

**Report on
Enforcement Activities**
From October 1, 2006 to March 31, 2007



**Canadian Securities
Administrators**

**Autorités canadiennes
en valeurs mobilières**

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INTRODUCTION

This report provides information about enforcement activity undertaken by members of the Canadian Securities Administrators (CSA) during the 6 months ended March 31, 2007. The CSA is the council of the securities regulators of Canada's provinces and territories whose objectives are to improve, coordinate and harmonize regulation of the Canadian capital markets. References in this report to the CSA include reference to its member regulators and associated tribunals.

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, disgorgement and payment of costs. Enforcement personnel often negotiate settlement agreements under which those alleged to have contravened securities laws submit to agreed sanctions. In some jurisdictions settlement agreements are approved by staff; in other cases they are presented for the approval of the local securities commission or tribunal.

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 (CSF) financial planners and some securities intermediaries 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. The Montréal Exchange Inc. (MX), through its Regulatory Division, is responsible for regulating its markets and participants. It may impose sanctions in case of contraventions to its rules.

POLICE

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

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 2007

From October 1, 2006 to March 31, 2007, CSA members pursued 65 new enforcement matters. During the same period, 69 cases resulted in sanctioning orders or settlements that often included several persons or companies. During the same period, self-regulatory organizations (SROs: RS, MFDA, IDA, CSF) concluded 9 settlement agreements, and ordered sanctions in 15 cases. The MX concluded 9 settlement agreements and ordered sanctions in 1 case. This activity is summarized in the following tables and graphs.

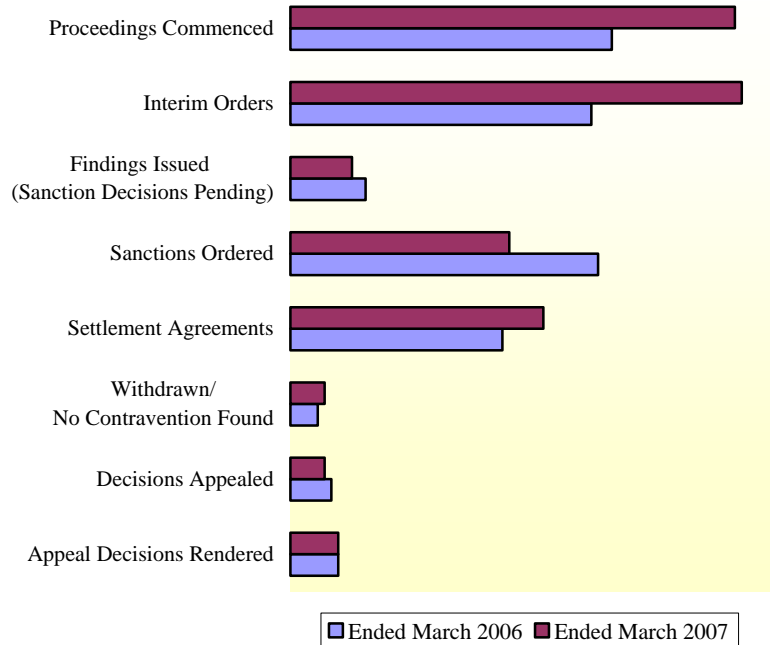
HEARING AND ENFORCEMENT JOINT ACTIONS

In some cases, members act jointly in approving settlements and taking enforcement action. In others, they also reciprocate decisions. Reciprocal orders broaden the effect of these decisions to other jurisdictions and are an effective way of prohibiting a person banned in one jurisdiction from engaging in inappropriate conduct in another. In this report, there are two such cases, James Harvey Cameron and Venture Trading Inc. and Thomas Kim Seto. A number of enforcement matters are explained in more detail in the sections that follow.

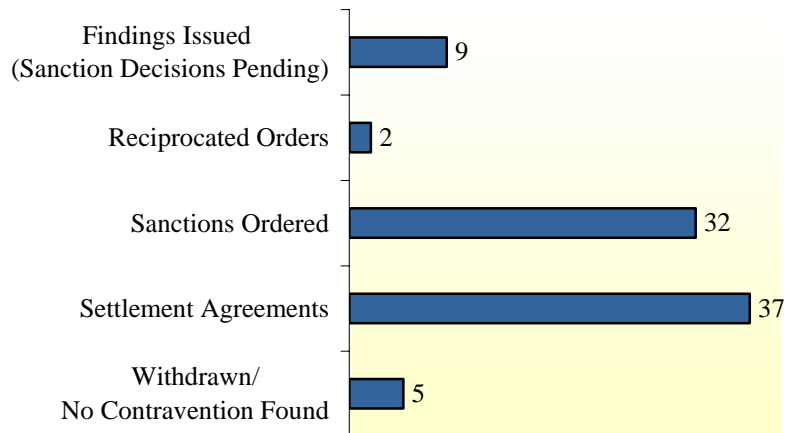
INTRODUCTION

CSA Enforcement Activities for the Period from October 1, 2006 to March 31, 2007		
Enforcement Activities		Number
Proceedings commenced ¹		65
Interim Order ²		66
Matters Concluded	Reciprocated Orders	2
	Findings Issued (Sanction Decision Pending)	9
	Sanctions Ordered	32
	Settlement Agreements	37
	Withdrawn/No Contravention Found	5
	Decisions Appealed	5
Appeals	Appeal Decision Rendered	7

Comparative Table for the Period of 6 Months ended March 2006 versus 6 months ended March 2007



CSA Enforcement Activities - Matters Concluded (October 1, 2006 to March 31, 2007)



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, 2006 to March 31, 2007			
		Sentence	Fine
Illegal Distribution	Alexandre Lauzière		\$25,500.00
Illegal Distribution	Robert E. Carroll		\$42,000.00
Illegal Distribution	Claude Lavigne		\$155,000.00
Illegal Distribution	Alain Zubrzycki		\$10,000.00
Illegal Distribution	Emilia von Anhalt	Two years less a day of imprisonment	
Illegal Distribution	Jurgen von Anhalt	15 months of imprisonment	
Insider Trading	Claude Vézeau		\$5,000.00
Disclosure Violations	Marie-Josée Girard		\$39,000.00
Disclosure Violations	Martial Rolland		\$13,200.00
Disclosure Violations	Robert Jones		\$8,400.00
Miscellaneous	Gilbert Chartrand		\$126,000.00
Miscellaneous	Sheldon Stephen Zelitt	Four years of imprisonment	\$1,000,000.00
Total:			\$1,424,100.00

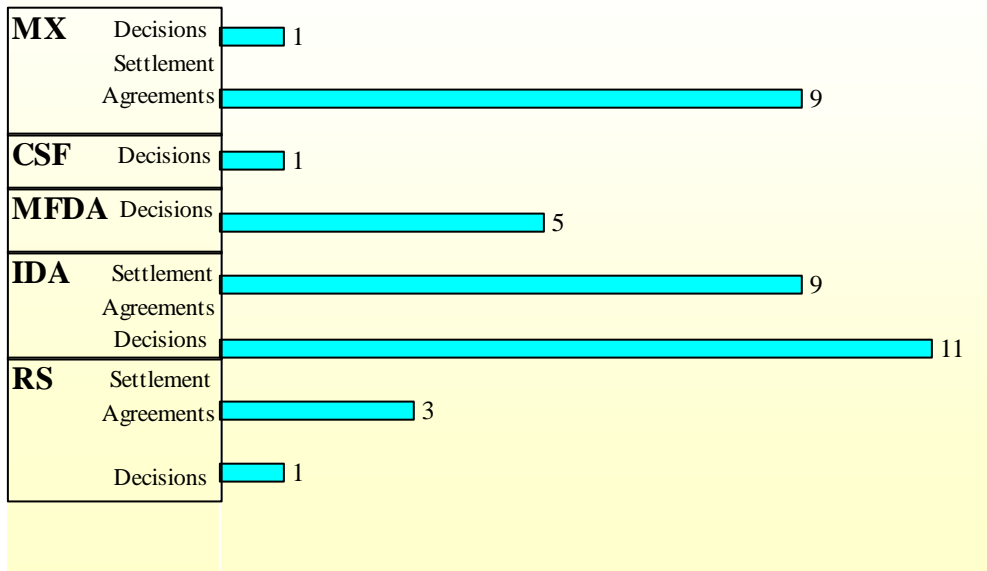
Securities Regulators Fines, Disgorgements and Costs for the period from October 1, 2006 to March 31, 2007			
	Fine	Disgorgement	Costs
Illegal Distribution	\$1,672,445.00	\$20,000.00	\$216,735.00
Insider Trading	\$150,000.00		\$81,500.00
Market Manipulation and Fraud	\$35,694.00		\$20,000.00
Disclosure Violations	\$405,000.00		\$102,500.00
Misconduct by Registrants	\$60,350.00		\$5,600.00
Miscellaneous	\$60,000.00		\$70,000.00
Total:	\$2,383,489.00	\$20,000.00	\$496,335.00

SROs and Exchanges Fines, Disgorgements and Costs for the period from October 1, 2006 to March 31, 2007			
	Fine	Disgorgement	Costs
MFDA	\$310,000.00		\$22,500.00
RS	\$636,167.00		\$102,000.00
IDA	\$1,410,000.00	\$32,918.00	\$220,600.00
CSF	\$3,000.00		
MX	\$175,000.00		\$40,483.29
Total:	\$2,534,167.00	\$32,918.00	\$385,583.29

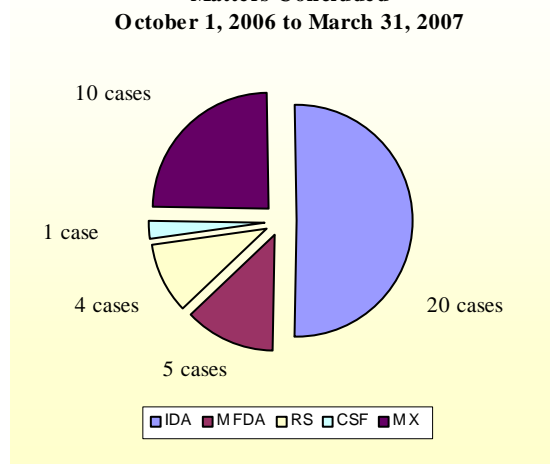
INTRODUCTION

SELF-REGULATORY ORGANIZATIONS (SROs) AND EXCHANGE ACTIVITIES

**SROs and Exchange - Matters Concluded
October 1, 2006 to March 31, 2007**



**SROs and Exchange -
Matters Concluded
October 1, 2006 to March 31, 2007**



ILLEGAL DISTRIBUTION

COURT RULINGS

PRINCE EDWARD ISLAND

Limelight Entertainment Inc., Carlos Da Silva, David Campbell – On January 11, 2007, the Supreme Court of Prince Edward Island (Trial Division) issued a permanent injunction against the respondents Limelight Entertainment Inc., Carlos Da Silva and David Campbell from trading in securities in the jurisdiction. The respondents were engaged in the solicitation of investment in Prince Edward Island without filing a prospectus or being registered.

