

The Ontario Securities Commission

# OSC Bulletin

August 23, 2002

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

**The Ontario Securities Commission**

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# Chapter 1

## Notices / News Releases

### 1.1 Notices

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

AUGUST 23, 2002

#### CURRENT PROCEEDINGS

BEFORE

#### ONTARIO SECURITIES COMMISSION

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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  
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Howard I. Wetston, Q.C., Vice-Chair	—	HIW
Kerry D. Adams, FCA	—	KDA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS

#### SCHEDULED OSC HEARINGS

August 26-29/02 9:30 a.m. - 4:30 p.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)**

September 3 & 17/02 2:00 -4:30 p.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)**

September 6, 10, 12, 13, 24, 26 & 27/02 9:30 a.m. - 4:30 p.m. s. 127

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

Panel: HIW / DB / RWD

August 21 to 30/02 9:30 a.m. **Mark Bonham and Bonham & Co. Inc.**

s. 127

M. Kennedy in attendance for staff

Panel: PMM / KDA / HPH

September 16 - 20/02 10:00 a.m. **James Pincock**

s. 127

J. Superina in attendance for Staff

Panel: HLM

#### 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

First Federal Capital (Canada)  
Corporation and Monter Morris  
Friesner

Global Privacy Management Trust  
and Robert Cranston

Irvine James Dyck

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

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

Offshore Marketing Alliance and  
Warren English

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

**1.1.2 Approval of Amendments to IDA Regulation  
100.4C – Capital and Margin Requirements for  
an Offset Involving Canadian Bank  
Acceptances and the Three-Month Canadian  
Bank Acceptance Futures Contract – Notice of  
Commission Approval**

**AMENDMENTS TO IDA REGULATION 100.4C –  
CAPITAL AND MARGIN REQUIREMENTS FOR AN  
OFFSET INVOLVING CANADIAN BANK ACCEPTANCES  
AND THREE-MONTH CANADIAN BANK ACCEPTANCE  
FUTURES CONTRACT**

**NOTICE OF COMMISSION APPROVAL**

The Ontario Securities Commission approved amendments to IDA Regulation 100.4C regarding capital and margin requirements for an offset involving bank acceptances issued by Canadian chartered banks and the three-month Canadian bank acceptance futures contract. In addition, the Saskatchewan Securities Commission approved, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments. The purpose of the amendments is to allow an offset of a long (or short) Canadian chartered bank acceptance position and a short (or long) three-month Canadian bank acceptance futures position. The margin requirement in respect of both positions would be the greater of the margin required on the long and the short position. A copy and description of these amendments were published on April 19, 2002 at (2002) 25 OSCB 2323. No comments were received.

**1.1.3 Market Regulation Services Inc. Sets Hearing Date *In the Matter of Douglas Christie* to Consider an Offer of Settlement**

**NOTICE TO PUBLIC**

**Subject: Market Regulation Services Inc. sets hearing date *In the Matter of Douglas Christie* to consider an Offer of Settlement**

Market Regulation Services Inc. ("RS") will convene a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of RS to consider an Offer of Settlement entered into between RS and Douglas Christie ("Christie"), an Approved Person employed by Independent Trading Group.

Under the terms of the Offer of Settlement, Christie admits that he committed the following violation:

On February 28, 2001 and between June 22-29, 2001, Christie entered bids in a listed security on behalf of a principal or a non-client account when the effect of such action was to establish an artificial quotation or a high closing quotation in the listed security, contrary to Rule 4-202 of the Rules of the Toronto Stock Exchange (the "Exchange") and Policy 4-202 of the Exchange.

The Hearing Panel may accept or reject an Offer of Settlement pursuant to Part 3.4 of Policy 10.8 of the Universal Market Integrity Rules governing the practice and procedure of hearings. In the event the Offer of Settlement is accepted, the matter becomes final and there can be no appeal of the matter. In the event the Offer of Settlement is rejected, RS may proceed with a hearing of the matter before a differently constituted Hearing Panel.

The Hearing will be held on August 28, 2002 commencing at 10:00 a.m., or as soon thereafter as the Hearing can be held, at the offices of Market Regulation Services Inc., 145 King Street West, 9th floor, Toronto, Ontario. The Hearing is open to the public.

The decision of the Hearing Panel and the terms of any discipline imposed will be published by RS as a Disciplinary Notice.

Reference: Jane P. Ratchford  
Chief Counsel  
Investigations and Enforcement  
Market Regulation Services Inc.

Telephone: 416-646-7229

1.3 News Releases

1.3.1 OSC Increases Continuous Disclosure Reviews – More Staff, Higher Targets, Deficient Companies to be Named

FOR IMMEDIATE RELEASE  
August 15, 2002

**OSC INCREASES CONTINUOUS  
DISCLOSURE REVIEWS –  
MORE STAFF, HIGHER TARGETS, DEFICIENT  
COMPANIES TO BE NAMED**

**TORONTO** – The Ontario Securities Commission is building up its Continuous Disclosure Team to increase the vigilance of reviews of Ontario-based companies that issue securities to the public and to ensure that all of the largest 100 TSX companies that are headquartered in Ontario are reviewed this year.

Given the magnitude of accounting and auditing problems seen recently in American companies, the OSC is committing additional resources to its Continuous Disclosure Team, on a temporary basis. This will allow the OSC, among other things, to carry out a very thorough and timely review of 44 major companies that have not been reviewed by securities regulators in the normal course of reviews carried out in the past year.

These companies have not been selected for review because of suspicions about their disclosures. Indeed, the commission has no evidence of any problem with any of these companies. “What we are doing is accelerating the pace of the reviews of Ontario’s largest and most influential companies because of their importance to our capital markets and their impact on investor confidence,” said David Brown, OSC Chair.

“While our target has been to review 25% of reporting companies each year, over a recent 12-month period we reviewed nearly 30% of Ontario-based companies,” said Brown, on releasing the *2002 Continuous Disclosure Review Annual Report*. “And although we have not found any serious evidence of wrongdoing, we are expanding the scope and number of reviews we undertake. These times require us to be extraordinarily diligent in our reviews of publicly-traded companies’ public disclosures,” he said.

“When it comes to ensuring investor confidence, the quality and timeliness of public information disseminated by a company are crucial,” said Brown. “Shareholders of a company need to know that they can trust the information they receive. To that end, we will begin to publicly identify companies when we require them to refile financial information,” added Brown.

Under Ontario’s existing securities legislation, publicly-traded companies are required to disclose important changes about their business as these changes occur. Historically, U.S. companies have not had a similar obligation. “Prompt disclosure of material changes has been a key component of our system for a number of years

and I’m pleased to see the U.S. improving their disclosure standards,” said Brown.

Continuous disclosure reviews focus on the information that companies are required to release, including their interim and annual financial statements, as well as the accompanying management discussion and analysis. The reviews have four major outcomes:

- companies reviewed are helped in meeting their disclosure requirements;
- some companies are required to restate corporate information already disclosed;
- other companies are required to make improvements to their future disclosure practices; and
- the OSC identifies serious problems that require new policy direction.

The OSC is applying a risk-based approach to focus reviews on companies that have a large impact on the capital market or on those whose past record suggests attention could be needed. Through ongoing continuous disclosure reviews, the OSC’s target is to review each company based in Ontario at least every four years.

The most significant results of 517 reviews of Ontario-based companies conducted between April 1, 2001 and March 31, 2002 and described in *OSC Staff Notice 51-703: Implementation of Reporting Issuer Continuous Disclosure Review Program*, were:

- 57% of reviews resulted in no significant changes;
- 23% of companies reviewed agreed to enhance their future disclosure practices;
- 4% of companies reviewed developed corporate disclosure policies;
- 3% of companies reviewed made retroactive accounting changes;
- 2% of companies reviewed were placed on a default list;
- 2% of companies ceased to be reporting issuers; and
- 9% of companies made filings that were deficient; these companies were required to refile certain materials, a majority of which were interim financial statements.

The reviews included companies from the following sectors:

- Technology (30%)
- Mining, oil and gas (17%);



- Consumer and industrial products (16%);
- Financial services (12%);
- Health care (5%);
- Communication, media and entertainment (5%); and
- Other (15%).

“Our Continuous Disclosure Team will continue to examine documents provided by Ontario’s publicly-listed companies,” said John Hughes, Manager, Continuous Disclosure. “We review disclosures for compliance with generally accepted accounting principles, for clarity and overall balance, and to target specific, sensitive issues such as revenue recognition and compensation disclosure. We are encouraged with improvements we are seeing in the quality of information disclosed by companies since we launched the Continuous Disclosure Team. Our purpose is to encourage greater discipline in issuers, so that they can consistently provide reliable information that allows shareholders to invest confidently,” concluded Hughes.

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## BACKGROUNDER

### CONTINUOUS DISCLOSURE ADVISORY COMMITTEE MEMBERSHIP ANNOUNCED

The Ontario Securities Commission is pleased to announce the members of the Continuous Disclosure Advisory Committee (CDAC), announced last May 7. The CDAC will advise OSC staff on such matters as the planning, implementation and communication of its continuous disclosure review program, the impact of policy- and rule-making initiatives, emerging issues, and the OSC’s procedures. The CDAC members will serve two-year terms and meet four to six times each year.

The members of the CDAC are:

- Andrew Campbell, Senior Manager, Financial Analysis & Communications, Bank of Montreal
- Elizabeth DelBianco, Vice-President, General Counsel & Corporate Secretary, Celestica Inc.
- Andrew Fleming, Partner, Ogilvy Renault
- Tom Graham, Manager, Corporate Finance, TSX Venture Exchange
- Bill Hewson, Director Accounting and Corporate Reporting, Canadian Pacific Railway
- John Hughes, Manager, Continuous Disclosure, OSC (CDAC Chair)
- Guy Jones, Vice-President, Finance, Decoma International Inc.
- Jennifer Lederman, Financial Services Consultant
- Bill Mackenzie, President, Fairvest Corporation
- Tom Muir, Chief Financial Officer, Maple Leaf Foods Inc.
- William Orr, Partner, Heenan Blaikie LLP
- Philip Speller, Independent Analyst/Consultant
- Bob Tait, Director, Investor Relations, Canadian Tire Corp. Ltd.
- Richard Wertheim, Managing Partner, Wertheim + Company Inc.
- Gil Yaron, Director of Law & Policy, Shareholder Association for Research and Education
- Amelia Young, Senior Director Investor Relations, Hummingbird Ltd.

"The extensive knowledge of continuous disclosure issues brought by CDAC members will greatly assist us in understanding issues faced by those who generate disclosure and the investors who rely on it," said OSC Manager of Continuous Disclosure John Hughes. "We are fortunate to form a committee that reflects the variety of users and industry sectors involved in continuous disclosure," added Hughes.

The CDAC is the latest instance of a committee of stakeholders being established by the OSC to provide input on securities regulation issues. Other groups are already in place to advise staff on compliance issues, the fair dealing model, commodity futures, bond market transparency, institutional equity trading, small business issues and reducing the regulatory burden. The Securities Advisory Committee comments on legal, regulatory and market implications of OSC policies, operations, and administration. The new CDAC will be complementary to established committees, and will focus on continuous disclosure practices and procedures.

August 15, 2002.

**1.3.2 OSC Sets Hearing Date in the Matter of Michael Goselin, Irvine Dyck, Donald McCrory and Roger Chiasson**

**FOR IMMEDIATE RELEASE  
August 19, 2002**

**OSC SETS HEARING DATE IN THE MATTER OF  
MICHAEL GOSELIN, IRVINE DYCK,  
DONALD MCCRORY AND ROGER CHIASSON**

**TORONTO** – The Ontario Securities Commission has set a hearing date in the matter of Michael Goselin ("Goselin"), Irvine Dyck ("Dyck"), Donald McCrory ("McCrory") and Roger Chiasson ("Chiasson"). The hearing will take place between November 18, 2002 and December 6, 2002 in the Main Hearing Room, 20 Queen Street W., 17<sup>th</sup> floor, Toronto.

Staff allege that Goselin, Dyck, McCrory and Chiasson participated in illegal distributions of securities, namely units in several North George Limited Partnerships and promissory notes in Lionaird Capital Corp., and acted contrary to the public interest by, among other things:

- (a) failing to provide their clients access to substantially the same information that a prospectus filed under the Act would provide;
- (b) misrepresenting to their clients, the nature and quality of, and the return to be realized on, the investments;
- (c) recommending and selling speculative investments unsuitable for their clients; and
- (d) engaging in high pressure sales tactics including advising investors to borrow funds or redeem mutual funds to invest.

In the case of Chiasson, Staff also allege that Chiasson traded securities without being registered with the commission to do so.

A copy of the Notice of Hearing and Statement of Allegations is available from the Commission's website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) or from the Commission, 20 Queen Street West, 19<sup>th</sup> floor, Toronto.

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**1.3.3 OSC Approves Settlement in the Matter of Mark Bonham and Bonham & Company Ltd.**

**FOR IMMEDIATE RELEASE  
August 20, 2002**

**ONTARIO SECURITIES COMMISSION APPROVES SETTLEMENT IN THE MATTER OF MARK BONHAM AND BONHAM & COMPANY LTD.**

**TORONTO** – The Ontario Securities Commission today approved a settlement agreement reached between Staff of the Commission and the Respondents Bonham and Bonham & Company Inc.

Bonham and Bonham & Co. were registered with the Commission as Investment Counsel/Portfolio Managers. Bonham acted as the Portfolio Manager of several mutual funds managed by Bonham & Co. and SVC O'Donnell Fund Management Inc. During the period July 31, 1997 to June 30, 1998, Bonham manually priced certain shares held by three mutual funds, namely, the Strategic Value Fund, The Canadian Equity Value Fund and the Dividend Fund.

SVC O'Donnell (now StrategicNova Funds Management Inc.) entered into a settlement agreement with Staff of the Commission in November of 2000 regarding its role in supervising the Respondents' actions.

In today's Settlement Agreement, the respondents admitted they breached Ontario securities laws, and specifically s. 116 of the Securities Act. In particular, Bonham admitted that he failed to act in good faith and in the best interest of the mutual funds, failed to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances and Bonham & Co. admitted that it failed to properly supervise Bonham's actions. The respondents also admitted that they did not apply a specific, consistent or appropriate methodology in manually pricing the shares held by the funds, and that they did not maintain proper records of the methods used to manually price the shares.

The respondents' manual pricing resulted in the funds being materially overvalued by approximately \$377,652.70. Full restitution of this amount was paid by StragicNova into the funds in late 2000, and investors have been fully compensated for any potential losses.

In its Order, the Commission approved the following sanctions:

- The respondents were reprimanded;
- The respondents have surrendered their registrations with the Commission as Investment Counsel/Portfolio Managers for a period of 3 years;
- The respondents have undertaken that they will not be involved, directly or indirectly, in the pricing

or valuation of a mutual fund for a period of 3 years;

- If during the three year sanction period, either of the respondents are involved in initiating a mutual fund, they must disclose this settlement agreement in any public disclosure document or enabling instrument;
- Mark Bonham must cease trading in securities, except on his own account, for a period of 3 years;
- Mark Bonham cannot act as a Director or Officer of a registrant for a period of 3 years;
- The respondents have undertaken that, if at the end of the 3 year period, they are ever involved in the pricing or valuation of a mutual fund, they will be subject to appropriate supervision by another registrant of such valuation;
- Both respondents agreed to pay the sum of \$150,000 to the Commission in respect of the costs of investigating this matter; and
- Both respondents agreed to make a voluntary payment in the amount of \$50,000 to the Commission, to be allocated to purposes that will benefit investors in Ontario.

Speaking on behalf of the settlement panel, Vice-Chairman Paul Moore stated that while the manual pricing of securities held in mutual funds may be appropriate in limited circumstances, to do so without proper supervision, documentation or a consistent methodology poses a risk to the investing public.

Noting that this was a case of first impression before the Commission, or any other Canadian securities commission, Vice-Chair Moore stated that the settlement was in the public interest and sends an appropriate message to the mutual fund industry. This settlement, in the Commission's view, will "highlight the need to apply a specific and consistent methodology when pricing securities held in a mutual fund, as well as the need to maintain adequate records with respect to the determination of such prices".

Vice-Chair Moore also praised the settlement in that significant steps have already been taken by the respondents to eliminate any risk to the public, and the respondents' additional undertakings will help protect the investing public both during the duration of the present sanctions and well into the future.

Copies of the settlement agreement and final order are available on the Commission's website, [www.osc.gov.on.ca](http://www.osc.gov.on.ca), or from the Commission's offices at 20 Queen Street West, 19<sup>th</sup> Floor, Toronto.

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## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 CanArgo Oil & Gas Inc. - MRRS Decision

##### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

##### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 83.

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

**AND**

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

**AND**

**IN THE MATTER OF  
CANARGO OIL & GAS INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in the Provinces of Ontario and Alberta (the "Jurisdictions") has received an application from CanArgo Oil & Gas Inc. (the "Company") for a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") that the Company be deemed to have ceased to be a reporting issuer under the Legislation;

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

**AND WHEREAS** the Company has represented to the Decision Makers that:

1. The Company was formed under the name Money Works Inc. by Articles of Amalgamation dated January 1, 1994 under the laws of the Province of Alberta. Effective July 1, 1997, the Company acquired all of the shares of CanArgo Ltd. and on July 2, 1997 changed its name to CanArgo Energy Inc. The Company was continued under the laws of the Province of Ontario on July 9, 1998 under

the name CanArgo Energy Ltd. The Company changed its name to CanArgo Oil & Gas Inc. effective July 15, 1998.

2. The registered and head office of the Company is located at Suite 2500, BCE Place, 181 Bay Street, Toronto, Ontario, M5J 2T7.
3. The Company is a reporting issuer in each Jurisdiction.
4. The Company is not in default of any requirements of the Legislation.
5. The authorized share capital of the Company consists of (i) an unlimited number of common shares ("Common Shares"); (ii) an unlimited number of first preferred shares ("First Preferred Shares"); (iii) an unlimited number of second preferred shares ("Second Preferred Shares"); and (iv) 23,782,138 exchangeable shares ("Exchangeable Shares").
6. There are currently 100 Common Shares outstanding. At July 31, 2002, there were 65,851 Exchangeable Shares outstanding. There are no First Preferred Shares or Second Preferred Shares outstanding.
7. Other than the Common Shares and the Exchangeable Shares, no other securities of the Company, including debt securities, are currently issued and outstanding.
8. No securities of the Company are currently listed on any exchange or quoted on any market.
9. CanArgo Energy Corporation ("CanArgo") is a corporation incorporated under the laws of the State of Delaware.
10. CanArgo is subject to the reporting requirements of the United States Securities Exchange Act of 1934 (the "Exchange Act").
11. On July 15, 1998, CanArgo acquired all of the Common Shares under the terms of a plan of arrangement (the "Arrangement") pursuant to section 182 of the *Business Corporations Act* (Ontario). Pursuant to the Arrangement, common shareholders of the Company received exchangeable shares of the Company (the "Exchangeable Shares"). The Exchangeable Shares were not listed on any exchange in Canada. Upon completion of the Arrangement, CanArgo held all of the outstanding Common

Shares, the Company became a subsidiary of CanArgo, the Company changed its name from CanArgo Energy Ltd. to CanArgo Oil & Gas Inc. and CanArgo changed its name from Fountain Oil Incorporated to CanArgo Energy Corporation.

12. Pursuant to a mutual reliance review system decision document *In the Matter of CanArgo Energy Inc. and Fountain Oil Incorporated* (1998), 21 OSCB 4625 (the "Decision Document") previously issued by the Decision Maker in each of the Jurisdictions, the Company was granted, amongst other things, exemptive relief from (i) the prospectus and registration requirements of the legislation in respect of certain trades in the Exchangeable Shares and CanArgo common stock (the "CanArgo Common Stock") and (ii) certain continuous disclosure requirements of the Legislation, subject to certain conditions. Pursuant to the Decision Document, the Company's filing requirements (aside from material change reports and press releases relating to the Company alone) are to be satisfied through CanArgo's filing with the Decision Maker in each of the Jurisdictions copies of all documents required to be filed by CanArgo with the United States Securities and Exchange Commission under the Exchange Act.

