The Ontario Securities Commission

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Securities Act of Ontario (R.S.O. 1990, c. S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

The Ontario Securities Commission
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Contact Centre – Inquiries, Complaints:

Office of the Secretary:

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One Corporate Plaza
2075 Kennedy Road
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416-609-3800 or 1-800-387-5164

Fax: 416-593-8122
TTY: 1-866-827-1295

Fax: 416-593-2318

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One Corporate Plaza
2075 Kennedy Road
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M1T 3V4

Customer Support
1-416-609-3800 (Toronto & International)
1-800-387-5164 (Toll Free Canada & U.S.)
Fax 1-416-298-5082 (Toronto)
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NOTICE OF MINISTERIAL APPROVAL OF
THE ADMINISTRATIVE ARRANGEMENT FOR THE TRANSFER OF PERSONAL DATA WITH EEA AUTHORITIES

On July 2, 2019, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the Administrative Arrangement for the transfer of personal data (the "Administrative Arrangement") entered into between the Ontario Securities Commission and the European Economic Area (EEA) Authorities listed in Appendix A. The Administrative Arrangement will enable the OSC to continue receiving personal data from Appendix A Authorities for enforcement and supervisory purposes in light of new laws on personal data that have come into force in the European Union.

Questions may be referred to:

Conor Breslin
Advisor
Office of Domestic and International Affairs
416-593-8112
cbreslin@osc.gov.on.ca

Cindy Wan
Interim Lead, International Affairs
Office of Domestic and International Affairs
416-263-7667
cwan@osc.gov.on.ca

1.4 Notices from the Office of the Secretary

1.4.1 Natural Bee Works Apiaries Inc. et al.

FOR IMMEDIATE RELEASE
July 4, 2019

NATURAL BEE WORKS APIARIES INC.,
RINALDO LANDUCCI, and
TAWLIA CHICKALO,
File No. 2018-40

TORONTO – The Commission issued a Reasons and Decision and an Order in the above named matter.

A copy of the Reasons and Decision and the Order dated July 3, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

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Decisions, Orders and Rulings

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National Policy 11–203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from s.13.5(2)(b)(ii) and (iii) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit inter-fund trades between Canadian mutual funds, Canadian pooled funds, Canadian managed accounts, U.S. mutual funds and U.S. pooled funds all managed by the same or affiliated fund managers – Inter-fund trades are subject to conditions, including IRC approval and pricing requirements – Trades involving exchange-traded securities permitted to occur at last sale price as defined in the Universal Market Integrity Rules – Exemption also granted from conflict of interest trading prohibition to permit in specie subscriptions and redemptions by separately managed accounts and pooled funds – relief subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.2(1), 4.3(1), 4.3(2), 19.2.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5 and 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

May 9, 2019

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
MANULIFE ASSET MANAGEMENT LIMITED (MAML)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from MAML for a decision under the securities legislation of the Jurisdiction (the **Legislation**):

(a) for an exemption from the prohibition in section 4.2(1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit the NI 81-102 Funds (as defined below) to purchase debt securities from, or sell debt securities to, a Canadian Pooled Fund (as defined below) or a U.S. Fund (as defined below) (the **Section 4.2(1) Relief**);

(b) for an exemption from the prohibitions in sections 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of a responsible person, an associate of a responsible person or an investment fund for which a responsible person acts as an adviser, in order to permit:

(i) a Canadian Fund (as defined below) to purchase securities from or sell securities to a Canadian Fund;

(ii) a Canadian Client Account (as defined below) to purchase securities from or sell securities to a Canadian Fund;

(iii) a Canadian Fund to purchase securities from or sell securities to a U.S. Fund;

(iv) a Canadian Client Account to purchase securities from or sell securities to a U.S. Fund;

(v) the transactions listed in (i) to (ii) (each, a **Canadian Inter-Fund Trade**) and (iii) and (iv) (each, a **Cross-Border Inter-Fund Trade**) to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**) in lieu of the closing sale price (the **Closing Sale Price**) contemplated by the definition of "current market price of the security" in section 6.1(1)(a)(i) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) on that trading day where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities);

((b)(i), (ii), (iii), (iv) and (v) above are collectively referred to herein as the **Inter-Fund Trading Relief**);

(vi) the purchase by a Canadian Client Account (as defined below) of securities of a Canadian Fund (as defined below), and the redemption of securities of a Canadian Fund held by a Canadian Client Account, and as payment:

(A) for such purchase, in whole or in part, by the Canadian Client Account making good delivery of portfolio securities to the Canadian Fund; and

(B) for such redemption, in whole or in part, by the Canadian Client Account receiving good delivery of portfolio securities from the Canadian Fund; and

(vii) the purchase by a Canadian Fund (as defined below) of securities of another Canadian Fund (other than purchases by an NI 81-102 Fund of another NI 81-102 Fund in compliance with the provisions of Part 9 of NI 81-102), and the redemption of securities held by a Canadian Fund in another Canadian Fund (other than redemptions of securities held by an NI 81-102 Fund of another NI 81-102 Fund in compliance with the provisions of Part 10 of NI 81-102), and as payment:

(A) for such purchase, in whole or in part, by the Canadian Fund making good delivery of portfolio securities to the other Canadian Fund; and

(B) for such redemption, in whole or in part, by the Canadian Fund receiving good delivery of portfolio securities from the other Canadian Fund;

(a purchase or redemption described in (b)(vi) and (vii) above are referred to herein as an **In Specie Transaction** and the relief requested pursuant to such paragraphs is referred to herein as the **In Specie Relief**); and

(c) to revoke and replace the Original Decisions (as defined below), with the Section 4.2(1) Relief, the Inter-Fund Trading Relief and the In Specie Relief (the **Revocation**, and together with the Section 4.2(1) Relief, the Inter-Fund Trading Relief and the In Specie Relief, the **Exemption Sought**).

Under National Policy 11-203 - Process for Exemptive Relief Applications in Multiple Jurisdictions (NP 11-203):

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) the MAML has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Northwest Territories, Nunavut and Yukon (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, NI 81-102 or in MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein. The following terms have the following meanings:

(a) **40 Act** means the U.S. *Investment Company Act of 1940*;

(b) **40 Act Funds** means, collectively, the Existing 40 Act Funds and the Future 40 Act Funds;

(c) **Applicable Inter-Fund Trading Policies** has the meaning given to it in Representation 38;

(d) **Canadian Client Account** means an account managed by the Filer that is beneficially owned by a client that is resident or domiciled in Canada and is not a responsible person, and over which the Filer that is registered as a portfolio manager under the securities legislation of one or more provinces or territories of Canada, has discretionary authority;

(e) **Canadian Clients** means, collectively, the NI 81-102 Funds, the Canadian Pooled Funds and the Canadian Client Accounts;

(f) **Canadian Funds** means, collectively, the NI 81-102 Funds and the Canadian Pooled Funds;

(g) **Canadian Pooled Funds** means, collectively, the Existing Canadian Pooled Funds and the Future Canadian Pooled Funds;

(h) **Closed End Funds** means, collectively, the Existing Closed End Funds and the Future Closed End Funds;

(i) **Existing 40 Act Fund** means each existing investment fund subject to the provisions of the 40 Act, for which John Hancock or another affiliate of the Filer acts as manager and/or portfolio adviser;

(j) **Existing Canadian Pooled Fund** means each investment fund domiciled in Canada that is not a reporting issuer, and to which NI 81-102 and NI 81-107 do not apply, for which the Filer acts as manager and/or portfolio adviser;

(k) **Existing Closed End Fund** means each non-redeemable investment fund that is a reporting issuer, and to which NI 81-102 and NI 81-107 apply, for which the Filer acts as manager and/or portfolio adviser;

(l) **Existing NI 81-102 Fund** means each existing investment fund (including an existing Closed End Fund) that is a reporting issuer, and to which NI 81-102 and NI 81-107 apply, for which the Filer acts as manager and/or portfolio adviser;

(m) **Existing U.S. Pooled Fund** means each investment fund domiciled in United States to which the 40 Act does not apply, for which John Hancock or another affiliate of the Filer acts as manager and/or portfolio adviser;

(n) **Filer** means Manulife Asset Management Limited and any affiliate of Manulife Asset Management Limited;

(o) **Funds** means, collectively, the Canadian Funds and the U.S. Funds (each, a **Fund**);

(p) **Future 40 Act Fund** means each investment fund, to be established in the future, subject to the provisions of the 40 Act, for which John Hancock or another affiliate of the Filer will act as manager and/or portfolio adviser;

(q) **Future Canadian Pooled Fund** means each investment fund, to be established in the future, that will be domiciled in Canada that will not be a reporting issuer, and to which NI 81-102 and NI 81-107 will not apply, for which the Filer will act as manager and/or portfolio adviser;

(r) **Future Closed End Fund** means each non-redeemable investment fund that will be a reporting issuer, and to which NI 81-102 and NI 81-107 will apply, for which the Filer will act as manager and/or portfolio adviser;

(s) **Future NI 81-102 Fund** means each investment fund (including a Future Closed End Fund) to be established in the future, that will be a reporting issuer, and to which NI 81-102 and NI 81-107 will apply, for which the Filer acts as manager and/or portfolio adviser;

(t) **Future U.S. Pooled Fund** means each investment fund, to be established in the future, that will be domiciled in the United States and which will not be subject to the provisions of the 40 Act, for which John Hancock or another affiliate of the Filer will act as manager and/or portfolio adviser;

(u) **Inter-Fund Trades** means, collectively, Canadian Inter-Fund Trades, Cross-Border Inter-Fund Trades and, where applicable, all trades pursuant to the Section 4.2(1) Relief;

(v) **Investment Management Agreement** has the meaning given to it in Representation 14;

(w) **IRC** means the independent review committee of the Canadian Funds;

(x) **John Hancock** means John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC, individually or collectively as applicable;

(y) **Manulife Asset Management** means the global asset management organization known as "Manulife Asset Management";

(z) **NI 81-102 Funds** means, collectively, the Existing NI 81-102 Funds and the Future NI 81-102 Funds;

(aa) **Original 4.2 Decision** means *In the Matter of Manulife Asset Management Limited* dated January 17, 2011;

(bb) **Original 13.5 Decision** means *In the Matter of Manulife Asset Management Limited* dated December 14, 2016;

(cc) **Original Decisions** means, collectively, the Original 4.2 Decision and the Original 13.5 Decision

(dd) **Trust Funds** means, collectively, any of the Funds established as a trust;

(ee) **U.S. Client Account** means an account managed by Manulife Asset Management that is beneficially owned by a client that is resident or domiciled in the United States and is not a responsible person and over which the Filer has discretionary authority;

(ff) **U.S. Funds means**, collectively, the 40 Act Funds and the U.S. Pooled Funds;

(gg) **U.S. Inter-Fund Trading Rules** means the United States Investment Company Act section 270.17a-7 and other applicable laws governing inter-fund trading in the United States; and

(hh) **U.S. Pooled Funds** means, collectively, the Existing U.S. Pooled Funds and the Future U.S. Pooled Funds.

Representations

The decision is based on the following facts represented by the Filer:

MAML/Filer

1. MAML is a corporation amalgamated under the laws of Canada, with its registered head office located in Toronto, Ontario. MAML is an indirect wholly-owned subsidiary of The Manufacturers Life Insurance Company, which in turn is a wholly-owned subsidiary of Manulife Financial Corporation.

2. MAML is currently registered in the categories of commodity trading manager, portfolio manager, derivatives portfolio manager and investment fund manager.

3. The Filer is, or will be, the manager of the Canadian Funds.

4. The Filer is, or will be, the portfolio manager(s) of the Canadian Funds. The Filer may also appoint sub-advisers for the Canadian Funds.

5. The Filer is, or will be, the trustee of the Canadian Funds that are Trust Funds.

6. MAML is not in default of securities legislation in any of the Jurisdictions.

The Canadian Funds

7. Each NI 81-102 Fund (which includes Closed End Funds) is, or will be, established under the laws of Ontario or Canada as an investment fund that is a mutual fund trust, a class of shares of a mutual fund corporation or limited partnership and is, or will be, a reporting issuer in one or more of the Jurisdictions.

8. The securities of each NI 81-102 Fund are, or will be, qualified for distribution in one or more of the Jurisdictions under, as applicable, a prospectus, simplified prospectus, annual information form, fund facts and/or ETF Facts, prepared and filed in accordance with the securities legislation of such Jurisdictions. Each NI 81-102 Fund is, or will be, subject to the provisions of NI 81-102.

9. Each Closed End Fund is, or will be, established under the laws of Ontario or Canada as a non-redeemable investment fund that is, or will be, a reporting issuer in one or more of the Jurisdictions.

10. Each Canadian Pooled Fund is, or will be, an investment fund established under the laws of Ontario or Canada as an open-ended mutual fund trust, open-ended mutual fund corporation or limited partnership that is not and will not be a reporting issuer in any of the Jurisdictions.

11. The securities of the Canadian Pooled Funds will be distributed on a private placement basis pursuant to available exemptions from the prospectus requirement under applicable securities laws in the Jurisdictions. Other than as may be required pursuant to exemptive relief granted by the Canadian securities administrators, the Canadian Pooled Funds are not, and will not be, subject to NI 81-102.

12. The existing Canadian Funds are not in default of securities legislation in any of the Jurisdictions.

Canadian Client Accounts

13. The Filer offers discretionary investment management services to institutional and individual investors in Canada through the Canadian Client Accounts.

14. Each Canadian client wishing to receive the discretionary investment management services from the Filer, has entered into, or will enter into, a written agreement (an **Investment Management Agreement**) whereby the client appoints the Filer, to act as portfolio manager in connection with an investment portfolio of the client with full discretionary authority to trade in securities for the Canadian Client Account without obtaining the specific consent of the client to execute the trade.

15. Each Investment Management Agreement or other documentation in respect of each Canadian Client Account will contain authorization from the client for the portfolio manager of the Canadian Client Account to make Inter-Fund Trades and/or enter into In Specie Transactions.

John Hancock

16. Each John Hancock entity is a Delaware limited liability company having its head office in Boston, Massachusetts.

17. Each John Hancock entity is registered with the U.S. Securities and Exchange Commission (the **SEC**) as an adviser under the U.S. *Investment Advisers Act of 1940* (the ***Advisers Act***).

18. In the U.S., all managers of U.S. registered investment companies are registered under, and subject to the requirements of the *Advisers Act*. In addition, with respect to their management of registered investment companies, registered investment advisers are subject to the requirements of the *Investment Company Act of 1940*.

19. MAML and John Hancock are affiliates. MAML and John Hancock are indirectly controlled by Manulife Financial Corporation. Manulife Financial Corporation is a Canadian multinational insurance company and financial services provider headquartered in Toronto, Ontario, Canada. The company operates in Canada and Asia as “Manulife” and in the United States primarily through its John Hancock Financial division. As at December 31, 2018, the Manulife organization had over C$1 trillion in assets under management.

20. John Hancock, or another affiliate of MAML is, or will be, the manager of the U.S. Funds. John Hancock, including affiliates of MAML, provide advisory services and portfolio manager(s) to the U.S. Funds. John Hancock or another affiliate of the Filer may also appoint sub-advisers for the U.S. Funds. Any affiliate of MAML providing advisory services to a U.S. Fund will be appropriately registered to act in such manner.

21. Current advisory affiliates of MAML, other than the John Hancock entities, that are registered with the SEC and are entities currently applicable to this Application are listed in Appendix A hereto.

22. John Hancock and other affiliates of MAML offer discretionary investment management services to institutional and individual investors in the United States through U.S. Client Accounts.

23. The Filer understands that trades between Canadian Funds and U.S. Client Accounts are not subject to the prohibitions in sections 13.5(2)(b)(ii) and (iii) of NI 31-103.

U.S. Funds

24. Each 40 Act Fund is, or will be, established as a series of a Massachusetts Business Trust (or under the laws of another U.S. jurisdiction) s an investment fund pursuant to the 40 Act and the securities of which are, or will be, registered for distribution to the public under the 40 Act.

25. The securities of each 40 Act Fund are, or will be, registered for distribution pursuant to a registration statement prepared and filed in accordance with the 40 Act. Each 40 Act Fund is, or will be, subject to the provisions of the 40 Act.

26. Each U.S. Pooled Fund is, or will be, an investment fund established under the laws of a U.S. jurisdiction as an open-ended mutual fund trust, open-ended mutual fund corporation or trust, limited liability company, limited partnership or closed-ended trust that will not be subject to the 40 Act.

27. The securities of the U.S. Pooled Funds are, or will be, distributed on a private placement basis pursuant to available exemptions from the registration requirement under the 40 Act (or other applicable securities laws in the United States). The Existing U.S. Pooled Funds are not, and the Future U.S. Pooled Funds will not be, subject to the 40 Act.

Inter-Fund Trading

28. The Filer wishes to be able to permit any Canadian Fund or Canadian Client Account to engage in Inter-Fund Trades of portfolio securities with a Fund.

29. NI 31-103, NI 81-102 and NI 81-107 restrict inter-fund trading. Absent the Exemption Sought, neither the Canadian Funds nor Canadian Client Accounts, nor the Filer on their behalf, will be permitted to engage in Cross-Border Inter-Fund Trades as contemplated in this decision.

30. The Filer is a responsible person for the purpose of section 13.5(2)(b) of NI 31-103 and, absent exemptive relief, is prohibited from effecting any Inter-Fund Trades between Canadian Funds or Canadian Client Accounts and certain Trust Funds (if an associate of the Filer) or other Funds (as investment funds for which the Filer, or other responsible person, acts as an adviser).

31. Absent exemptive relief, each NI 81-102 Fund is prohibited under section 4.2(1) of NI 81-102 from purchasing a security from or selling a security to certain Trust Funds (if an associate of the Filer) and would also be prohibited under section 4.2(1) of NI 81-102 from purchasing a security from or selling a security to a Fund established in the future under a corporate structure that would be an affiliate of the Filer.

32. The exception in section 4.3(1) of NI 81-102 which permits certain inter-fund trades of securities subject to public quotations is not available for any Inter-Fund Trades of debt securities because debt securities are typically not subject to public quotations.

33. The exception in section 4.3(2) which permits certain inter-fund trades of debt securities is not available for any Inter-Fund Trades of debt securities between: (i) NI 81-102 Funds and Canadian Pooled Funds; and (ii) NI 81-102 Funds and U.S. Funds. In both instances, that exemption only applies where funds on both sides of the inter-fund trade are investment funds subject to NI 81-107. The Canadian Pooled Funds and U.S. Funds will not be subject to NI 81-107.

34. The Filer cannot rely on the exception in subsection 6.1 of NI 81-107 for the Inter-Fund Trades unless each party to the transaction is a reporting issuer and the Inter-Fund Trade occurs at the “current market price of the security” which, in the case of exchange-traded securities, includes the Closing Sale Price but not the Last Sale Price.