QUÉBEC

Alexandre Lauzière (Forex Canada NTS inc.) – On October 3, 2006, Alexandre Lauzière was found guilty of having acted as a securities dealer without being registered and of having helped Forex Canada NTS inc. to illegally distribute its securities. Mr. Justice André Perreault of the Court of Québec (Criminal and penal division) ordered Lauzière to pay a fine of \$25,500, plus costs.

See <http://www.lautorite.qc.ca/pdf/com20oct--alexandre-lauzière-ang.pdf> for details.

Robert E. Carroll (World Blood Bank inc.) – On October 16, 2006, Robert E. Carroll was found guilty of having acted as a securities dealer without being registered and of having helped the World Blood Bank inc. to illegally distribute its securities. Mr. Justice Robert Lanctôt of the Court of Québec (Criminal and penal division) ordered Carroll to pay a fine of \$42,000, plus costs.

See <http://www.lautorite.qc.ca/pdf/com19oct2006-robert-e-carroll-ang.pdf> for details.

Claude Lavigne (Clubs d'investissement HT, HT 101, HT 102, HT 103, Ht 105 and HT 106) – On January 10, 2007, Claude Lavigne was found guilty of having helped the Clubs d'investissement HT, HT 101, HT 102, HT 103, HT 105 and HT 106 to illegally distribute their securities. Mr. Justice Jean-Pierre Bonin of the Court of Québec (Criminal and penal division) ordered Lavigne to pay a fine of \$155,000, plus costs.

See <http://www.lautorite.qc.ca/pdf/com11janv2007-claude-lavigne-ang.pdf> for details.

Alain Zubrzycki (RessourcesCanspar inc.) – On December 14, 2006, Alain Zubrzycki pleaded guilty to having helped Ressources Canspar inc. distribute illegally its securities. Zubrzycki was condemned to pay a fine of \$10,000. See <http://www.lautorite.qc.ca/pdf/com19dec2006-zubrzycki-ang.pdf> for details.

ONTARIO

Emilia von Anhalt and Jurgen von Anhalt – On January 30, 2007, Justice J.C. Moore of the Ontario Court of Justice convicted Emilia von Anhalt and Jurgen von Anhalt of contravening the Ontario Securities Act. Emilia von Anhalt was convicted of 38 counts individually, and Emilia von Anhalt and Jurgen von Anhalt were convicted jointly of 27 counts. Emilia von Anhalt was convicted of trading securities while unregistered, trading securities without a prospectus, and violating the terms of an OSC order (by trading securities of Lydia Diamond Exploration of Canada, by acting as a director and officer of Lydia, and by failing to resign as a director or officer of any issuer). She was also convicted of making prohibited representations with the intention of effecting a trade of securities. Jurgen von Anhalt was convicted of trading securities while unregistered, trading securities without a prospectus, and violating the terms of an OSC order (by trading Lydia

ILLEGAL DISTRIBUTION

securities and by failing to resign as a director or officer of any issuer). On March 19, 2007, Justice Moore sentenced Emilia von Anhalt to two years less a day imprisonment and Jurgen von Anhalt to 15 months imprisonment. See http://www.osc.gov.on.ca/Media/NewsReleases/2007/nr_20070130_osc-vonanhalt.jsp; and http://www.osc.gov.on.ca/Media/NewsReleases/2007/nr_20070319_osc-vonanhalt.jsp for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

Jabez Financial Services Inc., JFS Credit Union, JFS-Inc.net, Keith Haley, Normand LeBlanc and Quintin Sponagle – On January 11, 2007, the NBSC ordered that all trading in securities by the respondents, their officers, directors, employees and/or agent cease permanently and that the respondents be permanently banned from benefiting from any exemption of the New Brunswick Securities Act. The respondents were promoting an Internet based scheme offering returns from 2 to 10% per month, without being registered or a prospectus having been filed.

See http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Jabez-ConsentOrder-11-Jan-07-e.pdf for details.

ONTARIO SECURITIES COMMISSION (OSC)

Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd., and Camdeton Trading S.A.- On December 7, 2006, the OSC issued a temporary order that all trading in securities of the respondents shall cease; that trading in any securities by the respondents shall cease; and that no exemptions of the Ontario Securities Act shall apply to the respondents. On December 20, 2006, the temporary order was continued until June 14, 2007. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20061220_sabourinp.jsp for details.

MANITOBA SECURITIES COMMISSION (MSC)

Robert Syme – On February 12, 2007, the MSC issued a denial of exemptions order against Robert Syme (“Syme”). On March 12, 2007 the MSC ordered Syme to pay compensation for financial loss to three individuals in the amounts of \$10,000, \$5,000 and \$5,000 respectively.

See http://www.msc.gov.mb.ca/legal_docs/orders/syme.html and

See http://www.msc.gov.mb.ca/legal_docs/orders/syme_2.html for details.

SASKATCHEWAN FINANCIAL SERVICES COMMISSION (SFSC)

Meridian Investment Group S.A. Frank Grant, Timothy Bell - On March 6, 2007, the Director ordered the respondents to temporarily cease all trading of securities and decided that the respondents could not benefit from any exemption of the Saskatchewan Securities Act. Meridian is based in San Jose, Costa Rica, and the individual respondents solicited investments from Saskatchewan residents in gold and silver options. None of the respondents are registered in Saskatchewan, and as a result violated the Saskatchewan securities laws. The temporary order was extended on March 21, 2007 and is still in effect.

See http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Temporary/meridian-march06-07.pdf, and

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http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Extending/meridian-ext-march21-07.pdf for details.

Hartford Capital Management S.A., Bruce White - On March 6, 2007, the Director ordered the respondents to temporarily cease all trading of securities and decided that the respondents could not benefit from any exemption of the Saskatchewan Securities Act. Hartford is based in Panama City, Panama. The individual respondents solicited investments from Saskatchewan residents in gold and silver and other commodity options. None of the respondents are registered in Saskatchewan, and as a result violated the Saskatchewan securities laws. The temporary order was extended on March 21, 2007 and is still in effect.

See http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Temporary/hartford-march06-07.pdf, and http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Extending/hartford-ext-march21-07.pdf for details.

Arial Trading L.L.C. , Don Brasfield, John Reece, Rick Saxon, George Dizcarra - On March 6, 2007, the Director ordered the respondents to temporarily cease all trading of securities and decided that the respondents could not benefit from any exemption of the Saskatchewan Securities Act. Arial Trading is based in San Jose, Costa Rica. The individual respondents solicited investments from Saskatchewan residents in oil and gas options. None of the respondents are registered in Saskatchewan, and as a result violated the Saskatchewan securities laws. The temporary order was extended on March 21, 2007 and is still in effect.

See http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Temporary/arial-march06-07.pdf, and http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Extending/arial-ext-march21-07.pdf for details.

Bruce Kirkpatrick, Jeffery Manz – On March 19, 2007, the Director ordered the respondents to temporarily cease all trading of securities and decided that the respondents could not benefit from any exemption of the Saskatchewan Securities Act. The respondents were identified as acting on behalf of Arial Trading, and were based in San Jose, Costa Rica. The individual respondents solicited investments from Saskatchewan residents in oil and gasoline options. None of the respondents are registered in Saskatchewan, and as a result violated the Saskatchewan securities laws. The temporary order was extended on April 3, 2007 and is still in effect.

See http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2007_enf/Temporary/arial-kirkpatrick-manz-march19-07.pdf and <http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/ext-arial-kirkpatrick-manz-April%203-07.pdf>, for details.

ALBERTA SECURITIES COMMISSION (ASC)

526053 B.C. Ltd., James Nelson McCarney, Trevor William Park, Brent Gordon Edgson, Terry Leong and William Douglas Henderson - On November 16, 2006, the ASC sanctioned the respondents for the illegal distribution of the corporation's securities and McCarney for making prohibited representations. The corporation was ordered for 20 years to cease trading in securities, denied the use of exemptions, and ordered to pay \$5,000 towards costs. McCarney was ordered for 20 years to cease trading in securities (except for certain trading for his own account), denied the use of exemptions, prohibited from serving as an officer or director of any issuer (with specific exceptions) and ordered to pay an administrative penalty of \$75,000 and \$30,000 towards costs. Edgson and Henderson were ordered for 10 years to cease trading in securities (except for certain trading for their own account), denied the use of exemptions and ordered to pay an administrative penalty of \$25,000, \$20,000 towards costs in Edgson's case, and \$10,000 towards costs in Henderson's case. Leong was ordered for 10 years to cease trading in securities (except for certain trading for his own account),

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denied the use of exemptions and ordered to pay an administrative penalty of \$35,000 and \$15,000 towards costs.

See [http://www.albertasecurities.com/dms/1404/13521/14907_526053_B.C. LTD. - DEC - 2006-11-16 - 2310832_v5.pdf](http://www.albertasecurities.com/dms/1404/13521/14907_526053_B.C._LTD._-DEC_-2006-11-16_-2310832_v5.pdf) for details.

Hampton Court Resources Inc., Robert Andrew McPherson, William Blair Buzan, and Robert John Sellars - On November 28, 2006, the ASC sanctioned the first three respondents for illegal trades, illegal distribution of securities and Sellars for making a prohibited representation. The corporation was ordered for 10 years to cease trading in securities and denied exemptions. McPherson was ordered for 8 years to cease trading in and purchasing securities (with a limited exception for personal trading), denied the use of exemptions, prohibited from acting as a director or officer of any issuer, and ordered to pay an administrative penalty of \$20,000 and \$10,000 towards costs. Buzan and Sellars were ordered for 2 years to cease trading in and purchasing securities (with the same exception), denied the use of exemptions, and ordered to pay an administrative penalty of \$12,000 and \$5,000 towards costs.

See [http://www.albertasecurities.com/dms/1404/13521/14978 Hampton Court Resources Inc. - DEC - 2006-11-28 - 2288388_v8.pdf](http://www.albertasecurities.com/dms/1404/13521/14978_Hampton_Court_Resources_Inc._-DEC_-2006-11-28_-2288388_v8.pdf) for details.

Jerry Russell Johnson - On January 17, 2007, the ASC found that the respondent had engaged in an illegal distribution of securities, acted as an unregistered financial advisor and acted contrary to the terms of his registration as a sales person. The respondent was permanently prohibited from trading or purchasing securities, denied the use of exemptions, prohibited from acting as a director or officer of any issuer, and ordered to pay a \$100,000 administrative penalty and \$10,000 towards costs.

See [http://www.albertasecurities.com/dms/1404/15181/15285 JOHNSON, Jerry Russell - ORDER - 2007-01-17 - 2371816V3.pdf](http://www.albertasecurities.com/dms/1404/15181/15285_JOHNSON,_Jerry_Russell_-ORDER_-2007-01-17_-2371816V3.pdf) for details.

