

Table of Contents

<p>Chapter 1 Notices / News Releases1575</p> <p>1.1 Notices1575</p> <p>1.1.1 Current Proceedings Before The Ontario Securities Commission.....1575</p> <p>1.1.2 CSA Staff Notice 55-306 - Applications for Relief from Insider Reporting Requirements by Certain Vice-Presidents.....1577</p> <p>1.1.3 CSA Staff Notice 55-307 - Reminder to File Paper Insider Reports Using the Correct Codes.....1579</p> <p>1.1.4 CSA Staff Notice 72-301 Distributions Outside the Local Jurisdiction - Proposed MI 72-1011580</p> <p>1.2 News Releases1581</p> <p>1.2.1 OSC Approves Settlement Between Staff and Wayne S. Umetsu.....1581</p> <p>Chapter 2 Decisions, Orders and Rulings ..1583</p> <p>2.1 Decisions1583</p> <p>2.1.1 Scotia Mortgage Investment Corporation - MRRS Decision.....1583</p> <p>2.1.2 Revenue Properties Company Limited - MRRS Decision1586</p> <p>2.1.3 Computershare Trust Company of Canada - MRRS Decision.....1589</p> <p>2.1.4 Adobe Systems Incorporated and Accelio Corporation - MRRS Decision1591</p> <p>2.1.5 Imperial Metals Corporation and IMI Imperial Metals Inc. - MRRS Decision1594</p> <p>2.1.6 Patterson Dental Company - MRRS Decision1598</p> <p>2.1.7 Fidelity Investments Canada Limited and Ford Motor Company of Canada, Limited - MRRS Decision1600</p> <p>2.2 Orders1605</p> <p>2.2.1 Thundermin Resources Inc. - c. 104(2)(c)1605</p> <p>2.2.2 VentureLink Fund Inc. - s. 144.....1607</p> <p>2.2.3 Wayne S. Umetsu - Order and Settlement Agreement - ss. 60(1) and s. 60.1 of CFA, ss. 127(1) of Securities Act.....1608</p> <p>2.2.4 Seven Clans Resources Ltd. - ss. 83.1(1).....1613</p> <p>2.2.5 iPerformance Fund Inc. - ss. 83.1(1) ...1615</p> <p>2.2.6 Enersource Corporation - ss.83.1(1)....1616</p>	<p>2.2.7 Susquehanna Financial Group, Inc. - s. 211 of the Regulation.....1618</p> <p>2.2.8 New Generation Biotech (Equity) Fund Inc. - s. 1441619</p> <p>2.2.9 Robert Thomislav Adzija and Larry Ayres et al. - ss. 127(1).....1620</p> <p>2.2.10 Robert Thomislav Adzija and Ernest Kiss, et al. - ss. 127(1).....1625</p> <p>2.2.11 Robert Thomislav Adzija and Arthur Krick et al. - ss. 127(1)1629</p> <p>2.2.12 Robert Thomislav Adzija and Ron Maasschaele et al. - ss. 127(1)1634</p> <p>2.2.13 Robert Thomislav Adzija and Michael Vaughan et Al. - ss. 127(1).....1638</p> <p>Chapter 3 Reasons: Decisions, Orders and Rulings (nil).....1643</p> <p>Chapter 4 Cease Trading Orders.....1645</p> <p>4.1.1 Temporary, Extending & Rescinding Cease Trading Orders1645</p> <p>Chapter 5 Rules and Policies (nil).....1647</p> <p>Chapter 6 Request for Comments (nil)1649</p> <p>Chapter 7 Insider Reporting.....1651</p> <p>Chapter 8 Notice of Exempt Financings1691</p> <p>Reports of Trades Submitted on Form 45-501F11691</p> <p>Reports Made under Subsection 2.7(1) of Multilateral Instrument 45-102 Resale of Securities with Respect to an Issuer That Has Ceased to Be a Private Company or Private Issuer - Form 45-102F11695</p> <p>Notice of Intention to Distribute Securities and Accompanying Declaration under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities - Form 45-102F3.....1696</p> <p>Chapter 9 Legislation (nil).....1697</p> <p>Chapter 11 IPOs, New Issues and Secondary Financings1699</p>
--	---

Table of Contents (cont'd)

Chapter 12 Registrations	1705
12.1.1 Registrants.....	1705
Chapter 13 SRO Notices and Disciplinary Proceedings (nil)	1707
Chapter 25 Other Information	1709
25.1 Approvals	1709
25.1.1 J.C. Clark Ltd. - Loan and Trust Corporations Act - c. 213(3)(b)	1709
25.1.2 Successful Investor Wealth Management Inc. - Loan and Trust Corporations Act - c. 213(3)(b)	1709
Index	1711

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

March 22, 2002

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Telephone: 416-597-0681 Telecopiers: 416-593-8348

CDS

TDX 76

Late Mail depository on the 19th Floor until 6:00 p.m.

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Howard I. Wetston, Q.C., Vice-Chair	—	HIW
Kerry D. Adams, FCA	—	KDA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

SCHEDULED OSC HEARINGS

March 5,7, 8,
19,21,22,28,
29/02
9:30 a.m.

YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)

March 18 & 25,
2002
9:30 a.m. - 1:00
p.m.

March 12 &
26/02
2:00 p.m.

s.127

April 1, 2,4,5, 8,
11,12/02
9:30 a.m.

K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff.

April 9/02
2:00 p.m.

Panel: HIW / DB / RWD

March 27, 2002
9:30 a.m.

Frank Smeenk

s. 144

I. Smith in attendance for Staff

Panel: TBA

April 15 - 19,
2002

Sohan Singh Koonar

s. 127

9:30 a.m.

J. Superina in attendance for Staff

Panel: PMM / KDA / RSP

April 22 - 26,
2002
10:00 a.m.

Mark Bonham and Bonham & Co. Inc.

s. 127

M. Kennedy in attendance for staff

Panel: HIW / KDA /

May 1 - 3, 2002
10:00 a.m.

JAMES FREDERICK PINCOCK

s. 127

J. Superina in attendance for staff

Panel: PMM / RSP / HLM

**First Federal Capital (Canada)
Corporation and Monter Morris Friesner**

**Global Privacy Management Trust and
Robert Cranston**

May 6, 2002
10:00 a.m.

**Teodosio Vincent Pangia, Agostino
Capista and Dallas/North Group Inc.**

S. 127

Y. Chisholm in attendance for Staff

Panel: PMM

Irvine James Dyck

**Ricardo Molinari, Ashley Cooper,
Thomas Stevenson, Marshall Sone, Fred
Elliott, Elliott Management Inc. and
Amber Coast Resort Corporation**

May 13 - 17,
2002
10:00 a.m.

Yorkton Securities Inc., Gordon Scott
Paterson, Piergiorgio Donnini, Roger
Arnold Dent, Nelson Charles Smith and
Alkarim Jivraj (**Piergiorgio Donnini**)

s. 127(1) and s. 127.1

J. Superina in attendance for Staff

Panel: PMM / KDA /

**M.C.J.C. Holdings Inc. and Michael
Cowpland**

**Offshore Marketing Alliance and Warren
English**

June 12, 2002
9:30 a.m.

**Livent Inc., Garth H. Drabinsky,
Myron I. Gottlieb, Gordon Eckstein
and Robert Topol**

s. 127

J. Superina in attendance for Staff

Panel: HIW

Philip Services Corporation

Rampart Securities Inc.

**Robert Thomislav Adzija, Larry Allen
Ayres, David Arthur Bending, Marlene
Berry, Douglas Cross, Allan Joseph
Dorsey, Allan Eizenga, Guy Fangeat,
Richard Jules Fangeat, Michael Hersey,
George Edward Holmes, Todd Michael
Johnston, Michael Thomas Peter
Kennelly, John Douglas Kirby, Ernest
Kiss, Arthur Krick, Frank Alan Latam,
Brian Lawrence, Luke John McGee, Ron
Masschaele, John Newman, Randall
Novak, Normand Riopelle, Robert Louis
Rizzuto, And Michael Vaughan**

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

ADJOURNED SINE DIE

**Buckingham Securities Corporation,
Lloyd Bruce, David Bromberg, Harold
Seidel, Rampart Securities Inc., W.D.
Latimer Co. Limited, Canaccord Capital
Corporation, BMO Nesbitt Burns Inc.,
Bear, Stearns & Co. Inc., Dundee
Securities Corporation, Caldwell
Securities Limited and B2B Trust**

**DJL Capital Corp. and Dennis John
Little**

**Dual Capital Management Limited,
Warren Lawrence Wall, Shirley Joan
Wall, DJL Capital Corp., Dennis John
Little and Benjamin Emile Poirier**

1.1.2 CSA Staff Notice 55-306 - Applications for Relief from Insider Reporting Requirements by Certain Vice-Presidents

CANADIAN SECURITIES ADMINISTRATORS STAFF NOTICE 55-306

APPLICATIONS FOR RELIEF FROM THE INSIDER REPORTING REQUIREMENTS BY CERTAIN VICE-PRESIDENTS

Purpose

This notice outlines the circumstances in which staff will support applications for relief from the requirements under Canadian securities legislation to file insider reports by persons who are technically insiders by virtue of holding the title of "vice-president" but who do not have access to confidential inside information.

Background

Canadian securities legislation requires insiders of a reporting issuer to disclose ownership of and trading in securities of that reporting issuer. The insider reporting requirements serve a number of functions, including deterring illegal insider trading and increasing market efficiency by providing investors with information concerning the trading activities of insiders of the issuer, and, by inference, the insiders' views of their issuer's prospects.

The definition of "insider" in Canadian securities legislation includes individuals who hold the title of "vice-president". When the insider reporting requirements were developed in the 1960s, persons who held such a title exercised a senior officer function and were therefore required to file insider reports.

Since that time, we recognize that it has become widespread industry practice, particularly in the financial services sector, for issuers to grant the title of "vice-president" to certain employees primarily for marketing purposes. This phenomenon is sometimes referred to as "title inflation" or "title creep". In many cases, these individuals do not ordinarily have access to material undisclosed information prior to general disclosure and would not reasonably be considered to be senior officers from a functional point of view. (In this notice, such vice-presidents are referred to as "nominal vice-presidents".) For many larger issuers, the ratio of nominal vice-presidents to vice-presidents who truly exercise a senior officer function may be very high.

We recognize that requiring all vice-presidents to file insider reports may impose significant regulatory costs on these individuals and their issuers for little or no corresponding benefit. It has been suggested that the current requirements may actually serve to undermine the policy objectives underlying the insider reporting requirements, since the trading activities of "true" insiders may be hidden by the large volume of insider reports filed by nominal vice-presidents. Consequently, as a result of changes in industry practice, we believe that it is no longer appropriate to require all persons who are "vice-presidents" to file insider reports.

Applications for Discretionary Relief for Nominal Vice-Presidents

CSA staff will generally support an application for relief from the insider reporting requirements for an individual who is a "nominal vice-president" if the application conforms to the guidelines set out below.

Contents of Application for Exemptive Relief

Where the applicant is seeking relief from the insider reporting requirements of more than one CSA jurisdiction, the application should be made in accordance with the terms of National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications*.

The application should, among other things, identify:

- the jurisdictions in which the issuer is a reporting issuer or equivalent;
- the number of persons who are insiders of the issuer by reason of being an officer or director of the issuer;
- the number of persons who are insiders of the issuer but who are currently exempt from the insider reporting requirements by reason of an existing exemption such as 55-101 (described below) or a previous decision or order; and
- the number of persons on behalf of whom relief is being sought on the grounds that they are "nominal vice-presidents".

The application should contain a representation that each individual for whom relief is requested meets the following definition of "nominal vice-president":

- the individual is a vice-president;
- the individual is not in charge of a principal business unit, division or function of the reporting issuer or a "major subsidiary" of the reporting issuer (as such term is defined in 55-101);
- the individual does not in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and
- the individual is not an insider of the reporting issuer in any other capacity.

The application should contain a description of the policies related to trading in securities of the issuer by insiders and other employees of the issuer (for example, employees other than insiders who may routinely have access to material undisclosed information and whose trading the issuer monitors or restricts).

The application should also describe how the issuer proposes to determine which of its insiders meet the criteria necessary for the exemption, both initially and on an ongoing basis to ensure that the exemption continues to apply.

Conditions on which staff will recommend relief

We will generally recommend relief from the insider reporting requirements for an individual on the following conditions:

- the individual satisfies the definition of “nominal-vice president”;
- the issuer prepares and maintains a list of all individuals who propose to rely on the exemption contained in the decision, submits the list on an annual basis to the board of directors of the issuer for approval, and files the list with the applicable securities regulatory authorities;
- the issuer files with the applicable securities regulatory authorities a copy of its internal policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons whose trading activities are restricted by the issuer; and
- the relief will cease to be effective when 55-101 is amended.

Scope of Exemptions

The exemptions under the applications for exemptive relief described above are exemptions only from the insider reporting requirements and are not exemptions from the provisions in Canadian securities legislation imposing liability for improper insider trading.

Proposed Amendments to National Instrument 55-101

In May 2001, the CSA adopted National Instrument 55-101 *Exemption from Certain Insider Reporting Requirements* which provided for a number of exemptions from the insider reporting requirements. In the comment period preceding the adoption of 55-101, a commentator suggested that 55-101 should also include an exemption from the insider reporting requirements for nominal vice-presidents. The CSA deferred considering this question to avoid delaying the implementation of 55-101.

CSA staff have now considered the proposed exemption for nominal vice-presidents, and believe that such an exemption is appropriate. We anticipate that a proposed amendment to 55-101 addressing this and perhaps other issues will be published for comment later this year. In the interim, staff will generally support applications for discretionary relief as discussed above.

Further Information

For further information, please contact:

Susan Toews
Senior Legal Counsel
British Columbia Securities Commission
Tel.: 604-899-6764
Fax: 604-899-6814
stoews@bcsc.bc.ca

Stephen Murison
Legal Counsel
Alberta Securities Commission
Tel.: (403) 297-4233
Fax: (403) 297-6156
stephen.murison@seccom.ab.ca

Douglas Brown
Director, Legal and Enforcement
Manitoba Securities Commission
Tel.: (204) 945-0605
Fax: (204) 945-0330
dbrown@cca.gov.mb.ca

Paul Hayward
Legal Counsel, Corporate Finance
Ontario Securities Commission
Tel.: (416) 593-3657
Fax: (416) 593-8244
phayward@osc.gov.on.ca

Sylvie Lalonde
Conseillère en réglementation
Commission des valeurs mobilières du Québec
Tel.: (514) 940-2199 x 4555
Fax: (514) 873-7455
sylvie.lalonde@cvmq.com

1.1.3 CSA Staff Notice 55-307 - Reminder to File Paper Insider Reports Using the Correct Codes

**CANADIAN SECURITIES ADMINISTRATORS'
STAFF NOTICE 55-307**

**REMINDER TO FILE PAPER INSIDER REPORTS
USING THE CORRECT CODES**

The purpose of this notice is to provide guidance to insiders who are filing paper insider reports.

All insiders who file paper insider reports must use Form 55-102F6. Form 55-102F6 is a new form that contains and requires the use of new **nature of transaction codes**, and new **nature of ownership codes**. For example, Form 55-102F6 prescribes nature of transaction code 50 for a "Grant of options" transaction, and nature of ownership code 1 for "Direct ownership". Please refer to the instructions page of Form 55-102F6 for a full list of these codes.

The codes in Form 55-102F6 (the new codes) are significantly different from the codes in the previous paper form (the old codes). For example, nature of transaction code 50 in the previous paper form refers to an "Acquisition or disposition by gift", instead of a "Grant of options".

The CSA have received a number of paper reports that continue to use the old codes. The use of these old codes, where new codes have been prescribed, creates uncertainty as to what transaction is being reported, and may result in dissemination of misleading insider reporting information to the marketplace.

As a result, CSA staff will not accept any reports that use the old codes. CSA staff will return these reports, and require that insiders refile their reports on Form 55-102F6 using the correct codes. CSA staff recognize that prior to Form 55-102F6 coming into effect, a number of reporting issuers prepared customized insider report forms for their insiders. CSA staff will accept an insider report filed on a customized form, if it contains the information required and uses the codes prescribed by Form 55-102F6. Please write "Form 55-102F6" on the customized form.

You can download PDF and/or Word versions of Form 55-102F6 from the securities commission websites listed below.

Securities commission websites:

www.albertasecurities.com

www.bcsc.bc.ca

www.msc.gov.mb.ca

www.gov.nf.ca/gsl/cca/s

www.osc.gov.on.ca

www.cvmq.com

For further information, please contact:

Agnes Lau
Deputy Director, Capital Markets
Alberta Securities Commission
Telephone: (780) 422-2191
E-mail: agnes.lau@seccom.ab.ca

Andrew Richardson
Manager, Financial and Insider Reporting
British Columbia Securities Commission
Telephone: (604) 899-6730
or (800) 373-6393 (in B.C. and Alberta)
E-mail: arichardson@bcsc.bc.ca

Wayne Bridgeman
Corporate Finance Analyst

The Manitoba Securities Commission
Telephone: (204) 945-4905
or (800) 655-5244 (in Manitoba)
E-mail: wbridgeman@gov.mb.ca

Kelly Gorman
Senior Accountant, Corporate Finance
Ontario Securities Commission
Telephone: (416) 593-8251
E-mail: kgorman@osc.gov.on.ca

Susan W. Powell
Program & Policy Development
Securities Commission of Newfoundland and Labrador
Telephone: (709) 729-4875
Fax: (709) 729-6187

Sylvie Lalonde
Conseillère en réglementation
Commission des valeurs mobilières du Québec
Telephone: (514) 940-2199 ext. 4555
E-mail: sylvie.lalonde@cvmq.com

March 18, 2002.

**1.1.4 CSA Staff Notice 72-301 Distributions
Outside the Local Jurisdiction - Proposed
MI 72-101**

**CANADIAN SECURITIES ADMINISTRATORS'
STAFF NOTICE 72-301**

**DISTRIBUTIONS OUTSIDE THE LOCAL JURISDICTION
PROPOSED MULTILATERAL INSTRUMENT 72-101**

On September 7, 2001 the Canadian Securities Administrators ("CSA") published for comment a set of proposed regulatory documents that would establish new rules for the distribution of securities to persons outside of the local jurisdiction. The proposed documents are Multilateral Instrument 72-101 Distributions Outside the Jurisdiction, Companion Policy 72-101CP and Form 72-101F1.

This initiative is now being considered under the CSA Uniform Securities Legislation Project (the "USL Project"). Therefore, the CSA will not be proceeding with these proposed documents as published. The objective of the USL Project is to eliminate the differences in provincial and territorial securities laws by developing a uniform act and rules within two years. Until that time, issuers and their counsel should refer to current local policies, rules and instruments relating to distributions of securities outside the jurisdiction for guidance.

For further information please contact:

Dean Murrison, Committee Chair
Saskatchewan Securities Commission
Telephone: (306) 787-5879
E-mail: dmurrison@ssc.gov.sk.ca

Rosann Youck
Senior Legal Counsel
British Columbia Securities Commission
Telephone: (604) 899-6656
or (800) 373-6393 (in B.C. and Alberta)
E-mail: ryouck@bcsc.bc.ca

Marsha Manolescu
Senior Legal Counsel
Alberta Securities Commission
Telephone: (780) 422-1914
or (800) 373-6393 (in B.C. and Alberta)
E-mail: marsha.manolescu@seccom.ab.ca

Chris Besko
Assistant Counsel
Manitoba Securities Commission
Telephone: (204) 945-2561
E-mail: cbesko@cca.gov.mb.ca

Iva Vranic/Jean-Paul Bureaud
Manager/Legal Counsel, Corporate Finance
Ontario Securities Commission
Telephone: (416) 593-8115/ 593-8131
E-mail: ivranic@osc.gov.on.ca/jbureaud@osc.gov.on.ca

Shirley Lee
Senior Legal Counsel
Nova Scotia Securities Commission
Telephone: (902) 424-5441
E-mail: leespl@gov.ns.ca

March 15, 2002.

1.2 News Releases

1.2.1 OSC Approves Settlement Between Staff and Wayne S. Umetsu

FOR IMMEDIATE RELEASE
March 14, 2002

**ONTARIO SECURITIES COMMISSION APPROVES
SETTLEMENT BETWEEN STAFF AND
WAYNE S. UMETSU**

Toronto - On March 6, 2002, the Ontario Securities Commission (the "Commission") convened a hearing to consider a settlement reached by Staff of the Commission and the respondent Wayne S. Umetsu ("Umetsu"). The Commission panel, chaired by Howard Wetston, approved the settlement.

Between 1997 and 1998, the respondent held himself out as being registered to trade futures contracts when he was not registered, traded future contracts without being registered to do so and diverted monies provided to him for investment purposes for his own personal use. The respondent agreed that his conduct contravened the Commodity Futures Act and was contrary to the public interest.

The Commission reprimanded Umetsu and ordered that:

- (a) the exemptions contained in commodity futures law permanently do not apply to the respondent;
- (b) the respondent is prohibited permanently from trading in any securities with the exception that after one year from the date of the approval of this settlement the respondent is permitted to trade securities for the account of his registered retirement savings plan (as defined in the Income Tax Act (Canada));
- (c) the respondent is prohibited permanently from acting as an officer or director of any issuer; and
- (d) the respondent pay costs of \$10,000.

In approving the settlement, the Commission found, among other things, that the settlement and proposed sanctions were consistent and commensurate with the seriousness of Umetsu's conduct.

Copies of the Amended Notice of Hearing, Amended Statement of Allegations and approved Settlement Agreement are available on the Commission's website, www.osc.gov.on.ca, or from the Commission offices at 20 Queen Street West, 19th Floor, Toronto.

