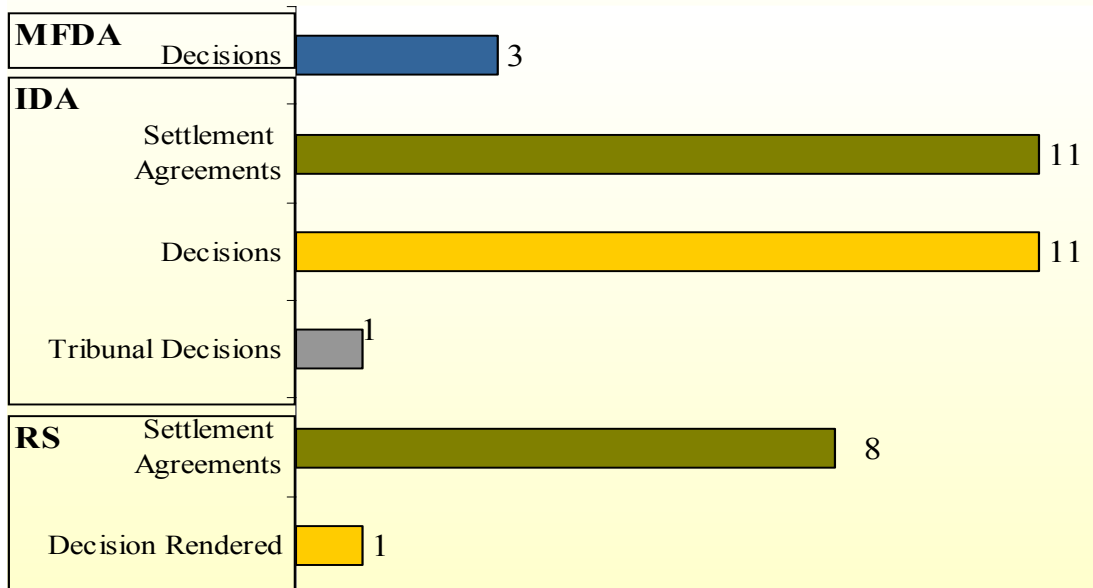
SROs Fines and Costs for the period from October 1, 2005 to March 31, 2006			
	Fines	Costs	
MFDA	\$925 000,00	\$7 500,00	
RS	\$405 250,00	\$182 000,00	
IDA(1)	\$2 852 992,00	\$433 715,56	
Total:	\$4 183 242,00	\$623 215,56	

⁽¹⁾ A fine of \$8345 was initially given in United States dollars and, for calculation purposes, we converted it into Canadian dollars at the rate of 1,1233% on May 22, 2006.

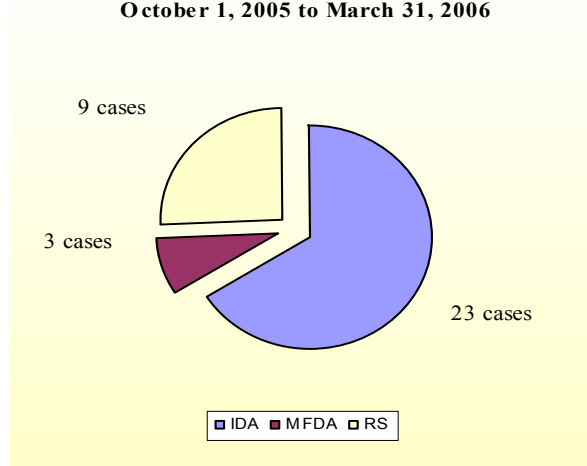
INTRODUCTION

SELF-REGULATORY ORGANIZATIONS (SROs) ACTIVITIES

**SROs - Matters Concluded
October 1, 2005 to March 31, 2006**



**SROs - Matters Concluded
October 1, 2005 to March 31, 2006**



ILLEGAL DISTRIBUTION

COURT RULINGS

QUÉBEC

Michel Maheux (Coopérative de producteurs de bois précieux Québec Forestales) – On October 11, 2005, the Superior Court of Québec issued a permanent injunction against Michel Maheux and the Coopérative de producteurs de bois précieux Québec Forestales. Mr. Justice Jocelyn Verrier ordered Maheux and the Coopérative to cease and refrain from distributing the preferred shares, the investment contracts or any other form of investment of the Coopérative to which the *Securities Act* applies. Maheux and the Coopérative were also ordered to comply with a decision issued on October 15, 2003 by the Commission des valeurs mobilières du Québec and to close an internet site they had opened. See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4826/en/communiqué-4nov-cooperative-bois-precieux-ang.pdf> for details.

Jean-Pierre Lusignan and Claude Valade (Clubs d'investissement HT, HT101, HT103 and HT105) – On October 24, 2005, Jean-Pierre Lusignan and on February 16, 2006, Claude Valade were found guilty of having acted as securities dealers without being registered as such and of having helped the Clubs d'investissement HT, HT101, HT103 and HT 105 to illegally distribute its units to the public. Mr Justice Gilles Pigeon of the Court of Quebec (Criminal and penal division) fined Mr Lusignan \$ 36,000, plus court costs, while Mr. Justice Claude Leblond of the same court, fined Mr Valade \$ 30,000, plus \$ 7,500 in court costs. See http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5136/en/comm_17_fev2006_Valade_ang.pdf; and <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4631/en/communiqué-25oct-lusignan-anglais.pdf> for details.

Michel Ducharme, Paul Billette and Éric Pesenti (Club de placement Gestimum inc.) – On January 16, 2006 Mr. Justice Michel Beauchemin of the Court of Québec (Criminal and penal division) fined Ducharme, Billette and Pesenti \$30,000, \$10,000 and \$60,000 respectively for up to 20 counts of distributing securities without a registration and without a prospectus. See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5034/en/communiqué-18janv06-gestimum-anglais.pdf> for details.

ONTARIO

Patrick Fraser Kenyon Pierrepont Lett; Milehouse Investment Management Limited; and Pierrepont Trading Inc. – In February 2006, the Ontario Divisional Court dismissed the Respondents' appeal of the OSC decision on the merits dated March 18, 2004. See http://www.osc.gov.on.ca/About/NewsReleases/2006/nr_20060222_lettpatrickfk.jsp for details.

MANITOBA

Kimberly B. Krehbiel - On December 16, 2005, Kimberly B. Krehbiel pled guilty in the Provincial Court of Manitoba to four counts in total, two counts each of trading in securities without registration and without prospectus. The court sentenced her to a total fine of \$3,000. Costs and surcharges were waived. See <http://www.msc.gov.mb.ca/investigation/reasons/krehbiel.html> for details.

ILLEGAL DISTRIBUTION

Troy Reeves – On January 19, 2006, Troy Reeves was sentenced in the Provincial Court of Manitoba to four counts of trading without registration. He was fined \$9,296.92. Costs and surcharges were waived.