Howard Hills - On January 23, 2007, the ASC found that the respondent engaged in an illegal distribution of securities and was not registered to trade in securities. The respondent was ordered for 10 years to cease trading or purchasing securities (except as principal with his own funds through a registrant), prohibited from acting as a director or officer of any issuer, and ordered to pay a \$50,000 administrative penalty and \$40,000 towards costs. See [http://www.albertasecurities.com/dms/1404/15181/15346 HILLS, Howard - DEC - 2007-01-23 - 2391117_v4.pdf](http://www.albertasecurities.com/dms/1404/15181/15346_HILLS,_Howard_-DEC_-2007-01-23_-2391117_v4.pdf) for details.

Euston Capital Corp., George Schwartz, Harry Gray, Bill Teveruchte, Carlos Carvao, Brent Madinger, Peter Robinson and Jackie Thomas - On February 14, 2007, the ASC found that the respondents had engaged in illegal trades and distributions of securities, were not registered to trade in securities and that excepting Carvao made prohibited representations contrary to s. 92 (3)(b) of the Alberta Securities Act. A hearing to consider sanction has been scheduled.

See [http://www.albertasecurities.com/dms/1404/15181/15442 Euston Capital Corp. - Decision - 2007-02-14 - 2186827v4.pdf](http://www.albertasecurities.com/dms/1404/15181/15442_Euston_Capital_Corp._-Decision_-2007-02-14_-2186827v4.pdf) for details.

Capital Alternatives Inc., Milowe Brost, Strategic Metals Corp., Edna Forrest, Carol Weeks and Bradley Regier - On February 16, 2007, the ASC found that all of the respondents had contravened the Alberta Securities Act. This misconduct involved illegal trades and distributions of securities, unregistered trading and investment advice, false and misleading statements in offering memoranda and contrary to s. 92 (3) of the Alberta Securities Act, and conduct amounting to fraud contrary to s. 93 (3) of the Alberta Securities Act. A hearing to consider sanctioning has been scheduled.

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See http://www.albertasecurities.com/dms/1404/15181/15447_Capital_Alternatives_Inc.-Decision-2007-02-16-2264860v12.pdf for details

John David Williams - On February 28, 2007, the ASC approved a joint sanctioning recommendation after Williams acknowledged engaging in illegal trading in securities without being registered to do so or having an applicable exemption and making prohibited representations. Williams was ordered for three years to cease trading and purchasing securities - with specified exceptions and from acting as a director or officer of any reporting issuer and ordered to pay a \$20,000 administrative penalty and \$3,000 costs.

See http://www.albertasecurities.com/dms/1404/15181/15531_Williams, John David - Decision - 2007-02-28.pdf for details.

Serge Bourgoin - On March 6, 2007, the ASC found that the respondent had engaged in illegal trading and distribution of securities. The respondent was prohibited for 6 years from trading in securities (except through a registrant's account), denied the use of exemptions, and ordered to pay an administrative penalty of \$35,000 and \$2,000 towards costs.

See http://www.albertasecurities.com/dms/1404/15181/15553_Bourgoin_Decision.pdf for details.

Susan Amelia Sanford and Glen Lochton Management Inc. - On March 6, 2007, the ASC found that the respondents engaged in illegal trading and distribution of securities. The corporation was prohibited from trading in securities for six years and the individual respondent for six years was prohibited from trading in securities (except through a registrant's account), denied the use of exemptions, and ordered to pay an administrative penalty of \$15,000 and \$1,000 towards costs.

See http://www.albertasecurities.com/dms/1404/15181/15554_SANFORD,Susan Amelia - Decision - 2007-03-06 - 2433152v3.pdf for details.

Oxford Investments Holdings Inc., Donaghy, Allen, Michael Benard Donaghy and Joseph Edward Allen - On March 26, 2007, the ASC found that the corporation, Donaghy and Allen engaged in illegal trading and distribution of securities and found that Allen made a misrepresentation about the issuer's current listing. Each of the corporation and Donaghy was denied exemptions for two years and ordered to pay an administrative penalty of \$20,000 and \$1,000 towards costs. Allen was permanently prohibited from trading in securities except as principal through a registrant's account, denied the use of exemptions, and ordered to pay an administrative penalty of \$100,000 and \$7,500 towards costs.

See http://www.albertasecurities.com/dms/1404/15181/15611_Oxford_Investments_Holdings_Inc.-Decision - 2007-03-26 -2455492v1.pdf for details.

SETTLEMENT AGREEMENTS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Robert Raymond & Trusthouse Mercantile: On February 2, 2007, Robert Raymond entered into a settlement agreement with the NSSC where the respondent admitted to having sold \$510,000 in securities to residents of Nova Scotia and elsewhere without being registered in contravention of the Nova Scotia Securities Act. He also admitted to offering guaranteed returns of 3% per month in contravention of section 44(1)(b) of the Nova Scotia Securities Act. In addition Robert Raymond admitted to having spent \$210,000 of investors funds for personal expenses. Robert Raymond and Trusthouse Mercantile acknowledged using unfair practices thereby breaching the Nova Scotia Securities Act. A permanent cease trade order was issued against Trusthouse

ILLEGAL DISTRIBUTION

Mercantile and Robert Raymond as well as a permanent denial of all exemptions contained in Nova Scotia securities laws. An administrative penalty in the amount of \$100,000 was imposed (maximum at time offences were committed) and costs in the amount of \$12,000.

See <http://www.gov.ns.ca/nssc/docs/raymondresa090207.pdf> for details.

ONTARIO SECURITIES COMMISSION (OSC)

Harry Stinson and Sapphire Tower Development Corp. – In December 2006, the OSC concluded a settlement agreement with Harry Stinson and Sapphire Tower Development Corp. with respect to the trading of securities without complying with registration and prospectus requirements. By marketing the sale of Sapphire Tower Units, entering into conditional agreements of purchase and sale, and accepting deposits for Sapphire Tower Units, Mr. Stinson and Sapphire Tower acted in furtherance of trades of the Sapphire Tower Units without complying with the registration and prospectus requirements of the Ontario Securities Act. The OSC ordered that Stinson resign from any positions he holds as a compliance officer, and that his registration with the OSC be subject to strict supervisory terms and conditions until June 30, 2007 and until he completes the “Effective Management Seminar” offered by the Canadian Securities Institute or a like equivalent approved by Staff. The OSC also ordered that Stinson and Sapphire Tower collectively pay \$10,000 in costs. See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20061220_stinsonh.jsp for details.

MANITOBA SECURITIES COMMISSION (MSC)

Ingram Jeffrey Eshun – On November 20, 2006, Eshun entered into a settlement agreement with the MSC pursuant to which the MSC issued a denial of exemptions order against Eshun and ordered the respondent to pay an administrative penalty in the amount of \$10,000.

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

SASKATCHEWAN FINANCIAL SERVICES COMMISSION (SFSC)

Reginald Allen Goebel – On November 27, 2006, Goebel entered into a settlement agreement with the SFSC for discretionary trading. Goebel acted as portfolio manager by managing investment portfolios through discretionary authority and acted as an advisor while not being registered to do so. Goebel has agreed to not trade in securities or exchange contracts in Saskatchewan except for his own account. Goebel has also agreed to pay the costs of the investigation into this matter by the SFSC in the amount of \$1,500 and also to pay an administrative penalty in the amount of \$5000.

See http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2006_enf/other/Goebel%20A%20&%20U.pdf for details.

Allan D. Kowalchuk – On November 17, 2006, Kowalchuk entered into a settlement agreement with the SFSC for discretionary trading. Kowalchuk acted as portfolio manager by managing investment portfolios through discretionary authority and acted as an advisor while not being registered to do so. Kowalchuk has agreed to not trade in securities or exchange contracts in Saskatchewan except for his own account. Kowalchuk has also agreed to pay the costs of the investigation into this matter by the SFSC in the amount of \$1+500 and also to pay an administrative penalty in the amount of \$11,000. As the above provisions have all been met, the cease trading order against Allan D. Kowalchuk was revoked December 13, 2006.

http://www.sfsc.gov.sk.ca/ssc/files/enforcementorders/2006_enf/other/Allan%20Kowalchuk%20A%20&%20U.pdf for details.

ILLEGAL DISTRIBUTION

ALBERTA SECURITIES COMMISSION (ASC)

Richard George Kearl - On October 26, 2006, Kearl entered into a settlement agreement with the ASC where he admitted unregistered trading and illegal distribution of securities, misrepresentations and prohibited representations in the course of raising some \$105,500 from 4 Alberta investors. He paid \$15,000 to settle these allegations, \$3,000 towards costs, and for 5 years with one exception undertook to cease trading in and purchasing securities.

See [http://www.albertasecurities.com/dms/1404/13521/14805_KEARL, Richard George - SA&U - 2006-10-26 - 2314804.pdf](http://www.albertasecurities.com/dms/1404/13521/14805_KEARL,_Richard_George_-_SA&U_-_2006-10-26_-_2314804.pdf) for details.

Fair Share Investing Inc. and Gary Wojciechowski - On November 22, 2006, these parties entered into a settlement agreement with the ASC where they admitted engaging in an illegal trade and distribution of the corporation's securities through the use of a defective offering memorandum. Wojciechowski undertook to not to trade further in reliance on the offering memorandum and paid \$3,000 towards costs.

See [http://www.albertasecurities.com/dms/1404/13521/15001_FAIR_SHARE_INVESTING_INC. - REV - 2006-11-29 - 2348652 v2.pdf](http://www.albertasecurities.com/dms/1404/13521/15001_FAIR_SHARE_INVESTING_INC._-REV_-_2006-11-29_-_2348652_v2.pdf) for details.

Ernest Georges Lefebvre - On January 12, 2007, Lefebvre entered into a settlement agreement with the ASC where he admitted his involvement in an illegal distribution of Atlas Cell Communications securities. He paid \$20,000 to settle these allegations and \$1,000 towards costs

See [http://www.albertasecurities.com/dms/1404/15181/15260_LEFEBVRE, Ernest Georges - SA&U - 2007-01-12 - 2387319.pdf](http://www.albertasecurities.com/dms/1404/15181/15260_LEFEBVRE,_Ernest_Georges_-_SA&U_-_2007-01-12_-_2387319.pdf) for details.

Roger Douglas Kukkola - On March 31, 2007, Kukkola entered into a settlement agreement with the ASC where he admitted to unregistered trading and illegal distribution securities. He paid \$10,000 to settle the allegations and \$1,000 towards costs.

See [http://www.albertasecurities.com/dms/1404/15181/15683_Topsis Investments Canada Inc - SA&U - 2007-03-31 - 2445443V1.pdf](http://www.albertasecurities.com/dms/1404/15181/15683_Topsis_Investments_Canada_Inc_-_SA&U_-_2007-03-31_-_2445443V1.pdf) for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Douglas Arnold Clarke, Bick Financial Services Inc., Daryl Joseph Klein and Kleincorp Mgmt. Inc, doing business as Insta –Cash Loans – On October 17, 2006, Douglas Arnold Clarke and Daryl Joseph Klein and their companies entered into settlements with the BCSC. They illegally distributed securities and made misrepresentations in connection with a money losing Nanaimo-based pawnbroker. The BCSC ordered, with conditions, each for 20 years not to sell securities, act as a director or officer or engage in investor relations. For details, see www.bcsc.bc.ca, type a full name in the search box, and go to the settlement.