For Media Inquiries:

Frank Switzer
Director, Communications
416-593-8120

Michael Watson
Director, Enforcement Branch
416-593-8156

For Investor Inquiries:

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

This Page Intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Scotia Mortgage Investment Corporation - MRRS Decision

Headnote

Exemptions from certain continuous disclosure requirements granted to a issuer sponsored by a bank on specified conditions where because of the terms of the mortgage securities it issued, a securityholder's return depends upon the financial condition of the sponsoring bank and not that of the issuer. The issuer offered mortgage securities to the public in order to provide the sponsoring bank with a cost effective means of raising capital for Canadian bank regulatory purposes; The issuer holds a portfolio of assets consisting primarily of mortgages and interests in mortgages; securityholders are entitled to fixed semi-annual non-cumulative distributions and if distributions are not paid, the mortgage securities will be automatically exchanged into preferred shares that have a dividend rate identical to the indicated yield of the mortgage securities. Specifically, exemptions granted from the requirements to:

- (a) file interim financial statements and audited annual financial statements and send such statements to securityholders;
- (b) make an annual filing in lieu of filing an information circular;
- (c) file an annual report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to securityholders; and
- (d) prepare and file an annual information form ("AIF"), including interim and annual management's discussion and analysis ("MD&A") of the financial condition and results of operation to securityholders.

for so long as

- (i) the bank remains a reporting issuer;
- (ii) the bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to securityholders and its annual report to securityholders resident in the Province of Quebec at the same time and in the same manner as if the securityholders were holders of common shares of the bank;

- (iii) all outstanding securities of the issuer are of the type presently issued;
- (iv) the rights and obligations of holders of additional securities are the same in all material respects as the rights and obligations of the holders of securities outstanding at the date of the relief is granted; and
- (v) the bank and its affiliates are the beneficial owner of all voting securities of the issuer

provided that the relief expires 30 days after the occurrence of a material change in the affairs of the issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss 77, 78,79, 80(b)(iii),81



Applicable Ontario Rules Cited

OSC Rule 51-501- AIF and MD&A
OSC Rule 52-501- Financial Statements

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA, QUEBEC,
NEWFOUNDLAND AND LABRADOR
AND NOVA SCOTIA**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

**IN THE MATTER OF
THE BANK OF NOVA SCOTIA**

AND

**IN THE MATTER OF
SCOTIA MORTGAGE INVESTMENT CORPORATION
MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker", and, collectively, the "Decision Makers") in each of the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador and Nova Scotia (collectively, the "Jurisdictions") has received an application (the "Application") from Scotia Mortgage Investment Corporation ("SMIC") and The Bank of

Nova Scotia (the "Bank") for a decision, pursuant to the securities legislation of the Jurisdictions (collectively, the "Legislation"), that the requirements contained in the Legislation to:

- (a) file interim financial statements and audited annual financial statements (collectively, "Financial Statements") with the Decision Makers and deliver such Financial Statements to the security holders of SMIC;
- (b) make an annual filing ("Annual Filing") with the Decision Makers in lieu of filing an information circular, where applicable;
- (c) file an annual report ("Annual Report") and an information circular with the Decision Maker in Quebec and deliver such report or information circular to the security holders of SMIC resident in Quebec; and
- (d) prepare and file with the applicable Decision Makers an annual information form ("AIF") in Ontario, Saskatchewan and Quebec, annual management's discussion and analysis of the financial condition and results of operation of SMIC ("Annual MD&A") in Ontario, Saskatchewan and Quebec, interim management's discussion and analysis of the financial condition and results of operation of SMIC ("Interim MD&A") in Ontario and Saskatchewan, and send such MD&A to security holders of SMIC, where applicable;

shall not apply to SMIC, subject to certain terms and conditions;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS SMIC and the Bank have represented to the Decision Makers that:

The Bank of Nova Scotia

1. The Bank is a Schedule 1 Canadian chartered bank incorporated under the Bank Act (Canada) (the "Bank Act"). The Bank is a reporting issuer or equivalent in the Jurisdictions and is not, to its knowledge, in default of any requirement of the Legislation.
2. The authorized share capital of the Bank consists of an unlimited number of common shares ("Bank Common Shares") and an unlimited number of preferred shares. As at July 31, 2001, 502,240,000 Bank Common Shares and 60,993,000 preferred shares were outstanding.
3. The Bank Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"), and the London Stock Exchange.

Scotia Mortgage Investment Corporation

4. SMIC is a corporation governed by the Trust and Loan Companies Act (Canada) (the "Act"). SMIC is a reporting issuer or its equivalent in the Jurisdictions and is not, to its knowledge, in default of any requirement of the Legislation.
5. The outstanding securities of SMIC consist of: (i) 62,500 common shares, all of which are held by the Bank; and (ii) 250,000 Bank Originated Over-Collateralized Mortgage Securities, each consisting of one non-cumulative Preferred Share Class A of SMIC (the "Scotia BOOMS") that were distributed in a public offering pursuant to a prospectus dated October 23, 1997.
6. The Scotia BOOMS are listed and posted for trading on the TSE.
7. The business objective of SMIC is to acquire and hold Canada Mortgage and Housing insured residential first mortgages acquired primarily from the Bank and/or its affiliates (the "Mortgage Assets"). The Scotia BOOMS provide the Bank with a cost-effective means of raising capital for Canadian bank regulatory purposes.

Scotia BOOMS

8. Each Scotia BOOMS entitles the holder (a "Scotia BOOMS Holder") to receive a fixed cash distribution of \$65.70 per annum (the "Indicated Yield") payable semi-annually by SMIC on the last day of April and October of each year (an "Indicated Yield Payment Date").
9. Upon the occurrence of certain adverse tax events (a "Tax Event") prior to October 31, 2007, the Scotia BOOMS will be exchangeable, at the option of the Bank without the consent of the holders thereof (the "Bank Tax Event Exchange Right"), for a formula determined number of Bank Common Shares.
10. On and after October 31, 2007, each Scotia BOOMS will be exchangeable, at the option of the Scotia BOOMS Holder, for a formula determined number of Bank Common Shares in accordance with the terms of a Bank Share Exchange Agreement, (the "Bank Share Exchange Agreement") made between the Bank, SMIC and Montreal Trust Company of Canada as trustee for the Scotia BOOMS Holders.
11. On and after October 31, 2007, each Scotia BOOMS will be exchangeable, at the option of the Bank, for a formula determined number of Bank Common Shares in accordance with the Bank Share Exchange Agreement.
12. Each Scotia BOOMS will be automatically exchanged without the consent of the holder, for non-cumulative Preferred Shares Series Z of the Bank ("Series Z Shares") if: (i) SMIC fails to declare and pay or set aside for payment when due the declared Indicated Yield on any Indicated Yield Payment Date; (ii) the Bank fails to declare and pay or set aside for payment

when due any declared dividend on any issue of its non-cumulative preferred shares; (iii) the Superintendent of Financial Institutions (Canada) (the "Superintendent") takes control of the Bank pursuant to the Bank Act or of SMIC pursuant to the Act or proceedings arguments for the winding-up of the Bank or SMIC pursuant to the Winding-Up and Restructuring Act (Canada); (iv) the Superintendent has determined that the Bank has a Tier 1 risk-based capital ratio of less than 5.0% or a total risk-based capital ratio of less than 8.0%; or (v) the Superintendent, by order, directs the Bank to act pursuant to subsection 485(3) of the Bank Act, or directs SMIC to act pursuant to subsection 473(3) of the Act, to increase its capital or to provide additional liquidity and either the Bank or SMIC, as the case may be, elects to cause the exchange as a consequence of the issuance of such order or either the Bank or SMIC, as the case may be, does not comply with such order to the satisfaction of the Superintendent within the time specified therein.

13. The Series Z Shares will be convertible on and after October 31, 2007, at the option of the holder, into Bank Common Shares.
14. The Scotia BOOMS may be redeemed by SMIC for cash in the following circumstances: (i) subject to the Bank Tax Event Exchange Right, upon the occurrence of a Tax Event on or after October 31, 2002 and prior to October 31, 2007; or (ii) on and after October 31, 2007, subject to the approval of the Superintendent.
15. The Scotia BOOMS are non-voting except as required by applicable law.
16. Except to the extent that the Indicated Yield is payable to Scotia BOOMS Holders and other than in the event of liquidation of SMIC, Scotia BOOMS Holders have no claim or entitlement to the income of SMIC or the Mortgage Assets.
17. In certain circumstances (as described in paragraph 12 above), including at a time when the Bank's financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced, the Scotia BOOMS will be automatically exchanged for preferred shares of the Bank without the consent of Scotia BOOMS Holders and, as a result, Scotia BOOMS Holders will have no claim or entitlement to the assets of SMIC, other than indirectly in their capacity as preferred shareholders of the Bank.
18. Scotia BOOMS Holders may not take any action to wind-up or dissolve SMIC except as provided by law.
19. The Bank and SMIC have entered into an Advisory Agreement pursuant to which the Bank provides advice and counsel with respect with certain matters to SMIC and provides certain employees to serve as officers of SMIC to administer the day-to-day operations of SMIC.
20. The Mortgage Assets of SMIC are serviced by the Bank and Scotia Mortgage Corporation ("SMC") pursuant to a Mortgage Sales and Servicing Agreement entered into among SMIC, the Bank and SMC.
21. SMIC has not requested relief for the purposes of filing a short form prospectus pursuant to National Instrument 44-101 -- Short Form Prospectus Distributions ("NI 44-101") (including, without limitation, any relief which would allow SMIC to use the Bank's AIF as a current AIF of SMIC) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.
22. Disclosure in respect of SMIC will be provided in a note to the annual financial statements of the Bank and those statements together with all other materials sent to shareholders of the Bank will be sent to all holders of Scotia BOOMS.
23. Notice will be provided to holders of Scotia BOOMS that as a result of the relief granted herein to SMIC, such holders will receive the continuous disclosure filings of the Bank described in paragraph 22 above.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation:

- (a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Scotia BOOMS;
- (b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular;
- (c) to file an Annual Report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to holders of Trust Securities resident in Quebec;

shall not apply to SMIC for so long as:

- (i) the Bank remains a reporting issuer under the Legislation;
- (ii) the Bank sends its annual financial statements, interim financial statements, annual and interim management discussion and analysis to holders of Scotia BOOMS and its Annual Report to holders of Scotia BOOMS resident in the Province of Quebec at the same time and in the same manner as if the holders of Scotia BOOMS were holders of Bank Common Shares;
- (iii) all outstanding securities of SMIC are either Scotia BOOMS or common shares;

- (iv) the rights and obligations of holders of additional series of Scotia BOOMS are the same in all material respects as the rights and obligations of the holders of Scotia BOOMS Holders at the date hereof; and
- (v) the Bank or its affiliates are the beneficial owners of all outstanding common shares of SMIC;

and provided that if a material change occurs in the affairs of SMIC, this Decision shall expire 30 days after the date of such change.

March 13, 2002.

"Paul M. Moore, Q. C."

"Mary Theresa McLeod"

AND THE FURTHER DECISION of the Decision Makers in Ontario, Quebec and Saskatchewan is that the AIF and MD&A Requirements to file and send and deliver to the registered holders of Scotia BOOMS, as the case may be, the AIF, the Annual MD&A and the Interim MD&A, shall not apply to SMIC.

March 13, 2002.

"John E. Hughes"

2.1.2 Revenue Properties Company Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer bids - relief granted from the valuation requirement in connection with an offer by the issuer for its out-of-the-money convertible debentures - issuer representing in order that convertibility feature is of no material value and debentures trade only on the issuer's underlying creditworthiness - offer otherwise to be made in compliance with issuer bid requirements - offer document to include summary of financial opinion on convertibility feature.

Applicable Ontario Rules Cited

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 3.3, 3.4(1) and 9.1.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA
MANITOBA, NEWFOUNDLAND AND LABRADOR,
NOVA SCOTIA, QUEBEC
AND SASKATCHEWAN**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
REVENUE PROPERTIES COMPANY LIMITED**

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of Ontario, Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Quebec and Saskatchewan (collectively, the "**Jurisdictions**") has received an application (the "**Application**") from Revenue Properties Canada Limited ("**Revenue**") for a decision under the securities legislation of the Jurisdictions (collectively, the "**Legislation**") that in connection with its proposed offer (the "**Offer**") to acquire all of its outstanding 6% Convertible Subordinated Debentures due March 1, 2004 (the "**6% Debentures**");

- (1) Revenue shall be exempted from the requirements in the Legislation to obtain a formal valuation of the 6% Debentures (the "**Formal Valuation Requirement**"); and
- (2) the Application and this MRRS Decision Document (the "**Decision**") shall be held in confidence by the Decision Makers, subject to certain conditions;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "**System**"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS Revenue has represented to the Decision Makers as follows:

1. Revenue is governed by the *Business Corporations Act* (Ontario). Its head office is located in Toronto, Ontario.
2. Revenue is a reporting issuer or the equivalent in each Jurisdiction and is not in default of any requirements of the Legislation in the Jurisdictions.
3. Revenue's authorized capital consists of an unlimited number of First Preference Shares issuable in series, an unlimited number of Second Preference Shares issuable in series, an unlimited number of Third Preference Shares issuable in series, and an unlimited number of common shares (the "**Common Shares**"). As at January 21, 2002, 63,531,358 Common Shares were issued and outstanding.
4. The Common Shares are listed for trading on The Toronto Stock Exchange (the "**TSE**") and the NASD OTC Bulletin Board and the 6% Debentures are listed for trading on the TSE.
5. Revenue also has two series of convertible debentures outstanding as follows:
 - (a) approximately \$79,715,000 of convertible subordinated debentures, bearing interest at 7% per annum, payable semi-annually and maturing December 31, 2006; and
 - (b) approximately U.S.\$34,599,000 of the 6% Debentures.
6. The 6% Debentures were issued under a trust indenture (the "**Indenture**") dated as of March 14, 1994, as amended by a First Supplemental Indenture dated January 1, 2000.
7. The 6% Debentures are rated BB (high) by Dominion Bond Rating Service.
8. The 6% Debentures are unsecured and are convertible at the holder's option into Common Shares at any time prior to the earlier of February 27, 2004 and the last business day immediately preceding the date specified for redemption. Originally, the 6% Debentures were convertible at a price of U.S.\$3.45 per Common Share. On September 24, 2001 (the "**Announcement Date**"), Revenue declared a special dividend of Cdn.\$1.50 per Common Share to holders of Common Shares of record as at October 18, 2001 (the "**Special Dividend**"). Accordingly, October 16, 2001 was the date the Common Shares began trading "ex-dividend" for the Special Dividend (the "**Ex-Dividend Date**"). In addition, as a result of the Special Dividend, the conversion price for the 6% Debentures was adjusted as provided for in the Indenture. Effective October 19,

2001 (the "**Adjustment Date**"), the 6% Debentures are convertible at a price of U.S.\$1.82 per Common Share. Based upon foreign exchange rates as of January 18, 2002, the 6% Debentures are convertible at the equivalent of Cdn.\$2.93 per Common Share.

9. On September 21, 2001, the last trading day before the Announcement Date, the closing price of the Common Shares on the TSE was Cdn.\$2.50, and on January 18, 2002, the closing price of the Common Shares on the TSE was Cdn.\$1.60.
10. Over the 12-month period preceding the Announcement Date, the Common Shares traded on the TSE in a range between Cdn.\$1.87 and Cdn.\$2.70 per Common Share, and over the approximately three-month period since the Ex-Dividend Date, the Common Shares have traded on the TSE in a range between Cdn.\$1.42 and Cdn.\$1.74 per Common Share.
11. On October 16, 2001, the last trading day before the Adjustment Date on which the 6% Debentures were traded, the closing price of the 6% Debentures was U.S.\$935 per U.S.\$1,000 principal amount.
12. On January 18, 2002 the closing price of the 6% Debentures was U.S.\$965 per U.S.\$1,000 principal amount.
13. Over the approximately nine-month period from January 1 to October 9, 2001, the last trading day before the Ex-Dividend Date on which the 6% Debentures were traded, the 6% Debentures traded on the TSE on only 22 out of 198 trading days, with an average daily trading value of \$28,868.36 on the days traded, and a price range per U.S.\$1,000 principal amount of U.S.\$790 to U.S.\$935.
14. Over the approximately three-month period from the Ex-Dividend Date to January 18, 2002, the 6% Debentures traded on the TSE on only 7 out of the 66 trading days, with an average daily trading value of \$21,347.86 on the days traded, and a price range per U.S.\$1,000 principal amount of U.S.\$880 to U.S.\$965.
15. Since March 1, 1998, Revenue has been entitled to redeem the 6% Debentures at any time at par plus accrued and unpaid interest.
16. The Indenture, as amended, provides that, at any time when Revenue is not in default under the Indenture, Revenue may purchase any or all of the 6% Debentures. Revenue is not in default under the Indenture, as amended. There are no other restrictions upon Revenue's ability to purchase the 6% Debentures.
17. On March 2, 2001, Revenue filed and the TSE accepted a Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**"). Pursuant to the Notice, Revenue may acquire through the TSE's facilities up to a maximum of U.S.\$ 3,400,000 of the outstanding 6% Debentures, representing approximately 10% of the public float of 6% Debentures as at March 1, 2001. Pursuant to the Notice, Revenue acquired through the TSE's facilities:

- (a) U.S.\$373,000 principal amount of the 6% Debentures at a price of U.S.\$900 per U.S.\$1,000 principal amount on May 8, 2001;
- (b) U.S.\$8,000 principal amount of the 6% Debentures at a price of U.S.\$900 per U.S.\$1,000 principal amount on May 11, 2001; and
- (c) U.S.\$20,000 principal amount of the 6% Debentures at a price of U.S.\$860 per U.S.\$1,000 principal amount on September 4, 2001.

- 18. As of January 18, 2002, U.S.\$34,599,000 of the 6% Debentures were outstanding.
- 19. Revenue proposes to make the Offer for all of the outstanding 6% Debentures. The Offer will be an "issuer bid" within the meaning of the Legislation in the Jurisdictions because the 6% Debentures are convertible debt securities. The Offer will not be made to holders of 6% Debentures who are residents of the United States.
- 20. In a letter (the "**Opinion Letter**") dated January 16, 2002, TD Securities Inc. ("**TD Securities**") advised Revenue that, in TD Securities' opinion:
 - (a) the convertibility feature of the 6% Debentures is of no material value; and
 - (b) the 6% Debentures trade on the TSE like non-convertible, subordinated, unsecured debt based on Revenue's underlying creditworthiness.
- 21. The Offer will be made in compliance with the requirements in the Legislation applicable to formal bids made by issuers, except to the extent exemptive relief is granted by the Decision Makers.
- 22. The issuer bid circular provided to holders of the 6% Debentures in connection with the Offer will include a summary of the Opinion Letter.
- 23. Revenue intends to make the Offer if, but only if, the exemptive relief provided for in the Decision is granted.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (the "**Decision**");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that Revenue is exempted from the Formal Valuation Requirement, provided that Revenue complies with the other applicable provisions of the Legislation relating to formal bids made by issuers.

THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that the Application and the Decision shall be held in confidence by the Decision Makers until the earlier of the date that the Circular is filed in connection with the Offer and March 15, 2002.

March 1, 2002.

"Ralph Shay"

2.1.3 Computershare Trust Company of Canada - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief allowing the delivery of certain proxy materials to non-registered security holders by electronic means - three-year sunset period.

Applicable Provisions

National Policy Statement 41, Part VIII.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA,
PRINCE EDWARD ISLAND, NEW BRUNSWICK,
NEWFOUNDLAND AND LABRADOR,
NORTHWEST TERRITORIES,
YUKON TERRITORY, AND NUNAVUT**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
COMPUTERSHARE TRUST COMPANY OF CANADA**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker"), in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nunavut, and the Yukon Territory (collectively, the "Jurisdictions") has received an application from Computershare Trust Company of Canada ("Computershare"), as an interested company, for a decision under the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that: (i) Participating Issuers (as defined below), and (ii) Participating Intermediaries (as defined below), on whose behalf Computershare delivers Proxy-Related Materials (as defined below) using the Computershare Electronic Delivery Procedures (as defined below), be exempt from requirements of the Legislation that delivery of such Proxy-Related Materials be made by prepaid mail, postage-paid first class mail, personal delivery, or similar forms of delivery as applicable (the "Paper Delivery Requirements");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

AND WHEREAS Computershare has represented to the Decision Makers that:

1. Computershare is a trust company organized under the laws of Canada. It is not a reporting issuer, or its equivalent, in any province or territory of Canada;
2. Computershare is a "service company" for the purposes of National Policy Statement No. 41 ("NP 41") that provides shareholder communication services as agent for issuers or other persons and companies required by law to communicate with security holders;
3. in connection with a meeting (the "Meeting") of security holders of a reporting issuer or the equivalent, Computershare proposes to deliver proxy-related materials, as defined in NP 41, and where applicable, a request for voting instructions in lieu of a form of proxy (collectively, the "Proxy-Related Materials"), to (i) the registered holders, as defined in NP 41, on behalf of such reporting issuer or equivalent (the "Participating Issuer") and, (ii) the non-registered holders, as defined in NP 41, on behalf of certain intermediaries (the "Participating Intermediaries"), using Computershare electronic delivery procedures as described in paragraph 3.4 below (the "Computershare Electronic Delivery Procedures");
4. the material features of the Computershare Electronic Delivery Procedures are as follows:
 - a) Computershare Electronic Delivery Procedures will be offered as an alternative to the Paper Delivery Requirements, and registered and non-registered holders (collectively, the "Security Holders") of a Participating Issuer may choose to receive Proxy-Related Materials in paper form delivered in accordance with the applicable Paper Delivery Requirements;
 - b) Participating Issuers will obtain advance consent of Security Holders, either in written paper format or electronically, for delivery of Proxy-Related Materials under the Computershare Electronic Delivery Procedures. Security Holders will be eligible to use the Computershare Electronic Delivery Procedures only if they provide consent;
 - c) Computershare will, on behalf of a Participating Issuer, send to Security Holders of such issuer, a consent in the form prepared by a Participating Issuer (the "Consent"). The form of Consent will provide a detailed explanation of the Computershare Electronic Delivery Procedures including the specific Proxy-Related Materials that will be available electronically, technical requirements for viewing such Proxy-Related Materials, the period of time that such Proxy-Related Materials will be available and the steps that the Participating Issuer will take or cause Computershare to take to give future notice that a document is being delivered by way of the Computershare Electronic Delivery Procedures. Security Holders of Participating

- Issuers whose completed Consents are received by Computershare will be registered by Computershare for the Computershare Electronic Delivery Procedures;
- d) Computershare anticipates delivering written paper format Consents to all new Security Holders of a Participating Issuer and to existing Security Holders of a Participating Issuer (other than those Security Holders that have previously registered for the Computershare Electronic Delivery Procedures) in connection with the delivery of Proxy-Related Materials;
 - e) additionally, once Computershare has completed certain system enhancements, Security Holders of a Participating Issuer will have the option of delivering a Consent electronically, either through the Computershare Web site or Participating Issuer's Web site. In order to provide an electronic Consent, a Security Holder must use the unique, confidential personal identifier number assigned to such Security Holder by Computershare;
 - f) on the date that Proxy-Related Materials are to be mailed to a Participating Issuer's Security Holders in accordance with the requirements of the Legislation, Computershare will send notice either in writing or electronically (the "Delivery Notice") to a Security Holder registered under the Computershare Electronic Delivery Procedures that such Proxy-Related Materials are available electronically at the Participating Issuer's Web site;
 - g) a Security Holder will be able to access, view and download the relevant Proxy-Related Materials at a Participating Issuer's Web site by following the detailed instructions contained in the Delivery Notice;
 - h) Security Holders may choose not to participate in the Computershare Electronic Delivery Procedures at any time by revoking their Consent, either in writing or electronically. If in connection with the sending of any Delivery Notice Computershare receives notice that delivery to a Security Holder was not successful, Computershare will deliver the relevant Proxy-Related Materials to such Security Holder in accordance with the applicable Paper Delivery Requirements;
 - i) For secure processing, Computershare uses SSL (Secure Socket Layer) 128-bit encryption on the Computershare Web site;
 - j) in order to enrol for the Computershare Electronic Delivery Procedures, a Security Holder must use a unique, confidential identifier provided to it in the Consent Notice to access an enrollment screen on the Computershare Web site; after Security Holder validation, the Security Holder must provide its e-mail address to complete enrollment;
- k) the Computershare Web site's enrolment system provides instructions in English and French and is available 24 hours a day;
 - l) on the date that Proxy-Related Materials are to be mailed to a Participating Issuer's registered holders in accordance with the requirements of the Legislation, a Security Holder that is enrolled for Computershare Electronic Delivery Procedures will receive from Computershare an e-mail notification (the "Delivery Notice") that such Proxy-Related Materials are available electronically at the Participating Issuer's URL Web site (the "Participating Issuer Web Site");
 - m) the Security Holder will be able to access, view and download the relevant Proxy-Related Materials at the Participating Issuer Web Site by following the detailed instructions contained in the Delivery Notice;
 - n) in the event of e-mail notices to Security Holders returned as undeliverable, Computershare will deliver the relevant Proxy-Related Materials to the Security Holder in accordance with the applicable Paper Delivery Requirements, and notify the Security Holder of the attempted delivery through the Computershare Electronic Delivery Procedures, requesting an updated or current e-mail address to be provided back to Computershare to update the Security Holder account;
- 5. the Computershare Electronic Delivery Procedures do not meet the Paper Delivery Requirements applicable to certain Proxy-Related Materials which must be delivered to Security Holders; however, the Computershare Electronic Delivery Procedures will comply with the principles set out in National Policy 11-201 - Delivery of Documents by Electronic Means, and with the delivery requirements for applicable Proxy-Related Materials under proposed National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer;
 - 6. the Computershare Electronic Delivery Procedures are functionally equivalent to delivering the Proxy-Related Materials in accordance with the Paper Delivery Requirements, because they appropriately address the elements of notice, access, evidence of delivery and non-corruption or alteration of documents in the delivery process;
 - 7. the Computershare Electronic Delivery Procedures improve the efficiency and competitiveness of the Canadian system for shareholder communications;
 - 8. markets in Canada and the United States of America (the "U.S.") are increasingly interdependent and electronic delivery and voting is already available to Canadian security holders of U.S. issuers;

9. the proposed Computershare Electronic Delivery Procedures are well accepted and field-tested in the U.S. market;

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that, with respect to a Meeting:

- (1) a Participating Issuer be exempt from the requirements of the Legislation to send Proxy-Related Materials to its registered holders in accordance with the Paper Delivery Requirements where Computershare, on behalf of the Participating Issuer, delivers such Proxy-Related Materials to the Security Holders of the Participating Issuer under the Computershare Electronic Delivery Procedures; and
- (2) a Participating Intermediary be exempt from the requirement of the Legislation to send Proxy-Related Materials to non-registered holders of a Participating Issuer in accordance with the Paper Delivery Requirements where Computershare, on behalf of the Participating Intermediary, sends such Proxy-Related Materials to such non-registered holders under the Computershare Electronic Delivery Procedures;

provided that this MRRS Decision Document shall terminate on the day that is three years after the date hereof.

