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ONTARIO SECURITIES COMMISSION

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OSC

ONTARIO SECURITIES COMMISSION

The Ontario Securities Commission

OSC Bulletin

October 21, 2011

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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)

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October 21, 2011

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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Ontario Securities Commission
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Vern Krishna	—	VK
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

October 24, 2011 10:00 a.m. November 8, 2011 2:30 p.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: PLK
October 26-31, 2011 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) J. Feasby in attendance for Staff Panel: EPK
October 26, 2011 11:00 a.m. October 27, 2011 10:00 a.m.	**Coventree Inc., Geoffrey Cornish and Dean Tai** s. 127 J. Waechter/M. Vaillancourt in attendance for Staff Panel: JEAT/MGC/PLK
October 31, 2011 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 H. Craig in attendance for Staff Panel: MGC

November 1, 2011 10:00 a.m.	**Vincent Ciccone and Medra Corp.** s. 127 M. Vaillancourt in attendance for Staff Panel: PLK
November 1, 2011 10:00 a.m.	**Ciccone Group, Medra Corporation, 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vince Ciccone, Darryl Brubacher, Andrew J. Martin., Steve Haney, Klaudiusz Malinowski and Ben Giangrosso** s. 127 M. Vaillancourt in attendance for Staff Panel: PLK
November 1, 2011 2:00 p.m. December 19, 2011 10:00 a.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig/C. Watson in attendance for Staff Panel: VK/EPK
November 2, 2011 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: JEAT
November 7, 2011 10:00 a.m.	**Application for Reactivation of Sanjiv Sawh and Vlad Trkulja** s. 8(2) R. Goldstein/S. Horgan in attendance for Staff Panel: MGC/JNR
November 7, November 9-21, November 23 – December 2, 2011 10:00 a.m.	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.** s. 37, 127 and 127.1 D. Ferris in attendance for Staff Panel: EPK/PLK
November 9, 2011 10:00 a.m.	**Zungui Haixi Corporation** s. 127 J. Superina in attendance for Staff Panel: CP
November 9, 2011 11:30 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH
November 14-21 and November 23-28, 2011 10:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: VK

November 21, 2011 10:00 a.m.	**Investment Industry Regulatory Organization Of Canada v. Mark Allen Dennis** S. 21.7 S. Horgan in attendance for Staff Panel: MGC/SOA
November 22, 2011 9:00 a.m.	**Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg** s. 127 H Craig in attendance for Staff Panel: PLK
November 23, 2011 9:15 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: JEAT
November 23, 2011 10:00 a.m.	**American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak** s. 127 J. Feasby in attendance for Staff Panel: CP
November 24, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: CP
November 28, 2011 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 127 H. Craig in attendance for Staff Panel: CP
December 1, 2011 10:00 a.m.	**MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for staff Panel: JEAT
December 1-5 and December 7-15, 2011 10:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 S. Chandra in attendance for Staff Panel: JDC

December 5, 2011 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
December 5 and December 7-16, 2011 10:00 a.m.	**L. Jeffrey Pogachar, Paola Lombardi, Alan S. Price, New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., and 2173817 Ontario Inc.** s. 127 M. Britton in attendance for Staff Panel: EPK/PLK
December 7, 2011 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork** s. 127 T. Center in attendance for Staff Panel: TBA
December 19, 2011 9:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: MGC
January 3-10, 2012 10:00 a.m.	**Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban** s. 127 and 127.1 C. Johnson in attendance for Staff Panel: JDC
January 11, 2012 10:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: CP
January 18-23, 2012 10:00 a.m.	**Peter Beck, Swift Trade Inc. (continued as 7722656 Canada Inc.), Biremis, Corp., Opal Stone Financial Services S.A., Barka Co. Limited, Trieme Corporation and a limited partnership referred to as "Anguilla LP"** s. 127 B. Shulman in attendance for Staff Panel: TBA

January 18-30 and February 1-10, 2012 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
January 26-27, 2012 10:00 a.m.	**Empire Consulting Inc. and Desmond Chambers** s. 127 D. Ferris in attendance for Staff Panel: TBA
February 1-13, February 15-17 and February 21-23, 2012 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
February 15-17, 2012 10:00 a.m.	**Maitland Capital Ltd., Allen Grossman, Hanoch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Dianna Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA
February 29 – March 12 and March 14-21, 2012 10:00 a.m.	**Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: TBA
March 8, 2012 10:00 a.m.	**Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock** s. 127 C. Johnson in attendance for Staff Panel: TBA
March 12, March 14-26, and March 28, 2012 10:00 a.m.	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: TBA
April 2-5, April 9, April 11-23 and April 25-27, 2012 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: TBA

April 30-May 7, May 9-18 and May 23-25, 2012 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith** s. 127(1) and (5) A. Heydon in attendance for Staff Panel: TBA
May 9-18 and May 23-25, 2012 10:00 a.m.	**Crown Hill Capital Corporation and Wayne Lawrence Pushka** s. 127 A. Perschy in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA
TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA
TBA	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby/C. Rossi in attendance for Staff Panel: TBA
TBA	**M P Global Financial Ltd., and Joe Feng Deng** s. 127 (1) M. Britton in attendance for Staff Panel: TBA
TBA	**Shane Suman and Monie Rahman** s. 127 and 127(1) C. Price in attendance for Staff Panel: TBA

TBA

Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Abel Da Silva

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)

s. 127

T. Center/D. Campbell in attendance for Staff

Panel: TBA

TBA

**Maple Leaf Investment Fund Corp.,
Joe Henry Chau (aka: Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani and Ravinder Tulsiani**

s. 127

A. Perschy/C. Rossi in attendance for Staff

Panel: TBA

TBA

Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA

Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.

s. 127

S. Horgan in attendance for Staff

Panel: TBA

TBA

Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan

s. 127

H. Craig/C.Rossi in attendance for Staff

Panel: TBA

TBA

Paul Donald

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver, David Rutledge, 6845941 Canada Inc. carrying on business as Anesis Investments, Steven M. Taylor, Berkshire Management Services Inc. carrying on business as International Communication Strategies, 1303066 Ontario Ltd. Carrying on business as ACG Graphic Communications, Montecassino Management Corporation, Reynold Mainse, World Class Communications Inc. and Ronald Mainse** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
TBA	**Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk** s. 37, 127 and 127.1 C. Price in attendance for Staff Panel: TBA
TBA	**Goldpoint Resources Corporation, Pasqualino Novielli also known as Lee or Lino Novielli, Brian Patrick Moloney also known as Brian Caldwell, and Zaida Pimentel also known as Zaida Novielli** s. 127(1) and 127(5) C. Watson in attendance for Staff Panel: TBA
TBA	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 C. Rossi in attendance for Staff Panel: TBA
TBA	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: TBA
TBA	**Ground Wealth Inc., Armadillo Energy Inc., Paul Schuett, Doug DeBoer, James Linde, Susan Lawson, Michelle Dunk, Adrion Smith, Bianca Soto and Terry Reichert** s. 127 S. Schumacher in attendance for Staff Panel: TBA
TBA	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: TBA
TBA	**Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.** s. 127 A. Perschy / B. Shulman in attendance for Staff Panel: TBA

TBA **Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung**

s. 127

A. Perschy/H. Craig in attendance for Staff

Panel: TBA

TBA **Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions**

s. 127 and 127.1

H. Daley in attendance for Staff

Panel: TBA

TBA **Normand Gauthier, Gentree Asset Management Inc., R.E.A.L. Group Fund III (Canada) LP, and CanPro Income Fund I, LP**

s. 127

B. Shulman in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia

Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson

1.1.2 OSC Staff Notice 15-704 – Request for Comments on Proposed Enforcement Initiatives

OSC STAFF NOTICE 15-704
REQUEST FOR COMMENTS ON PROPOSED ENFORCEMENT INITIATIVES

Purpose of the Notice

Staff of the Ontario Securities Commission (the "**OSC**" or "**Commission**") have been examining new enforcement initiatives aimed at resolving enforcement matters more quickly and effectively. These initiatives are intended to contribute to a higher volume of protective orders made in the public interest, at the earliest opportunity, for the benefit of investors and the capital markets.

1. **New program for explicit No-Enforcement Action Agreement** ("**No-Enforcement Action Agreement**" or "**Agreement**") under which a party would explicitly not be subject to OSC enforcement action in exchange for self-reporting matters that may involve breaches of Ontario securities law or activities that would be considered contrary to the public interest, and for cooperating in an investigation.

2. **New No-Contest Settlement program** ("**No-Contest Settlement**") under which a protective order could be made in the absence of a specific admission by the respondent of a breach of the *Securities Act* (Ontario) (the "**Act**").

3. **Clarified process for self-reporting** under the OSC's credit for cooperation program to ensure that all parties are informed on how best to self-report and come forward with information.

4. **Enhanced public disclosure of credit granted for cooperation** to provide greater certainty of potential outcome for all parties that may consider self-reporting.

In developing these initiatives, OSC staff ("**OSC staff**" or "**staff**") have reviewed enforcement practices at the Commission and other agencies, and have considered ongoing comments and feedback received from market participants, the securities litigation bar and investor advocates. OSC staff believe these initiatives will contribute to successful enforcement outcomes in ways that are feasible, measurable and practical.

Staff are planning to move forward with these initiatives through an update and revision of the OSC's credit for cooperation program. This will be done as part of a phased approach. At this time, OSC staff are inviting public comment.

The comment period is 60 days and is open until December 20, 2011 The feedback OSC staff receive will help us evaluate the initiatives and inform future developments.

OSC staff have also been examining the prospect of introducing a new whistleblower program, under which incentives (including possibly financial compensation and/or protection from retaliation) would be provided to persons who provide the OSC with information about misconduct in the marketplace. Such a program would be a first for securities regulators in Canada and would represent a new source of information to support enforcement activity. A whistleblower program is presently the subject of ongoing study and, as part of a phased approach, may result in a separate staff notice inviting public comment in the near future. Important questions as to the funding of such a program and the possible need for legislative amendments have led staff to conclude that additional consideration is necessary.

Background

Experience with OSC's Credit for Cooperation Program Since 2002

In June 2002, the Commission published Staff Notice 15-702 *Credit for Cooperation* (the "**Credit For Cooperation Program**" or "**Program**"). It notes that as part of the Commission's compliance policy, market participants should have an incentive to self-police, self-report, and self-correct matters that may involve breaches of Ontario securities law or activities that would be considered contrary to the public interest. It also notes that cooperation provided by a market participant during an investigation or litigation can translate into a form of credit.

The Credit for Cooperation Program provides examples of what staff consider to be cooperation by market participants and describes types of credit that market participants could receive in exchange for cooperating with staff. For example, staff may recommend (i) reducing the scope of the allegations made against a market participant in an enforcement proceeding, (ii) reducing sanctions to be sought in respect of a market participant, and (iii) in some cases, not naming a market participant in an enforcement proceeding.

The Credit for Cooperation Program can result in significant time and cost savings for market participants and the OSC. It can allow staff to conduct more streamlined investigations and to resolve cases more quickly by using means other than contested

hearings. The Program can also enhance investor protection by allowing staff to complete more enforcement matters and impose protective sanctions sooner, and by improving the compliance processes of market participants.

In reviewing the incidence of market participants requesting credit for cooperation under the Program in recent years, Staff have observed that the Program has not been widely accessed by market participants, or other parties, and the benefits listed above have not been achieved.

Feedback about the Program provided by market participants and their counsel has identified certain reasons for this low rate of use:

- A perceived misalignment of expectations and outcomes in the application of the Program – a disconnect in expectations between staff and the market participants as to what is meant by cooperation.
- A lack of certainty as to what type of credit would be provided to a market participant contemporaneous with their self-reporting.
- Some misunderstandings as to how a market participant might approach staff to initiate discussions.
- There are few public precedents which would guide parties in assessing potential benefits, especially in instances where no enforcement action took place.

As a result, opportunities to expedite both the investigation and the resolution of enforcement matters have not been fully exploited. In circumstances where the Commission's mandate is to impose future oriented orders in the public interest, this has resulted in a number of cases that have required significant commitments of staff time and increased costs where earlier resolution with the party should have been possible.

Impact of Civil Litigation on Enforcement Activity

OSC staff have observed in recent years that persons or companies contacted during an investigation for their documents and testimony are increasingly concerned about concurrent civil litigation or class action lawsuits that may arise against them. This can impact the timeliness and effectiveness of investigations. The concurrent presence of civil litigation results in delays in document production, both in terms of preparing documents for civil production (which may be more complicated than producing a response to an OSC summons) and broad assertions of privilege in circumstances where there may be a desire on the part of a witness to provide the information to OSC staff but fear that waiving privilege in respect of staff will result in a general waiver for the purpose of civil litigation.

In addition to negatively impacting investigative work, concurrent civil litigation negatively impacts the prospect of agreeing on the appropriate settlement of matters on a timely basis because such respondents are concerned that admissions they make in OSC proceedings (which are public) will be used against them in civil litigation. A primary barrier to resolution in such cases has been the issue of admissions, not the issue of the appropriate sanction.

Where the issue of liability and sanction cannot be resolved, the Commission litigation process has become more litigious and time-consuming, especially when the Commission proceeding occurs before the civil action.

These trends result in enforcement staff taking more time per matter, and consequently being engaged in a fewer number of files. By natural extension, this results in fewer enforcement orders, imposed after lengthy delays.

1. No-Enforcement Action Agreements

No-Enforcement Action Agreements will be available in a range of situations. They will now be explicit in those circumstances where market participants self-report and remediate immediately. In the past, staff have simply advised the market participant that no action would be taken. By making staff's decision explicit, market participants will have greater certainty of result.

In addition to situations of immediate self-remediation, staff will consider an Agreement where a party is self-reporting and may also be reporting in respect of the conduct of others. As noted by staff in this review, breaches of Ontario securities law, or activities that would be considered harmful to Ontario capital markets, typically involve more than one participant. This can include:

- The activities of multiple individuals within one organization; for example, activities of directors and officers of a reporting issuer that result in a failure by the reporting issuer to comply with its continuous disclosure requirements.

- The activities of multiple individuals or entities across different organizations; for example, activities by persons to manipulate the price and trading in the securities of an issuer for personal gain and to the detriment of public investors of that issuer.

Persons participating in such activities make efforts to conceal their conduct and the joint enterprise. In this context, if everyone participating in the misconduct remains silent, then there is a risk that (a) the misconduct will not be discovered and/or (b) even if the misconduct is discovered, individuals will not be held to account owing to a lack of direct evidence about their involvement.

One strategy to pierce the shield that appears to surround joint actor misconduct in the marketplace is to provide an incentive for a person or entity to self-report.

Key elements of the No-Enforcement Action Agreement include:

1) The Credit For Cooperation Program will be updated to make express reference that staff will not only not recommend the commencement of a prosecution under section 122 of the Act, but will also not initiate a proceeding under section 127 and/or an application under section 128. This clarification will provide the marketplace with greater certainty that a possible outcome is a commitment that no action will be taken by OSC staff. A No Enforcement Action Agreement relates only to actions that can be taken by OSC staff and does not confer any immunity from criminal enforcement or civil liability.

2) Any Agreement will be contingent on the self-reporting person providing detailed information prior to the Agreement sufficient to enable staff to determine both the nature of the misconduct and the involvement of the self-reporting person or entity in that misconduct.

3) The party reporting will be required to disgorge any amount obtained as a result of their misconduct.

4) It will be a condition of any Agreement that the party provide active and ongoing cooperation to OSC staff during an investigation and litigation that is directed at the activities of other persons. This may include providing documentation and testimony (including at a hearing) to staff and assisting staff in identifying other sources of information.

5) The commitment by a party who has entered into an Agreement to provide ongoing cooperation and assistance to OSC staff will be documented.

6) A factor informing whether an Agreement is available in a specific circumstance will be the timing of the self-reporting. For example, there may be more than one person who may choose to self-report their involvement in multi-party non-compliant activity. Generally, it will be the first such self-reporting individual who will be eligible for such an Agreement. The aim is to create an incentive for early self-reporting. Individuals who self-report subsequently may be entitled to other forms of credit for their cooperation. However, depending on the circumstances, it may be possible for more than one individual to receive the benefit of an Agreement with the same fact situation.