Robert Michael Doherty and Mervin George Fiessel – On October 26, 2006, Robert Michael Doherty and Mervin George Fiessel entered into a settlement with the BCSC and simultaneously with the US Securities and Exchange Commission. They illegally distributed securities, made misrepresentations and contravened regulatory requirements in the U.S. in connection with a company traded on the US over the counter market. Fiessel agreed to pay the BCSC \$144,445. The BCSC ordered, with conditions, each permanently not to sell securities, act as a director or officer or engage in investor relations. For details, see www.bcsc.bc.ca, type a full name in the search box, and go to the settlement.

ILLEGAL DISTRIBUTION

Ultimate Ventures Inc., Trivera Investments Inc., and Cameron Kuipers – On November 30, 2006, Ultimate Ventures Inc., Trivera Investments Inc., and Cameron Kuipers entered into a settlement with the BCSC. They illegally distributed securities, made misrepresentations and contravened cease trade orders in connection with the purchase of life insurance policies at a discount from the elderly. Kuipers agreed to pay the BCSC \$100,000. The BCSC ordered, with conditions, Kuipers for 16 years not to sell securities, act as a director or officer or engage in investor relations. For details, see www.bcsc.bc.ca, type a full name in the search box, and go to the settlement.

Lionel Mervin Negus, Christopher John Thompson, Parklane International Corporation and Kevin Wilson – In January 2007, Lionel Mervin Negus, Christopher John Thompson, Parklane International Corporation and Kevin Wilson entered into settlements with the BCSC. They illegally distributed securities, made misrepresentations and contravened regulatory requirements in the US in connection with a company traded on the US over the counter market. Negus, Thompson and Wilson agreed to pay the BCSC \$200,000. The BCSC ordered, with conditions, each, for periods ranging from 10 years for Wilson to permanently for Parklane, not to sell securities, act as a director or officer (except for Parklane) or engage in investor relations. For details, see www.bcsc.bc.ca, type a full name in the search box, and go to the settlement.

John DeVries, Ernest Reed Grafke, Ralph Bromley and Wesley Campbell – On January 29, 2007, John DeVries, Ernest Reed Grafke, Ralph Bromley and Wesley Campbell entered into a settlement with the BCSC. They illegally distributed securities to the BC evangelical community for what was a Ponzi scheme. DeVries and Grafke agreed to pay the BCSC \$500,000 for restitution. The BCSC ordered, with conditions, each, for as long as 17 years, not to sell securities, act as a director or officer or engage in investor relations. For details, see www.bcsc.bc.ca, type a full name in the search box, and go to the settlement.

David Bentley Riemens – On February 12, 2007, David Bentley Riemens entered into a settlement with the BCSC. Riemens illegally distributed securities and made misrepresentations in connection with a scheme to develop real estate in the BC interior. The BCSC ordered, with conditions, Riemens for 10 years not to sell securities, act as a director or officer or engage in investor relations. For details, see www.bcsc.bc.ca, type David Bentley Riemens in the search box, and go to the settlement.

APPEALS

QUÉBEC

Claude Valade (Clubs d'investissement HT, HT 103 and HT 105) – On February 16, 2006, the Court of Québec (Criminal and penal division) had found Valade guilty of having acted as a securities dealer without being registered and having helped the Clubs d'investissement HT, HT 103 and HT 105 to illegally distribute their securities. Valade had been fined a \$30,000, plus costs of \$7,510. In March 2007, Mr. Justice Richard Wagner of the Superior Court (Criminal and penal division) dismissed Valade's appeal. See <http://www.lautorite.qc.ca/pdf/com26mars2007-claude-valade-ang.pdf> for details.

Jean-Pierre Nadeau (Clubs d'investissement HT 103 and HT 105) – On May 31, 2006, the Court of Québec (Criminal and penal division) had found Nadeau guilty of having acted as a securities dealer without being registered and having helped the Clubs d'investissement HT 103 and HT 105 to illegally distribute their securities. Nadeau had been fined \$11,000, plus costs. In January 2007, Mr. Justice Richard Wagner of the

ILLEGAL DISTRIBUTION

Superior Court (Criminal and penal division) dismissed Nadeau's appeal. See: <http://www.lautorite.gc.ca/pdf/com25janv2007-jean-pierre-nadeau-ang.pdf> for details.

INSIDER TRADING

COURT RULINGS

QUÉBEC

Claude Vézeau (Conjuchem inc.) – On March 20, 2007, Claude Vézeau pleaded guilty to one count of having used privileged information concerning Conjuchem inc. to trade (through 9099-3569 Québec inc.) securities of that issuer while being prohibited to do so as a director of Conjuchem inc. Ms Justice Micheline Dufour of the Court of Québec (Criminal and penal division) fined Vézeau \$5,000, plus costs. See <http://lautorite.qc.ca/pdf/com22mars2007-claude-vezeau-ang.pdf> for details.

ONTARIO

Andrew Rankin – On November 9, 2006, the Ontario Court of Justice (Superior Court) set aside Andrew Rankin's convictions on ten counts of tipping (July 15, 2005), and ordered a new trial. On February 27, 2007, the Ontario Court of Appeal dismissed the OSC's application for leave to appeal that decision. See http://www.osc.gov.on.ca/Media/NewsReleases/2006/nr_20061109_osc-rankina.jsp; and http://www.osc.gov.on.ca/Media/NewsReleases/2007/nr_20070227_osc-rankina.jsp for details.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION (OSC)

Robert Griffiths – In November 2006, the OSC concluded a settlement agreement with Robert Griffiths with respect to his trading of Bennett Environmental Inc. ('BEI') shares while in possession of undisclosed material facts. Mr. Griffiths, Vice-President US Sales of BEI, also authorized, permitted or acquiesced in BEI's failure to disclose a material change, and in its further misleading or untrue disclosure. The OSC ordered that Griffiths be prohibited from trading in securities for 15 years (with the exception that after 2 years, he may trade for his personal RRSP account); that he be prohibited from acting as a director or officer of any issuer for 15 years; and that he pay \$150,000 as an administrative penalty.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20061212_griffithsr.jsp for details.

MARKET MANIPULATION AND FRAUD

CSA COMMISSION OR TRIBUNAL DECISIONS

ONTARIO SECURITIES COMMISSION (OSC)

Daniel David Danzig – On October 3, 2006, staff of the OSC withdrew the allegations against Daniel David Danzig.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/OTH/now_20061003_danzigd.jsp for details.

Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich, and Andrew DeVries – On December 22, 2006, the OSC temporarily ordered that Sulja Bros. Building Supplies Ltd. (Nevada) cease trading in all securities and that no exemptions shall apply to the respondents. The temporary order was extended to July 5, 2007.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070323_suljabros.jsp; and http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070206_suljabros.jsp for details.

ALBERTA SECURITIES COMMISSION (ASC)

Tomoson Sanowar Kusumoto - On January 23, 2007, the ASC dismissed the allegations against this respondent that he participated in the illegal takeover bid activities of other parties. See http://www.albertasecurities.com/dms/1404/15181/15345_KUSUMOTO_Tomoson_Sanowar_DEC_2007-01-23_2350774_v9.pdf for details.

James Ryan Anderson - On February 21, 2007, the ASC found that the respondent had contravened s. 93 of the Alberta Securities Act by creating artificial prices for shares of seven publicly traded issuers. A hearing to consider sanction has been scheduled.

See http://www.albertasecurities.com/dms/1404/15181/15502_Anderson_James_Ryan_Decision_2007-02-21_2421255v1.pdf for details.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION (OSC)

Robert Patrick Zuk – In March 2007, the OSC concluded a settlement agreement with Robert Patrick Zuk with respect to his trading of shares in Visa Gold Explorations Inc. through brokerage accounts over which he held and/or exercised trading authority, which created a misleading appearance as to the value of and market activity in Visa Gold Exploration shares. The OSC ordered that Mr. Zuk cease trading in securities (directly or indirectly, in any capacity whatsoever, or through nominee accounts) for 15 years; that exemptions do not apply to him for 15 years; and that he is not to act as a director or officer of a reporting issuer for 15 years. After an initial 3 year period, Mr. Zuk will be permitted to trade in certain securities in one RRSP account.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070226_zuk.jsp for details.

MARKET MANIPULATION AND FRAUD

Matthew Noah Coleman – In March 2007, the OSC concluded a settlement agreement with Matthew Noah Coleman with respect to the trading of shares in Visa Gold Explorations Inc. in certain of his clients' accounts. At the material time, Mr. Coleman was a registered representative employed by Dundee Securities Corporation. He ought to have known that the Visa Gold Exploration trades in certain client accounts for which he was the registered representative could create a misleading appearance as to market activity for Visa Gold Exploration shares and/or as to the price of those shares. The OSC ordered that Mr. Coleman's registration be terminated; that he be restricted to trading in certain securities in one RRSP account and one non-RRSP account, wholly beneficially owned by him and held at a single full service registered dealer, for a period of 2 years; that, otherwise, any exemptions do not apply to him for a period of 2 years; and that he pay \$10,000 in costs. Mr. Coleman undertook not to reapply for registration for 5 years.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070315_coleman.jsp for details.

Ivan Djordjevic – In March 2007, the OSC concluded a settlement agreement with Ivan Djordjevic with respect to the trading of shares in Visa Gold Explorations Inc. in certain of his clients' accounts. At the material time, Mr. Djordjevic was employed as a registered representative by Rampart Securities Inc. and Taurus Capital Markets Limited. He ought to have known that the Visa Gold Exploration trades in certain client accounts for which he was the registered representative could create a misleading appearance as to market activity for Visa Gold Exploration shares and/or as to the price of those shares. The OSC ordered that Mr. Djordjevic's registration be terminated; that he be restricted to trading in certain securities in one RRSP account and one non-RRSP account, wholly beneficially owned by him and held at a single full service registered dealer, for a period of 2 years; and that, otherwise, any exemptions do not apply to him for a period of 2 years. Mr. Djordjevic undertook not to reapply for registration for 5 years. See

http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070327_djordjevici.pdf for details.

Derek Reid - In April 2007, the OSC concluded a settlement agreement with Derek Reid with respect to the trading of shares in Visa Gold Explorations Inc. in certain of his clients' accounts. At the material time, Mr. Reid was employed by Brant Securities Limited in the capacities of registered representative and trader. He also carried out the market making function on the CDN for Visa Gold Explorations on behalf of Brant Securities. Mr. Reid ought to have known that the Visa Gold Explorations trades in certain client accounts for which he was the registered representative, and certain Visa Gold Explorations trades that he participated in as a trader, could create a misleading appearance as to the market for Visa Gold Explorations shares. The OSC ordered that Mr. Reid's registration be restricted permanently to acting as a trader for a registered dealer in good standing, subject to certain restrictions. He will not act as a salesperson or as a registered representative for client accounts in the future. Trading, directly or indirectly, in any securities by Mr. Reid, for his own account or for the account of others, will cease for 6 months. Thereafter, for a period of 5 years, his trading will be subject to certain restrictions. Otherwise, any exemptions do not apply to him for a period of 5 years. Mr. Reid will not act as an officer or director of any reporting issuer or registrant for 5 years. He shall disgorge \$27,694 to the OSC, and pay \$10,000 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070330_zuk-reid.pdf for details.