13. The Exchangeable Shares were redeemable on the earlier of (i) January 30, 2004 or, (ii) a date determined by the board of directors of the Company if the number of Exchangeable Shares outstanding was less than 10 percent of the number issued at the time of the Arrangement. Upon such redemption by the Company, each shareholder was entitled to receive from the Company for each Exchangeable Share redeemed an amount equal to the market price of a share of CanArgo Common Stock which was to be satisfied by the delivery on behalf of the Company of one share of CanArgo Common Stock, plus an additional amount equivalent to the full amount of all declared and unpaid dividends thereon.

14. Pursuant to a voting support and exchange trust agreement dated as of July 15, 1998 among the Company, CanArgo and the Montreal Trust Company of Canada, CanArgo was granted a call right to purchase all of the Exchangeable Shares (the "Call Right") in the event of the redemption of the Exchangeable Shares, subject to certain conditions being met. As a result of the exercise by CanArgo of the Call Right, effective May 23, 2002, CanArgo became the sole holder of all of the Exchangeable Shares.

15. As a result of the completion of the Arrangement and the exercise of the Call Right by CanArgo, all of the outstanding Common Shares and Exchangeable Shares are held by CanArgo.

Therefore, CanArgo is now the sole securityholder of the Company.

16. The Company does not presently intend to seek public financing by way of an offering of its securities.

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

**AND WHEREAS** each Decision Maker is of the opinion 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 Company is deemed to have ceased to be a reporting issuer under the Legislation.

August 14, 2002.

"John Hughes"

**2.1.2 Odyssey Resources Limited - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief from the requirement that the author of a technical report be a member of a professional association in order to be considered a qualified person.

**National Instruments Cited**

National Instrument 43-101 - Standards of Disclosure for Mineral Projects, 2001 24 OSCB 303, ss. 1.2, 2.1 and 5.1.

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

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

**AND**

**IN THE MATTER OF  
ODYSSEY RESOURCES LIMITED**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker" and collectively the "Decision Makers") in each of Ontario and Alberta (the "Jurisdictions") has received an application (the "Application") from Odyssey Resources Limited (the "Corporation") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that: (1) the Corporation is exempt from the requirement contained in National Instrument 43-101 (ANI 43-101) that the author of a technical report or other information upon which disclosure of a scientific or technical nature is based be a member in good standing of a professional association in order for the author to be considered a "qualified person" as defined in NI 43-101 (the "Membership Qualification Requirement"); and (2) the Corporation is exempt from the requirement contained in the Legislation to pay a fee in connection with the Application (the "Application Fee Requirement");

**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** the Corporation represented to the Decision Makers that:

1. The Corporation's Canadian head office is located at 69 Yonge Street, Suite 301, Toronto, Ontario;
2. The Corporation is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation;

3. The Corporation's securities are listed for trading on the TSX Venture Exchange;
4. The Corporation is an exploration company with projects in Turkey;
5. The Corporation has retained Laurence W. Curtis, Ph.D. to author technical reports required to be filed by the Corporation pursuant to NI 43-101 and to prepare information upon which the Corporation's disclosure of a scientific or technical nature may be based;
6. Laurence Curtis, Ph.D. is a member of the Association of Geoscientists of Ontario ("AGO"). AGO was a "professional association" as defined in NI 43-101 until February 1, 2002;
7. AGO is being replaced in Ontario by the Association of Professional Geoscientists of Ontario ("APGO"). APGO is a "professional association" as defined in NI 43-101;
8. Laurence W. Curtis, Ph.D. has applied to become a member of APGO and would be a "qualified person" as defined in NI 43-101 except only for not yet being a member in good standing of a "professional association";

**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 Makers with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers under the Legislation is that the Corporation is exempt from the Membership Qualification Requirement and the Application Fee Requirement in connection with technical reports or other information prepared by Laurence W. Curtis, Ph.D. provided that:

1. Laurence W. Curtis, Ph.D. complies with all other elements of the definition of "qualified person" in NI 43-101; and
2. the relief granted in this Decision shall terminate on the earlier of: (1) the date Laurence W. Curtis, Ph.D. becomes a member of APGO or is advised that his application for membership to APGO has been denied; and (2) February 1, 2003.

August 1, 2002.

"Margo Paul"

**2.1.3 Southwestern Resources Corp. -  
MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted from the requirement in National Instrument 43-101 to have a qualified person inspect the property that is the subject of a technical report B report being co-authored by person that would be a qualified person but for not being a member of a professional association B co-author has conducted numerous site visits.

**Applicable Ontario Provisions**

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 6.2 and 9.1.

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

**AND**

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

**AND**

**IN THE MATTER OF  
SOUTHWESTERN RESOURCES CORP.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulatory (the "Decision Maker") in each of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from Southwestern Resources Corp. ("Southwestern") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation that at least one qualified person preparing or supervising the preparation of a technical report inspect the property that is the subject of the technical report (the "Personal Inspection Requirement") will not apply to Southwestern in respect of a technical report to be prepared in connection with Southwestern's annual information form;

**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** Southwestern has represented to the Decision Makers that:

1. Southwestern is incorporated under the laws of British Columbia, carries on a mineral exploration business and has its head office located in Vancouver, British Columbia;

2. Southwestern is a reporting issuer in each of the Jurisdictions and is not in default of any requirement of the Legislation;
3. Southwestern's common shares are listed on The Toronto Stock Exchange;
4. Southwestern is in a joint venture with Inco Limited on the Bambas West Project located in Peru and operated by Southwestern, with 50% of the Bambas West Project being owned by Southwestern and the remaining 50% owned by Inco Limited; the Bambas West Project is a grass roots or green fields project and has no currently known mineral resources or reserves;
5. Southwestern is currently preparing an annual information form for the year ended December 31, 2001 (the "AIF") in which it will disclose information regarding the Bambas West Project; Southwestern is also preparing a technical report to be filed with the Decision Makers in support of the information concerning the Bambas West Project in the AIF (the "Report");
6. Southwestern retained Richard Mazur, B.Sc., MBA, ("Mazur") a qualified person under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("43-101"), and Javier Salas ("Salas"), who is not a qualified person under 43-101, to jointly prepare the Report;
7. Salas has been Southwestern's Manager of Exploration for Peru since 1996, has been on site at the Bambas West Project many times, has been engaged in technical work on the Bambas West Project and is therefore familiar with all aspects of the Bambas West Project;
8. but for the fact that Salas is not a member of a professional association, Salas would be a qualified person, as such terms are defined in 43-101;
9. section 6.2 of 43-101 requires at least one qualified person preparing or supervising the preparation of the technical report to inspect the property that is the subject of the technical report; and
10. Mazur has not completed a site visit of the Bambas West Project because Salas, who is co-authoring the Report, has completed numerous site visits;

**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 Personal Inspection Requirement will not apply to Southwestern in respect of the Report to be filed in connection with the AIF, provided that the Report and the AIF include a statement that a personal inspection has not been conducted by the qualified person, as defined in 43-101, and the reasons why a personal inspection was not conducted.

April 19, 2002.

“Brenda Leong”

## 2.1.4 CI Mutual Funds Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - extension of mutual fund lapse date. Extension of time period to file final materials.

### Statutes Cited

Securities Act, R.S.O., 1990 c. S.5, as amended, ss. 62(5).

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

**AND**

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

**AND**

**IN THE MATTER OF  
BPI American Equity Fund  
BPI American Equity RSP Fund  
BPI American Equity Sector Fund  
BPI Global Equity Fund  
BPI Global Equity RSP Fund  
BPI Global Equity Sector Fund  
BPI International Equity Fund  
BPI International Equity RSP Fund  
BPI International Equity Sector Fund  
CI American Managers<sup>TM</sup> Sector Fund  
CI American Managers<sup>TM</sup> RSP Fund  
CI American Value Sector Fund  
CI American Value RSP Fund  
CI Canadian Growth Fund  
CI Canadian Sector Fund  
CI Emerging Markets Fund  
CI Emerging Markets RSP Fund  
CI Emerging Markets Sector Fund  
CI European Fund  
CI European RSP Fund  
CI European Sector Fund  
CI Global Biotechnology Sector Fund  
CI Global Biotechnology RSP Fund  
CI Global Business-to-Business (B2B) Sector Fund  
CI Global Business-to-Business (B2B) RSP Fund  
CI Global Consumer Products Sector Fund  
CI Global Consumer Products RSP Fund  
CI Global Energy Sector Fund  
CI Global Energy RSP Fund  
CI Global Financial Services Sector Fund  
CI Global Financial Services RSP Fund  
CI Global Focus Value Sector Fund  
CI Global Focus Value RSP Fund  
CI Global Fund**

CI Global Equity RSP Fund  
CI Global Sector Fund  
CI Global Health Sciences Sector Fund  
CI Global Health Sciences RSP Fund  
CI Global Managers™ Sector Fund  
CI Global Managers™ RSP Fund  
CI Global Technology Sector Fund  
CI Global Technology RSP Fund  
CI Global Telecommunications RSP Fund  
CI Global Telecommunications Sector Fund  
CI Global Value Fund  
CI Global Value RSP Fund  
CI Global Value Sector Fund  
CI International Fund  
CI International RSP Fund  
CI International Sector Fund  
CI International Value Fund  
CI International Value RSP Fund  
CI International Value Sector Fund  
CI Japanese Sector Fund  
CI Japanese RSP Fund  
CI Latin American Fund  
CI Latin American RSP Fund  
CI Latin American Sector Fund  
CI Pacific Fund  
CI Pacific RSP Fund  
CI Pacific Sector Fund  
CI Canadian Balanced Fund  
CI Canadian Income Fund  
CI Global Boomernomics® Sector Fund  
CI Global Boomernomics® RSP Fund  
CI International Balanced Fund  
CI International Balanced RSP Fund  
CI International Balanced Sector Fund  
CI Canadian Bond Fund  
CI Money Market Fund  
CI Short-Term Sector Fund  
CI Short-Term US\$ Sector Fund  
CI US Money Market Fund  
CI World Bond Fund  
CI Global Bond RSP Fund  
Harbour Fund  
Harbour Sector Fund  
Harbour Foreign Equity Sector Fund  
Harbour Foreign Equity RSP Fund  
Harbour Growth & Income Fund  
Landmark American Fund  
Landmark American RSP Fund  
Landmark American Sector Fund  
Landmark Canadian Fund  
Landmark Canadian Sector Fund  
Landmark Global Sector Fund  
Landmark Global RSP Fund  
Signature American Small Companies Fund  
Signature American Small Companies RSP Fund  
Signature American Small Companies Sector Fund  
Signature Canadian Fund  
Signature Canadian Sector Fund  
Signature Canadian Resource Fund  
Signature Canadian Resource Sector Fund  
Signature Explorer Fund  
Signature Explorer Sector Fund  
Signature Global Small Companies Fund

Signature Global Small Companies RSP Fund  
Signature Global Small Companies Sector Fund  
Signature Select Canadian Fund  
Signature Select Canadian Sector Fund  
Signature Canadian Balanced Fund  
Signature Dividend Fund  
Signature Dividend Income Fund  
Signature High Income Fund  
(collectively, the “CI Funds”)

#### MRRS DECISION DOCUMENT

**WHEREAS** the Canadian securities regulatory authority or regulator (the “**Decision Maker**”) in each of the provinces and territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory and Nunavut (the “**Jurisdictions**”) has received an application (the “**Application**”) from CI Mutual Funds Inc. (“**CI**”), manager of the CI Funds for a decision pursuant to securities legislation of the Jurisdictions (the “**Legislation**”) that the time limits pertaining to the distribution of securities under the simplified prospectuses and annual information form (collectively, the “**CI Prospectus**”) of the CI Funds dated July 31, 2001 be extended to the time limits that would be applicable if the lapse dates were August 29, 2002;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the “**System**”) the Ontario Securities Commission is the principal regulator for the Application;

**AND WHEREAS** the Funds have represented to the Decision Makers that:

1. C.I. Fund Management Inc., the parent company of CI, acquired all of the outstanding shares of Spectrum Investment Management Limited (“**Spectrum**”) on July 25, 2002 and thereafter CI and Spectrum amalgamated.
2. Each CI Fund is a reporting issuer as defined in the Legislation and is not in default of any of the requirements of such Legislation.
3. Units or shares of the CI Funds, as applicable, are presently offered for sale on a continuous basis in each of the Jurisdictions through the CI Prospectus. The earliest lapse date under the Legislation for the distribution of qualified securities of the CI Funds pursuant to the CI Prospectus is July 31, 2002.
4. The CI Funds filed combined preliminary and pro forma prospectuses dated June 18, 2002 (collectively, the “**Renewal Prospectus**”) under SEDAR project numbers 460724 and 460827 in each of the Jurisdictions within the time limits specified by the Legislation.
5. There have been no material changes in the affairs of any CI Fund since the filing of the CI

Prospectus other than those for which amendments have been filed. Accordingly, the CI Prospectus and the amendments thereto represent current information regarding each CI Fund. The requested lapse date extension will not affect the accuracy of information in the CI Prospectus and therefore will not be prejudicial to the public interest.

distribution of securities under the CI Prospectus was August 29, 2002.

August 13, 2002.

“Paul A. Dempsey”

6. In connection with the acquisition of Spectrum, CI is considering revising the Renewal Prospectus to include some of the Spectrum Mutual Funds. CI requires additional time to determine which Spectrum Mutual Funds will be included in the Renewal Prospectus and to prepare and file a revised Renewal Prospectus for review by the CSA.
7. CI expects that some or all of the Spectrum Mutual Funds that are not included in the Renewal Prospectus, as well as some CI Funds, will be merged with other CI Funds. CI has not yet determined which funds will be the subject of mergers. Any such mergers would be effected in accordance with the requirements of National Instrument 81-102 including, without limitations, filing a prospectus amendment in respect of, and obtaining approval from securityholders of, each fund that may be terminated. CI anticipates that any such fund mergers will be completed by October 15, 2002.
8. If the requested lapse date extension to August 29, 2002 in respect of the CI Funds is not granted, the Renewal Prospectus will require substantial amendments, likely within 30 days of obtaining a receipt. The financial costs and time involved in producing, filing and printing both the Renewal Prospectus and amended and restated simplified prospectuses and an annual information form within a short period of time following the date of the Renewal Prospectus would be unduly costly.
9. The requested lapse date extension will not affect the accuracy of information in the CI Prospectus and therefore will not be prejudicial to the public interest.

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

**AND WHEREAS** each Decision Maker 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 pursuant to the Legislation is that the time periods provided in the Legislation as they apply to a distribution of securities under the CI Prospectus, are hereby extended to the time limits that would be applicable if the lapse date for the

**2.1.5 TD Waterhouse Investor Services, Inc. -  
MRRS Decision**

**Headnote**

The Applicant and its representatives in the Applicant's Canadian call centre are exempted from the registration requirements and the prospectus requirements contained in the Legislation, to permit them to deal with certain clients under National Instrument 35-101 – Conditional Exemption from Registration for United States Broker-Dealers and Agents.

**Statutes Cited**

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

**Instruments Cited**

National Instrument 35-101 – Conditional Exemption from Registration for United States Broker-Dealers and Agents.

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

**AND**

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

**AND**

**IN THE MATTER OF  
TD WATERHOUSE INVESTOR SERVICES, INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from TD Waterhouse Investor Services, Inc. ("TDW") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting TDW and its agents from the dealer, adviser and underwriter registration requirements contained in the Legislation (the "Registration Requirements") and the prospectus requirement contained in the Legislation (the "Prospectus Requirement") so as to permit them to deal with the individuals ("NI 35-101 Clients") referred to in section 2.1 of National Instrument 35-101 – Conditional Exemption from Registration for United States Broker-Dealers and Agents ("NI 35-101") provided such dealings are conducted in accordance with all terms and conditions of NI 35-101 save and except for

the requirement that TDW has no office or physical presence in any jurisdiction of Canada.

**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** it has been represented by TDW to the Decision Makers that:

1. TDW is a corporation incorporated under the laws of the State of New York, U.S.A. and is a wholly owned indirect subsidiary of The Toronto-Dominion Bank ("TD Bank"), a bank listed on Schedule I of the *Bank Act* (Canada).
2. The head office of TDW is in New York, New York, U.S.A.
3. TDW is registered as a broker-dealer with the United States Securities and Exchange Commission pursuant to Section 15(b) of the *Securities Exchange Act* of 1934 as amended, to carry on business as a broker-dealer in the United States of America ("U.S.A.").
4. TDW is proposing to transfer a portion of its broker call centre operations to an office in London, Ontario that it will operate through TD Waterhouse Canadian Call Center Inc., a wholly owned subsidiary of TDW incorporated under the laws of Ontario. This office will be a call centre (the "London Call Centre") dedicated to answering inbound phone calls from clients of TDW who are not residents of Canada ("Non-Canadian Clients") and will not otherwise be accessible to or by any person or company other than TDW and its associates and affiliates.
5. The scope of the London Call Centre's operations will initially consist of responding to inbound Non-Canadian Client calls, providing information on market activities and developments and company products and services, customer account information, technical support and Web access support, providing stock market quotes and answering customer inquiries about market/account activity. Representatives of TDW (the "Representatives") will not initially take orders since the calls to be directed to the London Call Centre will be limited to customer service enquiries that can be resolved administratively.
6. The Representatives will not be, and will not initially be required to be, registered under U.S.A. securities law, although they will be finger-printed and required to follow the employee screening procedures employed by TDW for its non-registered personnel in the U.S.A.
7. The London Call centre will be operated in accordance with all applicable rules established

by the various U.S.A. regulatory authorities, including the SEC and the New York Stock Exchange (the "NYSE"). The London Call Centre will be subject to the same procedures set in place for TDW's existing U.S.A. business, it will be examined at least annually by representatives from TDW's compliance staff in New York, and it will be supervised by one or more properly qualified individuals acceptable to the NYSE.

8. Eventually, the Representatives will be registered under U.S. securities law in order to enable them to accept and route, but not execute, trading orders. The London Call Centre will remain dedicated to answering inbound phone calls from Non-Canadian Clients and NI 35-101 Clients.
9. TDW and the Representatives will not deal with or on behalf of persons or companies who are resident in Canada except for NI 35-101 Clients in accordance with NI 35-101 other than the requirement that TDW have no office or physical presence in any jurisdiction of Canada.
10. TDW and the Representatives who work in the London Call Centre on behalf of TDW in respect of trades with or on behalf of Non-Canadian Clients and NI 35-101 Clients will comply with all registration and other requirements of applicable securities legislation in the U.S.A.
11. The London Call Centre will be an opaque presence inaccessible to any person or company other than Non-Canadian Clients and NI 35-101 Clients whose calls are directed to the London Call Centre by TDW.
12. The Ontario Securities Commission (the "OSC") has issued a ruling (the "Ontario Ruling") pursuant to subsection 74(1) of the Act providing that
  - (a) the Representatives working in the London Call Centre shall not be subject to the requirements of paragraph 25(1)(a) of the Act where the Representatives act on behalf of TDW in respect of trades in securities with or on behalf of Non-Canadian Clients, provided that the Representatives comply with all registration and other requirements of applicable securities legislation in the U.S.A.; and
  - (b) TDW shall not be subject to the requirements of paragraph 25(1)(a) of the Act with respect to trading by it through the London Call Centre in securities with or on behalf of Non-Canadian Clients, provided that:
    - (i) a Representative working in the London Call Centre acts on

behalf of TDW in respect of such trading; and

- (ii) TDW complies with all registration and other requirements of applicable securities legislation in the U.S.A.