See <http://www.msc.gov.mb.ca/reasons/reeves.html> for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Madison & Silver Asset Management Inc., David J. Palmer, Diana Jackson and Steve Brandon – On February 2, 2006, the NSSC cease traded the respondents who had been holding themselves out as being registered and trading in securities without registration and ordered them to pay \$ 3025 in costs.

See <http://www.gov.ns.ca/nssc/docs/madisonandsilverorderfeb2006.pdf> for details.

Electronic Benefits, R. Everett Stuckless (aka Roger E. Stuckless) - A notice of hearing has been issued in respect to allegations of unregistered activities of the Respondents in the sale of securities without the benefit of exemptions. This matter has been adjourned to a later date for the hearing of the Respondent's evidence.

See <http://www.gov.ns.ca/nssc/docs/noticeofadjournmentebi20060328.pdf> for details.

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

Maitland Capital Ltd., Al Grossman, Hanoch Ulfan, Steve Lanys, Jack Travin, Leonard Waddingham, Saul Messinger and Kim Wadhvani - On March 31, 2006, the NBSC ceased traded Maitland Capital and its officers, directors, employees and agents as well as Messrs Grossman, Ulfan, Lanys, Travin, Waddingham, Messinger and Wadhvani, denied them exemptions and ordered a hearing to held at a later date.

See <https://www.nbsc-cvmb.ca/maitland%20temp%20cease%20trade%20order-e.pdf>.

ONTARIO SECURITIES COMMISSION (OSC)

Joseph Edward Allen, Abel Da Silva, Chateram Ramdhani and Syed Kabir – In October 2005, the OSC found that Allen, Da Silva, Ramdhani and Kabir illegally distributed securities and traded securities without registration. Allen failed to disclose to investors that he or his employees would receive commissions on the sale of the securities, nor the rate of the commission. A hearing in respect of sanctions to be imposed will be scheduled in the near future. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20051012_allenj.jsp for details.

Fulcrum Financial Group Inc., Secured Life Ventures Inc., Zephyr Alternative Power Inc., Troy Van Dyk and William L. Rogers – In November 2005 and again on February 16, 2006, the OSC ordered Secured Life, Zephyr, and Fulcrum to temporarily cease trading in securities, and also denied exemptions to Messrs Van Dyk and Rogers. Staff allege that Van Dyk and Rogers made misleading and prohibited representations to investors regarding the securities of the corporate respondents, and engaged in illegal distributions and trading without registration. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060216_fulcrum.jsp for details.

Michael Anthony Tibollo a.k.a. Michele-Antonio Tibollo – In January 2006, the OSC dismissed the allegations against Tibollo that he engaged in the illegal distributions, and the unregistered trading and advising of the securities of Saxton Investments Ltd. and Sussex International Ltd.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060111_tibollom.pdf for details.

Maitland Capital Ltd., Allen Grossman, Hanouch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Diana Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse, and Jason Snow – In January 2006, and again in February 2006, the OSC ordered that all trading by Maitland Capital Ltd. and its officers, director, employees and/or agents in securities of Maitland cease temporarily; that the respondents temporarily cease trading in all securities and denied them any exemptions temporarily. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060228_maitland.jsp for details.

MANITOBA SECURITIES COMMISSION (MSC)

Maitland Capital Ltd. - On February 15, 2006, the MSC ordered that Maitland Capital Ltd. cease trading until further order and adjourned the matter. See http://www.msc.gov.mb.ca/orders/maitland_2.html for details.

Josays Ojars Undiks – On November 18, 2005, the MSC ordered Mr. Undiks pay compensation for financial loss to two individuals in the amounts of \$36,000.00 and \$15,290.00 respectively and issued a denial of exemptions Order against him for four years. See <http://www.msc.gov.mb.ca/orders/undiks.html> for details.

Kenneth Driedger – On January 19, 2006, the MSC ordered Driedger pay compensation for financial loss to two individuals in the amounts of \$11,267.50 and \$15,280.00 respectively, and issued a denial of exemptions Order against him for four years. See <http://www.msc.gov.mb.ca/orders/driedger.html> for details.

ALBERTA SECURITIES COMMISSION (ASC)

Instadial Technologies Corp., J. Allen, et al - On December 7, 2005, the ASC ordered Instadial to cease trading in any security and denied it exemptions until the receipt of a prospectus in Alberta and to pay a \$50,000 administrative penalty and \$7,500 towards costs. Allen was ordered to cease trading and denied exemptions for 10 years and to pay a \$30,000 administrative penalty and \$5,000 towards costs. Smith was ordered to cease trading in any security, denied exemptions, and prohibited from acting as director or officer for 5 years and ordered to pay a \$25,000 administrative penalty and \$5,000 towards costs. Atwell and Kabir were each ordered to cease trading in any security and denied exemptions and ordered to pay a \$15,000 administrative penalty and \$2,500 towards costs. See http://www.albertasecurities.com/dms/1404/11952/13454_Instadial_Technologies_Corp_-_Decision_-_2005-12-07_-_2026958.pdf for details.

Trevor William Park - On January 20, 2006, the ASC Mr. Park prohibited for 15 years from trading in and purchasing securities (with one exception) and from acting as director or officer of an issuer, and ordered him to pay an administrative penalty of \$50,000 and \$5,000 towards investigation costs. See http://www.albertasecurities.com/dms/1404/13521/13605_PARK,_Trevor_William_-_DECISION_-_2006-01-20_-_2013199_v3.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Corporate Express Inc., also known as Corporate Express Club and Corporate Express Club (CEC) 1998, Fortress International Ltd., Great American Gold Ltd., John Thomas McCarthy and Cameron Willard McEwen – On September 9, 2005, a commission panel found that the respondents illegally distributed securities and made misrepresentations and contravened its temporary orders. On March 20, 2006, the panel permanently cease traded the securities of the corporate respondents and ordered McCarthy and McEwen for 10 years not to buy or sell securities, act as directors or officers and engage in investor relations. For details see www.besc.bc.ca, type the full name of a respondent or 2006 BCSECCOM 153 in the search box, and go to the decision.

SETTLEMENT AGREEMENTS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Oxford Investment Holdings Inc. – On March 31, 2006, the NSSC issued a notice of hearing in respect of a settlement agreement entered into by Oxford and the staff of the Commission touching upon violations of Nova Scotia securities laws occasioned by Oxford's failure to comply with the Accredited Investor Exemption in part 5 of Multilateral Instrument 45-103. A hearing was scheduled for April 12, 2006.

See http://www.gov.ns.ca/nssc/docs/OxfordAmendedNoticeofHearingMarch31_2006.pdf for details.

ONTARIO SECURITIES COMMISSION – (OSC)

John Michael Malone – In December 2005, the OSC concluded a settlement agreement with John Michael Malone whereby it was ordered that he immediately resign as an officer of the CNQ, be prohibited from acting as a director or officer of a reporting issuer for 3 years (and then only upon completion of certain education programs). Mr Malone undertook never to become an employee, officer or director of the CNQ or any successor or affiliate thereof.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20051222_malonejm.jsp for details.