35. Each Inter-Fund Trade will be consistent with the investment objectives of the Fund or Canadian Client Account, as applicable.

36. The Original 4.2 Decision was obtained to permit Inter-Fund Trades in unlisted debt securities between a NI 81-102 Fund and a Canadian Pooled Fund. The Original 4.2 Decision had also granted relief to address Inter-Fund trades in unlisted debt securities trades with Closed End Funds, however, given subsequent amendments to NI 81-102 since the granting of the Original 4.2 Decision, specific relief relating to Closed End Funds is no longer required.

37. The Original 13.5 Decision was obtained to permit Canadian Inter-Fund Trades (other than those permitted under regulatory exceptions and the Original 4.2 Decision) between all of the Canadian Clients. For Canadian Client

Accounts, which are not subject to an IRC approval process, the Original 13.5 Decision requires client authorization of Canadian Inter-Fund Trades in the Investment Management Agreement or other documentation.

38. The Filer, John Hancock, and all Manulife Asset Management affiliates are subject to cross trade and transfer-in-kind policies (the **Applicable Inter-Fund Trading Policies**). Such Applicable Inter-Fund Trading Policies include a Canadian specific policy which ensures that Canadian Inter-Fund Trades are conducted in accordance with the requirements of applicable securities legislation, including NI 81-102 and NI 81-107, the Original 4.2 Decision and the Original 13.5 Decision.

39. At the time of a Canadian Inter-Fund Trade, the Filer will have policies and procedures in place to enable the Canadian Funds and Canadian Client Accounts to engage in Canadian Inter-Fund Trades.

40. At the time of a Cross-Border Inter-Fund Trade, the Filer will have policies and procedures in place to enable the Canadian Funds and Canadian Client Accounts to engage in Cross-Border Inter-Fund Trades.

41. In respect of each NI 81-102 Fund, the Filer, as manager, has established or will establish an IRC in accordance with the requirements of NI 81-107.

42. Inter-Fund Trades involving an NI 81-102 Fund will be referred to and approved by the IRC of the NI 81-102 Fund under subsection 5.2(1) of NI 81-107 and the Filer, as manager of an NI 81-102 Fund, and the IRC of the NI 81-102 Fund, will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade. The IRC of the NI 81-102 Funds will not approve an Inter-Fund Trade involving an NI 81-102 Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

43. In respect of each Canadian Pooled Fund, the Filer, as manager, has established or will establish an IRC (which may also be the IRC of the NI 81-102 Funds) to review and approve, including by way of standing instructions, any proposed Inter-Fund Trade involving a Canadian Pooled Fund.

44. The mandate of the IRC of a Canadian Pooled Fund, among other things, includes or will include, approving Inter-Fund Trades. The IRC of a Canadian Pooled Fund is, or will be, created by the Filer, as manager of a Canadian Pooled Fund, in accordance with the requirements of section 3.7 of NI 81-107 and complies, or will comply, with the standard of care set out in section 3.9 of NI 81-107. The IRC of the Canadian Pooled Funds will not approve any Inter-Fund Trade involving a Canadian Pooled Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

45. The mandate of the IRC of the NI 81-102 Funds and the Canadian Pooled Funds will be expanded to include approval of Cross-Border Inter-Fund Trades between a Canadian Fund and a U.S. Fund.

46. Prior to the Filer engaging in Inter-Fund Trades on behalf of a Canadian Client Account, each Investment Management Agreement or other documentation will contain the authorization of the client for the Filer, as portfolio manager of the Canadian Client Account, to engage in Inter-Fund Trades.

47. When the Filer engages in an Inter-Fund Trade of securities between Funds or between a Canadian Client Account and a Fund, including Cross-Border Inter-Fund Trades, each will comply with the following procedures:

    (a) the portfolio manager of one Client (Client A) will deliver the trade instructions in respect of a purchase or a sale of a security by Client A to a trader on the trading desk of the Filer, John Hancock or one of their affiliates;

    (b) the portfolio manager of the other Client (Client B) will deliver the trade instructions in respect of a purchase or a sale of a security by Client B to a trader on the trading desk of the Filer, John Hancock or one of their affiliates (this may be the same trading desk or a different trading desk than is handling the order for Client A);

    (c) each trader on each trading desk will request the approval of the trading desk compliance officer (the **TDCO**) to execute the trade as an Inter-Fund Trade between Client A and Client B;

    (d) once the approval of the TDCO is received, the trader on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade between Client A and Client B in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that, for exchange-traded securities the Inter-Fund Trade may be executed at the Last Sale Price of the security, determined at the time of the receipt of the approval of the TDCO, prior to the execution of the trade;

(e) the policies applicable to the trading desks will require that: (i) all orders are to be executed on a timely basis, (ii) orders will be executed for no consideration other than cash payment against prompt delivery of a security, (iii) the transaction is consistent with the investment policies of each Fund participating in the transaction as recited in its registration statement or offering documents, and (iv) the transaction complies with all other requirements of applicable law; and

(f) the trader on each trading desk will advise the portfolio managers of Client A and Client B of the price at which the Inter-Fund Trade occurs.

48. If the IRC of a Canadian Fund becomes aware of an instance where the Filer, did not comply with the terms of any decision document issued in connection with the Inter-Fund Trades, including any Cross-Border Inter-Fund Trades, or a condition imposed by securities legislation or the IRC in its approval, the IRC of the Canadian Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator which is the Canadian Fund's principal regulator.

In Specie Relief

49. When acting for a Canadian Client Account of a client, a Filer wishes to be able, in accordance with the investment objectives and investment restrictions of the client, to cause the client's Canadian Client Account to either invest in securities of a Canadian Fund, or to redeem such securities, pursuant to an In Specie Transaction.

50. In acting on behalf of a Canadian Fund, a Filer wishes to be able, in accordance with the investment objectives and investment restrictions of the Fund, to cause the Fund to either invest in securities of another Canadian Fund, or to redeem such securities, pursuant to an In Specie Transaction.

51. The only cost which will be incurred by a Canadian Fund or a Canadian Client Account for an In Specie Transaction is a nominal administrative charge levied by the custodian of the Canadian Fund in recording the trades and/or any commission charged by the dealer executing the trade.

52. At the time of each In Specie Transaction, a Filer will have in place policies and procedures governing such transactions, including the following:

(a) each In Specie Transaction involving an NI 81-102 Fund will be referred to the applicable IRC for approval in accordance with the requirements of subsection 5.2(2) of NI 81-107;

(b) the Filer has obtained, or will obtain, the written consent of the relevant client before it engages in any In Specie Transaction in connection with the purchase or redemption of securities of the Canadian Funds for the Canadian Client Account;

(c) the portfolio securities transferred in an In Specie Transaction will be consistent with the investment criteria of the Canadian Fund or Canadian Client Account, as the case may be, acquiring the portfolio securities;

(d) the portfolio securities transferred in In Species Transactions will be valued on the same valuation day using the same valuation principles as are used to calculate the net asset value for the purpose of the issue price or redemption price of securities of the Canadian Fund;

(e) with respect to the purchase of securities of a Canadian Fund, the portfolio securities transferred to the Canadian Fund in an In Specie Transaction as purchase consideration for those securities will be valued as if the portfolio securities were assets of the Canadian Fund and in accordance with subsection 9.4(2)(b)(iii) of NI 81-102. With respect to the redemption of securities, the portfolio securities transferred in consideration for the redemption price of those securities will have a value at least equal to the amount at which those portfolio securities were valued in calculating the net asset value per security used to establish the redemption price of the securities in accordance with subsection of 10.4(3)(b) of NI 81-102;

(f) the valuation of any illiquid securities which would be the subject of an In Specie Transaction will be carried out according to the Filer's policies and procedures for the fair valuation of portfolio securities, including illiquid securities. Should any In Specie Transaction involve the transfer of an "illiquid asset" (as defined in NI 81-102), the Filer will obtain at least one quote for the asset from an independent arm's length purchaser or seller, immediately before effecting the In Specie Transaction;

(g) if any illiquid securities are the subject of an In Specie Transaction, the illiquid securities would be transferred on a pro rata basis. The Canadian Funds generally invest in liquid securities. The Filer will not cause any Canadian Fund to engage in an In Specie Transaction if the applicable Canadian Fund or Canadian Client

Account is not in compliance with the portfolio restrictions on the holding of illiquid securities described in section 2.4 of NI 81-102;

(h) the Canadian Funds will keep written records of each In Specie Transaction, including records of each purchase and redemption of portfolio securities and the terms thereof for a period of five years commencing after the end of the financial year in which the trade occurred, the most recent two years in a reasonably accessible place.

53. MAML has determined that it would be in the interests of the Canadian Funds and the Canadian Client Accounts to engage in In Species Transactions.

54. In Specie Transactions will be subject to (i) compliance with the written policies and procedures of the Filer respecting In Specie Transactions that are consistent with applicable securities legislation and this decision and (ii) the oversight of MAML to ensure that the In Specie Transactions represent the business judgment of the Filer acting in its discretionary capacity with respect to the Canadian Funds and the Canadian Client Accounts, uninfluenced by considerations other than the best interests of the Canadian Funds and the Canadian Client Accounts. The results of the oversight and review by MAML will be submitted in the form of a report to the MAML's board of directors on a semi-annual basis.

55. MAML has determined that effecting the In Specie Transactions of securities between a Canadian Fund and a Canadian Client Account or between a Canadian Fund and another Canadian Fund will allow a Filer to manage each asset class more effectively and reduce transaction costs for the client, as applicable, and the Canadian Funds. For example, In Specie Transactions may:

(a) reduce market impact costs, which can be detrimental to clients and/or the Canadian Funds;

(b) also allow a portfolio adviser to retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled.

56. A Filer will be the portfolio adviser of the Canadian Fund and is, or may be, the trustee of a Canadian Fund. As such, a Filer is, or may be, a "responsible person" within the meaning of the applicable provisions of the Legislation. Accordingly, a Canadian Fund may be considered to be an "associate of a responsible person" within the meaning of the applicable provisions of the Legislation.

57. Accordingly, absent the In Specie Relief, a Filer would be prohibited from engaging in the In Specie Transactions.

Benefits of the Exemption Sought

58. The securities regulatory authorities in the Jurisdictions granted the Original Decisions on the basis that it is in the best interests of the Canadian Clients.

59. MAML has determined that it would be in the best interests of all Clients to permit Inter-Fund Trades, including Cross-Border Inter-Fund Trades, for the following reasons:

(a) because of the various investment objectives and investment strategies that are or will be utilized by the Clients, it may be appropriate for different investment portfolios to acquire or dispose of the same securities. MAML has determined that engaging in these Inter-Fund Trades directly rather than with a third party has potential benefits such as lower trading costs, reduced market disruption and quicker execution;

(b) making all Clients subject to the same set of rules governing the execution of transactions will result in cost and timing efficiencies in respect of the execution of transactions for all Clients, for example reducing market exposure risk due to delayed execution and improving liquidity for thinly traded securities; and

(c) making all Clients subject to the same set of rules governing the execution of transactions will result in less complicated and more reliable compliance procedures, as well as simplified and more efficient monitoring thereof, for the Filer, in connection with execution of transactions on behalf of all Clients.

60. The foregoing benefits are currently enjoyed by the Canadian Clients pursuant to existing regulatory exceptions and the Original Decisions. MAML has determined that the Exemption Sought is in the best interests of the Canadian Clients because it would extend these benefits to Cross-Border Inter-Fund Trades with U.S. Funds, significantly broadening the pool of potential inter-fund trading counterparties.

61. U.S. Funds currently conduct inter-fund trading pursuant to the Applicable Inter-Fund Trading Policies which complies with U.S. Inter-Fund Trading Rules. From a procedural perspective, inter-fund trades involving 40 Act Funds are subject to oversight by the applicable U.S. fund board. Also, in order to comply with SEC rules governing inter-fund trades and the Applicable Inter-Fund Trading Policies as noted above, it is explicitly required that no brokerage commission, fee (except for customary transfer fees) or other remuneration be paid by the accounts in connection with the transition. Cross-Border Inter-Fund Trades would be conducted on Manulife Asset Management' portfolio management system, which is monitored by an integrated compliance group including representatives of MAML, John Hancock and other affiliates.

62. U.S. Inter-Fund Trading Rules impose similar requirements to the regulatory exceptions, and the Original Decisions respecting appropriate consideration, policies and procedures, governance and review, recordkeeping and pricing for inter-fund trades. Because the Original 13.5 Decision permits Canadian Inter-Fund Trades to be executed at the Last Sale Price instead of the Closing Sale Price, MAML has determined that there is no material difference between the pricing requirements that apply to Canadian Inter-Fund Trades under the Original 13.5 Decision and the pricing requirements that apply to inter-fund trades in the United States.

63. MAML has determined that similar regulatory requirements applicable to inter-fund trading in Canada and the United States, together with Manulife Asset Management's integrated portfolio management system and compliance group, creates a framework for conducting Cross-Border Inter-Fund Trades in a manner which minimizes conflicts of interest and promotes fairness and transparency for all Clients.

64. MAML was previously granted the In Specie Relief in the Original 13.5 Decision. As MAML seeks to revoke and replace the Original 13.5 Decision as part of the Revocation, MAML also seeks the In Specie Relief on the same terms and conditions as the Original 13.5 Decision as part of the Exemption Sought.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that:

1. the Revocation is granted;

2. the Section 4.2(1) Relief is granted provided that the following conditions are satisfied:

    (a) the Inter-Fund Trade is consistent with the investment objectives of each of the Funds involved in the trade;

    (b) the IRC of the Canadian Fund involved in the trade has approved the transaction in respect of that Canadian Fund in accordance with the terms of section 5.2 of NI 81-107;

    (c) the fund board of the U.S. Fund, or the trust committee of the entity acting as trustee of the U.S. Fund, involved as a counterparty to the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with 40 Act Rule 17a-7; and

    (d) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;

3. the Inter-Fund Trading Relief is granted provided that the following conditions are satisfied:

    (a) the Inter-Fund Trade is consistent with the investment objectives of each of the Canadian Clients involved in the trade;

    (b) the Filer, as manager of a Canadian Fund, refers the Inter-Fund Trade involving such Canadian Fund to the IRC of that Canadian Fund in the manner contemplated by section 5.1 of NI 81-107 and the Filer, and the IRC of the Canadian Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;

    (c) in the case of an Inter-Fund Trade between Canadian Funds:

        (i) the IRC of each Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of section 5.2(2) of NI 81-107; and

(ii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;

(d) in the case of an Inter-Fund Trade between a Canadian Client Account and a Canadian Fund:

(i) the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of section 5.2(2) of NI 81-107;

(ii) the investment management agreement or other documentation in respect of the Canadian Client Account authorizes the Inter-Fund Trade; and

(iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;

(e) in the case of an Inter-Fund Trade between a Canadian Fund and a U.S. Fund:

(i) the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of section 5.2(2) of NI 81-107;

(ii) the fund board of the U.S. Fund, or the trust committee of the entity acting as trustee of the U.S. Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with 1940 Act 17a-7;

(iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;

(iv) the Inter-Fund Trade shall only be executed for orders with a quantity of more than 50 standard trading units; and

(v) the Inter-Fund Trade shall comply with the market integrity requirements as defined in s. 6.1(1)(b) of NI 81-107;

(f) in the case of an Inter-Fund Trade between a Canadian Client Account and a U.S. Fund:

(i) the investment management agreement or other documentation in respect of the Canadian Client Account authorizes the Inter-Fund Trade;

(ii) the fund board of the U.S. Fund, or the trust committee of the entity acting as trustee of the U.S. Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with 1940 Act 17a-7;

(iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale;

(iv) the Inter-Fund Trade shall only be executed for orders with a quantity of more than 50 standard trading units; and

(v) the Inter-Fund Trade shall comply with the market integrity requirements as defined in s. 6.1(1)(b) of NI 81-107; and

(g) with respect to Cross-Border Inter-Fund Trades only, this decision shall cease to be operative three years from the date of such decision; and

4. the In Specie Relief is granted provided that the following conditions are satisfied:

(a) in connection with an In Specie Transaction where a Canadian Client Account acquires securities of a Canadian Fund:

(i) if the transaction involves the purchase of securities in an NI 81-102 Fund, the IRC of the NI 81-102 Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

(ii) the Filer and the applicable IRC complies with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC provides in connection with the In Specie Transaction;

(iii) the Filer obtains the prior written consent of the client of the Canadian Client Account before it engages in any In Specie Transaction;

(iv) the Canadian Fund would, at the time of payment, be permitted to purchase the portfolio securities;

(v) the portfolio securities are acceptable to the portfolio manager of the Canadian Fund and meet the investment criteria of the Canadian Fund;

(vi) the value of the portfolio securities is at least equal to the issue price of the securities of the Canadian Fund for which they are used as payment, valued as if the portfolio securities were portfolio assets of that Canadian Fund;

(vii) the account statement next prepared for the Canadian Client Account will describe the portfolio securities delivered to the Canadian Fund and the value assigned to such portfolio securities; and

(viii) the Canadian Fund will keep written records of each In Specie Transaction in a financial year of the Canadian Fund, reflecting details of the portfolio securities delivered to the Canadian Fund and the value assigned to such portfolio securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

(b) in connection with an In Specie Transaction where a Canadian Client Account redeems securities of a Canadian Fund:

(i) if the transaction involves the redemption of securities in an NI 81-102 Fund, the IRC of the NI 81-102 Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund, in accordance with the terms of subsection 5.2(2) of NI 81-107;

(ii) the Filer and the applicable IRC complies with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC provides in connection with the In Specie Transaction;

(iii) the Filer obtains the prior written consent of the client of the Canadian Client Account before it engages in any In Specie Transaction, and such consent has not been revoked;

(iv) the portfolio securities meet the investment criteria of the Canadian Client Account acquiring the portfolio securities and are acceptable to the Filer;

(v) the value of the portfolio securities is equal to the amount at which those portfolio securities were valued by the Canadian Fund in calculating the net asset value per unit or share used to establish the redemption price;

(vi) the account statement next prepared for the Canadian Client Account will describe the portfolio securities received from the Canadian Fund and the value assigned to such portfolio securities; and

(vii) the Canadian Fund will keep written records of each In Specie Transaction in a financial year of the Canadian Fund, reflecting details of the securities delivered by the Canadian Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

(c) in connection with an In Specie Transaction where a Canadian Fund acquires portfolio securities of a Canadian Fund:

(i) if the transaction involves the purchase of securities in an NI 81-102 Fund, the IRC of the NI 81-102 Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

(ii) the Filer and the applicable IRC comply with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC provides in connection with the In Specie Transaction;

(iii) the Canadian Fund acquiring the portfolio securities would, at the time of payment, be permitted to purchase the portfolio securities;

(iv) the portfolio securities are acceptable to portfolio manager of the Canadian Fund acquiring the portfolio securities and meet the investment objective of such Canadian Fund;

(v) the value of the portfolio securities is at least equal to the issue price of the units or shares of the Canadian Fund issuing the units or shares for which they are used as payment, valued as if the portfolio securities were portfolio assets of that Canadian Fund; and

(vi) each of the Canadian Funds will keep written records of each In Specie Transaction in a financial year of the Canadian Fund, reflecting details of the securities delivered to the Canadian Fund and the value assigned to such portfolio securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

(d) in connection with an In Specie Transaction where a Canadian Fund redeems securities of a Canadian Fund:

(i) if the transaction involves the redemption of securities in an NI 81-102 Fund, the IRC of the NI 81-102 Fund has approved the In Specie Transaction on behalf of the NI 81-102 Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

(ii) the Filer and the applicable IRC comply with section 5.4 of NI 81-107 in respect of any standing instructions the applicable IRC provides in connection with the In Specie Transaction;

(iii) the portfolio securities are acceptable to the portfolio manager of the Canadian Fund and are consistent with the investment objective of the Canadian Fund acquiring the portfolio securities;

(iv) the value of the portfolio securities is equal to the amount at which those securities were valued by the Canadian Fund in calculating the net asset value per security used to establish the redemption price; and

(v) the Canadian Fund will keep written records of each In Specie Transaction in a financial year of the Canadian Fund, reflecting details of the portfolio securities delivered by the Canadian Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and

(e) the Filer does not receive any compensation in respect of any In Specie Transaction and, in respect of any delivery of portfolio securities further to an In Specie Transaction, the only charges paid by the Canadian Client Account or the applicable Canadian Fund is the commission charged by the dealer executing the trade (if any) and/or any administrative charges levied by the custodian.