13. TDW currently relies on NI 35-101 for the purposes of dealing with NI 35-101 Clients, however, section 2.1 of NI 35-101 requires that TDW have "no office or physical presence in any jurisdiction" of Canada.

14. As a consequence of the trading activity that would be accommodated by the Ontario Ruling, TDW will technically no longer be able to continue to rely on NI 35-101 as it may be argued that TDW has an office or other physical presence in Canada as a portion of its broker call centre operations will be located in London, Ontario.

**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 tests 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 pursuant to the Legislation is that the Registration Requirement and the Prospectus Requirement shall not apply to TDW and its agents so as to permit them to deal with NI 35-101 Clients provided such dealings are conducted in accordance with all terms and conditions of NI 35-101 save and except for the requirement that TDW has no office or physical presence in any jurisdiction of Canada, and provided that the only office or physical presence that TDW has in Canada is the London Call Centre.

July 26, 2002.

"Paul M. Moore"

"Robert L. Shirriff"

**2.1.6 Investors Group Trust Co. Ltd -  
MRRS Decision**

**Headnote**

Investment by the RSP Fund in forward contracts issued by a related counterparty exempt from the restrictions and requirements in sections 111(2)(b) and (c), 111(3), 117(1)(a) and 118(2)(a), subject to specified conditions.

**Statutes Cited**

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., 111(2)(b) and (c), 111(3), 117(1)(a), 117 (2), 118(2)(a) and 121(2)(a).

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

**AND**

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

**AND**

**IN THE MATTER OF  
INVESTORS GROUP TRUST CO. LTD ("IGTC")  
AS TRUSTEE OF  
INVESTORS U.S. LARGE CAP VALUE RSP FUND  
INVESTORS EUROPEAN GROWTH RSP FUND  
INVESTORS GLOBAL RSP FUND  
INVESTORS JAPANESE GROWTH RSP FUND  
INVESTORS GLOBAL SCIENCE & TECHNOLOGY  
RSP FUND  
IG AGF U.S. GROWTH RSP FUND**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from IGTC in its own capacity and on behalf of Investors U.S. Large Cap Value RSP Fund, Investors European Growth RSP Fund, Investors Global RSP Fund, Investors Japanese Growth RSP Fund, Investors Global Science & Technology RSP Fund and IG AGF U.S. Growth RSP Fund (collectively, the "Global Series RSP Funds") and other mutual funds managed by IGTC or its affiliates) after the date of this Decision (defined herein) having an investment objective or strategy that is linked to the returns or portfolio of another specified mutual fund while remaining 100% eligible for registered plans (together with the Global Series RSP Funds, the "Funds") for a decision pursuant to the securities legislation of the jurisdictions (the "Legislation") that the following prohibitions or requirements under the Legislation (the "Applicable Requirements") shall

not apply to the Funds or IGTC, as the case may be, in respect of certain investments made by the Funds in forward contracts with MRS Trust Company ("MRS Trust" or the "Related Counterparty"):

1. the provision contained in the Legislation prohibiting a mutual fund from knowingly making and holding an investment in an issuer in which any officer or director of the mutual fund, its management company or distribution company or an associate of any of them has a significant interest;
2. the provision contained in the Legislation prohibiting a mutual fund from knowingly making and holding an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or distribution company has a significant interest;
3. the provision contained in the Legislation prohibiting a mutual fund from knowingly making and holding an investment in any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder.
4. The requirements contained in the Legislation requiring the management company or a mutual fund manager to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company; and
5. The provision contained in the Legislation prohibiting a portfolio manager from knowingly causing any investment portfolio managed by it to invest in any issuer in which a "responsible person" (as that term is defined in the Legislation) or an associate of a responsible person is an officer or director.

**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** it has been represented by IGTC to the Decision Makers that:

1. The Funds are or will be open-end mutual funds established under the laws of the Province of Manitoba. IGTC is a corporation established under the laws of the Province of Manitoba. IGTC (or an affiliate) is or will be the manager of the Funds. A significant number, if not a majority, of the unitholders of the Global Series RSP Funds reside in Ontario.
2. MRS Trust is a trust and loan corporation with its registered office located in Ontario, and is a subsidiary of Mackenzie Financial Corporation and has applied to become a federally registered

- trust company. Both Mackenzie Financial Corporation and IGTC are, directly or indirectly, wholly owned subsidiaries of Investors Group Inc.
3. The Funds are or will be reporting issuers. The units of the Funds are or will be qualified under a simplified prospectus and annual information form (collectively, the "Prospectus") or the equivalent under the Legislation, which Prospectus will contain disclosure with respect to the investment objective, investment practices and restrictions of the Funds. The Funds are not in default of the requirements of the Legislation.
  4. Each Fund seeks to achieve its investment objective while ensuring that its units do not constitute 'foreign property' under the *Income Tax Act* (Canada) (the "Tax Act") for registered retirement savings plans, registered retirement income plans, and deferred profit sharing plans ("Registered Plans").
  5. To achieve its investment objective, each Global Series RSP Fund invests its assets in securities of a specified underlying fund (the corresponding "Linked Fund") such that its units will, in the opinion of tax counsel to the Fund, be "qualified investments" for Registered Plans and do not constitute foreign property in a Registered Plan. This is primarily achieved by the Global Series RSP Funds entering into derivative contracts with one or more financial institutions ("Forward Contracts"), which may include the Related Counterparty, that link their returns to those of their corresponding Linked Funds. It is anticipated that any future "RSP Clone Funds" promoted by IGTC (or an affiliate) will likewise follow a similar strategy.
  6. Each Fund may invest a portion of its assets in securities of its corresponding Linked Funds. This investment by any Fund will at all times be below the maximum foreign property limit prescribed under the Tax Act for Registered Plans.
  7. Each of the Global Series RSP Funds has previously obtained exemptive relief from the Jurisdictions in connection with its activities as an "RSP Clone Fund".
  8. The Global Series RSP Funds originally entered into Forward Contracts with certain financial institutions. However, MRS Trust, which is a subsidiary of Mackenzie Financial Corporation and a related party of IGTC, may in the future be prepared to enter into Forward Contracts with some or all of the Funds.
  9. Except for the transaction costs payable to MRS Trust in relation to any Forward Contracts, none of the Funds, the corresponding Linked Funds, IGTC or any affiliate or associate of any of the foregoing
  10. will pay any fees or charges of any kind to MRS Trust in respect of the Forward Contracts.
  10. The Investment Conduct and Review Committee of IGTC (the "Independent Committee") a majority of whom are themselves not officers or employees of IGTC, MRS Trust, or any affiliate of either of them, will review all proposed Forward Contracts between the Funds and the Related Counterparty to ensure that the Funds will receive terms and pricing that are at least as favourable as those agreed to by the Funds with arm's length counterparties from time to time, or as those available to the Funds from arm's length counterparties from time to time.
  11. The Prospectus and any renewal thereof will disclose the involvement of the Related Counterparty in the Forward Contracts, the review of the Forward Contracts by the Independent Committee as well as all applicable charges in connection therewith.
  12. So long as the debt of the Related Counterparty does not have the approved credit rating prescribed in National Instrument 81-102 ("NI 81-102"), the obligations of the Related Counterparty will be unconditionally guaranteed by an affiliate which does have an approved credit rating.
  13. In order to hedge its obligations under the Forward Contracts, the Related Counterparty will likely, but is not required to, purchase units of the applicable corresponding Linked Funds.
  14. Except to the extent evidenced by this Decision and specific approvals granted or to be granted by the Canadian securities administrators under NI 81-102, the investments by each Fund in a Forward Contract have been structured to comply with the investment restrictions of the Legislation and NI 81-102.
  15. The investments by the Funds in the Forward Contracts represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Funds.
  16. In the absence of this Decision, pursuant to the Legislation, the Funds are prohibited from making and holding an investment in the Forward Contracts issued by a Related Counterparty.
  17. In the absence of this Decision, pursuant to the Legislation, IGTC is: (a) prohibited from knowingly causing any investment portfolio managed by it to invest in any issuer in which a "responsible person" is an officer or director; and (b) required to file a report upon every investment by the Funds in a Forward Contract with the Related Counterparty.

**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 are 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 Applicable Requirements do not apply so as to prevent a Fund from entering into Forward Contracts with a Related Counterparty.

**PROVIDED IN EACH CASE THAT:**

- (a) the pricing terms offered by the Related Counterparty to the Funds under the Forward Contracts are at least as favourable as the terms agreed to by the Funds with arm's length counterparties from time to time, or as the terms otherwise available to the Funds from the arm's length counterparties from time to time;
- (b) prior to the Funds entering into a Forward Contract with the Related Counterparty, the Independent Committee will review the pricing terms offered by the Related Counterparty to the Funds against the pricing terms agreed to by the Funds with arm's length counterparties or the pricing terms otherwise available to the Funds from arm's length counterparties to ensure that the pricing is at least as favourable;
- (c) the review by the Independent Committee will be undertaken not less frequently than on an annual basis, and in addition on any renewal or pricing amendment to each Forward Contract with the Related Counterparty during the term of such contract;
- (d) The Funds' Prospectus, and any renewal thereof discloses the review of the Forward Contracts by the Independent Committee, as well as the involvement of the Related Counterparty; and
- (e) The Funds will enter into Forward Contracts with any Related Counterparty only once confirmation of favourable pricing is received from the Independent Committee.

August 2, 2002.

"Howard I. Wetston"

"Robert L. Shirriff"

**2.1.7 Standard Mining Corporation - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Application to be deemed to have ceased to be a reporting issuer.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

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

**AND**

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

**AND**

**IN THE MATTER OF  
STANDARD MINING CORPORATION**

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Alberta, Ontario and Québec (the "Jurisdictions") has received an application from Standard Mining Corporation ("Standard") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Standard be deemed to have ceased to be a reporting issuer under the Legislation;
2. 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;
3. AND WHEREAS Standard has represented to the Decision Makers that:
  - 3.1 Standard was formed by the amalgamation (the "Amalgamation") of Standard Mining Corporation ("Old Standard") and Brightstar Minerals Ltd. ("Brightstar") under the Yukon Business Corporations Act (the "YBCA") effective November 1, 2001 under a plan of arrangement (the "Arrangement") under Section 195 of YBCA involving Old Standard, Brightstar and Doublestar Resources Ltd. ("Doublestar");
  - 3.2 the head office of Standard is located in Vancouver, British Columbia;



- 3.3 Old Standard was a reporting issuer in the Jurisdictions and British Columbia before the Amalgamation and Arrangement;
- 3.4 Doublestar was a reporting issuer in British Columbia and Alberta before the Amalgamation and Arrangement and became a reporting issuer in Ontario and Québec as a result of the Amalgamation and Arrangement;
- 3.5 Standard became a reporting issuer in the Jurisdictions and British Columbia as a result of the Amalgamation and Arrangement;
- 3.6 other than its failure to file in the Jurisdictions its annual financial statements for the period ended December 31, 2001 and its interim financial statements for the period ended March 31, 2002, Standard is not in default of any of the requirements of the Legislation;
- 3.7 the authorized capital of Standard consists of an unlimited number of shares designated as common shares (the "Common Shares") of which there is currently one Common Share outstanding;
- 3.8 under the terms of the Arrangement:
- 3.8.1 Brightstar and Old Standard were amalgamated and combined as one corporation under the name of Standard Mining Corporation;
- 3.8.2 the one issued share of Brightstar was cancelled and Standard issued to Doublestar, as the holder of the cancelled share of Brightstar, the outstanding Common Share;
- 3.8.3 all of the issued and outstanding shares of Old Standard were cancelled and Doublestar issued to each holder of cancelled Old Standard shares, one-fifth of one Doublestar common share for each cancelled Old Standard share held by such holder;
- 3.9 other than the outstanding Common Share held by Doublestar, Standard has no securities, including debt securities, outstanding;
- 3.10 the Common Shares were delisted from TSX Inc., formerly, The Toronto Stock Exchange Inc. on November 6, 2001 and no securities of Standard are listed or quoted on any exchange or market; and
- 3.11 Standard does not intend to seek public financing by way of an offering of its securities;
4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. 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;
6. THE DECISION of the Decision Makers under the Legislation is that Standard is deemed to have ceased to be a reporting issuer.

August 6, 2002.

"Patricia M. Johnston"

## 2.1.8 Clarica Diversico Ltd. - MRRS Decision

### Headnote

Relief from certain self-dealing prohibitions to permit mutual funds to passively track target securities market indices.

### Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, s. 111(2)(a), 111(2)(c)(ii), 111(3), 118(1).

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

**AND**

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

**AND**

**IN THE MATTER OF  
CLARICA CANADIAN EQUITY INDEX FUND  
MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Clarica Diversico Ltd. ("Diversico"), in its capacity as manager of Clarica Canadian Equity Index Fund (the "Fund"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following restrictions (together, the "Investment Restrictions") contained in the Legislation shall not apply in respect of investments made by the Fund in securities of C.I. Fund Management Inc. ("CIX"):

1. the restriction prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company;
2. the restrictions prohibiting a mutual fund from knowingly making or holding an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company has a significant interest; and
3. the restriction prohibiting a portfolio manager from knowingly causing an investment portfolio managed by it to invest in any issuer in which a responsible person or an associate of a responsible person is an officer or director unless

the specific fact is disclosed to the client and written consent of the client to the investment is obtained before the purchase.

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

**AND WHEREAS** Diversico has represented to the Decision Makers as follows:

1. The Fund is an open-end mutual fund trust established under the laws of Ontario. Units of the Fund are qualified for distribution in each of the Jurisdictions pursuant to a simplified prospectus and annual information form dated December 18, 2001, as amended. The Fund is a reporting issuer under the securities legislation of each of the Jurisdictions.
2. The Fund is an "index mutual fund" as defined in National Instrument 81-102 Mutual Funds. The investment objective of the Fund is to provide long-term growth of capital by tracking the performance of a specified Canadian equity index, currently being the S&P/TSX Composite Index (the "Target Index"), by investing mainly in securities that are included in the Target Index in substantially the same proportion to the securities in the Target Index.
3. Pursuant to a purchase agreement dated May 22, 2002 between CIX, Sun Life Financial Services of Canada Inc. ("SLFS") and others, CIX acquired all of the issued and outstanding shares of Diversico. In return, SLFS acquired approximately a 30% indirect interest in CIX. The foregoing transactions are referred to collectively as the "Transaction".
4. Further to completion of the Transaction on July 25, 2002:
  - (a) Diversico became a wholly-owned subsidiary of CIX;
  - (b) CI Mutual Funds Inc. ("CIMF"), a wholly-owned subsidiary of CIX, has replaced its sister company, Diversico, as manager of the Fund. CIX is a "substantial security holder" (as such term is defined under the Legislation) of CIMF;
  - (c) SLFS, through its ownership of 30% of the outstanding shares of CIX, is a "substantial security holder" (as such term is defined under the Legislation) of CIX and, indirectly, of CIMF;
  - (d) SLFS has a direct or indirect "significant interest" (as such term is defined under the Legislation) in CIX.

5. TD Asset Management Inc. ("TDAM") is the portfolio adviser to the Fund. It is anticipated that CIMF may replace TDAM as the portfolio adviser to the Fund. TDAM and CIMF are each hereinafter referenced to mean the "Portfolio Adviser".
6. CIX and CIMF share common directors and officers. As such, CIMF and the directors and officers which it shares with CIX would be "responsible persons" (as such term is defined under the Legislation).
7. CIX is a reporting issuer under the securities legislation of each of the provinces of Canada. The common shares of CIX are listed and posted for trading on The Toronto Stock Exchange.
8. Among the securities comprising the Target Index of the Fund are common shares of CIX.
9. The portfolio of the Fund is not actively managed. All purchases and sales of portfolio securities of the Fund are determined by the composition of the Target Index and the weightings therein of the constituent securities. The number of securities in which the Fund actually invests from time to time depends upon the size and value of the assets of the Fund and the composition of the Target Index. The portfolio of the Fund is periodically rebalanced to track its Target Index as closely as possible while minimizing trading costs.
10. In order to track its Target Index following completion of the Transaction, the Fund must hold securities in CIX and may need to acquire additional securities of CIX in the future, contrary to the Investment Restrictions.
11. The deviation from the Investment Restrictions will not be the result of any active decision of CIMF or the Portfolio Adviser to increase the investment of the Fund in any particular issuer, but rather an indirect consequence of carrying out the investment objective of the Fund to match the performance of the Target Index.
12. The investments by the Fund in common shares of CIX represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

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

**AND WHEREAS** the Decision Makers are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision have been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Investment Restrictions do not apply to the investment, or the holding of an investment, by the Fund in securities of CIX;

**PROVIDED THAT** the portion of the Fund's assets invested in securities of CIX is determined according to the Fund's investment objective of tracking the performance of its Target Index by investing mainly in securities that are included in the Target Index in substantially the same proportion to the securities in the Target Index, and not pursuant to the discretion of CIMF or the Portfolio Adviser of the Fund.

August 8, 2002.

"Howard I. Wetston"

"Robert W. Korthals"

**2.1.9 BMO Investments Inc. et al. - MRRS Decision**

**Headnote**

Exemption from the reporting requirements of clause 117(1)(c) of the Securities Act (Ontario) provided that certain disclosure is made in the statement of portfolio transactions for each mutual fund.

**Statutes Cited**

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., 117(1)(c) and 117(2).

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

**AND**

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

**AND**

**IN THE MATTER OF  
BMO INVESTMENTS INC.  
GUARDIAN GROUP OF FUNDS LTD.  
BMO HARRIS INVESTMENT MANAGEMENT INC.  
BMO NESBITT BURNS INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from BMO Investments Inc., Guardian Group of Funds Ltd., BMO Harris Investment Management Inc., and BMO Nesbitt Burns Inc. (the "BMO Group of Companies") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the provisions of the Legislation requiring a management company, or in British Columbia a mutual fund manager, to file a report, within thirty days after each month end and in respect of each mutual fund to which it provides services, relating to every purchase or sale effected by such mutual fund through any related person or company with respect to which the related person or company received a fee either from the mutual fund or from the other party to the transaction or both (the "Reporting Requirement") not apply to purchases and sales effected by the Funds (as defined below) through BMO Nesbitt Burns Inc. ("BMONB") or BMO InvestorLine Inc. ("BMOILI") and each Other Dealer (as defined below);

**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** it has been represented by each of the BMO Group of Companies to the Decision Makers that:

1. Each of the BMO Group of Companies is a corporation established under the laws of Canada with its head office in Toronto, Ontario. Members of the BMO Group of Companies act as managers of a group of mutual funds that currently consists of the funds set out in Appendix "A" hereto (such funds, together with such other funds managed by a member of the BMO Group of Companies from time to time, being herein referred to as the "Funds").
2. The Funds are open-ended investment trusts or mutual fund corporations established under the laws of the Province of Ontario or the laws of Canada. Other than as set out in Appendix "A", each Fund is a reporting issuer in each of the provinces and territories of Canada where units (the "Units") of the Fund are sold pursuant to a prospectus accepted by the decision maker in such jurisdictions.
3. Each of the BMO Group of Companies, including BMONB and BMOILI, is a direct or indirect subsidiary of Bank of Montreal. BMONB and BMOILI are related companies to the Funds under the Legislation;
4. BMONB is a federal corporation and is registered as a broker and investment dealer (equities, options, managed accounts and futures). BMOILI is a federal corporation and is registered as an investment dealer (equities and options).
5. As disclosed in the annual information forms of the Funds, portfolio transactions of the Funds may be executed by BMONB or by BMOILI, provided such transactions are made on terms and conditions comparable to those offered by unrelated brokers and dealers. The BMO Group of Companies may enter into similar arrangements with other related registered investment dealers (upon entering into such arrangement with a member of the BMO Group of Companies, such dealer is referred to as an "Other Dealer").
6. The individual portfolio advisors of each of the Funds have discretion to allocate brokerage business in any manner that they believe to be in a Fund's best interests. The purchase or sale of securities effected through BMONB, BMOILI or an Other Dealer (each a "Related Company") represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Funds. In allocating brokerage, consideration is given to commission

rates and to research, execution and other services offered.