7) If a self-reporting person or entity with whom a No-Enforcement Action Agreement has been entered fails to:

   a) comply with their commitment to provide ongoing cooperation and assistance (including a requirement that they tell the full truth) to OSC staff during the ensuing investigation and litigation;

   b) is found to have not provided full and accurate information to staff prior to the making of the Agreement;

   c) is found to have benefited by their misconduct to a greater extent than previously disclosed;

   then the Agreement will be revoked and staff will not be precluded from commencing any appropriate proceeding against the party.

8) Generally, if an enforcement investigation has been ongoing and an individual who has already been identified by OSC staff as having involvement with the multi-party activity under investigation contacts staff to request a No-Enforcement Action Agreement, then the availability of such an Agreement in those circumstances will depend on the nature of the information provided, including whether new and/or additional information is provided that assists in enforcement activity directed at other principals involved in the multi-party activity.

Eligibility to participate in a No-Enforcement Action Agreement

Registrant firms, public companies, market participants and insiders of public companies are examples of those who might be considered eligible to enter into No-Enforcement Action Agreements with staff. In addition, individuals, such as directors, officers or employees of any entity, including those described above, might also be eligible. Staff are of the view that all who report under the this program would be eligible for consideration.

Timing and process for requesting a No-Enforcement Action Agreement

OSC staff believe that a No-Enforcement Action Agreement should generally only be available to a party if it has provided relevant, reliable and useful information and cooperated with staff before or shortly after the investigation has commenced and where remediation and/or disgorgement (as appropriate) has occurred. The earlier staff receive useful information, the more effective our investigations can be.

Factors to consider prior to entering into a No-Enforcement Action Agreement

Timeliness, relevance, reliability and usefulness of the information are just a few of the factors that OSC staff would need to consider before entering into an Agreement. In addition, there may be implications with respect to the information that would need to be considered and balanced against the potential benefits of the information in an investigation.

Staff are of the view that an Agreement will likely be entered into if the information relates to misconduct in the marketplace that might be difficult or impossible for OSC staff to detect on a timely basis (for example, multi-party conduct such as insider trading or market manipulation) or is reasonably expected to cause OSC enforcement action against another person whose involvement in the misconduct reflects a higher degree of severity or participation.

As noted, OSC staff plan to take into consideration whether the party has completed substantive remedial measures to address the misconduct within its organization, including changes to its internal controls and policies and procedures in considering a request for an Agreement from a corporate actor.

OSC staff welcome comments on the broad features of the No-Enforcement Action program set out above.

2. No-Contest Settlement Program

Many enforcement actions are resolved by way of settlement agreements entered into between OSC staff and respondent(s).

Settlement agreements support a number of important public interest objectives. They include:

- expediting a formal resolution of a matter;
- reducing the expense of conducting a contested enforcement action, which frees resources to work on other enforcement matters;
- obtaining earlier regulatory sanctions in respect of, and commitments from, market participants to prevent ongoing and/or future harm to investors or capital markets; and
- facilitating the cooperation of individuals who may provide ongoing cooperation and assistance to staff in connection with enforcement action taken against others.

Despite the interest on the part of respondents to resolve a matter with staff, some settlements cannot be finalized because respondents will not make admissions due to the potential risk to them of making public statements.

Settlement agreements presented to the Commission for approval have generally included an admission by the respondent both of facts and of non-compliance with Ontario securities law or conduct contrary to the public interest. Recent amendments to the OSC's *Rules of Procedure* (Rule 12) have eliminated the explicit requirement for admissions in the settlement agreement to be presented to a Commission panel for approval.

One strategy to encourage settlements and thereby increase the number of protective public interest orders is to provide an incentive for a cooperating market participant to settle a matter more expeditiously. In this regard, OSC staff are formalizing a No-Contest Settlement program in which a cooperating market participant could resolve their enforcement matter without admitting facts or non-compliance with Ontario securities law or conduct contrary to the public interest.

Key elements of the No-Contest Settlement program include:

1) The Respondent proposing to enter into a No-Contest Settlement must have cooperated with OSC staff during the investigation. Examples of such cooperation include:

   a) the Respondent self-reported the misconduct in a timely manner;

   b) the Respondent took remedial steps to address the non-compliance – including (as appropriate) providing compensation to affected third parties where applicable and implementing enhanced internal control procedures at the organization, preferably prior to the self-reporting but in any event contemporaneously with providing cooperation to OSC staff; and

   c) the Respondent provided cooperation to OSC staff in connection with enforcement activity directed at other persons; for example, the person may have initially sought a No-Enforcement Action Agreement, and despite not being the first person to contact OSC staff to on the matter but continued to provide ongoing assistance to OSC staff where an Agreement was not available.

2) The No-Contest Settlement must meet the public interest requirements set out in the Act in respect of orders made pursuant to section 127.

3) The Respondent has not previously been the subject of enforcement or regulatory activity by the OSC or any other agency.

Notwithstanding the formalization of a No-Contest Settlement program, OSC staff will continue to welcome proposals from market participants to enter into negotiations aimed at settling enforcement matters on a basis that includes an admission of facts, or an admission of non-compliance with Ontario securities law or conduct contrary to the public interest.

Form of No-Contest Settlements

OSC staff will be modifying the wording in settlement agreements that deals with the description of facts and the description of non-compliance with Ontario securities law. In short, staff will not require, in appropriate cases, that a settling respondent admit a breach of the Act or specific conduct contrary to the public interest.

In addition, OSC staff propose to make greater use of voluntary settlement agreements (where appropriate) entered into between OSC staff and respondents that may be approved by the Executive Director under the *Guidelines for the Approval by the Executive Director of Settlements of Enforcement Matters*, published on November 28, 2008.

Eligibility for No-Contest Settlements

The OSC currently enters into settlement agreements with market participants as well as other individuals and firms. OSC staff are of the view that No-Contest Settlements should be available to both market participants and others in appropriate circumstances.

OSC staff welcome comments on the broad features of the No-Contest Settlement program set out above.

3. Clarified Process for Self-Reporting

Under the Credit for Cooperation Program, market participants have self-reported and cooperated in a variety of ways, including:

- proactively bringing information and documentation to the attention of OSC compliance staff during on-site compliance reviews,
- taking the initiative to contact enforcement staff once misconduct or conduct contrary to the public interest has been identified internally at their firm, and
- responding openly and cooperatively with staff when contacted in the context of an investigation.

Nonetheless, OSC staff have concerns that there are many market participants (and other parties) who do not know what steps they might take to self-report. Such uncertainty may be a factor inhibiting persons from self-reporting. Staff further understand that parties may be reluctant to self-report because by doing this, they believe they might become named in an enforcement action and also become exposed to third-party civil litigation.

All of this impacts the effectiveness and timeliness of enforcement activity.

One strategy to facilitate more timely and more candid self-reporting is to provide market participants and other parties with greater clarity of process for self-reporting. In this regard, OSC staff are formalizing a proffer process that aims to provide greater transparency and certainty for self-reporters.

Key elements of this proffer process include:

1) Flexibility to self-report misconduct or conduct contrary to the public interest through an intermediary, such as legal counsel in a manner which – at the point of initial referral to OSC staff – protects the identity of the self-reporter. This could take the form of a written communication or meeting between OSC staff and such counsel. The objective would be to facilitate a line of communication leading, ultimately, to cooperation between the self-reporter and staff. The contact from counsel could include an indication of interest on the part of the self-reporter for entering into a No-Enforcement Action Agreement, reduced sanctions or the prospect of settlement on a no-contest basis, along with a commitment by the self-reporter to provide ongoing cooperation.

2) A framework to facilitate OSC staff obtaining more detailed information – including documentation and testimony – to best enable staff to evaluate the self-reported information and the nature of credit for cooperation that might be appropriate in the circumstances. This could take the form of a proffer meeting, documented in an agreement between staff and the self-reporting person, at which the self-reporting person agrees to provide testimony during the investigation that cannot be used against them by OSC staff in a future enforcement proceeding. Such testimony could, however, be used against other persons.

3) A proffer meeting might also be used for the purpose of offering to enter into settlement discussions and/or provide ongoing cooperation in an investigation directed at other persons.

4) Proffer agreements will provide "use immunity" prohibiting the Commission from using any statement made by the proffering party against him if the cooperation process breaks down.

5) Proffer agreements will not, in any circumstances, provide "derivative use immunity" prohibiting the Commission from using evidence derived from the proffered statement against the proffering party.

6) The "use immunity" offered in a proffer agreement does not prevent the use of the proffered statement in any prosecution for perjury, obstructing justice, the giving or contradictory evidence, or related offences arising from the proffered statement.

OSC staff welcome comments on the broad features of the proffer process set out above.

4. Enhanced Public Disclosure of Credit Granted for Cooperation

OSC staff have received feedback from market participants and their counsel indicating that self-reporting could be enhanced if persons had better access to information about the credit that was granted by OSC staff to cooperating persons in other or comparable circumstances.

In order to respond to this, OSC staff are formalizing enhancements to the manner in which staff publicly disclose the credit that has been granted to cooperating persons. This supports the strategy of encouraging more market participants and other parties to come forward with their information and cooperate with staff. It also enhances the transparency of the enforcement process.

Key elements include:

1) For proceedings before hearing panels of the Commission, OSC staff will provide information about cooperation provided by a party to the hearing panel and in public announcements following the completion of the proceeding.

2) For settlements (whether a traditional settlement or proposed No-Contest Settlement), OSC staff will ensure that the settlement agreement, and perhaps a related news release, refer to the credit that was granted to the respondent in exchange for their cooperation.

3) For matters relating to the proposed No-Enforcement Action Agreement, OSC staff will develop some form of generic report or periodic notice that would describe the type of cooperation provided and remedial steps taken by a market participant in exchange for such Agreement.

OSC staff welcome comments on the broad features of this public disclosure framework and are interested in hearing any other suggestions on the issue enhancing public disclosure of the effects of cooperation. The Comment period is open until December

20, 2011. Submissions made are not confidential. All comments will be posted on the Commission website at www.osc.gov.on.ca. Thank you in advance for your comments and please submit them to the attention of the Office of the Secretary.

For more information:
Kathryn Daniels
Deputy Director, Enforcement
Ontario Securities Commission
kdaniels@osc.gov.on.ca

October 21, 2011

1.2 Notices of Hearing

1.2.1 Richvale Resource Corporation et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
JOHN COLONNA

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARVIN WINICK

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
HOWARD BLUMENFELD

NOTICE OF HEARING
(Subsections 127(1) and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, R.S.O., 1990 c. S.5, as amended (the "Act") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on October 14, 2011 at 11:00 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement agreements between Staff of the Commission and John Colonna, signed October 13, 2011; Shafi Khan, signed October 13, 2011; Marvin Winick, signed October 13, 2011; and Howard Blumenfeld, signed October 13, 2011;

AND TAKE FURTHER NOTICE that any party to the proceedings may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 13th day of October, 2011.

"Josée Turcotte"
Per: John Stevenson
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 MOSAID Technologies Incorporated and Wi-LAN Inc.

FOR IMMEDIATE RELEASE
October 12, 2011

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

AND

IN THE MATTER OF
MOSAID TECHNOLOGIES INCORPORATED
AND WI-LAN INC.

TORONTO – The Commission issued an Order following a hearing held today in the above named matter.

A copy of the Order dated October 12, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.2 Richvale Resource Corporation et al.

FOR IMMEDIATE RELEASE
October 13, 2011

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
JOHN COLONNA

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARVIN WINICK

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
HOWARD BLUMENFELD

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreements entered into by Staff of the Commission and John Colonna, Shafi Khan, Marvin Winick and Howard Blumenfeld respectively. The hearing will be held on October 14, 2011 at 11:00 a.m. in Hearing Room B on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated October 13, 2011 is available at **www.osc.gov.on.ca**.

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1.4.3 QuantFX Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
October 14, 2011

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER AND
ROSTISLAV ZEMLINSKY

AND
IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND VADIM TSATSKIN

TORONTO – The Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Vadim Tsatskin.

A copy of the Order dated October 13, 2011 and Settlement Agreement dated October 5, 2011 are available at **www.osc.gov.on.ca**.

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1.4.4 Ameron Oil and Gas Ltd. et al.

FOR IMMEDIATE RELEASE
October 14, 2011

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

AND

IN THE MATTER OF
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK, AND
ALLAN WALKER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
VADIM TSATSKIN

TORONTO – The Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Vadim Tsatskin.

A copy of the Order dated October 13, 2011 and Settlement Agreement dated October 5, 2011 are available at **www.osc.gov.on.ca**.

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1.4.5 FactorCorp Inc. et al.

FOR IMMEDIATE RELEASE
October 14, 2011

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

AND

IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC., AND
MARK IVAN TWERDUN

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated October 13, 2011 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations dated October 13, 2011 is available at **www.osc.gov.on.ca**.

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

AND

**IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC., AND
MARK IVAN TWERDUN**

**AMENDED STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (the "Commission") make the following allegations:

I. The Respondents

1. FactorCorp Financial Inc. ("FFI") was incorporated in Ontario on May 26, 2003. FFI was never registered under the *Securities Act*, R.S.O. 1990, c. S.5, (the "Act") and was never a reporting issuer in Ontario.

2. FactorCorp Inc. ("FCI") was incorporated in Ontario on August 13, 2002 and was registered with the Commission as a limited market dealer from 2004 to 2007. FCI was never a reporting issuer in Ontario.

3. Mark Twerdun is a resident of Ontario and was at all material times the sole officer, director and shareholder of FCI and sole officer, director and controlling shareholder of FFI. Twerdun's wife and children own or beneficially own the remaining shares of FFI. Twerdun was formerly registered with the Commission as the sole trading officer and compliance officer of FCI from 2004 to 2007 (the "Material Time"). During the Material Time, Twerdun was the sole directing mind of FFI and FCI (collectively, the "Companies").

II. Facts Relating to the Allegations

a) Overview

4. The Companies were held out as being in the business of providing short term financing to commercial clients ("Clients") through factoring, leasing and other secured, asset-backed financing services. The Companies purported to generate revenue by way of using capital to make short term loans on a secured basis.

5. The conduct at issue relates to materially misleading or untrue statements made by the Respondents in relation to the nature and security of the purported loans made by the Companies. The offering memoranda and promotional material prepared and circulated by the Respondents stated that the financing extended by the Companies was for short term debt financing and was properly secured. In fact, many of the loans made by the Respondents to Clients were not for short terms, and were either not secured or inadequately secured and/or had unenforceable security.

6. Moreover, in many instances the Respondents failed to exercise any reasonable due diligence, care or control in ensuring, monitoring or reviewing the nature of the security or its adequacy and/or the investment risks. In one instance, the Companies directed funds for the purchase of shares; this purchase was not contemplated by the offering memoranda.

7. Twerdun was the directing mind of the Companies. Although the Companies were held out as separate entities, in practice the investments were pooled and operationally Twerdun did not distinguish between FFI and FCI.

8. During the Material Time, the Companies, by way of various offering memoranda, raised approximately $58 million through the sale of non-prospectus qualified debentures to approximately 700 Ontario investors (the "Debentures") for the purported purpose of pooling funds for use in the Companies' secured short-term financing business.

9. The Debentures sold to Ontario investors, during the Material Time, were sold primarily through a registered dealer by way of offering memoranda without a prospectus, in reliance on the accredited investor exemption from the prospectus and registration requirements of the Act contained in OSC Rule 45-501 and, subsequently, NI 45-106 (the "AI Exemption"). The vast majority of investors to whom debentures were sold did not meet the criteria required for the AI Exemption.

b) Monitor, Receivership and Bankruptcy of the Companies

10. On August 1, 2007, further to a temporary order issued by the Commission on July 6, 2007 (the "Temporary Order"), the Commission ordered that the Companies appoint KPMG Inc. ("KPMG") as a monitor.

11. By Order of the Superior Court of Justice dated October 17, 2007, KPMG was appointed receiver and manager (the "Receiver") over the assets, undertakings and properties of the Companies. The Receiver was discharged by Order of the Superior Court of Justice dated March 18, 2009.

12. By Order of the Superior Court of Justice dated March 25, 2008 (the "Bankruptcy Proceedings"), the Companies were adjudged bankrupt on a consolidated basis and KPMG was appointed the trustee of the consolidated estate (the "Trustee").