“Darren McKall”
Investment Funds & Structured Products Branch
Ontario Securities Commission

APPENDIX A

1. Manulife Asset Management (North America) Limited
2. Manulife Asset Management (US) LLC

2.2 Orders

2.2.1 Natural Bee Works Apiaries Inc. et al.

FILE NO.: 2018-40

IN THE MATTER OF
NATURAL BEE WORKS APIARIES INC.,
RINALDO LANDUCCI and
TAWLIA CHICKALO

D. Grant Vingoe, Vice-Chair and Chair of the Panel

July 3, 2019

ORDER

WHEREAS on April 22, 23, 24, 25 and 26, 2019 and May 23, 2019, the Ontario Securities Commission (**Commission**) held the merits hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, and the Reasons and Decision for the merits hearing was issued on July 3, 2019;

ON FINDING that each of Natural Bee Works Apiaries Inc., Rinaldo Landucci and Tawlia Chickalo (the **Respondents**) breached Ontario securities law and it is necessary to schedule a sanctions and costs hearing;

IT IS ORDERED THAT:

a. Staff shall serve and file written submissions on sanctions and costs by 4:00 p.m. (Toronto time) on July 19, 2019;

b. The Respondents shall serve and file responding written submissions on sanctions and costs by 4:00 p.m. (Toronto time) on August 2, 2019;

c. Reply submissions of Staff, if any, shall be made orally at the sanctions and costs hearing; and

d. the sanctions and costs hearing shall be held by video conference and at the offices of the Commission at 20 Queen Street West, 17th floor, Toronto, Ontario, on August 6, 2019 at 10:00 a.m. (Toronto time), or such other dates and times as provided by the Office of the Secretary and agreed to by the parties.

"D. Grant Vingoe"

2.2.2 Martello Technologies Group Inc. (formerly Newcastle Energy Inc.) – s. 1(11)(b)

Headnote

Clause 1(11)(b) – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer is already a reporting issuer in British Columbia and Alberta – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in British Columbia and Alberta are substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b).

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED
(the Act)

AND

IN THE MATTER OF
MARTELLO TECHNOLOGIES GROUP INC.
(formerly NEWCASTLE ENERGY INC.)

ORDER
Clause 1(11)(b))

UPON the application (the **Application**) of Martello Technologies Group Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 1(11)(b) of the Act deeming the Applicant to be a reporting issuer for the purposes of Ontario securities law;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant was formed by incorporation pursuant to the *Business Corporations Act* (British Columbia) under the name Cove Energy Corporation on April 6, 1981 (subsequently renamed Cove Resources Corporation on May 13, 1988, Consolidated Cove Resources Corporation on August 11, 1992, Derek Resources Corporation on May 11, 1995, Derek Oil & Gas Corporation on March 3, 2003, Newcastle Energy Corp. on July 2, 2013 and Martello Technologies Group Inc. on July 10, 2018) and continued under the *Canada Business Corporations Act* pursuant to articles of continuance dated September 10, 2018. The address of the Applicant's registered and head office is 390 March Road, Suite 110, Ottawa, ON K2K 0G7.

2. The Applicant is a reporting issuer under the *Securities Act* (British Columbia) (the **BC Act**) and the *Securities Act* (Alberta) (the **AB Act**). The Applicant became a reporting issuer in British Columbia and Alberta on June 10, 1983.

3. On August 15, 2018, the Applicant and Martello Technologies Corporation (**MTC**), a private company incorporated under the laws of Canada, and with its principal and registered office in Ottawa, ON, completed a reverse takeover transaction within the meaning of the policies of the TSX-V (the **Reverse Takeover Transaction**). As a result of the Reverse Takeover Transaction, among other things: (i) the Applicant changed its name to Martello Technologies Group Inc.; (iii) the Applicant exchanged all of the issued and outstanding securities of MTC for 165,797,436 Common Shares and 1,028,576 purchase warrants of the Applicant; and (iv) MTC became a wholly-owned subsidiary of the Applicant.

4. The Applicant is not a reporting issuer or the equivalent in any jurisdiction in Canada other than British Columbia and Alberta.

5. The Applicant's authorized share capital consists solely of an unlimited number of common shares (the **Common Shares**). As of the date hereof there are 171,883,976 Common Shares issued and outstanding.

6. The Common Shares are listed and posted for trading on the TSX Venture Exchange (the **TSX-V**) under the symbol "MTLO" The Common Shares were listed on the TSX-V on September 12, 2018.

7. The Common Shares are not listed or posted for trading, and are not anticipated to be listed or posted for trading, on any other stock exchange in Canada. The Common Shares are not traded on any other stock exchange or trading or quotation system outside of Canada.

8. The continuous disclosure requirements under the BC Act and the AB Act are substantially similar to the disclosure requirements under the Act.

9. As of the date hereof, the Applicant is not on the default list of the securities regulatory authority in any jurisdiction in Canada in which it is a reporting issuer and the Applicant is not in default of any requirement of the Act, the BC Act or the AB Act.

10. The continuous disclosure materials filed by the Applicant as a reporting issuer in British Columbia and Alberta are available on the System for Electronic Document Analysis and Retrieval (**SEDAR**).

11. The Applicant is not in default of any of the rules, regulations or policies of the TSX-V.

12. Pursuant to section 9.1 of the NEX Policy and section 18 of Policy 3.1 of the TSX Venture Exchange (**TSXV**) Corporate Finance Manual (**TSXV Manual**), a listed issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "Significant Connection to Ontario" (as defined in Policy 1.1 of the TSXV Manual) and, upon becoming aware that it has a Significant Connection to Ontario, promptly make a bona fide application to the Commission to be designated a reporting issuer in Ontario.

13. The Applicant has determined that it has a significant connection to Ontario. Following the completion of the Reverse Takeover Transaction, the Applicant's head office and registered office are located in Ontario; its board and management are located in Ontario; and shareholders holding securities of the Applicant carrying more than 20% of the voting rights attached to the outstanding securities of the Applicant are resident in Ontario.

14. The British Columbia Securities Commission (**BCSC**) is currently the principal regulator for the Applicant. Ontario will be the principal regulator for the Applicant once it has obtained reporting issuer status in Ontario. Upon the granting of this Order, the Applicant will amend its SEDAR profile to indicate that Ontario is its principal regulator.

15. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant has: (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority; (ii) entered into a settlement agreement with a Canadian securities regulatory authority; or (iii) been subject

to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

16. Neither the Applicant, nor any of its officers, directors, nor, to the knowledge of the Applicant or its directors or officers, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to: (i) any known ongoing or concluded investigations by (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceeding, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

17. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers or directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to: (i) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the past 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the past 10 years , other than the following:

    a. Terrence Matthews, a director of the Applicant, is a director of Magor Corporation (**Magor**), a reporting issuer listed on the NEX board of the TSXV. On January 6, 2017, the Commission issued a cease trade order against Magor for failure to file interim financial statements (and related management's discussion and analysis and certifications) for the period ended October 31, 2016. The cease trade order is still in effect.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to clause 1(11)(b) of the Act that the Applicant be deemed to be a reporting issuer for the purposes of Ontario securities law.

DATED at Toronto on this 4th day of July, 2019.

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 BSM Technologies Inc. – s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
BSM TECHNOLOGIES INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA;

2. The Applicant has no intention to seek public financing by way of an offering of securities; and

3. On June 27, 2019 the Applicant was granted an order (the **June 27 Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in National Policy 11-206 – *Process for Cease to be a Reporting Issuer Applications*. The representations set out in the June 27 Order continue to be true.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public.

DATED at Toronto, Ontario this 4th day of July, 2019.

"Ray Kindiak"
Commissioner
Ontario Securities Commission

"Grant Vingoe"
Commissioner
Ontario Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Natural Bee Works Apiaries Inc. et al. – s. 127(1)

Citation: *Natural Bee Works Apiaries Inc (Re)*, 2019 ONSEC 23
Date: 2019-07-03
File No. 2018-40

IN THE MATTER OF
NATURAL BEE WORKS APIARIES INC.,
RINALDO LANDUCCI and
TAWLIA CHICKALO

REASONS AND DECISION
(Subsection 127(1) of the *Securities Act*, RSO 1990, c. S.5)

Hearing:	April 22, 23, 24, 25, 26 and May 23, 2019	
Decision:	July 3, 2019	
Panel:	D. Grant Vingoe	Vice-Chair and Chair of the Panel
Appearances:	Christina Galbraith Audrey Smith (student-at-law)	For Staff of the Commission
	Rinaldo Landucci	For himself and Natural Bee Works Apiaries Inc.
	Tawlia Chickalo	For herself

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REASONS AND DECISION

I. INTRODUCTION

[1] On June 25, 2018, Staff of the Ontario Securities Commission issued a Statement of Allegations pursuant to ss. 127(1) and 127.1 of the *Securities Act*[1] (the **Act**) against the Respondents. According to the Allegations, Natural Bee Works Apiaries Inc. (**NBW**), Rinaldo Landucci (**Mr. Landucci**) and Tawlia Chickalo (**Ms. Chickalo**) (collectively, the **Respondents**) violated Ontario securities laws by:

a. engaging in the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement, contrary to s. 25 of the Act (Ms. Chickalo);

b. trading in securities that would constitute a distribution without a prospectus or an applicable exemption from the prospectus requirement, contrary to s. 53 of the Act (NBW and Ms. Chickalo);

c. representing that the securities of NBW will be listed on an exchange, contrary to s. 38(3) of the Act (all Respondents);

d. engaging or participating in an act, practice or course of conduct relating to securities that they know or reasonably ought to know perpetrates a fraud on any person or company, contrary to s. 126.1(1)(b) of the Act (all Respondents);

e. making statements that they knew or reasonably ought to have known were untrue or misleading and that would reasonably be expected to have a significant effect on the market price or value of the securities of NBW, contrary to s. 126.2 of the Act, by virtue of the statements made in marketing materials (all Respondents); and

f. authorizing, permitting or acquiescing in the non-compliance with the Act by NBW, contrary to s. 129.2 of the Act (Mr. Landucci).

[2] The Commission conducted a hearing into the merits of these allegations over the course of six hearing days. Mr. Landucci, on his own behalf and on behalf of NBW, and Ms. Chickalo attended the hearing on the first day by telephone conference and then by video-conference for the following days. All Respondents were self-represented.

[3] For the reasons that follow, I find that the Respondents engaged in a course of conduct that, in the case of Mr. Landucci and NBW, they knew, and in the case of Ms. Chickalo, she reasonably ought to have known, perpetrated a fraud on the NBW investors contrary to s. 126.1(1)(b) of the Act and that Staff has also proven the allegations with respect to ss. 25, 53, and 129.2 of the Act.

[1] RSO 1990, c S.5.

II. BACKGROUND

A. The Respondents

1. NBW

[4] NBW was incorporated under British Columbia law on June 9, 2017 and has its registered office located at a law firm office in Burnaby, British Columbia (**BC**). NBW is apparently in the business of selling bee-related products as well as developing and marketing other products apparently created by Mr. Landucci. There was evidence that NBW sold candles and other products, primarily in craft markets in the Burnaby/Vancouver area. NBW has never been registered with the Commission.

2. Mr. Landucci

[5] Mr. Landucci is a resident of BC. He has never been registered with the Commission. Mr. Landucci is the sole director of NBW. Mr. Landucci controls NBW.

[6] His exact address is unclear since he never provided his address to the Commission, despite an undertaking and an order, dated July 19, 2018, that he do so (as discussed further below).

[7] He stated that he was a beekeeper, but failed to produce any documentation to demonstrate he was registered as a beekeeper in BC (as discussed further below). No corroborating evidence was provided by Mr. Landucci or the other Respondents that Mr. Landucci was in fact engaged in beekeeping, other than an invoice purported to be for making frames for bee hives.

[8] Mr. Landucci stated that he was a businessperson who was creating, manufacturing and selling a number of different products. At the hearing, he presented pictures of various products, some bee-related and others not, that he indicated he had developed and claimed that for some of which he was pursuing patent applications outside of Canada. No documentary evidence to verify such applications was provided, except that some documents he provided at the hearing contained images of products with text next to these images indicating that patents were pending.[2]

3. Ms. Chickalo

[9] Ms. Chickalo is a resident of Ontario who had, prior to her involvement with NBW, operated a business that made and sold beeswax candles. Ms. Chickalo had an employment agreement with NBW, which at one point named her as NBW's President and was later modified to designate her as a director. Although the employment agreement specified other duties, her primary activity involving NBW was selling shares of NBW to persons she described as either customers from her prior candle business and/or her friends.

[10] Ms. Chickalo had frequent telephone calls with Mr. Landucci regarding NBW. At the hearing in her testimony she admitted that she never met him in person.[3]

[11] Ms. Chickalo has never been registered with the Commission.

III. PRELIMINARY MATTERS

A. Temporary Cease Trade Order

[12] Before addressing the issues that arise in this proceeding, I will refer to an earlier proceeding, in which the Commission issued a temporary order against the Respondents and another individual (the **Temporary Order**), pursuant to ss. 127(1) and 127(5) of the Act. The initial Temporary Order of February 8, 2018 stated that it appeared to the Commission that, among other things:

a. Ms. Chickalo (and one other person) may have engaged in, or held themselves out as engaging in the business of advising without the necessary registration or an applicable exemption from the registration requirement, contrary to s. 25 of the Act;

b. NBW, Ms. Chickalo (and one other person) may have engaged in trading of securities which constituted a distribution without a prospectus or an applicable exemption from the prospectus requirement, contrary to s. 53 of the Act;

[2] See for example, Exhibit 27, Natural Bee Works Product Line - Dozens of Collections.
[3] Transcript, Merits Hearing, Natural Bee Works (Re), April 24, 2019 at 77 lines 9-11.

c. the Respondents may have represented that the securities of NBW will be listed on an exchange, contrary to s. 38(3) of the Act;

d. the Respondents may have engaged or participated in an act, practice or course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on investors, contrary to s. 126.1(1)(b) of the Act;

e. the Respondents may have made statements that they knew or reasonably ought to have known were untrue or misleading and that they would reasonably be expected to have a significant effect on the market price or value of the securities of NBW, contrary to s. 126.2 of the Act; and

f. the named parties (including the Respondents) may have acted contrary to the public interest.

[13] The Temporary Order provided that trading in securities of NBW was to cease and that trading in any securities by the named parties was to cease. The Commission extended the Temporary Order against NBW, Mr. Landucci and Ms. Chickalo four times.

[14] As the order of June 27, 2018 stated that the Temporary Order was extended until the conclusion of the hearing on the merits, at the merits hearing on April 26, 2019 I heard submissions from the parties about whether the Temporary Order should be further extended. I issued an order on April 26, 2019 extending the Temporary Order against the Respondents until the later of:

a. the date the Merits Decision is issued, or

b. if the Merits Decision determines that any of Tawlia Chickalo, Rinaldo Landucci and/or Natural Bee Works Apiaries Inc. has violated Ontario Securities Law, the date of the issuance of the Sanctions Decision in respect of that respondent in relation to the Statement of Allegations naming Natural Bee Works Apiaries Inc., Tawlia Chickalo and Rinaldo Landucci dated June 25, 2018.

[15] In my view, it was necessary to extend the Temporary Order to protect against a resumption of the Respondents' capital raising activities and protect current and prospective investors. There was a compelling need to protect the investors since, at various times, Mr. Landucci claimed to be in the process of selling NBW or its assets or to having concluded such a sale, discussed resuming NBW's activities outside of Canada, and he raised questions during the proceedings about contacting the existing investors about buying back their NBW shares. The nature of Mr. Landucci' s conduct raised grave concerns that any dealings with NBW investors would further put their interests at risk.[4] The evidence presented by Staff demonstrated that the Respondents conducted their activities that are the subject of this proceeding in a manner that put investors and their funds at risk in contravention of Ontario securities law as detailed in these reasons. On the basis of these factors, I concluded that the continued application of the Temporary Order was necessary to protect the public and the existing NBW investors from additional harmful activities.

[16] As set out in my April 26, 2019 order and as a result of this decision in which I have determined that each of the Respondents has violated Ontario securities law, the Temporary Order remains in effect until the issuance of the future Sanctions Decision.

B. Representation Status of the Respondents

[17] The Respondents were self-represented throughout the proceeding. At the attendances in advance of the merits hearing I asked Mr. Landucci, on his own behalf and on behalf of NBW, and Ms. Chickalo if they had retained counsel. I explained the seriousness of these proceedings and urged them to consider retaining counsel. Mr. Landucci indicated that he had access to legal representation, but that he was not going to have a lawyer appear on his or NBW's behalf in these proceedings. Ms. Chickalo indicated that she wished to proceed without counsel.

[18] Again, at the commencement of the merits hearing, I asked Mr. Landucci and Ms. Chickalo to confirm their representation status and they both confirmed they were self-represented for the merits hearing. Mr. Landucci stated that:

> I don't think I need counsel for this and, again, whatever your -- whatever the charges are going to be, I am going to appeal it anyways. So, that's when we're going to use the attorneys.[5]

[4] At a preliminary attendance, I made it clear that if Mr. Landucci wished to advance a proposal to repay the investors involving a share transaction or sale of the business, it was open to him to make an application to vary the Temporary Order for this purpose. No such application was ever made.
[5] Transcript, Merits Hearing, Natural Bee Works (Re), April 22, 2019 at 14 lines 20-23.