7. Each of the BMO Group of Companies have disclosed and will continue to disclose in the Funds' annual financial statements the amount of brokerage commissions paid by each Fund on trades with Related Companies.
8. In the absence of this Decision, the Legislation requires each of the BMO Group of Companies to file a report on a monthly basis in respect of every purchase or sale of securities effected through a Related Company stating the issuer of the securities purchased or sold, the class or designation of the securities, the amount or number of securities, the consideration, the name of the related company receiving the fee, the name of the person that paid the fee to the related company and the amount of the fee received by the related company.
9. Through inadvertence, the BMO Group of Companies have not filed the reports required by the Legislation regarding the portfolio transactions executed through Related Companies.
10. It would be costly and time consuming for the BMO Group of Companies to provide the information required by the Legislation on a monthly and segregated basis.

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

**AND UPON** each of the Decision Makers being 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 pursuant to the Legislation is that effective as of the date of this Decision, the Reporting Requirement shall not apply so as to require the BMO Group of Companies to file a report on a monthly basis in respect of every purchase and sale of securities by a Fund which is effected through a Related Company and with respect to which a Related Company received a fee either from the Fund or from the other party to the transaction or both,

**PROVIDED THAT** the Decision shall only apply if the statement of portfolio transactions prepared and filed for each Fund in accordance with the Legislation discloses, in respect of every class or designation of securities of an issuer bought or sold during the period to which the statement of portfolio transactions relates:

- (a) the name of each Related Company;
- (b) the amount of fees paid to each Related Company; and

(c) the person or company that paid the fees.

August 6, 2002.

"Howard I. Wetston"

"Robert W. Korthals"

**APPENDIX "A"**

**FUNDS**

**BMO HARRIS INVESTMENT MANAGEMENT INC. (BMO HARRIS PRIVATE PORTFOLIOS)**

BMO Harris Canadian Money Market Portfolio\*  
BMO Harris Canadian Bond Income Portfolio\*  
BMO Harris Canadian Total Return Bond Portfolio\*  
BMO Harris Canadian Corporate Bond Portfolio\*  
BMO Harris Canadian Dividend Income Portfolio\*  
BMO Harris Canadian Income Equity Portfolio\*  
BMO Harris Canadian Conservative Equity Portfolio\*  
BMO Harris Canadian Growth Equity Portfolio\*  
BMO Harris Canadian Special Growth Portfolio\*  
BMO Harris U.S. Equity Portfolio\*  
BMO Harris U.S. Growth Portfolio\*  
BMO Harris International Equity Portfolio\*

**BMO INVESTMENTS INC. (BMO MUTUAL FUNDS)**

**BMO Security Funds**

BMO T-Bill Fund  
BMO Money Market Fund  
BMO AIR MILES<sup>®†</sup> Money Market Fund  
BMO Premium Money Market Fund

**BMO Income Funds**

BMO Mortgage Fund  
BMO Bond Fund  
BMO Monthly Income Fund  
BMO Global Bond Fund  
BMO International Bond Fund

**BMO Growth Funds**

BMO Asset Allocation Fund  
BMO RSP Global Balanced Fund  
BMO Dividend Fund  
BMO Equity Index Fund  
BMO Equity Fund  
BMO RSP U.S. Equity Index Fund  
BMO U.S. Growth Fund  
BMO U.S. Value Fund  
BMO RSP International Index Fund  
BMO International Equity Fund  
BMO NAFTA Advantage Fund  
BMO European Fund  
BMO RSP European Fund  
BMO Japanese Fund  
BMO RSP Japanese Fund

**BMO Aggressive Growth Funds**

BMO Special Equity Fund  
BMO U.S. Special Equity Fund  
BMO RSP Global Opportunities Fund  
BMO RSP Global Financial Services Fund  
BMO Resource Fund  
BMO Precious Metals Fund  
BMO RSP Nasdaq<sup>®</sup> Index Fund  
BMO Global Science & Technology Fund  
BMO RSP Global Science & Technology Fund  
BMO RSP Global Health Sciences Fund  
BMO RSP Global Technology Fund  
BMO Emerging Markets Fund  
BMO Far East Fund  
BMO Latin American Fund

**BMO U.S. Dollar Funds**

BMO U.S. Dollar Money Market Fund  
BMO U.S. Dollar Bond Fund  
BMO U.S. Dollar Equity Index Fund  
**BMO Global Tax Advantage Funds**  
BMO Short-Term Income Class  
BMO Global Balanced Class  
BMO Global Opportunities Class  
BMO Global Financial Services Class  
BMO Global Health Sciences Class  
BMO Global Technology Class

**GUARDIAN GROUP OF FUNDS LIMITED (GGOF GROUP OF FUNDS)**

GGOF Alexandria Canadian Balanced Fund  
GGOF Alexandria RSP International Balanced Fund  
GGOF Alexandria Canadian Growth Fund  
GGOF Alexandria American Growth Fund  
GGOF Alexandria Global Growth Fund  
GGOF Alexandria RSP Global Growth Fund  
GGOF Alexandria Global Small Cap Fund  
GGOF Alexandria European Growth Fund  
GGOF Alexandria Global Technology Fund  
GGOF Alexandria RSP Global Technology Fund  
GGOF Alexandria Global Biotechnology Fund  
GGOF Centurion Canadian Balanced Fund  
GGOF Centurion Canadian Value Fund  
GGOF Centurion American Value Fund Ltd.  
GGOF Centurion RSP American Value Fund  
GGOF Centurion American Large Cap Fund  
GGOF Centurion Global Value Fund  
GGOF Centurion Japanese Value Fund  
GGOF Centurion Emerging Markets Fund  
GGOF Centurion Global Communications Fund  
GGOF Guardian Canadian Money Market Fund  
GGOF Guardian RSP U.S. Money Market Fund  
GGOF Guardian Canadian Bond Fund  
GGOF Guardian Canadian High Yield Bond Fund  
GGOF Guardian Monthly Dividend Fund Ltd.  
GGOF Guardian Monthly High Income Fund  
GGOF Guardian RSP Foreign Income Fund  
GGOF Guardian RSP International Income Fund  
GGOF Guardian Canadian Equity Fund  
GGOF Guardian Canadian Large Cap Fund  
GGOF Guardian Enterprise Fund  
GGOF Guardian Dividend Growth Fund  
GGOF Guardian Global Equity Fund  
GGOF Guardian International Equity Fund

**Jones Heward Funds**

Jones Heward Fund Ltd.  
Jones Heward American Fund\*  
Jones Heward RSP American Fund\*

**BMO NESBITT BURNS INC. (BMO NESBITT GROUP OF FUNDS)**

BMO Nesbitt Burns Canadian Stock Selection Fund  
BMO Nesbitt Burns U.S. Stock Selection Fund  
BMO Nesbitt Burns Bond Fund  
BMO Nesbitt Burns RRSP Stock Selection Fund

\* reporting issuers in each of the provinces only and not the territories

**2.1.10 Wellco Energy Services Inc. et al. -  
MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – Relief from registration, prospectus, continuous disclosure, insider reporting and SEDI filing requirements in connection with a statutory arrangement involving an exchangeable share structure.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 25(1), 53(1), 74(1), 80(b)(iii) and 121(2)(a)(ii).

**Applicable National Instruments**

National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI).

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

**AND**

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

**AND**

**IN THE MATTER OF  
WELLCO ENERGY SERVICES INC.,  
WELLCO ACQUISITION INC.,  
AND WELLCO ENERGY SERVICES TRUST**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Nova Scotia, the Yukon Territory, and the Northwest Territories (the “Jurisdictions”) has received an application from Wellco Energy Services Trust (the “Trust”), Wellco Energy Services Inc. (the “Corporation”) and Wellco Acquisition Inc. (“AcquisitionCo”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that:

1. the requirements contained in the Legislation of all of the Jurisdictions except British Columbia, to be registered to trade in a security (the “Registration Requirement”) and to file a preliminary prospectus and a prospectus and receive receipts therefore (the “Prospectus Requirement”) will not apply to

certain trades of securities to be made in connection with a proposed plan of arrangement under section 193 of the *Business Corporations Act* (Alberta) (the “ABCA”) (the “Arrangement”) involving the Trust, AcquisitionCo, the Corporation and the securityholders of the Corporation; and

2. with respect to AcquisitionCo (or its successor on amalgamation with the Corporation and the Corporation’s Canadian subsidiaries – the “Amalgamated Corporation”), in those Jurisdictions in which AcquisitionCo or the Amalgamated Corporation becomes a reporting issuer under the Legislation;

- (a) the requirements to issue a press release and file a report upon the occurrence of a material change, file an annual report where applicable, interim financial statements and audited annual financial statements and deliver such financial statements to the securityholders of AcquisitionCo or the Amalgamated Corporation, file an information circular or make an annual filing in lieu of filing an information circular, where applicable, file an annual information form and provide management’s discussion and analysis of financial conditions and results of operations (the “Continuous Disclosure Requirements”) will not apply to AcquisitionCo or the Amalgamated Corporation; and

- (b) the requirement that insiders file reports disclosing the insiders direct or indirect beneficial ownership of, or control or direction over, securities (the “Insider Reporting Requirements”), and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders* (the “SEDI Filing Requirements”), will not apply to insiders of AcquisitionCo or the Amalgamated Corporation;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”) the Alberta Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Trust, the Corporation and AcquisitionCo have represented to the Decision Makers that:

3. the Corporation was incorporated pursuant to the *Company Act* (British Columbia) on July 29, 1981 under the name of Tomahawk Resources Ltd. It subsequently changed its name to Sartis Medical Systems Canada Inc. on August 23, 1993 and further changed its name to United Sartis Enterprises Inc. on December 5, 1995 and then changed its name to Wellco Energy Services Inc.

- on February 11, 1999. On August 16, 2000, the Corporation continued into the province of Alberta pursuant to Articles of Continuance;
4. the Corporation's primary services to the oil and gas industry include directional and horizontal drilling, wellsite accommodation unit rentals, drilling and completion supervision, drilling fluids and environmental services, rental of flare tanks and portable water and wastewater treatment facilities;
  5. the head and principal offices of the Corporation are located in Calgary, Alberta;
  6. the authorized capital of the Corporation presently consists of 50,000,000 common shares ("Common Shares") and 50,000,000 Class "A" preferred shares;
  7. as at June 24, 2002, 30,492,499 Common Shares and no Class "A" preferred shares were issued and outstanding and options ("Options") to purchase 2,515,000 Common Shares were outstanding;
  8. the Common Shares are listed on the TSX Venture Exchange (the "TSX");
  9. the Corporation is a reporting issuer in Alberta, British Columbia and Ontario and has been for more than 12 months;
  10. the Corporation has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of Alberta, British Columbia and Ontario, and is not in default of the securities legislation in any of these jurisdictions;
  11. the Trust is an open-end unincorporated investment trust governed by the laws of Alberta and created pursuant to a Declaration of Trust dated as of May 28, 2002, amended and restated on June 26, 2002. Computershare Trust Company of Canada is the initial trustee of the Trust;
  12. the head and principal offices of the Trust are located in Calgary, Alberta;
  13. the Trust was established to:
    - a) invest in securities of AcquisitionCo and the Amalgamated Corporation;
    - b) acquire or invest in other securities of the Amalgamated Corporation, any other subsidiary of the Trust, or any other entity;
    - c) dispose of any part of the monies, properties and assets of the Trust;
  - d) temporarily hold cash and investments for the purposes of paying the expenses and the liabilities of the Trust, making other permitted investments, paying amounts payable by the Trust in connection with the redemption of any Trust Units, and making distributions to Unitholders; and
- pay costs, fees and expenses associated with the foregoing purposes or incidental thereto;
14. the Trust was established with nominal capitalization and currently has only nominal assets and no liabilities. The only activity that will initially be carried on by the Trust will be the holding of securities of the Amalgamated Corporation;
  15. the Trust is authorized to issue an unlimited number of trust units ("Trust Units") and an unlimited number of special voting rights ("Special Voting Rights");
  16. as of July 2, 2002, there was one Trust Unit issued and outstanding and no Special Voting Rights were outstanding;
  17. on May 28, 2002, the Trust issued 11,000,000 special warrants. Each special warrant entitles the holder to acquire 0.1 Trust Units on the effective date of the Arrangement;
  18. the Trust has received conditional approval from the TSX for the listing on the TSX of the Trust Units to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement;
  19. the Trust is not a reporting issuer in any of the Jurisdictions;
  20. AcquisitionCo was incorporated pursuant to the ABCA on June 25, 2002;
  21. the head and principal offices of AcquisitionCo are located in Calgary, Alberta;
  22. AcquisitionCo was incorporated to participate in the Arrangement by acquiring Common Shares of the Corporation;
  23. the authorized capital of AcquisitionCo currently consists of an unlimited number of common shares;
  24. AcquisitionCo will amend its Articles such that it (and the Amalgamated Corporation) will also be authorized to issue an unlimited number of exchangeable shares issuable in series, of which 1,300,000 Series A exchangeable shares (the "Exchangeable Shares") will be authorized;



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**Decisions, Orders and Rulings**

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25. as of July 2, 2002, 10 common shares of AcquisitionCo were issued and outstanding and owned by the Trust;
26. AcquisitionCo is not a reporting issuer in any of the Jurisdictions;
27. the Arrangement will be effected by way of a plan of arrangement under section 193 of the ABCA which will require approval by:
- (i) not less than two-thirds of the votes cast by the holders of Common Shares (“Shareholders”) and the holders of Options (“Optionholders”) (present in person or represented by proxy), voting as a single class, at a meeting to be held on August 2, 2002 (the “Meeting”); and
  - (ii) the approval of the Court of Queen’s Bench of Alberta (the “Court”);
28. the management information circular (the “Information Circular”) mailed to the Shareholders and the Optionholders in connection with the Meeting was prepared in conformity with the provisions of the ABCA and applicable securities laws and contains prospectus-level disclosure concerning the respective business and affairs of the Trust, the Corporation and the Amalgamated Corporation and a detailed description of the Arrangement;
29. under the Arrangement:
- (A) Shareholders (other than dissenting Shareholders) will exchange Common Shares held by them with AcquisitionCo in consideration for, at the election or deemed election of each such Shareholder:
    - (i) one note of AcquisitionCo (a “Note”) for every 10 Common Shares;
    - (ii) one Exchangeable Share for every 10 Common Shares; or
    - (iii) a combination of Notes and Exchangeable Shares;
  - (B) Options (other than those held by dissenting Optionholders) will be terminated; and
  - (C) each Note will be exchanged with the Trust for one Trust Unit;
30. each Option, other than Options held by dissenting Shareholders, will be amended to vest in its entirety;
31. holders of Options that exercise the same prior to the effective time of the Arrangement will participate in the Arrangement in respect of the Common Shares received on the same basis as other Shareholders;
32. as part of the Arrangement, AcquisitionCo, the Corporation and the Corporation’s Canadian subsidiaries will amalgamate to form the Amalgamated Corporation which will continue under the name “Wellco Energy Services Inc.”;
33. upon completion of the Arrangement, the Amalgamated Corporation will become a reporting issuer under the Legislation in Alberta, British Columbia and Ontario and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;
34. the Trust will become a reporting issuer under the Legislation in Alberta, British Columbia and Ontario and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;
35. the Exchangeable Shares will provide a holder with a security having economic, ownership, and voting rights which are, as nearly as practicable, equivalent to those of the Trust Units;
36. the Exchangeable Shares will be exchangeable by a holder thereof for Trust Units at any time at the option of such holder;
37. under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, the Trust or a subsidiary of the Trust other than the Amalgamated Corporation (an “ExchangeCo”) or the Amalgamated Corporation will be able to redeem, retract or acquire Exchangeable Shares in exchange for Trust Units in certain circumstances;
38. prior to the occurrence of the Arrangement, AcquisitionCo, the Trust and Computershare Trust Company of Canada (the “Trustee”) will enter into a voting and exchange trust agreement (the “Voting and Exchange Trust Agreement”);
39. under the terms of the Voting and Exchange Trust Agreement, upon the occurrence and during the continuance of certain events involving the bankruptcy, insolvency, dissolution or winding up of the Amalgamated Corporation, involuntarily or otherwise, a holder of Exchangeable Shares will be entitled to instruct the Trustee to exercise the rights granted by the Trust under the Voting and Exchange Trust Agreement with respect to any or all of the Exchangeable Shares held by such holder, thereby requiring the Trust or ExchangeCo, as the case may be, to purchase such Exchangeable Shares from the holder;

40. upon the occurrence of certain events pertaining to the institution of voluntary liquidation, dissolution or winding-up proceedings in respect of the Trust or other distribution of the assets of the Trust for the purposes of winding-up the affairs of the Trust or the threat or institution of proceedings with respect to the involuntary liquidation, dissolution or winding-up of the Trust or to effect any other distribution of assets of the Trust for the purposes of winding-up the affairs of the Trust, the Trust or ExchangeCo, as the case may be, will be deemed to have acquired each outstanding Exchangeable Share (other than Exchangeable Shares held by the Trust or its subsidiaries) and holders of Exchangeable Shares will be deemed to have exchanged the Exchangeable Shares held by them immediately prior to such trust liquidation event;
41. the Trust will issue a Special Voting Right to the Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Trust Units. Pursuant to the Voting and Exchange Trust Agreement, the Special Voting Right will be held by the Trustee for the benefit of holders of Exchangeable Shares from time to time (other than the Trust and its subsidiaries) and each voting right attached thereto will be voted pursuant to the instructions of the holder of the related Exchangeable Share;
42. prior to the occurrence of the Arrangement, AcquisitionCo and the Trust will enter into a support agreement (the "Support Agreement"). Under the Support Agreement, the Trust will agree that:
- (1) the Trust will take all actions and do all things necessary to ensure that the Amalgamated Corporation is able to pay to the holders of the Exchangeable Shares the liquidation amount in the event of a liquidation, dissolution or winding up of the Amalgamated Corporation, the retraction price in the event of the giving of a retraction request by a holder of Exchangeable Shares or the redemption price in the event of a redemption of Exchangeable Shares by the Amalgamated Corporation; and
  - (2) the Trust will not vote or otherwise take any action or omit to take any action causing the liquidation, dissolution or winding-up of the Amalgamated Corporation;
43. the steps under the Arrangement, the terms of the Exchangeable Shares and the exercise of certain rights provided for in connection with the Arrangement and the Exchangeable Shares involves or may involve a number of trades or
- potential trades of Common Shares, Exchangeable Shares, Notes, Trust Units and rights to acquire Trust Units under the Arrangement (collectively, the "Trades");
44. there are no exemptions from the Registration Requirement or the Prospectus Requirement available under the Legislation for certain of the Trades;
45. the Information Circular discloses that application will be made to relieve the Amalgamated Corporation from the Continuous Disclosure Requirements; and
46. the Trust will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of Trust Units pursuant to the Legislation;
- 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 of all of the Jurisdictions except British Columbia is that:
- (a) the Registration Requirement and the Prospectus Requirement will not apply to the Trades provided that the first trade in securities acquired under this Decision shall be deemed to be a distribution or primary distribution to the public; and
  - (b) the Prospectus Requirement will not apply to the first trade in Trust Units and Exchangeable Shares acquired by securityholders of the Corporation under the Arrangement and the first trade of the Trust Units acquired by the holders thereof on the exercise of all rights, automatic or otherwise, under such Exchangeable Shares, provided that:
    - (i) the conditions in subsections (3) or (4) of section 2.6 of Multilateral Instrument 45-102 *Resale of Securities* ("MI 45-102"), with the issuer being the Trust, are satisfied and for the purposes of determining the period of time that the Trust has been a reporting issuer under section 2.6 of MI 45-102, the period of time that the Corporation was a reporting

issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Arrangement may be included; and

insert to include a reference to the economic equivalency between the Exchangeable Shares and Trust Units and the right to direct voting at meetings of holders of Trust Units;

**THE DECISION** of the Decisions Makers of Alberta, British Columbia and Ontario under the Legislation of Alberta, British Columbia and Ontario is that:

(A) the Continuous Disclosure Requirements will not apply to AcquisitionCo and the Amalgamated Corporation for so long as:

(i) the Trust is a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 and is an electronic filer under National Instrument 13-101;

(ii) the Trust sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Trust Units under the Continuous Disclosure Requirements;

(iii) the Trust complies with the requirements of the TSX, or such other market or exchange on which the Trust Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;

(iv) AcquisitionCo or the Amalgamated Corporation is in compliance with the requirements of the Legislation to issue a press release and file a report with the Decision Makers of Alberta, British Columbia and Ontario upon the occurrence of a material change in respect of the affairs of AcquisitionCo or the Amalgamated Corporation that is not also a material change in the affairs of the Trust;

(v) the Trust will include in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to the Trust and not to AcquisitionCo or the Amalgamated Corporation, such

(vi) the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of AcquisitionCo or the Amalgamated Corporation; and

(vii) AcquisitionCo or the Amalgamated Corporation does not issue any preferred shares or debt obligations other than debt obligations issued to its affiliates or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

(B) the Insider Reporting Requirements and the SEDI Filing Requirements will not apply to any insider of AcquisitionCo or the Amalgamated Corporation in respect of securities of AcquisitionCo or the Amalgamated Corporation provided:

(i) such insider does not receive, in the ordinary course, information as to material facts or material changes concerning the Trust before the material facts or material changes are generally disclosed;

(ii) such insider is not a director or senior officer of a major subsidiary of the Trust as defined in National Instrument 55-101 ("Major Subsidiary");

(iii) such insider is not also an insider of the Trust, excluding any director or senior officer of a subsidiary of the Trust that is not a Major Subsidiary;

(iv) the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of AcquisitionCo or the Amalgamated Corporation; and

(v) AcquisitionCo or the Amalgamated Corporation does not issue any preferred shares or debt obligations other than

debt obligations issued to its affiliates or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

August 2, 2002.