13. In the First Report of the Trustee dated December 4, 2008, filed with the Court in the Bankruptcy Proceedings, the Trustee concluded that on the basis of available information, it expects that the ultimate realization on the loan and preferred shares held by the Companies may be nominal and that investors in the Companies will suffer a significant loss on their investments in the Companies.

14. In the Trustee's Report of its Preliminary Administration dated April 24, 2008, the Trustee reported on its review and analysis of 11 loans contained in the Companies' loan portfolio and concluded: two were in receivership, three were making regular payments, six were in default, certain loans were not secured against all of the Client's assets, other loans were not secured at all and the value of the collateral securing certain loans was in question.

c) The Distribution and the Offering Memoranda

15. The terms of the Debentures ranged from one to five-year terms with interest of six to eight percent, depending upon the term. The majority of Debentures were sold through Farm Mutual Financial Services Inc. ("FMFS"), a mutual fund dealer and limited market dealer.

16. The Respondents distributed various offering memoranda (the "OMs"), which were used to sell the Debentures during the Material Time. Five of the OMs identify FFI as the issuer. FCI is identified as the issuer in at least two of the OMs. Despite the use of both FFI and FCI as the issuer, investors only received Debentures issued by FFI.

17. The OMs identify and describe two types of secured financing which the Companies would invest in: factoring and short-term secured lending. The two types of secured financing are described as having similar "risk profiles". The OMs describe factoring as a process whereby the customer pledges its receivables or assets deemed by the 'factor' to be of acceptable credit quality in exchange for financing.

18. The OMs provided that the two types of financing would be secured and that the Companies would conduct risk assessments and due diligence in relation to the value of the security. The OMs made statements in relation to the nature of the loans the Company would make and the nature of the security they would require. Those statements included, but were not limited to, the following:

- The OMs provide that the Companies would limit their secured lending to situations where there are independent valuations of the assets to be secured:

  > *The Corporation will consider other temporary loans where there is alternative and strong tangible security such as collateral mortgages on principal residences, chattel mortgages on manufacturing equipment etc. In all such cases, the temporary advances are limited to circumstances in which there are available independent valuations by conservative industry sources (e.g. real estate and equipment appraisers, tax valuations, etc.) based either on liquidation values or a conservative advance rate (e.g., 70%) of market value. In such cases, the Manager will ensure that such temporary asset-backed "bridge" loans have similar or lesser risk characteristics as the factoring transactions described above.*

- The OMs describe the risk management practices the Companies would implement:

  > *Overseen by the Manager [defined as FFI or FCI], the Corporation [FFI or FCI] will utilize an assortment of proprietary financial structures, security, credit decisioning and administrative procedures to ensure that the Corporation's funds are used to build a profitable portfolio at acceptable risk.*

- The OMs delineate types of security that would be provided on loans obtained:

  Specific security requirements will be determined by the Manager and are specific to each transaction but will generally consist of elements of the following:

  - *General Security Agreement registered in the first position over the receivables financed;*
  - *Acknowledgements / priority agreement from the current PPSA registrants;*
  - *Personal guarantees of the principal shareholders;*
  - *Factoring Agreements, promissory notes and/or financing agreements incorporating repurchase agreements in the event that payment for the receivables is not received in the agreed timeframe;*
  - *Other security specific to the transaction (i.e collateral mortgages on residences, chattel mortgages on specific equipment, irrevocable letters of direction over other cash receipts such as tax receivables, etc.)*
  - *Government or Insurance Company covenants or guarantees.*

- In identifying risk factors the OMs make further representations as to the security and its valuation;
- A number of the OMs stated that FCI was the issuer.

19. The Respondents were obliged to file the OMs with the Commission and failed to do so, contrary to s. 4.3 of OSC Rule 45-501, subsequently amended to s. 6.4 of OSC Rule 45-501.

d) Other Promotional Material

20. During the course of the distribution, the Respondents circulated directly to FMFS and to debenture holders promotional material, including: the FactSheet, the Question and Answer Sheet, and the periodic reports to investors (the "Promotional Material"). In addition, through presentations to sales representatives, Twerdun communicated information about the nature of the investment. The presentations and/or Promotional Material contained statements relating to:

- the quality and nature of the security obtained to cover the loans to Clients;
- the risks involved with the investment; and
- the ongoing monitoring, analysis and assessment of the Companies' loan portfolio and related security.

IV. Misleading or Untrue Statements

a) Offering Memoranda

21. In the OMs distributed to investors during the material time and as more particularly described in paragraphs 17 to 19, above, the Respondents represented that:

(a) investor funds would be used only in factoring or short-term secured lending transactions;

(b) loans would be backed by adequate collateral and secured;

(c) the Companies would implement risk management strategies to reduce risk and to monitor and value the security; and

(d) in some cases the issuer was FCI.

22. In fact, certain loans made by the Companies were insufficiently secured against all of the assets of the borrower, other loans were not secured at all, and the value of the collateral in the loans was in question. The Respondents failed to conduct reasonable due diligence or implement the "Risk Management Practices" as promised in the OMs in respect of certain loans, the value and/or enforceability of collateral to be secured thereby and the security actually granted.

23. Moreover, contrary to the OM, which stated that investor funds would be used for secured lending, the Respondents made the following equity investment:

i) between July 10, 2003 and July 11, 2007, FFI used $19,568,300 of investor funds to purchase preferred shares in Express Commercial Services Inc. ("ECS"), an Ontario-based factoring business. This equity investment was not contemplated by the OMs.

24. The Companies knew or ought to have known the above statements in the OMs were, in a material respect and at the time and in the light of the circumstances under which they were made, misleading or untrue and/or did not state facts required to be stated or that were necessary to make the statements not misleading.

25. Twerdun knew or ought to have known of the above statements and conduct and authorized, permitted or acquiesced in the making of the statements and in the conduct.

b) Promotional Material

26. The statements, more particularly described in paragraph 20 above, contained in the Promotional Material and made at presentations to sales representatives, were misleading or untrue or omitted facts that would make them not misleading. Such statements would reasonably have had a significant effect on the market price or value of the security.

27. The Respondents knew or ought to have known that the statements made in the Promotional Material and presentations, more particularly described in paragraph 20 above, were in a material respect and at the time and in the light of the circumstances under which they were made, misleading or untrue and/or did not state facts required to be stated or that were necessary to make the statements not misleading.

V. Illegal Distribution

28. Of the 680 Debentures sold through FMFS only a small fraction of investors met the income, net financial assets and/or net worth threshold necessary to qualify for the AI Exemption. The vast majority of the clients either did not meet the requirements or there was insufficient information to make that determination.

29. FFI relied on the AI Exemption to the registration and prospectus requirements of the Act. Investors in the Debentures were required to fill out and sign subscription agreements, including accredited investor certificates attesting to their purported status as accredited investors as Appendix A to the subscription agreements (the "Subscription Agreements"). Twerdun, on behalf of FFI, signed each of the Subscription Agreements, stating that "the foregoing subscription agreement is hereby accepted". In many instances, Twerdun knew or ought to have known that the investors were not accredited and ought to have made further inquiries.

30. FFI and Twerdun failed to ensure that the requirements of the AI Exemption were met and, therefore, cannot rely on the AI Exemption.

VI. Twerdun Materially Misled Commission

31. In proceedings before the Commission relating to the extension of the Cease Trade Order and appointment of a monitor, as described in paragraph 10 above, Twerdun swore an affidavit on July 16, 2007 (the "Affidavit") and filed it with the Commission with respect to a hearing held on July 20, 2007 wherein the Respondents sought to vary or revoke the Temporary Order and Staff sought to extend it (the "Temporary Order Hearing"). In the Affidavit, Twerdun stated that FFI's investments were all "performing" and none were in default.

32. At the Temporary Order Hearing, a Commissioner asked Twerdun a series of questions, relating to the status of the Companies' lending portfolio and whether there were any non-performing loans. In response Twerdun confirmed with the Panel that the loans were all performing, that regular audits were conducted and there were no non-performing loans or other concerns relating to the portfolio.

33. In addition, in the Affidavit, Twerdun made untrue statements to the Commission in his evidence when he stated that the Companies had security over the loans and that no repayment of Debentures had taken place since April 2007.

34. Twerdun also misled the Commission about specific discussions he had with a certain U.S. hedge fund, a potential financier for the Companies, with respect to the impact of a monitor on financing negotiations. In response to questions posed by the Commission at the Temporary Order Hearing, Twerdun stated that he had specific discussions with the hedge fund about a monitor appointment and that the hedge fund had advised it would end financing negotiations were a monitor appointed.

35. The above representations made by Twerdun in the Affidavit and to the Commission at the Temporary Order Hearing were, in a material respect and at the time and in light of the circumstances under which they were made, misleading or untrue or failed to state a fact that was required to be stated or necessary to make the statements not misleading.

VII. Breach of Temporary Order

36. The Temporary Order, issued July 6, 2007, ordered, among other things, that:

> Twerdun, FactorCorp and any company controlled, directly or indirectly, by Twerdun, and FactorCorp including but not limited to FactorCorp Financial, are prohibited from making redemptions and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial;

37. On July 12, 2007, in breach of the Temporary Order, FFI gave instructions to FFI's financial institution directing the electronic transfer of funds totalling $724,287.53, to be paid to ten identified holders of Debentures. On July 13, 2007 the transfer was settled and the payment made.

38. It is the allegation of Staff that Twerdun was aware of authorized, permitted or acquiesced in the making of the above transfer in breach of the Temporary Order.

VIII. Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest

39. Staff allege that the foregoing conduct engaged in by the Respondents constituted breaches of Ontario securities law and/or was contrary to the public interest:

(a) the OMs distributed by the Respondents contained misleading or untrue statements and/or failed to state facts which were required to be stated (as particularized above), in contravention of s. 122(1)(b) and/or s. 126.2 of the Act;

(b) the Respondents failed to file the OMs with the Commission pursuant to s. 4.3 of OSC Rule 45-501, subsequently amended to s. 6.4 of OSC Rule 45-501, in contravention of s. 122(1)(c) of the Act;

(c) the Promotional Material distributed by the Respondents to investors contained misleading or untrue statements and/or failed to state facts which were required to be stated (as particularized above), in contravention of s. 126.2 of the Act;

(e) FFI and Twerdun breached the Temporary Order by redeeming certain Debentures on July 13, 2007, in contravention of s. 122(1)(c) of the Act;

(f) Twerdun, as the sole officer and director of FFI and FCI, authorized, permitted or acquiesced in non-compliance with Ontario securities law described in subparagraph (a) to (e) above. Staff rely on sections 129.2 and 122(3) of the Act;

(g) Twerdun knowingly made statements and filed evidence and information with the Commission that was materially misleading or untrue and/or failed to state facts which were required to be stated, in contravention of clause (a) of subsection 122(1) of the Act; and

(h) the course of conduct engaged in by the respondents as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest.

40. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto, this 13th day of October 2011.

1.4.6 Innovative Gifting Inc. et al.

FOR IMMEDIATE RELEASE
October 14, 2011

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

AND

IN THE MATTER OF
INNOVATIVE GIFTING INC.,
TERENCE LUSHINGTON,
Z2A CORP., AND CHRISTINE HEWITT

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated October 12, 2011 is available at **www.osc.gov.on.ca**.

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1.4.7 Portus Alternative Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
October 14, 2011

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

AND

IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC., PORTUS ASSET MANAGEMENT INC., BOAZ MANOR, MICHAEL MENDELSON, MICHAEL LABANOWICH AND JOHN OGG

TORONTO – The Commission issued an Order in the above named matter which provides that the Administrative Proceeding is adjourned to Tuesday, November 22, 2011 at 9:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated October 13, 2011 is available at **www.osc.gov.on.ca**.

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1.4.8 Richvale Resource Corporation et al.

FOR IMMEDIATE RELEASE
October 14, 2011

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing with respect to Staff's Allegations scheduled to commence on October 17, 2011 at 10:00 a.m. is adjourned to commence on October 20, 2011 at 10:00 a.m.

A copy of the Order dated October 14, 2011 is available at **www.osc.gov.on.ca**.

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1.4.9 Richvale Resource Corporation et al.

FOR IMMEDIATE RELEASE
October 14, 2011

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
JOHN COLONNA

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARVIN WINICK

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
HOWARD BLUMENFELD

TORONTO – Following a hearing held today, the Commission issued Orders in the above named matter approving the Settlement Agreements reached between Staff of the Commission and John Colonna, Shafi Khan, Marvin Winick, and Howard Blumenfeld, respectively.

A copy of the Order dated October 14, 2011 approving the Settlement Agreement with John Colonna; the Order dated October 14, 2011 approving the Settlement Agreement with Shafi Khan; the Order dated October 14, 2011 approving the Settlement Agreement with Marvin Winick; and the Order dated October 14, 2011 approving the Settlement Agreement with Howard Blumenfeld are available at **www.osc.gov.on.ca**.

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1.4.10 Irwin Boock et al.

FOR IMMEDIATE RELEASE
October 17, 2011

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

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG, SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJIAINTS, SELECT AMERICAN TRANSFER CO., LEASESMART, INC., ADVANCED GROWING SYSTEMS, INC., INTERNATIONAL ENERGY LTD., NUTRIONE CORPORATION, POCKETOP CORPORATION, ASIA TELECOM LTD., PHARM CONTROL LTD., CAMBRIDGE RESOURCES CORPORATION, COMPUSHARE TRANSFER CORPORATION, FEDERATED PURCHASER, INC., TCC INDUSTRIES, INC., FIRST NATIONAL ENTERTAINMENT CORPORATION, WGI HOLDINGS, INC. AND ENERBRITE TECHNOLOGIES GROUP

TORONTO – The Commission issued an Order in the above named matter which provides that the parties attend before the Commission on December 5, 2011 at 10:00 a.m. for a status hearing at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto.

A copy of the Order dated October 5, 2011 is available at **www.osc.gov.on.ca**.

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1.4.11 HEIR Home Equity Investment Rewards Inc.

FOR IMMEDIATE RELEASE
October 17, 2011

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

AND

IN THE MATTER OF
HEIR HOME EQUITY INVESTMENT REWARDS INC.; FFI FIRST FRUIT INVESTMENTS INC.; WEALTH BUILDING MORTGAGES INC.; ARCHIBALD ROBERTSON; ERIC DESCHAMPS; CANYON ACQUISITIONS, LLC; CANYON ACQUISITIONS INTERNATIONAL, LLC; BRENT BORLAND; WAYNE D. ROBBINS; MARCO CARUSO; PLACENCIA ESTATES DEVELOPMENT, LTD.; COPAL RESORT DEVELOPMENT GROUP, LLC; RENDEZVOUS ISLAND, LTD.; THE PLACENCIA MARINA, LTD.; AND THE PLACENCIA HOTEL AND RESIDENCES LTD.

TORONTO – The Commission issued an Order in the above named matter which provides that a further pre-hearing conference shall be held on Tuesday, December 20, 2011 at 2:30 p.m.

A copy of the Order dated October 11, 2011 is available at **www.osc.gov.on.ca**.

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1.4.12 Crown Hill Capital Corporation and Wayne Lawrence Pushka

FOR IMMEDIATE RELEASE
October 17, 2011

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

AND

IN THE MATTER OF
CROWN HILL CAPITAL CORPORATION AND WAYNE LAWRENCE PUSHKA

TORONTO – The Commission issued an Order in the above named matter which provides that hearing on the merits in this matter be set down to commence on May 9 and to continue on May 10, 11, 14, 15, 16, 17, 18, 23, 24 and 25, 2012.

A copy of the Order dated October 13, 2011 is available at **www.osc.gov.on.ca**.

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1.4.13 QuantFX Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
October 18, 2011

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER AND
ROSTISLAV ZEMLINSKY

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing dates in this matter currently set for October 31, 2011 and November 1, 2 and 3, 2011 are vacated.

A copy of the Order dated October 17, 2011 is available at **www.osc.gov.on.ca**.

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1.4.14 Richvale Resource Corporation et al.

FOR IMMEDIATE RELEASE
October 19, 2011

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing with respect to Staff's Allegations scheduled to commence on October 20, 2011 at 10:00 a.m. is adjourned to commence on October 26, 2011 at 10:00 a.m.