February 20, 2002.

"Glenda A. Campbell"

"David W. Betts"

2.1.4 Adobe Systems Incorporated and Accelio Corporation - MRRS Decision

Headnote

Rule 54-501 - Relief granted from the requirement to reconcile to Canadian GAAP certain financial statements included in an information circular that were prepared in accordance with U.S. GAAP

Ontario Rule Cited

Rule 54-501 Prospectus Disclosure in Certain Information Circulars (2000), 23 OSCB 8519, section 3.1

Rule 41-501 General Prospectus Requirements (2000), 23 OSCB 761, sections 9.1, 9.4; Form 41-501F1 section 8.4 and subsection 8.5(2)

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
ONTARIO AND QUEBEC**

AND

IN THE MATTER OF

**ADOBE SYSTEMS INCORPORATED
AND ACCELIO CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario and Quebec and (the "Jurisdictions") has received an application from Accelio Corporation ("Accelio") and Adobe Systems Incorporated ("Adobe" and, together with Accelio, the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

- (a) that the notes to the financial statements of Adobe explain and quantify any significant differences, or the effect of material differences, between Canadian generally accepted accounting principles ("Canadian GAAP") and United States generally accepted accounting principals ("U.S. GAAP") and thereby provide a reconciliation of such financial statements to Canadian GAAP, and provide disclosure consistent with Canadian GAAP requirements to the extent not already reflected in the financial statements;
- (b) that the Adobe auditor's report disclose any material differences in the form and content of its auditor's report as compared to a Canadian auditor's report, explain any significant differences between the generally accepted auditing standards ("GAAS") of the United States as compared with Canadian GAAS and confirm that the auditing standards applied are substantially equivalent to Canadian GAAS; and

(c) that the Adobe consolidated financial information and management's discussion and analysis of operating results and financial position (the "Adobe MD&A") provide a restatement of those parts of the Adobe MD&A that would be read differently if the Adobe MD&A were based on statements prepared in accordance with Canadian GAAP and the requirement that the Adobe MD&A provide a cross-reference to the notes in the financial statements that reconcile the differences between U.S. GAAP and Canadian GAAP.

(collectively, the "GAAP Reconciliation Requirements") shall not apply to the Applicant with respect to disclosure in a management proxy circular (the "Circular") to be sent to each Accelio Shareholder (as defined below) in connection with a proposed transaction whereby Adobe will acquire all of the outstanding common shares of Accelio (the "Acquisition") through Adobe Systems International Limited Partnership (the "Purchaser");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications created pursuant to National Policy 12-201 (the "MRRS"), the Ontario Securities Commission (the "Commission") is the principal regulator for this application;

AND WHEREAS the Applicant has represented to the Decision Maker that:

1. Adobe will make the Acquisition by an arrangement (the "Arrangement") under Section 192 of the Canada Business Corporations Act (the "CBCA") whereby Adobe will acquire, through the Purchaser, all of the issued and outstanding common shares in the capital of Accelio (the "Accelio Common Shares").
2. Prior to the consummation of the Arrangement, the vesting of each Accelio Option (as defined below) will be accelerated on or about March 5, 2002 such that all Accelio Options will be exercisable pursuant to their respective terms as of such date for either Accelio Common Shares or cash and each Accelio Warrant (as defined below) will be terminated for a cash payment not to exceed US\$0.05 per Accelio Warrant.
3. It is currently anticipated that the Arrangement will result in each holder (an "Accelio Shareholder") of Accelio Common Shares (other than Accelio Common Shares held by shareholders who dissent to the Arrangement ("Dissenting Shareholders") or by Adobe, the Purchaser or their respective affiliates) receiving a number of shares of common stock of Adobe ("Adobe Shares") for each Accelio Common Share held based on an exchange ratio (the "Exchange Ratio") and the expiration of each Accelio Option that is not exercised prior to the date at which the Arrangement becomes effective (the "Effective Time"). Upon completion of the Acquisition, Adobe will own directly or indirectly all of the Accelio Common Shares.
4. Adobe was initially incorporated under the laws of California in 1983 and was subsequently reincorporated under the laws of Delaware in 1997. The principal executive offices of Adobe are located in San Jose, California. Adobe Shares are quoted on the Nasdaq

National Market ("Nasdaq"). Adobe is currently subject to the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). Adobe is not a reporting issuer or the equivalent in any province or territory of Canada and does not intend to become a reporting issuer or the equivalent in any province or territory of Canada by virtue of the Arrangement.

5. As of February 12, 2002 there were seven registered holders of Adobe Shares in Canada holding 2,807 Adobe Shares, representing approximately 0.001% of the total number of issued and outstanding Adobe Shares.
6. The Purchaser is a limited partnership formed under the laws of the Cayman Islands, all of the interest of which is directly or indirectly owned by Adobe. The Purchaser is not a reporting issuer or the equivalent in any province or territory of Canada and does not intend to become a reporting issuer or the equivalent in any province or territory of Canada by virtue of the Arrangement.
7. Accelio is incorporated under the CBCA and the registered and head office of Accelio is located in Ottawa, Ontario. The Accelio Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"), and quoted on Nasdaq and the Pacific Stock Exchange. Accelio is a reporting issuer or the equivalent in all provinces of Canada. To Accelio's best knowledge, Accelio is not in default of any of the requirements of the securities legislation of these provinces. In addition, Accelio is subject to the Exchange Act. On February 28, 2002 the closing price of the Accelio Common Shares on the TSE was \$4.38 per share.
8. As of February 28, 2002, there were 263 registered Accelio Shareholders in Canada holding 10,369,874 Accelio Common Shares, representing approximately 41.53% of the total number of issued and outstanding Accelio Common Shares.
9. As of February 21, 2002, of all of the options to purchase Accelio Common Shares currently outstanding under Accelio's 1995 Employee Stock Option Plan and warrants to purchase Accelio Common Shares currently outstanding (collectively, the "Accelio Options"), Accelio Options representing the right to acquire 3,779,067 Accelio Common Shares were held by residents of Canada, representing approximately 77.668% of the total number of Accelio Common Shares which may be acquired pursuant to the exercise of Accelio Options. As of February 28, 2002, Adobe Options to purchase up to 736,919 Accelio Common Shares had exercise prices lower than \$4.38 and were held by residents of Canada.
10. As of February 28, 2002, all of the outstanding warrants to purchase Accelio Common Shares (the "Accelio Warrants") were held by residents of Canada.
11. Prior to the Special Meeting (as defined below), Accelio will apply to the court under the CBCA for an interim order (the "Interim Order") which order will specify,

among other things, certain procedures and requirements for the Special Meeting and the completion of the Arrangement.

12. A special meeting (the "Special Meeting") of the Accelio Shareholders is anticipated to be held on April 9, 2002 at which Accelio will, among other things, seek the requisite Accelio Shareholder approval (which, pursuant to the Interim Order, is expected to be 66 2/3% of the votes attached to the Accelio Common Shares represented by proxy or in person at the Special Meeting) for the special resolution approving the Arrangement.
13. Accelio will mail on or about March 15, 2002 to each Accelio Shareholder (i) a notice of special meeting, (ii) a form of proxy and (iii) the Circular. The Circular will be prepared in accordance with the Legislation, except with respect to any relief granted therefrom, and will contain disclosure of the Transaction and the business and affairs of each of Adobe and Accelio.
14. The Circular will either contain or incorporate by reference the following financial statements:
 - (a) audited annual financial statements of Adobe for each of the three fiscal years ended December 3, 1999, December 1, 2000 and November 27, 2001 together with balance sheets as at December 1, 2000 and November 27, 2001 and the auditor's reports thereon, all in accordance with U.S. GAAP; and
 - (b) audited annual financial statements of Accelio for the fiscal year ended April 30, 2001, together with the balance sheet as at the end of such period and the auditor's report thereon, and unaudited interim financial statements for the period ended October 31, 2001, all in accordance with Canadian GAAP.
15. It is expected that upon consummation of the Arrangement or shortly thereafter, the Accelio Common Shares will be delisted from each of the TSE, the Nasdaq and the Pacific Stock Exchange, and that an application will be filed with the applicable Canadian securities regulators to have Accelio cease to be a reporting issuer.
16. Adobe will apply to have the Adobe Shares quoted for trading on Nasdaq.
17. Upon the completion of the Arrangement, assuming there are no Dissenting Shareholders and assuming that no Adobe Options will be exercised otherwise than for cash, it is expected that the registered holders of Adobe Shares resident in Canada (calculated based upon the number of registered Accelio Shareholders who are resident Canadians as of February 28, 2002 and registered holders of Adobe Shares who are resident Canadians as of February 12, 2002) will hold only approximately 0.35% of the issued and outstanding Adobe Shares.

AND WHEREAS under the MRRS, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the GAAP Reconciliation Requirements shall not apply in connection with the disclosure pertaining to Adobe in the Circular.

March 15, 2002.

"K. Soden"

2.1.5 Imperial Metals Corporation and IMI Imperial Metals Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications. Relief from registration and prospectus requirements relating to trades made in connection with a proposed plan of arrangement. In certain jurisdictions, spun-off company deemed to be a reporting issuer as of the effective date of the arrangement. Relief from the requirement in certain jurisdictions for the spun-off company to file a technical report upon first becoming a reporting issuer.

Statute Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1) and 83.1(1).

Instruments Cited

Multilateral Instrument 45-102 Resale of Securities, ss. 2.6 and 2.8.

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.1(1) and 9.1.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC
AND NOVA SCOTIA**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE
REVIEW SYSTEM FOR EXEMPTIVE RELIEF
APPLICATIONS**

AND

**IN THE MATTER OF
IMPERIAL METALS CORPORATION
AND IMI IMPERIAL METALS INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia (the "Jurisdictions") has received an application from Imperial Metals Corporation ("Imperial") and IMI Imperial Metals Inc. ("New Imperial") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

- (a) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") and, together, the "Registration and Prospectus Requirements") shall not apply to certain trades

made in connection with a proposed plan of arrangement (the "Arrangement") under the Company Act (British Columbia) (the "BCCA") and the Companies' Creditors Arrangement Act (the "CCAA") involving Imperial and New Imperial;

- (b) in British Columbia and Ontario, New Imperial be deemed to be a reporting issuer as of the effective date of the Arrangement; and
- (c) in British Columbia, Ontario and Saskatchewan, the requirements of the Legislation to file a current technical report for each material property upon first becoming a reporting issuer (the "Technical Report Requirement") will not apply to New Imperial;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS Imperial and New Imperial have represented to the Decision Makers that:

1. Imperial is a company incorporated under the BCCA with its registered office, head office and principal place of business in Vancouver, British Columbia.
2. Imperial is a mining company which explores for, develops and produces base and precious metals, and has some oil and natural gas properties and operations.
3. Imperial is currently authorized to issue 500,000,000 common shares without par value ("Imperial Shares") and 1,000,000 Class A non-voting 6% cumulative preferred shares with a par value of \$5.00 each and 1,000,000 Class B non-voting cumulative preferred shares with a par value of \$10.00 each, convertible and redeemable at par (together, the "Preferred Shares"); there are currently 80,793,609 Imperial Shares outstanding and 6,516,352 Imperial Shares reserved for issuance on exercise of outstanding stock options.
4. HML Mining Inc., Sterling Gold Mining Corporation, Mount Polley Mining Corporation ("Mount Polley Mining"), Mount Polley Holding Company Limited ("Mount Polley Holding"), Silvertip Mining Corporation and Bethlehem Resources (1996) Corporation (the "Subsidiaries") are all wholly-owned subsidiaries of Imperial.
5. Imperial is, and has been for longer than 12 months, a reporting issuer or the equivalent under the Legislation of British Columbia, Saskatchewan, Ontario, Québec and Nova Scotia and, to the best of its knowledge, is not in default of the requirements under the Legislation.
6. The Imperial Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE") under the symbol "IPM".
7. On April 11, 2001, Imperial issued subordinated secured convertible debentures (the "Convertible

Notes”) in the principal amount of \$4,670,000 maturing on January 31, 2006; the proceeds from the Convertible Notes were used to repay part of the short-term debt incurred on the acquisition of Imperial’s Mount Polley Mine; the Convertible Notes were issued under a note indenture dated March 30, 2001 between Imperial and Montreal Trust Company of Canada, as trustee, and bear interest at 8% per annum payable quarterly and are secured by a floating charge on all the property of Imperial, subordinate to all senior securityholders; the Convertible Notes are convertible into Imperial Shares at the option of the holder at a conversion price of \$0.25 per Imperial Share.

8. in 1998 and 1999, a private company controlled by the Chairman of Imperial made short-term advances to Imperial for various purposes, of which \$4,400,000 remain outstanding; the loans were evidenced by demand promissory notes (the “Secured Notes”) that were repayable on January 2, 2002 and bear interest at 10%; the Secured Notes are secured against various assets of Imperial and its subsidiaries.
9. Imperial owes Sumitomo Corporation a secured non-interest bearing debt of \$6,300,000 (the “Sumitomo Debt”), the repayment of which is contingent on the Mount Polley Mine being in operation and the sole recourse for which is limited to the assets comprising the Mount Polley Mine.
10. New Imperial was incorporated on December 6, 2001 under the BCCA and has its registered office, head office and principal place of business in Vancouver, British Columbia.
11. New Imperial has not conducted any business to date; after giving effect to the Arrangement, the mining properties currently owned by Imperial and the Subsidiaries will be transferred to New Imperial.
12. New Imperial is authorized to issue 100,000,000 common shares without par value (“New Imperial Shares”), 50,000,000 first preferred shares without par value, issuable in series, and 50,000,000 second preferred shares without par value, issuable in series; there is currently only one New Imperial Share outstanding, held by Imperial.
13. New Imperial is not a reporting issuer in any jurisdiction but will become a reporting issuer in Saskatchewan as a result of the Arrangement.
14. New Imperial will apply to list the New Imperial Shares on the Canadian Venture Exchange Inc.
15. On November 23, 2001, Imperial announced the intention, by way of the Arrangement, to divide its operations into two distinct businesses, one focusing on oil and natural gas and the other focused on mining.
16. On January 18, 2002, an interim order was granted by the Supreme Court of British Columbia (the “Court”), whereby Imperial’s creditors could be divided into two classes, the secured creditors (“Secured Creditors”) and the unsecured creditors (“Unsecured Creditors”); as well, the Court ordered that Imperial was permitted to convene special meetings of the Secured Creditors, the Unsecured Creditors and its shareholders (“Imperial Shareholders”), for the purposes of, among other things, approving the Arrangement under the CCAA and the BCCA.
17. The separate special meetings of the Secured Creditors, the Unsecured Creditors and the Imperial Shareholders is scheduled for Thursday, March 7, 2002;
18. In connection with the special meetings, Imperial has provided an information circular (the “Information Circular”) to all Imperial Shareholders, Secured Creditors and Unsecured Creditors which contains prospectus level disclosure of Imperial and New Imperial.
19. The Arrangement consists of a number of steps and trades as set out in the Plan of Arrangement, which was appended to the Information Circular, none of which will be effective unless all are effective.
20. Structurally, the Arrangement will occur in two main steps: (i) a creditor’s arrangement (the “Creditor’s Arrangement”); and (ii) an equity arrangement (the “Equity Arrangement”).
21. Under the Creditor’s Arrangement, the obligations owed by Imperial, Mount Polley Holding and Mount Polley Mining to certain creditors, including the Secured Creditors whose claims are not secured by the Mining Assets, and all of the Unsecured Creditors, will be released and discharged and such creditors will receive cash or a combination of cash and Imperial Shares; the obligations of certain other creditors will be assumed by New Imperial while a portion of Imperial’s current debt will remain as an obligation of Imperial.
22. Under the Equity Arrangement, Imperial’s share capital will be arranged in a number of steps which will result in former Imperial Shareholders (including creditors who receive share consideration under the Creditor’s Arrangement) holding Imperial Shares in a renamed Imperial, which will hold Imperial’s current oil and gas interests, and New Imperial Shares and various marketable securities of New Imperial, which will hold the current mining assets of Imperial.
23. The Arrangement provides for the following transactions to occur in the following order (the “Trades”):
 - (a) the Secured Creditors’ claims which are secured by the Mining Assets (as defined below) will be assumed by New Imperial (the “Assumed Secured Creditors”); all agreements of any of Imperial, Mount Polley Holding or Mount Polly Mining related to the Assumed Secured Creditor claims will be assigned to New Imperial and Imperial will be deemed to be discharged and released from the Assumed Secured Creditor claims in partial consideration of the transfer of the Mining Assets to New Imperial;

- (b) the Statutory Lien Creditors' claims (as defined in the Information Circular) will be assumed by New Imperial, and Imperial will be deemed to be discharged and released from the liabilities of the Statutory Lien Creditors in partial consideration of the transfer of the Mining Assets;
 - (c) the Sumitomo Debt will be assumed by New Imperial, and Imperial will be deemed to be discharged and released from the Sumitomo Debt in partial consideration of the transfer of the Mining Assets;
 - (d) the Unsecured Creditors' claims will be released and discharged in consideration for:
 - (i) 100% of the claim paid in cash, if the claim of an Unsecured Creditor is equal to or less than \$5,000;
 - (ii) \$5,000 cash and, subject to adjustment, Imperial Shares equal to the amount of such claim which exceeds the cash amount to be paid, divided by \$0.225, if the claim of an Unsecured Creditor is greater than \$5,000 but less than or equal to \$20,000; and
 - (iii) a payment in cash equal to the Unsecured Creditor's pro rata share (based on the value of its claim in relation to the aggregate of the claim values greater than \$20,000) of a cash fund that is comprised of \$1,000,000 less any other amounts paid to Unsecured Creditors under subparagraphs (d)(i) and (ii), and, subject to adjustment, Imperial Shares equal to the amount of such claim which exceeds the cash amount to be paid divided by \$0.225, if the claim of an Unsecured Creditor is greater than \$20,000;
 - (e) the Convertible Notes will be released and discharged in consideration for Imperial Shares equal to the amount of their claim as of November 23, 2001 divided by \$0.10, resulting in the issuance of an aggregate number of 47,242,488 Imperial Shares;
 - (f) \$1,400,000 of the Secured Notes will be released and discharged in consideration for 14,000,000 Imperial Shares; the remainder of the Secured Notes will remain outstanding on the same terms and conditions as prior to the effective date of the Arrangement;
 - (g) the authorized capital of Imperial will be amended to include: (i) 500,000,000 common shares with a par value of \$0.0001 ("Imperial Energy Common Shares"); (ii) 500,000,000 without par value class B shares ("Imperial Class B Shares"); (iii) 50,000,000 first preferred shares without par value, issuable in one or more series; and (iv) 50,000,000 second preferred shares without par value, issuable in one or more series; and
 - (h) the Imperial Shares will be consolidated on the basis of one Imperial Share for each 10 Imperial Shares outstanding, including the Imperial Shares issued to holders of Convertible Notes, holders of Secured Notes, and the Unsecured Creditors;
 - (i) Imperial will transfer the mining assets of Imperial, Mount Polley Holding and Mount Polley Mining, and the shares of each Subsidiary, (the "Mining Assets") to New Imperial in consideration of the issuance by New Imperial to Imperial of New Imperial Shares equal to the number of outstanding Imperial Shares (after giving effect to paragraph (h) above) and the transfers of claims contemplated by paragraphs (a), (b) and (c) above;
 - (j) concurrently:
 - (i) each of the issued Imperial Shares (except Imperial Shares held by holders not resident in Canada) will be exchanged for one Imperial Energy Common Share and one Imperial Class B Share, and each Imperial Class B Share so issued will be redeemed by Imperial in exchange for one New Imperial Share for each Imperial Class B Share; and
 - (ii) each Imperial Share held by a holder not resident in Canada will be exchanged for one Imperial Energy Common Share and one New Imperial Share;
 - (k) the authorized capital of Imperial will be altered to delete the Imperial Shares, the Imperial Class B Shares, and the Preferred Shares, and the Imperial Energy Common Shares will be designated as common shares without par value;
 - (l) the name of Imperial will be changed to Imperial Energy Inc.; and
 - (m) Imperial will apply to continue Imperial under the name "Imperial Energy Inc." under the Business Corporations Act (Alberta);
24. The Board of Directors of Imperial has determined that the Arrangement is fair to the Imperial Shareholders, that the Arrangement is in the best interests of Imperial and the Imperial Shareholders, and has resolved to unanimously recommend that the Imperial Shareholders vote in favour of the Arrangement.
25. The Imperial Shareholders will have the right to dissent from the Arrangement under BCCA and the Information Circular fully discloses this right in accordance with applicable law.

26. The Arrangement is subject to both shareholder approval and the approval of the Court.
27. Exemptions from the Registration and Prospectus Requirements in respect of the Trades, and exemptions from the Prospectus Requirements in respect of the first trades in Imperial Shares and New Imperial Shares following the Arrangement, are not available in all Jurisdictions.
28. New Imperial will not be a reporting issuer in the Jurisdictions at the time of the Arrangement becoming effective.
29. The Mining Assets have been the subject of continuous disclosure on an ongoing basis for more than 12 months pursuant to Imperial's responsibilities as a reporting issuer.
30. In addition, Imperial has an existing record of public disclosure in the following forms:
- (a) Imperial's continuous disclosure of material facts relating to its operations since at least 1997; and
 - (b) the presentation in Imperial's most recent annual information form of the estimates of its reserves and resources in accordance with the Legislation; and
31. New Imperial will file and distribute its initial annual information form featuring disclosure of its reserves and resources in accordance with the Legislation.
- (i) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade,
- (ii) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and
- (iii) if the selling shareholder is an insider or officer of the issuer, the selling shareholder has no reasonable grounds to believe that the issuer is in default of securities legislation.

THE FURTHER DECISION of the Decision Makers in British Columbia and Ontario under the Legislation is that New Imperial shall be deemed to be a reporting issuer as of the effective date of the Arrangement.

THE FURTHER DECISION of the Decision Makers in British Columbia, Ontario and Saskatchewan under the Legislation is that New Imperial is exempt from the Technical Report Requirement.

March 13, 2002.