DISCLOSURE VIOLATIONS

COURT RULINGS

QUÉBEC

Marie-Josée Girard (Exploration Dios inc. and Ressources Sirios inc.) – On December 14, 2006, Marie-Josée Girard pled guilty to 39 counts of having failed, as an insider, to disclose within 10 days of the event, changes in her control over the securities of Exploration Dios inc. and Ressources Sirios inc. Mr. Justice Claude Parent of the Court of Québec (Criminal and penal division) ordered Girard to pay a fine of \$39,000, plus costs. See <http://www.lautorite.qc.ca/pdf/com20dec2006-marie-jose-girard-ang.pdf> for details.

Martial Rolland and Robert Jones (Rolland Virtual Business Systems Ltd.) – On March 28, 2007, Ms Justice Micheline Dufour of the Court of Québec (Criminal and penal division) ordered Martial Rolland and Robert Jones to pay a fine of \$13,200 and \$8,400 respectively, plus costs. Rolland and Jones were found guilty of having failed, as insiders, to report within the prescribed time period changes in their control over securities of Rolland Virtual Business Systems Ltd. See <http://www.lautorite.qc.ca/pdf/com3avril2007-rolland-jones-ang.pdf> for details.

ONTARIO

Patrick Gouveia – On February 27, 2007, the charges against Patrick Gouveia before the Ontario Court of Justice were dismissed. See http://www.osc.gov.on.ca/Media/NewsReleases/2007/nr_20070302_osc-gouveia-proceedings.jsp for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

ALBERTA SECURITIES COMMISSION (ASC)

J. Gordon Ironside and Robert W. Ruff - On December 21, 2006, the ASC found that the respondents contravened Alberta securities laws in four primary areas: non-compliance of Blue Range's 1998 and 1999 financial statements with GAAP, overstatement of production and reserves volumes, misleading production forecasting in a news release and failure to disclose a material change in the issuer's gas marketing activities to the market. Other allegations were not sustained. A hearing to consider sanction has been scheduled. See http://www.albertasecurities.com/dms/1404/13521/15153_IRONSIDE, J. Gordon - DEC - 2006-12-21 - 1576264.pdf for details.

DISCLOSURE VIOLATIONS

SETTLEMENT AGREEMENTS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Investors Group Financial Services – On October 24, 2006, Investors Group Financial services entered into a settlement agreement with the NSSC where the respondent admitted to contravening the Nova Scotia Securities Act by failing to notify the NSSC of the termination of certain persons. Further, an affiliate of Investors Group Financial Services known as Les Services Investors Limitee sold securities in Nova Scotia in from 1997 to 2006 without being registered in contravention the Nova Scotia Securities Act. The panel imposed an administrative penalty in the amount of \$25,000 and costs in the amount of \$2,500. See <http://www.gov.ns.ca/docs/noticeofhearingfinancialsrvs.pdf> for details.

ONTARIO SECURITIES COMMISSION (OSC)

John Bennett – In November 2006, the OSC concluded a settlement agreement with John Bennett with respect to the disclosure violations of Bennett Environmental Inc. ('BEI'). As Chairman of the Board and CEO of BEI, Bennett authorized, permitted or acquiesced in BEI's failure to disclose a material change, and in its further misleading or untrue disclosure. The OSC ordered that Bennett be prohibited from acting as a director or officer of any issuer for 10 years; that he be reprimanded; and that he pay \$250,000 as an administrative penalty, and \$50,000 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20061129_bennett-oral.jsp for details.

AiT Advanced Information Technologies Corporation, Bernard Jude Ashe, and Deborah Weinstein – In February 2007, the OSC concluded settlement agreements with AiT Advanced Information Technologies Corporation and Bernard Jude Ashe (President, CEO, and a director of AiT) with respect to AiT's failure to make timely disclosure of a merger transaction with 3M Company. The OSC ordered that AiT make a payment of \$40,000, plus \$60,000 in costs and that Bernard Jude Ashe make a payment of \$15,000, plus \$25,000 in costs, and that he be reprimanded.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070219_aitadvanced.pdf; and http://www.osc.gov.on.ca/Enforcement/Proceedings/SET/set_20070223_ashebj.pdf for details.

ALBERTA SECURITIES COMMISSION (ASC)

Wenzel Downhole Tools Ltd. - On November 9, 2006, the corporation concluded settlement agreement with the ASC where it admitted to having filed financial statements that were not prepared in accordance with GAAP and which contained false or misleading statements in contravention of Alberta securities laws. The corporation paid \$50,000 to settle these allegations and \$25,000 towards costs. See http://www.albertasecurities.com/dms/1404/13521/14886_WENZEL_DOWNHOLE_TOOLS_LTD._-SA&U_-2006-11-09_-2307570V2.pdf for details.

DISCLOSURE VIOLATIONS

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Exotics.com Inc., Firoz Jinnah and Ingo W. Mueller – On December 1, 2006, Exotics.com Inc., Firoz Jinnah and Ingo W. Mueller entered into a settlement with the BCSC. They made misrepresentations and contravened regulatory requirements in the US in connection with a company traded on the over the counter market in the U.S. Jinnah and Mueller agreed to pay the BCSC \$65,000. The BCSC ordered, with conditions, Jinnah for 18 months and Mueller for 36 months not to sell securities, act as a director or officer or engage in investor relations. For details, see www.bcsc.bc.ca, type a full name in the search box, and go to the settlement.

MISCONDUCT BY REGISTRANTS

CSA COMMISSION OR TRIBUNAL DECISIONS

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

James K. Hanley – On February 26, 2007, the NBSC approved a settlement agreement further to which Hanley was banned from registration for a period of 20 years and levied an administrative penalty of \$45,000 as well as ordered to pay \$5,000 in costs. Hanley had on several occasions redeemed investments for two elderly clients who then wrote him cheques for reinvestment. These funds were deposited to Hanley's personal account or an account established for his numbered company. Hanley provided misleading account statements and information to his clients. He also made misrepresentations to the NBSC investigators that certain of the monies provided by these clients were business loans to his incorporated numbered company, when that was not the case. The respondent was formerly employed by Assante Capital Management Ltd. as a branch manager and salesperson.

See: http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Hanley-SofA-e.pdf;

http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Hanley-NofH-e.pdf;

http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Hanley-Order-21-Dec-06-e.pdf;

http://www.nbsc-cvmnb.ca/nbsc/uploaded_files/Hanley%20order%20and%20settlement%20agreement.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Foresight Capital Corporation, Gilbert Kenneth Wong and Jill Ellen MacGregor Bock – In February 2007, the BCSC found that Jill Ellen MacGregor Bock, a mutual fund salesperson, contravened the securities rules when she failed to ensure that certain speculative and illiquid securities were suitable for her clients and that Foresight Capital Corporation, her employer, contravened the rules when it failed to maintain its working capital. The BCSC dismissed the other allegations against Foresight and Wong, including that they were responsible for Bock's contraventions. The BCSC is considering submissions from the parties on sanctions. For details, see www.bcsc.bc.ca, type in a full name in the search box, and go to the findings.

SETTLEMENT AGREEMENTS

NOVA SCOTIA SECURITIES COMMISSION (NSSC)

Russell D. Keogan: On January 25, 2007, Keogan entered into a settlement agreement with the NSSC where he admitted to violating section 61 of the General Securities Rules in that he forged client signatures on new account forms for a scholarship dealer account. Keogan's registration was suspended at the time of the hearing. An administrative penalty in the amount of \$5,000 was imposed.

See <http://www.gov.ns.ca/nssc/docs/Keogansettlement.pdf>.

MISCONDUCT BY REGISTRANTS

MANITOBA SECURITIES COMMISSION (MSC)

Vertex One Asset Management and Jeffrey David McCord - On January 17, 2007, the respondents entered into a settlement agreement with the MSC where they admitted to having opened accounts on behalf of Manitoba residents while the firm and individual were not registered. The respondents are now registered under the Manitoba Securities Act. Pursuant to the settlement agreement, the Respondents were ordered to pay an administrative penalty of \$3,150 and \$600 costs.

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

SASKATCHEWAN FINANCIAL SERVICES COMMISSION (SFSC)

Douglas John Boyd and Sandra Faye Boyd – On November 20, 2006, the respondents entered into a settlement agreement with the SFSC. Both Douglas John Boyd and Sandra Faye Boyd were registered as mutual fund salespersons with Clarica Investco Inc. Together, the Boyds and Boyd Insurance & Financial Services (BIFS) borrowed over one million dollars from thirteen clients; Douglas John Boyd was president of BIFS while Sandra Faye Boyd was secretary/treasurer of BIFS. The Boyds have agreed to cease trading for the remainder of their lives in any securities and exchange contracts in Saskatchewan or with any resident of Saskatchewan. Both Douglas Boyd and Sandra Boyd waive any right to a hearing and/ or appeal with respect to this matter.

See <http://www.sfsc.gov.sk.ca/ssc/files/enforcementagreements/2006agreements/boyd-douglas-sandra-nov30-06.pdf> for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Wellington Trading Group S.A. – On December 1, 2006, Wellington Trading Group, a Costa Rica company, entered into a settlement with the BCSC for trading for British Columbia residents without British Columbia registration. Wellington gave the BCSC undertakings, including a promise to pay \$7,500. The BCSC ordered Wellington to stop selling securities to British Columbia residents until registered in British Columbia. For details, see www.bcsc.bc.ca, type Wellington Trading Group S.A. in the search box, and go to the settlement.

MISCELLANEOUS

COURT RULINGS

QUÉBEC

Gilbert Chartrand - On December 14, 2006, Gilbert Chartrand was found guilty of having acted as a securities adviser without being registered and of having made a misrepresentation in respect of a transaction in a security. Mr. Justice Joseph Tarasofsky of the Court of Québec (Criminal and penal division) ordered Chartrand to pay a fine of \$126,000, without costs. See <http://www.lautorite.qc.ca/pdf/com20dec2006-gilbert-chartrand-ang.pdf> for details.

ALBERTA

R. v. Zelitt - On October 26, 2006, the Court of Queen's Bench upheld the original 4 year term of imprisonment imposed on Zelitt at trial for 11 contraventions of the Alberta Securities Act respecting non-disclosure and misrepresentation in documents relating to VisuaLABS Inc. but reduced the \$1.85 million fines imposed to the \$1 million fine sought by the Crown at trial and eliminated an additional 4 years imprisonment imposed in default of payment of the fines.