“Glenda A. Campbell”

“James A. Millard”

## **2.1.11 Bloomberg Tradebook LLC and Bloomberg Tradebook Canada Company - MRRS Decision**

### **Headnote**

Exemption pursuant to section 15.1 of National Instrument 21-101 Marketplace Operation and section 12.1 of National Instrument 23-101 Trading Rules from the requirement to comply with National Instrument 21-101 and National Instrument 23-101 until the earlier of September 2, 2002 and the date on which Bloomberg Tradebook Canada is in a position to comply with all of the requirements of the ATS Rules.

**IN THE MATTER OF  
NATIONAL INSTRUMENT 21-101  
MARKETPLACE OPERATION AND  
NATIONAL INSTRUMENT 23-101 TRADING RULES**

**AND**

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

**AND**

**IN THE MATTER OF  
BLOOMBERG TRADEBOOK LLC AND  
BLOOMBERG TRADEBOOK CANADA COMPANY**

**MRRS DECISION DOCUMENT**

**WHEREAS** the securities regulatory authority or regulator in each of the Provinces of British Columbia, Alberta, Ontario and Quebec (each, a “Decision Maker”) has received an application from Bloomberg Tradebook LLC (“Tradebook LLC”) for a decision under section 15.1 of National Instrument 21-101 Marketplace Operation and section 12.1 of National Instrument 23-101 Trading Rules that the requirement to comply with National Instrument 21-101 Marketplace Operation and National Instrument 23-101 Trading Rules (together, the “ATS Rules”) does not apply to Bloomberg Tradebook LLC (“Tradebook LLC”) until the earlier of September 2, 2002 and the date on which Bloomberg Tradebook Canada Company (“Bloomberg Tradebook Canada”) is in a position to comply with all of the requirements of the ATS Rules;

**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** Tradebook LLC and Bloomberg Tradebook Canada have represented to the Decision Makers that:

1. Tradebook LLC was formed under the laws of the State of Delaware on March 28, 1996 and is registered as an international dealer under the *Securities Act* (Ontario) and as a securities dealer under the *Securities Act* (British Columbia).

- Tradebook LLC's members are Bloomberg L.P., as to a 99% membership interest, and Bloomberg T-Book, Inc., as to a 1% membership interest. Bloomberg L.P. is a Delaware limited partnership and Bloomberg T-Book, Inc. is a Delaware corporation.
2. Bloomberg Tradebook Canada is a Nova Scotia unlimited liability company incorporated on February 15, 2001 and is 100% owned by Bloomberg Canada LLC, a Delaware limited liability company, formed on February 1, 2001. Bloomberg Canada LLC is 100% owned by Bloomberg L.P.
  3. Tradebook LLC markets and offers the Bloomberg Tradebook System, an electronic trading system in equity and fixed income securities. Although approximately 90% of its activity is limited to order-routing, it does have an internal order-matching facility which constitutes it as an alternative trading system (an "ATS") under the ATS Rules. Tradebook LLC also markets and offers the Bloomberg BondTrader System, an electronic bulletin board system on which securities dealers display quotations in government fixed-income securities. Tradebook LLC offers the Bloomberg Tradebook System and Bloomberg BondTrader System to institutional investors, brokers and dealers located in the Provinces of Ontario, British Columbia, Quebec and Alberta.
  4. Following the publication of the ATS Rules on August 17, 2001, Bloomberg Tradebook Canada initiated proceedings to obtain membership in the Investment Dealers' Association of Canada (the "IDA") and registration as an investment dealer in order to comply with the requirements of the ATS Rules. Bloomberg Tradebook Canada will assume from Tradebook LLC the responsibility for offering the Bloomberg Tradebook System and Bloomberg BondTrader System to Canadian brokers, dealers and institutional investors as soon as it obtains such registrations and membership and is able to comply with the other requirements of the ATS Rules.
  5. Bloomberg Tradebook Canada filed its application material with the Toronto office of the IDA in October, 2001. Bloomberg Tradebook Canada continues to diligently pursue satisfaction of IDA membership requirements. Bloomberg Tradebook Canada has also applied for registration as an investment dealer in the Provinces of Ontario, Quebec, British Columbia and Alberta.
  6. On December 21, 2001, Bloomberg Tradebook Canada filed Form 21-101F2 (Initial Operations Report) with the securities regulatory authorities in British Columbia, Alberta, Ontario and Quebec.
  7. Tradebook LLC and Bloomberg Tradebook Canada are diligently pursuing satisfaction of the other requirements of the ATS Rules and have had on-going discussions with staff of the Ontario Securities Commission regarding compliance and related issues under the ATS Rules.
  8. In connection with its international dealer registration, Tradebook LLC is required to comply with certain terms and condition of registration, including a restriction on categories of clients. Tradebook LLC restricts its clients in British Columbia and will continue to restrict its clients in British Columbia to such categories of clients as are permitted under its international dealer registration.
  9. The ATS Rules came into force on December 1, 2001. On December 1, 2001, the securities regulatory authority in each of the provinces of British Columbia, Alberta, Ontario and Quebec granted Tradebook LLC an exemption from the requirements of the ATS Rules until the earlier of April 1, 2002 and the date on which Bloomberg Tradebook Canada is in a position to comply with all of the requirements of the ATS Rules. An extension to the earlier of July 1, 2002 and the date on which Bloomberg Tradebook Canada is in a position to comply with all the requirements of the ATS Rules was granted on April 3, 2002. A further extension to the earlier of August 1, 2002 and the date on which Bloomberg Tradebook Canada is in a position to comply with all of the requirements of the ATS Rules was granted on July 2, 2002.

**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 are satisfied that the test contained in the ATS Rules that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers is that Tradebook LLC is exempt from the requirements of the ATS Rules until the earlier of September 2, 2002 and the date on which Bloomberg Tradebook Canada is in a position to comply with all of the requirements of the ATS Rules.

August 2, 2002.

"Randee B. Pavalow"

**2.2 Orders**

**2.2.1 Consolidated Trillion Resources Inc. - s. 144**

**Headnote**

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

**AND**

**IN THE MATTER OF  
CONSOLIDATED TRILLION RESOURCES INC.**

**ORDER  
(Section 144)**

**WHEREAS** the securities of **Consolidated Trillion Resources Inc.** (the "Reporting Issuer") currently are subject to a Temporary Order (the "Temporary Order") made by a Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on the 11th day of December, 2000, as extended by a further order (the "Extension Order") of a Director, made on the 22nd day of December, 2000, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of the Reporting Issuer cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

**AND WHEREAS** the Temporary Order and Extension Order were each made on the basis that the Reporting Issuer was in default of certain filing requirements;

**AND WHEREAS** the undersigned Manager is satisfied that the Reporting Issuer has remedied its default in respect of the filing requirements and is of the opinion that it would not be prejudicial to the public interest to revoke the Temporary Order as extended by the Extension Order;

**NOW THEREFORE, IT IS ORDERED**, pursuant to section 144 of the Act, that the Temporary Order and Extension Order be and they are hereby revoked.

August 14, 2002.

"John E. Hughes"

**2.2.2 St. Anthony Resources Inc. - s. 144**

**Headnote**

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

**AND**

**IN THE MATTER OF  
ST. ANTHONY RESOURCES INC.**

**ORDER  
(Section 144)**

**WHEREAS** the securities of **ST. ANTHONY RESOURCES INC.** (the "Reporting Issuer") currently are subject to a Temporary Order (the "Temporary Order") made by a Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on May 22, 2002 as extended by a further order (the "Extension Order") of a Director, made on June 3, 2002, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in securities of the Reporting Issuer cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

**AND WHEREAS** the Temporary Order and Extension Order were each made on the basis that the Reporting Issuer was in default of certain filing requirements;

**AND WHEREAS** the undersigned Manager is satisfied that the Reporting Issuer has remedied its default in respect of the filing requirements and is of the opinion that it would not be prejudicial to the public interest to revoke the Temporary Order as extended by the Extension Order;

**NOW THEREFORE, IT IS ORDERED**, pursuant to section 144 of the Act, that the Temporary Order and Extension Order be and they are hereby revoked.

August 15, 2002.

"John Hughes"

**2.2.3 Jilbey Enterprises Ltd. - ss. 74(1) and ss. 59(2) of Sched. I to Regulation**

**Headnote**

Reporting issuer granted registration relief. TSX Venture Exchange considered a recognized stock exchange for the purposes of paragraph 35(2)14.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am. ss. 74(1), 35(2)14.

**Orders Cited**

Recognition Order 21-901 – Stock Exchange Recognition Order (2001) 24 OSCB 6427.

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

**AND**

**IN THE MATTER OF  
JILBEY ENTERPRISES LTD.  
(the “Issuer”)**

**ORDER  
(Subsection 74(1) of the Act & Subsection 59(2) of  
Schedule I to the Regulation under the Act)**

**UPON** the Issuer having applied to the Commission pursuant to section 74 of the Act for an order that the Issuer not be subject to the requirements of paragraph 35(2)14 of the Act;

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

**AND UPON** the Issuer having represented to the Commission that:

1. The Issuer was incorporated in British Columbia and continued under the *Canada Business Corporations Act* on August 26, 1993;
2. The authorized capital consists of 100,000,000 common shares without minimal or par value of which 5,317,322 common shares were issued and outstanding as of May 28, 2002;
3. The Issuer's securities are listed and posted for trading on the TSX Venture Exchange;
4. On May 10, 2002, an option assignment was entered into between the Issuer and ECI Mineral Resources Limited (“ECI”) pursuant to which the Corporation was assigned all of ECI's right, title and interest to the Gold Canyon Option;

5. The Issuer will be issuing 400,000 common shares, in partial consideration for the assignment of ECI's right, title and interest to the Gold Canyon Option;
6. The TSX Venture Exchange accepted for filing the Gold Canyon Option Assignment on June 12, 2002;
7. The TSX Venture Exchange is not a recognized exchange for the purpose of paragraph 35(2)14 of the Act;
8. According to the *Recognition order 21-901*, the TSX Venture Exchange is a recognized exchange for the purpose of paragraph 72(1)m of the Act;
9. The Issuer is exempt from the prospectus requirement for the issuance of 400,000 common shares under the Gold Canyon Option Assignment.

**AND UPON** the Commission being satisfied that to make this order would not be prejudicial to the public interest;

**IT IS ORDERED** pursuant to subsection 74(1) of the Act that Jilbey Enterprises Ltd. is not subject to the requirement of paragraph 35(2)14 of the Act.

August 15, 2002.

“Robert W. Korthals”

“Howard I. Wetston”

**AND IT IS FURTHER DECIDED** pursuant to subsection 59(2) of Schedule I to the Regulation that the Issuer is exempt from the requirement contained in subsection 53(1) of Schedule I to the Regulation to pay a fee in connection with the making of this application.

August 15, 2002.

“Iva Vranic”

**2.2.4 Aegon USA Investment Management, LLC - ss. 74(1)**

**Headnote**

**Commission Decision**

Applicant that is registered in the United States as an adviser exempted from the dealer registration requirements and the adviser registration requirements contained in the Securities Act (Ontario) so it can advise affiliated companies in Ontario regarding Canadian securities.

**Statutes Cited**

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

**Rules Cited**

Ontario Securities Commission Rule 35-502 – Non Resident Registrants.

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

**AND**

**IN THE MATTER OF  
AEGON USA INVESTMENT MANAGEMENT, LLC**

**ORDER  
(Subsection 74(1)) of the Act**

**WHEREAS** the Ontario Securities Commission (the “Commission”) has received an application for an order pursuant to subsection 74(1) of the Act that the Applicant be exempted from clause 25(1)(c) of the Act;

**AND WHEREAS** the Applicant has represented to the Commission that:

1. The Applicant is a corporation existing under the laws of Iowa and is registered as an adviser with the U.S. Securities and Exchange Commission under the *U.S. Investment Advisers Act of 1940*. The Applicant does not have an office or employees in Canada.
2. The Applicant advises institutional investors and as at December 31, 2001 had in excess of U.S.\$80 billion in assets under management.
3. The Applicant is part of corporate group of financial companies headquartered in Europe known as AEGON N.V. (the “Corporate Group”). The Applicant is a sister company of Canadian Premier Life Insurance Company and Legacy General Insurance Company (the “Canadian Insurance Companies”), both of which are Canadian federally licensed insurance companies with their head offices in Ontario. Accordingly, the

Canadian Insurance Companies are affiliates, as defined in the Act, of the Applicant.

4. The Applicant wishes to provide investment advice to the Canadian Insurance Companies, and the Canadian Insurance Companies wish to retain the Applicant to provide such investment advice, with respect to the portfolio assets owned by the Canadian Insurance Companies. However, the Applicant wishes to provide such advice on a basis that would not require registration under the Act.
5. In the proposed advisory relationship between the Applicant and its affiliated Canadian Insurance Companies, the Applicant would be providing investment advice almost exclusively with respect to Canadian securities (being the investment objectives of the portfolios of the Canadian Insurance Companies) rather than with respect to foreign securities, and therefore the non-resident adviser registration exemption in section 7.1 of Ontario Securities Commission Rule 35-502 is not applicable.
6. There is no requirement for employees of a corporation to be registered as advisers under the Act if the employees provide investment advice to their corporate employers with respect to the portfolio assets of such corporate employers. The Canadian Insurance Companies do not currently employ, nor do they wish to hire, individuals to provide investment advice with respect to the portfolio assets of such corporations, but rather the Canadian Insurance Companies have decided that they wish to outsource the adviser function to the Applicant which is affiliated with the Canadian Insurance Companies as part of the same Corporate Group. Outsourcing the investment function is permitted under the federal insurance company legislation.
7. The portfolio assets of the Canadian Insurance Companies that would be advised by the Applicant are owned by the Canadian Insurance Companies themselves and there are no external stakeholders (such as, for example, holders of variable annuity contracts) that have any direct interest in the performance of such portfolios. Accordingly, there are no stakeholders in Ontario or elsewhere other than the Canadian Insurance Companies and their shareholders that will be directly affected by the results of the investment advice to be provided by the Applicant. Therefore, it should not be prejudicial to the public interest to grant the relief requested by the Applicant.
8. Subsection 74(1) of the Act provides that an order may be issued subject to terms and conditions as are considered necessary. The Applicant has no objection to having the order issued subject to the condition that the Applicant will provide investment advice in Ontario pursuant to the order only to its



affiliates and, with respect to any particular affiliate, only so long as that affiliate remains an affiliate of the Applicant;

**AND WHEREAS** the Commission is satisfied that it would not be prejudicial to the public interest to grant the requested relief;

**IT IS ORDERED**, pursuant to subsection 74(1) of the Act, that the Applicant is exempt from the requirements of clause 25(1)(c) of the Act in respect of it acting as an adviser to its affiliates, provided that the Applicant can rely on this order to provide investment advice in Ontario only to its affiliates and, with respect to any particular affiliate, only so long as that affiliate remains an affiliate of the Applicant.

July 26, 2002.

"Howard I. Wetston"

"Robert L. Shirriff"

**2.2.5 CPE, LLC d/b/a C.P. Eaton & Associates - s. 211 of Reg. 1015**

**Headnote**

Application in connection with application for registration as an international dealer, for an order pursuant to section 211 of the Regulation exempting the applicant from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada to be able to register in Ontario as an international dealer.

**Statutes Cited**

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

**Regulations Cited**

Regulation made under the Securities Act, R.R.O., Reg. 1015, as am., ss. 100(3), 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  
CPE, LLC d/b/a C.P. EATON & ASSOCIATES**

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

**UPON** the application (the "Application") of CPE, LLC d/b/a C.P. Eaton & Associates (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order (the "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 and 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 the 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 was organized under the laws of the state of Connecticut. The Applicant's principal place of business is located in Rowayton, Connecticut.
3. The Applicant is registered as a broker-dealer in the United States of America (the "United States") with the Securities and Exchange Commission, and such registration permits the Applicant to carry on broker-dealer activities in the United States. The Applicant is a member of the National Association of Securities Dealers (the "NASD") and is registered in good standing as a broker-dealer in four jurisdictions of the United States.
4. The Applicant carries on the business of a broker-dealer in the United States (as defined in sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934). The Applicant markets unregistered securities (i.e., exempt from registration) for issuers that may be domiciled in the United States or another country. While these distribution efforts occur primarily in the United States, the Applicant also conducts business with foreign investors. Virtually all investments are negotiated directly between the issuer of the security and the investor, with transactions rarely being executed through other brokers and dealers. If another broker or dealer is involved in the transaction, it is done on a fully disclosed basis through a registered United States clearing broker-dealer.
5. The Applicant does not currently act as an "underwriter" in the United States (as defined in section 3(a)(20) of the Securities Exchange Act of 1934, as amended) or in any 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 an "international dealer" as it does not carry on the business of an underwriter in a country other than Canada.
7. The Applicant does not currently 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 a distribution which it is permitted to make.

"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.

August 13, 2002.

"Robert W. Korthals"

"H. Lorne Morphy"

**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

**2.2.6 Electricity Distributors Finance Corporation -  
s. 147**

**Headnote**

Section 147 – issuer is exempt from the payment of the fee otherwise payable pursuant to section 7.3 of Rule 45-501 in connection with a dual structure transaction where a filing fee will have already been paid.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 147.

**Rules Cited**

Ontario Securities Commission Rule 45-501 – Exempt Distributions, s. 7.3.