"Brenda Leong"

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Registration and Prospectus Requirements shall not apply to the Trades in connection with the Arrangement provided that the first trade in Imperial Energy Common Shares and New Imperial Shares acquired under this Decision in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

- (a) except in Québec, the conditions in subsections (3) or (4) of section 2.6 or subsections (2) or (3) of section 2.8 of Multilateral Instrument 45-102 Resale of Securities are satisfied, and, for the purposes of determining the period of time that New Imperial has been a reporting issuer under sections 2.6 and 2.8, the period of time that Imperial was a reporting issuer may be included; and
- (b) In Québec,

2.1.6 Patterson Dental Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration requirements for first trade by former employees in shares acquired pursuant to the employee share purchase plan or employee stock option plans of the issuer subject to certain conditions.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 74(1).

Applicable Ontario Rules

Rule 45-503 - Trades to Employees, Executives and Consultants (1998) 21 OSCB 6559.

Applicable Instrument

Multilateral Instrument 45-102 - Resale of Securities, s. 2.14.

**IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW
BRUNSWICK, NEWFOUNDLAND, NOVA SCOTIA,
ONTARIO, PRINCE EDWARD ISLAND,
QUÉBEC, AND SASKATCHEWAN**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
PATTERSON DENTAL COMPANY**

MRRS DECISION DOCUMENT

WHEREAS the local Securities Regulatory Authority or Regulator (the "Decision Maker" and collectively, the "Decision Makers") in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Québec, and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from Patterson Dental Company ("Patterson" or the "Filer") for a decision under the Securities Legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") (collectively, the "Registration and Prospectus Requirements") shall not apply to certain trades in Common Stock shares in the capital of the Filer (the "Shares") and in options (the "Options") to subscribe for Shares made in connection with the Patterson Dental Company Stock Option Plan for Canadian Employees (the "Plan");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), Québec is the principal Jurisdiction for this Application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer is a corporation incorporated under the laws of the State of Minnesota, in the United States of America, is not a reporting issuer under the Legislation, and has no present intention to acquire such status in Canada.
2. As at March 8, 2001, the Filer's authorized share capital consisted of 100,000,000 Shares, 10,000,000 Series A Preferred shares and 20,000,000 shares of Preferred stock, of which only 67,516,945 Shares were issued and outstanding at said date.
3. The Shares are listed and quoted for trading on the NASDAQ Stock Market ("NASDAQ").
4. The Filer is registered with the Securities and Exchange Commission in the U.S. under the Securities Exchange Act 1934 and is not exempt from the reporting requirements thereunder.
5. The Plan was established to assist the Filer in the retention and motivation of key Canadian employees, to compensate them for their contributions to the growth and profits of the Filer and its affiliates, and to encourage their ownership of stock in Patterson.
6. The Plan was adopted on June 13, 2000 and no specific term is provided thereunder.
7. As at March 16, 2001, there were approximately 67 employees of the Filer's affiliates resident in Canada ("Canadian Employees") eligible to participate in the Plan, of which there were approximately 5 in British Columbia, 12 in Alberta, 3 in Manitoba, 25 in Ontario, 20 in Québec, 2 in Saskatchewan, 2 in Nova Scotia, and 1 in Newfoundland.
8. There were, as at March 16, 2001, no Canadian Employees resident in New Brunswick, or Prince Edward Island, but Canadian Employees may eventually be recruited in these Jurisdictions.
9. Options to purchase a maximum of 1,000,000 Shares may be issued under the Plan, which represents approximately 1.48% of the total number of outstanding Shares as at March 8, 2001.
10. Less than 10% of the shareholders of the Filer are resident in Canada and less than 10% of the Shares are held by Canadian residents.
11. Canadian Employees have not been and will not be induced to participate in the Plan by expectation of employment or continued employment by the Filer or an affiliated entity of the Filer, or by expectation of appointment or continued appointment, in instances where a Canadian Employee is an officer of the Filer or of an affiliated entity of the Filer.

12. The Options to be granted may be exercised within a period commencing on the third anniversary of the Option grant and ending on the fifth anniversary of such Option grant.
13. The Shares to be issued and sold under the Plan will be purchased at their fair market value (i.e. the Shares' closing price on NASDAQ on the day preceding the day of the Option grant to a Canadian Employee), with a portion equivalent to 37.5% of the Shares' value being payable upon the Option grant and the remaining 62.5% being payable upon exercise of the Options.
14. Each Canadian Employee will be provided a copy of the Plan, as stipulated in a Participation Agreement to be entered into by said participating Canadian Employee upon every such grant and Patterson will provide all Canadian Employees who elect to participate in the Plan with the same documentation regarding the Plan and the Filer that is provided to Plan participants resident in other jurisdictions.
15. A statutory exemption from prospectus and registration is available for the grant of Options and the issuance and sale of Shares to Canadian Employees, under the Plan, by the Filer in each of the Jurisdictions but New Brunswick, where no exemptions are available for trades to employees of the Filer's Canadian affiliates.
16. Either Canadian Employees, former Canadian Employees, legal representatives of deceased Canadian Employees ("Legal Representatives"), or some or all of them (as the case may be), have no registration exemptions available to them in every Province in respect of the resale of the Shares acquired under the Plan.
17. In Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island, a prospectus is not required or an exemption therefrom is available for the sale of Shares acquired under the Plan by Canadian Employees, former Canadian Employees, or Legal Representatives, if certain conditions set out in Multilateral Instrument 45-102 are met.
18. In Québec however, a prospectus exemption is not available for such trades.
19. Furthermore, in Québec, the Filer is unable to rely solely on the statutory registration and prospectus exemptions for the grant of Options and the issuance of Shares to the Canadian employees, since it is not a reporting issuer and cannot, therefore, benefit from a final prospectus exemption.
20. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plan will be made to persons or companies outside Canada or through the facilities of, and in accordance with the rules applicable to a stock exchange or organized market outside Canada on which the Shares may be listed or quoted for trading, and through persons duly registered or exempted under applicable laws;

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test provided by the Legislation pursuant to which they have jurisdiction to render a decision has been met.

THE DECISION of the Decision Makers under the Legislation is that:

1. The Prospectus and Registration Requirements of the Legislation shall not apply to the grant of Options to purchase Shares by Patterson to Canadian Employees under the Plan, nor to the issuance of Shares by Patterson to Canadian Employees upon the exercise of such Options pursuant to the Plan; and
2. The Prospectus Requirements of the Legislation shall not apply to first trades in Shares acquired under the Plan, provided such first trades are deemed distributions or primary distributions to the public, and the Registration Requirements of the Legislation shall not apply to first trades in Shares acquired under the Plan, provided that:
 - (i) except in Québec, the conditions in subsection (1) of section 2.14 of Multilateral Instrument 45-102 are satisfied; or
 - (ii) in Québec, the alienation (resale) is made between Canadian Employees, former Canadian Employees, Legal Representatives, and their affiliates or outside Québec.

February 4, 2002.

"Josée Deslauriers"

2.1.7 Fidelity Investments Canada Limited and Ford Motor Company of Canada, Limited - MRRS Decision

Headnote

Mutual fund dealer exempted from the Dealer Registration Requirement of the Legislation of the Jurisdictions for trades of common shares made by a mutual fund dealer, in its capacity as a group plan administrator of an employee retirement savings program of a corporation, for, or on behalf of, employees, former employees, spouses of employees, spouses of former employees, the EPSP, employee RRSPs and employee spouse RRSPs of the corporation.

Director's Decision

Relief from "suitability" requirement of the Legislation of Ontario and Alberta, that would otherwise arise as a result of the group plan administrator purchasing or selling common shares for, or on behalf of, the above-mentioned persons, subject to the above-mentioned persons receiving a corresponding acknowledgment or having been sent a corresponding notice and the group plan administrator not making any recommendation or giving any investment advice regarding the purchase and sale of common shares of the corporation.

Applicable Ontario Statute

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25 and 74(1).

Applicable Ontario Securities Commission Rule

Rule 31-505 "Conditions of Registration" (1999) 22 O.S.C.B. 731, ss. 1.5 and 4.1.

**IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
ONTARIO, NEW BRUNSWICK AND NOVA SCOTIA**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
FIDELITY INVESTMENTS CANADA LIMITED
AND
FORD MOTOR COMPANY OF CANADA, LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick and Nova Scotia (the "Jurisdictions") has received an application from Fidelity Investments Canada Limited ("Fidelity") for a decision under the securities legislation of the Jurisdictions (the

"Legislation") that the requirement (the "Dealer Registration Requirement") in the Legislation that prohibits a person or company from trading in a security unless the person or company is registered in the appropriate category of registration under the Legislation shall not apply to certain trades in shares ("Common Shares") of common stock of Ford Motor Company ("Ford U.S.") to be made by Fidelity for, or on behalf of, persons that are Employees, Spouses, Former Employees, Former Employees' Spouses, the EPSP, Employee RRSPs and Employee Spouse RRSPs (as such terms are defined below) in its capacity as a group plan administrator of a group retirement savings plan (the "Program") of Ford Motor Company of Canada, Limited ("Ford Canada") (which includes the EPSP, Employee RRSPs, and Employee Spouse RRSPs);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS Fidelity has represented to the Decision Makers that:

1. Fidelity, a corporation continued under the laws of Ontario, is registered in the Jurisdictions as a dealer in the category of "mutual fund dealer" and is also, or will be, registered in all Jurisdictions as an "adviser" in the categories of "investment counsel" and "portfolio manager".
2. Fidelity has applied, or will apply for relief pursuant to the Legislation of the Jurisdictions, exempting it from the requirements under the Legislation (the "MFDA Relief"): (i) to be a member of the Mutual Fund Dealers Association of Canada (the "MFDA") on or before July 2, 2002; and (ii) to file with the MFDA an application for membership and corresponding fees for membership before the required date under the Legislation of the Jurisdictions. Relief has been obtained from Ontario and Alberta.
3. Fidelity's registration under the Legislation as a "mutual fund dealer" has been, or is expected to be, restricted to certain trades which are incidental to its principal business. The restricted trading activity includes trades by Fidelity to a participant in an employer-sponsored registered plan or other savings plan (the "Group Retirement Clients") until the earlier of: (i) the assumption of such trading activity by Fidelity Retirement Services Company of Canada Limited ("New Fidelity"), a wholly-owned subsidiary of Fidelity; and (ii) July 2, 2002.
4. At the time of receiving the MFDA Relief in Ontario and Alberta, and when making the application for the MFDA Relief in the other Jurisdictions, Fidelity intended to transfer its Group Retirement Clients to New Fidelity. However, upon review of the business needs of the Group Retirement Clients, Fidelity has determined that the Group Retirement Clients would be more appropriately serviced by a member of the Investment Dealers Association of Canada (the "IDA"), than a member of the MFDA.

5. As part of a separate business initiative, Fidelity has incorporated another wholly-owned subsidiary, Fidelity Intermediary Securities Company Limited (the "IDA Company"), which will submit an application for registration as an investment dealer in each Canadian jurisdiction and an application for membership in the IDA.
6. Fidelity proposes to transfer the Group Retirement Clients to the IDA Company and to run its business of servicing the group retirement business (the "Group Retirement Business") as a division of the IDA Company once the IDA Company has become registered in each Canadian jurisdiction and has been admitted to membership with the IDA and certain systems and other changes are made that will ensure the Group Retirement Business can be conducted in a manner which is compliant with the IDA By-laws and Rules.
7. Fidelity has applied in Ontario and Alberta for orders varying the terms of the MFDA Relief to allow Fidelity to trade in securities, where the trade is made to Group Retirement Clients until the earlier of the assumption of such trading activity by the IDA Company and December 31, 2002. Fidelity has applied or will apply for similar orders, as required, in certain other Canadian jurisdictions (collectively, the "Extension Applications").
8. Ford U.S. is a corporation incorporated under the laws of the State of Delaware.
9. Ford U.S. is not a reporting issuer (or the equivalent under the Legislation) in any of the Jurisdictions.
10. Ford Canada, a corporation incorporated under the laws of Ontario, is not a reporting issuer (or the equivalent under the Legislation) in any of the Jurisdictions.
11. Ford Canada is wholly-owned by Ford U.S.
12. The Common Shares are registered with the Securities and Exchange Commission in the United States of America (the "USA") under the Securities Exchange Act of 1934 and Ford U.S. is subject to the reporting requirements thereunder.
13. The Common Shares are listed and posted for trading on the New York Stock Exchange (the "NYSE").
14. Under the Program, Ford Canada selects mutual funds that persons (each an "Employee") who are employees of Ford Canada, and who participate in the Program, may purchase through payroll deductions or through lump sum payments.
15. Investments made by Employees under the Program are made through the following plans:
 - (i) an "employees profit sharing plan" (the "EPSP"), as defined in the *Income Tax Act* (Canada) (the "Tax Act"), that has been established for the benefit of persons who are Employees;
 - (ii) "registered retirement savings plans" (each, an "Employee RRSP"), as defined in the Tax Act, that have been established by or for the benefit of Employees; and
 - (iii) "registered retirement savings plans" (each, an "Employee Spouse RRSP"), as defined in the Tax Act, that have been established by or for the benefit of persons (collectively, "Spouses") who are legally married to or are the "common law partners" (as defined in the Tax Act) of Employees.
16. Under the Program, Spouses are also permitted to invest amounts in their Employee Spouse RRSPs in certain mutual funds offered through Fidelity.
17. The Program also offers participating employees the opportunity to invest in units of the Ford Stock Fund (the "Fund"), a single stock fund that invests in the common shares of Ford U.S. ("Common Shares"). The Fund was established as a single purpose trust, the sole purpose of which is to acquire and hold Common Shares. Going forward, Ford Canada would like to be able to allow Employees and Spouses to invest contributions and balances directly in Common Shares. Investments in the Fund will remain; however, future contributions will be invested directly in Common Shares rather than in units of the Fund.
18. Ford Canada also proposes to match a specified portion of an Employee's purchase of Common Shares under the Program.
19. Under the Program, it is proposed that Fidelity carry out the following activities:
 - (i) receive orders from Employees to purchase Common Shares (including Common Shares to be purchased with employer matching contributions through the EPSP or upon the automatic reinvestment of dividends paid in respect of Common Shares) on behalf of Employees through the EPSP or for their Employee RRSPs or Employee Spouse RRSPs;
 - (ii) receive orders from Spouses to purchase Common Shares (including Common Shares to be purchased upon the automatic reinvestment of dividends paid in respect of Common Shares) for their Employee Spouse RRSPs;
 - (iii) receive orders from Employees, and from persons ("Former Employees" were, but have since ceased to be, Employees, to sell Common Shares on their behalf through the EPSP or through their Employee RRSPs;
 - (iv) receive orders from Spouses, Former Employees or persons ("Former Employee Spouses") who are legally married to or are "common law partners" of Former Employees, to sell Common Shares held through their Employee Spouse RRSPs;

- (v) “match” the orders to purchase Common Shares, referred to in subparagraphs (i) or (ii), against orders to sell Common Shares, referred to in subparagraphs (iii) or (iv), with the offsetting purchases and sales (a “Matching Transaction”) effected by way of book entries in the corresponding accounts maintained by Fidelity under the Program and the funds received in respect of the purchase remitted by Fidelity to the vendor;
 - (vi) where the number of Common Shares not affected in a Matching Transaction is less than 50 and if Fidelity deems it to be appropriate, satisfy the purchase or sale of Common Shares from or to Common Shares held by Fidelity in the name of Fidelity (a “Float Transaction”);
 - (vii) transmit orders to purchase or sell Common Shares, referred to above, which are not effected in a Matching Transaction or Float Transaction, either:
 - (a) for execution in a Jurisdiction through a registered dealer that is registered under the Legislation, in each of the Jurisdictions where the order is received or executed, as a dealer in a category that permits it to act as a dealer for the subject trade; or
 - (b) for execution through the facilities of the NYSE or another stock exchange outside of Canada through a person or company that is appropriately licensed to carry on the business of a broker/dealer under the applicable securities legislation in the jurisdiction where the trade is executed;
 - (viii) maintain books and records in respect of the foregoing, reflecting, among other things: all related payments, receipts, account entries and adjustments;
20. Records of Common Shares held under the Program on behalf of Employees, Former Employees, Spouses, Former Employee Spouses, the EPSP, Employee RRSPs and Employee Spouse RRSPs (collectively, “Program Participants”) will be maintained by Fidelity, and the Common Shares will be held by a custodian that is not affiliated with Fidelity, Ford U.S. or Ford Canada.
21. When an Employee becomes a Former Employee, the Former Employee, the EPSP in respect of the Former Employee, the Employee RRSP of the Former Employee, the Former Employee Spouse and the corresponding Employee Spouse RRSP of the Former Employee will not be permitted to make further purchases of Common Shares under the Program, other than Common Shares to be purchased upon the automatic reinvestment of dividends paid in respect of Common Shares, but, subject to time limitations in certain cases, the foregoing will be permitted to continue to hold, through Fidelity, Common Shares previously purchased on their behalf under the Program, to instruct Fidelity from time to time to sell Common Shares then held on their behalf by Fidelity, or to transfer such Common Shares to an account with another dealer.
22. To participate in the Program, Employees and Spouses must enrol through Fidelity by application, which may be completed: in writing; on the telephone, by way of a recorded call; or, through the Internet, by way of secure access to Fidelity’s website.
23. Employees and Spouses who enrol in the Program will be required when completing the enrolment application to acknowledge that Fidelity will not be performing any “suitability” analysis with respect to any purchase or sale of Common Shares on their behalf, or on behalf of their Spouse, under the Program: by signing the application form, where the application is completed in writing; orally, where the application is completed on the telephone or, by making the appropriate selection on Fidelity’s website, where the application is completed on the Internet.
24. Employees and Spouses who are enrolled in the Program and whose enrolment in the Program occurred on or prior to the date of this decision will be sent, not less than 5 days before the date of this decision, written or electronic notice from Fidelity (or Ford Canada on behalf of Fidelity) that Fidelity will not perform “suitability” analysis with respect to any purchase or sale of Common Shares on their behalf under the Program.
25. No Program Participant will be charged any trading commissions, fees, costs or other expenses in respect of the purchase or sale of any Common Shares on behalf of the Program Participant under the Program.
26. Except for ascertaining the “suitability” of trades made under the Program, Fidelity will comply with all other conditions or other requirements under the Legislation that would be applicable to it as a mutual fund dealer as if the Common Shares were shares or units of a mutual fund, with respect to any purchase, sale or holding of Common Shares, by Fidelity on behalf of Program Participants under the Program, including requirements relating to, but not limited to: capital requirements; record keeping; account supervision; segregation of funds and securities; confirmations of trades; “know your client” and statements of account.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “MRRS Decision”);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the MRRS Decision has been met;

THE MRRS DECISION of the Decision Makers under the Legislation is that the Dealer Registration Requirement under the Legislation shall not apply to the trades by Fidelity

in Common Shares, as referred to in paragraph 19, on behalf of Program Participants under the Program, provided that:

1. in the case of each trade in Common Shares in a Jurisdiction, Fidelity is, at the time of the trade, registered under the Legislation of the Jurisdiction as a dealer in the category of "mutual fund dealer", and, the trade is made on behalf of Fidelity by a person that is registered under the Legislation to trade mutual funds on behalf of Fidelity as a salesperson or officer;
2. in the case of a trades that consist of the sale of Common Shares transmitted for execution outside of the Jurisdiction, as described in paragraph 19(vii)(b):
 - (a) at the time of the trade, Ford U.S. is not a reporting issuer (or the equivalent) under the Legislation of the Jurisdiction;
 - (b) at the time of the acquisition of the Common Shares by the selling Program Participant, there was a *de minimis* market in the Jurisdiction (as defined below), where, for the purposes of the above, there shall be a *de minimis* market in a Jurisdiction if, at the relevant time:
 - (i) persons or companies whose last address as shown on the books of Ford U.S. was in the Jurisdiction and who held Common Shares:
 - (A) did not own directly or indirectly more than 10 per cent of the outstanding Common Shares; and
 - (B) did not represent in number more than 10 per cent of the total number of owners directly or indirectly of the Common Shares;

PROVIDED ALSO THAT, this MRRS Decision will terminate upon the earlier of:

1. the assumption of the activities referred to in paragraph 19 by the IDA Company; and
2. December 31, 2002; or
3. in respect of Alberta and Ontario:
 - (a) the assumption of the activities referred to in paragraph 19 by the IDA Company; and
 - (b) July 2, 2002 or December 31, 2002 [if the relief requested under the Extension Application is granted].

March 13, 2002.

"R. Stephen Paddon"

"Lorne Morphy"

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND ALBERTA**

WHEREAS Fidelity has made an application to the Director of the Ontario Securities Commission (the "Director") for a decision of the Director, pursuant to section 4.1 of Ontario Securities Commission Rule 31-505 Conditions of Registration and to the Alberta Securities Commission (the "ASC") pursuant to section 185 of the *Securities Act* (Alberta) (collectively, the "Registration Legislation"), that the requirements of the Registration Legislation (the "Suitability Requirements") to make enquiries of each Program Participant, that would otherwise arise as a result of Fidelity purchasing or selling Common Shares on behalf of the Program Participant, as described in the MRRS Decision above, to determine (a) the general investment needs and objectives of the Program Participants; and (b) the suitability of a proposed purchase or sale of Common Shares for the Program Participants, do not apply to Fidelity, subject to certain terms and conditions;

AND WHEREAS, Fidelity has made to the Director and the ASC the same representations referred to in the above MRRS Decision;

AND WHEREAS, this Decision Document evidences the decision of each of the Director and the ASC;

AND WHEREAS, each of the Director and the ASC is satisfied that to do so would not be prejudicial to the public interest;

IT IS THE DECISION of the Director and the ASC that, pursuant to the Registration Legislation, effective on the effective date of the above MRRS Decision, the Suitability Requirements of the Registration Legislation shall not apply to Fidelity as a result of Fidelity purchasing or selling Common Shares on behalf of the Program Participant, as described in the above MRRS Decision, provided that, in the circumstances of each such purchase or sale:

- (i) the Program Participant, or, in the case of a Program Participant that is the EPSP, an Employee RRSP or an Employee Spouse RRSP, the corresponding Employee or Spouse, has given the corresponding acknowledgement or has been sent the corresponding notice, referred to in paragraphs 23 or 24 of the above MRRS Decision; and
- (ii) Fidelity does not make any recommendation or give any investment advice with respect to the purchase or sale.

AND PROVIDED ALSO THAT, this Decision will terminate upon the earlier of:

1. the assumption of the activity referred to in paragraph 19 of the above MRRS Decision by the IDA Company; and

2. July 2, 2002 or December 31, 2002 [if the relief requested under the Extension Application is granted].

March 13, 2002.

“David M. Gilkes”

2.2 Orders

2.2.1 Thundermin Resources Inc. - c. 104(2)(c)

Headnote

Clause 104(2)(c) - Issuer exempt from the issuer bid requirements of Part XX in connection with the proposed acquisition and purchase for cancellation of common shares of the issuer where the cancellation of the shares is consideration for the purchase of the issuer's half interest in a mining property - transaction between issuer and its majority shareholder - almost identical acquisition agreement entered into at arm's length between the majority shareholder and the owner of the remainder of the interest in the mining property - transaction between issuer and majority shareholder approved by sole independent director of issuer and conditionally approved by the Toronto Stock Exchange - transaction is related party transaction under OSC Rule 62-501 but exempt from the valuation requirement on the basis that issuer is in serious financial difficulty - order conditional on approval of transaction by the majority of the minority shareholders of the issuer - order contains representation to the effect that majority shareholder did not have material non-public information when acquisition agreement entered into - full disclosure of transaction provided in the information circular.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss.95, 96, 97, 98, 100 and 104(2)(c).