[19] At various points Mr. Landucci indicated that he had recently sold NBW to a buyer in the United States, although he provided no evidence to that effect. Mr. Landucci insisted that he continued to be able to speak for and represent NBW. This is consistent with NBW's corporate filing in BC, which identifies Mr. Landucci as NBW's sole director. I concluded that Mr. Landucci represents the company.

[20] Since each of the Respondents was unrepresented by counsel, I provided explanations of what was involved in each phase of the merits hearing and gave them opportunities to ask questions. Where I concluded that they may have misunderstood what was transpiring or the consequences of an approach they were taking, I endeavoured to give them the opportunity to have additional time or to re-open phases of the hearing that had concluded. This occurred, as an example with Ms. Chickalo, where, after Staff raised questions concerning her understanding of the status of her 'will say' statement, I permitted Ms. Chickalo to have an opportunity to enter her 'will say' statement as sworn evidence since she confirmed that she had been under the impression that this document was being considered as evidence. In Mr. Landucci's case, I gave him additional opportunities to search for and submit documents regarding his registration as a beekeeper, documents showing business activities for NBW and documents regarding his health condition at the time of his interview held at the offices of the British Columbia Securities Commission (**BCSC**), none of which had been submitted in a hearing brief, (as was required by my order of April 3, 2019) or initially entered in evidence during his case. He was also provided with an opportunity to change his mind about cross-examining Ms. Chickalo, and I permitted him to cross-examine her the day after Staff finished their cross-examination of Ms. Chickalo.

[21] During the Respondents' evidence, I intervened to help them distinguish between evidence and submissions and gave them guidance regarding the appropriate scope of direct, cross and re-examination. I also gave them guidance regarding the rule in *Brown v Dunn*[6] to let them know that if the Respondents intended to rely on evidence that contradicted a witness then, in fairness, that evidence would have to be put to the witness during cross-examination to allow that witness the opportunity to explain the contradiction.[7]

[22] Staff did not object to the approach I took to aid these unrepresented Respondents.

C. Disclosure

[23] Ms. Chickalo provided her residence address and received disclosure from Staff.

[24] As noted above, Mr. Landucci did not comply with an order to provide an address at which he was willing to receive disclosure. The disclosure materials were too voluminous to rely on email for this purpose. Additionally, sensitive information regarding both investors and the Respondents were included in those materials, making it inappropriate to merely deliver it to a place that Mr. Landucci did not acknowledge as a location at which service could be effected. Mr. Landucci never provided the address of any location at which he would accept delivery.

[25] Mr. Landucci indicated at the first attendance that he was moving and was therefore unable to provide an address. Mr. Landucci undertook to provide his new address to Staff once he moved. By order dated July 19, 2018, I set a deadline of July 26, 2018 for Mr. Landucci to provide his address so that Staff could serve the disclosure on him by August 9, 2018. Mr. Landucci never provided his address by the deadline. As a result, Staff requested an attendance to deal with Mr. Landucci's non-compliance with the July 19, 2018 order.

[26] An attendance was held on August 22, 2018. None of the Respondents participated even though they were provided with notice of the attendance and the telephone conference information to participate. I was informed that Staff's investigator, Ms. Lavalley, had reached out to Mr. Landucci twice to request an address and Staff received no response. I discussed with Staff options to ensure that Mr. Landucci had access to the disclosure. As Mr. Landucci is located in BC, Staff made arrangements with the BCSC to make the disclosure available at the BCSC's offices for pick up. I was satisfied that this approach reasonably ensured that the materials were being dealt with in a responsible manner and would be accessible to Mr. Landucci.

[27] At the next attendance on November 16, 2018, Staff confirmed that disclosure was available for Mr. Landucci to pick up at the BCSC's offices and that Staff tried to reach out to a law firm associated with NBW, but they did not respond to Staff. At this attendance, Mr. Landucci stated multiple times that he would email his address to Staff, but never did so.

[28] At the attendance on January 15, 2019, Staff confirmed again that disclosure was available for pick-up at the BCSC's offices, but that Mr. Landucci had not yet picked it up. Mr. Landucci was once again asked to provide an address so that Staff could provide him with disclosure and Mr. Landucci indicated that he does have an address but did not want to give it to Staff.

[6] 1893 CanLII 65.
[7] Transcript, Merits Hearing, Natural Bee Works (Re), April 23, 2019, at 53 line 25 to 54 line 5.

[29] Again, at the attendance on April 3, 2019, Mr. Landucci agreed to email Staff his address and an address and email for his counsel; however, he never followed through with this promised information.

[30] In my view, Staff took all reasonable steps to attempt to serve Mr. Landucci with the disclosure in this proceeding. Mr. Landucci was ordered to provide his address to Staff for the purpose of effecting delivery of disclosure. Mr. Landucci never complied with this order. He made promises to provide Staff with his address and never followed through. Arrangements were made with the BCSC so that the disclosure package could be picked by Mr. Landucci. He was previously interviewed at this location and it was always open to him to pick up these materials. He never picked up the disclosure materials from the BCSC.

D. Method of Participation of the Respondents

1. Prior to the Merits Hearing

[31] Since Ms. Chickalo and Mr. Landucci did not reside in Toronto, all preliminary attendances were conducted by telephone conference. Although scheduled with appropriate notice to the Respondents, Mr. Landucci did not participate in two preliminary attendances. Ms. Chickalo missed one preliminary attendance.

2. During the Merits Hearing

[32] Arrangements were made by Staff in advance of the merits hearing for the evidence portion of the hearing to be conducted by video-conference. Ms. Chickalo had indicated a willingness to participate in person from either Toronto or Vancouver at the BCSC's office, and Mr. Landucci indicated he would participate from the offices of the BCSC. Ultimately, Ms. Chickalo could not make arrangements to travel and stay in Toronto for the hearing. She informed the Commission of this at a late stage and an attendance was held on Thursday, April 18, 2019 by telephone conference, the last business day before the commencement of the merits hearing to discuss arrangements for her participation. Arrangements were made and tested for Ms. Chickalo to participate through GoToMeeting software on a personal computer available to her. Mr. Landucci did not participate in the attendance on April 18, 2019. I note that on the first day of the merits hearing on April 22, 2019, Mr. Landucci also asked that he too be able to participate on this basis, which I permitted. It was also agreed that opening statements would be made on the first day of the merits hearing solely by telephone conference, followed by video-conference for the remainder of the hearing.

[33] On the first day of the merits hearing, after hearing Staff's opening statement, Mr. Landucci and Ms. Chickalo elected to wait until after Staff concluded its case to make their opening statements. The rest of the hearing proceeded by way of video conference as planned.

[34] Staff and the Panel were present in a hearing room in Toronto throughout and this hearing was continuously open to the public, with the exception that the hearing was held *in camera* for a portion of the hearing on April 26, 2019 that dealt with evidence related to Mr. Landucci's condition at the time of his interview at the offices of the BCSC. There were occasional breakdowns in the video connection and in visibility of Mr. Landucci, but these became less frequent as the hearing progressed, and video-conferencing provided a practical, reasonably effective solution to facilitate the conduct of the hearing. All documents referred to in evidence were able to be clearly viewed through this video connection. All participants including the Panel, Staff, witnesses, Mr. Landucci and Ms. Chickalo were also able to view each other on the video conferencing screen as well.

E. Instructions about Evidentiary Issues

[35] Once Staff's opening statement was concluded and Staff was ready to introduce their evidence, I provided some directions to the Respondents about cross-examining Staff's witnesses.

[36] Ms. Chickalo and Mr. Landucci had difficulty formulating questions and had a tendency to provide statements or comment on the witness' answers. I intervened when appropriate to assist the Respondents in formulating questions. When a respondent crossed the line making statements rather than posing questions I reminded them that they could make these statements when it was their turn to testify and that they had to limit themselves to questions and to try to address one fact or issue at a time. Where appropriate, I ensured that when the questions asked by Mr. Landucci and Ms. Chickalo related to a document, Staff would bring the document up on the video display so everyone could see what was being discussed.

[37] Instructions were also provided to the Respondents about making a decision to testify or not. They were instructed that if they did not testify, then Staff will rely on the transcript of their compelled interviews and if they did testify then they would be subject to cross-examination by Staff (and the co-respondents) and Staff may use the transcript of their compelled interview to impeach their credibility and bring to their attention prior inconsistent statements.

[38] Staff consented to waiting until the Respondents heard all of Staff's case before having the Respondents decide whether or not to testify.

[39] Ms. Chickalo and Mr. Landucci (on his behalf and on behalf of NBW) decided to testify.

[40] Instructions were also provided to the Respondents about the difference between opening statements and direct examination – admittedly a possible source of confusion since their presentations would move from one to the other based on their decisions to provide their opening statements after Staff's case closed and then immediately to testify. I provided a reminder that if opening statements contained matters that may constitute evidence, they should consider repeating that information under oath.

[41] Even though the Respondents failed to comply with the April 3, 2019 order to provide a hearing brief of their documents by April 15, 2019, the Respondents were instructed to seek to present documents to support their evidence given in their testimony and I provided new deadlines to allow them to present any documents during the hearing. To alleviate any prejudice to Staff, Staff would be given the opportunity to review each document and challenge it if necessary since it would be the first time they are seeing it at a late stage in the proceeding.

[42] The documents entered into evidence from Mr. Landucci consisted of images of various products he indicated were either being offered by NBW or were under development, and in respect of some, overseas patent applications were, he said, being pursued. He also sought to introduce documents showing his condition at the time of his interview at the BCSC. As discussed further below, since these latter documents related to a time subsequent to the day of his interview, they were not considered relevant and not entered into evidence.

[43] Ms. Chickalo entered into evidence a document stated by her to be a spreadsheet of values forming an agreement related to the transfer of goods and services from her to NBW in exchange for funds that came to NBW from her capital raising activities.

[44] Instructions were also provided to the Respondents about their ability to cross-examine the other respondent. Specifically, respondents can be cross-examined by co-respondents; but the questions must be on matters where the co-respondents are adverse in interest. I explained to the Respondents that they could not ask questions or make statements to bolster a common position or set of facts. I instructed that a co-respondent's cross-examination would proceed first, followed by Staff's cross-examination, based on a view that the respondents were starting out from a vantage of common interest and that all that evidence should be presented prior to Staff's cross-examination.

[45] Mr. Landucci initially decided not to cross-examine Ms. Chickalo and then changed his mind after hearing Staff's cross-examination. I asked Staff for case law regarding a respondent's desire to revisit a decision not to cross-examine a co-respondent.

[46] Staff provided me with case law from the Alberta Court of Appeal[8] dealing with a self-represented respondent who elected not to cross-examine and then later hired counsel. A request was made for the counsel to cross-examine the previous witnesses and the Court permitted cross-examination to take place. Considering this case, Staff did not object to Mr. Landucci changing his mind to cross-examine Ms. Chickalo, which I permitted. I asked how much preparation time Mr. Landucci would require to prepare for cross-examination and with his consent adjourned to give Mr. Landucci time to prepare his cross-examination questions for Ms. Chickalo.

[47] In addition, Ms. Chickalo had elected not to cross-examine witness CF. However, after hearing Mr. Landucci's cross examination of CF she changed her mind. I permitted this cross-examination.

[48] Instructions were also provided to the Respondents about the scope of re-examination, which in this case, would take the form of the testifying respondent being able to make under oath any clarifications that they wished to make.

[49] The evidence was entered in a manner consistent with the foregoing instructions.

IV. ISSUES

[50] Staff's allegations present the following issues:

a. Did the Respondents commit fraud?

b. Did Ms. Chickalo engage in the business of trading in securities without being registered?

[8] *R v Levin*, 2000 ABCA 142 (CanLII).

c. Did NBW and Ms. Chickalo engage in an illegal distribution?

d. Did the Respondents make misleading or untrue statements in marketing materials that they knew or reasonably ought to have known would reasonably be expected to have a significant effect in the market price or value of the securities of NBW?

e. Did the Respondents make prohibited representations that the securities of NBW would be listed on an exchange?

f. Did Mr. Landucci authorize, permit or acquiesce in the non-compliance with the Act by NBW?

V. EVIDENCE

A. Evidence Presented

[51] Staff submitted documentary evidence and called three witnesses:

a. Laura Lavalley (**Ms. Lavalley** or **Staff's investigator**), an investigator in the Commission's Enforcement Branch, who testified in person;

b. CK, an investor in NBW, who testified by video conference; and

c. CF, an investor in NBW, who testified in person.

[52] Most of the investigator's testimony was provided by affidavit. This way of introducing the investigator's evidence was agreed to early on during preliminary attendances and the affidavit was made available to the Respondents in November 2018 to give them time to review the investigator's evidence in order to prepare for the merits hearing.

[53] Ms. Chickalo testified on her own behalf and provided Staff with a 'will say' statement containing a summary of her anticipated evidence in compliance with the Commission's November 16, 2018 order. She did not call any other witnesses.

[54] Mr. Landucci never provided a witness summary for his own evidence despite being ordered to do so at the November 16, 2018 attendance. Ultimately, Staff consented to Mr. Landucci testifying without having provided a witness summary. Mr. Landucci testified on his own behalf and on behalf of NBW. He did not call any other witnesses.

[55] None of the Respondents submitted hearing briefs with documentary evidence upon which they intended to rely. As discussed above, allowances were made for the Respondents to provide documentary evidence during the hearing.

[56] A number of issues and objections came up while they testified. The following paragraphs set out how all these issues were dealt with at the hearing.

[57] Mr. Landucci:

a. Mr. Landucci referred to a number of documents that he did not provide to Staff in advance of the hearing. In some cases, I gave Mr. Landucci time to either locate the document or materials that would help authenticate documents he referred to. Mr. Landucci demonstrated a tendency to promise and not deliver such documents, even when given opportunities to do so as the hearing progressed. Specifically:

i. He provided a photo of a document purporting to be the final spreadsheet forming the agreement for the transfer of property to Ms. Chickalo in return for a monetary payment, which was a version of the spreadsheet Ms. Chickalo had already put into evidence. Staff objected to this document based upon the risk that it was created after the fact based on the subject matter coming up in her cross-examination related to the document she had placed into evidence. Since no authenticating information was provided by Mr. Landucci after an opportunity to do so, this document was not admitted into evidence.

ii. Mr. Landucci undertook to provide evidence of his BC beekeeper registration, which was never forthcoming. During the hearing, I provided Mr. Landucci with time extensions to find and present any documentation about his beekeeping registration. Mr. Landucci never provided such documentation, instead indicating that his files were too voluminous to locate this document in the time afforded. Correspondence from the Provincial Apiculturist in British Columbia presented by Staff, to the

contrary, indicated that a review of the registration system was conducted showing that Mr. Landucci was not registered as a licensed beekeeper in BC.

iii. He said he would produce medical information regarding his condition at the time of his compelled interview at the BCSC that, he indicated, would support the view that his evidence at the hearing should be preferred to his evidence during the interview. I allowed him to re-open his examination in chief to be allowed to seek to have these documents admitted solely for the purpose of potentially explaining inconsistencies in what he said during his interview and at the hearing. Ultimately, he offered certain documents pertaining to his care well after his interview, which I determined were inadmissible since they did not provide information concerning his condition at the time of his interview.

iv. He indicated that he would provide evidence that NBW was sold, but never provided it. During the hearing I asked Mr. Landucci if he could provide any documentation about the sale of the company and he informed me that he did not have that documentation on hand. He later clarified that the company had been sold, but the transaction had not yet closed, and had suggested that the Temporary Order may have affected the closing of the transaction, again with no other evidence to that effect. Furthermore, at a later time he also indicated that the company was in the final stages of being sold and negotiations were being finalized.

v. Mr. Landucci was fixated on disproving a fact that was never alleged in the Statement of Allegations, namely, that NBW had not made any sales. Since this was not alleged in the Statement of Allegations, several documents demonstrating sales activity were determined not to be admissible.

vi. Mr. Landucci was provided with numerous extensions to provide documents throughout the hearing despite the Panel having explained the requirement that they be provided in advance and having ordered on April 3, 2019 that the Respondents' hearing briefs were due on April 15, 2019. At the attendance on April 3, 2019, Mr. Landucci expressed to the Panel that he would be filing a hearing brief.9 Mr. Landucci never filed a hearing brief.[9] During the merits hearing he then complained about having insufficient time to locate documents. He also complained when the late documents that he did present were not entered as evidence because they fell outside of the allowances I made for the late submission of specific categories of documents or were irrelevant to the issues under consideration.

b. As discussed above, I explained the rule in *Brown v Dunn* to the Respondents, emphasizing the unfairness that arises if a party makes statements seeking to discredit a prior witness if the matter was not raised on cross-examination allowing that witness the opportunity to provide an explanation. On the basis of *Brown v Dunn*, I disregarded Mr. Landucci's evidence about Staff's investigator, Ms. Lavalley, reportedly saying she did not want marketing materials sent to her and statements about other individuals who were interviewed at the BCSC since these matters were not put to Ms. Lavalley during her cross-examination.

[58] Ms. Chickalo:

a. When it was time for Ms. Chickalo to cross-examine Staff's investigator, Ms. Chickalo stated that her 'will say' statement provided all her queries to Staff's investigator and I advised Ms. Chickalo that she needed to ask the questions directly to Ms. Lavalley during cross-examination. Later on, it was apparent that there was confusion about the status of Ms. Chickalo's 'will-say' statement. I permitted Ms. Chickalo's 'will-say' statement to be sworn and marked as an exhibit. I allowed this because Staff did not object, there was no new information in the 'will-say' that had not been already raised at the merits hearing and Ms. Chickalo had the mistaken belief that I had seen the document previously and that it was marked as an exhibit. This document essentially provided both evidence and submissions summarizing her case.

b. On the basis of *Brown v Dunn*, I disregarded Ms. Chickalo's direct evidence about investor CK's state of mind since CK was never questioned about this on cross-examination.

B. Anonymization

[59] In order to protect the privacy of the investor witnesses, their names and personal information have been anonymized and I required that Staff provide a redacted version of the record in accordance with the Commission's *Practice Guideline*.

[9] Transcript, Attendance, Natural Bee Works (Re), April 3, 2019 at 24 line 21 to 25 line 1; and 27 lines 21 to 28.

C. Burden of Proof

[60] The standard of proof in proceedings before the Commission is the civil standard of proof on a balance of probabilities. The question I must consider is whether, based on evidence before us that is sufficiently clear, convincing and cogent, it is more likely than not that the elements of the various allegations have been made out. At the hearing, I emphasized that this was the standard of proof being applied[10] as Mr. Landucci was under the impression that the allegations had to be proven beyond a reasonable doubt.

D. Credibility

[61] The testimony of Mr. Landucci and Ms. Chickalo's conflicted in material respects with Staff's evidence. I must therefore consider the extent to which their credibility will affect the weight I attach to their testimony.