**IN THE MATTER OF  
THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, as amended (the “Act”)**

**AND**

**IN THE MATTER OF  
CERTAIN LOCAL ELECTRICITY DISTRIBUTION  
COMPANIES IN ONTARIO**

**ORDER  
(Section 147)**

**UPON** the application (the “Application”) of Electricity Distributors Finance Corporation (the “Seller”) and (i) Barrie Hydro Distribution Inc., (ii) EnWin Powerlines Ltd., (iii) Markham Hydro Distribution Inc., (iv) Richmond Hill Hydro Inc., and (v) Hydro Vaughan Distribution Inc. (collectively, the “Participants”) to the Ontario Securities Commission (the “Commission”) for an order pursuant to section 147 of the Act exempting the Participants from the payment of duplicative fees otherwise payable under section 7.3 of Commission Rule 45-501 – Exempt Distributions (“Rule 45-501”) in connection with the issue and sale of Unsecured Debentures (the “Unsecured Debentures”) by the Participants to the Seller;

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

**AND UPON** the Seller and the Participants having represented to the Commission as follows:

1. The Seller was incorporated under the *Business Corporations Act* (Ontario) on July 4, 2002 under the name Electricity Distributors Finance Corporation. The Seller is managed by MEARIE Management Inc. The Participants are the only shareholders of the Seller.
2. Pursuant to an offering memorandum (the “Offering Memorandum”) to be prepared by the Seller and purchase agreements to be dated the closing of the offering of the 2002-1 Certificates

Evidencing Undivided Co-Ownership Interests in Unsecured Debentures (the “Certificates”) between the Seller and each of the Participants, the Seller will purchase Unsecured Debentures from the Participants and immediately thereafter will sell the Certificates pursuant to the prospectus exemption contained in section 2.3 of Rule 45-501 and equivalent “private placement” exemptions in other Provinces of Canada.

3. Persons acquiring Certificates in the Province of Ontario will each be “accredited investors” as defined under section 1.1 of Rule 45-501 and therefore will be purchasing the Certificates pursuant to the prospectus exemption contained in section 2.3 of Rule 45-501.
4. The proceeds paid by the Certificate holders to acquire the Certificates will be used by the Seller to purchase the Unsecured Debentures issued by the Participants.
5. None of the Participants nor the Seller is a “reporting issuer” or equivalent in Ontario or any other Province of Canada.
6. Each of the Participants is a company incorporated under the *Business Corporations Act* (Ontario) which is engaged exclusively in the distribution of electrical power within municipal boundaries in the Province of Ontario and licensed and regulated under the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998*.
7. The Seller is an “accredited investor” under subsection (aa) of that definition in section 1.1 of Rule 45-501, as each of the owners of interests, direct or indirect, legal or beneficial, in the Seller are persons or companies that are accredited investors.
8. The Unsecured Debentures will be distributed to the Seller pursuant to the prospectus exemption contained in section 2.3 of Rule 45-501.
9. Unless the relief sought is granted, the Participants will be required to pay a fee equal to the greater of \$100 and 0.02% of the aggregate gross proceeds realized in Ontario in respect of the distribution of the Unsecured Debentures to the Seller upon the filing of a Form 45-501F1 relating thereto pursuant to section 7.3 of Rule 45-501.
10. However, the Seller will pay filing fees to the Commission totalling the greater of \$100 and 0.02% of the aggregate gross proceeds realized in Ontario upon the filing of a Form 45-501F1 in connection with the distribution of the Certificates to accredited investors in Ontario pursuant to section 7.3 of Rule 45-501.

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

**IT IS ORDERED**, pursuant to section 147 of the Act, that the Participants are exempt from the requirement to pay the fees applicable to the filing of a Form 45-501F1 under section 7.3 of Rule 45-501 in connection with the issue and sale of the Unsecured Debentures by the Participants to the Seller.

August 9, 2002.

"Paul M. Moore"

"Harold P. Hands"

## **2.2.7 BCS Collaborative Solutions 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 British Columbia since 1986 and in Alberta since 1987 – issuer's securities listed and posted for trading on the TSX 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  
BCS COLLABORATIVE SOLUTIONS INC.  
(formerly, dot.com Technologies Inc.)**

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

**UPON** the application of BCS Collaborative Solutions 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 was incorporated under the *Company Act* (British Columbia) on January 27, 1966.
2. The Company was registered as an extra-provincial corporation under the *Business Corporations Act* (Ontario) on May 17, 2002.
3. The principal and head office of the Company is located at 330 Highway 7 East, Richmond Hill, Ontario, L4B 3P8.
4. Pursuant to the terms of a Share Purchase Agreement made as of the 21<sup>st</sup> day of March, 2002 between the Company, Broadband Collaborative Solutions Inc., a corporation formed pursuant to the *Business Corporations Act* (Ontario) ("Broadband"), and certain shareholders of Broadband, the Company acquired all of the issued and outstanding securities of Broadband in exchange for common shares of the Company, and the Company changed its name from dot.com

- Technologies Inc. (the "Reverse Takeover Transaction").
5. The authorized capital of the Company consists of 100,000,000 common shares of which 10,327,658 shares were issued and outstanding as at August 7, 2002.
6. The Company has a significant connection to Ontario as:
- (a) its principal and head office is located in Ontario;
  - (b) all of the Company's officers and four of its six directors are resident in Ontario; and
  - (c) 3,086,955 common shares of the Company, or approximately 30% of the total issued common shares of the Company, are registered to residents of Ontario.
7. The Company has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since March 27, 1986 and under the *Securities Act* (Alberta) (the "Alberta Act") since March 11, 1987. The Company is not in default of any requirements of the BC Act and Alberta Act.
8. 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.
9. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.
10. The continuous disclosure materials filed by the Company under the BC Act and the Alberta Act since October 20, 1997 are available on the System for Electronic Document Analysis and Retrieval.
11. The common shares of the Company are listed on the TSX Venture Exchange (the "Exchange") under the symbol "BCS", and the Company is in compliance with all requirements of the Exchange. Prior to the closing of the Reverse Takeover Transaction the common shares of the Company were listed on the Exchange under the symbol "DT".
12. The Company is not designated a capital pool company under the policies of the Exchange.
13. 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.
14. Neither the Company, any of its officers, directors nor, to the knowledge of the Company and 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.
15. Neither the Company, any of its officers, directors nor, to the knowledge of the Company and 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.
16. None of the officers or directors of the Company nor, to the knowledge of the Company and 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 order, or order 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.

August 19, 2002.

"Ralph Shay"

**2.2.8 Adirondack Electronic Markets LLC - s. 211 of Reg. 1015**

**Headnote**

Application in connection with application for registration as an international dealer, for an order pursuant to section 211 of the Regulation exempting the applicant from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada to be able to register in Ontario as an international dealer.

**Statutes Cited**

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

**Regulations Cited**

Regulation made under the Securities Act, R.R.O., Reg. 1015, as am., ss. 100(3), 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  
ONTARIO REGULATION 1015, R.R.O. 1990,  
AS AMENDED (the "Regulation")**

**AND**

**IN THE MATTER OF  
ADIRONDACK ELECTRONIC MARKETS LLC**

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

**UPON** the application (the "Application") of Adirondack Electronic Markets LLC (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order (the "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 limited liability corporation organized under the laws of the State of Delaware, and carrying on business in New York.
3. The Applicant is a member of the National Association of Securities Dealers, the International Securities Exchange and the Chicago Board Options Exchange.
4. The Applicant carries on the business of a broker-dealer in the United States (the "U.S.") (as defined in section 3(a)(4) and 3(a)(5) of the *Securities Exchange Act of 1934*, as amended). The Applicant's principal business is confined to options market making and institutional sales and trading.
5. The Applicant is not a marketplace or an alternative trading system as defined in National Instrument 21-101 – *Marketplace Operation*.
6. The Applicant does not currently act as an underwriter in the U.S. (as defined in section 3(a)(20) of the *Securities Exchange Act of 1934*, as amended) or in any other jurisdiction outside of the U.S.
7. 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.
8. 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.

July 26, 2002.

"Howard I. Wetston"

"Robert L. Shirriff"

**2.2.9 Frank Russell Securities, Inc. - s. 211 of Reg. 1015**

**Headnote**

Application in connection with application for registration as an international dealer, for an order pursuant to section 211 of the Regulation exempting the applicant from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada to be able to register in Ontario as an international dealer.

**Statutes Cited**

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

**Regulations Cited**

Regulation made under the Securities Act, R.R.O., Reg. 1015, as am., ss. 100(3), 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  
REGULATION 1015, R.R.O. 1990,  
AS AMENDED (the "Regulation")**

**AND**

**IN THE MATTER OF  
FRANK RUSSELL SECURITIES, INC.**

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

**UPON** the application (the "Application") of Frank Russell Securities, Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order (the "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.

## Decisions, Orders and Rulings

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2. The Applicant is a corporation incorporated under the laws of the State of Washington, and having its principal place of business located in Tacoma, Washington.
3. The Applicant is registered as a broker-dealer and investment advisor with the United States Securities and Exchange Commission, and is a member in good standing of the National Association of Securities Dealers. The Applicant is also registered as a broker-dealer in seven jurisdictions of the United States (the "U.S.") and has the appropriate authority to conduct business in the remaining forty-five jurisdictions in the U.S.
4. The Applicant's carries on the business of a broker-dealer in the U.S. (as defined in section 3(a)(4) and 3(a)(5) of the *Securities Exchange Act of 1934*). The Applicant trades in global securities for U.S. and foreign institutional customers.
5. The Applicant does not currently act as an underwriter in the U.S. (as defined in section 3(a)(20) of the *Securities Exchange Act of 1934*, as amended) or in any other jurisdiction outside of the U.S.
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 provision 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.

July 26, 2002.

"Howard I. Wetston"

"Robert L. Shirriff"



**2.2.10 Mark Bonham and Bonham & Co. Inc.**

**IN THE MATTER OF  
THE SECURITIES ACT  
R.S.O. 1990, c. S.5, as amended**

**AND**

**IN THE MATTER OF  
MARK BONHAM AND BONHAM & CO. INC.**

**ORDER**

**WHEREAS** on November 6, 2000, the Ontario Securities Commission (the "Commission") issued an Amended Amended Notice of Hearing pursuant to sections 127(l) and 127.1 of the Securities Act, R.S.O. 1990 c. S.5, as amended (the "Act") in respect of Mark Bonham and Bonham & Co. Inc.;

**AND WHEREAS** Mark Bonham & Bonham & Co. Inc. entered into a settlement agreement dated July 25, 2002 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission ("Staff"), and upon hearing submissions from counsel for Mark Bonham and Bonham & Co. Inc. and for Staff;

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

**IT IS HEREBY ORDERED THAT:**

1. the Settlement Agreement dated July 25, 2002, attached to this Order, is hereby approved;
2. the surrender of Mark Bonham and Bonham & Co. Inc.'s registrations as Investment Counsel/Portfolio Managers is hereby accepted, effective July 31, 2002;
3. pursuant to subsection 127(l)(6) of the Act, Mark Bonham and Bonham & Co. Inc. are hereby reprimanded;
4. pursuant to paragraph 2 of subsection 127(1) of the Act, Mark Bonham will cease trading in securities for a period of three years, with the exception of trading in personal accounts held in his name or in the name of his holding company, 1256205 Ontario Inc., or for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
5. pursuant to paragraph 8 of subsection 127(1) of the Act, Mark Bonham is prohibited from becoming or acting as a director or officer of any registrant for a period of three years; and

6. pursuant to subsection 127.1(2)(b) of the Act, at the time of approval of this settlement, Mark Bonham and Bonham & Co. Inc. are ordered to pay \$150,000 to the Commission in respect of a portion of the Commission's costs with respect to this matter.

August 20, 2002.

"Paul M. Moore" "Kerry D. Adams" "Harold P. Hands"

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

**AND**

**IN THE MATTER OF  
MARK BONHAM AND BONHAM & CO. INC.**

**SETTLEMENT AGREEMENT**

**INTRODUCTION**

1. By Amended Amended Notice of Hearing dated November 6th, 2000 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to sections 127(l) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make an order that:

- (a) the registration of Mark Bonham, StrategicNova Funds Management Inc. and Bonham & Co. Inc. (together referred to as the "Respondents") be suspended or restricted permanently or for such time as the Commission may direct;
- (b) terms and conditions be imposed on the registrations of the Respondents;
- (c) the Respondents cease trading in securities permanently or for such period as the Commission may direct;
- (d) the Respondent, StrategicNova Funds Management Inc. submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission;
- (e) the Respondent, Mark Bonham be prohibited from becoming or acting as a director or officer of an issuer;
- (f) the Respondents pay the costs of the Commission's investigation;
- (g) the Respondents pay the costs of the Commission's hearing; and
- (h) such other terms and conditions as the Commission may deem appropriate.

**II. JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceedings initiated in respect of the respondents, Mark Bonham and Bonham & Co. Inc. by the Notice of Hearing dated November 6th, 2000 in accordance with the terms and conditions set out below. Mark

Bonham and Bonham & Co. Inc. agree to the settlement on the basis of the facts agreed to as hereinafter provided and each consents to the making of an order in the form attached as Schedule "A" on the basis of the facts set out below.

3. This settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement"), will be released to the public only if and when the settlement is approved by the Commission.

**III. STATEMENT OF FACTS**

**ACKNOWLEDGEMENT**

4. Staff, Mark Bonham and Bonham & Co. Inc. agree with the facts set out in this Part III.

5. SVC O'Donnell Fund Management Inc. ("SVC") is a corporation which during the period July 31, 1997 to June 30, 1998 (the "material time") was registered with the Commission as an Investment Counsel/Portfolio Manager. On July 26, 2000, SVC formally changed its name to StrategicNova Funds Management Inc.

6. Bonham & Co. Inc. ("Bonham & Co.") is a corporation which during the material time was registered with the Commission as an Investment Counsel/Portfolio Manager and was the sponsor of Mark Bonham's registration.

7. During the material time, Mark Bonham held over 20% of the shares of Strategic Value Corporation, the parent company of SVC and Bonham & Co., and acted as the Portfolio Manager with respect to three mutual funds managed by SVC and Bonham & Co. As well, Bonham was the Chief Executive Officer of SVC and related companies.

8. During the material time, Bonham manually priced certain shares held by the three mutual funds that he managed for SVC and Bonham & Co.

9. SVC received a price feed from a third party source on a daily basis. The price feed contained end of the day share prices to be used in the valuation of SVC's mutual funds. SVC's accounting department highlighted items on the price feed if a) a share price on the computer price feed was 5% higher or lower than the previous day's closing price of the share or b) the computer price feed did not contain a price for the shares. Mark Bonham would review the share prices and determine a value for shares based on his own discretion. If the price determined by Mark Bonham was different than the price received via the price feed, Mark Bonham's price would be recorded on a Daily Manual Pricing Sheet. Mark Bonham did not apply a specific or consistent

- methodology in manually pricing shares and did not adequately maintain records with respect to the determination of the manual prices.
10. SVC was responsible for establishing policies when a valuation methodology other than share prices as shown in the daily price feed would be used for the shares held in the portfolio of the mutual funds.
11. The valuation of the mutual fund is used to calculate the net asset value per share ("NAVPS"). The NAVPS is used to determine the purchase and redemption prices that investors pay or receive. SVC did not have any written policies or procedures in place regarding the valuation of securities held in the mutual fund portfolios. SVC relied on Mark Bonham to ensure that the day-to-day security valuation determinations were effected in an appropriate manner. SVC did not, during the material time, implement policies regarding internal controls in order to ensure a segregation of duties in the performance of the daily valuation of the mutual funds. There was no supervision or review of manual prices determined by Bonham.
12. Canada does not have a standard benchmark for materiality for regulatory reporting and/or client compensation. Staff have employed 0.5% of net asset value as the benchmark level for materiality, a benchmark used by member jurisdictions of IOSCO including France, the United Kingdom and the United States in determining standards for regulatory reporting and/or client compensation. The result of the manual pricing undertaken by Mark Bonham with respect to each of the relevant mutual funds he managed based on such standard of materiality and during the material time is as follows.
- (a) The Strategic Value Fund was overvalued (i.e. dollar difference as a percentage of net asset value per share) for 201 of the 231 trading days during the material time, and materially overstated between 0.52% and 4.2%.
- (b) The Canadian Equity Value Fund was overvalued for 123 of the 231 trading days during the material time and materially overstated between 0.5% and 2.7%.
- (c) The Dividend Fund was overvalued for 60 of the 231 trading days during the material time and materially overstated between 0.5% and 0.69%.
13. The estimated impact of the overvaluation was:
- a) \$64,519.64 as regards the Strategic Value Fund;
- b) \$115,458.14 as regards the Canadian Equity Value Fund; and
- c) \$197,674.92 as regards the Dividend Fund for the material time.
14. In approximately June of 1998, the issue of Bonham's manual pricing was the subject of a review performed by the compliance officer of SVC and the matter was ultimately referred to SVC's Audit Committee. The Audit Committee concluded that the manual pricing that had occurred was reasonable and consistent with what the funds permitted. Subsequently, the Board of Directors decided that a formal procedure should be implemented with respect to manual pricing. The policy adopted was that as a general rule, manual pricing should not occur. A policy was adopted whereby on the exceptional occasions when a manual price was considered appropriate, the matter would be referred to the Chief Financial Officer and a portfolio manager (other than the portfolio manager raising the issue) to determine an appropriate manual price.
15. In June of 2000, SVC and related companies were acquired by an arm's length third party and new management was put in place. Neither Mark Bonham nor Bonham & Co. has had any further involvement with SVC or related companies.
16. By Settlement Agreement dated November 1, 2000, SVC entered into a Settlement Agreement with Staff by which it agreed to the following terms:
- (a) On or before December 31, 2000, SVC made payments of or otherwise credited \$64,519.64 to the Strategic Value Fund, \$115,458.14 to the Canadian Equity Value Fund and \$197,674.92 to the Dividend Fund to compensate for the overpayment made by investors to those funds during the material time;
- (b) SVC made a payment of \$50,000.00 to the Commission to be allocated to such third parties as the Commission may determine for purposes that will benefit investors in Ontario;
- (c) SVC submitted to a review of the valuation practices and procedures involving the Strategic Value Fund, Canadian Equity Value Fund and Dividend Fund, performed by a third party (the "expert") approved by Staff at SVC's expense and implemented such reasonable changes as were recommended by the expert in a report within reasonable time frames set out by the expert after consultation with SVC. SVC provided Staff with a copy of the

report and the recommendations of the expert and with progress reports concerning the implementation of the expert's recommendations;

- (d) SVC submitted to a review of the manual prices used in the calculation of net asset value per share for any day during the period July 1, 1998 to September 30, 2000 inclusive on which manual pricing occurred in any relevant mutual fund. Such review was carried out by the expert at SVC's expense to determine whether the manual pricing activity that formed the basis of this proceeding was repeated during this time period. As part of this review SVC agreed to produce to the expert at SVC's expense, all of the manual pricing sheets for this period. If it was determined that Strategic Value Corporation or SVC engaged in this material and improper manual pricing activity during this period then the expert was to determine the impact, if any, on Strategic Value Corporation or SVC's clients as a result of manual pricing. SVC provided Staff with a copy of the review carried out by the expert;
  - (e) If, as a result of the reviews set out in paragraphs (d) and (e), it was determined that the fund values and/or published results, communicated either to the public or to individual clients, were materially misstated, then SVC would recalculate such fund values and make any required restitution to any relevant mutual fund; and
  - (f) SVC was reprimanded.
17. SVC completed its obligations under the terms of settlement as set out in the above paragraph.
18. The manual pricing did not have any material impact on the compensation paid to Mark Bonham and Bonham & Co. during the material time.
19. Effective July 31, 2002, Mark Bonham and Bonham & Co. Inc. have agreed to surrender their registration with the Commission and agree not to apply for registration for a period of three years thereafter.