A copy of the Order dated October 19, 2011 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1.1 Deutsche Bank AG and DB Commodities Canada Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application by bank and wholly owned subsidiary of bank for relief from registration and prospectus requirements that may otherwise be applicable to certain trades in over-the-counter (OTC) derivatives made by either filer to a "permitted counterparty", or by a permitted counterparty to either filer, subject to certain terms and conditions – permitted counterparties will consist exclusively of persons or companies who are non-individual "permitted clients" as defined in Section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Filers will not offer or provide credit or margin to any permitted counterparty – Filers seeking relief in Ontario and in certain other jurisdictions as interim response to current regulatory uncertainty associated with OTC Derivatives in Canada – Filers intend to rely on comparable exemptions contained in blanket orders for trades with "qualified parties" in certain jurisdictions and, in Quebec, exemption under Quebec derivatives legislation for trades with "accredited counterparties" – relief granted subject to certain terms and conditions, including sunset provision of up to four years.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 53(1), 74(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations , s. 1.1 ("permitted client").
Proposed OSC Rule 91-504 Over-The-Counter Derivatives (not adopted).

October 11, 2011

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

AND

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

AND

IN THE MATTER OF
DEUTSCHE BANK AG
(the Bank)

AND

DB COMMODITIES CANADA LTD.
(DBCC, and, together with the Bank, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the dealer registration requirement and the prospectus requirement in the Legislation that may otherwise be applicable to a trade in or distribution of an OTC Derivative (as defined below) made by either

i) the Bank or DBCC to a "Permitted Counterparty" (as defined below), or

ii) by a Permitted Counterparty to either the Bank or DBCC,

shall not apply to the Bank, DBCC or the Permitted Counterparty, as the case may be (the **Requested Relief**), subject to certain terms and conditions.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Manitoba, New Brunswick (to the extent Local Rule 91-501 *Derivatives* does not apply), Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* or MI 11-102 have the same meanings if used in this decision, unless otherwise defined.

The terms **OTC Derivative** and **Underlying Interest** are defined in the Appendix (the **Appendix**) to this decision.

The term **Permitted Counterparty** means a person or company that

(a) is a "permitted client", as that term is defined in section 1.1 [*Definition of terms used throughout this Instrument*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**); and

(b) is not an individual.

Representations

This decision is based on the following facts represented by the Filers:

The Filers

1. The Bank is an authorized full-service foreign bank under Part XII.1 of the *Bank Act* (Canada). Its Canadian head office is located in Toronto, Ontario.

2. The Bank conducts a global OTC derivative trading business both directly and indirectly through its affiliated entities. In Canada, this OTC derivative trading business is conducted by both the Bank and DBCC.

3. DBCC is a corporation incorporated under the *Canada Business Corporations Act*. It is a wholly owned subsidiary of the Bank. DBCC's head office is located in Toronto, Ontario.

4. DBCC is engaged in the business of marketing, trading, transporting or transmitting, and storing, as applicable, the following commodities in Canada's wholesale commodities markets: energy commodities, principally natural gas; crude oil; electricity; base and precious metals; and agricultural commodities. It engages in such activities with commodity producers and end-users; marketers; financial and other market intermediaries; and transportation or transmission and storage service providers. It does so through: cash-settled and physically settled OTC derivative transactions; exchange traded commodity futures contacts or commodity futures options: and transportation, transmission and storage agreements or tariffs; or some combination of the foregoing.

5. DBCC currently conducts its business only in the provinces of British Columbia, Alberta, Saskatchewan and Quebec. It is not registered in any capacity under the securities, commodity futures or derivatives legislation of any province or territory of Canada.

Proposed Conduct of OTC Derivative Transactions

6. The Filers propose to market, and enter into, bilateral OTC Derivatives, to, and with, counterparties located in all provinces and territories of Canada that consist exclusively of persons or companies that are Permitted Counterparties. The Underlying Interest of the OTC Derivatives that are entered into between the Filers and their Permitted Counterparties will consist of: a commodity; an interest rate; a currency; a foreign exchange rate; a security; an economic indicator; an index; a basket; a benchmark; another variable; another OTC Derivative; or some relationship between, or combination of, one or more of the foregoing.

7. The Filers will not offer or provide credit or margin to any of their Permitted Counterparties.

8. The Filers seek the Requested Relief as an interim, harmonized solution to the uncertainty and fragmentation that currently characterizes the regulation of OTC Derivatives across Canada, pending the development of a uniform framework for the regulation of OTC derivative transactions in all provinces and territories of Canada.

Regulatory Uncertainty and Fragmentation associated with the Regulation of OTC Derivative Transactions in Canada

9. There has generally been a considerable amount of uncertainty respecting the regulation of OTC Derivative transactions as "securities" in the provinces and territories of Canada other than Quebec (the **Relevant Jurisdictions**).

10. In each of British Columbia, Alberta, Saskatchewan, Prince Edward Island and New Brunswick, and in each of the Yukon, the Northwest Territories and Nunavut (collectively, the **Territories**), OTC Derivative transactions are regulated as securities on the basis that the definition of the term "security" in the securities legislation of each of these jurisdictions includes an express reference to a "futures contract" or a "derivative".

11. In each of Manitoba, Ontario and Nova Scotia, it is not certain whether, or in what circumstances, OTC Derivative transactions are "securities" because the definition of the term "security" in the securities legislation of each of these jurisdictions makes no express reference to a "futures contract" or a "derivative".

12. In October 2009, OSC staff published OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario* (**OSC Notice 91-702**). OSC Notice 91-702 states that OSC staff take the view that contracts for differences (**CFDs**), foreign exchange contracts and similar OTC Derivative products, when offered to investors in Ontario, engage the purposes of the Act and constitute "investment contracts" and "securities" for the purposes of Ontario securities law. However, OSC Notice 91-702 also states that it is not intended to address direct or intermediated trading between institutions. OSC Notice 91-702 does not provide any additional guidance to the Filers on the extent to which OTC Derivative transactions between the Filers and Permitted Counterparties may be subject to Ontario securities law.

13. In Quebec, OTC Derivative transactions are subject to the *Derivatives Act* (Quebec) (the **QDA**), which sets out a comprehensive scheme for the regulation of derivative transactions that is distinct from Quebec's securities regulatory requirements.

14. In each of British Columbia, Alberta, Saskatchewan and New Brunswick (the **Blanket Order Jurisdictions**) and Quebec (collectively, the **OTC Exemption Jurisdictions**), OTC derivative transactions are generally not subject to securities or derivative regulatory requirements, pursuant to applicable exemptions (the **OTC Derivative Exemptions**), when they are negotiated, bi-lateral contracts that are entered into between sophisticated non-retail parties, referred to as "Qualified Parties" in the Blanket Order Jurisdictions and "accredited counterparties" in Quebec.

15. The corresponding OTC Derivative Exemptions are as follows:

Province	OTC Derivative Exemption
British Columbia	Blanket Order 91-501 *Over-the-Counter Derivatives*
Alberta	ASC Blanket Order 91-503 *Over-the-Counter Derivatives Transactions and Commodity Contracts*
Saskatchewan	General Order 91-907 *Over-the-Counter Derivatives*
Quebec	Section 7 of the Quebec *Derivatives Act*
New Brunswick	Local Rule 91-501 *Derivatives*

16. In Ontario, the Bank may trade OTC Derivatives in reliance upon the exemption from the dealer registration requirement contained in section 35.1 of the *Securities Act* (Ontario) (the **Ontario Act**). This exemption is, however, not available to DBCC, or to other Permitted Counterparties that are not financial institutions referred to in that section.

17. Before March 17, 2010, section 3.3 [*Accredited investor*] of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**) provided an exemption from the dealer registration requirement for certain trades made to "accredited investors", which may have been relied upon by persons or companies entering into OTC Derivative transactions considered to be securities. However, in Ontario and Newfoundland and Labrador this exemption was not available to most "market intermediaries" due to section 3.0 [*Removal of exemptions --- market intermediaries*].

The Evolving Regulation of OTC Derivative Transactions as Derivatives

18. Each of the OTC Exemption Jurisdictions has sought to address the regulatory uncertainty associated with the regulation of OTC derivative transactions as securities by regulating them as derivatives rather than securities, whether directly through the adoption of a distinct regulatory framework for derivatives in Quebec, or indirectly through amendments to the definition of the term "security" in the securities legislation of the other OTC Exemption Jurisdictions and the granting of the OTC Derivative Exemptions.

19. Between 1994 and 2000, the Ontario Securities Commission (**OSC**) sought to achieve a similar objective by introducing proposed OSC Rule 91-504 *Over-the-Counter Derivatives* (the **Proposed OSC Rule**) for the purpose of establishing a uniform, clearly defined regulatory framework for the conduct of OTC derivative transactions in Ontario, but the Proposed OSC Rule was returned to the OSC for further consideration by Ontario's Minister of Finance in November, 2000.

20. The Final Report of the Ontario Commodity Futures Act Advisory Committee published in January, 2007 (the **CFA Report**) concluded that OTC derivative contracts are not suited to being regulated in accordance with traditional securities regulatory requirements and should therefore be excluded from the scope of securities legislation, because they are used for commercial-risk management purposes and not for investment or capital-raising purposes.

21. Ontario has now established a framework for regulating the trading of derivatives in Ontario (the **Ontario Derivatives Framework**) through amendments to the Ontario Act that were made by the *Helping Ontario Families and Managing Responsibility Act, 2010* (Ontario).

22. The amendments to the Ontario Act establishing the Ontario Derivatives Framework will not become effective until the date on which they are proclaimed in force. These amendments are not expected to be proclaimed in force until an ongoing public consultation on the regulation of OTC derivatives has been completed.

Unlevel Playing Field

23. While the Proposed OSC Rule was under consideration by the OSC between 1994 and 2005, a number of OTC derivatives market participants obtained discretionary exemptions from the dealer registration and prospectus requirements of the Ontario Act that were based upon the Proposed OSC Rule (the **OSC OTC Trading Exemptions**), and also similar to the Requested Relief.

24. In 2005, OSC staff indicated to market participants that staff were no longer inclined to recommend relief by analogy to the Proposed OSC Rule (that had not been adopted), because the introduction of an "accredited investor" exemption, through amendments to OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*, permitted persons or companies to conduct OTC derivative transactions in accordance with dealer registration and prospectus exemptions there were made available for certain trades with accredited investors.

25. The OSC OTC Trading Exemptions granted prior to 2005 have provided the recipients of OSC OTC Trading Exemptions (the **Exempt Counterparties**) with a competitive advantage over the Filers and other prospective Ontario OTC derivative market participants and will continue to do so in the absence of similar relief being made available to the Filers and other market participants.

Rationale for Requested Relief

26. The Requested Relief would substantially address, for the Filers and their Permitted Counterparties, the regulatory uncertainty and fragmentation that is currently associated with the regulation of OTC Derivative transactions in Canada, by permitting these parties to enter into OTC Derivative transactions in reliance upon exemptions from the dealer registration and prospectus requirements of the securities legislation of each Relevant Jurisdiction that are comparable to the OTC Derivative Exemptions

Books and Records

27. The Bank is a "market participant", and DBCC will become a "market participant" as a consequence of this decision. For the purposes of the Ontario Act, and as a market participant, each of the Filers is required by subsection 19(1) of the Ontario Act to: (i) keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, and the transactions that it executes on behalf of others; and (ii) keep such books, records and documents as may otherwise be required under Ontario securities law.

28. For the purposes of their compliance with subsection 19(1) of the Act, the books and records that each of the Filers will keep will include books and records that:

(a) demonstrate the extent of the Filer's compliance with applicable requirements of securities legislation;

(b) demonstrate compliance with the policies and procedures of the Filer for establishing a system of controls and supervision sufficient to provide reasonable assurance that the Filer, and each individual acting on its behalf, complies with securities legislation;

(c) identify all derivatives transactions conducted on behalf of the Filer and each of its clients, including the name and address of all parties to the transaction and its terms; and

(d) set out for each derivatives transaction entered into by the Filer, information corresponding to that which would be required to be included in an exempt distribution report for the transaction, if the transaction were entered into by the Filer in reliance upon the "accredited investor" prospectus exemption in section 2.3 [*Accredited investor*] of NI 45-106.

Decision

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

The decision of the principal regulator is that the Requested Relief is granted, provided that:

(a) the counterparty to any OTC Derivative transaction that is entered into by a Filer is a Permitted Counterparty;

(b) in the case of any trade made by the Filer to a Permitted Counterparty, the Filer does not offer or provide any credit or margin to the Permitted Counterparty; and

(c) the Requested Relief shall terminate on the date that is the earlier of:

(i) the date that is four years after the date of this decision; and

(ii) the coming into force in the Jurisdiction of legislation or a rule which specifically governs the conduct of OTC derivative transactions.

"Vern Krishna"
Commissioner

"Kevin J. Kelly"
Commissioner

Appendix

Definitions

"Clearing Corporation" means an association or organization through which Options or futures contracts are cleared and settled.

"Contract for Differences" means an agreement, other than an Option, a Forward Contract, a spot currency contract or a conventional floating rate debt security, that provides for

(a) an exchange of principal amounts; or

(b) the obligation or right to make or receive a cash payment based upon the value, level or price, or on relative changes or movements of the value, level or price of, an Underlying Interest.

"Forward Contract" means an agreement, not entered into or traded on or through an organized market, stock exchange or futures exchange and cleared by a Clearing Corporation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement and at or by a time established by or determinable by reference to the agreement:

(a) make or take delivery of the Underlying Interest of the agreement; or

(b) settle in cash instead of delivery.

"Option" means an agreement that provides the holder with the right, but not the obligation, to do one or more of the following on terms or at a price determinable by reference to the agreement at or by a time established by the agreement:

(a) receive an amount of cash determinable by reference to a specified quantity of the Underlying Interest of the Option.

(b) purchase a specified quantity of the Underlying Interest of the Option.

(c) sell a specified quantity of the Underlying Interest of the Option.

"OTC Derivative" means one or more of, or any combination of, an Option, a Forward Contract, a Contract for Differences or any instrument of a type commonly considered to be a derivative, in which:

(a) the agreement relating to, and the material economic terms of, the Option, Forward Contract, Contract for Differences or other instrument have been customized to the purposes of the parties to the agreement and the agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;

(b) the creditworthiness of a party having an obligation under the agreement would be a material consideration in entering into or determining the terms of the agreement; and

(c) the agreement is not entered into or traded on or through an organized market, stock exchange or futures exchange.

"Underlying Interest" means, for a derivative, the commodity, interest rate, currency, foreign exchange rate, security, economic indicator, index, basket, benchmark or other variable, or another derivative, and, if applicable, any relationship between, or combination of, any of the foregoing, from or on which the market price, value or payment obligations of the derivative are derived or based.

2.1.2 Friedberg Mercantile Group Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application by investment dealer (Filer) for relief from prospectus requirement in connection with distribution of contracts for difference and OTC foreign exchange contracts (collectively, CFDs) to investors, subject to terms and conditions – Filer acts as both market intermediary and as principal or counterparty to CFD transaction with client – Filer registered as investment dealer and a member of the Investment Industry Regulatory Organization of Canada (IIROC) – Filer complies with IIROC rules and IIROC acceptable practices applicable to offerings of CFDs – Filer seeking relief to permit Filer to offer CFDs to investors on the basis of clear and plain language risk disclosure document rather than a prospectus – risk disclosure document contains disclosure substantially similar to risk disclosure document required for recognized options in OSC Rule 91-502 Trades in Recognized Options, the regime for OTC derivatives contemplated by former proposed OSC Rule 91-504 OTC Derivatives (which was not adopted), and the Quebec Derivatives Act – Relief consistent with relief contemplated by OSC Staff Notice 91-702 Offerings of contracts for difference and foreign exchange contracts to investors in Ontario(OSC SN 91-702) – Relief revokes and replaces relief previously granted to Filer in April 2003 in respect of distribution of OTC foreign exchange contracts – Relief granted, subject to terms and conditions as described in OSC SN 91-702 including four-year sunset clause.

Legislation Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1).
NI 45-106 Prospectus and Registration Exemptions, s. 2.3.
OSC Rule 91-502 Trades in Recognized Options.
OSC Rule 91-503 Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario.
Proposed OSC Rule 91-504 OTC Derivatives (not adopted).