1. Mr. Landucci's Credibility

[62] At points during the hearing, Mr. Landucci displayed anger leading him to essentially boycott important aspects of these proceedings. There were many extensions of time to produce documents or information afforded to Mr. Landucci, which he virtually never availed himself of. As mentioned above, he did not provide his address to receive Staff's disclosure and never picked up all the disclosure materials left for him at the BCSC, which he could have obtained without difficulty. He stated that he took this approach because of his unhappiness with the way Staff conducted its investigation, including purportedly pressing for his attendance at his interview at the BCSC when he stated that he was ill. He also repeatedly complained about alleged statements of Staff that NBW was a "fraudulent company" because it had "no sales", even though "no sales" was not alleged in the Statement of Allegations.

[63] It is very difficult to assess whether Mr. Landucci's actions were based on deceptiveness or rather his inability to rise above his apparent anger over his complaints regarding alleged aspects of Staff's investigation in this proceeding, including the investigation interview that took place. In this regard, I listened to his concerns during his testimony and submissions, during which he stated his intention to reveal this information to the public in detail, including a tape recording he stated he made of a conversation with a Staff member before attending the interview at the BCSC, but again he never supplied the tape recording, or any documentation, and his complaints came across as unsupported outbursts. These outbursts included statements alleging that:

a. Staff were violating human rights and endangering multiple people in an act of terror by requiring him to attend the investigation interview at the BCSC when he was ill and contagious.[11]

b. He would reveal information in his possession from phone recordings that would bring down the TSX and negatively impact the tourism industry.[12]

c. He wondered whether Staff was secretly shorting the TSX market pending the release of his revelations.[13]

d. Staff engaged in criminal behaviour and that he was going to "charge" Staff because they conducted the investigation interview when he was allegedly sick,[14] that his lawyers had advised him not to speak to Staff because of their criminal offences, notwithstanding orders of this Panel for him to provide a hearing brief and other documents.

e. He often referred to these proceedings as a "joke"[15] and would say he was done, only then to further participate and seek to produce documents at later stages of the hearing.

f. He said that the proceedings did not matter anyway since he would be appealing. He also indicated that this is why he was unrepresented at this stage of the proceedings.[16]

[64] In addition, Mr. Landucci stated that his lawyers were supposed to take care of securities law compliance and registration[17], but not one iota of evidence on this was forthcoming, other than evidence about incorporation and the

[10] Transcript, Merits Hearing, Natural Bee Works (Re), May 23, 2019 at 58 lines 10-18.
[11] Transcript, Merits Hearing, Natural Bee Works (Re), April 25, 2019 at 136 lines 7-12 and Transcript, Merits Hearing, Natural Bee Works (Re), April 25, 2019 at 143 lines 8-12.
[12] Transcript, Merits Hearing, Natural Bee Works (Re), April 25, 2019 at 141 line 22 to page 142 line 3.
[13] Transcript, Merits Hearing, Natural Bee Works (Re), April 25, 2019 at 143 lines 15 to 22.
[14] Transcript, Merits Hearing, Natural Bee Works (Re), April 25, 2019 at 122 lines 1-3 and 143 lines 15-22.
[15] Transcript, Merits Hearing, Natural Bee Works (Re), April 23, 2019 at 112, line 15; Transcript, Merits Hearing, Natural Bee Works (Re), April 26, 2019 at 145 lines 16-17 and 149 lines 7-8 and 10; and Transcript, Merits Hearing, Natural Bee Works (Re), May 23, 2019 at 57 lines 1-3.
[16] Transcript, Merits Hearing, Natural Bee Works (Re), April 22, 2019 at 14 lines 20-23.
[17] Transcript, Merits Hearing, Natural Bee Works (Re), April 25, 2019 at 125 line 10 to 126 line 2.

handling of some share certificates. He said that all relevant documents were delivered to the BCSC offices, later stating that many documents were not left there for fear of confidentiality concerns.

[65] I cannot determine whether Mr. Landucci believed the foregoing statements or was being deceptive by making promises that would give the impression that he might have probative documents, which he did not intend to produce. I also note that the pattern of promising and undertaking to produce documents and then not delivering was a pattern that existed during both the hearing and pre-hearing stages. I was also provided with evidence from Staff that Mr. Landucci did not comply with the undertakings given at the BCSC interview to provide documents and other requests from the BCSC and this Commission.[18]

[66] It may also be that Mr. Landucci's outrage, lack of compliance with the Panel's orders and his failure to provide documents was directed at Ms. Chickalo in order to maintain her belief in him as a victim of these proceedings despite the evidence advanced by Staff. This was particularly concerning when late in the proceedings Ms. Chickalo referred for the first time to a non-disclosure agreement she allegedly had with Mr. Landucci, NBW or both, that prevented her from saying more about the alleged misrepresentations that could have helped clarify issues regarding her state of knowledge regarding the misrepresentations alleged by Staff.[19] This document was never described in detail and was not offered in evidence. Nonetheless, it was used by her as a reason for not providing information about the alleged misrepresentations or to explain her state of mind when communicating them to prospective investors.

[67] It appeared to me that the Respondents had the ability and opportunity to effectively participate in the merits hearing, but often chose not to do so. While they presented limited documentary evidence they were given ample time extensions and leeway to provide documentation at the hearing even though they failed to comply the Commission's earlier procedural orders.

[68] Any differences in evidence given by Mr. Landucci at the merits hearing compared to his investigation interview on May 8, 2018 are not material to my findings. Ultimately, as explained in respect of each of the alleged violations below, I rely on the ample uncontroverted documentary evidence provided by Staff and the evidence provided by the investor witnesses.

[69] Staff's evidence demonstrated that the statements made by Mr. Landucci to Ms. Chickalo and incorporated in the Marketing Materials were false and his assertions that these had some element of truth, but were for internal use and not for use in communicating with prospective investors, were not credible, and for that purpose, I find Mr. Landucci's evidence in this area was not credible.

[70] Staff asked me to consider Mr. Landucci's prior criminal record when assessing his credibility. However, based on the foregoing, I do not need to consider the issue of whether events from many years before, impugns his credibility.

2. Ms. Chickalo's Credibility

[71] Ms. Chickalo participated in the proceedings in a more orderly way than Mr. Landucci. She was very deferential to Mr. Landucci and would often not directly respond to questions put to her by Staff, saying that they should instead be put to him. When finally answering questions directly, they were frequently admissions that tended to support the allegations about her responsibility for making the alleged misrepresentations in the Marketing Materials and repeating them to investors orally, but then asking that her misunderstanding concerning the use of the information she was provided by Mr. Landucci and her inexperience be considered as an excuse.

[72] When I asked Ms. Chickalo questions in order to better understand her actions and her state of mind and what she understood at the time, Ms. Chickalo submitted that:

> So, whether if your questioning my mind, state of mind as to my continued declaration of why I did this, you might have to get a psychologist if you want to question that but, otherwise, I stand by what I said.[20]

[73] In respect of Ms. Chickalo, I rely on the ample uncontroverted documentary evidence provided by Staff and the evidence provided by the investor witnesses. I also rely on her admissions that she made during her testimony that she sold NBW shares to investors and passed on the Marketing Materials to investors.

[74] As discussed below regarding Ms. Chickalo's participation in making fraudulent misrepresentations to prospective investors, I concluded that she ought reasonably to have known that the statements were false. My assessment of her

[18] Exhibit 2, Undertakings from Rinaldo Landucci Interview May 10, 2018 at 356, Demand for Production of Records from the BCSC dated October 2, 2017 at 2895-2898, Request for documents from the Commission dated February 27, 2019 at 513-514; and Transcript, Merits Hearing, Natural Bee Works (Re), April 26, 2019 at 33 line 12 to 41 line 27.
[19] Transcript, Merits Hearing, Natural Bee Works (Re), May 23, 2019 at 78 lines 6-14.
[20] Transcript, Merits Hearing, Natural Bee Works (Re), May 23, 2019 at 77 lines 22-25.

evidence and credibility did not lead me to find that she had actual subjective knowledge that the statements were false. Instead, she was wilfully blind to their truth or falsehood and reasonably ought to have known they were false.

E. Overview of Investment Scheme

1. Securities Sales to Investors

[75] During the Material Time, between April 2017 and January 2018, Ms. Chickalo sold shares of NBW to her network of friends and former customers and deposited investor funds into accounts controlled by herself and Mr. Landucci. In total, Ms. Chickalo and another individual, who is not a party to these proceedings, distributed 1,180,000 NBW shares worth $291,250 to 69 investors. Staff were able to match $267,203.00 of funds in the Respondents' bank accounts to investor payments. Ms. Chickalo transferred the majority of these funds to accounts controlled by Mr. Landucci (discussed further below).

[76] Ms. Chickalo also prepared marketing materials (the **Announcement** and the **PowerPoint Presentation**) (together, the **Marketing Materials**) based on information provided by Mr. Landucci, communicated with potential investors, performed administrative tasks relating to the signing of share purchase agreements, provided investors with instructions on how to make payments for shares, and accepted payments from investors into her personal bank account.

2. Statements in Marketing Materials

[77] The Marketing Materials contained the following statements about NBW's assets, sources of funding and plans to list on a stock exchange. Specifically, the Marketing Materials stated:

a. NBW "will be launching on Nasdaq";

b. NBW's "lowest launch value" on the stock exchange is $4.00, "which creates a minimum 1600% ROI!";

c. NBW has raised more than $20 million from more than 200 investors and, accordingly, has already "surpassed" Nasdaq's monetary requirement of $5 million "to go public";

d. NBW has secured a $200 million line of credit "to start working with now!";

e. NBW has "major corporate customers waiting for product"; and

f. NBW has property worth $2.8 million, and as of July 2017 has $1,900,000 worth of apiaries equipment and bees.

[78] No documentation was presented by the Respondents that would substantiate any of these corporate plans. There was no registration statement or prospectus in even the most scant form or outline for such documents offered into evidence. There were no valuation materials to support NASDAQ pricing information or its future projected price. No correspondence with lawyers, accountants, underwriters or financial advisers to show any activity leading to a listing. Similarly, there were no draft credit agreements, let alone a finalized one, or even correspondence hinting at discussions concerning a line of credit or security to support a line of credit. There was no evidence of major corporate customers, nor any support for the stated assets, or even the existence of hives. A review of bank accounts, and a payment account used for night markets showed assets largely attributable to NBW investor monies and small-scale individual night market sales.

[79] It is normally difficult to demonstrate that a negative is true, namely that on the balance of probabilities, a series of statements are untrue. However, in this case, a review of the bank accounts for the Respondents provided in Ms. Lavalley's evidence, the payment account used for night market sales, the assorted images of purported inventions by Mr. Landucci, and Mr. Landucci's unsupported statements that his products and candle ideas have multi-million values consistent with NBW's claimed corporate activities are sufficiently baseless that I can draw an inference that these statements are false. It was clear that Mr. Landucci's numbers were made up numbers. For example, his idea that you could project future sales by assuming that if only 1% of the worldwide population purchased his products (such products included religious candles, inventions related to the prevalence of diabetes and personal security needs, among others), his sales projections for the next two years of $96,007,500[21] would be comfortably met is absurd. It is obvious how flimsy these ideas are considering only the many available substitute products, costs of production and costs of marketing to these populations and the costs and skill necessary to build a business with the assumed scale. It appeared that the NASDAQ price projections were, at most, similarly just arithmetical averages based on the price

[21] Transcript, Merits Hearing, Natural Bee Works (Re), May 23, 2019 at 46 lines 8-17.

history of some unidentified subset of successful NASDAQ launches over some unspecified time period, without even the slightest effort to disclose assumptions or describe what could go wrong. Such claims go the heart of the expertise of the Commission as a specialized securities tribunal and in applying that expertise, I have determined that his claims were baseless.

[80] These were all clearly misrepresentations designed to induce the recipients of the Marketing Materials to invest. No evidence was submitted by the Respondents that any of these statements had a scintilla of truth.

[81] These statements were not portrayed as theoretical examples, but rather as a description of an advance pre-listing company rather than the reality, which was that NBW was, at most, a small scale craft business. Specifically, the evidence demonstrated that:

a. NBW did not list on a stock exchange and had never taken any meaningful steps to do so;

b. Despite Ms. Chickalo's explanation that she used the launch value of $4.00 as an "example", this amount was portrayed as firm and created an impression to investors such as CK that there was a guaranteed increase in share value to be expected;

c. NBW raised $291,250 from 69 investors and not $20 million from over 200 investors;

d. NBW never secured a line of credit from any bank or other institution;

e. NBW did not have signed contracts with any major corporate customers. Indeed, Mr. Landucci acknowledged that there were no final agreements with corporate customers; and

f. NBW's bank accounts do not show activity consistent with purchasing $2.8 million worth of property or $1.9 million of apiaries, equipment and bees.

3. CK's Investment

[82] CK was one of two investor witnesses who testified at the hearing. CK lives in Ontario. She worked as a counsellor before she stopped working 16 years ago due to her medical conditions. She is not an accredited investor.

[83] CK formed a close relationship with Ms. Chickalo which culminated in Ms. Chickalo moving into her home. CK testified that Ms. Chickalo gave her "warmth and care" and that she became dependent on Ms. Chickalo. Ms. Chickalo disputed that CK was "dependent" on her, but she testified that she cooked meals for CK, that CK became strong while Ms. Chickalo was living with her and cooking for her, and that one of the reasons she moved in with CK was because CK "was not actually physically capable of doing the volume of work that was required".[22]

[84] Within a few months of meeting Ms. Chickalo, CK invested a total of $115,000 in NBW in her own name and on behalf of her two sons. She invested three different times, first investing $10,000, then investing $2,500 on behalf of each of her sons (Staff were able to identify payment information for only one of these $2,500 investments, but share certificates were issued in respect of both), and finally investing $100,000. She testified that Ms. Chickalo showed her the PowerPoint Presentation. She testified that Ms. Chickalo told her that she could buy shares at $0.25, and they would sell on the NASDAQ for $4.00. In cross-examination, CK denied that Ms. Chickalo had told her that this was merely a potential value.

[85] CK testified that one of the reasons she wanted to invest in NBW was to make enough money to buy her son an expensive dog to help him with a medical condition and she understood this would be a safe investment.

[86] CK testified that employees of her bank cautioned her twice not to make the $100,000 investment because there was no prospectus and other reasons for concern. Ms. Chickalo accompanied her during one of these bank meetings. CK explained that:

> The discussions [with the bank employees] were around them trying to get me to change my mind, and for some reason I could not change my mind. I was just so -- I believed Tawlia so much. I was just so -- I was very sick at this time too. I was not right. I was alone. I believed everything and this is what happened.[23]

[87] In February or March of 2018, CK asked Ms. Chickalo to return the money she had invested. She phoned NBW's lawyers who were listed on the share certificate and did not get a response. She asked for her money back from Ms. Chickalo numerous times. She phoned Mr. Landucci twice to ask him to return her money. She testified that on the

[22] Transcript, Merits Hearing, Natural Bee Works (Re), April 24, 2019 at 67 lines 20-21.
[23] Transcript, Merits Hearing, Natural Bee Works (Re), April 23, 2019 at 36 lines 20-24.

second occasion he said that he would return her money. She also asked Mr. Landucci for her money back by email. She has never received any money back.

[88] CK testified that she felt "crushed" and "betrayed". She testified that because she no longer has the money she invested, she cannot pay for medical treatments that she needs.[24]

4. CF's Investment

[89] CF was the second investor witness who testified at the hearing. CF lives in Ontario and works as a senior auditor. She is not an accredited investor.

[90] CF first heard of Ms. Chickalo when she purchased candles from Ms. Chickalo's prior company Pheylonian Bee Works. CF heard about the NBW investment when she received a promotional email from Ms. Chickalo on May 30, 2017. CF testified that the email provided information on the shares the company was issuing. The email stated, "we currently have 232 investors of the 300 we need to register on the NASDAQ." CF testified that after reading this statement, she figured they would get the number of investors they needed to list on the NASDAQ and that by listing on the NASDAQ, she was going to make money. CF testified that after reading the email, she thought NBW was "on the up and up" and she understood Ms. Chickalo to be the owner of the company.

[91] The PowerPoint Presentation "Welcome to Bee Works" was attached to the email listing the price of $0.25 in bundles of 500 shares for a total of "$1,250" and "our lowest launch value is 4.00 which creates a minimum of 1600% ROI." CF testified that after reviewing the presentation, she thought "it was a good investment opportunity" and that she "was going to make a lot of money."[25]

[92] Ms. Chickalo emailed CF a Share Purchase Agreement, which she signed on May 31, 2017. CF sent Ms. Chickalo $1,250 via an Interac e-transfer on the same day. CF testified that she did not hear anything about her investment after making this payment, so she emailed Ms. Chickalo on June 20, 2017 asking for an update. She testified that she wanted share documents to show that she had purchased shares and that she wanted to know "how close they were to that 300 mark of the number of people that they needed."

[93] CF testified that on August 15, 2017 she received a letter from Metro Law Office LLP, along with a copy of her share certificate. The share certificate listed CF's name as the Registered Holder at the top of the document, but also identified Mr. Landucci as the Registered Holder in the middle of the document. CF testified that after reviewing the share certificate she "lost a lot of confidence" and was confused about why Mr. Landucci' s name was on it instead of her own.[26]

[94] On March 15, 2018, CF emailed Ms. Chickalo asking for a refund. She testified that she was in a difficult financial situation at the time since she had debts to pay off and was helping her unemployed son. She testified that the company was not listed on the NASDAQ at the time and that she did not see an opportunity to sell her shares. CF testified that she had not heard from Ms. Chickalo about her refund and that she was very upset and angry.

[95] CF received a questionnaire about her investment in NBW from Staff's investigator, which she filled out on March 18, 2018.

[96] On March 21, 2018, Ms. Chickalo emailed CF notifying her that the Commission issued a temporary cease trade order against the company but stated "please do not be concerned." In the email, Ms. Chickalo noted that CF may have received a communication from Staff containing a questionnaire, but that responding to the questionnaire is voluntary. CF testified that she read this email to dissuade her from completing the survey and that she "figured there was some kind of illegal action going on."

[97] CF never received a refund of her money. She testified that losing this money had a "large impact" on her and that she felt she had been "ripped off." CF testified that she "will never invest in anything ever again."

5. Misuse of Investor Funds

[98] Mr. Landucci and Ms. Chickalo directed the flow of investor funds in various bank accounts held by NBW, Mr. Landucci and Ms. Chickalo. These accounts were controlled by either Mr. Landucci or Ms. Chickalo.

[99] The evidence at the hearing demonstrated that the majority of investor funds were used by Mr. Landucci and Ms. Chickalo for personal expenditures or withdrawn in cash.