**CONDUCT CONTRARY TO THE PUBLIC INTEREST**

20. By the conduct described above, Mark Bonham failed to act in good faith and in the best interest of the mutual funds and failed to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, contrary to section 116(l) of the Securities Act, and contrary to the public interest.

21. In failing to properly supervise the activities of Mark Bonham, Bonham & Co. acted contrary to Ontario Securities Rule 31-5-5(3.1), and contrary to the public interest.

**IV. TERMS OF SETTLEMENT**

22. Mark Bonham and Bonham & Co. agree to the following terms of settlement:
- (a) Mark Bonham and Bonham & Co. will, on or before August 30, 2002, make a payment of \$50,000.00 to the Commission to be allocated to such third parties as the Commission may determine for purposes that will benefit investors in Ontario;
  - (b) Mark Bonham and Bonham & Co. will, on or before August 30, 2002, make a payment of \$150,000.00 to the Commission as their contribution to the costs of the investigation and hearing of this matter;
  - (c) Mark Bonham and Bonham & Co. will be reprimanded;
  - (d) Mark Bonham will not be an officer or director of a registrant for a period of three years;
  - (e) pursuant to paragraph 2 of subsection 127(1) of the Act, Mark Bonham will cease trading in securities for a period of three years, with the exception of trading in personal accounts held in his name or in the name of his holding company, 1256205 Ontario Inc., or for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
  - (f) Mark Bonham and Bonham & Co. undertake that they will not be involved, either directly or indirectly, in the pricing or valuation of a mutual fund for a period of three years. If Bonham and/or Bonham & Co. are registered pursuant to Ontario securities laws after three years and are involved in the pricing or valuation of a mutual fund, they agree to be subjected to appropriate supervision by another registrant of any such valuation;
  - (g) in the event that either Mark Bonham and/or Bonham & Co. are involved directly or indirectly, in initiating a mutual fund within three years of the date of this Order, the material terms of this Settlement Agreement including paragraphs 19 to 22 must be disclosed in

any prospectus, public disclosure document or enabling instrument.

challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this agreement or the settlement negotiations;

**STAFF COMMITMENT**

- 23. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of Mark Bonham & Bonham & Co. in relation to the facts set out in Part III of this Settlement Agreement.
- 24. If either Mark Bonham or Bonham & Co. reapply for registration with the Commission at any time after July 31, 2005, Enforcement Staff will not oppose the application by reason of the facts set out in this agreement and/or the Commission's order resulting from this Settlement Agreement.

- (b) 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 Mark Bonham & Bonham & Co. or as may be required by law; and
- (c) Mark Bonham & Bonham & Co. agree that they will not, in any proceeding, refer to or rely upon this settlement agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

**VI. PROCEDURE FOR APPROVAL OF SETTLEMENT**

- 25. The approval of the settlement as set out in this Settlement Agreement shall be sought at a public hearing before the Commission scheduled for such date as is agreed to by Staff and Mark Bonham & Bonham & Co. in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and Mark Bonham & Bonham & Co.
- 26. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Mark Bonham & Bonham & Co. in this matter and Mark Bonham & Bonham & Co. agree to waive any right to a full hearing and appeal of this matter under the Act.
- 27. If this Settlement Agreement is approved by the Commission, the parties to this Settlement Agreement will not make any statement that is 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 "A" is not made by the Commission:

- (a) this Settlement Agreement including all discussions and negotiations leading up to its presentation at a hearing, and all negotiations between Staff and counsel for Mark Bonham & Bonham & Co. concerning the matter of the terms of settlement proposed for Mark Bonham & Bonham & Co., shall be without prejudice to Staff and to Mark Bonham & Bonham & Co.. Staff and Mark Bonham & Bonham & Co. will be entitled to all available proceedings, remedies and

**VII. DISCLOSURE OF AGREEMENT**

- 29. Counsel for Staff or Mark Bonham & Bonham & Co. may refer to any part or all of this Settlement Agreement in the course of the hearing convened to consider this settlement agreement. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to the Settlement Agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.
- 30. Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement 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 and a facsimile copy of any signature shall be as effective as an original signature.

July 25, 2002.

"Mark Bonham"  
Mark Bonham

July 25, 2002.

"Mark Bonham"  
Bonham & Co. Inc.  
(Per) Mark Bonham

August 8, 2002.

"Michael Watson"  
Staff of the Ontario Securities Commission  
(Per) 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  
MARK BONHAM AND BONHAM & CO. INC.**

**ORDER**

**WHEREAS** on November 6, 2000, the Ontario Securities Commission (the "Commission") issued an Amended Amended Notice of Hearing pursuant to sections 127(l) and 127.1 of the Securities Act, R.S.O. 1990 c. S.5, as amended (the "Act") in respect of Mark Bonham and Bonham & Co. Inc.;

**AND WHEREAS** Mark Bonham & Bonham & Co. Inc. entered into a settlement agreement dated July 25, 2002 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission ("Staff"), and upon hearing submissions from counsel for Mark Bonham and Bonham & Co. Inc. and for Staff;

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

**IT IS HEREBY ORDERED THAT:**

1. the Settlement Agreement dated July 25, 2002, attached to this Order, is hereby approved;
2. the surrender of Mark Bonham and Bonham & Co. Inc.'s registrations as Investment Counsel/Portfolio Managers is hereby accepted, effective July 31, 2002;
3. pursuant to subsection 127(l)(6) of the Act, Mark Bonham and Bonham & Co. Inc. are hereby reprimanded;
4. pursuant to paragraph 2 of subsection 127(1) of the Act, Mark Bonham will cease trading in securities for a period of three years, with the exception of trading in personal accounts held in his name or in the name of his holding company, 1256205 Ontario Inc., or for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
5. pursuant to paragraph 8 of subsection 127(1) of the Act, Mark Bonham is prohibited from becoming or acting as a director or officer of any registrant for a period of three years; and

**Decisions, Orders and Rulings**

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6. pursuant to subsection 127.1(2)(b) of the Act, at the time of approval of this settlement, Mark Bonham and Bonham & Co. Inc. are ordered to pay \$150,000 to the Commission in respect of a portion of the Commission's costs with respect to this matter.

August 20, 2002.

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**2.3 Rulings**

**2.3.1 TD Waterhouse Investor Services, Inc. - ss. 74(1)**

**Headnote**

**Commission Decision**

The Applicant and its representatives in the Applicant's Canadian call centre are exempted from the registration requirements contained in the Securities Act (Ontario).

**Statutes Cited**

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

**Instruments Cited**

National Instrument 35-101 – Conditional Exemption from Registration for United States Broker-Dealers and Agents.

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

**AND**

**IN THE MATTER OF  
TD WATERHOUSE INVESTOR SERVICES, INC.**

**RULING  
(Subsection 74(1))**

**UPON** the application (the "Application") of TD Waterhouse Investor Services, Inc. ("TDW") to the Ontario Securities Commission (the "Commission") for a ruling (the "Ruling") pursuant to subsection 74(1) of the Act that, where representatives (the "Representatives") of TDW act on behalf of TDW in respect of trades in securities with, or on behalf of, clients of TDW who are not residents of Canada ("Non-Canadian Clients"), the Representatives and TDW shall not be subject to paragraph 25(1)(a) of the Act;

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

**AND UPON** TDW having represented to the Commission as follows:

1. TDW is a corporation incorporated under the laws of the State of New York, U.S.A. and is a wholly owned indirect subsidiary of The Toronto-Dominion Bank ("TD Bank"), a bank listed on Schedule I of the *Bank Act* (Canada).
2. The head office of TDW is in New York, New York, U.S.A.
3. TDW is registered as a broker-dealer with the United States Securities and Exchange Commission pursuant to Section 15(b) of the

*Securities Exchange Act* of 1934 as amended, to carry on business as a broker-dealer in the U.S.A.

4. TDW is proposing to transfer a portion of its broker call centre operations to an office in London, Ontario that it will operate through TD Waterhouse Canadian Call Center Inc., a wholly owned subsidiary of TDW that will be incorporated under the laws of Ontario. This office will be a call centre (the "London Call Centre") dedicated to answering inbound phone calls from Non-Canadian Clients and will not otherwise be accessible to or by any person or company other than TDW and its associates and affiliates.
5. The scope of the London Call Centre's operations will initially consist of responding to inbound Non-Canadian Clients calls, providing information on market activities and developments and company products and services, customer account information, technical support and Web access support, providing stock market quotes and answering customer inquiries about market/account activity. Representatives will not initially take orders since the calls to be directed to the London Call Centre will be limited to customer service enquiries that can be resolved administratively.
6. The Representatives will not be, and will not initially be required to be, registered under U.S.A. securities law, although they will be finger-printed and required to follow the employee screening procedures employed by TDW for its non-registered personnel in the U.S.A.
7. The London Call Centre will be operated in accordance with all applicable rules established by the various U.S.A. regulatory authorities, including the SEC and the New York Stock Exchange (the "NYSE"). The London Call Centre will be subject to the same procedures set in place for TDW's existing U.S.A. business, it will be examined at least annually by representatives from TDW's compliance staff in New York, and it will be supervised by one or more properly qualified individuals acceptable to the NYSE.
8. Eventually, the Representatives will be registered under U.S. securities law in order to enable them to accept and route, but not execute, trading orders. The London Call Centre will remain dedicated to answering inbound phone calls from Non-Canadian Clients and individuals ("NI 35-101 Clients") referred to in section 2.1 of National Instrument 35-101 – Conditional Exemption from Registration for United States Broker-Dealers and Agents ("NI 35-101") subject to obtaining any relief required under NI 35-101 to deal with such clients.
9. TDW and the Representatives will not trade in securities with or on behalf of persons or companies who are resident in Canada except to



the extent that TDW and its agents now conduct trading in Canada in accordance with the dealer registration and prospectus exemptions available pursuant to NI 35-101.

10. TDW and the Representatives who work in the London Call Centre on behalf of TDW in respect of trades with or on behalf of Non-Canadian Clients will comply with all registration and other requirements of applicable securities legislation in the U.S.A.
11. The London Call Centre will be an opaque presence inaccessible to any person or company other than Non-Canadian Clients and NI 35-101 Clients whose calls are directed to the London Call Centre by TDW.
12. Without this Ruling, TDW and the Representatives who work in the London Call Centre on behalf of TDW may be unable to satisfy the registration requirements of paragraph 25(1)(a) of the Act.

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

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

**IT IS RULED** pursuant to subsection 74(1) of the Act that:

- (a) the Representatives working in the London Call Centre shall not be subject to the requirements of paragraph 25(1)(a) of the Act where the Representatives act on behalf of TDW in respect of trades in securities with or on behalf of Non-Canadian Clients, provided that the Representatives comply with all registration and other requirements of applicable securities legislation in the U.S.A.; and
- (b) TDW shall not be subject to the requirements of paragraph 25(1)(a) of the Act with respect to trading by it through the London Call Centre in securities with or on behalf of Non-Canadian Clients, provided that:
  - (i) a Representative working in the London Call Centre acts on behalf of TDW in respect of such trading; and
  - (ii) TDW complies with all registration and other requirements of applicable securities legislation in the U.S.A.

July 19, 2002.

“Paul M. Moore”

“Robert L. Shirriff”

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## 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 Lapse/Expire
Wastecorp. International Investments Inc.	08 Aug 02	20 Aug 02	20 Aug 02	

### 4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire	Date of Issuer Temporary Order
Asset Management Software Systems Corp.	23 Jul 02	02 Aug 02	02 Aug 02		
Systech Retail Systems Inc.	27 June 02	10 July 02	10 Jul 02		

### 4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation
St. Anthony Resources Inc.	15 Aug 02

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## Chapter 7

# Insider Reporting

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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](http://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](http://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 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

#### REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
31-Jul-2002	RCH Capital Ltd.	Active Control Technology Inc. - Common Shares	250,000.00	3,500,000.00
30-Jul-2002	1381718 Ontario Inc. RCH Capital Ltd.	Active Control Technology Inc. - Common Shares	204,542.00	1,656,337.00
30-Jul-2002	Michelle Torsney	Active Control Technology Inc. - Common Shares	20,000.00	1,000,000.00
31-Jul-2002	P&N Coal Company Inc.	Active Control Technology Inc. - Units	152,299.00	1,522,997.00
31-Jul-2002	Royal Bank of Canada	ADexact Holdings Corp. - Preferred Shares	2,000,000.00	8,000,000.00
31-Jul-2002	3 Purchasers	Alternum Capital - Global Health Sciences Hedge Fund - Limited Partnership Units	101,439.00	219.00
28-Jun-2002	3 Purchasers	Alternum Capital - Global Health Sciences Hedge Fund - Limited Partnership Units	101,496.00	211.00
31-May-2002	5 Purchasers	Alternum Capital - Global Health Sciences Hedge Fund - Limited Partnership Units	601,529.00	1,223.00
31-Jul-2002	6 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	602,033.00	0.00
28-Jun-2002	11 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	600,560.00	1,206.00
31-May-2002	12 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	572,101.00	1,122.00
30-Apr-2002	14 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	2,745,259.00	5,443.00

**Notice of Exempt Financings**

19-Jul-2002	James & S. McGovern	Arrow Global Multi-Strategy II Fund - Trust Units	402,982.00	4,277.00
26-Jul-2002	James & S. McGovern	Arrow Global Multi-Strategy II Fund - Trust Units	397,279.00	4,050.00
29-Jul-2002	4 Purchasers	Claim Lake Resources Inc. - Common Shares	25,000.00	125,000.00
21-May-2002	917540 Ontario Limited	Credit Suisse First Boston International - Option	0.00	25,000.00
31-Jul-2002	Martin R. Hicks	Darnley Bay Resources Limited - Units	15,000.00	100,000.00
30-Jul-2002	9 Purchasers	Denison Energy Inc. - Flow-Through Shares	3,514,609.00	1,004,174.00
18-Jul-2002	4 Purchasers	Diagem International Resource Corp. - Units	400,000.00	1,600,000.00
29-Jul-2002	Dr. Andy Panko	Environmental Management Solutions Inc. - Common Shares	50,000.00	28,751.00
01-Aug-2002	12 Purchasers	Foxdean Properties Ltd. - Units	2,355,000.00	12.00
01-Feb-2002	12 Purchasers	Friedberg Equity-Hedge Fund - Units	417,526.00	15,622.00
06-Jun-2002	E.Fitzmaurice;Norther Rivers Innovations Fund LP	Genetronics Biomedical Corporation - Special Warrants	192,788.00	299,524.00
29-Jul-2002	G. Mark Curry	Gold Giant Ventures Inc. - Units	50,000.00	500,000.00
26-Jul-2002	GGOF Alexandria Canadian Growth Fund	Jones Heward Fund Ltd. - Shares	89,085.00	8,908.00
07-Aug-2002	Dundee Securities Corporation	Jonpol Explorations Limited - Flow-Through Shares	300,000.00	2,000,000.00
07-Aug-2002	Dundee Securities Corporation	Jonpol Explorations Limited - Warrants	30,000.00	200,000.00
04-Dec-2001	7 Purchasers	KeyWest Energy Corporation - Common Shares	3,150,000.00	6,300,000.00
15-Jul-2002	Charles Davis	Kingwest Avenue Portfolio - Units	213,400.00	11,715.00
02-Aug-2002	Clarkson Five Investments	Legal Services Plan Inc. - Common Shares	3,000.00	3,000.00
06-Aug-2002	Trinidad James	Legal Services Plan Inc. - Common Shares	2,000.00	2,000.00
06-Aug-2002	A. Grant Young	Legal Services Plan Inc. - Common Shares	10,000.00	10,000.00
30-Jul-2002	Eric M. Reid	Legal Services Plan Inc. - Common Shares	3,000.00	3,000.00
31-Jul-2002	Lou Hauzer	Legal Services Plan Inc. - Common Shares	3,000.00	3,000.00

**Notice of Exempt Financings**

30-Jul-2002	Joy Elsie	Legal Services Plan Inc. - Common Shares	1,000.00	1,000.00
30-Jul-2002	Linton Dixon	Legal Services Plan Inc. - Common Shares	1,100.00	1,100.00
17-Jul-2002	Gong Li	Legal Services Plan Inc. - Common Shares	2,000.00	2,000.00
22-Jul-2002	Edith Fiarchuk	Legal Services Plan Inc. - Common Shares	1,000.00	1,000.00
22-Jul-2002	Darryl Unrau	Legal Services Plan Inc. - Common Shares	5,000.00	5,000.00
22-Jul-2002	Ed Unrau	Legal Services Plan Inc. - Common Shares	5,000.00	5,000.00
25-Jul-2002	Mary-Kay Perris	Legal Services Plan Inc. - Common Shares	1,000.00	1,000.00
25-Jul-2002	Lorraine Lawrence	Legal Services Plan Inc. - Common Shares	1,000.00	1,000.00
29-Jul-2002	CMP 2002 Resources Limited Partnership;Canada Dominion Resource L.P.	Majescor Resources Inc. - Common Shares	816,000.00	1,360,000.00
31-Jul-2002	Credit Risk advisors;Bank of Montreal	Mothers Work, Inc. - Notes	2,344,082.00	2.00
17-Jul-2002	15 Purchasers	Natural Convergence Inc. - Preferred Shares	4,000,396.00	3,636,724.00
01-Aug-2002	Jodamada Foundation	Pethealth Inc. - Units	700,000.00	5,833,333.00
12-Jun-2001	NA	Succession Capital Corporation - Common Shares	150,000.00	23,077.00
19-Jul-2002	SWIFT Trust	Torus (HY) I Ltd. - Notes	5,000,000.00	1.00
18-Jun-2002 to 18-Jul-2002	6 Purchasers	Tres-or Resources Ltd. - Shares	119,000.00	340,000.00
31-Jul-2002	Mark O'Niel	Vertex Fund - Trust Units	25,000.00	996.00
23-Jul-2002	Yorkton Securities Inc.	Vinccler Oil and Gas Corporation - Special Warrants	834,600.00	525,000.00
11-Jul-2002	Ontario Teachers' Pension Plan Board	Wind Point Partners V, L.P. - Limited Partnership Interest	76,925,000.00	1.00



**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>Number of Securities</u>
Beva Holdings Inc.	Brampton Brick Limited - Shares	50,000.00
John Buhler	Buhler Industries Inc. - Common Shares	664,000.00
Glenn J. Mullan	Canadian Royalties Inc. - Common Shares	159,676.00
Discovery Capital Corporation	CardioComm Solutions Inc. - Common Shares	1,440,500.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	29,900.00
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,499,700.00
Stanley G. Hawkins	Tandem Resources Ltd. - Common Shares	5,000,000.00
Premiere Capital Inc.	World Wise Technologies Inc. - Common Shares	500,000.00

## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Brandywine Fundamental Value U.S. Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

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

**Offering Price and Description:**

Class A and B Units

**Underwriter(s) or Distributor(s):**

Perigee Investment Counsel Inc.

**Promoter(s):**

Perigee Investment Counsel Inc.

**Project #472103**

---

**Issuer Name:**

Capital International - Global Equity  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated August 15th, 2002  
Mutual Reliance Review System Receipt dated August 20th, 2002

**Offering Price and Description:**

(Class A, D, F and I Units)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #472147**

---

**Issuer Name:**

Enbridge Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated August 19th, 2002

Mutual Reliance Review System Receipt dated August 19th, 2002

**Offering Price and Description:**

\$231,500,000 - 5,000,000 Common Shares

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

UBS Bunting Warburg Inc.

Raymond James Ltd.

FirstEnergy Capital Corp.

Salman Partners Inc.

HSBC Securities (Canada) Inc.