October 14, 2011

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

AND

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

AND

IN THE MATTER OF
FRIEDBERG MERCANTILE GROUP LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Filer and its respective officers, directors and representatives be exempt from the prospectus requirement in respect of the distribution of contracts for difference and over-the-counter (**OTC**) foreign exchange contracts (collectively, **CFDs**) to investors resident in Canada (the **Requested Relief**) subject to the terms and conditions below.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada, other than the provinces of Quebec and Alberta, (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**).

Interpretation

Terms defined in MI 11-102 and National Instrument 14-101 *Definitions* have the same meaning if used in this Decision, unless otherwise defined.

Representations

This Decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation existing under the *Canada Business Corporations Act*, with its only offices in Toronto, Ontario.

2. The Filer is (and has for many years been) registered as a dealer in the category of investment dealer in each of the provinces and territories of Canada, and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

3. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.

4. The Filer is not, to the best of its knowledge, in default of any requirements of securities legislation in Canada or IIROC Rules or IIROC Acceptable Practices (as defined below).

5. The Filer (as successor at law to Friedberg Mercantile Group) has previously been granted an exemption from the prospectus requirement in the Jurisdiction by Order dated April 15, 2003 (the **Existing Relief**) with respect to trading in OTC derivatives in which the underlying interests consist entirely of currencies (**OTC foreign exchange contracts**). The Filer has been offering OTC foreign exchange contracts to investors, including retail investors, on the basis of the Existing Relief and in compliance with applicable IIROC Rules and other IIROC Acceptable Practices.

6. The Filer wishes to offer OTC foreign exchange contracts and other types of CFDs to investors in the Applicable Jurisdictions on the terms and conditions described in this Decision. For the Interim Period (as defined below), the Filer is seeking the Requested Relief in connection with this proposed offering of CFDs in Ontario and intends to rely on this Decision and the "Passport System" described in MI 11-102 (the **Passport System**) to offer CFDs in the Non-Principal Jurisdictions.

7. In Québec, the Filer has applied for an order from the *Autorité des marchés financiers* (the **AMF**) to offer CFDs to both accredited and retail investors pursuant to the provisions of the *Derivatives Act* (Québec) (the **QDA**). The final AMF Order will, if granted, exempt the Filer from the qualifying requirement set forth in section 82 of the QDA relating to the creation or marketing of CFDs offered to the public, subject to certain terms and conditions.

8. In Alberta, the Filer understands that staff of the Alberta Securities Commission have advised other IIROC members that they have public interest concerns with a filer relying on the Passport System to passport a prospectus exemption order relating to CFDs. Accordingly, to the extent the Filer wishes to offer CFDs to investors in Alberta, the Filer intends to make a separate local application for relief in that jurisdiction.

9. As a member of IIROC, the Filer is only permitted to enter into CFDs pursuant to the rules and regulations of IIROC (the **IIROC Rules**).

10. In addition, IIROC has communicated to its members certain additional expectations as to acceptable business practices (**IIROC Acceptable Practices)** as articulated in IIROC's "Regulatory Analysis of Contracts for Differences (CFDs)" published by IIROC on June 6, 2007, as amended on September 12, 2007 (the **IIROC CFD Paper**), for any IIROC member proposing to offer OTC foreign exchange contracts or other types of CFDs to investors. To the best of its knowledge, the Filer is in compliance with IIROC Acceptable Practices in offering CFDs. The Filer will continue to offer CFDs in accordance with IIROC Acceptable Practices as may be established from time to time.

11. The Filer is required by IIROC to maintain a certain level of capital to address the business risks associated with its activities. The capital reporting required by IIROC (as per the calculation in the Joint Regulatory Financial Questionnaire (the **JRFQ**) and the Monthly Financial Reports to IIROC) is based predominantly on the generation of financial statements and calculations as to ensure capital adequacy. The Filer, as an IIROC member, is required to have a specified minimum capital which includes having any additional capital required with regards to margin requirements and other risks. This risk calculation is summarized as a risk adjusted capital calculation which is submitted in the firm's JRFQ and required to be kept positive at all times.

Online Trading Platform

12. The Filer has an execution-only division operating under the name "Friedberg Direct" (the **Execution Only Division**), and it is through this division that the Filer intends to offer CFDs under the Requested Relief.

13. The Filer will license on-line trading platform technology for CFD products and trading services that has certain imbedded "client protection mechanisms" and provides transparency of price to clients. The on-line trading platform (the **Trading Platform**) is a key component in a comprehensive risk management strategy which will help the Filer's clients and the Filer to manage the risk associated with leveraged products. This risk management system has evolved over many years with the objective of meeting the mutual interests of all relevant parties (including, in particular, clients). These attributes and services are described in more detail below:

    (a) *Real-time client reporting.* Clients are provided with a real-time view of their account status. This includes how tick-by-tick price movements affect their account balances and required margins. Clients can view this information throughout the trading day by including it on their trading screen. Clients can also set up alerts that instruct the trading system to automatically send an email notifying them of key identified levels being hit in the market.

    (b) *Fully automated risk management system.* Clients are instructed that they must maintain the required margin against their position(s). If a client's funds drop below the required margin, margin calls are regularly issued via email (as frequently as hourly), alerting the client to the fact that the client is required to either deposit more funds to maintain the position or close/reduce it voluntarily. Where possible, daily telephone margin calls are provided as a supporting communication for clients. However, if a client fails to deposit more funds, where possible, the client's position is automatically liquidated. This liquidation procedure is intended to act as a mechanism to help reduce the risk of losses being greater than the amount deposited.

    (c) *Wide range of order types.* The Trading Platform also provides risk management tools such as stops, limits, and contingent orders, as well as guaranteed stops. Although not available on all products, these tools are designed to help reduce the risk of losses being greater than the amount deposited by a client.

14. The Trading Platform is a proprietary and fully automated internet-based trading platform.

15. The Filer will utilize such Trading Platform to process CFD transactions under a software license and services agreement with Forex Capital Markets, LLC, a leading global provider of private and white label CFD trading solutions or another leading global provider of private and white label CFD trading solutions, (as applicable, the **Solutions Provider**).

16. The Filer will be the counterparty to its clients' CFD trades – it will not act as an intermediary, broker or trustee in respect of the CFD transactions. Clients will place trades with the Filer electronically over the internet. The Execution Only Division does not manage any discretionary accounts, nor does it provide any trading advice or recommendations. The Trading Platform is similar to those developed for on-line brokerages in that the client trades without other communication with, or advice from, the dealer.

17. The Filer manages the risk in its client positions by simultaneously placing the identical CFD on a back-to-back basis with the Solutions Provider or an affiliate, each of which will be at all times an "acceptable counterparty" or a "regulated entity" (as those terms are defined in the JRFQ) (the **Acceptable/Regulated Counterparty**). The Acceptable/Regulated Counterparty will, in turn, automatically offset each position against other client positions on a second-by-second basis, and either "hedges" its net exposure by trading with liquidity providers (banks or large investment banks) or using its equity capital, or both. By virtue of this risk management functionality inherent in the Trading Platform, the Filer minimizes counterparty risk. This also means that the Filer does not have an inherent conflict of interest with its clients, since it does not profit on a position if the client loses on that position, and *vice versa*. The Filer is compensated solely by the "spread" between the bid and ask prices it offers on any CFD pairs. It will not charge any account opening or maintenance fees, commissions, or other charges of any kind in respect of CFDs.

18. The CFDs are OTC contracts and are not transferable.

19. The ability to lever an investment is one of the principal features of CFDs. Leverage allows clients to magnify investment returns (or losses) by reducing the initial capital outlay required to achieve the same market exposure that would be obtained by investing directly in the underlying currency or instrument. The risk management functionality of the Trading Platform ensures that client positions are closed out when the client no longer maintains sufficient margin in their account to support the position, thereby preventing the client from being placed in a margin call situation or losing more than their stated risk capital or cumulative loss limit. This functionality also ensures that the Filer will not incur any credit risk vis-a-vis its customers in respect of CFD transactions.

20. IIROC Rules and IIROC Acceptable Practices set out detailed requirements and expectations relating to leverage and margin for offerings of CFDs. The degree of leverage may be amended in accordance with IIROC Rules and IIROC Acceptable Practices as may be established from time to time.

21. Pursuant to Section 13.12 *Restriction on lending to clients* of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, only those firms that are registered as investment dealers (a condition of which is to be a member of IIROC) may lend money, extend credit or provide margin to a client.

22. Clients will conduct CFD transactions through the Trading Platform. The Trading Platform is similar to those developed for on-line brokerages and day-trading in that the client trades without other communication with, or advice from, the dealer. The Trading Platform is not a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* since a marketplace is any facility that brings together multiple buyers and sellers by matching orders in fungible contracts in a nondiscretionary manner. The Trading Platform does not bring together multiple buyers and sellers; rather it offers clients direct access to interbank prices.

Structure of CFDs

23. A CFD is a derivative product that allows clients to obtain economic exposure to the price movement of an underlying instrument, such as a share, index, market sector, currency pair, treasury or commodity, without the need for ownership and physical settlement of the underlying instrument. Unlike certain OTC derivatives, such as forward contracts, CFDs do not require or oblige either the principal counterparty (being the Filer for the purposes of the Requested Relief) nor any agent (also being the Filer for the purposes of the Requested Relief) to deliver the underlying instrument.

24. CFDs to be offered by the Filer will not confer the right or obligation to acquire or deliver the underlying security or instrument itself, and will not confer any other rights of shareholders of the underlying security or instrument, such as voting rights. Rather, a CFD is a derivative instrument which is represented by an agreement between a counterparty and a client to exchange the difference between the opening price of a CFD position and the price of the CFD at the closing of the position. The value of the CFD is generally reflective of the movement in prices at which the underlying instrument is traded at the time of opening and closing the position in the CFD.

25. CFDs allow clients to take a long or short position on an underlying instrument, but unlike futures contracts they have no fixed expiry date or standard contract size or an obligation for physical delivery of the underlying instrument.

26. CFDs allow clients to obtain exposure to markets and instruments that may not be available directly, or may not be available in a cost-effective manner. CFDs typically have:

    (a) execution costs ranging from 0.1-0.5% (calculated on size of the position and charged on opening and closing the position and including spreads and, for certain instruments, commissions), and

    (b) no physical settlement of the underlying instrument and therefore no clearing, settlement and custody charges, no stock borrowing costs for short contract positions and no stamp duty (applicable in certain foreign jurisdictions, such as the United Kingdom).

    To the extent that clients are able to obtain long or short positions in an underlying instrument, CFDs can also serve as a tool for hedging this direct exposure.

CFDs Distributed in the Applicable Jurisdictions

27. Certain types of CFDs, such as CFDs where the underlying instrument is a security, may be considered to be "securities" under the securities legislation of the Applicable Jurisdictions.

28. Investors wishing to enter into CFD transactions must open an account with the Execution Only Division.

29. Prior to a client's first CFD transaction and as part of the account opening process, the Filer will provide the client with a separate risk disclosure document that clearly explains, in plain language, the transaction and the risks associated with the transaction (the **risk disclosure document**). The risk disclosure document includes the required risk disclosure set forth in Schedule A to the Regulations to the QDA and leverage risk disclosure required under IIROC Rules. The risk disclosure document contains disclosure that is substantially similar to the risk disclosure statement required for recognized options in OSC Rule 91-502 *Trades in Recognized Options* (which provides both registration and prospectus exemptions) (**OSC Rule 91-502**) and the regime for OTC derivatives contemplated by OSC SN 91-702 (as defined below) and proposed OSC Rule 91-504 *OTC Derivatives* (which was not adopted) (**Proposed Rule 91-**

504). The Filer will ensure that, prior to a client's first trade in a CFD transaction, a complete copy of the risk disclosure document provided to that client has been delivered, or has previously been delivered, to the Principal Regulator.

30. Prior to the client's first CFD transaction and as part of the account opening process, the Filer will obtain a written or electronic acknowledgement from the client confirming that the client has received, read and understood the risk disclosure document. Such acknowledgment will be separate and prominent from other acknowledgements provided by the client as part of the account opening process.

31. As customary in the industry, and due to the fact that this information is subject to factors beyond the control of the Filer (such as changes in IIROC Rules), information such as the underlying instrument listing and associated margin rates would not be disclosed in the risk disclosure document but will be part of a client's account opening package and will be available on both the Execution Only Division's website and the Trading Platform.

Satisfaction of the Registration Requirement

32. The role of the Execution Only Division will (other than it being the principal under the CFDs) be limited to acting as an execution-only dealer. In this role, the Filer will, among other things, be responsible to approve all marketing, for holding of clients funds, and for client approval (including the review of know-your-client (**KYC**) due diligence and account opening suitability assessments). Although the inputting of client information and trading orders will be through, and client information and trading records will be maintained in, the Solutions Provider's systems which are linked to the Trading Platform, the Filer will have full and instantaneous access to all such information and records and, as described above, client approvals and holding of clients funds will be solely under the Filer's control.

33. IIROC Rules exempt member firms that provide execution-only services such as discount brokerage from the obligation to determine whether each trade is suitable for the client. However, IIROC has exercised its discretion to impose additional requirements on members proposing to trade in CFDs (the **IIROC CFD Requirements**) and requires, among other things, that:

(a) applicable risk disclosure documents and client suitability waivers provided be in a form acceptable to IIROC;

(b) the firm's policies and procedures, amongst other things, require the Filer to assess whether CFD trading is appropriate for a client before an account is approved to be opened. This account opening suitability process includes an assessment of the client's investment knowledge and trading experience;

(c) the Filer's registered salespeople who will conduct the KYC and initial product suitability analysis, as well as their supervisory trading officer will meet proficiency requirements for futures trading, and will be registered with IIROC as Investment Representative (Retail) and Investment Futures Contract Representative Options (Retail) (**IR**). The course proficiency requirements for an IR is the completion of the Canadian Securities Course, Conduct and Practices Handbook, the Derivatives Fundamental Course and Futures Licensing Course. In addition, the Filer must have a fully qualified Designated Registered Futures and Options Principal;

(d) the relationship and responsibilities, including conflicts of interest between the issuer and dealer, be fully disclosed to the client and acknowledged in writing; and

(e) cumulative loss limits for each client's account be established (this is a measure normally used by IIROC in connection with futures trading accounts).

34. The CFDs offered in Canada will be offered in compliance with applicable IIROC Rules and other IIROC Acceptable Practices.

35. IIROC limits the underlying instruments in respect of which a member firm may offer CFDs since only certain securities are eligible for reduced margin rates. For example, underlying equity securities must be listed or quoted on certain "recognized exchanges" (as that term is defined in IIROC Rules) such as the Toronto Stock Exchange or the New York Stock Exchange. The purpose of these limits is to ensure that CFDs offered in Canada will only be available in respect of underlying instruments that are traded in well-regulated markets, in significant enough volumes and with adequate publicly available information, so that clients can form a sufficient understanding of the exposure represented by a given CFD.

36. IIROC Rules prohibit the margining of CFDs where the underlying instrument is a synthetic product (single U.S. sector or "mini-indices"). For example, Sector CFDs (i.e., basket of equities for the financial institutions industry) may be offered to non-Canadian clients; however, this is not permissible under IIROC Rules.

37. IIROC members seeking to trade CFDs are generally precluded, by virtue of the nature of the contracts, from distributing CFDs that confer the right or obligation to acquire or deliver the underlying security or instrument itself (convertible CFDs), or that confer any other rights of shareholders of the underlying security or instrument, such as voting rights.

38. The Requested Relief, if granted, would substantially harmonize the position of the regulators in the Applicable Jurisdictions (together, the **Commissions**) on the offering of CFDs to investors in the Applicable Jurisdictions with how those products are offered to investors in Quebec under the QDA. The QDA provides a legislative framework to govern derivatives activities within the province. Among other things, the QDA requires such products to be offered to investors through an IIROC member and the distribution of a standardized risk disclosure document rather than a prospectus in order to distribute such contracts to investors resident in Quebec.

39. The Requested Relief, if granted, would be consistent with the guidelines articulated by Staff of the Principal Regulator in OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors* (**OSC SN 91-702**). OSC SN 91-702 provides guidance with regards to the distributions of CFDs, foreign exchange contracts (forex or FX contracts) and similar OTC derivative products to investors in the Jurisdiction.