See [http://www.albertasecurities.com/dms/1404/13521/14809_ZELITT, Sheldon Stephen - Court DEC - 2006-10-26 .pdf](http://www.albertasecurities.com/dms/1404/13521/14809_ZELITT,_Sheldon_Stephen_-_Court_DEC_-_2006-10-26_.pdf) for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

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

Michel L'Italien, 9151-52701 Québec Inc., Noble & Finance Inc. and Les Investissements Noble & Finance inc. (Water Bank of America) - On March 5, 2007, the BDRVM issued a freeze order on a debenture issued by Water Bank of America to 9151-5270 Québec Inc. The BDRVM also issued a cease trading order against 9151-5270 Québec Inc., Noble & Finance inc., Les Investissements Noble & Finance inc. and Michel L'Italien and prohibited these persons from acting as securities dealers.

See <http://www.lautorite.qc.ca/pdf/com7mars2007-michel-litalien-ang.pdf> for details.

Gestion Guychar Canada Inc., Guy Charron, Richard Lanthier and Huguette Gauthier - On February 27, 2007, the BDRVM issued a freeze order on certain assets of Gestion Guychar Canada inc., Services financiers Polygone inc., Guy Charron, Richard Lanthier, 3965121 Canada inc., 3330575 Canada Inc. and 177889 Canada inc. The BDRVM also issued a cease trading order against Gestion Guychar Canada Inc., Guy Charron, Richard Lanthier and Huguette Gauthier and prohibited Richard Lanthier and Huguette Gauthier from acting as securities advisers. See <http://www.lautorite.qc.ca/pdf/com28fev2007-guychar-ang.pdf> for details.

9042-0373 Québec Inc., Sylvie Longpré and Simon Lavoie (Le Groupe Financier Uni) - On January 19, 2007, the BDRVM issued a cease trading order against 9042-0373 Québec Inc., Sylvie Longpré and Simon

MISCELLANEOUS

Lavoie with respect to investment contracts or any other forms of investment issued by that company. The BDRVM also ordered to 9042-0373 Québec Inc., operating under the name “Le Groupe Financier Uni”, Sylvie Longpré and Simon Lavoie to cease carrying on business as securities dealers.

See <http://www.lautorite.qc.ca/pdf/com19jan2007-financier-uni-ang.pdf> for details.

Daniel Bélanger, Martine Gravel, 9151-2632 Québec Inc., Jacques Gagné and 9112-2192 Québec Inc. -

On October 19, 2006, the BDRVM issued a freeze order against the assets of 9151-2632 Québec Inc., of which the sole shareholder and director is Martine Gravel, and of 9112-2192 Québec Inc., of which the president is Jacques Gagné. The BDRVM also ordered to Martine Gravel, Daniel Bélanger and these two companies to cease trading in securities and carrying on business as advisers, including acting as portfolio managers for a third party’s account. See <http://www.lautorite.qc.ca/pdf/com7nov2006-jacques-gagne-ang.pdf> for details.

Jacques Gagné - On December 13, 2006, the BDRVM dismissed an application by Jacques Gagné to suspend the execution of one of its decisions which he had appealed to the Court of Québec. This decision orders Gagné to cease trading in securities and to cease carrying on business as an adviser.

See <http://www.lautorite.qc.ca/pdf/com19dec2006-jacques-gagne-ang.pdf> for details.

ONTARIO SECURITIES COMMISSION (OSC)

Sears Canada Inc., Sears Holdings Corporation, and SHLD Acquisition Corp. – On October 23, 2006, the OSC stayed its cease trade order of August 8, 2006, to the extent necessary to permit Sears Canada to vote on the subsequent acquisition transaction prior to November 15, 2006, subject to conditions, in order to preserve the offerors’ rights pending the outcome of the appellate process. The application by Sears Canada and SHLD for leave to appeal to the Ontario Court of Appeal was dismissed on November 14, 2006.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20061023_searsholdingscorp.pdf; and http://www.osc.gov.on.ca/Media/NewsReleases/2006/nr_20061114_osc-searsholdingscorp.jsp for details.

X and A Co. – In September 2006, following an *in camera* hearing under s. 17 of the Ontario Securities Act, the OSC dismissed a receiver’s application for use of s. 13 examination transcripts in a civil proceeding against an auditor. On January 8, 2007, the OSC issued written reasons for its decision.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20070108_xacoy.jsp for details.

SETTLEMENT AGREEMENTS

MANITOBA SECURITIES COMMISSION (MSC)

B2B Trust – On December 6, 2006, B2B Trust entered into a settlement agreement with the MSC involving the role of B2B in the purchase of shares of Canadian controlled private corporations by two Manitoba residents. Pursuant to the settlement agreement, B2B made a voluntary payment of \$10,000 to the Treasury of the Province of Manitoba.

See http://www.msc.gov.mb.ca/legal_docs/orders/b2b_2.html for details.

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ALBERTA SECURITIES COMMISSION (ASC)

Douglas Brian Wenzel, Henry Boychuk and Maurice Minvielle - On January 3, 2007, the respondents entered into a settlement agreement with the ASC where Wenzel admitted to acting contrary to the public interest by acting as a *de facto* officer of a reporting issuer - Wenzel Downhole Tools Ltd. (WZL), despite his undertaking to the contrary to the TSE disclosed in WZL's initial public offering. The other two parties admitted to acting contrary to the public interest by failing as senior officers and directors of WZL to prevent Wenzel from doing so. Wenzel agreed to pay \$50,000 towards costs and each of the other parties paid \$20,000 towards costs. Wenzel undertook for 10 years to cease acting as a director or officer of any reporting issuer. The other two respondents undertook to cease acting as such until successful completion of a corporate governance course. See [http://www.albertasecurities.com/dms/1404/15181/15198_WENZEL, Douglas Brian - SA&U - 2007-01-03 - 2367670V5.pdf](http://www.albertasecurities.com/dms/1404/15181/15198_WENZEL,_Douglas_Brian_-_SA&U_-_2007-01-03_-_2367670V5.pdf) for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Stanley Steven Ross – On March 9, 2007, Stanley Steven Ross entered into a settlement with the BCSC. Ross sold securities contrary to a 7 year order the BCSC issued in 1999. Ross agreed to pay the BCSC \$50,000. The BCSC ordered, with conditions, Ross for a further 7 years not to sell securities, act as a director or officer or engage in investor relations. For details, see www.bcsc.bc.ca, type Stanley Steven Ross in the search box, and go to the settlement.

APPEALS

QUÉBEC

Jacques Gagné - On March 24, 2005, the BDRVM had issued a cease trading order against Jacques Gagné and had prohibited him from acting as a securities dealer. This decision was maintained on May 11, 2006 by the BDRVM and Jacques Gagné then appealed to the Court of Québec. On February 16, 2007, Ms Justice Diane Quenneville of the Court of Québec (Civil division) ruled that Gagné's appeal was unfounded and dismissed it. See <http://www.lautorite.qc.ca/pdf/com27fev2007-jacques-gagne-ang.pdf> for details.

BRITISH COLUMBIA

John Walter Scott Roeder – In 1995, a BCSC panel banned Roeder from BC securities markets for 17 years. The BC Court of Appeal denied him leave to appeal. In 2000, Roeder applied to the BCSC to revoke the 1995 order, alleging that his former counsel's disclosure of confidential information to counsel for the Executive Director tainted the proceedings. In 2003, the BCSC dismissed his application to revoke the 1995 decision for undue delay. The Court of Appeal dismissed Roeder's appeal. Roeder sued his former counsel and commission counsel and their firm, commission staff and the commission in BC Supreme Court. His former counsel had joined the same law firm as counsel for the Executive Director several years after ceasing to represent Roeder. In 2005, the Court dismissed Roeder's lawsuit because it constituted a collateral attack on the BCSC's original order and was an abuse of process. In March 2007, the Court of Appeal dismissed Roeder's appeal based on no

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cause of action for breach of the rules of procedural fairness and abuse of process by relitigation. The citation for the case is *Roeder v. Lang Michener Lawrence & Shaw*, 2007 BCCA 152.

RECIPROCAL ORDERS

ALBERTA SECURITIES COMMISSION (ASC)

James Harvey Cameron and Venture Trading Inc. - On November 14, 2006, the ASC reciprocated order against Cameron and Venture Trading Inc. applying the non- monetary sanctions imposed by the BCSC within Alberta under s. 198(1.1) of the Alberta Securities Act with a limited exception. The respondents were ordered until April 11, 2009 to cease trading in and purchasing securities, denied exemptions, and to pay \$3,200 towards costs; Cameron was also prohibited from acting as a director or officer of any issuer until the same date. See [http://www.albertasecurities.com/dms/1404/13521/14900_CAMERON, James Harvey - DEC - 2006-11-14 - 2327028_v4.pdf](http://www.albertasecurities.com/dms/1404/13521/14900_CAMERON,_James_Harvey_-_DEC_-_2006-11-14_-_2327028_v4.pdf) for details.

BRITISH COLUMBIA SECURITIES COMMISSION

Thomas Kim Seto – In October 2006, the BCSC reciprocated orders against Thomas Kim Seto sanctioned by the ASC and later by the Alberta Provincial Court. The BCSC ordered that Seto for 12 years from May 27, 2005 not sell securities or act as an officer or director. For details, see www.bcsa.bc.ca, type Thomas Kim Seto in the search box, and go to the decision.

SELF-REGULATORY ORGANIZATIONS

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

ONTARIO

Lip Fee Chan – On February 28, 2007, the MFDA found that Chan engaged in securities related business outside the Member or had a gainful occupation that was not approved by the Member and failed to invest \$50,000 given to him by a client. The MFDA ordered that Chan 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/hearings06/Decision200607.pdf> for details.

Donald Kenneth Coatsworth - On March 7, 2007, the MFDA found that Coatsworth had a gainful occupation that was not approved by the Member and failed to cooperate with an investigation. The MFDA ordered that Coatsworth be permanently prohibited from conducting securities related business; pay a fine of \$60,000 and costs of \$7,500. See <http://www.mfda.ca/enforcement/hearings06/Decision200608.pdf> for details.

Dale Michael Graveline - On December 20, 2006, the MFDA found that Graveline misappropriated \$45,500 from clients and failed to cooperate with an investigation. The MFDA ordered that Graveline be permanently prohibited from conducting securities related business; pay a fine of \$100,000 and costs of \$7,500 See <http://www.mfda.ca/enforcement/hearings06/Decision200606.pdf> for details.

Merchant Capital Wealth Management Corporation - On March 23, 2007, the MFDA suspended the rights and privileges of membership of Merchant in the MFDA. See <http://www.mfda.ca/enforcement/hearings07/order200701.pdf> for details.

Joseph Zollo – On March 20, 2007, the MFDA approved a settlement agreement between staff and Zollo. Zollo admitted that he engaged in securities related business outside the Member and traded securities that he was not registered to trade. The MFDA ordered that he be suspended from conducting securities related business for three and a half years and be subject to close supervision for an additional one and a half years. See <http://www.mfda.ca/enforcement/hearings06/Order200610.pdf> for details.