**Promoter(s):**

-

**Project #473077**

---

**Issuer Name:**

EPCOR Preferred Equity Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated August 14th, 2002

Mutual Reliance Review System Receipt dated August 15, 2002

**Offering Price and Description:**

\$ \* Cumulative Redeemable First Preferred Shares, Series I

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

TD Securities Inc.

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

National Bank Financial Inc.

**Promoter(s):**

Epcor Utilities Inc.

**Project #472249**

---

**Issuer Name:**

Loews Cineplex Entertainment Corporation Canada  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated August 16th, 2002  
Mutual Reliance Review System Receipt dated August 16th, 2002

**Offering Price and Description:**

\$ \* Exchangeable Shares  
Exchangeable for Shares of Class A Common Stock of  
Loews Cineplex Entertainment Corporation

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.

**Promoter(s):**

-

**Project #472535**

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**Issuer Name:**

Paramount Energy Trust  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated August 15th, 2002  
Mutual Reliance Review System Receipt dated August 16th, 2002

**Offering Price and Description:**

Dividend-in-Kind of 9,909,767 Trust Units and issue of  
29,729,301 Rights to Subscribe for up to 29,729,301  
Trust Units @\$5.05 per Trust Unit

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
FirstEnergy Capital Corp.

**Promoter(s):**

Paramount Resources Ltd.

**Project #472327**

---

**Issuer Name:**

Royal Capital Management Income Fund

**Type and Date:**

Preliminary Prospectus dated August 14th, 2002  
Receipt dated August 15th, 2002

**Offering Price and Description:**

A minimum of \$ \* and a maximum of \$ \* A minimum of \*  
and a maximum of \* Voting Units  
\$10.00 per Voting Unit.

Minimum Subscription: \$1,000.00 (100 Voting Units)

**Underwriter(s) or Distributor(s):**

Refco Institutional Equity Group.  
a division of  
Refco Futures (Canada) Ltd.

**Promoter(s):**

Roycap Securities Inc.  
Mark Shoom  
Stephen Rider

**Project #471839**

---

**Issuer Name:**

TransForce Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Prospectus dated August 8th, 2002  
Mutual Reliance Review System Receipt dated August 12th, 2002

**Offering Price and Description:**

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

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.  
Scotia Capital Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
Desjardins Securities Inc.

TD Securities Inc.

Sprott Securities Inc.

**Promoter(s):**

Transforce Inc.

**Project #472087**

---

**Issuer Name:**

TriLoch Resources Inc.  
Principal Regulator - Alberta

**Type and Date:**

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

**Offering Price and Description:**

\$5,000,000 to \$9,000,000 - 5,000 tp 9,000 Units  
@\$1,000.00 per Unit

Minimum Subscription : 5 Units (\$5,000.00)

**Underwriter(s) or Distributor(s):**

Griffiths McBurney & Partners

**Promoter(s):**

Allan E. Spurgeon  
James N. McIndoe  
R. Glenn Dawson

**Project #472295**

---

**Issuer Name:**

CI Conservative Portfolio  
CI Conservative RSP Portfolio  
CI Balanced Portfolio  
CI Balanced RSP Portfolio  
CI Growth Portfolio  
CI Growth RSP Portfolio  
CI Maximum Growth Portfolio  
CI Maximum Growth RSP Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated August 9th, 2002 to Simplified Prospectus and Annual Information Form dated December 17th, 2001  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of August, 2002

**Offering Price and Description:**

(Class A and F Units)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

CI Mutual Funds Inc.

**Project #394838**

---

**Issuer Name:**

Co-operators/Warburg Pincus Global Telecommunications Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated July 31st, 2002 Simplified Prospectus and Annual Information Form dated September 26th, 2001  
Mutual Reliance Review System Receipt dated 14<sup>th</sup> day of August, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Co-operators Mutual Funds Limited

**Project #386282**

---

**Issuer Name:**

ING Canadian Communications Fund  
ING Global Communications Fund  
ING Austral-Asia Equity RSP Fund  
ING Europe Equity RSP Fund  
ING Japan Equity RSP Fund  
ING Global Equity RSP Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated August 15th, 2002 to Simplified Prospectus and Annual Information Form dated November 1st, 2001  
Mutual Reliance Review System Receipt dated 20<sup>th</sup> day of August, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

ING DIRECT Funds Limited

**Promoter(s):**

-

**Project #388310**

---

**Issuer Name:**

Spectrum Canadian Income Portfolio  
Spectrum Canadian Conservative Portfolio  
Spectrum Canadian Balanced Portfolio  
Spectrum Canadian Growth Portfolio  
Spectrum Canadian Maximum Growth Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Amendment #3 dated August 9th, 2002 to Simplified Prospectus and Annual Information Form dated August 24th, 2001  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of August, 2002

**Offering Price and Description:**

(Retail Class, Class F and Institutional Class Units)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

CI Mutual Funds Inc.

**Project #374213**

---

**Issuer Name:**

Dominion Equity 2002 Flow-Through Limited Partnership  
Principal Regulator - Alberta

**Type and Date:**

Final Prospectus dated August 16th, 2002  
Mutual Reliance Review System Receipt dated August 16th, 2002

**Offering Price and Description:**

\$15,000,000 - 15,000 Limited Partnership Units @ \$1,000 per Unit

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #459076**

---

**Issuer Name:**

Indigo Books & Music Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 16th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of August, 2002

**Offering Price and Description:**

\$15,310,841.00 - Issue of 21,302,047 Rights to Subscribe for up to 2,662,755 Common Shares at a Price of \$5.75 Per Share

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #466814**

---

**Issuer Name:**

KCP Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 13th, 2002  
Mutual Reliance Review System Receipt dated 14<sup>th</sup> day of August, 2002

**Offering Price and Description:**

\$258,750,000.00 - 22,500,000 Units @\$10.00 per Unit

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
National Bank Financial Inc.  
BMO Nesbitt Burns Inc.  
TD Securities Inc.

**Promoter(s):**

KIK Corporation Holdings Inc.

**Project #465206**

---

**Issuer Name:**

Protégé Group Education Savings Plan  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 15, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of August, 2002

**Offering Price and Description:**

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

The International Scholarship Foundation

**Project #462787**

---

**Issuer Name:**

Protégé Individual Education Savings Plan  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of August, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

The International Scholarship Foundation

**Project #462776**

---

**Issuer Name:**

USC Family Group Education Savings Plan  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of August, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

The International Scholarship Foundation

**Project #462723**

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**Issuer Name:**

USC Family Multiple Student Education Savings Plan  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of August, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

The International Scholarship Foundation

**Project #462716**

---

**Issuer Name:**

USC Family Single Student Education Savings Plan  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of August, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

The International Scholarship Foundation

**Project #462704**

---

**Issuer Name:**

USC Horizon Education Savings Plan  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of August, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

The International Scholarship Foundation

**Project #462748**

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**Issuer Name:**

Wheaton River Minerals Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated August 14th, 2002  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of August, 2002

**Offering Price and Description:**

\$125,752,500.00 - 109,350,000 Common Shares and 54,675,000 Common Share Purchase Warrants issuable upon the exercise of 109,350,000 previously issued Special Warrants

**Underwriter(s) or Distributor(s):**

Griffiths McBurney & Partners  
BMO Nesbitt Burns Inc.  
Canaccord Capital Corporation  
Haywood Securities Inc.

**Promoter(s):**

-

**Project #461964**

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**Issuer Name:**

EPCOR Utilities Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Shelf Prospectus dated August 13th, 2002  
Mutual Reliance Review System Receipt dated 13<sup>th</sup> day of August, 2002

**Offering Price and Description:**

\$800,000,000.00 - Medium Term Notes (Unsecured)

**Underwriter(s) or Distributor(s):**

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

**Promoter(s):**

-

**Project #463781**

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**Issuer Name:**

Imperial Money Market Pool  
Imperial Short-Term Bond Pool  
Imperial Canadian Bond Pool  
Imperial International Bond Pool  
Imperial Canadian Equity Pool  
Imperial Registered U.S. Equity Index Pool  
Imperial U.S. Equity Pool  
Imperial Registered International Equity Index Pool  
Imperial International Equity Pool  
Imperial Emerging Economies Pool  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated August 9th, 2002  
Mutual Reliance Review System Receipt dated 14<sup>th</sup> day of August, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

CIBC Securities Inc.

**Promoter(s):**

Canadian Imperial Bank of Commerce

**Project #439024**

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**Issuer Name:**

CI International Balanced Fund (Class T units)  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated June 18th, 2002  
Withdrawn on August 14th, 2002

**Offering Price and Description:**

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

CI Mutual Funds Inc.

**Project #460827**

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**Issuer Name:**

Harbour Fund (Class T units)  
Signature High Income Fund (Class T units)  
Signature Select Canadian Fund (Class T units)  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Simplified Prospectuses dated June 18th, 2002  
Withdrawn on August 14th, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #460724**

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## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Pursuit Financial Services Corp. Attention: Allan Peter Simmie 1200 Sheppard Avenue East Suite 100 Willowdale ON M2K 2S5	Mutual Fund Dealer	Dec 05/01
New Registration	Chand, Ranga Attention: Ranga Chand 50 Old Mill Road Oakville ON L6J 7W1	Securities Adviser	Jul 29/02
New Registration	Heward MacNicol Asset Management Inc. Attention: David Alexander MacNicol 133 Richmond Street West Suite 600 Toronto ON M5H 2L3	Investment Counsel & Portfolio Manager	Aug 06/02
New Registration	Vengate Capital Partners Company Attention: Nitin Kaushal 161 Bay Street, Suite 4700 PO Box 221, Canada Trust Tower BCE Place Toronto ON M5J 2S1	Limited Market Dealer (Conditional)	Nov 16/01
New Registration	Essex Investment Management Company, LLC Attention: Christopher Paul McConnell 125 High Street 29 <sup>th</sup> Floor Boston MA 02110-2702 USA	International Adviser Investment Counsel & Portfolio Manager	Feb 01/02
New Registration	Sidoti & Company, LLC c/o Kenneth G. Ottenbreit Commerce Court West, 53 <sup>rd</sup> Floor PO Box 85 Toronto ON M5L 1B9	International Dealer	Dec 06/01
Change of Name	Wave Securities, LLC c/o Osler, Hoskin & Harcourt LLC Attention: Frank J. Turner 1 First Canadian Place, Box 50 Toronto ON M5X 1B8	From: Archipelago LLC  To: Wave Securities, LLC	Mar 21, 02



**Registrations**

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Change of Name	Rogers Group Investment Advisors Ltd. Attention: Barbara Jo-Ann Simpson 1770 West 7 <sup>th</sup> Avenue 5 <sup>th</sup> Floor Vancouver BC V6J 4Y6	From: The Rogers Group Investment Advisors Ltd.  To: Rogers Group Investment Advisors Ltd.	May 09/02
Change of Name	J. P. Morgan Fleming Asset Management (Canada) Inc. Attention: Bruce Hamilton Bailey 200 Bay Street, Suite 1800 Royal Bank Plaza, South Tower Toronto ON M5J 2J2	From: Fleming Asset Management (Canada) Inc.  To: J. P. Morgan Fleming Asset Management (Canada) Inc.	May 15/02
Suspension of Registration	Peterson Findlay Capital Inc. Attention: Kathy Findlay United Kingdom Building 512 - 409 Granville Street Vancouver BC V6C 1T2	Investment Dealer	Aug 14/02
Voluntary Surrender of Registration	CFDS Investor Services Limited Attention: Bruce William Fillier 20 Queen Street West Suite 3100 Toronto ON M5H 4B5	Mutual Fund Dealer	Aug 14/02
Amalgamation	Brinson Canada Co. Attention: Guy Alexander Gordon 77 King Street West, Suite 3700 PO Box 85 TD Centre Royal Trust Tower Toronto ON M5K 1G8	RT Capital Management Inc. and Brinson Canada Inc.  To form: Brinson Canada Co.	Oct 01/01

## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 IDA Discipline Penalties Imposed on Simon Kin-Ho Tam – Violation of By-law 29.1

*Contact:*

Andrew P. Werbowski  
Enforcement Counsel  
(416) 943-5789

**BULLETIN #3033**

August 14, 2002

#### DISCIPLINE

#### DISCIPLINE PENALTIES IMPOSED ON SIMON KIN-HO TAM – VIOLATION OF BY-LAW 29.1

**Person  
Disciplined**

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Simon Kin-Ho Tam, at the relevant times a Vice-President and Branch Manager with TD Evergreen Securities Inc., a Member of the Association.

**By-laws,  
Regulations,  
Policies  
Violated**

Following a hearing on May 2, 2002, the Ontario District Council found Mr. Tam to have violated Association By-law 29.1 by engaging in conduct unbecoming a registered representative in that he had participated in a series of off-book transactions in the distribution of certain shares and re-purchased certain shares from numerous dissatisfied customers.

**Penalty  
Assessed**

The discipline penalties assessed against Mr. Tam are as follows:

- A fine in the sum of \$100,000;
- An obligation to rewrite the CPH should he return to the industry;
- A prohibition on receiving approval of any Member to act in a supervisory capacity for a period of five years upon his return to the industry;
- Payment of Association costs in the sum of \$7,500.

**Summary  
of Facts**

Mr. Tam joined TD Evergreen on September 15, 1994 as Vice-President and Branch Manager of its Scarborough Branch. He had previously been employed as an investment advisor at Fortune Financial, where he had worked since June, 1990. Mr. Tam was dismissed by TD Evergreen for cause on February 17, 1999 and a Uniform Termination Notice dated March 5, 1999 was completed and forwarded to the Association. In addition, the Association received complaints from various former clients.

The UTN and complaints relate to off-book transactions in the distribution of shares of EPA Enterprises Inc. ("EPA") and Ecology Pure Air International, Inc. ("EPAI"). EPA was a public company which traded on the former VSE. It last traded on the VSE on March 3, 1995 at which time trading was halted at the request of the company. EPA was suspended from the VSE on July 5, 1995 and delisted on March 5, 1996. It was also subject to a cease trade order by the British Columbia Securities Commission from July 26, 1995 through August 18, 1995 and from August 11, 1997 onward.

From approximately March 1995 to November 1998 Mr. Tam sold EPA shares to approximately 180 individuals, the majority of whom held accounts at TDE. The shares were made available by the President and CEO of EPA and EPAI and the transactions were made "off-book".

The proceeds of the transactions were payable to several third-party entities which were apparently controlled by the President and CEO of EPA and EPAI. No payment was made to, or recorded on the books and records of, TD Evergreen Securities Inc.

Mr. Tam was responsible for the distribution of approximately 500,000 shares of EPA to various individuals. He did not deliver trade confirmations with respect to any of these transactions.

Mr. Tam facilitated the purchase and sale of EPA and EPAI shares between clients, journaling the shares from one client account to the other. EPA and EPAI shares were journalled from one client account to another on approximately 100 occasions during the period April 1995 through June 1998. In each case of shares being journalled between accounts, payment for the shares took place completely off-book, usually between the clients themselves. During the period when the shares were being journalled off-book, the shares were subject to a cease trade order and were not trading on any exchange.

In addition, Mr. Tam repurchased the shares of numerous dissatisfied clients at their original cost in off-book transactions. Mr. Tam also arranged for the transfer of shares in EPA or EPAI from dissatisfied clients to other clients, all such transactions taking place off the books.

At no time did Mr. Tam advise TD Evergreen Securities Inc. of these dealings or transactions, nor did he advise of the client complaints.

The District Council specifically noted that the violations are of the utmost gravity, and aggravated by the fact that, as a branch manager, Mr. Tam occupied a supervisory position. Accordingly, the penalty reflects the serious nature of Mr. Tam's conduct.

Mr. Tam is currently not employed in the securities industry.

Kenneth A. Nason  
*Association Secretary*

### 13.1.2 Discipline Penalties Imposed on Woody Wood-Keung Wu – Violation of By-law 29.1

Contact:  
Andrew P. Werbowski  
Enforcement Counsel  
(416) 943-5789

**BULLETIN #3032**  
August 14, 2002

#### DISCIPLINE

#### DISCIPLINE PENALTIES IMPOSED ON WOODY WOOD-KEUNG WU – VIOLATION OF BY-LAW 29.1

<b>Person Disciplined</b>	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Woody Wood-Keung Wu, at the relevant times a registered representative with TD Evergreen Securities Inc., a Member of the Association.
<b>By-laws, Regulations, Policies Violated</b>	Following a hearing on May 2, 2002, the Ontario District Council found Mr. Wu to have violated Association By-law 29.1 by engaging in conduct unbecoming a registered representative in that he had participated in a series of off-book transactions in the distribution of certain shares and re-purchased certain shares from numerous dissatisfied customers.
<b>Penalty Assessed</b>	<p>The discipline penalties assessed against Mr. Wu are as follows:</p> <ul style="list-style-type: none"><li>• A fine in the sum of \$35,000;</li><li>• An obligation to rewrite the CPH should he return to the industry;</li><li>• A requirement that Mr. Wu be subject to strict supervision for a period of one year upon his return to the industry;</li><li>• Payment of Association costs in the sum of \$7,500.</li></ul>
<b>Summary of Facts</b>	<p>Mr. Wu joined TD Evergreen in November 1994 and became registered with its Scarborough Branch shortly thereafter. He is the brother-in-law of the then Vice-President and Branch Manager, Simon Tam. On February 17, 1999, Mr. Wu was dismissed for cause and a Uniform Termination Notice dated March 5, 1999 was completed and forwarded to the Association. In addition, the Association received complaints from various former clients.</p> <p>The UTN and complaints relate to off-book transactions in the distribution of shares of EPA Enterprises Inc. ("EPA") and Ecology Pure Air International, Inc. ("EPAI"). EPA was a public company which traded on the former VSE. It last traded on the VSE on March 3, 1995 at which time trading was halted at the request of the company. EPA was suspended from the VSE on July 5, 1995 and delisted on March 5, 1996. It was also subject to a cease trade order by the British Columbia Securities Commission from July 26, 1995 through August 18, 1995 and from August 11, 1997 onward.</p> <p>From approximately March 1995 to November 1998 Mr. Wu sold EPA shares to approximately 57 individuals, the majority of whom held accounts at TDE. The shares were made available by the President and CEO of EPA and EPAI and the transactions were made "off-book".</p> <p>The proceeds of the transactions were payable to several third-party entities which were apparently controlled by the President and CEO of EPA and EPAI. No payment was made to, or recorded on the books and records of, TD Evergreen Securities Inc.</p> <p>Mr. Wu was responsible for the distribution of approximately 170,000 shares of EPA to various individuals. He did not deliver trade confirmations with respect to any of these transactions.</p> <p>Mr. Wu facilitated the purchase and sale of EPA and EPAI shares between clients, journalling the shares from one client account to the other. EPA and EPAI shares were journalled from one client account to another on approximately 12 occasions during the period December 1996 through November 1998. In each case of shares being journalled between accounts, payment for the shares took place completely off-book, usually between the clients themselves.</p>

During the period when the shares were being journalled off-book, the shares were subject to a cease trade order and were not trading on any exchange.

In addition, Mr. Wu repurchased the shares of two dissatisfied clients at their original cost in off-book transactions.

At no time did Mr. Wu advise TD Evergreen Securities Inc. of these dealings or transactions, nor did he advise of the client complaints.

The District Council specifically noted that the violations are of the utmost gravity, and accordingly, the penalty reflects the serious nature of Mr. Wu's conduct.

Mr. Wu is currently not employed in the securities industry.

Kenneth A. Nason  
*Association Secretary*

## Chapter 25

# Other Information

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### 25.1.1 Securities

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#### RELEASE FROM ESCROW

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<u>COMPANY NAME</u>	<u>DATE</u>	<u>NUMBER AND TYPE OF SHARES</u>	<u>ADDITIONAL INFORMATION</u>
Multibanc Financial Corp.	August 15, 2002	1,000 common shares	
Multibanc NT Financial Corp.	August 15, 2002	1,000 special voting shares	

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