40. The Principal Regulator has previously recognized that the prospectus requirement may not be well suited for the distribution of certain derivative products to investors in the Jurisdiction, and that alternative requirements, including requirements based on clear and plain language risk disclosure, may be better suited for certain derivatives. In the Jurisdiction, both OSC Rule 91-502 and OSC Rule 91-503 *Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario* (**OSC Rule 91-503**) provide for a prospectus exemption for the trading of derivative products to clients. The Requested Relief is consistent with the principles and requirements of OSC Rule 91-502, OSC Rule 91-503 and Proposed Rule 91-504.

41. The Filer has also submitted that the Requested Relief, if granted, would harmonize the Principal Regulator's position on the offering of CFDs with certain other foreign jurisdictions that have concluded that a clear, plain language risk disclosure document is appropriate for retail clients seeking to trade in foreign exchange contracts.

42. The Filer is of the view that requiring compliance with the prospectus requirement in order to enter into CFDs with retail clients would not be appropriate since the disclosure of a great deal of the information required under a prospectus and under the reporting issuer regime is not material to a client seeking to enter into a CFD transaction. The information to be given to such a client should principally focus on enhancing the client's appreciation of product risk including counterparty risk. In addition, most CFD transactions are of short duration (positions are generally opened and closed on the same day and are in any event marked to market and cash settled daily).

43. The Filer is regulated by IIROC, which has a robust compliance regime including specific requirements to address market, capital and operational risks.

44. The Filer has submitted that the regulatory regimes developed by the AMF and IIROC for CFDs adequately address issues relating to the potential risk to the clients of the Filer acting as counterparty. In view of these regulatory regimes, investors would receive little or no additional benefit from requiring the Filer to also comply with the prospectus requirement.

45. The Requested Relief in respect of each Applicable Jurisdiction is conditional on the Filer being registered as an investment dealer with the Commission in such Applicable Jurisdiction and maintaining its membership with IIROC and that all CFD transactions be conducted pursuant to IIROC Rules and in accordance with IIROC acceptable practices.

Decision

The Principal Regulator is satisfied that the test set out in the Legislation to make the Decision is met.

The Decision of the Principal Regulator is that the Requested Relief is granted provided that:

(a) all CFD transactions with residents in the Applicable Jurisdictions shall be executed through the Execution Only Division of the Filer;

(b) with respect to residents of an Applicable Jurisdiction, the Filer remains registered as a dealer in the category of investment dealer with the Principal Regulator and the Commission in such Applicable Jurisdiction and a member of IIROC;

(c) all CFD transactions with clients resident in the Applicable Jurisdictions shall be conducted pursuant to IIROC Rules imposed on members seeking to trade in CFDs and in accordance with IIROC Acceptable Practices, as amended from time to time;

(d) all CFD transactions with clients resident in the Applicable Jurisdictions be conducted pursuant to the rules and regulations of the QDA and the AMF, as amended from time to time, unless and to the extent there is a conflict between i) the rules and regulations of the QDA and the AMF, and ii) the requirements of the securities laws of the Applicable Jurisdictions, the IIROC Rules and IIROC acceptable practices, in which case the latter shall prevail;

(e) prior to a client first entering into a CFD transaction, the Filer has provided to the client the risk disclosure document described in paragraph 29 and have delivered, or have previously delivered, a copy of the risk disclosure document provided to that client to the Principal Regulator;

(f) prior to the client's first CFD transaction and as part of the account opening process, the Filer has obtained a written or electronic acknowledgement from the client, as described in paragraph 30, confirming that the client has received, read and understood the risk disclosure document;

(g) the Filer has furnished to the Principal Regulator the name and principal occupation of its officers or directors, together with either the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in National Instrument 41-101 *General Prospectus Requirements* or the registration information form for an individual provided for in Form 33-109F4 of National Instrument 33-109 *Registration Information Requirements* completed by any officer or director;

(h) the Filer shall promptly inform the Principal Regulator in writing of any material change affecting the Filer, being any change in the business, activities, operations or financial results or condition of the Filer that may reasonably be perceived by a counterparty to a derivative to be material;

(i) the Filer shall promptly inform the Principal Regulator in writing if a self-regulatory organization or any other regulatory authority or organization initiates proceedings or renders a judgment related to disciplinary matters against the Filer concerning the conduct of activities with respect to CFDs;

(j) within 90 days following the end of its financial year, the Filer shall submit to the Principal Regulator the audited annual financial statements of the Filer; and

(k) the Requested Relief shall immediately expire upon the earliest of

(i) four years from the date that this Decision is issued;

(ii) in respect of a subject Applicable Jurisdiction or Quebec, the issuance of an order or decision by a court, the Commission in such Applicable Jurisdiction, the AMF (in respect of Quebec) or other similar regulatory body that suspends or terminates the ability of the Filer to offer CFDs to clients in such Applicable Jurisdiction or Quebec; and

(iii) with respect to an Applicable Jurisdiction, the coming into force of legislation or a rule by its Commission regarding the distribution of OTC derivatives to investors in such Applicable Jurisdiction

(the **Interim Period**).

It is further the Decision of the Principal Regulator that the Existing Relief is hereby revoked.

"C. Wesley M. Scott"
Commissioner

"Paulette Kennedy"
Commissioner

2.1.3 National Bank Securities Inc. and National Bank Mortgage Fund

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – A mutual fund seeks an exemption from the prohibition in section 4.2 of National Instrument 81-102 Mutual Funds to enable it to purchase mortgages from parties related to the fund manager – The purchase or sale is consistent with, or is necessary to meet, the investment objectives of the mutual fund – The exemption includes a condition that contemplates IRC approval.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.2, 19.1.

October 17, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC AND ONTARIO

AND

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

AND

IN THE MATTER OF
NATIONAL BANK SECURITIES INC.
(the Filer)

AND

NATIONAL BANK MORTGAGE FUND
(the Fund)

DECISION

Background

The securities regulatory authority or regulator in each of Québec and Ontario (Decision Maker) has received an application from the Filer (the Application) for a decision under the securities legislation of Québec and Ontario (the Legislation) for an exemption under section 19.1 of *Regulation 81-102 respecting Mutual Funds* (Regulation 81-102) from the prohibition in section 4.2 of Regulation 81-102 to permit the Fund to purchase mortgages from and sell mortgages to NBC Affiliates (the Exemption Sought).

Under the Process for Exemptive Relief Applications in Multiple jurisdictions (for a dual application):

(a) the Autorité des marchés financiers is the principal regulator for this application;

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

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

"NBC Affiliates", means National Bank of Canada (NBC) and the Affiliates;

"the Affiliates", means National Bank Financial Inc., National Bank Financial Ltd. and other affiliates of the Filer acting as principal.

Representations

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

1. The Filer is the investment fund manager of the Fund.

2. The Filer is a corporation organized under the laws of Canada, with its head office located in Montréal, Québec. NBC indirectly wholly owns the Filer.

3. Under applicable securities legislation, the Filer is registered (i) as a dealer in the category of mutual fund dealer in each Jurisdiction; and (ii) as an investment fund manager in the province of Québec. The Filer is a member of the Mutual Fund Dealers Association of Canada.

4. Natcan Investment Management Inc. (the Portfolio Manager) is the portfolio manager of the Fund.

5. The Portfolio Manager is a corporation organized under the laws of the province of Québec, with its head office located in Montréal, Québec. NBC has a direct and indirect majority interest in the Portfolio Manager.

6. Under applicable securities legislation, the Portfolio Manager is registered (i) as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer in each Jurisdiction except Prince Edward Island, Yukon and Nunavut; (ii) as an investment fund manager and a derivatives portfolio manager in the province of Quebec; and (iii) as a commodity trading manager in the province of Ontario.

7. The Fund is an open-ended mutual fund, organized as a trust pursuant to the laws of Ontario. The Fund is a reporting issuer in each Jurisdiction. Units of the Fund are qualified for sale under a simplified prospectus and annual information form prepared and filed in accordance with the requirements of *Regulation 81-101 respecting Mutual Fund Prospectus* (Regulation 81-101) in each Jurisdiction.

8. Neither of the Filer nor the Fund is in default of securities legislation in any of the Jurisdictions, except for a non-compliance to paragraph 117(1)(a) of the *Securities Act* (Ontario) (the Securities Act) and a non-compliance to section 4.2 of Regulation 81-102 with respect to purchases of mortgages from NBC prior to November 27, 2009. The Filer has inadvertently failed to obtain relief from the provisions of paragraph 117(1)(a) of the Securities Act, for which separate relief has been requested, and the Fund has inadvertently failed to obtain the Exemption Sought.

9. Disclosure of purchases from NBC was provided in the simplified prospectus and other disclosure documents filed with the securities regulatory authorities in the Jurisdictions and delivered to the Fund's unitholders upon request as required pursuant to the Legislation. The Fund has not purchased any mortgages from any NBC Affiliate since November 27, 2009.

10. The Filer has appointed an independent review committee (IRC) under *Regulation 81-107 respecting Independent Review Committee for investment Funds* (Regulation 81-107) for the Fund.

11. The IRC has been informed of the failure to obtain the Exemption Sought for purchases of mortgages from NBC prior to November 27, 2009 and of the filing of the Application.

12. The IRC of the Fund will consider the policies and procedures of the Filer and will provide its approval on whether the proposed transactions in mortgages achieve a fair and reasonable result for the Fund in accordance with subsection 5.2(2) of Regulation-81-107.

13. The Fund's investment objectives are to provide a high level of income while providing sustained capital growth and preserving capital. The purchase and sale of mortgages by the Fund from or to NBC Affiliates is consistent with the investment objectives of the Fund.

14. Mortgages purchased by the Fund from NBC are purchased pursuant to *Regulation No. 29 respecting Mutual Funds Investing in Mortgages* (Regulation No. 29) at the "modified lender's rate" (namely at the principal amount which will produce a yield to the Fund not more than a quarter of one percent less than the interest rate at which NBC is making commitments, at the time of purchase, to loan on the security of comparable mortgages), in accordance with a Mutual Reliance Review System decision dated March 18, 2004.

15. The Fund purchases mortgages from NBC and may purchase mortgages from the other NBC Affiliates.

16. NBC has been retained to administer the mortgages held in the Fund that have been acquired from NBC pursuant to a sale and mortgage administration agreement. Mortgages purchased from an NBC Affiliate other than NBC will also be administered in accordance with an administration agreement to be entered into by or on behalf of the Fund.

17. The Fund only purchases a mortgage from an NBC Affiliate if:

    (a) the transaction is made in accordance with the "Not at Arm's Length Transactions" provision of Regulation No. 29;

    (b) where the transaction is made pursuant to the modified lender's rate (namely, at the principal amount which will produce a yield to the Fund of not more than a quarter of one percent less than the interest rate at which NBC is making commitments, at the time of purchase, to loan on the security of comparable mortgages):

        (i) the NBC Affiliate that sells the mortgage to the Fund enters into an agreement (the Repurchase Agreement) with the Fund whereby the NBC Affiliate is obligated to repurchase it if the mortgage goes into default for more than 90 days and in circumstances benefiting the Fund; and

        (ii) the Portfolio Manager considers that the Repurchase Agreement is sufficient to justify the difference in yield referred to in sub-paragraph (b) above;

    (c) NBC guarantees the performance of the Affiliate under the Repurchase Agreement referred to in sub-paragraph (b)(i) above;

    (d) the Filer causes the Fund to comply with the disclosure provisions of Regulation No. 29, subject to the representations made in connection with the Exemption Sought; and

    (e) the simplified prospectus of the Fund discloses that the Fund will engage in principal transactions in mortgages with the NBC Affiliates.

18. The provisions of Regulation No. 29 set out guidelines relating to the acquisition of mortgages by a mutual fund from lending institutions with whom such fund does not deal at arm's length and provide certain protections to the investing public.

19. The Portfolio Manager only causes the Fund to purchase a mortgage from or sell a mortgage to an NBC Affiliate if the transaction is made in accordance with the "Not at Arm's Length Transactions" provision of Regulation No. 29.

20. None of the NBC Affiliates from which mortgages are purchased or to which mortgages are sold for the Fund, or any of their directors, officers or employees, participate in the formulation of investment decisions made on behalf of, or advice given to, the Fund by the Portfolio Manager.

21. All decisions to purchase mortgages for the Fund's portfolio from an NBC Affiliate are made based on the judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

22. The Filer is of the view that the purchase and sale of mortgages between the Fund and NBC Affiliates are in the best interests of the Fund.

23. To the extent that the Fund purchases mortgages from, or sells mortgages to, NBC Affiliates, this fact is set out in each of the simplified prospectus, annual information form and management report of fund performance of the Fund in accordance with applicable securities legislation.

24. Section 4.2 of Regulation 81-102 prohibits a mutual fund from, among other thing, purchasing a security from, or selling a security to, an associate or affiliate of the manager, portfolio adviser or trustee of the mutual fund.

25. As NBC Affiliates are affiliates of the Filer and the Portfolio Manager, the Fund is prohibited by section 4.2 of Regulation 81-102 from purchasing mortgages from or selling mortgages to the NBC Affiliates.

26. Subsection 4.3(1) of Regulation 81-102 provides that section 4.2 of Regulation 81-102 does not apply to a purchase or sale of a security by a mutual fund if the price payable for the security is not more than the ask price of the security as reported by any available public quotation in common use (in the case of a purchase by a mutual fund) or not less than the bid price of the security as reported by any available public quotation in common use (in the case of a sale by a mutual fund).

27. The Fund is not able to rely the exemption provided by subsection 4.3(1) of Regulation 81-102 because the transactions on mortgages will not be made on an exchange and therefore, the price of mortgages is not reported on a public quotation in common use, as required by subsection 4.3(1) of Regulation 81-102.

28. Subsection 4.3(2) of Regulation 81-102 provides that section 4.2 of Regulation 81-102 does not apply if a transaction in a class of debt securities is between a mutual fund and another mutual fund managed by the same manager or an affiliate of the manager.

29. The Fund is not able to rely on the exemption provided by subsection 4.3(2) of Regulation 81-102 because the mortgages are not purchased from or sold to another mutual fund.

30. Regulation 81-107 does not provide an exemption for principal trading of the type contemplated by the Exemption Sought.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

(a) the purchase or sale is consistent with, or is necessary to meet, the investment objective of the Fund;

(b) the IRC of the Fund has approved the transaction in accordance with subsection 5.2(2) of Regulation 81-107;

(c) the Filer, as manager of the Fund, complies with section 5.1 of Regulation 81-107;

(d) the Filer, as manager of the Fund, and the IRC of the Fund comply with section 5.4 of Regulation 81-107 for any standing instructions the IRC provides in connection with the transactions;

(e) the Fund keeps the written records of the transactions as described in paragraph 6.1(2)(g) of Regulation 81-107; and

(f) the mortgages are acquired from an NBC Affiliate or sold to an NBC Affiliate in accordance with Regulation No. 29 (or any successor policy, instrument or regulation) and this information is disclosed in accordance with Regulation No. 29 (or any successor policy, instrument or regulation), including disclosure through inclusion in a document incorporated by reference into the simplified prospectus of the Fund.

“Josée Deslauriers”
Director, Investment Funds and Continuous Disclosure
Autorité des marchés financiers

2.1.4 Fiera Sceptre Inc. et al.

Headnote

National Policy 11-203 – relief granted from mutual fund conflict of interest investment restrictions in ss. 111(2)(b) and 111(3) of the Securities Act (Ontario) to allow pooled funds to invest in underlying pooled funds and public mutual funds under common management – relief granted subject to certain conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(3), 113.