MARKET REGULATION SERVICES INC. (RS)

ONTARIO

W. Scott Wardle – On November 14, 2006, an RS hearing panel approved a settlement agreement with Wardle where Wardle admitted that between October 2004 and March 2005 he was engaged in frontrunning and violated provisions on just and equitable principles of trade. He also engaged in conduct which resulted in W.D. Latimer Co. Limited contravening rules on client priority, order marking and exposure of client orders,

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and audit trail. Wardle agreed to pay a fine of \$40,000 and costs of \$35,000. He was also suspended from access to marketplaces regulated by RS for 1 month.

See <http://www.rs.ca/en/enforce/noticesDisciplinary.asp> for details.

Scotia Capital Inc. – On February 26, 2007, an RS hearing panel approved a settlement agreement with Scotia Capital Inc. where Scotia Capital agreed that between April 4, 2002 and October 14, 2003, was liable for for contraventions by its former employees of restrictions on trading by a participant involved in a distribution. Scotia Capital was fined \$571,167 representing the financial benefit to it from the conduct of its former employees, plus \$67,000 in costs. See <http://www.rs.ca/en/enforce/noticesDisciplinary.asp> for details.

Marc McQuillen – On February 28, 2007, an RS hearing panel approved a settlement agreement with Marc McQuillen under which he agreed that between June 3, 2004 and April 18, 2005, he engaged in conduct which resulted in Scotia Capital contravening provisions on restrictions on trading by a participant involved in a distribution and trades to be on a marketplace. McQuillen was fined \$25,000.

See <http://www.rs.ca/en/enforce/noticesDisciplinary.asp> for details.

BRITISH COLUMBIA

Michael Bond and Sesto DeLuca – On March 7, 2007 an RS hearing panel rendered a decision in a contested hearing involving Michael Bond and Sesto DeLuca. The hearing panel found that Bond contravened market manipulation provisions and that DeLuca failed to supervise Bond properly. The hearing panel will reconvene to decide on the sanctions to impose. See <http://www.rs.ca/en/enforce/noticesDisciplinary.asp> for details.

INVESTMENT DEALERS ASSOCIATION (IDA)

IDA PANEL DECISIONS

QUÉBEC

Jean-Louis Trudeau - On December 12, 2006, the IDA hearing panel ruled that between February 2003 and May 2004, Trudeau failed to use due diligence to ensure that the acceptance of orders for four clients were within the bounds of good business practice. The hearing panel also found Trudeau failed to use due diligence to learn the essential facts relative to four clients, and to every order or account accepted. The panel found insufficient evidence that Trudeau had, between November 2002 and May 2004, failed to question his client or verify his status as an insider. At the hearing, the IDA withdrew the allegation that Mr. Trudeau had failed to report that he had been charged by the MX. The panel has not yet released the sanction with respect to these findings. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

SELF-REGULATORY ORGANIZATIONS

ONTARIO

Denes Luciano Peroni and Robert Paul Joseph Hetu - At a disciplinary hearing on April 3 to 6, 2006, an IDA hearing panel found that Peroni and Héту had knowingly engaged in conduct unbecoming and contrary to the public interest by failing to advise Berkshire Securities of the true cost of three advertising campaigns. The advertising was carried out in cooperation with three mutual fund companies. The panel held that the pair misrepresented to Berkshire that an advertisement had appeared 12 times in a newspaper when it had only appeared four times. Peroni and Héту have each been fined \$25,000 and must jointly pay \$50,000 in costs. In addition, both are suspended in all capacities for a period of nine months commencing on November 17, 2006. Peroni and Héту are also required to re-write the examination based on the Conduct and Practices Handbook before being re-approved as registered representatives.

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

Stephan Katmarian – Following an Appeal hearing held August 29 and August 30, 2006, the IDA appeal panel dismissed Katmarian's appeal. The appeal confirmed two decisions of IDA Hearing Panels. The first, dated August 9, 2005, found that Katmarian contravened certain By-laws, Regulations or Policies of the Association. The second, dated December 14, 2005, imposed sanctions for the Appellant's infractions. In addition to deciding the appeal was without merit, the Appeal Panel decided that Katmarian's motion to introduce fresh evidence be denied. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Credifinance Securities Limited – In a decision, dated October 25, 2006, an IDA hearing panel determined that Credifinance had failed to co-operate with the IDA in regard to two specific requests during the course of an investigation of three Credifinance registrants. While the hearing panel found that Credifinance did not fulfill its obligations with respect to these two requests, it held that its conduct in respect of approximately thirteen other requests, while not perfect, was beyond reasonable censure. In its penalty decision, dated November 27, 2006, the panel ordered that Credifinance pay a fine in the amount of \$50,000 and \$15,000 in costs. Credifinance has since filed an appeal regarding this decision.

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

RBC Dominion Securities Inc. – On November 27, 2006, an IDA hearing panel considered, reviewed and accepted a settlement agreement negotiated between IDA staff and RBCDS. Pursuant to the agreement, RBCDS admitted that during the months of June, July, September and October 2005, it failed to maintain its risk adjusted capital at a level greater than zero, contrary to IDA By-Law 17.1. RBCDS was fined \$80,000 and must pay \$10,000 in costs. The fine took into account the penalty that is payable to the Canadian Investor Protection Fund in relation to this finding.

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

Anthony Zarkadoulas – On December 12, 2006, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Zarkadoulas where he admitted that he engaged in conduct unbecoming and that, in September and October 2005, he caused to be transferred, without authorization, certain funds from the account of one client to cover the losses in another client's account. Zarkadoulas received no direct financial benefit and the initial client was reimbursed for the transferred funds. Further, in March and April 2006, Zarkadoulas provided inaccurate, false or misleading information to the IDA regarding the circumstances of his termination of employment. For his misconduct, Zarkadoulas was fined \$50,000 and must pay \$16,600 in costs. He is also prohibited from re-approval by the IDA in any capacity for a period of five years from the date of

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acceptance of the settlement agreement. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Savitri Shamseer – On December 19, 2006, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Shamseer where he admitted that between February 19, 2002 and December 5, 2003, she conducted discretionary trades in a client account without the account being specifically approved and accepted in writing as a discretionary account. She further admitted that during the same period, she failed to use due diligence to ensure that trades conducted in the client account were suitable to the client based on factors such as the clients' financial situation, investment knowledge, investment objectives and risk tolerance. Shamseer has partially compensated the client for their losses. For her misconduct, Shamseer was fined \$40,000 and must pay \$3,000 in costs. She must also disgorge \$2,100 in commission. In addition, Shamseer is to be under strict supervision for a period of 12 months and must successfully complete the Conduct and Practices Handbook exam within six months of the effective date of the settlement agreement.

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

Yusuf Osman - On December 19, 2006, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Osman. Osman admitted that from January 2005 to April 2006, he conducted his business consistent with the registration of a portfolio manager without being registered as such. For his misconduct, Osman was fined \$40,000 and must pay \$1,000 in costs. Osman is also suspended from approval with the IDA for a period of one month. Upon re-employment with an IDA Member firm, Osman is to be under strict supervision for a period of nine months and is required to complete the Conduct and Practices Handbook exam within six months.

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

Robert Faiello – On January 16, 2007, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Faiello. Faiello admitted that between May and November 2004, he engaged in business conduct or practice that was unbecoming or detrimental to the public interest in that he unknowingly facilitated a manipulation by accepting trade orders from one of his clients for shares of Pender International Inc. (Pender). In addition, Faiello also admitted that he failed to exercise due diligence to learn and remain informed of the essential facts to a client and their respective trade orders in Pender. For his misconduct, Faiello was fined \$20,000 must pay \$5,000 in costs and is prohibited from re-approval by the IDA in any capacity for a period of two years, effective November 15, 2006. In addition, Faiello must successfully complete the Conduct and Practices Handbook exam within six months from any subsequent registration with an IDA member firm.

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

Thomas Clarke - On January 24, 2007, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Clarke. Clarke admitted that he engaged in conduct unbecoming, contrary to IDA By-law 29.1, in that he conducted unauthorized trading in two client accounts; issued false and misleading account documents which misrepresented the holdings in the accounts of the two clients; forged the signatures of the two clients; and filed false hold mail authorizations without the knowledge or consent of the two clients. For his misconduct, Clarke was fined \$55,000, must pay \$10,000 in costs and is prohibited from approval to act in any registered capacity with an IDA Member firm for a period of one year. Following the one year suspension period, Mr. Clarke will be permitted to resume his employment at Caldwell in a registered capacity, but will be subject to significant restrictions and conditions on his registration.

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

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ALBERTA

Vance Elder - Following an IDA panel hearing held in November and December, 2005 and April and June, 2006, the hearing panel found that Elder, during the period from November 1996 to June 2001, knew or was wilfully blind to the fact that his administrative assistant was signing client signatures as well as Elder's signature on client account documentation, contrary to By-law 29.1. The panel also found that Elder knew that his assistant was providing investment advice to his clients. The hearing panel found that the evidence did not support a fourth allegation that the respondent engaged in the forgery of clients' signatures to account documentation. The hearing panel's decision on the sanction is pending.

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

Simon Schillaci – Following an IDA disciplinary hearing held between October 5 and 6, 2006, the hearing panel found Schillaci failed to adequately supervise the account management activities of two client investment accounts by the registered options representative, E.L., during the period between October 2002 and March 2003. The two client accounts were the subject of high-risk, equity and option trading, which were not suitable for the clients given their personal and financial circumstances, and which resulted in a substantial financial loss. Further, Schillaci was found to have failed to maintain adequate supervision records and failed to establish appropriate procedures and controls to effectively supervise the registrants of Union Securities Ltd. Calgary office during the period between May 2002 and September 2003. Schillaci has been fined \$15,000 and is required to pay \$10,000 in costs. He is also required to successfully complete the Effective Management Seminar and the Options Supervisors Course within one year of the effective date of the decision or face immediate suspension from approval as Branch Manager.

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

BRITISH COLUMBIA

Stephen Brook Toban – In a decision released November 20, 2006, the IDA hearing panel found that Toban had failed to properly perform his role as gatekeeper to the capital markets, in that, between approximately March 1999 and February 2001, he facilitated the opening of investment accounts for as many as 35 non-Canadian residents, some of whom had criminal or regulatory disciplinary histories, without making diligent inquiries to ensure that each client's reason for opening an account was legitimate and intended for legitimate investment purposes. Furthermore, between approximately September 2000 and February 2001, Toban facilitated certain transactions in the accounts previously noted without making diligent inquiries to ensure the legitimacy of the transactions in circumstances which should have called the transactions into question because it was peculiar, suspicious or appeared to be consistent with market manipulation, deception or other improper market related activity. The IDA hearing panel also found that, on or about October 16, 2000, Toban effected transactions in a client's account based on instructions he accepted from an individual who was not authorized to trade in the account. Following penalty submissions heard on December 20, 2006, Toban has been assessed a permanent ban from approval with an IDA Member firm, a fine of \$100,000, and a payment of \$25,000 in costs. In addition, Toban must disgorge \$20,900 in commissions.