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

AND

**IN THE MATTER OF
THUNDERMIN RESOURCES INC.**

**ORDER
(clause 104(2)(c))**

UPON the application of Thundermin Resources Inc. ("Thundermin") to the Ontario Securities Commission (the "Commission") for an order of the Commission pursuant to clause 104(2)(c) of the Act exempting Thundermin from the issuer bid requirements set forth in sections 95, 96, 97, 98 and 100 of the Act and the regulations made thereunder (the "Issuer Bid Requirements") in connection with a proposed transaction by which Thundermin will dispose of its interest in a mineral property in Newfoundland (the "Duck Pond Property") to Aur Resources Inc. ("Aur") in exchange for, *inter alia*, the common shares of Thundermin ("Thundermin Shares") held by Aur;

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

AND UPON Thundermin having represented to the Commission as follows:

1. Thundermin is incorporated under the *Business Corporations Act* (Ontario) and is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Thundermin is not in default under the Act.
2. The authorized capital of Thundermin consists of an unlimited number of Thundermin Shares and unlimited number of Class A shares, issuable in series, of which, as of this date, there are 39,589,613 Thundermin Shares and no Class A shares outstanding. Thundermin also has outstanding options and warrants permitting the purchase of an additional 2,325,000 Thundermin Shares at prices ranging from \$0.16 to \$0.23 per Thundermin Share.
3. The Thundermin Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSE").
4. Aur is incorporated under the *Canada Business Corporations Act* (the "CBCA") and is a reporting issuer in all of the provinces and territories of Canada. Its registered and principal office is in Toronto, Ontario. Aur's common shares are listed and posted for trading on the TSE.
5. Aur beneficially owns 11,209,968 Thundermin Shares (the "Subject Shares"), which, as of this date, represents approximately 28% of the outstanding Thundermin Shares.
6. Queenston Mining Inc. ("Queenston") is incorporated under the CBCA and is a reporting issuer in Quebec, Ontario, Manitoba, Alberta and British Columbia.
7. The authorized capital of Queenston consists of unlimited number of common shares (the "Queenston Shares") and unlimited number of preferred shares of which, as of this date, 28,009,191 Queenston Shares and no preferred shares are outstanding.
8. As of this date, Thundermin beneficially owns approximately 11% of the outstanding Queenston Shares. As of this date, Queenston beneficially owns approximately 4% of the outstanding Thundermin Shares.
9. Two of the members of Thundermin's six person board of directors (the "Thundermin Board") are related to Aur. Three other members of the Thundermin Board are related to Queenston. John Heslop, the President and Chief Executive Officer of Thundermin, is the sole independent member of the Thundermin Board (the "Independent Member").
10. Except as set out in paragraph 9 above, none of the members of Queenston's board of directors (the "Queenston Board") are related to Thundermin or have been nominated by Thundermin. None of the members of the Queenston Board are related to Aur or have been nominated by Aur.
11. Thundermin and Queenston each hold identical rights to acquire a 50% interest in the Duck Pond Property.

12. Thundermin and Aur have entered into an agreement dated December 6, 2001 (the "Aur/Thundermin Agreement") pursuant to which Thundermin has agreed to sell to Aur its right to acquire a 50% interest in the Duck Pond Property (the "Transaction"). The consideration payable by Aur to Thundermin under the Aur/Thundermin Agreement consists of, among other things, \$2,100,000 in cash and the transfer by Aur of the Subject Shares to Thundermin for cancellation. The Subject Shares will be cancelled by Thundermin.
13. Queenston and Aur have entered into an agreement also dated December 6, 2001 (the "Aur/Queenston Agreement") pursuant to which Queenston has agreed to sell to Aur its right to acquire a 50% interest in the Duck Pond Property. The aggregate consideration payable by Aur to Queenston under the Aur/Queenston Agreement is \$3,000,000, payable in cash. All other elements of the consideration, other than the cancellation of the Subject Shares as provided for in the Aur/Thundermin Agreement, are identical in both agreements.
14. The terms of the Transaction have been approved by the Independent Member. The Independent Member has concluded that the Transaction is reasonable in the circumstances of Thundermin and in the best interests of Thundermin and the holders of Thundermin Shares (the "Thundermin Shareholders").
15. The completion of the Transaction is conditional upon TSE approval and the approval, at a special meeting of Thundermin Shareholders (the "Special Meeting") to be held on or about March 7, 2002 for the purpose of considering the Transaction, of Thundermin Shareholders holding a majority of the Thundermin Shares other than the Subject Shares held by Aur, its affiliates and associates.
16. Thundermin did not, at the time the Aur/Thundermin Agreement was entered into, and does not at this time, know of any material non-public information in respect of Thundermin, the Thundermin Shares and the Duck Pond Property that has not been generally disclosed. To the knowledge of Thundermin, after reasonable enquiry, Aur did not, at the time the Aur/Thundermin Agreement was entered into, and does not at this time, know of any material non-public information in respect of Thundermin, the Thundermin Shares and the Duck Pond Property that has not been generally disclosed.
17. Thundermin is indebted to Queenston in the principal amount of \$1,500,000 and the completion of the Transaction is the only means currently available to Thundermin by which it can repay such indebtedness.
18. The Aur/Queenston Agreement was negotiated at arm's length and establishes a fair value of \$3,000,000 for the right to acquire a 50% interest in the Duck Pond Property. Therefore, the Transaction attributes a value of \$900,000 to the Subject Shares or approximately \$0.08 per Thundermin Share. At the time the Transaction was entered into and announced, the

Thundermin Shares were trading in a range of \$0.09 to \$0.095 per share.

19. The transfer by Aur of the Subject Shares to Thundermin for cancellation is an issuer bid for which no exemption is available from the Issuer Bid Requirements.
20. The Transaction is a "related party transaction" under Commission Rule 61-501 ("Rule 61-501"). The Thundermin Board and the Independent Member have each determined that Thundermin is entitled to rely upon the valuation exemption in subsection 5.6(8) of Rule 61-501 as Thundermin is in serious financial difficulty, the Transaction is designed to improve the financial position of Thundermin and the terms of the Transaction are reasonable in the circumstances of Thundermin.
21. The TSE has conditionally approved the Transaction.
22. The information circular for the Special Meeting (the "Information Circular") will be sent to all Thundermin Shareholders and will include all relevant material information concerning Thundermin and Duck Pond Property that is known to Thundermin and Aur, whether or not such information has been generally disclosed. The Information Circular will also contain the facts and circumstances surrounding the Transaction in sufficient detail to comply with the substantive informational requirements for issuer bids set out in Part XX of the Act.

AND UPON the Commission being satisfied that to so order would not be prejudicial to the public interest.

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that Thundermin is exempt from the Issuer Bid Requirements in connection with the Transaction.

February 1, 2002.

"Theresa McLeod"

"Lorne Morphy"

2.2.2 VentureLink Fund Inc. - s. 144

Headnote

A variation order granted to labour sponsored investment fund corporation to permit it to pay co-operative marketing expenses out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. S.144

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

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

AND

**IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
- MUTUAL FUNDS SALES PRACTICES**

AND

**IN THE MATTER OF
VENTURELINK FUND INC.**

**VARIATION ORDER
(Section 144 of the Act)**

WHEREAS on December 29, 2000 the Ontario Securities Commission (the "Commission") granted VentureLink Fund Inc. (the "Fund") relief from section 2.1 of National Instrument 81-105 to make certain payments to participating dealers in connection with the distribution of Class A Shares, Series I and Class A Shares, Series II of the Fund (the "Prior Decision");

AND WHEREAS the Prior Decision does not provide relief for the Fund to pay co-operative marketing expenses (the "Co-op Expenses") incurred by certain dealers;

AND WHEREAS the Commission has received an application from the Fund for an order pursuant to section 144 of the Act to vary the Prior Decision to allow the Fund to pay Co-op Expenses to participating dealers;

AND WHEREAS the Fund has represented to the Commission as follows:

1. The Fund is a corporation incorporated under the Canada Business Corporations Act. The Fund is registered as a labour sponsored investment fund corporation under the Community Small Business

Investment Funds Act (Ontario), as amended, and is a prescribed labour-sponsored venture capital corporation under the Income Tax Act (Canada), as amended.

2. The Class A Shares, Series I and the Class A Shares, Series II in the capital of the Fund (collectively the "Class A Shares") are currently qualified for distribution in the Province of Ontario pursuant to a prospectus dated January 10, 2002 (the "Prospectus").
3. The Fund desires to provide for the reimbursement of Co-op Expenses incurred by certain dealers in promoting sales of Class A Shares, pursuant to co-operative marketing programs the Fund may enter into with such dealers.
4. It is disclosed in the Prospectus that subject to regulatory approval the Fund intends to provide for the reimbursement of Co-op Expenses.
5. Requiring the manager of the Fund to pay the Co-op Expenses while granting an exemption to other labour funds permitting such funds to pay similar Co-op Expenses directly, would put the Fund at a permanent and serious competitive disadvantage with its competitors.
6. The Fund undertakes to comply with all other provisions of NI 81-105 other than those provisions from which the Fund has been granted relief.

IT IS ORDERED pursuant to section 144 of the Act that the Prior Decision is hereby varied, replacing paragraph 5 of the Prior Decision with the following representation:

"The Fund intends to pay certain costs of distributing its shares directly to participating dealers. With respect to the distribution of Class A Shares, Series I, these costs will be a sales commission of 6% of the net asset value per Class A Share, Series I purchased, a commission of 4% of the net asset value per Class A Share, Series I purchased in lieu of service fees, and a corporate finance fee of 0.5% of the gross proceeds raised on the initial offering of Class A Shares, Series I. With respect to the distribution of Class A Shares, Series II, these costs will be a sales commission of 3% of the net asset value per Class A Share, Series II purchased, and a corporate finance fee of 0.5% of the gross proceeds raised on the initial offering of Class A Shares, Series II. The Fund intends to pay for the co-operative marketing expenses incurred on its behalf by certain participating dealers pursuant to co-operative marketing programs entered into with such dealers. Collectively, the sales commissions, the 4% commission, the corporate finance fees and the Co-op Expenses are referred to as the "Distribution Costs"."

THIS ORDER is subject to the following conditions:

- (a) the Co-op Expenses are otherwise permitted by, and paid in accordance with NI 81-105, except to the extent that the Fund has previously been granted specific relief under NI 81-105; and
- (b) Co-op Expenses are expensed when incurred for accounting purposes.

March 15, 2002.

"Paul M. Moore"

"H. Lorne Morphy"

2.2.3 Wayne S. Umetsu - Order and Settlement Agreement - ss. 60(1) and s. 60.1 of CFA, ss. 127(1) of Securities Act

**IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, AS AMENDED
AND THE SECURITIES ACT, R.S.O. 1990,
c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
WAYNE S. UMETSU**

ORDER

(Subsection 60(1) and section 60.1 of the Commodity Futures Act and subsection 127(1) of the Securities Act)

WHEREAS on August 23, 2001, the Ontario Securities Commission (the "Commission") issued an Amended Notice of Hearing pursuant to subsection 60(1) of the *Commodity Futures Act*, R.S.O. 1990, c. C.20 (the "Act") and subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 respecting Wayne S. Umetsu (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the Commission in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the settlement agreement and upon hearing submissions from the Respondent and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED THAT:

1. the settlement agreement, attached to this Order, is approved;
2. pursuant to paragraph 3, subsection 60(1) of the Act, the exemptions contained in Ontario commodity futures law permanently do not apply to the Respondent;
3. pursuant to subsection 127(1), paragraph 2 of the *Securities Act*, the Respondent is prohibited from trading in securities permanently, except that after one year from the date of this Order, the Respondent is permitted to trade in securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);
4. pursuant to subsection 60(1), paragraph 8 of the Act and subsection 127(1), paragraph 8 of the *Securities Act*, the Respondent is prohibited permanently from acting as an officer or director of any issuer;

5. pursuant to subsection 60(1), paragraph 6 of the Act and subsection 127(1), paragraph 6 of the *Securities Act*, the Respondent is reprimanded; and
6. pursuant to section 60.1 of the Act, investigation costs in the amount of \$10,000.00 are payable by the Respondent.

March 6, 2002.

"Howard Wetston"

"Lorne Morphy"

"Theresa McLeod"

**IN THE MATTER OF
THE COMMODITY FUTURES ACT, R.S.O. 1990, c. C.20,
AS AMENDED
AND THE SECURITIES ACT, R.S.O. 1990, c. S.5, AS
AMENDED**

AND

**IN THE MATTER OF
WAYNE S. UMETSU**

**SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND WAYNE
S. UMETSU**

I. INTRODUCTION

1. By an Amended Notice of Hearing dated August 23, 2001 (the "Amended Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider the following issues:
 - (a) whether, pursuant to subsection 60(1) and section 60.1 of the Commodity Futures Act, R.S.O. 1990, c. C.20 (the "Act"), it is in the public interest for the Commission to make an order:
 - (i) that the exemptions contained in Ontario commodity futures law do not apply to Wayne S. Umetsu (the "Respondent") permanently or for such period as the Commission may direct;
 - (ii) prohibiting the Respondent from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may direct;
 - (iii) reprimanding the Respondent; and
 - (iv) requiring the Respondent to pay the costs of the Commission's investigation and the proceeding; and
 - (b) whether, pursuant to subsection 127(1) of the Securities Act, R.S.O. 1990, c. S.5 (the "Securities Act"), it is in the public interest for the Commission to make an order:
 - (i) that the Respondent cease trading in any securities permanently, or for such time as the Commission may direct;
 - (ii) prohibiting the Respondent from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may direct; and
 - (iii) reprimanding the Respondent.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding initiated by the Amended Notice of Hearing in accordance with the terms and conditions described below. The Respondent consents to the making of an order against him in the form attached as Schedule "1" (the "Order") based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgment

3. The Respondent acknowledges that the facts set out in paragraphs 4 through 21 below are correct.

Facts

4. The Respondent was registered with the Commission as a salesperson pursuant to the Act for various periods since approximately August, 1981. From April 8, 1997 to May 2, 1997 and from December 16, 1997 to February 28, 1998, the Respondent was registered with the Commission as a salesperson with F.C. Canada Investments Inc. ("F.C. Canada"). During the material time, F.C. Canada was registered as an Introducing Broker pursuant to the Act.
5. The Respondent was not registered with the Commission in any capacity between May 2, 1997 and December 16, 1997.
6. The Respondent has not been registered with the Commission in any capacity since his employment with F.C. Canada was terminated on February 28, 1998.
7. W. E. is an individual who was a client of the Respondent.
8. In or around April, 1997, W.E. attended an information seminar hosted by F.C. Canada (the "Seminar"). The Seminar was advertised as an opportunity to learn about commodities, futures and options trading. W.E. met the Respondent (then a salesperson employed by F.C. Canada) at the Seminar. The Respondent informed W.E. that he had 15 years' experience trading in futures contracts.
9. At the Seminar, W.E. asked the Respondent about investing and opening an account with F.C. Canada. The Respondent informed W.E. that he would be leaving F.C. Canada in the near future and joining a better investment company. The Respondent requested that W.E. wait to make his investment until the Respondent had joined the new company.
10. The Respondent left the employ of F.C. Canada on May 2, 1997, at which time the Respondent's registration as a salesperson was suspended pursuant to the Act.
11. In early May, 1997, the Respondent joined Prime Canadian Futures Company, an Investment Dealers Association of Canada member ("Prime"). Prime was registered as a Futures Commission Merchant under

the Act. Prime did not, however, provide the Commission with notice in writing of the Respondent's employment. Thus, the Respondent's registration as a salesperson was not reinstated when he became employed by Prime.

12. On or about May 7, 1997, W.E. met with the Respondent at Prime's offices to open an account. The Respondent did not inform W.E. that he was no longer registered under the Act to trade in future contracts.
13. Between May 27, 1997 and September 16, 1997, W.E. deposited \$23,000 into his account at Prime. During this period, from time to time, W.E. instructed the Respondent to effect certain transactions in commodity futures contracts on his behalf. As a result, three commodity futures contracts were purchased and sold in W.E.'s account by the Respondent. The Respondent was not registered under the Act to make such trades.
14. Late in the summer of 1997, the Respondent informed W.E. that he was moving to a new company. Although the Respondent was not registered to trade future contracts, he held himself out to W.E. as being able to so trade. W.E. agreed to keep his business with the Respondent rather than transfer it to another Prime representative. Accordingly, W.E. withdrew all his funds from his Prime account. W.E. received from Prime two cheques dated September 22, 1997 (one in the amount of Cdn\$11,000 and one in the amount of US\$5,342). Although there were no open contracts in his Prime account, W.E. believed that the Respondent had between 10 and 20 commodity futures contracts for him in an account under the Respondent's name.
15. On September 23, 1997, the Respondent instructed W.E. to make a cheque in the amount of \$19,000 payable to "LFG, care of Wayne Umetsu" so that the Respondent could transfer W.E.'s account to the Respondent's new firm. Later the same day, the Respondent contacted W.E. and requested that he reissue the cheque to the Respondent personally. The Respondent picked up the \$19,000 cheque (made payable to him) at W.E.'s home. He deposited it into his personal account at Canada Trust. The Respondent made no investment on behalf of W.E. with the \$19,000. Rather, the Respondent used the monies solely for his own benefit.
16. At the Respondent's request, on October 31, 1997, W.E. made an emergency wire transfer to the Respondent's personal account at Canada Trust in the amount of \$15,000. W.E. was informed by the Respondent that these funds were required to protect his investments. The Respondent made no investment on behalf of W.E. with the \$15,000. Rather, the Respondent used the monies solely for his own benefit.
17. In the fall of 1997, the Respondent returned to the employ of F.C. Canada. He was registered with the Commission as a salesperson pursuant to the Act between December 16, 1997 and February 28, 1998 (when he was terminated by F.C. Canada). After February 28, 1998, the Respondent continued to hold

himself out to W.E. as being registered under the Act to trade futures contracts.

18. On or about December 23, 1997, W.E. provided the Respondent with a cheque payable to the Respondent in the amount of \$1,000 to be invested on W.E.'s behalf. This cheque was deposited into the Respondent's personal account at Canada Trust. The Respondent made no investment on behalf of W.E. with the \$1,000. Rather, the Respondent used the monies solely for his own benefit.
19. Between March 17, 1998 and July 23, 1998, W.E. provided \$44,500 to the Respondent (\$3,500 cash and six cheques totaling \$41,000 made payable to the Respondent) for the purpose of being invested on his behalf. The Respondent deposited the cash and cheques into his personal account at Canada Trust. The Respondent made no investment on behalf of W.E. with the \$44,500. Rather, the Respondent used the monies solely for his own benefit.
20. By a handwritten agreement dated December 7, 1999, the Respondent agreed to pay back to W.E. the sum of \$150,000. Further to this agreement, the Respondent provided W.E. with 6 postdated cheques totaling \$100,000 (the repayment terms of the remaining \$50,000 was to be negotiated by the Respondent and W.E. later). W.E. attempted to cash the first cheque, but it was returned NSF. Shortly thereafter, the Respondent informed W.E. that he did not intend to honour their agreement. No restitution has been paid to date by the Respondent to W.E.
21. By trading futures contracts without being registered to do so contrary to section 22 of the Act, holding himself out as being registered to trade futures contracts contrary to section 52 of the Act and by diverting monies provided to him by W.E. for investment purposes for his own personal use, the Respondent contravened the Act and engaged in conduct contrary to the public interest.

IV. TERMS OF SETTLEMENT

22. The Respondent agrees to the following terms of settlement:
 - (a) pursuant to subsection 60(1), paragraph 3 of the Act, the exemptions contained in Ontario commodity futures law permanently will not apply to the Respondent;
 - (b) pursuant to subsection 127(1), paragraph 2 of the Securities Act, the Respondent will be prohibited permanently from trading in any securities with the exception that after one year from the date of the approval of this settlement the Respondent is permitted to trade securities for the account of his registered retirement savings plan (as defined in the Income Tax Act (Canada));
 - (c) pursuant to paragraph 8 of subsection 60(1) of the Act and paragraph 8 of subsection 127(1) of

the Securities Act, the Respondent will be prohibited permanently from acting as an officer or director of any issuer;

- (d) pursuant to subsection 60(1), paragraph 6 of the Act and subsection 127(1), paragraph 6 of the Securities Act, the Respondent will be reprimanded by the Commission; and
- (e) pursuant to section 60.1 of the Act, the Respondent will pay the Commission's investigation and hearing costs of \$10,000.

V. STAFF COMMITMENT

23. If the settlement is approved by the Commission, Staff will not initiate any other proceeding against the Respondent in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

24. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 6, 2002, or such other date as may be agreed to by Staff and the Respondent (the "Settlement Hearing").
25. Counsel for Staff or the Respondent may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and the Respondent agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.
26. If this settlement is approved by the Commission, the Respondent agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act and the Securities Act.
27. Staff and the Respondent agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.
28. If, at the conclusion of the settlement hearing, and for any reason whatsoever, this settlement is not approved by the Commission or an order in the form attached as Schedule "1" is not made by the Commission:
 - (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and the Respondent leading up to its presentation at the Settlement Hearing shall be without prejudice to Staff and the Respondent;
 - (b) Staff and the Respondent shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Amended Notice of Hearing and Amended Statement of Allegations, unaffected by this Settlement Agreement or the settlement discussions/negotiations;

- (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and the Respondent or as may be required by law; and
- (d) the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

- 29. Subject to paragraph 25 above, this Settlement Agreement and its terms will be treated as confidential by Staff and the Respondent until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission, except with the written consent of Staff and the Respondent, or as may be required by law.
- 30. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

- 31. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.
- 32. A facsimile copy of any signature shall be as effective as an original signature.

March 4, 2002.

"Wayne S. Umetsu"

March 5, 2002.

"Michael Watson"

Schedule "1"

**IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, AS AMENDED
AND THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
WAYNE S. UMETSU**

ORDER

(Subsection 60(1) and section 60.1 of the Commodity Futures Act and subsection 127(1) of the Securities Act)

WHEREAS on August 23, 2001, the Ontario Securities Commission (the "Commission") issued an Amended Notice of Hearing pursuant to subsection 60(1) of the *Commodity Futures Act*, R.S.O. 1990, c. C.20 (the "Act") and subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 respecting Wayne S. Umetsu (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the Commission dated ●, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the settlement agreement and upon hearing submissions from the Respondent and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED THAT:

1. the settlement agreement, attached to this Order, is approved;
2. pursuant to paragraph 3, subsection 60(1) of the Act, the exemptions contained in Ontario commodity futures law permanently do not apply to the Respondent;
3. pursuant to subsection 127(1), paragraph 2 of the *Securities Act*, the Respondent is prohibited from trading in securities permanently, except that after one year from the date of this Order, the Respondent is permitted to trade in securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);
4. pursuant to subsection 60(1), paragraph 8 of the Act and subsection 127(1), paragraph 8 of the *Securities Act*, the Respondent is prohibited permanently from acting as an officer or director of any issuer;

5. pursuant to subsection 60(1), paragraph 6 of the Act and subsection 127(1), paragraph 6 of the Securities Act, the Respondent is reprimanded; and
6. pursuant to section 60.1 of the Act, investigation costs in the amount of \$10,000.00 are payable by the Respondent.

DATED at Toronto this ● day of March, 2002

2.2.4 Seven Clans Resources Ltd. - ss. 83.1(1)

Headnote

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario - issuer has been a reporting issuer in Alberta since November 2, 1993 and in British Columbia since November 26, 1999 - issuer listed and posted for trading on the Canadian Venture Exchange - continuous disclosure requirements of British Columbia and Alberta substantially identical to those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 83.1(1).