Zephyr Alternative Power Inc. – In March 2006, the OSC concluded a settlement agreement with Zephyr Alternative Power Inc. whereby it was ordered that Zephyr institute a prescribed program to ensure that future exempt sales of securities by it are in compliance with Ontario securities law, and that it be reprimanded. Zephyr undertook to make a rescission offer to certain of the Zephyr convertible debenture holders, and continue to cooperate with the commission's staff.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060309_fulcrumfinancial_zephyr.jsp for details.

Leszek Dziadecki – In March 2006, the OSC concluded a settlement agreement with Leszek Dziadecki whereby it was ordered that terms and conditions be imposed on his registration requiring close supervision of his trading by his sponsoring dealer for a period of two years; that within this time he complete the Conduct and Practices Course; that he be reprimanded; and that he pay \$5,000 in costs. Dziadecki also provided an Undertaking that he will make a settlement payment of \$28,200 (representing the total commissions paid to him in respect of his sale of Zephyr convertible debentures) for the benefit of certain investors who purchased Zephyr convertible debentures in circumstances contrary to Ontario securities law; and that he will continue to cooperate with staff. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060309_fulcrumfinancial_zephyr.jsp for details.

SASKATCHEWAN FINANCIAL SERVICES COMMISSION (SFSC)

Larry W. Retvedt and Ryan K. Retvedt – SFSC staff entered into a settlement agreement with Larry W. Retvedt and Ryan K. Retvedt for trading in the securities of Maximus Enterprises Inc. while not being registered. The Retvedts have made restitution to all but 2 investors. The Retvedts have agreed to cease trading in any and all securities and to the removal of their right to use any exemptions under the Act for 5 years from the date of the order or 5 years from the date that the final two investors have been fully repaid their respective \$10,000 investment, whichever period is longer. See <http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders-2005/retvedtorderoct6-05.pdf>

Sentinel Financial Management Corp. (“Sentinel”) - SFSC and MFDA staff entered into a settlement agreement with Sentinel concerning Sentinel and its approved persons referring clients to Portus Alternative Asset Management Inc. ("Portus"). Sentinel has agreed to repay to its clients all fees received in connection with the referral of to Portus. See [http://www.sfsc.gov.sk.ca/ssc/files/enforcementagree/sentinelfinancialmanagementcorp.\(agr&und\)feb9-06.pdf](http://www.sfsc.gov.sk.ca/ssc/files/enforcementagree/sentinelfinancialmanagementcorp.(agr&und)feb9-06.pdf)

ALBERTA SECURITIES COMMISSION (ASC)

Patrick Joseph Cochrane - On October 31, 2005, the ASC concluded a settlement with Mr Cochrane whereby he admitted to making unregistered trades in securities and misrepresentations and prohibited representations. He undertook to cease trading in securities for 2 years and to pay \$10,000 to settle the allegations and \$3,000 towards costs.

See

[http://www.albertasecurities.com/dms/1404/11952/13280_Genoray_Advanced_Technologies_\(COCHRANE,_Patrick_Joseph\)_-SA&U-2005-10-31-1974574.pdf](http://www.albertasecurities.com/dms/1404/11952/13280_Genoray_Advanced_Technologies_(COCHRANE,_Patrick_Joseph)_-SA&U-2005-10-31-1974574.pdf) for details.

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

Paula Marie Poe – December 13, 2005, Poe entered into a settlement with the BCSC for trading in securities when she was subject to a cease trade order. Poe agreed to pay the BCSC \$25,000. The BCSC ordered Poe for 5 years not to sell securities, except for her personal account, and not to act as a director or officer. Before Poe can act again as a director or officer, she must complete a course of study. For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 737 in the search box, and go to the settlement.

APPEALS

QUÉBEC

Stevens Demers (Enviromondial inc.) – In 2004, the Court of Québec (Criminal and penal division) had found Stevens Demers guilty of having helped Enviromondial inc. to distribute illegally its securities and had condemned him to pay the minimum fine, which totalled \$ 89,000. Demers appealed his conviction to the Superior Court while the Autorité des marchés financiers appealed his sentence. On November 2, 2005, Mr. Justice André Denis confirmed Demers’ conviction and also sentenced him to spend 90 days in jail, in addition to paying the \$ 89,000 fine assessed by the Court of Québec.

INSIDER TRADING

COURT RULINGS

ONTARIO

Andrew Rankin – On October 27, 2005, Justice Khawly of the Ontario Court of Justice sentenced Andrew Rankin to 6 months incarceration on each of ten counts of tipping, to be served concurrently. Rankin had been found guilty on 10 charges of tipping on July 15, 2005.

See http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20051027_osc-rankin-sentenced.jsp for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

ONTARIO SECURITIES COMMISSION – (OSC)

Betty Ho and K.Y. Ho – In October 2005, the OSC dismissed allegations that Betty and K.Y. Ho engaged in insider trading of ATI Technologies Inc. securities.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20051014_ati-tech.jsp for details.

John Cameron Fraleigh – In November 2005, the OSC issued Directions freezing accounts held at BMO Investorline and at Dundee Securities Corporation, in the name of Fraleigh or Boutraille Corporation, in relation to an investigation into the trading of Placer Dome Inc. securities. The Direction to Dundee Securities was continued by the Ontario Superior Court of Justice until March 31, 2006.

See http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20051114_osc-freeze-fraleigh.jsp for details.

ALBERTA SECURITIES COMMISSION (ASC)

Donald Gorrie - On February 1, 2006, the ASC found Mr Gorrie had engaged in illegal insider trading and ordered him to cease trading in or purchasing securities for one year, and pay an administrative penalty of \$15,500 and \$3,000 towards costs. See [http://www.albertasecurities.com/dms/1404/13521/13654_GORRIE, Donald - DECISION - 2006-02-01 - 2044222_v3.pdf](http://www.albertasecurities.com/dms/1404/13521/13654_GORRIE,_Donald_-_DECISION_-_2006-02-01_-_2044222_v3.pdf) for details.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION – (OSC)

Michael Newbury – In February 2006, the Executive Director concluded a settlement agreement with Michael Newbury whereby he must pay \$7,850, plus \$5,000 in costs. Mr Newbury undertook not to trade in any securities of any company to which he acts as a geological consultant, for one year, unless he receives prior written confirmation from in-house counsel of such company, and comply with Ontario securities law.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20060220_newburym.jsp for details.

Keith L. Gillam – In March 2006, the Executive Director concluded a settlement agreement with Keith Gillam whereby he must pay \$25,191.50, plus \$3,000 in costs. Mr Gillam undertook to attend an approved corporate governance course, and not to trade in securities of any reporting issuer on which he sits as an Officer or Director, unless he receives prior written confirmation from the CFO and CEO of the reporting issuer, pending successful completion of such course.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20060310_gliiamkeith.jsp for details.