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

David Wayne Gradidge – On October 10, 2006, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Gradidge. Gradidge admitted that, in June 2000, he purchased real estate with a client without the knowledge, consent or authorization of his Member firm; between August 2001 and March 2002, he loaned funds to a client without the knowledge, consent or authorization of his Member firm; between

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July 2002 and August 2003, he commingled his personal funds with those of a client and together purchased not pro-eligible securities in his client's investment account; between March 2002 and June 2002, he loaned funds to a client without the knowledge, consent or authorization of his Member firm; and in March 2003 he sold real estate to a client without the knowledge, consent or authorization of his Member firm. Gradidge is fined \$60,000 and must disgorge \$5,250 in commissions and profits. He is also prohibited from personally purchasing any new issue securities of any publicly traded corporation or income trust for a period of 24 months and is subject to close supervision for a period of 12 months. In addition, Gradidge must rewrite and pass the Conduct and Practices Handbook exam within six months of the settlement agreement and pay \$5,000 in costs.

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

Young Ho Kim – On October 11, 2006, an IDA hearing panel accepted a settlement agreement negotiated between IDA staff and Kim. Pursuant to the settlement agreement, Kim admitted that between April 2002 and June 2002 and between December 2003 and June 2004, he effected discretionary transactions in two joint accounts without the accounts having been approved and designated as discretionary accounts by his Member firm. In addition, Kim admitted that in February 2005, he attempted to personally settle a client complaint without the knowledge or consent of his Member firm. For his misconduct, Kim is fined \$20,000 and must disgorge \$2,168 in commissions and fees. He is also prohibited from seeking registration approval with any IDA Member firm for a period of six months and will be subject to close supervision for a period of 12 months upon any subsequent re-entry into the industry. In addition, Kim must rewrite and pass the Conduct and Practices Handbook exam and pay \$5,000 in costs.

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

Donald Grant MacDonald and Paul Peter DiPasquale – On November 23, 2006, an IDA hearing panel accepted a settlement agreement negotiated between Canaccord, Macdonald, DiPasquale and IDA staff. Macdonald and DiPasquale admitted that between July 1998 and June 2001, while registered in supervisory positions at Brink Hudson & Lefever Ltd. and subsequently Canaccord, they failed to effectively supervise the activities of John Frederick Pryde. For their misconduct, Macdonald was fined \$125,000 and has agreed to never apply for registration in any capacity with an IDA Member firm; and DiPasquale was fined \$100,000, suspended from acting as a Branch Manager for a period of six months, required to successfully re-write and pass the Branch Manager's Course, and is permanently prohibited from acting in any higher supervisory position, other than Branch Manager, with any IDA Member firm. In addition, Canaccord, Macdonald and DiPasquale must pay \$25,000 in costs. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Canaccord Capital Corporation – On November 23, 2006, an IDA hearing panel accepted a settlement agreement negotiated between Canaccord, Macdonald, DiPasquale and IDA staff. Canaccord admitted that between November 1998 and June 2001, it failed to have proper systems, procedures and personnel in place to ensure that effective supervision of the activities at its Burrard Street, Vancouver Branch and that it failed to properly supervise the activities of John Frederick Pryde, a former registered representative at Canaccord. Canaccord was fined \$500,000. In addition, Canaccord, Macdonald and DiPasquale must pay \$25,000 in costs. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Michael William Balanko – Following a hearing during the course of November and December 2006, an IDA hearing panel determined that during the period January and November 2004, Balanko made unsuitable investment recommendations for the accounts of two clients. In addition, in February 2004, Balanko effected fifteen transactions in the accounts of one of his clients without prior written authorization from the client and

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without the account being specifically approved and accepted as discretionary by the firm; and between September and November 2004, Balanko effected ten unauthorized transactions in the account of another client. Balanko is fined \$60,000, must pay \$25,000 in costs and \$2,500 in disgorgement, and is prohibited from re-approval with an IDA Member firm for a period of two years. As a condition of re-approval, Balanko must successfully complete the Canadian Securities Course, the Conduct and Practices Handbook Course, and will be subject to twelve months of strict supervision.

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

David Michael Michaels – Following a hearing held on January 15 and 16, 2007, an IDA hearing panel determined that Michaels, between April 2000 and October 2000, facilitated and solicited participation in the sales of shares of a public company which transactions were conducted off the books and records of Dundee; between April 2000 and October 2000, advised and assisted clients with respect to the purchase of shares of the public company when his registration was restricted to the sale of mutual funds; entered into personal financial dealings with clients; attempted to conceal information during the course of an IDA investigation and misled IDA staff with respect to facts required for purposes of its investigation, and attempted to frustrate the IDA's investigation and between August 1999 and February 2004 inclusive, maintained an account at another Member firm without the knowledge or consent of Dundee. For his misconduct, Michaels has been fined \$45,000, must pay \$15,000 in costs and is prohibited from re-approval by the IDA for a period of two months. As a condition of reapproval, Michaels must successfully re-write and pass the Conduct and Practices Handbook Course and be subject to six months of close supervision. IDA staff has since initiated an appeal in regard to this matter. See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Graydon Elliot Capital Corp – Following an expedited hearing held pursuant to By-law 20.41, 20.42 and Rule 16, a Hearing Panel made an Order suspending the membership of Graydon Elliott Capital Corporation. The Panel also ordered that Graydon immediately cease dealing with the public and authorized IDA Staff to take any action to facilitate the orderly transfer of client accounts from Graydon. All clients accounts are being transferred to Penson Financial Services Inc.

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

LA CHAMBRE DE LA SÉCURITÉ FINANCIÈRE (CSF)

QUÉBEC

Syndic c. Roger Biduk – On June 6, 2006, Roger Biduk was declared guilty of having advised its customers to transfer investments that they held in a RRSP, in funds technology and telecommunications. This type of placement did not correspond to the financial standing and the objectives of investments of its customers and he also counterfeited or induced a third person to counterfeit the signature of its customers. He also did not answer the correspondence coming from the syndic promptly or did not fully collaborate with the syndic. On February 27, 2007, the disciplinary committee ordered the temporary radiation of the respondent for some three months and one-year periods, which must be purged jointly. The disciplinary committee also imposed to the respondent the payment of a \$3,000 fine. It was ordered to the secretary of the disciplinary committee to carry out the publication of the decision in a newspaper circulating in the place of business of the respondent. Finally, the committee condemned the respondent to the payment of the costs and disbursements of the case.

See <http://www.jugements.qc.ca/php/decision.php?liste=21934301&doc=5B564745495D1F0B> for details.

MONTRÉAL EXCHANGE (MX)

QUÉBEC

BNP Paribas (Canada) Securities Inc. (BNP) - In February, 2006, BNP transmitted to the Autorité des marchés financiers (AMF) and to the IDA a request pertaining to the prior approval of a corporate reorganization and a change of its name. BNP informed the MX of this corporate reorganization and change of name only near the end of June 2006, after it had been approved by the AMF and the IDA. BNP recognized that it had contravened Rules of the MX that stipulates, among other things, that a corporate approved participant must not, without prior approval of the MX, change its name or otherwise modify its corporate structure. By way of an offer of settlement approved by the Special Committee – Regulatory Division, BNP has agreed to pay a fine of \$5,000 and to reimburse the costs of the investigation in the amount of \$2,500.

See: http://www.m-x.ca/intranet/u_nouvelle_intranet_en/172-06_en.pdf for details.

Kevin Abarbanel – From July 2001 to January 2002, Kevin Abarbanel contravened the Rules of the MX when, on six occasions, he executed transactions for the purchase or sale of Three-month Canadian Bankers' Acceptance futures contracts (BAX) in a manner contrary to the regulations of the MX. Kevin Abarbanel admitted having contravened the Rules of the MX, which prohibits restricted trading permit holders from using or knowingly participate in the use of any manipulative or deceptive methods of trading in connection with the purchase or sale of any derivative instruments listed on the MX. By way of an offer of settlement approved by the Special Committee – Regulatory Division, Kevin Abarbanel has agreed to pay a fine of \$15,000 and investigation costs in the amount of \$3,000.

See: http://www.m-x.ca/intranet/u_nouvelle_intranet_en/195-06_en.pdf for details.

Denise Dubreuil - From November 1999 to May 2001, Denise Dubreuil was found to have had a conduct unbecoming a person approved by the MX and detrimental to the interests or the welfare of the public or of the MX. She excessively multiplied the transactions in a client's estate account in order to generate commissions and placed herself in a situation of conflict of interests, when she acted as an investment representative on behalf of the estate of a client while her spouse was its sole executor. Following a hearing, the Disciplinary Committee of the MX issued a decision imposing to Denise Dubreuil a total fine of \$50,000 and requiring that she refunds the costs of the investigation for an additional amount of \$21,183.29.

See: http://www.m-x.ca/intranet/u_nouvelle_intranet_en/204-06_en.pdf for details.

Man Financial Canada Co., William Edmond Jessup and Louis Paul Papailias – On June 22, 2005, Jessup and Papailias used the hidden quantity functionality of the electronic trading system of the MX to execute two cross transactions on Ten-year Government of Canada Bond futures contracts (CGB). Man, Jessup and Papailias recognized that they contravened the Rules of the MX, which stipulates this conduct is forbidden. By way of an offer of settlement approved by the Special Committee – Regulatory Division, Man has agreed to pay a fine of \$20,000 and reimburse the costs of the investigation in the amount of \$5,000; Jessup has agreed to pay a fine of \$10,000 and reimburse the costs of the investigation in the amount of \$1,000; Papailias has agreed to pay a fine of \$10,000 and reimburse the costs of the investigation in the amount of \$1,000.

See: http://www.m-x.ca/intranet/u_nouvelle_intranet_en/038-07_en.pdf for details.

EXCHANGES

RBC Dominion Securities Inc., Billy Kalushny and Philippe Vallée – On December 2, 2005, Kalushny asked Vallée to execute, on behalf of an institutional client, two block trades which circumvented the contract month roll in the corresponding derivative instrument (Two-year Government of Canada Bond futures contracts – CGZ). RBCDS, Kalushny and Vallée recognized that they contravened the Rules of the MX, which prohibits this conduct. By way of an offer of settlement approved by the Special Committee – Regulatory Division, RBCDS has agreed to pay a fine of \$15,000 and reimburse the costs of the investigation in the amount of \$5,000; Billy Kalushny has agreed to pay a fine of \$15,000 and reimburse the costs of the investigation in the amount of \$1,000; a reprimand was imposed to Philippe Vallée.

See: http://www.m-x.ca/intranet/u_nouvelle_intranet_en/037-07_en.pdf for details.

Canaccord Capital Corporation (Canaccord) - In September, 2000, a former employee of Canaccord and approved person of the MX proceeded off exchange to a transaction involving 500,000 Jitec Inc. shares for a total value of \$2,600,000. As the shares of Jitec Inc. were then a listed security at the MX, this transaction should have taken place on the MX during a trading session as required by the Rules of the MX. Canaccord recognized that it contravened the Rules of the MX. By way of an offer of settlement approved by the Special Committee – Regulatory Division, Canaccord has agreed to pay a fine of \$35,000 and to reimburse the costs of the investigation in the amount of \$8,000.

See: http://www.m-x.ca/intranet/u_nouvelle_intranet_en/039-07_en.pdf for details.

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