October 17, 2011

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

AND

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

AND

IN THE MATTTER OF
FIERA SCEPTRE INC.
(the Filer)

AND

IN THE MATTER OF
MONEY MARKET SECTION
SMALL CAPITALIZATION SECTION
BOND SECTION
INTERNATIONAL EQUITY SECTION
CANADIAN EQUITY SECTION
EFT SECTION
FOREIGN EQUITY SECTION
EQUITY SECTION
BALANCED CORE SECTION
SCEPTRE 130/30 CANADIAN EQUITY FUND
(the Current Sceptre Pooled Funds)

AND

FIERA PRIVATE WEALTH OPPORTUNITIES FUND
FIERA PRIVATE WEALTH INCOME FUND
FIERA CANADIAN HIGH YIELD BOND FUND
FIERA ACTIVE FIXED INCOME FUND
FIERA SHORT TERM INVESTMENT FUND
FIERA BALANCED FUND
FIERA CANADIAN EQUITY VALUE FUND
FIERA INTERNATIONAL EQUITY FUND
FIERA PRIVATE WEALTH US EQUITY FUND
FIERA NORTH AMERICAN MARKET NEUTRAL FUND
FIERA MARKET NEUTRAL EQUITY FUND
FIERA GLOBAL MACRO FUND
FIERA PRIVATE WEALTH CANADIAN EQUITY FUND
FIERA LONG/SHORT EQUITY FUND
FIERA ABSOLUTE BOND YIELD FUND

FIERA MULTI-MANAGER FUND
FIERA CANADIAN HIGH INCOME EQUITY FUND
FIERA PRIVATE WEALTH MODERATE FUND
FIERA PRIVATE WEALTH GROWTH FUND
FIERA PRIVATE WEALTH CONSERVATIVE FUND
(the Current Fiera Ontario Pooled Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting each Pooled Fund (as defined below) from the investment restrictions contained in the Legislation which prohibit a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder (the **Requested Relief**) in order to permit Fund-on-Fund Investing (as defined below) in Underlying Funds (as defined below).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

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

(b) the Filer has provided notice that section 4.7 (1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in the province of Alberta.

Interpretation

Defined terms in MI 11-102 and National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

Facts

1. The Filer is a corporation subsisting under the laws of Ontario with its head office located in Montréal, Québec.

2. The Filer is registered in:

   (a) Québec as an investment fund manager, an exempt market dealer, a portfolio manager and a derivatives portfolio manager;

   (b) Ontario as an investment fund manager, an exempt market dealer, a portfolio manager and a commodity trading manager; and

   (c) each of the other provinces and territories of Canada as an exempt market dealer and a portfolio manager.

3. The Filer:

   (a) currently is the manager and portfolio adviser of each Current Sceptre Pooled Fund and Current Fiera Ontario Pooled Fund; and

   (b) may, in the future, become the manager and portfolio adviser of further mutual fund trusts (the **Future Pooled Funds**).

   The Current Sceptre Pooled Funds, Current Fiera Ontario Pooled Funds and Future Pooled Funds are referred to collectively in this decision as the **Pooled Funds**.

4. The Filer, the Current Sceptre Pooled Funds and the Current Fiera Ontario Pooled Funds are not in default of the Legislation.

5. The Filer also is the manager of the Balanced Section of the Sceptre Pooled Investment Fund. The Balanced Section is not included in this Decision. Through inadvertence, the Balanced Section currently holds approximately 40% of the outstanding units of the Foreign Equity Section contrary to the Legislation. The Balanced Section is in the process of liquidating this investment and will be terminated on or before December 1, 2011.

6. The Requested Relief is not being sought under the securities legislation of Québec. The Filer also has an office, assets and operations located in Toronto, Ontario. As well, each Current Sceptre Pooled Fund and Current Fiera Ontario Pooled Fund has been formed under the laws of Ontario and has its head office in Ontario, and each Future Pooled Fund will be formed under the laws of Ontario and will have its head office in Ontario.

7. Each Pooled Fund is or will be a "mutual fund in Ontario" under the Legislation. The securities of each Pooled Fund are sold in Canada to investors pursuant to exemptions from the prospectus requirements in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106). None of the Pooled Funds is, or will be, a reporting issuer under the securities legislation of any province of Canada.

8. Each Pooled Fund (a **Top Fund**) may, from time to time, invest (**Fund-on-Fund Investing**) in securities of other Pooled Funds (the **Underlying Pooled Funds**) in such combinations as the Filer determines from time to time in its absolute discretion.

9. Each Top Fund also may, from time to time, invest (also Fund-on-Fund Investing) in securities of mutual funds of which the Filer, or an affiliate of the Filer, is the manager and that are regulated by National Instrument 81-102 *Mutual Funds* (**NI 81-102**), including commodity pools that are regulated by National Instrument 81-104 *Commodity Pools* (the **Underlying Mutual Funds** and, together with the Underlying Pooled Funds, the **Underlying Funds**), in such combinations as the Filer determines from time to time in its absolute discretion.

10. As a result of Fund-on-Fund Investing in an Underlying Fund, a Top Fund, alone or in combination with other Top Funds or related mutual funds, may own more than 20% of the outstanding securities of the Underlying Fund and therefore be a "substantial security holder" (as defined in the Legislation) of the Underlying Fund.

11. The Filer believes that Fund-on-Fund Investing will provide the Top Funds with a more efficient and cost-effective means of pursuing portfolio diversification compared to investing directly in securities held by an Underlying Fund.

12. A Top Fund will invest in securities of an Underlying Fund only if such Fund-on-Fund Investing is consistent with the investment objectives of the Top Fund.

13. The investments held by the Pooled Funds cover a broad range. From time to time, a Pooled Fund may hold significant concentrated investments in single issuers and/or in illiquid securities. Where a Pooled Fund holds illiquid investments, the Filer manages the remainder of the investment portfolio to provide sufficient liquidity to fund redemptions in the ordinary course.

14. Securities of the Pooled Funds generally are valued and redeemable either weekly or monthly. Certain Pooled Funds which hold particularly large proportions of concentrated investments and/or illiquid securities are valued and redeemable quarterly.

15. In the majority of cases, each Top Fund and its Underlying Pooled Funds have matching valuation and redemption dates. Where this is not the case, the Filer treats the Underlying Pooled Fund as potentially an illiquid investment and manages the remainder of the Top Fund's assets to provide sufficient liquidity to fund redemptions in the ordinary course.

16. Offering memoranda are not produced for all Pooled Funds as certain of the Pooled Funds are, or will be, sold only to managed account clients of the Filer. Where an offering memorandum is produced in respect of a Pooled Fund, it will:

    (a) be provided to investors of that Pooled Fund; and

    (b) disclose:

        (i) that the Pooled Fund may invest in, or enter into derivative transactions for which the underlying interest is based on the securities of, securities of Underlying Funds;

        (ii) that the manager of the Underlying Funds is the Filer or an affiliate or associate of the Filer;

(iii) the percentage of net assets of the Pooled Fund dedicated to investment in the securities of, or entering into derivative transactions for which the underlying interest is based on the securities of, the Underlying; and

(iv) the process or criteria used to select the Underlying Funds,

(the **Fund-on-Fund Information**).

17. Each managed account client of the Filer who invests in a Pooled Fund that does not utilize an offering memorandum will receive a copy of the Pooled Fund's Trust Agreement and Investment Policy Statement which disclose the Fund-on-Fund Information.

18. Unitholders of each Top Fund have access to copies of such Top Fund's interim financial statements and audited annual financial statements. The financial statements of each Top Fund will disclose its holdings of securities of Underlying Funds.

19. Where a Top Fund invests in securities of an Underlying Pooled Fund, unitholders of the Top Fund will receive, on request and free of charge, a copy of the offering memorandum (if any) of the Underlying Pooled Fund and the most recent annual financial statements of the Underlying Pooled Fund and any interim financial statements of the Underlying Pooled Fund after the date of its most recent annual financial statements.

20. A Top Fund will not engage in Fund-on-Fund Investing in an Underlying Fund that, in turn, invests in other mutual funds unless:

(i) the Underlying Fund (a "clone fund") links its performance to the performance of one other mutual fund;

(ii) the other mutual fund is a "money market fund" as defined by NI 81-102; or

(iii) the securities held by the other mutual fund are "index participation units" as defined by NI 81-102.

21. Fund-on-Fund Investing is made in such a manner as to avoid the duplication of management fees and incentive fees. In particular, none of the Pooled Funds pays the Filer a management fee in respect of its investments in Underlying Funds. Instead, each unitholder of a Pooled Fund pays a fee directly to the Filer based upon the value of unitholder's units of the Pooled Fund.

22. No sales or redemption fees are, or will be, payable by a Top Fund in relation to its purchase or redemption of securities of an Underlying Fund that, to a reasonable person, would duplicate a fee payable by an investor in the Top Fund.

23. The Top Funds do not, and will not, vote the securities they hold of the Underlying Funds unless the Filer, in its discretion, has sought and received instructions from the beneficial owners of securities of the Top Fund concerning how their proportionate number of securities of the Underlying Fund are to be voted and the securities of the Underlying Fund are voted in accordance with such instructions.

24. In the absence of the Requested Relief, the Top Funds may be precluded from purchasing or holding securities of the Underlying Funds due to the investment restrictions contained in the Legislation.

25. The investment by each Top Fund in securities of an Underlying Fund will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

Decision

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

The decision of the Decision Maker under the Legislation is that the Requested Relief is granted provided that:

(a) the securities of the Top Funds are distributed in Canada only pursuant to exemptions from the prospectus requirements in accordance with NI 45-106;

(b) no management or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same services;

(c) no sales or redemption fees are, or will be, payable by a Top Fund in relation to its purchase or redemption of securities of an Underlying Fund that, to a reasonable person, would duplicate a fee payable by an investor in the Top Fund;

(d) each investment by a Top Fund in securities of an Underlying Fund is compatible with the investment objectives of the Top Fund;

(e) if the Underlying Fund invests in other mutual funds:

(i) the Underlying Fund (a "clone fund") links its performance to the performance of one other mutual fund;

(ii) the other mutual fund is a "money market fund" as defined by NI 81-102; or

(iii) the securities held by the other mutual fund are "index participation units" as defined by NI 81-102;

(f) the Top Funds do not vote the securities they hold of the Underlying Funds unless the Filer, in its discretion, has sought and received instructions from the beneficial owners of securities of the Top Fund concerning how their proportionate number of securities of the Underlying Fund are to be voted and the securities of the Underlying Fund are voted in accordance with such instructions;

(g) each investor who is not currently an investor in a Top Fund will be provided with the Fund-on-Fund Information in writing. The Fund-on-Fund Information will be contained in any offering memorandum prepared in connection with a distribution of units of the Top Fund or, if no offering memorandum is prepared, in the Trust Agreement or Investment Policy Statement of the Pooled Fund; and

(h) each investor who is currently an investor in a Top Fund will be provided with the Fund-on-Fund Information in writing not later than October 31, 2011.

"James Turner"
Vice-Chair
Ontario Securities Commission

"James Carnwath"
Commissioner
Ontario Securities Commission

2.1.5 ECU Silver Mining Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

October 18, 2011

ECU Silver Mining Inc.
The Stock Exchange Tower
P.O. Box 242, Suite 3700
Montréal, Québec H4Z 1E9

Dear Sir/Mesdames:

Re: ECU Silver Mining Inc. (the "Applicant") – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manioba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundand and Labrador (the "Jurisdictions") that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions for a decision under the securities legislation (the "**Legislation**") of the Jurisdictions that the Applicant is not a reporting issuer.

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 – *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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 and orders that the Applicant's status as a reporting issuer is revoked.

"Alida Gualtieri"
Manager, Continuous Disclosure

2.2 Orders

2.2.1 MOSAID Technologies Incorporated and Wi-LAN Inc. – s. 127

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

AND

IN THE MATTER OF
MOSAID TECHNOLOGIES INCORPORATED
AND WI-LAN INC.

ORDER
(Section 127)

WHEREAS on September 28, 2011, Wi-LAN Inc. ("Wi-LAN") filed an application (the "Application") with the Ontario Securities Commission (the "Commission") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") for an order cease trading the shareholder rights plan (the "Shareholder Rights Plan") of MOSAID Technologies Incorporated ("MOSAID");

AND WHEREAS, in its Application, Wi-LAN seeks the following relief:

(a) a permanent order pursuant to section 127 of the Act, effective at 9:00 a.m. on October 14, 2011, that trading cease in respect of any securities issued under, or in connection with the Shareholder Rights Plan of MOSAID, including without limitation, in respect of the rights issued under the Shareholder Rights Plan and any common shares of MOSAID to be issued upon the exercise of those rights; and

(b) a permanent order removing prospectus exemptions in respect of the distribution of rights on the occurrence of the Separaion Time (as defined in the Share-older Rights Plan) and in respect of the exercise of the rights;

AND WHEREAS on October 4, 2011, the Commission issued a Notice of Hearing for a hearing commencing on October 12, 2011 to consider whether it is in the public interest to make a cease trade order in respect of the Shareholder Rights Plan pursuant to Wi-LAN's Application;

AND WHEREAS on August 17, 2011, Wi-LAN issued a press release announcing its intention to make an offer for the issued and outstanding common shares of MOSAID;

AND WHEREAS on August 17, 2011, the MOSAID Board appointed a special committee of independent directors (the "Special Committee") ;

AND WHEREAS on August 23, 2011, Wi-LAN commenced an offer for all the issued and outstanding common shares of MOSAID for $38.00 per common share in cash (the "Offer");

AND WHEREAS on September 1, 2011, MOSAID announced that it acquired Core Licensing S.a.r.l., a Luxumbourg corporation that owns wireless patents and patent applications (the "Core Wireless Transaction");

AND WHEREAS on September 6, 2011, MOSAID recommended to shareholders in a directors' circular that they reject the Wi-LAN offer;

AND WHEREAS MOSAID submits that on September 12, 2011, financial advisors to the Special Committee began contacting potentially interested parties with a view to engaging them in discussions about a strategic transaction with MOSAID;

AND WHEREAS on September 22, 2011, MOSAID shareholders voted to renew the Shareholder Rights Plan, originally dated July 8, 2005;

AND WHEREAS on September 28, 2011, Wi-LAN amended its offer and extended the expiry date to October 14, 2011 at 5:00 p.m.;

AND WHEREAS a hearing was held on October 12, 2011 to consider the merits of the Application;

AND UPON considering the evidence and the submissions of Wi-LAN, MOSAID and Staff of the Commission filed with the Commission;

AND UPON considering the characteristics of the Offer made by Wi-LAN, the length of time since the Offer was announced and commenced, the fact that Wi-LAN was the first bidder to make a formal offer and that the Wi-LAN Offer will expire on October 14, 2011;

AND WHEREAS we have concluded that it is in the public interest to make an order allowing the Shareholder Rights Plan to remain in place only until November 1, 2011 at 9:00 a.m. We note that November 1, 2011 is 70 days from the commencement of the Offer and 61 days from the announcement of the Core Wireless Transaction;

AND WHEREAS in coming to our conclusion, the Commission has considered the case law which sets out the relevant factors to be considered in making a determination to cease trade a shareholder rights plan. Those factors were enumerated in *Re Royal Host Real Estate Investment Trust* (1999), 22 O.S.C.B. 7819 ("*Royal Host*") and were restated in *Re Baffinland Iron Mines Corporation* (2010), 33 O.S.C.B. 11385;

AND WHEREAS in this case, we have considered the following factors to be particularly important:

1. We are satisfied that the Shareholder Rights Plan is still serving a purpose by

providing an opportunity for continuing the auction process, which may enhance shareholder value. MOSAID presented evidence that it has been pursuing alternatives to the Offer since September 12, 2011, including entering into 12 confidentiality agreements, and is in receipt of a formal non-binding indication of interest from one interested party;

2. One of the factors enumerated in *Royal Host* is the size and complexity of the target company. This is a relevant factor in this case. In particular, we are mindful of the importance of the Core Wireless Transaction to MOSAID and the juxta-osition of this "transformational event", which began in March 2011, being completed at approximately the same time as the unsolicited take-over bid by Wi-LAN was made;

3. MOSAID shareholders approved the renewal of the Shareholder Rights Plan on September 22, 2011. The Share-older Rights Plan contains a definition of a "permitted bid", which, among other conditions, requires that a "permitted bid" be open for not less than 60 days. MOSAID shareholders voted to renew the Shareholder Rights Plan subsequent to Wi-LAN's commencement of the Offer and subsequent to MOSAID's announce-ent of the Core Wireless Transaction;

4. We were presented in evidence with letters from two shareholders in MOSAID dated October 4, 2011 expressing continued support for the Shareholder Rights Plan, including from MOSAID's largest shareholder, which owns approxi-ately 12% of the outstanding common shares; and

5. We note that there is no evidence to suggest that the Offer is coercive or unfair to MOSAID shareholders;

IT IS ORDERED that:

1. effective November 1, 2011 at 9:00 a.m., pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities issued or to be issued under or in connection with the Shareholder Rights Plan shall cease permanently; and

2. effective November 1, 2011 at 9:00 a.m., pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply permanently to any securities issued or to be issued under or in connection with the Shareholder Rights Plan.