Ronald Ian Lennox -- In March 2006, the Executive Director concluded a settlement agreement with Ronald Ian Lennox whereby he must pay \$32,000, plus \$5,000 in costs. Mr Lennox undertook to attend an approved corporate governance course, and not to trade in securities of any company on which he sits as an Officer or Director, unless he receives prior written confirmation from in-house counsel of the company, pending successful completion of such course.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20060310_lennoxr.jsp for details.

MARKET MANIPULATION AND FRAUD

COURT RULINGS

ONTARIO

Jack Banks a.k.a. Jacques Benquesus – In November 2005, the Ontario Divisional Court affirmed the OSC’s decision of April 23, 2003 in which the Commission found that Banks had acted contrary to the public interest. As the chairman, president and CEO of Laser Friendly Inc., Banks had permitted LFI share certificates to be used to deceive third parties. The Court, however, allowed Banks’ appeal with respect to sanctions; set aside the sanctions; and referred the matter back to the Commission for a new hearing on sanctions. Following the Court’s decision, Banks agreed to the sanctions set out in the April 23, 2003 Order. On January 10, 2006, the OSC therefore issued a consent Order that Banks permanently cease trading in any securities; that he be permanently prohibited from acting as a director or officer of any issuer; and that he be reprimanded.

See http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20051205_osc-banksj.jsp

and http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060110_banksj.jsp for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

Nano World Projects Corporation and Robert Papalia – On June 22, 2005, a commission panel found that the respondents defrauded investors. On October 27, 2005, the panel ordered Papalia to pay \$75,000 and for 25 years not to act as a director or officer or engage in investor relations. If Papalia does not pay the monetary amount before the expiry of the orders, the orders remain outstanding. Subsequently, the panel ordered costs of \$29,766. For details see www.bcsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 648 in the search box, and go to the decision.

SETTLEMENT AGREEMENTS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Steven Elliott Clarke – On October 20, 2005, the NSSC approved a settlement agreement whereby Mr. Clarke was reprimanded and fined \$ 25,000 and \$ 10,000 in costs.

See <http://www.gov.ns.ca/nssc/docs/settlementagreementstevenclearkcoct0705.pdf> for details.

ONTARIO SECURITIES COMMISSION (OSC)

Andrew Currah, Colin Halanen, Joseph Damm, Warren Hawkins, Penny Currah, and Nicholas Weir – In November 2005, the OSC concluded settlement agreements with the respondents whereby it ordered that Mr. Currah cease trading in securities, and that exemptions will not apply to him, for 10 years (subject to certain exceptions); that he be permanently prohibited from acting as a director or officer of an issuer; and that he pay \$45,000 in costs. The OSC ordered that Mr. Halanen cease trading in securities, and that exemptions will not apply to him, for 5 years

MARKET MANIPULATION AND FRAUD

(subject to certain exceptions); that he not purchase shares on margin for 5 years; and that he pay \$15,000 in costs. Mr. Halanen undertook to complete certain workshops offered by the TSX. Mr. Hawkins was reprimanded and agreed to surrender his registration and not reapply for 5 years. The OSC ordered that Mr. Damm's registration be terminated; and that he pay \$15,000 in costs. Staff withdrew related proceedings against Penny Currah and Nicholas Weir. See http://www.osc.gov.on.ca/Enforcement/Proceedings/ENR/enr_20051121_curraha.jsp for details.

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

Diane Oslund – On October 31, 2005, Ms Oslund entered into a settlement with the BCSC for defrauding investors, unregistered trading, illegally distributing securities, and making misrepresentations. The BCSC ordered Ms. Oslund for 15 years not to sell securities, act as a director or officer and engage in investor relations. For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 655 in the search box, and go to the settlement.

Michael Alan Wilson – On February 13, 2006, Mr. Wilson entered into a settlement agreement with the BCSC for manipulating the securities of an issuer and for permitting persons to use nominee accounts for the manipulation. Mr. Wilson must pay the BCSC \$5,000, and for 5 years must not buy or sell securities, except for his own account, act as a director or officer and engage in investor relations. If he does not pay the monetary amount before the expiry of the orders, the orders remain outstanding. Mr. Wilson must complete the Conduct and Practices Handbook course within 2 years of an application for registration. For details see www.bcsc.bc.ca, type the full name of the respondent or 2006 BCSECCOM 98 in the search box, and go to the settlement.

DISCLOSURE VIOLATIONS

COURT RULINGS

ONTARIO SECURITIES COMMISSION (OSC)

Philip Services Corp. – In August 2005, the Ontario Superior Court of Justice allowed the appeal by Philip Services Corp. of the OSC decision finding that Philip had waived privilege in respect of ten documents. The Court held that the disputed documents remain privileged and may not be used or relied on by Staff as matters stand at this time. See <http://www.canlii.org/on/cas/onsc/2005/2005onsc14446.html> for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

ONTARIO SECURITIES COMMISSION (OSC)

Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton, and Peter Y. Atkinson – In January 2006, the OSC determined that this matter should be set down for a hearing on the merits commencing June 2007, subject to the individual Respondents agreeing to execute an undertaking to the Commission to abide by interim terms of a protective nature restricting their participation in the capital markets. All of the Respondents provided such an undertaking and in March 2006, the OSC issued an Order setting down the matter for a hearing on the merits commencing June 1, 2007.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060124_hollingerinc.pdf and http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060330_hollingerinc.pdf for details.

Philip Services Corp. and Robert Waxman -- In March 2006, the OSC adjourned the hearing until completion of the preliminary hearing under the Criminal Code against Mr. Waxman. He provided an Undertaking that he will refrain from acting as an officer or director of a reporting issuer pending the conclusion of the OSC proceedings.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060308_philipservices.jsp for details.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION – (OSC)

Mountain Inn at Ribbon Creek Limited Partnership, The Lodge at Kananaskis Limited Partnership, and John Pennington – In November 2005, the OSC concluded a settlement agreement with the respondents whereby Mountain and Kananaskis were ordered to pay each a \$5000 administrative penalty; immediately implement changes to procedures to ensure timely filings ; and be reprimanded. Mr. Pennington was also reprimanded. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20051116_penningtonj.jsp for details.

DISCLOSURE VIOLATIONS

Colin Soule – In November 2005, the OSC concluded a swith Mr. Colin Soule, whereby he was reprimanded and ordered to pay \$50,000 in costs, prohibited from acting as a director or officer of any reporting issuer for 3 years. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20051125_soule-colin.jsp for details.

Xplore Technologies Corp. – In January 2006, the OSC concluded a settlement agreement with Xplore Technologies whereby it was reprimanded and ordered to pay \$20,000 in costs. Xplore agreed to make a settlement payment of \$50,000 and to provide a letter of comfort to Staff. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20060123_xplore-tech.jsp for details.

Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, and John Woodcroft -- In March 2006, the OSC concluded a settlement agreement with the respondents, whereby they were reprimanded, ordered to pay \$100,000 in costs, and prohibited from acting as a director or officer of any reporting issuer for periods varying from five to twelve years. See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20060228_philipservices.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

XRAYMEDIA Inc. and Raymond Christopher Dabney – On November 15, 2005, Xraymedia and Mr. Dabney entered into a settlement agreement with the BCSC for issuing false and misleading news releases. Mr. Dabney must pay the BCSC \$30,000, and for 5 years must not sell securities, act as a director or officer and engage in investor relations. The orders are subject to conditions, including that if Mr. Dabney does not pay the monetary amount before the expiry of the orders, the orders remain outstanding. For details see www.bcsc.bc.ca , type the full name of a respondent or 2005 BCSECCOM 674 in the search box, and go to the settlement.

MISCONDUCT BY REGISTRANTS

CSA COMMISSION OR TRIBUNAL DECISIONS

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

Groupe Capital Kaufmann inc. – On January 18, 2006, the BDRVM fined Kaufmann administrative penalties of \$ 2,500 for failure to maintain the working capital required by regulation over one month in 2005, and \$3,000 for having failed to enrol in the national registration database. See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5046/en/communiqué-kaufmann-anglais-24janvier.pdf> for details.

ONTARIO SECURITIES COMMISSION – (OSC)

Francis Jason Biller – In October 2005, the OSC ordered that Mr. Biller permanently cease trading in securities (with certain exceptions), that any exemptions permanently do not apply to him, that he be permanently prohibited from being a director or officer of a registrant, and that he be prohibited from being a director or officer of an issuer other than a registrant for 10 years.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20051012_billerf.jsp (Sanctions); and http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20051208_billerfj.jsp (Reasons) for details.

Brian Peter Verbeek – In December 2005, the OSC ordered that Verbeek's registration be terminated, that he permanently cease trading in securities (except in his RRSP), that exemptions will permanently not apply to him, that he be prohibited from acting as a director or officer of any issuer; that he be reprimanded, and that he pay \$94,618.75 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20051215_verbeekbp.jsp for details.

Martin Tremblay – In January and February 2006, the OSC issued Directions freezing accounts held at Research Capital, Jones Gable, RBC Investments, and TD Waterhouse in the name of Martin Tremblay and a number of related companies. The Directions to Research Capital, Jones Gable, and TD Waterhouse were continued by Orders of the Ontario Superior Court in February and March 2006.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/OTH/cor_20060301_gablej.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/OTH/cor_20060301_tremblaym.jsp for details.

Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues) – In March 2006, the OSC ordered that all trading in the securities of the Juniper Income Fund and the Juniper Equity Growth Fund shall cease for a period of 15 days. The Order was extended until May 4, 2006.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20060323_juniper.jsp for details.

MISCONDUCT BY REGISTRANTS

SETTLEMENT AGREEMENTS

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

Investors Group Financial Services Inc. - On January 12, 2006, the Commission approved a settlement agreement with Investors Group whereby they were fined \$63,220 and \$5,000 in costs. See: <http://www.nbsc-cvmnb.ca/PDF/InvestorsGroup-SA-e.pdf> for details.

ONTARIO SECURITIES COMMISSION – (OSC)

Portus Alternative Asset Management Inc. – In January 2006, 57 Ontario-registered investment and mutual fund dealers voluntarily agreed with the OSC, the MFDA, and the IDA to terms and conditions that require the reimbursement of client referral fees to Portus investors by May 31, 2006. The terms and conditions also require the participation in regulatory studies relating to referral fee arrangements, and the adoption and compliance with practices, policies and procedures that reflect the findings of the studies. See http://www.osc.gov.on.ca/About/NewsReleases/2006/nr_20060113_osc-portus-augment-money.jsp for details.

MANITOBA SECURITIES COMMISSION – (MSC)

Bret Allan Dobbin – On January 25, 2006, the MSC approved a settlement agreement with Mr Dobbin whereby he was denied exemptions for seven years, fined \$3,000 and \$500 in costs. See http://www.msc.gov.mb.ca/orders/dobbin_2.html for details.

W.H. Stuart Mutuals Ltd. and Marilyn Dianne Stuart – On October 28, 2005, the MSC approved a settlement agreement whereby W.H. Stuart Mutuals Ltd. and Marilyn Dianne Stuart agreed to make a voluntary payment to the Treasurer of the Province of Manitoba in the amount of \$50,000.00 and reprimands were placed on their registration files. See <http://www.msc.gov.mb.ca/orders/whstuart.html> for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

TD Waterhouse Canada Inc. – On November 3, 2005, TD Waterhouse entered into a settlement agreement with the BCSC after admitting it traded securities subject to cease trade orders. TD Waterhouse must pay \$20,000 to the BCSC. For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 671 in the search box, and go to the settlement.

Martin Raymond Hall – On November 25, 2005, Mr. Hall entered into a settlement agreement with the BCSC for breaching the suitability rule and his fiduciary duties. The BCSC ordered Mr. Hall for 3 years not to sell securities, except for his own account, and placed conditions on his registration for at least 12 months. For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 700 in the search box, and go to the settlement.

MISCONDUCT BY REGISTRANTS

FX Solutions, LLC and FX Solutions Canada Inc. – On January 16, 2006, the respondents entered into a settlement agreement with the BCSC for unregistered trading. The respondents must pay \$57,500 to the BCSC and register or transfer their clients. For details see www.bcsc.bc.ca, type the full name of a respondent or 2006 BCSECCOM 37 in the search box, and go to the settlement.

Rene Co – On February 21, 2006, Mr. Co entered into a settlement agreement with the BCSC for permitting a person to use nominee accounts for the manipulation of securities of an issuer. Mr. Co must pay the BCSC \$5,000 and for 2 years must not act as a director or officer and engage in investor relations. If Mr. Co does not pay the monetary amount before the expiry of the orders, the orders remain outstanding. Mr. Co must complete the Conduct and Practices Handbook course within 2 years. For details see www.bcsc.bc.ca, type the full name of the respondent or 2006 BCSECCOM 110 in the search box, and go to the settlement.

Trevor Koenig – On March 6, 2006, Koenig entered into a settlement agreement with the BCSC for breaching the know your client rule, for permitting persons to use nominee accounts for the manipulation of Over-The-Counter Bulletin Board issuers, and for making a false and misleading statement to the commission. The BCSC ordered Mr. Koenig permanently not to buy and sell securities, except for his own account, to act as a director or officer and to engage in investor relations. For details see www.bcsc.bc.ca, type the full name of the respondent or 2006 BCSECCOM 222 in the search box, and go to the settlement.

APPEALS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Schrivier v NSSC - The Nova Scotia Court of Appeal ruled in respect to Schriver's appeal of a decision of the Nova Scotia Supreme Court which upheld a decision of the NSSC finding that there was jurisdiction under the Act to bring proceedings against an MFDA registrant under section 30(3) of the Act for violating an MFDA bylaw. The Court of Appeal also found that the standard of review of a Commission tribunal's findings was reasonableness and not correctness as found by the Supreme Court.