[24] Transcript, Merits Hearing, Natural Bee Works (Re), April 23, 2019 at 50 lines 20-27.
[25] Transcript, Merits Hearing, Natural Bee Works (Re), April 24, 2019 at 15 line 9.
[26] This had occurred with several share certificates, and the evidence showed corrected share certificates being issued.

[100] Staff's investigator gathered financial records related to the Respondents and provided an analysis of the source and use of funds.[27] This evidence demonstrated that:

a. Ms. Chickalo received $125,000 of investor funds into her bank account during the Material Time. She transferred $92,500 to the accounts of Mr. Landucci and NBW as follows:

i. $49,500 was transferred to Mr. Landucci's 1st personal account.

ii. $13,500 was transferred to Mr. Landucci's 2nd personal account.

iii. $29,500 was transferred to the NBW account.

b. In total, approximately $49,500 was used by Ms. Chickalo for apparent non-NBW purposes. She retained approximately $33,000 for personal use which can be broken down approximately as follows: Ms. Chickalo used approximately $21,000 for household expenses (including mortgage payments, insurance, and miscellaneous bill payments), and used approximately $10,000 for miscellaneous expenses such as restaurants, entertainment and transportation, as well as unknown payments. She also withdrew approximately $16,500 in cash which is unaccounted for.

c. Investors deposited $117,000 directly into the NBW account controlled by Mr. Landucci and $25,000 into Mr. Landucci's 2nd personal account.

d. Overall, Mr. Landucci received approximately $234,500 of investor funds through the two personal accounts in his own name and through the NBW account (funds were transferred through Ms. Chickalo, or in some cases from investors directly into the NBW account). Mr. Landucci is the sole authorized signing authority on all three accounts.

e. Mr. Landucci used approximately $47,000 for household expenses, bill payments, transportation, insurance, travel and motel charges, restaurants and other charges. He withdrew approximately $180,000 in cash, which is unaccounted for. Staff alleges that he used less than $20,000 for apparent business expenses. Mr. Landucci denied that he used investor funds for personal purposes but did not provide any evidence other than his own assertions to demonstrate that all the funds were used for legitimate business purposes.

VI. ANALYSIS

A. Subsection 126.1(1)(b): Did the Respondents engage in fraud?

[101] Fraud is prohibited under s. 126.1(1)(b) of the Act, which provides in relevant part that:

> A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities … that the person or company knows or reasonably ought to know,
>
> …
>
> (b) perpetrates a fraud on any person or company.

[102] The Supreme Court of Canada in *Theroux*[28] summarized the elements of fraud as follows:

> … the *actus reus* of the offence of fraud will be established by proof of:
>
> 1. the prohibited act, be it an act of deceit, a falsehood or some other fraudulent means; and
>
> 2. deprivation caused by the prohibited act, which may consist in actual loss or the placing of the victim's pecuniary interest at risk.
>
> Correspondingly, the *mens rea* of fraud is established by proof of:
>
> 1. subjective knowledge of the prohibited act; and
>
> 2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).[29]

[27] Exhibit 2, Flow of Funds Chart [Overview] and Flow of Fund Chart [Detailed], Tab 10.
[28] *R v Theroux*, [1993] 2 SCR 5 (***Theroux***).

[103] The expression "other fraudulent means" has been interpreted to include using investor funds in an unauthorized manner, using corporate funds for personal purposes, exploiting weaknesses of others and unauthorized diversion of funds and appropriation or property.[30]

[104] The fraud element in the Act that provides for a state of mind in which the person "reasonably ought to know" has been interpreted by the Commission as an objective standard for people who participate in the fraud of others. It does not require that a person involved in the scheme have subjective knowledge; but instead widens the effect of the provision such that another participant in the scheme may be found to have committed fraud if they ought to have known that a fraud was being perpetrated by another person involved in the scheme.[31]

1. False and Misleading Statements in Marketing Materials

[105] In this case, each of the statements made in the Marketing Materials outlined in paragraph [77] above involved extravagant deceit. To state that NBW will be launching on the NASDAQ, when there were no indications of any steps being taken to pursue such a listing or any likelihood that such a listing would be accomplished was deceit plain and simple. Where was the listing application or even memoranda describing the listing process and the steps NBW would have to take? Where was the draft SEC registration statement that would have to be cleared or any evidence whatsoever of even the most minor steps being taken to pursue a listing? What was the identity of the US counsel and other advisers such as accountants who were even advising on what a listing entailed? There was not a single iota of evidence that a listing was being pursued other than Mr. Landucci's statements, including his statement that obtaining additional Canadian investors through Ms. Chickalo was necessary to their plans. The only demonstrated involvement of any law firm was Metro Law Office LLP, which provided a registered address for NBW, apparently processed some corporate organizational documents and processed some share certificates. Inquiries to this law firm by Staff met a response that they had been out of touch with Mr. Landucci for months and did not know how to get in touch with him. Metro Law's apparent work on the stock certificates and corporate house-keeping was far removed from working on a U.S. registered, NASDAQ listing. The idea expressed by Mr. Landucci that the lawyers were handling everything, but that there would be no follow up by him or evidence to support this legal work is absurd.

[106] A similarly flamboyant fraudulent statement was that the lowest launch value was $4.00 creating a minimum 1600% "ROI", or return on investment. This was not a statement that they would not list unless they could implement an offering at that price or that other companies in particular time periods that were somehow comparable had attained this result, but rather a statement that they were pursuing a listing and that the price would rise to this level. It was stated with such assurance that it is not surprising that CK and CF would believe that some realistic steps were being taken to give effect to this statement, when in fact there were none.

[107] Likewise, with the statement that they had already raised $20 million from more than 200 investors having already satisfied one of NASDAQ's quantitative listing requirements. Again, there is no evidence of money in NBW bank accounts approaching an infinitesimal percentage of these claimed proceeds, no subscription agreements from investors, other than the investors obtained by Ms. Chickalo, or even correspondence with other prospective investors in Canada or elsewhere that would point to this claim being other than an outright lie.

[108] There was similarly, no evidence of a $200 million line of credit "to start working with now". No term sheet, no named financial institutions, no loan agreement, nothing.

[109] There were no orders or even correspondence from corporate customers "waiting for product".

[110] And there was no evidence to support claims of $2.8 million in property, including apiaries, equipment and bees.

[111] If a company were in fact planning to go public, the elements of these claims would be very meaningful. They would create excitement at the prospects of getting in early. Seeing these claims in solicitation materials, especially where there were some pre-existing relationships, as with Ms. Chickalo's relationships with her former candle buying customers, these prospective investors would not jump to the conclusion that these statements were baseless. That was the nature of the deceit perpetrated on these investors. The trust engendered by a prior relationship with Ms. Chickalo's candle business or as friends was absolutely abused in obtaining their funds based upon unfounded claims.

[112] It was apparent from Ms. Chickalo's evidence that everything she knew about the subject matter of these misrepresentations she learned from Mr. Landucci. They both appeared to take the stance that he communicated this information to her to support her activities for NBW, but, as Ms. Chickalo claims she subsequently learned, this information was not intended to be communicated to others and was for their internal discussions only.

[29] *Theroux* at para 24.
[30] *Theroux* at para 15; *R v Currie* [1984] OJ no 147 (Ont CA) at paras 1, 14 and 33; *R v Zlatic*, [1993] 2 SCR 29 at paras 18-22.
[31] *Bradon Technologies Ltd. (Re),* 2016 ONSEC 19, (2016) 38 OSCB 6763 at para 232.

[113] However, Mr. Landucci made these false statements to Ms. Chickalo, knowing that her primary responsibility, which he assigned to her, was to raise capital from her network of former customers and friends. He never cautioned her that these were dreams rather than an imminent reality, or that she should not communicate them when seeking investors.

[114] I conclude that Mr. Landucci made these false statements to Ms. Chickalo in order to lure her into her into making such statements in the course of her capital raising role, with actual knowledge that she would pass on this false information to investors in order to pursue this fraudulent scheme.

[115] With regard to Ms. Chickalo, on the other hand, I concluded that she was wilfully blind about whether these statements were true or false. For whatever reason, she accepted them at face value and ran with them, composing detailed solicitation materials that reflected these false claims, designed to make investing in NBW seem like a sure bet, duping an alleged friend and a former candle customer, among others. Her stated decision not to share the marketing documents with Mr. Landucci, which would have permitted the facts to be checked with him and the appropriateness of their use verified, and her decision not to make additional investigations as a director and one-time president of NBW shows a failure on her part of common sense. I conclude that she reasonably ought to have known that these statements were false. It was highly unreasonable for her not to test such claims before passing that information on to her friends and former customers. Whether she did not make any investigations because of her apparent admiration of Mr. Landucci and was therefore unquestioning or because she mistakenly thought, due to her stated inexperience, that making unfounded claims to obtain investors was the way of the world in finance, the result is the same. She reasonably ought to have known these statements were false and she thereby participated in the fraudulent scheme.

2. Misuse of Investor Funds

[116] Any funds raised based on the false hype in the marketing materials would inherently be misused because they were not invested in an enterprise remotely resembling the one described to investors. The retention of these funds by Mr. Landucci and Ms. Chickalo was completely unjustified and deprived the investors of these funds. The retention of the funds is part and parcel of the fraud and is its natural consequence.

(a) Mr. Landucci's Use of Proceeds

[117] To parse whether Mr. Landucci used some of the funds for what could, independent of the fraud, be considered business expenses for allegedly making hive frames, or preparing drawings for alleged patent applications, or attending night markets to sell candles and other items is beside the point. These funds were raised for a company that had the characteristics described in the Marketing Materials, not for a craft company of the scale these alleged business expenses were claimed to have been made.

[118] It is clear that Ms. Chickalo, after retaining certain of the funds for her own purposes, as described below, sent the bulk of the investor proceeds, amounting to approximately $92,500, to either personal bank accounts for Mr. Landucci or an NBW account for which he was the sole signatory.

[119] The evidence also showed that some of these funds were used for motel payments made by Mr. Landucci. Regardless of whether Mr. Landucci resided at this motel, no credible evidence was presented by Mr. Landucci about the business purpose of the use of the motel. He stated that a person resided there who did translation work for the business, but no contracts, evidence of payments for this purpose, evidence from the purported translator herself or otherwise was provided. He stated that a person resided there who prepared frames for bee hives. However, no evidence was ever provided about the existence of hives other that statements by Mr. Landucci himself, and one purported invoice for hive frames. After many opportunities, he could not supply evidence of either the existence of the hives or his status as a licensed beekeeper in BC. His unlicensed status might have posed limited risks to a craft business, although it would be a violation of the licensing statute, but this was certainly inconsistent with a business preparing to list on NASDAQ, with many international investors and a multi-million dollar line of credit, all involving parties that could reasonably be expected to insist that Mr. Landucci at least was a licensed beekeeper in respect of an alleged multi-million dollar beeswax-based business.

[120] Mr. Landucci also asserted that the motel was used to house volunteers who assisted in moving hives during BC forest fires. No corroborating evidence was provided about the identity of these volunteers, nor evidence from any of them, or regarding the location or existence of hives.

[121] Mr. Landucci failed to provide any material business records supporting the vast majority of business expenses he claimed even in respect of his small-scale craft business, while Staff demonstrated funds flowing through personal accounts and accounts he controlled for what on their face were living expenses, including the motel expenses. Mr. Landucci admitted that he spent time at the motel, but disputed that he resided there. Evidence presented by Staff in the form of email correspondence with a motel clerk indicated that Mr. Landucci did, in fact, regularly reside at the motel, notwithstanding that Mr. Landucci was not named in the hotel register.

[122] I note that the identification through a photo of Mr. Landucci by a motel clerk is hearsay and Staff did not augment this evidence with an affidavit or direct evidence from this clerk. Its status of hearsay does not preclude its admissibility in a proceeding before the Commission, but does go to its weight. In the end, I do not need to decide whether Mr. Landucci resided at this motel as alleged by Staff since I conclude that Mr. Landucci did not use the motel for the business purposes reasonably expected by NBW's investors, and they were therefore deprived of the funds diverted to paying for these motel rooms amounting to approximately $30,000.

[123] Whether or not Mr. Landucci regularly used the motel as his abode, he did not demonstrate that the uses of the motel was for purposes consistent with the business description of NBW provided to its investors, and these expenses cannot be said to be for NBW's business purposes as presented to investors. They may have been incurred, in part, for Mr. Landucci's small-scale craft business, housing personnel that he employed in nearby night markets or to house an assistant who helped with drawings in his portfolio of inventions, but these are not activities reasonably associated with the business described to investors involving an advanced pre-NASDAQ listing company with substantial assets, a multi-million dollar line of credit, substantial customers waiting for product and an international investor base. It is not enough that the monies were spent in some business activities to avoid responsibility for depriving investors of their funds; they must be used in a way that the investors would reasonably recognize as involving the business in which they were investing, and that was clearly not the case. At most, Mr. Landucci used some of the funds to carry on his small-scale craft business with some activities at local night markets.

[124] Another $20,000 of expenses incurred by Mr. Landucci appear on their face to be personal expenses, and again certainly not used for NBW's described business purposes, and a full $180,000 in cash withdrawals was simply not accounted for as a business expense in any form.

(b) Ms. Chickalo's Use of Proceeds

[125] Ms. Chickalo retained approximately $33,000 of the proceeds raised and spent that money on personal expenses. The evidence demonstrated that she spent approximately $21,000 on household expenses and approximately $10,000 on miscellaneous expenses such as restaurants, entertainment and transportation as well as some unknown cash expenses. She indicated in her investigation interview that the amounts she withheld was compensation for the capital she raised, but later changed her story to state that the amounts were payments for assets transferred to NBW from her former business. It is, however, incontrovertible that the funds she retained were computed based on a commission rate of 5% and sometimes, based on her discussions with Mr. Landucci, a somewhat higher rate based on the amount of funds she raised. She did not get paid from the claimed existing assets of NBW independent of the funds raised from investors or NBW's claimed line of credit, but only through payments that were computed and paid as contingent payments on share sales.

[126] The subscription materials for the investment stated that no finders' fees or other commissions would be paid in respect of the investment. Whether the amounts she retained were straight commissions or payable like a commission only when share sales were made, in recognition of both her share sales and in order to discharge a liability for the sale of assets, investors were entitled to know that Ms. Chickalo was getting a payment when their share sales went through and that she was personally benefiting from these proceeds and retaining a portion of these funds as her own. Such contingent compensation, even if it also discharged a liability for the sale of assets, only arose from the proceeds from Ms. Chickalo's share sales, and as such constitute a badge of being in the business of selling securities, which was her only established activity for NBW during the Material Time.

[127] Additionally, the assets apparently acquired from Ms. Chickalo were located in Ontario, never transported to BC where the existing business, such as it was, was being conducted, and an Ontario-based business was a distant prospect for which no concrete steps beyond the apparent acquisition of some old Pheylonian Bee Works assets had taken place and some sales at local craft shows. Such an asset sale characterization does not change the overwhelming nature of the contingent payments as commissions that were contrary to the subscription materials and help demonstrate that Ms. Chickalo was in the business of effecting securities transactions as a dealer.

[128] As with Mr. Landucci, through the retention of contingent payments from their payments by Ms. Chickalo, investors were deprived of their funds for what was at most a craft business and not the business described to them. Substantial sums, contingent on share sales, were withheld by Ms. Chickalo to support her day to day living expenses. This was contrary to the representations in the subscription agreements that no finders' fees or commissions were payable out of proceeds and constitutes a fraudulent misuse of investor funds.

[129] In addition, Ms. Chickalo's communications with investors after the issuance of the Temporary Order, giving them the impression that the investigation was a technical exercise that would be cleared up in order to try to assuage their concerns, when she knew that the statements in the Marketing Materials giving rise to their investments, that she acknowledges should not have been shared with prospective investors were being scrutinized, constitutes a further step in her fraud. In this way, she sought to discourage the investors' cooperation in the investigation and their efforts

to recover their funds. Ms. Chickalo said that, of course, it was human nature not to fully describe and answer investor inquiries, that these people were her friends and former candle customers, who she did not wish to alarm. I disagree with this characterization. Ms. Chickalo was seeking to discourage NBW investors from cooperating with the Commission and learning the truth about how the Respondents had swindled them. It was an uncomfortable truth that she did not want to admit, but being caught out and embarrassed is hardly an excuse for misleading these investors about the serious concerns Staff had concerning the Respondents' conduct.

3. Conclusions on Fraud

[130] The legal test for fraud requires Staff to show (1) that a person or company committed a dishonest act, which can include deceit, falsehood, or other fraudulent means, and (2) that there was a depravation caused by the dishonesty, and that can mean either an actual loss or putting somebody's funds at risk. The legal test for fraud also requires Staff to show that a person or company knew, or reasonably ought to have known, that they perpetrated a fraud.

[131] I find that all the Respondents engaged in fraud. The evidence overwhelmingly demonstrated that both the *actus reus* and *mens rea* elements were proven.

[132] The *actus reus* was established through the evidence of acts of deceit and falsehoods, including: i. the statements made in the Marketing Materials and false facts about NBW otherwise communicated to investors, ii. other fraudulent means including using investor funds in an unauthorized manner for personal purposes or for a business other than that described to investors, iii. exploiting those in close relationships to get them to invest and iv. Ms. Chickalo's communications with investors to disregard the Commission's investigation. Deprivation was caused by the misconduct described above -- investors lost their funds. Specifically, CK and CF did not get either their promised investments or the return of their funds, and they have suffered financially and emotionally through this ordeal.

[133] The *mens rea* was established through the evidence that Mr. Landucci knowingly communicated false information to Ms. Chickalo that he expected her to use in carrying out her primary function on behalf of NBW at the time – selling shares. Ms. Chickalo was reckless as to the accuracy of the statements in the Marketing Materials and in the oral statements she made to investors. These false statements were made by her as a high pressure sales tactics to induce investors to part with their funds and, as a direct consequence, investor funds were placed at risk. The Respondents were aware that their conduct could cause deprivation to others, but chose to proceed regardless, obtaining investor funds and using these funds for personal and unauthorized uses.

[134] The Act's legal test for fraud also widens the effect of the fraud provision such that another participant in the scheme may be found to have committed fraud if they ought to have known that a fraud was being perpetrated by another person involved in the scheme. Mr. Landucci knew about the fraudulent misconduct. He was the mind and management of NBW and created all the facts that were fed to Ms. Chickalo to put into the Marketing Materials for the sole purpose of soliciting funds from investors. He was the architect of the scheme and NBW was his company. As stated above at paragraph [115], Ms. Chickalo followed along in this scheme, never asking questions and turning a blind eye to the consequences of passing on the false information she was given by Mr. Landucci and her other actions in furtherance of the scheme. Considering the information being provided to her by Mr. Landucci, she reasonably ought to have known that Mr. Landucci's statements were highly questionable and as a director and one-time president of NBW she ought to have taken steps to understand what was actually going on at NBW. Her recklessness in her sales efforts demonstrates that she reasonably ought to have known that a fraud was being perpetrated. As a result, investors were harmed and deprived.

