



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

AND

**IN THE MATTER OF BLUESTREAM CAPITAL CORPORATION,
BLUESTREAM INTERNATIONAL INVESTMENTS INC.,
KROWN CONSULTING CORP., 1859585 ONTARIO LTD. (OPERATING AS
SOVEREIGN INTERNATIONAL INVESTMENTS) AND PETER BALAZS**

**REASONS AND DECISION ON SANCTIONS AND COSTS
(Sections 127 and 127.1 of the *Securities Act*)**

Hearing: In writing

Decision: April 21, 2015

Panel: Alan J. Lenczner - Commissioner and Chair of the Panel

Submissions by: Christie Johnson - For the Ontario Securities Commission

REASONS AND DECISION ON SANCTIONS AND COSTS

[1] By Reasons and Decision dated March 4, 2015, I found that Bluestream Capital Corporation, Bluestream International Investments Inc., Krown Consulting Corp., 1859585 Ontario Ltd. (operating as Sovereign International Investments) (together, the “Corporate Respondents”) and Peter Balazs (“Balazs”) (collectively, the “Respondents”) breached sections 25 and 53 of the Ontario *Securities Act* (the “Act”) in that they traded in securities without being registered to do so and without filing a prospectus.

[2] I found that the Respondents engaged or participated in fraudulent practices depriving investors of substantial sums of money contrary to subsection 126.1(1)(b) of the *Act*.

[3] I further found by authorizing, permitting or acquiescing in the non-compliance of the Corporate Respondents with Ontario securities law that Balazs failed to comply with Ontario securities law, contrary to section 129.2 of the *Act*.

[4] I also found that the Respondents’ conduct was contrary to the public interest and harmful to the integrity of the Ontario capital markets.

[5] I now propose to address the appropriate sanctions that should be administered. None of the Respondents appeared or participated in the written merits hearing. None of the Respondents has filed any written submissions with respect to sanctions. The only written submissions were those of Staff.

[6] Owing to the complete absence of any involvement of the Respondents in the Commission proceedings, there is no evidence of any remorse or of any mitigating factors that should apply to my consideration of the appropriate sanctions.

[7] By virtue of their activities, in breach of the sections of the *Act* mentioned above, the Respondents solicited and accepted investments from Ontario residents between August 2008 and May 2012 garnering for themselves approximately CAD \$2,620,815 and USD \$907,097. Of the funds raised, only CAD \$1,076,891 and USD \$595,430 was paid back to investors.

[8] Sections 25 and 53 are at the core of the regulatory objective of the *Act*. They prescribe the gatekeeper function that enables the Commission to ensure that persons who trade in securities are skilled, knowledgeable and of good character and integrity. The prospectus requirements provide for the protection of investors in that they receive full, true and plain disclosure of the affairs of the company and of the securities that are being offered. Non-compliance with these sections undermines the very purposes of the *Act*.

[9] Obtaining investors’ monies by deceit and fraudulent misrepresentations aggravates the non-compliance with the sections of the *Act*. Those practices indicate an intent to scoff at the law and to behave in an egotistical, anarchical fashion.

[10] Given the gravity of the breaches of the *Act* by the Respondents and the misconduct involved, the public interest requires that the Respondents be barred from the public markets permanently, disgorge the monies received by them from their fraudulent conduct, and, in addition, pay an administrative penalty and costs as a general deterrent.

[11] I will issue a separate order giving effect to my decision on sanctions and costs as follows:

- (a) pursuant to paragraph 2 of subsection 127(1), that trading in any securities or derivatives by the Respondents cease permanently;
- (b) pursuant to paragraph 2.1 of subsection 127(1), that the acquisition of any securities by the Respondents is prohibited permanently;
- (c) pursuant to paragraph 3 of subsection 127(1), that any exemptions contained in Ontario securities law do not apply to the Respondents permanently;
- (d) pursuant to paragraph 6 of subsection 127(1), that Balazs be reprimanded;
- (e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1), that Balazs resign any positions he holds as a director or officer of any issuer, registrant, or investment fund manager;
- (f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1), that Balazs be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to paragraph 8.5 of subsection 127(1), that Balazs be prohibited permanently from becoming or acting as a registrant, as an investment fund manager, or as a promoter;
- (h) pursuant to paragraph 9 of subsection 127(1), that the Respondents pay an administrative penalty of \$300,000, on a joint and several basis, as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the *Act*;
- (i) pursuant to paragraph 10 of subsection 127(1), that the Respondents disgorge to the Commission CAD \$1,543,924 and USD \$311,667, on a joint and several basis, to be allocated to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the *Act*; and

- (j) pursuant to section 127.1 of the *Act*, that the Respondents pay \$233,013.75, on a joint and several basis, for the costs of the hearing.

Dated at Toronto this 21st day of April, 2015.

“Alan J. Lenczner”

Alan J. Lenczner