See www.gov.ns.ca/nssc/docs/Schrivier%20Decision%20Court%20of%20Appeal.pdf for details.

MISCELLANEOUS

COURT RULINGS

QUÉBEC

Daniel Bélanger (La Financière C.S.D.B., Les Conseillers Stratégiques D.B. and Investissements Holbec) – On March 14, 2006, Bélanger pleaded guilty to six counts of having acted as a securities adviser without being duly registered as such. Bélanger was fined \$ 90,000 by Mr. Justice Robert Sansfaçon of the Court of Québec (Criminal and penal division). See http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5229/fr/Comm15mars2006_belanger.pdf (Press release available in French only.)

Georges Benoît (Gilbert Chartrand) – On February 20, 2006, Mr Benoît pled guilty to having helped Mr Chartrand act without being duly registered. He was fined \$10,000 by the Court of Québec (Criminal and penal division). See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5145/en/communiqué-22fev2006-georges-benoit-anglais.pdf> for details.

ONTARIO

@rgentum Management and Research Corporation – In November 2005, the Ontario Court appointed A. John Page and Associate Inc. as Receiver/Manager for @rgentum and the mutual funds for which it acts as Fund Manager. The Court also extended the OSC Directions freezing all funds and securities held in the accounts of @rgentum at various financial institutions. See http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20051116_osc-argentum.jsp for details.

ALBERTA

Philip David Archer - On December 13, 2005, Mr Archer was convicted on two counts of violating an earlier cease trade order issued by the ASC. He was sentenced to 60 days conditional sentence, prohibited from trading for 10 years in securities and denied the use of exemptions for 10 years. See http://www.albertasecurities.com/dms/1404/11952/13481_ARCHER, Philip David - Court Decision - CTO - 2005-11-14 - 1979320.pdf for details.

BRITISH COLUMBIA

John W. S. Roeder –In 1995, a commission panel banned Roeder for 17 years from the market. In 2000, Roeder applied to the Commission to have the orders revoked, alleging that BCSC staff counsel acted with a conflict of interest at the hearing. On May 20, 2003, a commission panel heard Roeder’s application and dismissed it because of unjustified delay. The panel did not consider the merits of the conflict of interest allegations. Roeder appealed to the Court of Appeal and on April 4, 2005, in a unanimous judgment, the court dismissed the appeal, finding that the panel acted reasonably on making its 1995 orders.

MISCELLANEOUS

While the appeal was underway, in March 2003, Roeder started another action. On November 30, 2005, the court heard the defendants' application to dismiss the action. On December 21, 2005, the court dismissed the action as an abuse of process. Roeder is appealing. For details see www.bcsc.bc.ca, type Roeder's full name in the search box, and go to the 1995 and 2003 Commission decisions. For details of the court matters, see www.courts.gov.bc.ca.

Michael Lee Seifert – On December 9, 1999, the BCSC and Seifert entered into a settlement. Seifert agreed to pay the commission \$450,000. He paid \$225,000. The commission filed an action in the Supreme Court for the balance and Seifert counterclaimed for the amount he paid. The parties put a series of questions to the court. On February 3, 2006, the court upheld the jurisdiction of the executive director to resolve the allegations against Seifert without a hearing by entering into a settlement, which required Seifert to pay money to the commission. The court held that the amounts for penalty and costs can be greater than a commission panel could order following a hearing. Seifert is appealing.

For details of the settlement, see www.bcsc.bc.ca and type Seifert's full name in the search box. For details of the court matter, see www.courts.gov.bc.ca, and type in 2006 BCSC 174.

CSA COMMISSION OR TRIBUNAL DECISIONS

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

Zenith Stable Value Growth Fund (“Zenith Fund”) (Conseillers en valeurs Planiges inc. and Denis Patry) – On January 27, 2006, the BDRVM recommended that the Minister of Finance order the winding-up of the assets of the Zenith Fund and appoint a liquidator. On February 9, 2006, the Minister of Finance ordered the liquidation of the assets of the Zenith Fund and appointed André Giroux, of the firm André Giroux Conseils inc., as liquidator. See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5104/en/communiqué-13fev2006-zenith-anglais.pdf> and <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5010/en/communiqué-liquidation-zenith-13-01-06-anglais.pdf> for details.

Stevens Demers (Enviromondial inc.) – On February 28, 2006, the BDRVM prohibited Demers from acting as a director or senior executive. Mr Demers had pled guilty in 2004 to having helped Enviromondial inc. distribute its securities illegally and found guilty the same year of similar infractions to the Securities Act by the Court of Québec (Criminal and penal division).

See http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-5193/fr/Comm2mars2006_stevendemers.pdf for details. (Press release available in French only.)

SETTLEMENT AGREEMENTS

ONTARIO

Christopher Freeman – In March 2006, the OSC approved a settlement agreement whereby Mr. Freeman must pay \$7,000 in costs. Mr Freeman undertook to: (i) file insider reports regarding the subject transactions within 10 days, containing all of the applicable required information and the name of the person or company that owned the securities over which he had control or direction; (ii) pay any late fees attributable to such filings; (iii) transfer any remaining shares of Interquest presently registered to him, in trust, to a non-insider trustee or to the beneficial owner directly within 10 days (or 30 days with respect to two specific share certificates), and to file any related insider reports regarding the transfers within 10 days of the transfer; (iv) not act as a trustee for securities of an Ontario reporting issuer where he is an insider of the issuer unless an insider report is filed by him in respect of the transaction; and (v) disclose and verify the names of any beneficial owners of securities held in trust by him in an investment account in Ontario maintained by him.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20060302_freemanc.jsp for details.

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Blois R. Colpitts - A settlement agreement entered into by staff of the Commission and the Respondent was approved by the Commission. The Respondent was a barrister and solicitor, lead director and chair of the audit committee of Knowledge House Inc.. In that capacity he became aware of activities by persons in a special relationship to Knowledge House Inc. which were contrary to the public interest. A voluntary payment in the amount of \$ 25,000.00 and costs in the amount of \$ 25,000.00 were imposed together with certain administrative penalties.

See: <http://www.gov.ns.ca/nssc/docs/colpittsfinalorder23march06.pdf> for details.

MANITOBA SECURITIES COMMISSION (MSC)

MRS Trust Company – On January 11, 2006, the MSC approved a settlement agreement with MRS Trust Company in connection with transactions involving Canadian controlled private corporations. MRS Trust Company agreed to make a voluntary payment in the amount of \$35,000.00 to the Treasurer of the Province of Manitoba.

See <http://www.msc.gov.mb.ca/orders/mrstrust.html> for details.