[135] For a corporation, it is sufficient to show that its directing minds knew or reasonably ought to have known that the corporation perpetrated a fraud to prove a breach of s. 126.1(1)(b) of the Act.[32] As described above, Mr. Landucci was the directing mind of NBW, and was the architect of the fraud, and I therefore find that his company NBW also engaged in fraud.

B. Section 25: Did Chickalo engage in the business of trading without being registered?

[136] During the Material Time, none of the Respondents was registered in any capacity with the Commission. Ms. Chickalo's only discernible activity for NBW was capital raising for which she earned, as discussed above, contingent compensation. Such compensation was contrary to the representations she and NBW made to these investors that no finders' fees or commissions were payable in connection with these sales of shares. In addition, she engaged in acts in furtherance of trades including soliciting investors, handling paperwork for investments, giving instructions to investors for how to make payments and accepting investor funds into her bank account and writing the Marketing Materials. While she may have had a few non-investment related tasks, taking a holistic view, she overwhelmingly was engaged

[32] *Al-tar Energy Corp (Re),* 2010 ONSEC 11, (2010) 33 OSCB 5535 at para 221.

in the business of selling securities. In this regard, Ms. Chickalo was engaged in the business of trading in securities contrary to s. 25(1) of the Act.

[137] The onus to show that there was an applicable registration exemption falls on the person relying on the exemption. Ms. Chickalo did not provide any evidence that an exemption to the registration requirement was available. In fact, her testimony at the hearing demonstrated that capital raising was a core responsibility for her and as a result I find that she engaged in the business of trading securities and she was not properly registered.

C. Section 53: Did Chickalo and NBW engage in an illegal distribution?

[138] There is no doubt that Ms. Chickalo and through her, NBW, effected a distribution in securities for which no exemption was available and for which no prospectus, offering memorandum or any other materials were filed with the Commission. The offers and sales to CK and CF demonstrate these violations and I note that neither of these investors were accredited investors. In making this illegal distribution, Ms. Chickalo and NBW prepared and used Marketing Materials that contained fraudulent misrepresentations designed to give a dramatically false impression of the stage of development in order to induce her investor prospects to invest.

[139] The onus to show that there was an applicable exemption falls on the person relying on the exemption. Ms. Chickalo and NBW did not provide any evidence that an exemption to the prospectus requirement was available. As stated above, CK and CF were not accredited investors. In addition, the Ontario friends, family and business associates exemption was also not available as some of the investors did not know her, including CF who had never met her in person and was a customer from her website. Furthermore, this exemption requires a risk acknowledgment to be signed by the investor and no such evidence was produced.

D. Section 126.2: Did the Respondents make misleading or untrue statements?

[140] In their submissions, Staff explained that they are seeking a breach of s. 126.2 as an alternative finding that the Panel can make if the Panel is not persuaded that a particular Respondent committed fraud by making misleading and untrue statements in the Marketing Materials. Staff clarified that they are not seeking a duplicative finding with two breaches found for the same misleading and untrue statements.

[141] Since I have found that the Respondents made fraudulent misrepresentations, following the principles in *R v Kienapple*[33] and *Lewis (Re)*[34] to the effect that the same misconduct should not form a basis for separate overlapping contraventions, I decline to find a violation of s. 126.2.

E. Subsection 38(3): Did the Respondents make prohibited representations that the securities of NBW would be listed on an exchange?

[142] Staff alleges that the Respondents' misrepresentation in the Marketing Materials regarding the NASDAQ listing, in addition to being a fraudulent misrepresentation, also contravenes the prohibition in s. 38(3) of the Act, which prohibits representations of listing on "any stock exchange" for the purpose of inducing a trade in a security.

[143] Subsection 38(3) is not limited to representations regarding recognized exchanges as defined in the Act, instead, s. 38(3) uses the broader language "any stock exchange" which I interpret as being in any jurisdiction. Staff cited several Commission precedents in which this violation was established based on promises of a U.S. Listing.[35]

[144] Ms. Chickalo's statements regarding a NASDAQ listing, which she stated she learned from Mr. Landucci, contravenes this prohibition. NBW has also contravened s. 38(3) as the misrepresentation was made in NBW's Marketing Materials. As with the other misrepresentations, I find that Mr. Landucci conveyed this information to Ms. Chickalo with the purpose that she would use it in her capital raising activities to induce investors to invest. He is the creator of the misrepresentation and equally responsible for such misrepresentation and contravened this prohibition by making this statement to Ms. Chickalo for this purpose.

[145] While Staff did not submit that the s. 38(3) allegation is an alternative finding to the fraud allegation, I find that the principles in *R v Kienapple*[36] and *Lewis (Re)*[37] are also engaged in this situation. In *R v Kienapple*, the Supreme Court of Canada explained that:

[33] [1975] 1 SCR 729.
[34] 2011 ONSEC 29, (2011) 34 OSCB 11127 at para 235.
[35] See for example: *Limelight Entertainment Inc (Re)*, 2008 ONSEC 4, (2008) 31 OSCB 1727; *Mega-C Power Corporation (Re)*, 2010 ONSEC 19, (2010) 33 OSCB 8290; and *York Rio Resources Inc (Re),* 2013 ONSEC 10, (2013) 36 OSCB 3499.
[36] [1975] 1 SCR 729.
[37] 2011 ONSEC 29, (2011) 34 OSCB 11127 at para 235.

> If there is a verdict of guilty on the first count and the same or substantially the same elements make of the offence charges in a second count, the situation invites application of a rule against multiple convictions.[38]

[146] While the *Kienapple* case was decided in a criminal law context, in my view, the same principle equally applies in the Commission's securities regulatory context. The same misconduct should not form a basis for separate overlapping contraventions.

[147] I acknowledge that the fraud provision s. 126.1(1)(b) and prohibited listing representation set out in s. 38(3) of the Act serve different purposes and in many cases, violations under each of these separate provisions may be found based on statements regarding the listing of securities. However, in this specific case, where the misrepresentation that a NASDAQ listing was going to be attained was fraudulent and overlaps with a prohibited representation under s. 38(3) that the securities will be listed on an exchange, it is inappropriate to make a second finding for purposes of a breach of s. 38(3).

[148] If the allegation of fraud had not be made out by Staff, then I would have found that the Respondents made a fraudulent misrepresentation regarding the prospect of a NASDAQ listing as set out above in paragraph [144]. However, following the principle that the same misconduct should not form a basis for separate overlapping contraventions, I decline to find a violation of s. 38(3) of the Act.

F. Section 129.2: Did Landucci authorize, permit or acquiesce in the non-compliance with the Act by NBW?

[149] Mr. Landucci was the directing mind of NBW. He was the architect of the scheme. He defined Ms. Chickalo's role and was the person who provided her with fraudulent information, which she transmitted to investors. He is NBW's sole director. I find that pursuant to s. 129.2 he authorized and permitted all of the breaches of the Act that I have found to have been committed by NBW and as a result is deemed to also not have complied with Ontario securities law.

VII. CONCLUSION

[150] For the reasons stated above, I find that during the Material Time that:

a. Ms. Chickalo engaged in the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement, contrary to s. 25 of the Act;

b. NBW and Ms. Chickalo traded in securities that would constitute a distribution without a prospectus and without an applicable exemption from the prospectus requirement, contrary to s. 53 of the Act;

c. NBW and Mr. Landucci engaged in and participated in an act, practice or course of conduct relating to securities that they knew perpetrated a fraud on the investors, contrary to s. 126.1(1)(b) of the Act;

d. Ms. Chickalo engaged in and participated in an act, practice or course of conduct relating to securities that she reasonably ought to have known perpetrated a fraud on the investors, contrary to s. 126.1(1)(b) of the Act; and

e. In the case of Mr. Landucci, pursuant to s. 129.2 he authorized and permitted all of the breaches of the Act committed by NBW and as a result is deemed to not have complied with Ontario securities law.

[151] Section 127 of the Act permits the Commission to make orders where conduct is contrary to the public interest and harmful to the integrity of capital markets. A number of sanctions are available to the Commission to meet the protective and preventative purposes of the Act.

[152] I find that the public interest mandate of the Commission has been engaged by the evidence heard in this matter and I will issue a separate order scheduling the sanctions and costs hearing and related filing timelines as follows:

a. Staff shall serve and file written submissions on sanctions and costs by 4:00 p.m. (Toronto time) on July 19, 2019;

b. The Respondents shall serve and file responding written submissions on sanctions and costs by 4:00 p.m. (Toronto time) on August 2, 2019;

c. Reply submissions of Staff, if any, shall be made orally at the sanctions and costs hearing; and

[38] [1975] 1 SCR 729 at para 16.

d. the sanctions and costs hearing shall be held by video conference and at the offices of the Commission at 20 Queen Street West, 17th floor, Toronto, Ontario, on August 6, 2019 at 10:00 a.m. (Toronto time), or such other dates and times as provided by the Office of the Secretary and agreed to by the parties.

Dated at Toronto this 3rd day of July, 2019.

"D. Grant Vingoe"

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Waseco Resources Inc.	05 July 2019	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Blocplay Entertainment Inc.	03 May 2019	03 July 2019
Peeks Social Ltd.	04 July 2019	

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
Blocplay Entertainment Inc.	03 May 2019	03 July 2019
Peeks Social Ltd.	04 July 2019	

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Desjardins Global Total Return Bond Fund (formerly Desjardins Global Inflation Linked Bond Fund)
Chorus II Conservative Low Volatility Portfolio
Chorus II Moderate Low Volatility Portfolio
Chorus II Balanced Low Volatility Portfolio
Principal Regulator - Quebec
Type and Date:
Amendment #2 to Final Simplified Prospectus dated July 8, 2019
Received on July 8, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2870473

Issuer Name:
Coincapital STOXX B.R.AI.N. Index Fund
Coincapital STOXX Blockchain Patents Innovation Index Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated July 2, 2019
Received on July 3, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2806064

Issuer Name:
Coincapital STOXX B.R.AI.N. Index Fund
Coincapital STOXX Blockchain Patents Innovation Index Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated July 2, 2019
NP 11-202 Receipt dated July 5, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2806064

Issuer Name:
Mackenzie Canadian All Cap Value Class
Mackenzie Canadian All Cap Value Fund
Mackenzie Canadian Growth Class
Mackenzie Canadian Growth Fund
Mackenzie Canadian Large Cap Dividend Class
Mackenzie Canadian Large Cap Dividend Fund
Mackenzie Canadian Small Cap Class
Mackenzie Canadian Small Cap Fund
Mackenzie Cundill U.S. Class
Mackenzie Emerging Markets Class
Mackenzie Emerging Markets Fund
Mackenzie Global Dividend Fund
Mackenzie Global Environmental Equity Fund
Mackenzie Global Equity Fund
Mackenzie Global Growth Class
Mackenzie Global Leadership Impact Fund
Mackenzie Growth Fund
Mackenzie High Diversification Canadian Equity Class
Mackenzie High Diversification Emerging Markets Equity Fund
Mackenzie High Diversification Global Equity Fund
Mackenzie High Diversification US Equity Fund
Mackenzie Ivy International Class
Mackenzie Ivy International Fund
Mackenzie Private Canadian Focused Equity Pool
Mackenzie Private Canadian Focused Equity Pool Class
Mackenzie Private Global Equity Pool
Mackenzie Private Global Equity Pool Class
Mackenzie Private U.S. Equity Pool
Mackenzie Private U.S. Equity Pool Class
Mackenzie U.S. Dividend Fund
Mackenzie U.S. Growth Class
Symmetry Equity Portfolio Class
Principal Regulator - Ontario
Type and Date:
Amendment #4 to Final Simplified Prospectus dated June 28, 2019
NP 11-202 Receipt dated July 5, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Quadrus Investment Services Ltd.
LBC Financial Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #2804068

Issuer Name:
Mackenzie Canadian All Cap Value Class
Mackenzie Canadian Growth Class
Mackenzie Canadian Growth Fund
Mackenzie Canadian Large Cap Dividend Class
Mackenzie Canadian Small Cap Class
Mackenzie Global Dividend Fund
Mackenzie Global Growth Class
Mackenzie Ivy International Fund
Symmetry Equity Portfolio Class
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated June 28, 2019
NP 11-202 Receipt dated July 5, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
LBC Financial Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #2827888

Issuer Name:
NBI International Equity Private Portfolio
Principal Regulator - Quebec
Type and Date:
Amendment #1 to Final Simplified Prospectus dated June 28, 2019
NP 11-202 Receipt dated July 4, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Investments Inc.
Promoter(s):
National Bank Investments Inc.
Project #2888229

Issuer Name:
BlueBay $U.S. Global Convertible Bond Fund (Canada)
BlueBay Emerging Markets Bond Fund (Canada)
BlueBay Emerging Markets Corporate Bond Fund
BlueBay Emerging Markets Local Currency Bond Fund (Canada)
BlueBay European High Yield Bond Fund (Canada)
BlueBay Global Convertible Bond Fund (Canada)
BlueBay Global Investment Grade Corporate Bond Fund (Canada)
BlueBay Global Monthly Income Bond Fund
BlueBay Global Sovereign Bond Fund (Canada)
RBC $U.S. High Yield Bond Fund
RBC $U.S. Investment Grade Corporate Bond Fund
RBC $U.S. Money Market Fund
RBC $U.S. Short-Term Corporate Bond Fund
RBC $U.S. Strategic Income Bond Fund
RBC Asia Pacific ex-Japan Equity Fund
RBC Asian Equity Fund
RBC Balanced Fund
RBC Balanced Growth & Income Fund
RBC Bond Fund
RBC Canadian Bond Index Fund (formerly, RBC Advisor Canadian Bond Fund)
RBC Canadian Dividend Fund
RBC Canadian Equity Fund
RBC Canadian Equity Income Fund
RBC Canadian Government Bond Index Fund
RBC Canadian Index Fund
RBC Canadian Money Market Fund
RBC Canadian Short-Term Income Fund
RBC Canadian Small & Mid-Cap Resources Fund
RBC Canadian T-Bill Fund
RBC Conservative Bond Pool
RBC Conservative Growth & Income Fund
RBC Core Bond Pool
RBC Core Plus Bond Pool
RBC Emerging Markets Balanced Fund
RBC Emerging Markets Bond Fund
RBC Emerging Markets Bond Fund (CAD Hedged)
RBC Emerging Markets Dividend Fund
RBC Emerging Markets Equity Focus Fund
RBC Emerging Markets Equity Fund
RBC Emerging Markets Foreign Exchange Fund
RBC Emerging Markets Multi-Strategy Equity Fund
RBC Emerging Markets Small-Cap Equity Fund
RBC European Dividend Fund
RBC European Equity Fund
RBC European Mid-Cap Equity Fund
RBC Global All-Equity Portfolio
RBC Global Balanced Fund
RBC Global Balanced Portfolio
RBC Global Bond & Currency Fund
RBC Global Bond Fund
RBC Global Conservative Portfolio
RBC Global Corporate Bond Fund
RBC Global Dividend Growth Currency Neutral Fund
RBC Global Dividend Growth Fund
RBC Global Energy Fund
RBC Global Equity Focus Currency Neutral Fund
RBC Global Equity Focus Fund
RBC Global Equity Fund
RBC Global Growth & Income Fund
RBC Global Growth Portfolio
RBC Global High Yield Bond Fund
RBC Global Precious Metals Fund
RBC Global Resources Fund
RBC Global Technology Fund
RBC Global Very Conservative Portfolio
RBC High Yield Bond Fund
RBC International Dividend Growth Fund
RBC International Equity Currency Neutral Fund
RBC International Equity Fund
RBC International Index Currency Neutral Fund
RBC Japanese Equity Fund
RBC Life Science and Technology Fund
RBC Managed Payout Solution
RBC Managed Payout Solution - Enhanced
RBC Managed Payout Solution - Enhanced Plus
RBC Monthly Income Bond Fund
RBC Monthly Income Fund
RBC North American Growth Fund
RBC North American Value Fund
RBC O'Shaughnessy All-Canadian Equity Fund
RBC O'Shaughnessy Canadian Equity Fund
RBC O'Shaughnessy Global Equity Fund
RBC O'Shaughnessy International Equity Fund
RBC O'Shaughnessy U.S. Growth Fund
RBC O'Shaughnessy U.S. Growth Fund II
RBC O'Shaughnessy U.S. Value Fund
RBC O'Shaughnessy U.S. Value Fund (Unhedged)
RBC Premium $U.S. Money Market Fund
RBC Premium Money Market Fund
RBC Private Canadian Corporate Bond Pool
RBC Private Canadian Dividend Pool
RBC Private Canadian Equity Pool
RBC Private Canadian Growth Equity Pool
RBC Private Canadian Mid-Cap Equity Pool
RBC Private EAFE Equity Pool
RBC Private Fundamental Canadian Equity Pool (formerly, RBC Private Canadian Growth and Income Equity Pool)
RBC Private Income Pool
RBC Private Overseas Equity Pool
RBC Private Short-Term Income Pool
RBC Private U.S. Growth Equity Pool
RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool
RBC Private U.S. Large-Cap Core Equity Pool
RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool
RBC Private U.S. Large-Cap Value Equity Pool
RBC Private U.S. Small-Cap Equity Pool
RBC Private World Equity Pool
RBC QUBE All Country World Equity Fund
RBC QUBE Canadian Equity Fund
RBC QUBE Global Equity Fund
RBC QUBE Low Volatility All Country World Equity Fund
RBC QUBE Low Volatility Canadian Equity Fund
RBC QUBE Low Volatility Global Equity Currency Neutral Fund
RBC QUBE Low Volatility Global Equity Fund
RBC QUBE Low Volatility U.S. Equity Currency Neutral Fund
RBC QUBE Low Volatility U.S. Equity Fund
RBC QUBE U.S. Equity Fund
RBC Retirement 2020 Portfolio