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

AND

**IN THE MATTER OF
SEVEN CLANS RESOURCES LTD.**

**ORDER
(Subsection 83.1(1))**

UPON the application of Seven Clans Resources Ltd. (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company representing to the Commission as follows:

1. The Company was continued under the Business Corporations Act (Ontario) on November 21, 2001.
2. The principal and head office of the Company is located at 32 Roxborough Street East, Toronto, Ontario, M4W 1V6.
3. The authorized capital of the Company consists of an unlimited number of common shares of which 8,481,121 common shares are issued and outstanding as at March 12, 2002.
4. The Company has a significant connection to Ontario as all of its directors and officers are resident in Ontario, and 8,128,288 common shares of the Company or approximately 96% of the total issued common shares of the Company are registered to residents of Ontario, whose last address on the Company's register of shareholders was in Ontario, as at March 12, 2002.
5. The Company is a reporting issuer under the Securities Act (Alberta) (the "Alberta Act") since November 2, 1993 and became a reporting issuer under the Securities Act (British Columbia) (the "BC Act") on

- November 26, 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange ("CDNX"). The Company is not in default of any requirements of the BC Act and Alberta Act.
6. The Company is not a reporting issuer in Ontario, and is not a reporting issuer, or equivalent, in any other jurisdiction, except British Columbia and Alberta.
 7. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.
 8. The continuous disclosure materials filed by the Company under the Alberta Act since October 20, 1997 and under the BC Act since November 26, 1999 are available on the System for Electronic Document Analysis and Retrieval.
 9. The common shares of the Company are listed on the CDNX, and the Company is in compliance with all requirements of the CDNX.
 10. The Company is not designated a capital pool company under the policies of the CDNX.
 11. The Company has not been subject to any penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and has not entered into any settlement agreement with any Canadian securities regulatory authority.
 12. Neither the Company nor any of its officers, directors nor, to the knowledge of the Company, its officers and directors, any of its controlling shareholders, 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.
 13. Neither the Company nor any of its officers, directors, nor to the knowledge of the Company, its officers and directors, any of its controlling shareholders, 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 proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.
 14. None of the officers or directors of the Company, nor to the knowledge of the Company, its officers and directors, any of its controlling shareholders, 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 or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that the Company be deemed a reporting issuer for purposes of the Act.

March 18, 2002.

"Margo Paul"

2.2.5 iPerformance Fund Inc. - ss. 83.1(1)

Headnote

Subsection 83.1(1) - Issuer deemed to be a reporting issuer in Ontario - Issuer has been a reporting issuer in Alberta and British Columbia since July 12, 2000 - Issuer listed and posted for trading on the Canadian Venture Exchange ("CDNX") - Issuer is not designated as a Capital Pool Company by CDNX - Continuous disclosure requirements of Alberta and British Columbia substantially the same as those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 83.1(1).

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

AND

**IN THE MATTER OF
iPERFORMANCE FUND INC.**

**ORDER
(Subsection 83.1(1))**

UPON the application of iPerformance Fund Inc. (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company representing to the Commission as follows:

1. The Company is a corporation incorporated on December 17, 1999 under the *Business Corporations Act* (Alberta) (the "ABCA").
2. The principal executive office of the Company is located in Toronto, Ontario.
3. The authorized share capital of the Company consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of first preferred shares (the "First Preferred Shares") of which 21,725,016 Common Shares and 7,000,000 First Preferred Shares, Series A were issued and outstanding as of October 26, 2001. The First Preferred Shares convert into Common Shares of the Company on a 1:1 basis at the option of the Company in certain events.
4. The outstanding Common Shares currently trade on the Canadian Venture Exchange (the "CDNX") under the trading symbol "IPR" and have been listed on the CDNX since August 8, 2000.

5. The Company is not designated as a Capital Pool Company by the CDNX.
6. The Company became a reporting issuer in the Province of Alberta under the *Securities Act* (Alberta) (the "Alberta Act") on July 12, 2000 and in the Province of British Columbia under the *Securities Act* (British Columbia) (the "B.C. Act") on July 12, 2000 and is not in default of any requirements of the Alberta Act or the BC Act or the regulations made thereunder.
7. The Company is not a reporting issuer in Ontario, and is not a reporting issuer, or equivalent, in any jurisdiction other than British Columbia and Alberta.
8. The continuous disclosure requirements of the Alberta Act and the B.C. Act are substantially the same as the requirements of the Act.
9. The continuous disclosure material filed by the Company as a reporting issuer under the Alberta Act and the B.C. Act is available on the System for Electronic Document Analysis and Retrieval ("SEDAR").
10. The Company has a significant connection to Ontario in that: (i) its controlling shareholder, Hirsch Asset Management Corp., incorporated under the laws of Ontario with its head office in Toronto, is the owner, beneficially and of record, of 7,333,334 Common Shares and 7,000,000 First Preferred Shares representing approximately 33.7% of the outstanding Common Shares and 100% of the outstanding First Preferred Shares; and (ii) the Company's mind and management is located in the province of Ontario by virtue of its Chairman, Chief Executive Officer and Chief Financial Officer and the majority of its directors being resident in Ontario.
11. The Company has not been subject to any penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation, or by a Canadian securities regulatory authority, and has not entered into any settlement agreements with any Canadian securities regulatory authority.
12. Neither the Company nor any of its officers, directors, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company, 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 other than Veronika Hirsch, a director of the Company, who was subject of an investigation by the Commission and the British Columbia Securities Commission relating to the purchase of securities which were not qualified for sale in the Province of Ontario, which matter was subject to a settlement agreement dated November 4, 1997; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee within the preceding 10 years.

13. None of the officers or directors of the Company, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company, 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 or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.
14. Except as set out in paragraph 12, neither the Company nor any of its officers, directors, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company 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.

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

IT IS ORDERED pursuant to subsection 83.1(1) of the Act that the Company is deemed to be a reporting issuer for the purposes of the Act.

March 18, 2002.

"Margo Paul"

2.2.6 Enersource Corporation - ss.83.1(1)

Headnote

Subsection 83.1(1) - special purpose trust established to invest in and facilitate financing of infrastructure projects and related programs - trust made a prospectus offering of bonds secured by and with recourse limited to rights of trust under a credit facility with issuer - financial and other disclosure in prospectus and ultimate investment decision relate to issuer and not trust - issuer had contractually agreed to comply with continuous disclosure requirements of Canadian securities laws as if it were a "reporting issuer" or the equivalent in each province of Canada - prospectus collectively contained substantially the disclosure about issuer that would have been included in a prospectus for an initial public offering by issuer - issuer deemed to be a reporting issuer in Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss.83.1(1).

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

AND

**IN THE MATTER OF
ENERSOURCE CORPORATION**

**ORDER
(Subsection 83.1(1))**

UPON the application of Enersource Corporation ("**Enersource**") for an order, pursuant to subsection 83.1(1) of the Act, deeming Enersource to be a reporting issuer for the purposes of Ontario securities law;

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the "Commission");

AND UPON Enersource representing to the Commission as follows:

1. Enersource is a corporation governed by the *Business Corporations Act* (Ontario) (the "**Corporations Act**");
2. The registered and principal executive office of Enersource is located in Mississauga, Ontario.
3. The authorized capital of Enersource consists of an unlimited number of Class A shares ("**Enersource A Shares**"), 1,000 Class B shares ("**Enersource B Shares**") and 100 Class C shares ("**Enersource C Shares**"), of which there were issued and outstanding at June 30, 2001, 180,555,562 Enersource A Shares, 1,000 Enersource B Shares and 100 Enersource C Shares. The Corporation of the City of Mississauga ("**Mississauga**") holds all of the issued Enersource A Shares and 900 Enersource B Shares. Borealis Energy

- Corporation ("**Borealis Energy**") holds 100 Enersource B Shares and all of the issued Enersource C Shares.
4. Enersource is not a "reporting issuer" or the equivalent in any jurisdiction.
 5. Enersource is a holding company for Enersource Hydro Mississauga Inc. ("**Enersource Hydro Mississauga**") and Enersource Services Inc. ("**Enersource Services**").
 6. Enersource Hydro Mississauga is a corporation governed by the *Corporations Act* carrying on business as an electricity distribution company regulated under the *Energy Competition Act, 1998* ("**Energy Act**"). Its business consists primarily of the distribution of electricity to businesses and residences in the Mississauga area.
 7. Enersource Services is a corporation governed by the *Corporations Act* carrying on all of the businesses of Enersource that are not subject to regulation under the *Energy Act*, directly or through Enersource Services' subsidiaries.
 8. Pursuant to a prospectus filed by Borealis Infrastructure Trust ("**Borealis**") in all provinces of Canada and dated April 25, 2001 (the "**Prospectus**") and a prospectus supplement dated April 26, 2001 (the "**Prospectus Supplement**"), Borealis has distributed to the public Borealis-Enersource Series Bonds in the principal amount of \$290,000,000 and has the ability to sell up to an aggregate of \$500,000,000 of such bonds (the "**Enersource Bonds**").
 9. Borealis is a special purpose trust that has been established by Borealis Infrastructure Management Inc., which is governed by the laws of the Province of Ontario. The purpose of Borealis is to invest in and facilitate the financing of infrastructure projects and related programs initiated by Borealis Funds Management Ltd. or its affiliates. Borealis has entered into a trust indenture (the "**Trust Indenture**") with The Trust Company of the Bank of Montreal, as trustee for the bondholders, to permit the issuance of separately secured bonds, in series, to finance such investments by Borealis.
 10. The Enersource Bonds are issued under an Enersource Series Supplemental Trust Indenture to the Trust Indenture which provides that the Enersource Bonds are issuable at the discretion of Borealis in one or more tranches. The Enersource Bonds are direct obligations of Borealis, secured by (with recourse limited to) (i) the loans advanced by Borealis to Enersource under a credit agreement, (ii) the benefit of such credit agreement and (iii) a securities pledge agreement creating a first ranking security interest on all present and future equity or other ownership interests held by Enersource in the capital of municipal electric utilities, and share certificates representing such interests granted by Enersource to Borealis while any bridge loans are outstanding to secure Enersource's obligations to repay term loans and bridge loans. The collateral for the Enersource Bonds is segregated and identified as being applicable only to such Enersource Bonds.
 11. The funds received by Borealis from Enersource Bond distributions are advanced to Enersource.
 12. Enersource has contractually agreed with Borealis to: (i) provide to Borealis; (ii) file directly on SEDAR; and (iii) deliver to holders of the Enersource Bonds, on Borealis' behalf, the unaudited consolidated interim financial statements and unaudited consolidated annual financial statements of Enersource, each prepared in accordance with Canadian GAAP and applicable securities laws. Enersource has contractually agreed to file material change reports on SEDAR. Enersource has agreed to in all respects comply with the continuous and episodic disclosure requirements of the Canadian securities laws as if it were a "reporting issuer" or the equivalent in each province of Canada. In addition, Enersource is contractually obligated to cooperate with Borealis in the preparation of all disclosure documents prepared by Borealis, with respect to information relating to Enersource and its subsidiaries, and assist in the preparation of investor relations materials and attend at, as reasonably requested, meetings with investors, rating agencies and analysts. The above are collectively referred to as the "**Disclosure Obligations**".
 13. The Prospectus and Prospectus Supplement collectively contained substantially the disclosure about Enersource that would have been included in a prospectus for an initial public offering of Enersource securities, and such disclosure was sufficient to enable an investor in the Enersource Bonds to evaluate the investment.
 14. As part of the Prospectus filing, Enersource undertook to the Commission to make an application to be deemed to be a "reporting issuer", for the purposes of paragraph (f) of the definition of "reporting issuer" in section 1(1) of the Act, following the issuance of a receipt for the final Prospectus and Prospectus Supplement;
 15. The Disclosure Obligations are substantially the same as the requirements of the Act.
 16. Since the filing of the Prospectus, Enersource has complied with the Disclosure Obligations.
 17. Enersource does not have any securities listed on a stock exchange and there is no trading or quotation system through which Enersource's securities are traded or quoted.
 18. Neither Enersource nor any of its officers, directors or its controlling shareholder 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.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that Enersource is deemed to be a reporting issuer for the purposes of Ontario securities law.

March 19, 2002.

"Paul M. Moore"

"H. Lorne Morphy"

2.2.7 Susquehanna Financial Group, Inc. - s. 211 of the Regulation

Headnote

Applicant for registration as international dealer exempted from requirement in subsection 208(2) of the Regulation that it carry on the business of underwriter in a country other than Canada where applicant will not act as underwriter in Ontario - Applicant is registered with the S.E.C. as a broker-dealer and is a member of the N.A.S.D.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Securities act, R.R.O., Reg. 1015, as am., ss.100(3), 208(1), 208(2) and 211.

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

AND

**IN THE MATTER OF
R.R.O. 1990, REGULATION 1015,
AS AMENDED
(the "Regulation")**

AND

**IN THE MATTER OF
SUSQUEHANNA FINANCIAL GROUP, INC.**

**ORDER
(Section 211 of the Regulation)**

UPON the application (the "Application") of Susquehanna Financial Group, Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 211 of the Regulation, exempting the Applicant from the requirement in subsection 208(2) of the Regulation that the Applicant carry on the business of an underwriter in a country other than Canada, in order for the Applicant to be registered under the Act as a dealer in the category of "international dealer";

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant has filed an application for registration as a dealer under the Act in the category of "international dealer" in accordance with section 208 of the Regulation. The Applicant is not presently registered in any capacity under the Act.

2. The Applicant is a corporation formed under the laws of the State of Delaware, United States of America, and having its principal place of business at 401 City Avenue, Suite 220, Bala Cynwyd, Pennsylvania, USA.
3. The Applicant is registered as a broker-dealer with the United States Securities and Exchange Commission (the "SEC"), and with the appropriate state securities authority in 50 state jurisdictions of the United States and in the District of Columbia. The Applicant is also a member of the National Association of Securities Dealers (the "NASD").
4. The Applicant's principal business is confined primarily to providing securities executions to other broker-dealers and large financial institutions.
5. The Applicant does not currently act as an underwriter in the United States. The Applicant does not currently act as an underwriter in any other jurisdiction outside of the United States.
6. In the absence of the relief requested in this Application, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of "international dealer" as it does not carry on the business of an underwriter in a country other than Canada.
7. The Applicant does not now act as an underwriter in Ontario and will not act as an underwriter in Ontario if it is registered under the Act as an "international dealer", despite the fact that subsection 100(3) of the Regulation provides that an "international dealer" is deemed to have been granted registration as an underwriter for the purposes of permitted distributions.

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

IT IS ORDERED, pursuant to section 211 of the Regulation, that, in connection with the registration of the Applicant as a dealer under the Act in the category of "international dealer", the Applicant is exempt from the provisions of subsection 208(2) of the Regulation requiring that the Applicant carry on the business of an underwriter in a country other than Canada, provided that, so long as the Applicant is registered under the Act as an "international dealer":

- (a) the Applicant carries on the business of a dealer in a country other than Canada; and
- (b) notwithstanding subsection 100(3) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

March 19, 2002.

"Paul M. Moore"

"H. Lorne Morphy"

2.2.8 New Generation Biotech (Equity) Fund Inc. - s. 144

Headnote

A variation order granted to labour sponsored investment fund corporation permit it to pay co-operative marketing expenses out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. S.144

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices

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

AND

**IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
- MUTUAL FUNDS SALES PRACTICES**

AND

**IN THE MATTER OF
NEW GENERATION BIOTECH (EQUITY) FUND INC.**

**VARIATION ORDER
(Section 144 of the Act)**

WHEREAS on December 22, 2000 the Ontario Securities Commission (the "Commission") granted New Generation Biotech (Equity) Fund Inc. (the "Fund") relief from section 2.1 of National Instrument ("NI") 81-105 to make certain payments to participating dealers in connection with the distribution of Class A Shares (the "Prior Decision");

AND WHEREAS the Prior Decision does not provide relief for the Fund to pay co-operative marketing expenses ("Co-op Expenses") to participating dealers;

AND WHEREAS the Commission has received an application from the Fund for an order pursuant to section 144 of the Act to vary the Prior Decision to allow the Fund to pay Co-op Expenses to participating dealers;

AND WHEREAS the Fund has represented to the Commission as follows:

1. The Fund is a corporation incorporated under the Business Corporations Act (Ontario). The Fund is registered as a labour sponsored investment fund corporation under the Community Small Business Investment Funds Act (Ontario), as amended, and is a prescribed labour sponsored venture capital corporation under the Income Tax Act (Canada), as amended.

2. The Class A Shares in the capital of the Fund are currently qualified for distribution in the Province of Ontario pursuant to a renewal prospectus dated December 31, 2001 (the "Prospectus").
3. The Fund desires to pay for the reimbursement of Co-op Expenses incurred by certain dealers in promoting sales of Class A Shares, pursuant to co-operative marketing agreements the Fund may enter into with such dealers.
4. The fact that the Fund intends, subject to regulatory approval, to pay the Co-op Expenses directly is disclosed in the Prospectus.
5. Requiring the manager of the Fund to pay the Co-op Expenses while granting an exemption to other labour funds permitting such funds to pay similar Co-op Expenses directly, would put the Fund at a permanent and serious competitive disadvantage with its competitors.
6. The Fund undertakes to comply with all other provisions of NI 81-105 other than those provisions from which the Fund has been granted relief.

IT IS ORDERED pursuant to section 144 of the Act that the Prior Decision is hereby varied by replacing representation paragraph 5 of the Prior Decision with the following representation:

"The Fund intends to pay to participating dealers a sales commission of 6% of the net asset value per Class A Share purchased for certain costs of distributing its shares directly. The Fund will also pay a corporate finance fee of 0.5% of the gross proceeds raised on the initial offering of Class A Shares to TD Securities Inc. The Fund intends to pay the co-operative marketing expenses incurred on its behalf by certain participating dealers pursuant to co-operative marketing agreements entered into with such dealers. Collectively, the sales commissions, the corporate finance fee and the co-operative marketing expenses are referred to as "Distribution Costs".

THIS ORDER is subject to the following conditions:

- (a) the Co-op Expenses are otherwise permitted by, and paid in accordance with NI 81-105, except to the extent that the Fund has previously been granted specific relief under NI 81-105; and
- (b) the Co-op Expenses are expensed when incurred for accounting purposes.

March 19, 2002.

"Paul Moore"

"H. Lorne Morphy"

2.2.9 Robert Thomislav Adzija and Larry Ayres et al. - ss. 127(1)

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the Commission) issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the Act) respecting Larry Allan Ayres ("Ayres") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Ayres and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Ayres entered into a Settlement Agreement dated February 28, 2002 in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Ayres and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement dated February 28, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Ayres cease for 90 days commencing on the date of this Order;
3. pursuant to subsection 127(1), paragraph 6, Ayres is reprimanded; and

4. the Temporary Order as against Ayres is no longer of any force or effect.

March 4, 2002.

"Paul Moore"

"R. Stephen Paddon"

"K.D. Adams"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**SETTLEMENT AGREEMENT BETWEEN STAFF OF THE
ONTARIO SECURITIES COMMISSION
AND LARRY ALLEN AYRES**

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:
 - (a) whether, pursuant to subsection 127(1) of the Securities Act, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Larry Allen Ayres ("Ayres") permanently or for such time as the Commission may direct; and
 - (b) such other orders as the Commission deems appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Ayres initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Ayres consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Ayres agree with the facts set out in paragraphs 4 through 15 of this Settlement Agreement.

Facts

4. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. Alan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

- The Saxton Trading Corp.
- The Saxton Export Corp.
- The Saxton Export (II) Corp.
- The Saxton Export (III) Corp.
- The Saxton Export (IV) Corp.
- The Saxton Export (V) Corp.
- The Saxton Export (VI) Corp.
- The Saxton Export (VII) Corp.
- The Saxton Export (VIII) Corp.
- The Saxton Export (IX) Corp.
- The Saxton Export (X) Corp.
- The Saxton Export (XI) Corp.
- The Saxton Export (XII) Corp.
- The Saxton Export (XIII) Corp.
- The Saxton Export (XIV) Corp.
- The Saxton Export (XV) Corp.
- The Saxton Export (XVI) Corp.
- The Saxton Export (XVII) Corp.
- The Saxton Export (XVIII) Corp.
- The Saxton Export (XIX) Corp.
- The Saxton Export (XX) Corp.
- The Saxton Export (XXI) Corp.
- The Saxton Export (XXII) Corp.
- The Saxton Export (XXIII) Corp.
- The Saxton Export (XXIV) Corp.
- The Saxton Export (XXV) Corp.
- The Saxton Export (XXVI) Corp.
- The Saxton Export (XXVII) Corp.
- The Saxton Export (XXVIII) Corp.
- The Saxton Export (XXIX) Corp.
- The Saxton Export (XXX) Corp.
- The Saxton Export (XXXI) Corp.
- The Saxton Export (XXXII) Corp.
- The Saxton Export (XXXIII) Corp.
- The Saxton Export (XXXIV) Corp.
- The Saxton Export (XXXV) Corp.
- The Saxton Export (XXXVI) Corp.
- The Saxton Export (XXXVII) Corp.
- The Saxton Export (XXXVIII) Corp.

5. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

6. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately \$37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately \$5.5 million.

7. Ayres has never been registered with the Commission to trade in securities.

8. Between June 3, 1997 and May 26, 1998, Ayres sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Ayres sold the Saxton Securities to 23 Ontario investors for a total amount sold of approximately \$462,000. Of this amount, approximately \$360,000 was sold to Ayres' family.

9. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Ayres's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

10. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities, Ayres traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.

11. Further, by selling the Saxton Securities, Ayres traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.

12. Ayres did not receive commissions for the sale of the Saxton Securities described in paragraph 8 above.

13. Ayres informs Staff that in addition to the \$360,000 referenced in paragraph 8, he and his family invested approximately \$244,500 in the Offering Corporations through another salesperson.

14. Ayres co-operated with Staff in its investigation of this matter.

15. Ayres's conduct in selling the Saxton Securities was contrary to the public interest.

IV. TERMS OF SETTLEMENT

16. Ayres agrees to the following terms of settlement:
- (a) the making of an order:
 - (i) approving this settlement;
 - (ii) that trading in any securities by Ayres cease for 90 days;
 - (iii) reprimanding Ayres; and
 - (iv) that the Temporary Order of the Commission dated September 24, 1998 as against Ayres no longer has any force or effect.

V. STAFF COMMITMENT

17. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Ayres in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

- 18. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 4, 2002, or such other date as may be agreed to by Staff and Ayres (the "Settlement Hearing").
- 19. Counsel for Staff or Ayres may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Ayres agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.
- 20. If this settlement is approved by the Commission, Ayres agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.
- 21. Staff and Ayres agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.
- 22. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:
 - (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Ayres leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Ayres;
 - (b) Staff and Ayres shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;
 - (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Ayres or as may be required by law; and
 - (d) Ayres agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

- 23. Except as permitted under paragraph 19 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Ayres until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Ayres, or as may be required by law.

- 24. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

- 25. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.
- 26. A facsimile copy of any signature shall be as effective as an original signature.

February 28, 2002.

"Marlene Ayres"

WITNESS

"Larry Allen Ayres"

LARRY ALLEN AYRES

February 28, 2002.

STAFF OF THE ONTARIO
SECURITIES COMMISSION

"Michael Watson"

MICHAEL WATSON
Director, Enforcement Branch

Schedule "A"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the Commission) issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the Act) respecting Larry Allan Ayres ("Ayres") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Ayres and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Ayres entered into a Settlement Agreement dated February 28, 2002 in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Ayres and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement dated February 28, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Ayres cease for 90 days commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Ayres is reprimanded; and
4. the Temporary Order as against Ayres is no longer of any force or effect.

DATED at Toronto this day of , 2002.

**2.2.10 Robert Thomislav Adzija and Ernest Kiss,
et al. - ss. 127(1)**

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Ernest Kiss ("Kiss") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Kiss and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Kiss entered into a Settlement Agreement in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Kiss and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement executed February 28 and March 1, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Kiss cease for 90 days commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Kiss is reprimanded; and
4. the Temporary Order as against Kiss no longer has any force or effect.