RECIPROCAL ORDERS

MANITOBA SECURITIES COMMISSION (MSC)

James Nelson McCarney and 526053 B.C. Ltd. – On January 25, 2006 the MSC issued an order against McCarney and 526053, reciprocating a BCSC order. The MSC Order prohibits them from purchasing securities and denies them exemptions until the later of May 30, 2025 and of 20 years from the date McCarney pays \$100,000 to the BCSC. As to Mr McCarney alone, the Commission further ordered that he resign and be prohibited from being a director or officer of any issuer and be prohibited from investor relations activities, for the same period of time. Exceptions were made for McCarney for trading and purchasing securities in an account in his name and for being a director and officer of 550258 B.C. Ltd. and 550255 B.C. Ltd.

See http://www.msc.gov.mb.ca/orders/mccarney_2.html for details.

ALBERTA SECURITIES COMMISSION (ASC)

Paul Larry O'Connor - On December 14, 2005, the ASC applied the non-monetary sanctions imposed against Mr O'Connor earlier by the BCSC. He was ordered to permanently cease trading in any security, denied exemptions, and prohibited from acting as a director or officer of any issuer.

See [http://www.albertasecurities.com/dms/1404/11952/13488_O_CONNOR, Paul Larry - DECISION - 2005-12-14 - 2029061.pdf](http://www.albertasecurities.com/dms/1404/11952/13488_O_CONNOR,_Paul_Larry_-_DECISION_-_2005-12-14_-_2029061.pdf) for details.

Michael Lee Mitton - On March 23, 2006, the ASC applied the non-monetary sanctions imposed by the BCSC. He was ordered to permanently cease trading in or purchasing securities, denied exemptions and prohibited from acting as a director or officer of any issuer.

See [http://www.albertasecurities.com/dms/1404/13521/13830_MITTON, Michael Lee - DEC - 2006-03-23 - 2111210_v1.pdf](http://www.albertasecurities.com/dms/1404/13521/13830_MITTON,_Michael_Lee_-_DEC_-_2006-03-23_-_2111210_v1.pdf) for details.

SELF-REGULATORY ORGANIZATIONS

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

ONTARIO

Joseph Van Der Velden (“Van Der Velden”) and Andrew Stokman (“Stokman”)– On October 14, 2005, the MFDA found that Van Der Velden and Stokman engaged in securities related business that was not carried on through the Member, that they accepted from clients and failed to account for \$2.15 million and \$1 million respectively, and that they preferred their own interests to those of their clients. The MFDA ordered that they be permanently prohibited from conducting securities related business, that Van Der Velden pay a fine of \$500,000 and Stokman pay a fine of \$75,000. See <http://www.mfda.ca/enforcement/hearings05/Decision200507.pdf> for details.

Stephan Headley (“Headley”) – On February 21, 2006, the MFDA found that Headley misappropriated \$155,000 from two clients that he subsequently returned and that he failed to cooperate with the MFDA during an investigation. The MFDA ordered that he be permanently prohibited from conducting securities related business, pay a fine of \$150,000 and costs of \$7,500.

See <http://www.mfda.ca/enforcement/hearings05/Decision200509.pdf> for details.

ALBERTA

Robin Andersen (“Andersen”) – On January 30, 2006, the MFDA found that Andersen misappropriated \$362,000 from clients that he has since partially repaid and that he processed trades in client accounts without obtaining instructions. The MFDA ordered that he be permanently prohibited from conducting securities related business and pay a fine of \$200,000. See <http://www.mfda.ca/enforcement/hearings05/Decision200508.pdf> for details.

MARKET REGULATION SERVICES INC. (RS INC.)

ONTARIO

Ricardo Mashregi – On October 14, 2005, RS Inc. approved a settlement agreement with Mr. Mashregi whereby he admitted that he engaged in conduct inconsistent with just and equitable principles of trade. Mr. Mashregi agreed to pay a fine of \$50,000 and costs of \$10,000.

Mark Ellis and Keith Leslie Leonard – On October 19, 2005, RS Inc. approved a settlement agreement with each of Messrs. Ellis and Leonard. Under the settlement agreements, they admitted that they failed to fully comply with their trading supervision obligations. Each agreed to pay a fine of \$15,000 and costs of \$6,000.

Northern Securities Inc., Victor Alboini and Christopher Shaule – On October 20, 2005, RS Inc. issued a Notice of Hearing alleging that Northern Securities Inc. failed to comply with its trading supervision obligations, conducted an improper off-marketplace trade, failed to comply with its best price obligation and failed to properly mark trades.

SELF-REGULATORY ORGANIZATIONS

RS inc. also alleged that Messrs. Alboini and Shaule failed to comply with their trading supervision obligations. The hearing has yet to be scheduled.

Ian Scott Douglas – On December 14, 2005, RS Inc., after an uncontested hearing, found that Mr. Douglas engaged in conduct inconsistent with just and equitable principles of trade. Mr. Douglas was ordered to pay a fine of \$30,000 and costs of \$15,000.

BRITISH COLUMBIA

Dale Alfred Michaud – On 11 January 2006, RS Inc. approved a settlement agreement in which Michaud, a trader with Canaccord Capital Corporation in Vancouver, admitted acting contrary to the just and equitable principles of trade. He agreed to pay a \$15,000 fine, \$10,000 in costs and disgorgement. As of the date of this report, he has paid the full monetary amount.

Margaret Coleman and Judy Koochin – In January 2006, RS Inc. and the respondents, investment advisors with CIBC World Markets in Calgary, AB, reached a settlement agreement in which the two respondents admitted that they acted contrary to the just and equitable principles of trade. Coleman agreed to pay a \$150,000 fine and Koochin agreed to pay a \$75,000 fine. Each agreed to restrictions on their marketplace access and other remedial measures and each agreed to pay costs totalling \$19,687.50. The Settlement Hearing was scheduled to occur on 4 April 2006, after the coverage of this report.

Luc St. Pierre – On 28 February 2006, RS Inc. issued an Offer of Settlement to St. Pierre, an investment advisor with Union Securities Ltd. in Montreal, alleging that he committed two acts of market manipulation under UMIR 2.2. St. Pierre rejected the Offer. RS has scheduled a contested hearing to begin on Monday, 28 August 2006 in Montreal, PQ.

Alfred Gregorian – RS Inc. reached a settlement with Alfred Gregorian, a former investment advisors with Research Capital Corp. in Vancouver, in which he admitted to participating in manipulative and deceptive trading, contrary to UMIR 2.2. He agreed to pay a \$55,250 fine and a suspension of access for 5 years. The Settlement Hearing was scheduled to take place on 12 April 2006.

Research Capital Corporation – RS Inc. reached a separate settlement with Research Capital Corporation in which it acknowledged that it failed to supervise Alfred Gregorian properly and failed to take sufficient supervisory steps to detect or prevent an alleged market manipulation conducted by Gregorian. Research paid \$135,000 in costs and agreed to undertake a number of remedial measures to improve its compliance systems. The Settlement Hearing was scheduled to take place on 28 April 2006.