RBC Retirement 2025 Portfolio
RBC Retirement 2030 Portfolio
RBC Retirement 2035 Portfolio
RBC Retirement 2040 Portfolio
RBC Retirement 2045 Portfolio
RBC Retirement 2050 Portfolio
RBC Retirement Income Solution
RBC Select Aggressive Growth Portfolio
RBC Select Balanced Portfolio
RBC Select Choices Aggressive Growth Portfolio
RBC Select Choices Balanced Portfolio
RBC Select Choices Conservative Portfolio
RBC Select Choices Growth Portfolio
RBC Select Conservative Portfolio
RBC Select Growth Portfolio
RBC Select Very Conservative Portfolio
RBC Strategic Income Bond Fund (formerly, RBC Monthly Income High Yield Bond Fund)
RBC Target 2020 Education Fund
RBC Target 2025 Education Fund
RBC Target 2030 Education Fund
RBC Target 2035 Education Fund
RBC Trend Canadian Equity Fund
RBC U.S. Dividend Currency Neutral Fund
RBC U.S. Dividend Fund
RBC U.S. Equity Currency Neutral Fund
RBC U.S. Equity Fund
RBC U.S. Equity Value Fund
RBC U.S. Index Currency Neutral Fund
RBC U.S. Index Fund
RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund
RBC U.S. Mid-Cap Growth Equity Fund
RBC U.S. Mid-Cap Value Equity Fund
RBC U.S. Monthly Income Fund (formerly, RBC $U.S. Income Fund)
RBC U.S. Small-Cap Core Equity Fund
RBC U.S. Small-Cap Value Equity Fund
RBC Vision Balanced Fund (formerly, RBC Jantzi Balanced Fund)
RBC Vision Bond Fund (formerly, PH&N Community Values Bond Fund)
RBC Vision Canadian Equity Fund (formerly, RBC Jantzi Canadian Equity Fund)
RBC Vision Fossil Fuel Free Global Equity Fund
RBC Vision Global Equity Fund (formerly, RBC Jantzi Global Equity Fund) Principal Regulator - Quebec

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated June 27, 2019
NP 11-202 Final Receipt dated July 3, 2019

Offering Price and Description:
Advisor Series units, Advisor T5 Series units, Series A units, Series D units, Series O units, Series I units, Advisor Series, Series DZ units, Series FT5 units, Series FT8 units, Series F units, Series T8 units, Series U units, Series T5 units, Series H units

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #2918773

Issuer Name:
Picton Mahoney Fortified Active Extension Alternative Fund
Picton Mahoney Fortified Income Alternative Fund
Picton Mahoney Fortified Market Neutral Alternative Fund
Picton Mahoney Fortified Multi-Strategy Alternative Fund
Principal Regulator - Quebec

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated July 5, 2019
NP 11-202 Final Receipt dated July 8, 2019

Offering Price and Description:
Class F Units, ETF Units, Class I Units, Class A Units

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #2916731

Issuer Name:
Stone American Dividend Growth Fund
Stone American Dividend Growth Fund (Corporate Class)
Stone Covered Call Canadian Bank Plus Fund
Stone Covered Call Canadian Banks Plus Fund (Corporate Class)
Stone Dividend Growth Class
Stone Dividend Yield Hog Fund (formerly Stone Monthly Pay Fund)
Stone Europlus Fund
Stone Global Balanced Fund
Stone Global Growth Fund
Stone Global Strategy Fund
Stone Growth Fund
Stone Select Growth Class
Stone Small Companies Fund
Principal Regulator – Ontario

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated June 28, 2019
NP 11-202 Final Receipt dated July 4, 2019

Offering Price and Description:
Series T8B shares, Series T8B units, Series B shares, Series F shares, Series A units, Series B units, Series O units, Series T8C units, Series L shares, Series AA units, Series L units, Series O shares, Series T5F units, Series T8A units, Series A shares, Series T8C shares, Series F units, Series PTF shares, Series T5A units, Series FF units, Series BB units, Series T8A shares, Series C shares, Series PTF units

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #2929745

Issuer Name:
Advanced Folio Fund
Aggressive Folio Fund
Balanced Folio Fund
Canadian Dividend Class (Laketon)
Canadian Equity Class (Laketon)
Canadian Equity Fund (Laketon)
Canadian Growth Class (GWLIM)
Canadian Growth Fund (GWLIM)
Canadian Low Volatility Class (London Capital)
Canadian Value Class (FGP)
Cash Management Class
Conservative Folio Fund
Core Bond Fund (Portico)
Core Plus Bond Fund (Portico)
Corporate Bond Fund (Portico)
Diversified Fixed Income Folio Fund
Dividend Class (GWLIM)
Dividend Fund (GWLIM)
Focused Canadian Equity Class (CGOV)
Global All Cap Equity Class (Setanta)
Global All Cap Equity Fund (Setanta)
Global Dividend Equity Class (Setanta)
Global Dividend Equity Fund (Setanta)
Global Infrastructure Equity Fund (London Capital)
Global Low Volatility Fund (ILIM)
Global Monthly Income Fund (London Capital)
Global Real Estate Fund (London Capital)
Growth and Income Class (GWLIM)
Growth and Income Fund (GWLIM)
Income Fund (Portico)
International Core Equity Class (Putnam)
International Core Equity Fund (Putnam)
Mackenzie Canadian Balanced Fund
Mackenzie Canadian Growth Fund
Mackenzie Canadian Large Cap Dividend Fund
Mackenzie Canadian Resource Fund
Mackenzie Emerging Markets Class
Mackenzie Floating Rate Income Fund
Mackenzie Global Growth Class
Mackenzie Ivy European Class
Mackenzie Ivy Foreign Equity Fund
Mackenzie Ivy Global Balanced Fund
Mackenzie Precious Metals Class
Mackenzie Strategic Income Fund
Mackenzie US All Cap Growth Fund
Mackenzie US Mid Cap Growth Class
Mid Cap Canada Fund (GWLIM)
Moderate Folio Fund
Money Market Fund
Monthly Income Fund (London Capital)
North American High Yield Bond Fund (Putnam)
North American Specialty Class
Short Term Bond Fund (Portico)
U.S. Dividend Class (GWLIM)
U.S. Dividend Fund (GWLIM)
U.S. Low Volatility Fund (Putnam)
U.S. Value Class (Putnam)
U.S. Value Fund (Putnam)
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated June 28, 2019
NP 11-202 Final Receipt dated July 2, 2019
Offering Price and Description:
HW5 series securities, HW8 series securities, Quadrus series securities, L5 series securities, N5 series securities, QFW series securities, HW series securities, H5 series securities, L series securities, D5 series securities, N series securities, QF5 series securities, QFW5 series securities, L8 series securities, N series securities, N8 series securities, H series securities, H8 series securities, QF series securities, D8 series securities, RB series securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2915449

Issuer Name:
Phillips, Hager & North $U.S. Money Market Fund
Phillips, Hager & North Balanced Fund
Phillips, Hager & North Balanced Pension Trust
Phillips, Hager & North Bond Fund
Phillips, Hager & North Canadian Equity Fund
Phillips, Hager & North Canadian Equity Pension Trust
Phillips, Hager & North Canadian Equity Plus Pension Trust
Phillips, Hager & North Canadian Equity Underlying Fund
Phillips, Hager & North Canadian Equity Underlying Fund II
Phillips, Hager & North Canadian Equity Value Fund
Phillips, Hager & North Canadian Growth Fund
Phillips, Hager & North Canadian Income Fund
Phillips, Hager & North Canadian Money Market Fund
Phillips, Hager & North Conservative Equity Income Fund
Phillips, Hager & North Conservative Pension Trust
Phillips, Hager & North Currency-Hedged Overseas Equity Fund
Phillips, Hager & North Currency-Hedged U.S. Equity Fund
Phillips, Hager & North Dividend Income Fund
Phillips, Hager & North Global Equity Fund
Phillips, Hager & North Growth Pension Trust
Phillips, Hager & North High Yield Bond Fund
Phillips, Hager & North Inflation-Linked Bond Fund
Phillips, Hager & North LifeTime 2015 Fund
Phillips, Hager & North LifeTime 2020 Fund
Phillips, Hager & North LifeTime 2025 Fund
Phillips, Hager & North LifeTime 2030 Fund
Phillips, Hager & North LifeTime 2035 Fund
Phillips, Hager & North LifeTime 2040 Fund
Phillips, Hager & North LifeTime 2045 Fund
Phillips, Hager & North LifeTime 2050 Fund
Phillips, Hager & North LifeTime 2055 Fund
Phillips, Hager & North Long Inflation-linked Bond Fund
Phillips, Hager & North Monthly Income Fund
Phillips, Hager & North Overseas Equity Fund
Phillips, Hager & North Short Term Bond & Mortgage Fund
Phillips, Hager & North Small Float Fund
Phillips, Hager & North Total Return Bond Fund
Phillips, Hager & North U.S. Dividend Income Fund
Phillips, Hager & North U.S. Equity Fund
Phillips, Hager & North U.S. Growth Fund
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund
Phillips, Hager & North Vintage Fund
Principal Regulator – Ontario

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated June 27, 2019
NP 11-202 Final Receipt dated July 3, 2019

Offering Price and Description:
Series A units, Series D units, Series O units, Series I units, Advisor Series, Series FT5 units, Series F units, Series T5 units, Series H units

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #2917644

NON-INVESTMENT FUNDS

Issuer Name:
Acreage Holdings, Inc. (formerly Applied Inventions Management Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 24, 2019
NP 11-202 Preliminary Receipt dated June 24, 2019
Offering Price and Description:
USD$800,000,000.00 - Subordinate Voting Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2933242

Issuer Name:
Aleafia Health Inc. (formerly Canabo Medical Inc.)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 20, 2019
NP 11-202 Receipt dated June 21, 2019
Offering Price and Description:
$35,000,000.00 - 8.5% Unsecured Convertible Debenture Units
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #2928243

Issuer Name:
Automotive Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 24, 2019
NP 11-202 Receipt dated June 24, 2019
Offering Price and Description:
$73,150,000.00 - 7,000,000 Units
Price: C$10.45 per Offered Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
Promoter(s):
893353 Alberta Inc.
Project #2930199

Issuer Name:
Brookfield Infrastructure Partners L.P.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated June 21, 2019
NP 11-202 Receipt dated June 21, 2019
Offering Price and Description:
US$4,000,000,000.00 - Limited Partnership Units Class A Preferred Limited Partnership Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2930155

Issuer Name:
Cavenham Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated June 19, 2019
NP 11-202 Preliminary Receipt dated June 21, 2019
Offering Price and Description:
1,600,000 Common Shares (Minimum) at a price of C$0.25 per Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Dr. Juraj Adamec
Project #2887897

Issuer Name:
Delta 9 Cannabis Inc.
Principal Regulator - Manitoba
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated June 18, 2019
NP 11-202 Preliminary Receipt dated June 19, 2019
Offering Price and Description:
8.5% Unsecured Convertible Debenture Units
Minimum of 10,000 Debenture Units ($10,000,000.00) (the “Minimum Offering”)
Maximum of 14,000 Debenture Units ($14,000,000.00) (the “Maximum Offering”)
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #2931250

Issuer Name:
Earth Alive Clean Technologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 17, 2019
NP 11-202 Preliminary Receipt dated June 18, 2019
Offering Price and Description:
Minimum: $4,000,000.00 or [*] Common Shares
Maximum: $5,000,000.00 or [*] Common Shares
PRICE: C$[*.**] PER COMMON SHARE
Underwriter(s) or Distributor(s):
DESJARDINS SECURITIES INC.
Promoter(s):
-
Project #2931381

Issuer Name:
Fiera Capital Corporation (formerly Fiera Sceptre Inc.)
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 18, 2019
NP 11-202 Preliminary Receipt dated June 18, 2019
Offering Price and Description:
$100,000,000.00 - 5.60% Senior Subordinated Unsecured Debentures Due July 31, 2024
Price: C$1,000.00 per Debenture
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
DESJARDINS SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2930368

Issuer Name:
Franchise Holdings International, Inc.
Type and Date:
Preliminary Long Form Prospectus dated June 19, 2019
(Preliminary) Receipted on June 20, 2019
Offering Price and Description:
No securities are being offered pursuant to this preliminary prospectus.
Underwriter(s) or Distributor(s):
-
Promoter(s):
Steven Rossi
Project #2931990

Issuer Name:
Gibson Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated June 19, 2019
NP 11-202 Preliminary Receipt dated June 19, 2019
Offering Price and Description:
$3,000,000,000.00 - Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2931963

Issuer Name:
Manning Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated June 21, 2019
NP 11-202 Receipt dated June 24
Offering Price and Description:
C$340,000.00 - 3,400,000 Common Shares
Price: C$0.10 per Common Share
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
Promoter(s):
-
Project #2932876

Issuer Name:
National Access Cannabis Corp. (formerly Brassneck Capital Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 17, 2019
NP 11-202 Preliminary Receipt dated June 18, 2019
Offering Price and Description:
$200,000,000.00 - COMMON SHARES, PREFERRED SHARES, WARRANTS, SUBSCRIPTION RECEIPTS, UNITS, DEBT SECURITIES
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2931298

Issuer Name:
Northway Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated June 21, 2019
NP 11-202 Preliminary Receipt dated June 21, 2019
Offering Price and Description:
20,000,000 Common Shares - $2,000,000.00
Price: C$0.10 per Common Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
Zachary Flood
Kenorland Minerals Ltd.
Project #2929159

Issuer Name:
Pro Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Shelf Prospectus dated June 21, 2019
NP 11-202 Preliminary Receipt dated June 21, 2019
Offering Price and Description:
$200,000,000.00 -Trust Units, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2932682

Issuer Name:
Subversive Capital Acquisition Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 19, 2019
NP 11-202 Preliminary Receipt dated June 19, 2019
Offering Price and Description:
U.S.$500,000,000.00 - 50,000,000 Class A Restricted Voting Units
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
SUBVERSIVE CAPITAL SPONSOR LLC
Project #2931921

Issuer Name:
Tetra Bio-Pharma Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 19, 2019
NP 11-202 Preliminary Receipt dated June 19, 2019
Offering Price and Description:
Minimum Offering: $* or * Units
Maximum Offering: $* or * Units
Price: $* per Unit
Underwriter(s) or Distributor(s):
ECHELON WEALTH PARTNERS INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2931962

Issuer Name:
The Flowr Corporation (formerly The Needle Capital Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 24, 2019
NP 11-202 Preliminary Receipt dated June 24, 2019
Offering Price and Description:
$125,000,000.00
[*] Common Shares
Price: $[*.**] per Offered Share
Underwriter(s) or Distributor(s):
Barclays Capital Canada Inc.
BMO Nesbitt Burns Inc.
Credit Suisse Securities (Canada), Inc.
Promoter(s):
Thomas Flow
Steven Klein
Project #2933259

Issuer Name:
Village Farms International, Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated June 20, 2019
NP 11-202 Receipt dated June 21, 2019
Offering Price and Description:
US$100,000,000.00 - Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2930745

Issuer Name:
Xebec Adsorption Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 17, 2019
NP 11-202 Receipt dated June 17, 2019
Offering Price and Description:
$10,080,000.00 - 7,200,000 Units
Price: C$1.40 per Unit
Underwriter(s) or Distributor(s):
DESJARDINS SECURITIES INC.
BEACON SECURITIES LIMITED
PARADIGM CAPITAL INC.
CANACCORD GENUITY CORP.
M PARTNERS INC.
Promoter(s):
-
Project #2929885

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Amadeus Investment Partners Inc. To: OneSixtyTwo Capital Inc.	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer	May 27, 2019

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 Investment Industry Regulatory Organization of Canada (IIROC) – Proposed Amendment to IIROC By-Law No. 1 section 5.3(2) (Director Term Limits) – Notice of Commission Approval

NOTICE OF COMMISSION APPROVAL

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENT TO IIROC BY-LAW NO. 1 SECTION 5.3(2) (DIRECTOR TERM LIMITS)

The Ontario Securities Commission has approved IIROC's proposed amendment to section 5.3(2) of its By-law No. 1 ("Proposed Amendment"). The Proposed Amendment was described in IIROC Notice 19-0060 which was published on April 4, 2019 and is available at www.osc.gov.on.ca.

In addition, the Alberta Securities Commission; the Autorité des marchés financiers; the British Columbia Securities Commission; the Financial and Consumer Affairs Authority of Saskatchewan; the Financial and Consumer Services Commission of New Brunswick; the Legal Registries Division, Department of Justice (Northwest Territories); the Legal Registries Division, Department of Justice (Nunavut); the Manitoba Securities Commission; the Nova Scotia Securities Commission; the Office of the Superintendent of Securities, Service Newfoundland and Labrador; the Office of the Yukon Superintendent of Securities; and the Prince Edward Island Office of the Superintendent of Securities Office have approved or not objected to the Amendments.

Pursuant to Article 17 of IIROC's By-law No. 1, which requires Member approval for any amendments to IIROC's by-laws, IIROC will be seeking Member approval of the Proposed Amendment at its Annual Meeting on September 24, 2019.

13.1.2 Investment Industry Regulatory Organization of Canada (IIROC) – Notice of Proposed Amendments Respecting Client Identifiers for Reportable Debt Transactions – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

NOTICE OF PROPOSED AMENDMENTS RESPECTING CLIENT IDENTIFIERS FOR REPORTABLE DEBT TRANSACTIONS

IIROC is publishing for public comment proposed amendments respecting Client Identifiers for Reportable Debt Transactions ("Proposed Amendments"). The Proposed Amendments would change the reporting requirements for debt securities as published in the Amendments Respecting Client Identifiers on April 18, 2019 by requiring Dealer Members to report the following client identifiers for transactions in debt securities:

- Legal Entity Identifier for a client supervised as an institutional client
- account number for a client supervised as a retail client.

A copy of the IIROC Notice, including the text of the Proposed Amendments, is published on our website at www.osc.gov.on.ca. The comment period ends on August 12, 2019.

13.1.3 Investment Industry Regulatory Organization of Canada (IIROC) – Proposed Amendments to Continuing Education Requirements – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS TO CONTINUING EDUCATION REQUIREMENTS

IIROC is proposing amendments to IIROC Rule 2650 – *Continuing Education Requirements for Approved Persons* ("CE Rules") to address feedback received following the implementation of the revised CE Rules, which became effective on January 1, 2018. IIROC is also republishing for comment the two proposed amendments to the CE Rules that were previously published in IIROC Notice 18-0019.

These consolidated proposed amendments ("Proposed Amendments") are intended to:

- support IIROC's goal of modernizing and simplifying the CE program
- eliminate transitional provisions that are no longer necessary
- clarify IIROC's expectations with respect to certain rules
- respond to comments received during IIROC's ongoing review of their CE program.

A copy of the IIROC Notice, including the text of the Proposed Amendments, is published on our website at www.osc.gov.on.ca. The comment period ends on August 26, 2019.

13.2 Marketplaces

13.2.1 Nasdaq CXC Limited – Introduction of Midpoint Extended Life Orders – Notice of Approval

NASDAQ CXC LIMITED

NOTICE OF APPROVAL

INTRODUCTION OF MIDPOINT EXTENDED LIFE ORDER

In accordance with the requirements set out in the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto* (Exchange Protocol), on July 5th, 2019, the Commission approved significant changes to Form 21-101F1 for Nasdaq CXC Limited (Nasdaq Canada) reflecting the introduction of the Midpoint Extended Life Order (M-ELO) for the CXC Trading Book.

Nasdaq Canada's Notice and Request for Comment on the proposed M-ELO was published on the Commission's website and in the Commission's Bulletin on June 6, 2019 at (2019) 42 OSCB 5155. No comment letters were received.

The M-ELO is expected to become effective in the fourth quarter of 2019.

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