March 4, 2002.

"Paul Moore"

"R. Stephen Paddon"

"K.D. Adams"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND ERNEST KISS**

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:
 - (a) whether, pursuant to subsection 127(1) of the Securities Act, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Ernest Kiss ("Kiss") permanently or for such time as the Commission may direct; and
 - (b) such other orders as the Commission deems appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Kiss initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Kiss consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Kiss agree with the facts set out in paragraphs 4 through 14 of this Settlement Agreement.

Facts

4. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. Alan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

The Saxton Trading Corp.
The Saxton Export Corp.
The Saxton Export (II) Corp.
The Saxton Export (III) Corp.
The Saxton Export (IV) Corp.
The Saxton Export (V) Corp.
The Saxton Export (VI) Corp.
The Saxton Export (VII) Corp.
The Saxton Export (VIII) Corp.
The Saxton Export (IX) Corp.
The Saxton Export (X) Corp.
The Saxton Export (XI) Corp.
The Saxton Export (XII) Corp.
The Saxton Export (XIII) Corp.
The Saxton Export (XIV) Corp.
The Saxton Export (XV) Corp.
The Saxton Export (XVI) Corp.
The Saxton Export (XVII) Corp.
The Saxton Export (XVIII) Corp.
The Saxton Export (XIX) Corp.
The Saxton Export (XX) Corp.
The Saxton Export (XXI) Corp.
The Saxton Export (XXII) Corp.
The Saxton Export (XXIII) Corp.
The Saxton Export (XXIV) Corp.
The Saxton Export (XXV) Corp.
The Saxton Export (XXVI) Corp.
The Saxton Export (XXVII) Corp.
The Saxton Export (XXVIII) Corp.
The Saxton Export (XXIX) Corp.
The Saxton Export (XXX) Corp.
The Saxton Export (XXXI) Corp.
The Saxton Export (XXXII) Corp.
The Saxton Export (XXXIII) Corp.
The Saxton Export (XXXIV) Corp.
The Saxton Export (XXXV) Corp.
The Saxton Export (XXXVI) Corp.
The Saxton Export (XXXVII) Corp.
The Saxton Export (XXXVIII) Corp.

5. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.
6. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately \$37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately \$5.5 million.
7. Kiss has never been registered with the Commission under the Act to trade in securities.

8. Between 1996 and 1998, Kiss sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Kiss sold the Saxton Securities to three Ontario investors, each of whom he knew personally, for a total sold of approximately \$100,000.00.
9. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Kiss' sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.
10. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities, Kiss traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.
11. Further, by selling the Saxton Securities, Kiss traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.
12. Kiss received commissions of approximately \$5000.00 on the sales described in paragraph 8 above.
13. Kiss co-operated with Staff in its investigation of this matter.
14. Kiss' conduct in selling the Saxton Securities was contrary to the public interest.

IV. TERMS OF SETTLEMENT

15. Kiss agrees to the following terms of settlement:
 - (a) the making of an order:
 - (i) approving this settlement;
 - (ii) that trading in any securities by Kiss cease for 90 days;
 - (iii) reprimanding Kiss; and
 - (iv) that the Temporary Order of the Commission dated September 24, 1998 no longer has any force and effect as against Kiss.

V. STAFF COMMITMENT

16. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Kiss in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

17. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 4, 2002, or such

other date as may be agreed to by Staff and Kiss (the "Settlement Hearing").

18. Counsel for Staff or Kiss may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Kiss agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.
19. If this settlement is approved by the Commission, Kiss agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.
20. Staff and Kiss agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.
21. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:
 - (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Kiss leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Kiss;
 - (b) Staff and Kiss shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;
 - (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Kiss or as may be required by law; and
 - (d) Kiss agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

22. Except as permitted under paragraph 18 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Kiss until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Kiss, or as may be required by law.
23. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

- 24. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.
- 25. A facsimile copy of any signature shall be as effective as an original signature.

February 28, 2002.

“Witness”

“Ernest Kiss”

WITNESS

ERNEST KISS

March 1, 2002.

STAFF OF THE ONTARIO
SECURITIES COMMISSION

“Michael Watson”

MICHAEL WATSON
Director, Enforcement Branch

Schedule “A”

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

AND

IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN

ORDER
(Subsection 127(1))

WHEREAS on September 24, 1998, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the “Act”) respecting Ernest Kiss (“Kiss”) and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Kiss and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the “Temporary Order”);

AND WHEREAS Kiss entered into a Settlement Agreement in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Kiss and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement executed February 28 and March 1, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Kiss cease for 90 days commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Kiss is reprimanded; and
4. the Temporary Order as against Kiss no longer has any force or effect.

DATED at Toronto this _____ day of _____, 2002

2.2.11 Robert Thomislav Adzija and Arthur Krick et al. - ss. 127(1)

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Arthur Krick ("Krick") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Krick and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Krick entered into a Settlement Agreement in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Krick and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement executed February 27 and 28, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Krick cease for 90 days commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Krick is reprimanded; and
4. the Temporary Order as against Krick no longer has any force or effect.

March 4, 2002.

"Paul Moore"

" R. Stephen Paddon"

" K.D. Adams"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND ARTHUR KRICK**

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:
 - (a) whether, pursuant to subsection 127(1) of the Securities Act, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Arthur Krick ("Krick") permanently or for such time as the Commission may direct; and
 - (b) such other orders as the Commission deems appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Krick initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Krick consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Krick agree with the facts set out in paragraphs 4 through 14 of this Settlement Agreement.

Facts

4. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. Alan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

- The Saxton Trading Corp.
- The Saxton Export Corp.
- The Saxton Export (II) Corp.
- The Saxton Export (III) Corp.
- The Saxton Export (IV) Corp.
- The Saxton Export (V) Corp.
- The Saxton Export (VI) Corp.
- The Saxton Export (VII) Corp.
- The Saxton Export (VIII) Corp.
- The Saxton Export (IX) Corp.
- The Saxton Export (X) Corp.
- The Saxton Export (XI) Corp.
- The Saxton Export (XII) Corp.
- The Saxton Export (XIII) Corp.
- The Saxton Export (XIV) Corp.
- The Saxton Export (XV) Corp.
- The Saxton Export (XVI) Corp.
- The Saxton Export (XVII) Corp.
- The Saxton Export (XVIII) Corp.
- The Saxton Export (XIX) Corp.
- The Saxton Export (XX) Corp.
- The Saxton Export (XXI) Corp.
- The Saxton Export (XXII) Corp.
- The Saxton Export (XXIII) Corp.
- The Saxton Export (XXIV) Corp.
- The Saxton Export (XXV) Corp.
- The Saxton Export (XXVI) Corp.
- The Saxton Export (XXVII) Corp.
- The Saxton Export (XXVIII) Corp.
- The Saxton Export (XXIX) Corp.
- The Saxton Export (XXX) Corp.
- The Saxton Export (XXXI) Corp.
- The Saxton Export (XXXII) Corp.
- The Saxton Export (XXXIII) Corp.
- The Saxton Export (XXXIV) Corp.
- The Saxton Export (XXXV) Corp.
- The Saxton Export (XXXVI) Corp.
- The Saxton Export (XXXVII) Corp.
- The Saxton Export (XXXVIII) Corp.

5. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

6. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately \$37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately \$5.5 million.

7. During the material time, Krick was a life insurance agent. Krick has never been registered with the Commission under the Act to trade in securities.

8. Between February 11, 1997 and August 13, 1998, Krick sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Krick sold the Saxton Securities to seventeen Ontario investors for a total amount sold of approximately \$292,000.

9. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Krick's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

10. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities, Krick traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.

11. Further, by selling the Saxton Securities, Krick traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.

12. Krick advised his clients that the purchase of Saxton Securities was a speculative investment. In most cases, Krick placed only a small percentage of a client's portfolio in such Securities.

13. Krick received commissions of approximately \$4250 on the sales described in paragraph 8 above.

14. Krick co-operated with Staff in its investigation of this matter.

15. Krick's conduct in selling the Saxton Securities was contrary to the public interest.

IV. TERMS OF SETTLEMENT

16. Krick agrees to the following terms of settlement:

- (a) the making of an order:
 - (i) approving this settlement;
 - (ii) that trading in any securities by Krick cease for 90 days;
 - (iii) reprimanding Krick; and
 - (iv) that the Temporary Order of the Commission dated September 24, 1998 no longer has any force or effect as against Krick.

V. STAFF COMMITMENT

17. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Krick in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

- 18. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 4, 2002, or such other date as may be agreed to by Staff and Krick (the "Settlement Hearing").
- 19. Counsel for Staff or Krick may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Krick agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.
- 20. If this settlement is approved by the Commission, Krick agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.
- 21. Staff and Krick agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.
- 22. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:
 - (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Krick leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Krick;
 - (b) Staff and Krick shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;
 - (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Krick or as may be required by law; and
 - (d) Krick agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

- 23. Except as permitted under paragraph 19 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Krick until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Krick, or as may be required by law.

- 24. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

- 25. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.
- 26. A facsimile copy of any signature shall be as effective as an original signature.

February 27, 2002.

"Witness" "Arthur Krick"

February 28, 2002.

STAFF OF THE ONTARIO
SECURITIES COMMISSION

"Michael Watson"

Schedule "A"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Arthur Krick ("Krick") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Krick and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Krick entered into a Settlement Agreement in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Krick and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement executed February 27 and 28, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Krick cease for 90 days commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Krick is reprimanded; and
4. the Temporary Order as against Krick no longer has any force or effect.

DATED at Toronto this _____ day of March, 2002



**2.2.12 Robert Thomislav Adzija and Ron
Maasschaele et al. - ss. 127(1)**

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Ron Masschaele ("Masschaele") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Masschaele and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Masschaele entered into a Settlement Agreement dated February 28, 2002 in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Masschaele and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement dated February 28, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Masschaele cease for 6 months commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Masschaele is reprimanded; and
4. the Temporary Order as against Masschaele is no longer of any force or effect.

March 4, 2002.

"Paul Moore"

"R. Stephen Paddon"

"K.D. Adams"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND RON MASSCHAELE**

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:
 - (a) whether, pursuant to subsection 127(1) of the Securities Act, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Ron Masschaele ("Masschaele") permanently or for such time as the Commission may direct; and
 - (b) such other orders as the Commission deems appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Masschaele initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Masschaele consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Masschaele agree with the facts set out in paragraphs 4 through 15 of this Settlement Agreement.

Facts

4. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. Alan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

The Saxton Trading Corp.
The Saxton Export Corp.
The Saxton Export (II) Corp.
The Saxton Export (III) Corp.
The Saxton Export (IV) Corp.
The Saxton Export (V) Corp.
The Saxton Export (VI) Corp.
The Saxton Export (VII) Corp.
The Saxton Export (VIII) Corp.
The Saxton Export (IX) Corp.
The Saxton Export (X) Corp.
The Saxton Export (XI) Corp.
The Saxton Export (XII) Corp.
The Saxton Export (XIII) Corp.
The Saxton Export (XIV) Corp.
The Saxton Export (XV) Corp.
The Saxton Export (XVI) Corp.
The Saxton Export (XVII) Corp.
The Saxton Export (XVIII) Corp.
The Saxton Export (XIX) Corp.
The Saxton Export (XX) Corp.
The Saxton Export (XXI) Corp.
The Saxton Export (XXII) Corp.
The Saxton Export (XXIII) Corp.
The Saxton Export (XXIV) Corp.
The Saxton Export (XXV) Corp.
The Saxton Export (XXVI) Corp.
The Saxton Export (XXVII) Corp.
The Saxton Export (XXVIII) Corp.
The Saxton Export (XXIX) Corp.
The Saxton Export (XXX) Corp.
The Saxton Export (XXXI) Corp.
The Saxton Export (XXXII) Corp.
The Saxton Export (XXXIII) Corp.
The Saxton Export (XXXIV) Corp.
The Saxton Export (XXXV) Corp.
The Saxton Export (XXXVI) Corp.
The Saxton Export (XXXVII) Corp.
The Saxton Export (XXXVIII) Corp.

5. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.
6. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately \$37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately \$5.5 million.
7. Masschaele is a former farmer and feed salesman. He has never been registered with the Commission under the Act to trade in securities. Masschaele was recruited

by the respondent Frank Alan Latam ("Latam") to sell securities of one or more of the Offering Corporations (the "Saxton Securities"). Once recruited, Masschaele sold the Saxton Securities on a full time basis.

8. Between April 1997 and August 1998, Masschaele sold the Saxton Securities to 37 Ontario investors for a total amount sold of approximately \$1,072,627. Of this amount, approximately \$450,000 was sold to members of Masschaele's family.
9. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Masschaele's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.
10. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities, Masschaele traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.
11. Further, by selling the Saxton Securities, Masschaele traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.
12. Masschaele received commissions of approximately \$53,000 on the sales described in paragraph 8 above.
13. Masschaele informs Staff that in addition to the \$450,000 referenced in paragraph 8, he and his family invested approximately \$550,000 in the Offering Corporations through Latam.
14. Masschaele co-operated with Staff in its investigation of this matter.
15. Masschaele's conduct in selling the Saxton Securities was contrary to the public interest.

IV. TERMS OF SETTLEMENT

16. Masschaele agrees to the following terms of settlement:
 - (a) the making of an order:
 - (i) approving this settlement;
 - (ii) that trading in any securities by Masschaele cease for 6 months;
 - (iii) reprimanding Masschaele; and
 - (iv) that the Temporary Order of the Commission dated September 24, 1998 as against Masschaele no longer has any force or effect.

V. STAFF COMMITMENT

17. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act

against Masschaele in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

18. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 4, 2002, or such other date as may be agreed to by Staff and Masschaele (the "Settlement Hearing").
19. Counsel for Staff or Masschaele may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Masschaele agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.
20. If this settlement is approved by the Commission, Masschaele agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.
21. Staff and Masschaele agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.
22. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:
 - (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Masschaele leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Masschaele;
 - (b) Staff and Masschaele shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;
 - (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Masschaele or as may be required by law; and
 - (d) Masschaele agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

23. Except as permitted under paragraph 19 above, this Settlement Agreement and its terms will be treated as

confidential by Staff and Masschaele until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Masschaele, or as may be required by law.

24. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

25. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

26. A facsimile copy of any signature shall be as effective as an original signature.

February 28, 2002.

"Witness"

"Ron Masschaele"



February 28, 2002.

STAFF OF THE ONTARIO
SECURITIES COMMISSION

"Michael Watson"

Schedule "A"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Ron Masschaele ("Masschaele") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Masschaele and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Masschaele entered into a Settlement Agreement dated February 28, 2002 in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Masschaele and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement dated February 28, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Masschaele cease for 6 months commencing on the date of this Order;
3. pursuant to subsection 127(1), paragraph 6, Masschaele is reprimanded; and

4. the Temporary Order as against Masschaele is no longer of any force or effect.

DATED at Toronto this day of March, 2002

2.2.13 Robert Thomislav Adzija and Michael Vaughan et Al. - ss. 127(1)



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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Michael Vaughan ("Vaughan") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Vaughan and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Vaughan entered into a Settlement Agreement in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Vaughan and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement executed February 28 and March 1, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Vaughan cease for 90 days commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Vaughan is reprimanded; and
4. the Temporary Order as against Vaughan no longer has any force or effect.

March 4, 2002.

"Paul Moore"

"R. Stephen Paddon"

"K.D. Adams"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND MICHAEL VAUGHAN**

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:
 - (a) whether, pursuant to subsection 127(1) of the Securities Act, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Michael Vaughan ("Vaughan") permanently or for such time as the Commission may direct; and
 - (b) such other orders as the Commission deems appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Vaughan initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Vaughan consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Vaughan agree with the facts set out in paragraphs 4 through 14 of this Settlement Agreement.

Facts

4. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. Alan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

- The Saxton Trading Corp.
- The Saxton Export Corp.
- The Saxton Export (II) Corp.
- The Saxton Export (III) Corp.
- The Saxton Export (IV) Corp.
- The Saxton Export (V) Corp.
- The Saxton Export (VI) Corp.
- The Saxton Export (VII) Corp.
- The Saxton Export (VIII) Corp.
- The Saxton Export (IX) Corp.
- The Saxton Export (X) Corp.
- The Saxton Export (XI) Corp.
- The Saxton Export (XII) Corp.
- The Saxton Export (XIII) Corp.
- The Saxton Export (XIV) Corp.
- The Saxton Export (XV) Corp.
- The Saxton Export (XVI) Corp.
- The Saxton Export (XVII) Corp.
- The Saxton Export (XVIII) Corp.
- The Saxton Export (XIX) Corp.
- The Saxton Export (XX) Corp.
- The Saxton Export (XXI) Corp.
- The Saxton Export (XXII) Corp.
- The Saxton Export (XXIII) Corp.
- The Saxton Export (XXIV) Corp.
- The Saxton Export (XXV) Corp.
- The Saxton Export (XXVI) Corp.
- The Saxton Export (XXVII) Corp.
- The Saxton Export (XXVIII) Corp.
- The Saxton Export (XXIX) Corp.
- The Saxton Export (XXX) Corp.
- The Saxton Export (XXXI) Corp.
- The Saxton Export (XXXII) Corp.
- The Saxton Export (XXXIII) Corp.
- The Saxton Export (XXXIV) Corp.
- The Saxton Export (XXXV) Corp.
- The Saxton Export (XXXVI) Corp.
- The Saxton Export (XXXVII) Corp.
- The Saxton Export (XXXVIII) Corp.

5. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

6. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately \$37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately \$5.5 million.

7. During the material time, Vaughan was a life insurance agent. He has never been registered with the Commission under the Act to trade in securities.

8. Between 1996 and 1998, Vaughan sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Vaughan sold the Saxton Securities to two Ontario investors for a total amount sold of approximately \$35,000.

9. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Vaughan's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

10. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities to his clients, Vaughan traded in securities, which trades were distributions, without a prospectus being filed or received by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.

11. Further, by selling the Saxton Securities to his clients, Vaughan traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.

12. Vaughan received commissions of approximately \$855 on the sales described in paragraph 8 above.

13. Vaughan co-operated with Staff's investigation of this matter.

14. Vaughan's conduct in selling the Saxton Securities was contrary to the public interest.

IV. TERMS OF SETTLEMENT

15. Vaughan agrees to the following terms of settlement:
- (a) the making of an order:
 - (i) approving this settlement;
 - (ii) that trading in any securities by Vaughan cease for 90 days;
 - (iii) reprimanding Vaughan; and
 - (iv) that the Temporary Order of the Commission dated September 24, 1998 as against Vaughan no longer has any force or effect.

V. STAFF COMMITMENT

16. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Vaughan in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

17. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 4, 2002, or such other date as may be agreed to by Staff and Vaughan (the "Settlement Hearing").

- 18. Counsel for Staff or Vaughan may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Vaughan agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.
- 19. If this settlement is approved by the Commission, Vaughan agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.
- 20. Staff and Vaughan agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.
- 21. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:
 - (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Vaughan leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Vaughan;
 - (b) Staff and Vaughan shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;
 - (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Vaughan or as may be required by law; and
 - (d) Vaughan agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

- 22. Except as permitted under paragraph 18 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Vaughan until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Vaughan, or as may be required by law.
- 23. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

- 24. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.
- 25. A facsimile copy of any signature shall be as effective as an original signature.

February 28, 2002.

"Witness"

Michael Vaughan

March 12, 2002.

STAFF OF THE ONTARIO
SECURITIES COMMISSION

Michael Watson



Schedule "A"

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

AND

**IN THE MATTER OF
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,
DAVID ARTHUR BENDING, MARLENE BERRY,
DOUGLAS CROSS, ALLAN JOSEPH DORSEY,
ALLAN EIZENGA, GUY FANGEAT, RICHARD JULES
FANGEAT, MICHAEL HERSEY, GEORGE EDWARD
HOLMES, TODD MICHAEL JOHNSTON, MICHAEL
THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY,
ERNEST KISS, ARTHUR KRICK, FRANK ALAN LATAM,
BRIAN LAWRENCE, LUKE JOHN MCGEE, RON
MASSCHAELE, JOHN NEWMAN, RANDALL NOVAK,
NORMAND RIOPELLE, ROBERT LOUIS RIZZUTO
AND MICHAEL VAUGHAN**

**ORDER
(Subsection 127(1))**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Michael Vaughan ("Vaughan") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Vaughan and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Vaughan entered into a Settlement Agreement in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Vaughan and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement executed February 28 and March 1, 2002 is approved;
2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Vaughan cease for 90 days commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Vaughan is reprimanded; and
4. the Temporary Order as against Vaughan no longer has any force or effect.