SELF-REGULATORY ORGANIZATIONS

INVESTMENT DEALERS ASSOCIATION (IDA)

QUEBEC

LVM Canada Ltée – On March 3, 2006 a Hearing Panel accepted a settlement agreement LVM Canada Ltée was fined \$13,921 and the panel ordered the termination of its membership in the Association. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Resolution Capital Inc., Eric English and Gaston English – On January 11, 2006 a Hearing Panel was fined \$51,729.83. Gaston English has been permanently prohibited from acting in any registered capacity with the IDA and Eric English has been suspended from approval by the Association for a period of 3 years. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

iForum Securities Inc. – In a decision deeming that the financial and operating difficulties of iForum Securities Inc. presented and imminent risk that was prejudicial to the public, the IDA or the other members of the IDA, a Hearing Panel suspended its membership effective December 1, 2005. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

ONTARIO

Janet Beatrice Kim – On February 14, 2006 a Hearing panel approved a settlement agreement with Ms. Kim whereby she was fined \$15,000 and \$10,000 in costs, prohibited from registration approval with any Member firm for a period of 6 months, must write the Conduct and Practices examination for Securities Industry Professionals, and be strictly supervised for 12 months. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Robert Ernest Leo Hart – On January 10, 2006, a Hearing Panel fined Mr Hart \$1.3 million and \$40,907 in costs, and permanently prohibited him from approval in any registered capacity with a Member of the Association. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details

Sean Shanahan, Stephen Katmarian & Nicole Brewster – On January 10, 2006, a Hearing fined Mr Shanahan \$325,000, ordered disgorgement of \$50,009.50, costs of \$107,344.08 and permanently barred him from approval with the Association. Mr. Katmarian was fined \$275,000, disgorgement of \$47,983.50, costs of \$85,875.27, and was banned from registration in any capacity with the Association for 15 years. Ms. Brewster was banned from registration with the Association for 5 years and fined \$25,000 and \$21,468.80 in costs. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

James Michael Brennan – On December 9, 2005 a Hearing panel approved a settlement agreement with Mr. Brennan whereby he was fined \$275,000 and costs of \$15,000, and permanently barred from approval with the Association. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

William Edward Markell – On November 30, 2005 a Hearing Panel permanently prohibited Mr Markell from registration in any capacity with the Association, fined him \$150,000.00 and \$41,246.47 in costs. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Research Capital Corporation and Patrick Gerald Walsh – On November 25, 2005 a Hearing Panel approved a settlement agreement whereby Research Capital and Mr. Walsh admitted to inadequate supervision and compliance, were fined \$160,000 and \$40,000 in costs. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Barry (Sai-Kwong) Leung – On November 4, 2005 a Hearing panel approved a settlement agreement with Mr. Leung whereby he was fined \$100,000 and \$20,000 in costs, and was suspended for five years. Upon completion of his suspension and as a condition of re-approval Mr. Leung must successfully re-write the Conduct and Practices Handbook exam and be subject to 12 months of strict supervision. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Union Securities Ltd. – On July 26, 2005, an IDA Hearing Panel appointed Grant Thorton LLP as compliance monitor for Union Securities Inc. The appointment was extended on October 17, 2005 until December 30, 2005. The Association did not seek to extend the Order a second time as the terms of the Order were substantially fulfilled. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

SASKATCHEWAN

Wade Douglas MacBain, Karl Edward Neufeld and Frederick Henry Smith – On February 6, 2006, the Saskatchewan Financial Services Commission, stayed the discipline hearings in the matters of Mr. MacBain and Mr. Neufeld. The Commission dismissed Mr. Smith's appeal and ordered that his matter proceed to a discipline hearing. The Association has filed a Notice of Motion/Appeal. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

ALBERTA

Robert De Long – On September 20, 2005 a Hearing Panel accepted a settlement agreement whereby Mr. De Long was fined \$10,000 and \$3,500 in costs. He was also required to complete 18 months of close supervision, (which was satisfied during the period of February 24, 2004– August 24, 2005) and re-write and pass the Conduct and Practices Handbook exam within 6 months of the effective date of the settlement agreement. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Darrell Donald Osadchuk – On November 20, 2005 a Hearing Panel accepted a settlement agreement whereby Mr. Osadchuk was fined \$40,000 and costs \$10,000. He was also permanently prohibited from approval with the Association. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Jerry Russell Johnson – On October 21, 2005 a Hearing Panel found that Mr. Johnson admitted that he borrowed approximately \$400,000 from clients of the Member firm, without ever advising his employer of that fact. The Hearing Panel also found that Mr. Johnson acknowledged that since sometime in 2003 he had borrowed a total of approximately \$1 million in this manner, mostly from people in Lethbridge, Alberta. Mr. Johnson acknowledged that the people who lent him money were not aware that he had been making the payments using money borrowed from other such lenders. He also acknowledged that the people who had lent him money were not aware that he had invested the bulk of that money with an entity called "Fast Market Ltd." which has offices in Miami, Florida and

Nassau, Bahamas and promises returns of up to 2.5% per day. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

BRITISH COLUMBIA

Zygmunt Janiewicz – On February 3, 2006, a Hearing Panel fined Mr Janiewicz \$50,000 and directed him to pay disgorgement in the amount of \$8,345 USD. Mr. Janiewicz was also suspended from approval with the Association for a period of 6 months, required to successfully complete a 12 month period of close supervision upon his re-approval and rewrite the Conduct and Practices Handbook course.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Lawrence Edward Boscoe – On November 9, 2005 a Hearing Panel approved a settlement agreement whereby Mr. Boscoe was suspended for one year, and as a condition of his re-approval must complete the Conduct and Practices Handbook course. Mr. Boscoe must also pay a fine in the amount of \$25,000 as well as \$5,000 towards the Association's costs in this matter. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

David Patrick Joseph Yanor – On October 28, 2005, a Hearing Panel fined Mr Yanor \$30,000 and costs of \$15,000. Mr. Yanor was suspended from the Association for 1 year. As a condition of his re-approval, Mr. Yanor must complete the Conduct and Practices Handbook Course as well as the Canadian Securities Course. He will also be subject to strict supervision for the first 12 months of his re-approval.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

John Frederick Brighten – On October 18, 2005 a Hearing Panel approved a settlement agreement whereby Mr. Brighten was fined \$10,000 and \$2,500 in costs. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

John Frederick Pryde – On September 26, 2005 a Hearing panel approved a settlement agreement with Mr. Pryde whereby he agreed to pay \$20,000 in costs, a permanent ban from approval by the Association subject to his right to reapply for approval pursuant to the rules and by-laws of the Association and that he will cooperate in any further investigations and hearings into the matters that gave rise to these proceedings that the Association may conduct.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

INQUIRIES:

**CSA SECRETARIAT
800, SQUARE VICTORIA
SUITE 4130
MONTRÉAL (QUÉBEC)
H4Z 1J2
TÉL. : 514-864-9510
FAX : 514-864-9512
CSA-ACVM-SECRETARIAT@LAUTORITE.QC.CA**