DATED at Toronto this day of , 2002

Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

This Page Intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Applause Corporation	08 Mar 02	20 Mar 02	20 Mar 02	
Digital Duplication Inc.	04 Jan 02	18 Jan 02	18 Jan 02	19 Mar 02
KRG Television Limited	05 Mar 02	15 Mar 02	15 Mar 02	
MarkeTVision Direct Inc.	05 Dec 01	17 Dec 01	17 Dec 01	11 Mar 02
Nevada Bob's Golf Inc.	08 Mar 02	20 Mar 02	20 Mar 02	
Peaksoft Multinet Corp.	05 Mar 02	15 Mar 02	15 Mar 02	
TMI-Learnix Inc.	08 Mar 02	20 Mar 02	20 Mar 02	

This Page Intentionally left blank

Chapter 5
Rules and Policies

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

This Page Intentionally left blank

Chapter 6
Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

This Page Intentionally left blank

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 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 72 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

Reports of Trades Submitted on Form 45-501F1

<u>Trans. Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
25Feb02	Bank of Montreal Capital Corporation	2008632 Ontario Inc. - Common Shares and Notes	1, 2,750,000	1, 2,750,000 Resp.
01Mar02	534381 Ontario Ltd.	ABC American-Value Fund - Units	150,000	23,139
101Mar02	10 Purchasers	ABC Fundamental-Value Fund - Units	1,520,552	249,497
01Mar02	Beth Jeanine Wright	ABC Fully-Managed Fund - Units	18,648	150,000
07Feb02		Acuity Pooled High Income Fund - Trust Units	162,316	11,337
08Jan02		Acuity Pooled High Income Fund - Trust Units	70,000	4,802
08Feb02		Acuity Pooled High Income Fund - Trust Units	150,000	10,432
04Feb02		Acuity Pooled High Income Fund - Trust Units	152,835	10,629
22Feb01	Acuity Fund Ltd.	Acuity Pooled High Income Fund - Trust Units	249,230	17,143
04Jan02		Acuity Pooled High Income Fund - Trust Units	50,000	3,447
08Feb02		Acuity Pooled High Income Fund - Trust Units	152,835	10,629
01Mar02	Alexander, Jim & Voortman, Harry	Acuity Pooled High Income Fund - Trust Units	1,200,000	81,699
28Feb02	Pelyk, Michael & Percival, Donna	Acuity Pooled Conservative Asset Allocation - Trust Units	150,000	12,473
28Feb02		AGII RRSP Growth Fund - Units	7,034	910
19Feb02	3 Purchasers	Agile Systems Inc.- Warrants	3	30
04Mar02	Trilon Financial Corporation	American Bonanza Gold Mining Corp. - Units	1,749,000	1,749,000
27Feb02	3 Purchasers	Anatolia Minerals Development Limited - Units	576,800	1,030,000

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
12Feb02	5 Purchasers	AZCO Mining Inc. - Option to Purchase Shares	127,300	190,000
29Jan02		Azure Dynamics Corporation - Special Warrants	2,405,472	4,810,943
19Feb02	Griffin, Janet	BMO Nesbitt Burns Employee Co-Investment Fund I (Canada) L.P. - Limited Partnership Interest	248,989	248,989
01Dec01	Prime Trust	British Columbia Public Infrastructure Trust - Asset Backed Notes	\$27,400,865	\$27,400,865
21Feb02	5 Purchasers	Canabrava Diamond Corporation - Units	1,325,000	604,500
15Feb02	SHAAE (2001) Master Limited Partnership	Catfight Production 2 Limited Partnership - Class A Units	1,185,881	1,185
19Feb01	Sprott Hedege Fund LP	Corner Bay Silver Inc. - Common Shares	625,000	25,000
15Jan02	Cairns, Losi and Ellis, Linda	Currie Rose Resources Inc. - Units	20,000	400,000
05Mar02	Freedhoff, Stephen	Devlan Exploration - Common Shares	10,050	5,000
26Feb02	5 Purchasers	Digital Fairway Corporation - Class A Preferred Shares	223,000	1,393,750
27Feb02	70 Purchasers	EdgeStone Affiliate 2002 Mezzanine Fund, L.P. - Limited Partnership Interest	6,112,573	6,112,573
27Feb02	70 Purchasers	EdgeStone Affiliate 2002 Venture Fund, L.P. - Limited Partnership Interest	3,667,250	3,667,250
27Feb02	53 Purchasers	EdgeStone Affiliate 2002 Equity Fund, L.P. - Limited Partnership Interest	4,889,178	4,889,178
28Feb02	3 Purchasers	eStation Network Services, Inc. - Special Warrants	1,200,000	40,000,000
06Mar02	Hechter, Linda	Excalibur Limited Partnership - Limited Partnership Unit	456,365	1
26Feb02	The Canada Life Assurance Company	FI Portfolio Inc. - Series A and B First Mortgage Bond	5,985,000, 7,882,500	1, 1, Resp.
22Feb02		Fogo Resources Inc. - Common Shares	300,000	300,000
26Dec01 to 31Dec01	Nortel Networks Inc.	Goldman Sachs Financial SQ Prime Obligations - Units	474,138,000	474,138,000
07Dec01 to 19Dec01	3940985 Canada Inc. and Allegies Group Canada Inc.	Goldman Sachs USD Liquid Reserves Admin - Units	8,189,398	8,189,398
01Jan01 to 29Nov01		Goldman Sachs Mutual Funds - Units	241,497,377	241,497,377
04Dec01 to 26Dec01	12 Purchasers	Goldman Sachs Liquid Reserves Fund - Units	6,430,378	6,430,378
30Nov01	Marc-Antoine Paquin	Goldman Sachs USD Liquid Reserves Fund - Units	916,633	916,633
08Jun01 to 16Aug01		Goldman Sachs Mutual Funds - Units	3,339,000	3,339,000
04Dec01 to 26Dec01	Nortel Networks Inc.	Goldman Sachs Financial SQ Money Market - Units	136,104,000	136,104,000
13Dec01	LeBlanc Technology and NP Investments	Goldman Sachs GS US Corporate Bond Fund - Units	7,155,000	7,155,000

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
30Nov01 to 31Dec01	13 Purchasers	Goldman Sachs GS USD Liquid Reserves Fund - Units	20,103,933	20,103,933
28Feb02	3 Purchasers	Harbour Capital Foreign Balanced Fund - Trust Units	720,000	4,944
28Feb02	6 Purchasers	Harbour Capital Canadian Balanced Fund - Trust Units	1,684,288	12,943
31Dec01	Tucker, Whitman	IC3 Fluid Innovations Inc. - Common Shares	15	10,000
31Dec01	Kaszas, Steve	IC3 Fluid Innovations Inc. - Common Shares	23	15,000
21Feb02	XDL Interinvest Limited Partnership	Ideaca Limited - Convertible Preferred Shares and Warrants	2,957,166, 739,290	2,957,166, 739,290 Resp.
21Feb02	644084 Alberta Ltd.	Ideaca Limited - Convertible Preferred Shares and Warrants -	500,000, 125,000	500,00, 125,000 Resp.
21Feb02	XDL Interinvest (USA) Limited Partnership	Ideaca Limited - Convertible Preferred Shares and Warrants -	574,934, 143,734	574,934, 143,734 Resp.
21Feb02	644081 Alberta Ltd.	Ideaca Limited - Convertible Preferred Shares and Warrants	500,000, 125,000	500,000, 125,000 Resp.
15Feb02	3 Purchasers	Imaging Dynamics Company Ltd. - Common Shares	799,240	799,240
26Feb02	Unimin Canada Ltd.	IMERYS do Brasil Materiais Ceramicos Ltda. - Shares	882,828	1,926,865
28Feb02	Canadian Science and Technology Growth Fund Inc.	Mathis Instruments Ltd. - Warrant	3	3
28Feb02	Canadian Science and Technology Growth Fund Inc.	Mathis Instruments Ltd. - Series B Preference Shares	1,999,998	90,909
26Feb02	24 Purchasers	Minacs Worldwide Inc. - Common Shares	12,466,300	1,780,900
15Feb02	4 Purchasers	Mitel Networks Corporation - Common Shares	100,000	25,000
15Feb02	Gowlings Canada Inc.	Mitel Networks Corporation - Common Shares	103,068	25,767
07Feb02	Queen's University Endowment Fund	Morgan Stanley Investment Management Inc. - Units	527,151	52,175
15Feb02	SHAAE (2001) Master Limited Partnership	Ocularis Productions Limited Partnership- Class A Units	1,563,010	1,563
05Feb02	American Capital Partners Limited	PCNET International Inc. - Common Shares	32,000	320,000
01Mar02	7 Purchasers	PenRetail II Limited Partnership - Units	55,000,000	55,000
06Dec01	Altamira Management	Photronics - 4¾% Convertible Subordinated Notes Due 2006	\$1,582,900	\$1,582,900
11Feb02	Watch This Inc.	Primary Technologies Inc. - Convertible Debenture	\$360,000	\$360,000
04Mar02	Watch This Inc.	Primary Technologies Inc. - Convertible Debenture	\$325,000	\$325,000
28Feb02	Ontario Municipal Employees Retirement Board	RBC Life Sciences Limited Partnership II - Limited Partnership Interest	24,150,000	15,000
28Feb02	Inter.Act Venture Fund Inc.	RealityClick inc. - Common Shares	175,000	761
04Mar02	9 Purchasers	Rubincon Minerals Corporation - Units	1,500,000	1,875,000

Notice of Exempt Financings

<u>Trans.</u>	<u>Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
	25Feb02	P.D.H. Investments Inc.	Rx-Rite.com Inc. - Units	25,000	12,500
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 212 Limited Partnership - Class A Units	531,825	531
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 137 Limited Partnership - Class A Units	632,008	632
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 199 Limited Partnership - Class A Units	126,032	126
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 168 Limited Partnership - Class A Units	276,349	276
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 69 Limited Partnership - Class A Units	207,279	207
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 36 Limited Partnership - Class A Units	814,000	814
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 211 Limited Partnership - Class A Units	238,379	238
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 34 Limited Partnership - Class A Units	224,069	224
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 122 Limited Partnership - Class A Units	135,121	135
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 108 Limited Partnership - Class A Units	172,565	172
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 156 Limited Partnership - Class A Units	262,227	262
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 98 Limited Partnership - Class A Units	389,202	389
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 40 Limited Partnership - Class A Units	596,676	596
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 87 Limited Partnership - Class A Units	212,331	212
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 218 Limited Partnership - Class A Units	264,781	264
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 85 Limited Partnership - Class A Units	301,481	301
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 89 Limited Partnership - Class A Units	353,473	353
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 243 Limited Partnership - Class A Units	479,880	479
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 226 Limited Partnership - Class A Units	166,919	166
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 247 Limited Partnership - Class A Units	218,138	218
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 258 Limited Partnership - Class A Units	122,312	122
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 78 Limited Partnership - Class A Units	842,600	842
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 221 Limited Partnership - Class A Units	365,898	365
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 249 Limited Partnership - Class A Units	210,303	210
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 242 Limited Partnership - Class A Units	178,662	178
	15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 246 Limited Partnership - Class A Units	510,484	510

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 106 Limited Partnership - Class A Units	243,667	243
15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 240 Limited Partnership - Class A Units	207,615	207
15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 58 Limited Partnership - Class A Units	849,321	849
15Feb02	SHAAE (2001) Master Limited Partnership	Sentinel Hill No. 227 Limited Partnership - Class A Units	953,895	593
01Mar01	Mountaintop International Inc. and Onbelay Capital Inc.	Stacey Investment Limited Partnership - Limited Partnership Units	225,036	9,311
29Nov01	Clarion Capital Corp.	Strategic Vista International Inc. - Right	427,500	427,500
01Mar02	Transition Support Management Inc.	Thales Active Asset Allocation Fund - Limited Partnership Units	265,000	265,000
01Mar02	Stinson, Tim	The KBSH Goodwood Canadian Long/Short Fund - Units	1,000	99
28Feb02	Canadian Pension Plan Investment Board	The Second European Private Equity Fund - Limited Partnership Interest	139,372,045	1
12Dec01 to 11Feb02	National Life Assurance Company of Canada	Vanguard Total Stock Index Fund and Vanguard Institutional Index Fund - Units	817,290	16,622
11Feb02	YMG Private Wealth Opportunities Fund	Watch This Inc. - Convertible Debentures	\$200,000	\$200,000
04Mar02	9 Purchasers	Watch This Inc. -Convertible Denture and Common Shares	\$95,562, 229,744	\$95,562, 236,277 Resp.

Reports Made under Subsection 2.7(1) of Multilateral Instrument 45-102 Resale of Securities with Respect to an Issuer That Has Ceased to Be a Private Company or Private Issuer - Form 45-102F1

<u>Name of Issuer</u>	<u>Date the Company Ceased to be a Private Company or Private Issuer</u>
A&W Revenue Royalties Income Fund	11Feb02

Notice of Intention to Distribute Securities and Accompanying Declaration under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities - Form 45-102F3

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
The Catherine and Maxwell Meighen Foundation	Canadian General Investments, Limited - Common Shares	665,300
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	19,765, 100,000
Korculanic, Anthony	Digital Rooster.com Inc. - Common Shares	280,000
Estill, James A.	EMJ Data Systems Ltd. - Common Shares	59,200
Kingfield Holdings Limited	Extencicare Inc. - Multiple Voting Shares	42,900
Kingfield Investments Limited	Extencicare Inc. - Multiple Voting Shares	63,900
Taronga Holdings Limited	Extencicare Inc. - Multiple Voting Shares	42,900
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,893,700
Stronach, Belinda	Magna International Inc. - Class A Subordinate Voting Shares	40,000
Canaccord Capital Corporation	Mosaic Technologies Corporation - Common Shares	2,372,443
Faye, Michael R.	Spectra Inc. - Common Shares	350,000
The Catherine and Maxwell Meighen Foundation	Third Canadian General Investment Trust Limited - Common Shares	145,200

Chapter 9
Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

This Page Intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

General Donlee Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 19th, 2002
Mutual Reliance Review System Receipt dated March 20th, 2002

Offering Price and Description:

\$ * - * Units @ \$* per Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
Octagon Capital Corporation

Promoter(s):

-

Project #429357

Issuer Name:

iPerform Strategic Partners Hedge Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 15th, 2002
Mutual Reliance Review System Receipt dated March 15th, 2002

Offering Price and Description:

\$ * - * Units @ \$10.00 per Unit

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation
CIBC World Markets Inc.
TD Securities (Canada) Inc.
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Sprott Securities Inc.
Yorkton Securities Inc.
Research Capital Corporation
Wellington West Capital Inc.

Promoter(s):

iPerformance Fund Corp.

Project #428676

Issuer Name:

Ivanhoe Mines Ltd.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated March 15th, 2002
Mutual Reliance Review System Receipt dated March 15th, 2002

Offering Price and Description:

\$39,000,000 - 12,000,000 Common Shares @\$3.25

Underwriter(s) or Distributor(s):

Griffiths McBurney Partners
HSBC Securities (Canada) Inc.
Haywood Securities Inc.

Promoter(s):

-

Project #428847

Issuer Name:

MediSolution Ltd.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated March 18th, 2002
Mutual Reliance Review System Receipt dated March 20th, 2002

Offering Price and Description:

Rights to Subscribe for up to 60,000,000 Common Shares at a price of \$0.25 per Common Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #429292

Issuer Name:

Newalta Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated March 18th, 2002
Mutual Reliance Review System Receipt dated March 18th, 2002

Offering Price and Description:

\$20,000,003 - 5,479,453 Common Shares @ \$3.65 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation
Sprott Securities Inc.

Promoter(s):

-

Project #429163

Issuer Name:

Noranda Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 12th, 2002
Mutual Reliance Review System Receipt dated March 14th, 2002

Offering Price and Description:

\$ * - * Class A Priority Units @ \$ * per Priority Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Trilon Securities Corporation

Promoter(s):

Noranda Inc.

Project #428322

Issuer Name:

PRT Forest Regeneration Income Fund
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated March 14th, 2002
Mutual Reliance Review System Receipt dated March 14th, 2002

Offering Price and Description:

\$ * - * Trust Units @ \$ * per Trust Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Raymond James Ltd.

Promoter(s):

-

Project #428530

Issuer Name:

AGF Managed Futures Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated March 8th, 2002 to Prospectus dated September 28th, 2001
Mutual Reliance Review System Receipt dated 15th day of March, 2002

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

AGF Funds Inc.

Promoter(s):

-

Project #381936

Issuer Name:

AIM Indo-Pacific Class
AIM Latin America Growth Class
Trimark Select Growth Class
AIM Short-Term Income Class
(of AIM Global Fund Inc.)
AIM Canadian Bond Fund
AIM Global Bond Fund
Trimark Canadian Bond Fund
AIM Global Growth & Income Fund
Trimark Global Balanced Fund
AIM RSP Global Growth & Income Fund
Trimark RSP Global Balanced Fund
AIM Global Blue Chip Fund
Trimark Select Growth Fund
Trimark RSP Select Growth Fund
Trimark Americas Fund
Trimark RSP Americas Fund
Principal Regulator - Ontario

Type and Date:

Amendment #3 dated March 14th, 2002 to Simplified Prospectus and Annual Information Form dated 10th day of August, 2001

Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

Underwriter(s) or Distributor(s):

AIM Funds Management Inc.
AIM GT Investment Management Inc.
AIM Funds Group Canada Inc.
Trimark Investment Management Inc.

Promoter(s):

Project #372473

Issuer Name:

GGOF Alexandria American Growth Fund
GGOF Alexandria Canadian Growth Fund
Principal Regulator - Ontario

Type and Date:

Amendment #2 dated March 14th, 2002 to Simplified Prospectus and Annual Information Form dated September 24th, 2001

Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

Mutual Fund Units

Underwriter(s) or Distributor(s):

Guardian Group of Funds Ltd.

Promoter(s):

Guardian Group of Funds Ltd.

Project #377100

Issuer Name:

GGOF Alexandria American Growth Fund
GGOF Alexandria Canadian Growth Fund
Principal Regulator - Ontario

Type and Date:

Amendment #2 dated March 14th, 2002 to Simplified Prospectus and Annual Information Form dated 12th day of December, 2001
Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

Class F Units

Underwriter(s) or Distributor(s):

Guardian Group of Funds Ltd.

Promoter(s):

Guardian Group of Funds Ltd.

Project #402625

Issuer Name:

Jones Heward RSP American Fund
Jones Heward Money Market Fund
Jones Heward Bond Fund
Jones Heward Canadian Balanced Fund
Jones Heward American Fund
Jones Heward Fund Ltd.
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated March 14th, 2002 to Simplified Prospectus and Annual Information Form dated 7th day of June, 2001
Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Jones Heward Investment Counsel Inc.
Jones Heward Investment Management Inc.

Promoter(s):

Jones Heward Investment Counsel Inc.

Project #353943

Issuer Name:

Opus 2 Foreign Equity (RSP) Fund
Opus 2 Foreign Equity (E.A.F.E.) Fund
Opus 2 Canadian Money Market Fund

Type and Date:

Amendment #2 dated March 14th, 2002 to Simplified Prospectus and Annual Information Form dated 1st day of November, 2001
Receipt dated 20th day of March, 2002

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

OPUS 2 Financial Inc.

Project #390234

Issuer Name:

RESOLUTE GROWTH FUND
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated February 28th, 2002 to Simplified Prospectus and Annual Information Form dated 30th day of July, 2001
Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Thomson Kernaghan & Co. Ltd.

Promoter(s):

-

Project #368270

Issuer Name:

Trimark RSP Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated March 14th, 2002 to Simplified Prospectus and Annual Information Form dated 7th day of December, 2001
Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

(Series SC Units)

Underwriter(s) or Distributor(s):

AIM Funds Management Inc.

Promoter(s):

-

Project #398894

Issuer Name:

Arctic Glacier Income Fund
Principal Regulator - Manitoba

Type and Date:

Final Prospectus dated March 12th, 2002
Mutual Reliance Review System Receipt dated 13th day of March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

TD Securities Inc.
Scotia Capital Inc.

Promoter(s):

-

Project #420212

Issuer Name:

Assante Corporation

Type and Date:

Final Short Form Prospectus dated March 12th, 2002

Receipt dated 14th day of March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

Promoter(s):

-

Project #423447

Issuer Name:

Davis + Henderson Income Fund

Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 18th, 2002

Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

RBC Dominion Securities Inc.

Griffiths McBurney & Partners

Merrill Lynch Canada Inc.

Promoter(s):

MDC Corporation Inc.

Project #425860

Issuer Name:

Sun Gro Horticulture Income Fund

Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated March 18th, 2002

Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

National Bank Financial Inc.

TD Securities Inc.

Promoter(s):

Hines Horticulture, Inc.

Project #420889

Issuer Name:

Agrium Inc.

Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated March 14th, 2002

Mutual Reliance Review System Receipt dated 14th day of March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Scotia Capital Inc.

RBC Dominion Securities Inc.

Banc of America Securities Canada Co.

TD Securities Inc.

Promoter(s):

-

Project #426650

Issuer Name:

Cambior Inc.

Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated March 12th, 2002

Mutual Reliance Review System Receipt dated 13th day of March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

Project #425889

Issuer Name:

NCE Petrofund

Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated March 19th, 2002

Mutual Reliance Review System Receipt dated 19th day of March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

National Bank Financial Inc.

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

Canaccord Capital Corporation

Raymond James Ltd.

Yorkton Securities Inc.

Promoter(s):

-

Project #427595

Issuer Name:

Slater Steel Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 15th, 2002
Mutual Reliance Review System Receipt dated 15th day of
March 15, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Sprott Securities Inc.

Promoter(s):

-

Project #426847

Issuer Name:

Emissary U.S. Value Fund
Emissary U.S. Small/Mid Cap Fund
Emissary U.S. Growth Fund
Emissary Canadian Money Market Fund
Emissary Global Equity (RSP) Fund
Emissary International Equity (EAFE) Fund
Emissary Canadian Fixed Income Fund
Emissary Canadian Equity Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated March 1st, 2002
Mutual Reliance Review System Receipt dated 15th day of
March, 2002

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Opus 2 Securities Inc.

Promoter(s):

Opus 2 Securities Inc.

Project #414690

Issuer Name:

Fidelity Managed Income Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated March 12th, 2002
Mutual Reliance Review System Receipt dated 14th day of
March, 2002

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Fidelity Investments Canada Limited

Promoter(s):

Fidelity Investments Canada Limited

Project #418749

Issuer Name:

Mackenzie Managed Return Capital Class
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated March 5th, 2002
Mutual Reliance Review System Receipt dated 14th, day of
March, 2002

Offering Price and Description:

(Series A, F, I, O Shares)

Underwriter(s) or Distributor(s):

-

Promoter(s):

Project #407961

Issuer Name:

Putnam U.S. Voyager Fund
Putnam U.S. Value Fund
Putnam International Equity Fund
Putnam Global Equity Fund
Putnam Canadian Money Market Fund
Putnam Canadian Equity Fund
Putnam Canadian Bond Fund
Putnam Canadian Balanced Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated March 14th, 2002
Mutual Reliance Review System Receipt dated 19th day of
March, 2002

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Promoter(s):

Putnam Investments Inc.

Project #410312

Issuer Name:

Wickham Canadian Equity Fund

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated March 15th, 2002
Receipt dated 20th day of March 2002

Offering Price and Description:

(Series A and F Units)

Underwriter(s) or Distributor(s):

Wickham Investment Counsel Inc.

Promoter(s):

Wickham Investment Counsel Inc.

Project #419601

Issuer Name:

eMedia-IT Solutions Inc.

Principal Jurisdiction - British Columbia

Type and Date:

Preliminary Prospectus dated August 2nd, 2001

Withdrawn on March 18th, 2002

Offering Price and Description:

Maximum: * Common Shares (\$*) Minimum: * Common Shares (\$*). Price: \$* per Common Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

Raymond James Ltd.

Project #378416

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	CBID Brokerage Services Inc. Attention: Laurence David Rose 372 Bay Street, 2 nd Floor Toronto ON M5H 2W9	Limited Market Dealer	Mar 11/02
New Registration	Putnam Investments Inc./ Investissements Putnam Inc. 26 Wellington Street East Suite 1200 Toronto ON M5E 1W4	Investment Counsel & Portfolio Manager	Mar 13/02
New Registration	Stifel, Nicolaus & Company, Incorporated c/o James F. Sturdy Idealogic Afsont, Inc. Suite 1603 505 University Avenue Toronto ON M5G 1X3	International Dealer	Mar 19/02
New Registration	Monument Group, Inc. Attention: John Michael McLaren 10 Post Office Square Suite 1090 Boston MA 02109-7603 USA	International Dealer	Mar 20/02
Change of Name	Sprott Asset Management Inc. Attention: Eric Steven Sprott Suite 3450 Royal Bank Plaza South Tower Toronto ON M5J 2J2	From: Sprott Asset Management Limited To: Sprott Asset Management Inc.	Dec 17/01

This Page Intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

This Page Intentionally left blank

Chapter 25

Other Information

25.1 Approvals

25.1.1 J.C. Clark Ltd. - Loan and Trust Corporations Act - c. 213(3)(b)

Headnote

Clause 213(3)(b) of the *Loan and Trust Corporations Act* - application for approval to act as trustee.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c.L.25, as am., clause 213(3)(b).

Rules Cited

Ontario Securities Commission Approval 81-901, Approval of Trustees of Mutual Fund Trusts (1997), 20 OSCB 200.

March 19, 2002

Ogilvy Renault

Attention: Susan T. Morais

Dear Sirs/Mesdames:

Re: Application by J.C. Clark Ltd. (the "Applicant") for approval to act as trustee of certain mutual funds to be established by the Applicant from time to time and offered pursuant to prospectus exemption (the "Funds")

Further to the application dated March 8, 2002 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Funds which it will manage.

"Paul M. Moore"

"H. Lorne Morphy"

25.1.2 Successful Investor Wealth Management Inc. - Loan and Trust Corporations Act - c. 213(3)(b)

March 19, 2002

Gowlings

Attention: Heather E. Lee

Dear Sirs/Mesdames:

Re: Application by Successful Investor Wealth Management Inc. ("Wealth Management") for approval to act as trustee of pooled fund trusts to be established by Wealth Management from time to time and offered pursuant to prospectus exemption (the "Funds")

- Application No. 180/02

Further to the application dated March 4, 2002 and supplemented by letter dated March 14, 2002 (together the "Application") filed on behalf of Wealth Management, and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that Wealth Management act as trustee of the Funds.

"Paul M. Moore"

"H. Lorne Morphy"

This Page Intentionally left blank