Dated at Toronto this 12th day of October, 2011.

"Mary G. Condon"

"C. Wesley M. Scott"

"Sarah B. Kavanagh"

2.2.2 Universitas Foundation of Canada – s. 1(10)(b)

Headnote

Securities Act (Ontario) – relief granted to cease being a reporting issuer in Ontario – Order sought to complete reorganization of scholarship plan to reflect that scholarship plan trust is actual issuer of plan securities – Filer is promoter of plans, but does not issue securities to the public – plan securities are not distributed in Ontario – relief previously granted in other jurisdictions in which filer had been a reporting issuer – filer able to make necessary representations for granting relief on a simplified basis under OSC Staff Notice 12 -703 – Preferred Format of Applications to the Director under Section 83 of the Securities Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(b).

October 12, 2011

Gestion Universitas Inc.
3005 de Maricourt
Quebec (Quebec) G1W 4T8

Attention: Isabelle Grenier, Vice-President Corporate Affairs and Human Resources

Dear Madame:

Re: Universitas Foundation of Canada (the Applicant) – Application for an order under clause 1(10)(b) of the Securities Act (Ontario) that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under clause 1(10)(b) of the Act that the Applicant is not a reporting issuer.

As the Applicant has represented to the Commission that:

- The outstanding securities of the Applicant, including debt securities are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;
- No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and
- The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

Yours very truly,

"Darren McKall"
Manager, Investment Funds Branch
Ontario Securities Commission

2.2.3 QuantFX Asset Management Inc. et al. – ss. 37, 127(1)

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

AND

**IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER AND
ROSTISLAV ZEMLINSKY**

**AND
IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND VADIM TSATSKIN**

**ORDER
(Section 37 and Subsection 127(1))**

WHEREAS by Notice of Hearing dated November 10, 2010 and an Amended Notice of Hearing dated November 17, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on November 18, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against QuantFX Asset Management Inc. ("QuantFX") and its directors, Vadim Tsatskin ("Tsatskin"), Lucien Shtromvaser and Rostislav Zemlinsky. The Notices of Hearing were issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated November 10, 2010.

AND WHEREAS Tsatskin entered into a settlement agreement with Staff dated October 3 and 5, 2011 (the "Settlement Agreement") in which Tsatskin agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated November 10, 2010 and Amended Notice of Hearing dated November 17, 2010, subject to the approval of the Commission;

WHEREAS on October 6, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement entered into between Staff and Tsatskin;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Tsatskin and from 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:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Tsatskin cease permanently;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently;

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of $7,154 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of $15,000 for his failure to comply with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act; and

(i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED at Toronto this 13th day of March, 2011.

"Mary G. Condon"

2.2.4 Ameron Oil and Gas Ltd. et al. – ss. 37, 127(1)

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

AND

IN THE MATTER OF
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK, AND
ALLAN WALKER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
VADIM TSATSKIN

ORDER
(Sections 37 and 127(1))

WHEREAS by Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd., MX-IV Ltd. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin ("Tsatskin"), Mark Grinshpun, Oded Pasternak and Allan Walker. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010;

AND WHEREAS Staff filed an Amended Statement of Allegations on October 5, 2011;

AND WHEREAS Tsatskin entered into a settlement agreement with Staff dated October 3 and 5, 2011 (the "Settlement Agreement") in which Tsatskin agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated December 13, 2010, subject to the approval of the Commission;

WHEREAS on October 6, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement entered into between Staff and Tsatskin;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statements of Allegations of Staff, and upon hearing submissions from counsel for Tsatskin and from 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:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Tsatskin cease permanently;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of $350,000 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $350,000 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of $615,500 obtained as a result of his non-compliance with Ontario securities law. The amount of $615,500 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act; and

(i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities.

DATED at Toronto this 13th day of October, 2011.

"Mary G. Condon"

2.2.5 Innovative Gifting Inc. et al. – s. 127

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

AND

IN THE MATTER OF
INNOVATIVE GIFTING INC.,
TERENCE LUSHINGTON,
Z2A CORP., AND CHRISTINE HEWITT

ORDER
(Section 127)

WHEREAS on March 2, 2010, the Commission issued a Notice of Hearing to consider, *inter alia*, whether to make orders, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), against Innovative Gifting Inc. ("IGI"), Terence Lushington ("Lushington"), Z2A Corp. ("Z2A") and Christine Hewitt ("Hewitt") (collectively the "Respondents");

AND WHEREAS on March 2, 2010, Staff of the Commission issued a Statement of Allegations against the Respondents;

AND WHEREAS Staff served the Respondents with the Notice of Hearing dated March 2, 2010 and Staff's Statement of Allegations dated March 2, 2010. Service by Staff was evidenced by the Affidavit of Service of Joanne Wadden, sworn on March 4, 2010, which was filed with the Commission;

AND WHEREAS on March 5, 2010, the Commission ordered that the hearing with respect to the matter be adjourned to April 12, 2010;

AND WHEREAS on April 12, 2010, counsel for Staff, counsel for IGI and Lushington, and counsel for Z2A and Hewitt appeared before the Commission and made submissions;

AND WHEREAS on April 13, 2010, the Commission issued an order that, *inter alia*, the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to July 21, 2010 at 10:00 a.m., at which time a pre-hearing conference will be held;

AND WHEREAS on July 21, 2010, a pre-hearing conference was commenced and counsel for Staff, counsel for IGI and Lushington, and counsel for Z2A and Hewitt appeared before the Commission and made submissions;

AND WHEREAS on July 21, 2010, the Commission issued an order that, *inter alia*, the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to September 9, 2010 at 10:00 a.m., at which time the pre-hearing conference will be continued;

AND WHEREAS on September 9, 2010, the pre-hearing conference was continued and counsel for Staff and counsel for IGI and Lushington appeared before the Commission and made submissions. Counsel for Z2A and Hewitt did not attend but counsel for Staff advised the Commission of counsel's submissions;

AND WHEREAS on September 9, 2010, all counsel submitted that the hearing be adjourned;

AND WHEREAS on September 9, 2010, the Commission ordered, *inter alia*, that the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to November 4, 2010 at 3:00 p.m., at which time the confidential pre-hearing conference will be continued and dates will be fixed for the hearing on the merits in this matter;

AND WHEREAS on November 3, 2010, all parties requested, in writing, that the pre-hearing conference scheduled for November 4, 2010 be adjourned to 10:00 a.m. on December 6th, 2010 and at that time dates will be fixed for the hearing on the merits in this matter;

AND WHEREAS on November 4, 2010, the Commission ordered that, *inter alia*, the hearing with respect to the Notice of Hearing dated March 2, 2010 be adjourned to December 6th, 2010 at 10:00 a.m., at which time the confidential pre-hearing conference will be continued and dates will be fixed for the hearing on the merits in this matter;

AND WHEREAS on December 6, 2010, all parties attended the pre-hearing conference and all parties made submissions to the Commission;

AND WHEREAS on December 6, 2010 the Commission ordered the hearing on the merits in this matter to commence on May 2, 2011 and continue until May 16, 2011, with the exception that the hearing on the merits would not be heard on May 3, 2011;

AND WHEREAS on December 6, 2010, the Commission also scheduled Z2A and Hewitt to make a motion to the Commission on March 30, 2011 at 2:00 p.m. for severance of the hearing as to the allegations relating to them;

AND WHEREAS on March 29, 2011, the Commission approved a Settlement Agreement dated March 24, 2011 between Staff and Lushington and IGI;

AND WHEREAS on April 26, 2011 counsel for Z2A and Hewitt (the "Remaining Respondents") and Staff attended a pre-hearing conference at which time a motion was scheduled for April 28, 2011 at 11:00 a.m. before the panel scheduled to hear this matter on the merits, to hear the Remaining Respondents' request to adjourn the hearing of this matter;

AND WHEREAS on April 28, 2011, the Commission ordered that the hearing on the merits be adjourned to June 6, 2011 and continue until June 10, 2011 and, if necessary, continue on June 15 and 16, 2011, commencing each day at 10:00 a.m., with the exception of

June 7, 2011, which hearing day would commence at 2:00 p.m. and continue until 5:00 p.m.;

AND WHEREAS on June 6, 2011, the Commission ordered that the hearing on the merits of this matter be adjourned to and commence on July 18, 2011 peremptory on the Remaining Respondents and continue on July 20, 21, 22 and 25, 2011 commencing each day at 10:00 a.m.;

AND WHEREAS the Remaining Respondents sought, through their counsel, at the commencement of the hearing on July 18, 2011, an adjournment of the hearing on the merits on the basis that Hewitt was ill and not able to attend;

AND WHEREAS on July 18, 2011, the panel adjourned the hearing to July 20, 2011 to assess any evidence to be provided by the Remaining Respondents as to Hewitt's medical condition;

AND WHEREAS on July 20, 2011, the Commission vacated the hearing dates and ordered that a conference call be scheduled for July 27, 2011 to review the status of Hewitt's health in relation to her ability to attend the hearing on the proposed hearing dates of August 3, 4, 5 and 15, 2011;

AND WHEREAS on July 27, 2011, the Commission ordered that the hearing be adjourned and commence on October 3, 2011 and continue on October 4, 5, 6 and 12, 2011;

AND WHEREAS the hearing commenced on October 3, 2011 and continued on October 4 and 5 , 2011;

AND WHEREAS the Remaining Respondents advised, through their counsel, on the morning of October 6, 2011 that Hewitt was unable to attend the continuation of her cross-examination scheduled to take place that day, due to illness;

AND WHEREAS the Remaining Respondents sought, through their counsel, on October 12, 2011, an adjournment of the hearing on the basis that Hewitt was ill and not able to attend;

AND WHEREAS the Remaining Respondents, consent, through their counsel to adjourning the hearing to October 24, 2011 and advise that in the event that Hewitt is unable to attend the hearing on October 24, 2011 due to illness, the Remaining Respondents will call their final witness on October 24, 2011, with the continued cross-examination of Hewitt to take place on another date;

AND WHEREAS the Commission is of the view that it is in the public interest to make this order;

IT IS ORDERED that the Remaining Respondents provide, by the close of business on October 14, 2011, medical records confirming Hewitt's inability to attend the hearing on October 6 and 12, 2011;

IT IS FURTHER ORDERED that the hearing is adjourned to October 24, 2011, commencing at 10:00 a.m. and will continue on November 8, 2011 at 2:30 p.m.; and

IT IS FURTHER ORDERED that the Remaining Respondents provide, by the close of business on October 20, 2011, an update as to Hewitt's ability to attend the hearing on October 24, 2011 and, if the Remaining Respondents take the position that Hewitt is unable to attend the hearing on October, 24, 2011, that they provide medical records as to Hewitt's medical condition.

DATED at Toronto this 12th day of October, 2011.

"Paulette L. Kennedy"

2.2.6 Portus Alternative Asset Management Inc. et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC., PORTUS ASSET MANAGEMENT INC., BOAZ MANOR, MICHAEL MENDELSON, MICHAEL LABANOWICH AND JOHN OGG

ORDER
(Sections 127 and 127.1)

WHEREAS on October 5, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S. 5, as amended (the "Act") accompanied by a Statement of Allegations issued by Staff of the Commission, in respect of Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg (collectively, the "Respondents");

AND WHEREAS on October 4, 2005, the Commission authorized the commencement of proceedings against Boaz Manor ("Manor") in the Ontario Court of Justice pursuant to section 122 of the Act;

AND WHEREAS on April 20, 2006, the Commission authorized the commencement of proceedings against Michael Mendelson ("Mendelson") and the laying of additional charges against Manor, in the Ontario Court of Justice, pursuant to section 122 of the Act (collectively, the "Section 122 Proceeding");

AND WHEREAS on March 31, 2006, Manor brought an application (the "Application") requesting the adjournment of the sections 127 and 127.1 proceeding (the "Administrative Proceeding") against him, pending the conclusion of the Section 122 Proceeding;

AND WHEREAS on June 16, 2006, each of the Respondents in the Administrative Proceeding consented to the adjournment requested in the Application;

AND WHEREAS on June 16, 2006, each of the Respondents in the Administrative Proceeding requested that the Commission grant an adjournment of the Administrative Proceeding against them pending the conclusion of the Section 122 Proceeding;

AND WHEREAS on June 16, 2006, Staff consented to the granting of an adjournment of the Administrative Proceeding against each of the Respondents pending the conclusion of the Section 122 Proceeding;

AND WHEREAS on June 16, 2006, the Commission ordered that the Administrative Proceeding be adjourned against each of the Respondents pending the conclusion of the Section 122 Proceeding and that Staff and the Respondents appear before the Commission within 8 weeks of judgment being rendered in the Section 122 Proceeding;

AND WHEREAS on November 19, 2007, Mendelson was convicted of a charge under the *Criminal Code of Canada* before the Ontario Court of Justice and was sentenced to two years in jail and three years probation;

AND WHEREAS on May 25, 2011, Manor was convicted of two charges under the *Criminal Code of Canada* before the Superior Court of Justice (Ontario) and was sentenced to four years in jail;

AND WHEREAS the convictions registered against Manor and Mendelson under the *Criminal Code of Canada* were for acts related to the Administrative Proceeding and the Section 122 Proceeding;

AND WHEREAS on July 13, 2011, the Section 122 Proceeding was concluded;

AND WHEREAS on August 4, 2011, a Notice of Hearing was issued giving notice that the Administrative Proceeding would continue on August 8, 2011;

AND WHEREAS on August 8, 2011, Staff and counsel for Manor attended before the Commission and requested that the Administrative Proceeding be adjourned to October 13, 2011 at 10:00 a.m.;

AND WHEREAS on October 13, 2011, Staff informed the Commission that each of the Respondents were given notice of the adjournment of the Administrative Proceeding until October 13, 2011;

AND WHEREAS, on October 13, 2011, Staff and agent for counsel for Manor attended before the Commission and requested that the Administrative Proceeding be adjourned to November 22, 2011 at 9:00 a.m.;

AND WHEREAS the Commission considers it to be in the public interest to make this order;

IT IS ORDERED that the Administrative Proceeding is adjourned to Tuesday, November 22, 2011 at 9:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 13th day of October, 2011.

"Paulette L. Kennedy"

2.2.7 Richvale Resource Corporation et al. – ss. 127(1), 127(8)

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

**ORDER
(Subsections 127(1) and 127(8))**

WHEREAS the hearing on the merits in this matter was scheduled to commence on October 17, 2011 at 10:00 a.m. and continue each day through to October 24, 2011 and from October 26, 2011 each day through to October 31, 2011 or as soon thereafter as may be fixed by the Secretary to the Commission;

AND WHEREAS on October 14, 2011, the Commission approved Settlement Agreements entered into by Staff and Colonna, Khan, Winick and Blumenfeld, respectively;

AND WHEREAS on October 14, 2011 Staff made an application for an adjournment of the Hearing on the Merits to give Staff an opportunity to prepare materials for a Written Hearing pursuant to Rule 11 of the Ontario Securities Commission Rules of Procedure;

AND WHEREAS the Respondents Pasquale Schiavone ("Schiavone") and Richvale Resource Corp. ("Richvale") were served with notice of Staff's adjournment request;

AND WHEREAS the Respondent Schiavone informed Staff verbally that he consented to the adjournment, but did not attend;

AND WHEREAS officers and directors of Richvale were in attendance and made no submissions;

AND WHEREAS the Commission considered the submissions made by Staff;

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

IT IS ORDERED that the hearing with respect to Staff's Allegations is adjourned to October 20, 2011 at 10:00 a.m.

DATED at Toronto this 14th day of October, 2011.

"James E. A. Turner"

2.2.8 Richvale Resource Corporation et al.

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARVIN WINICK**

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Marvin Winick ("Winick" or the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission filed a Statement of Allegations and on September 13, 2011 filed an Amended Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 12, 2011 (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October 13, 2011 setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through their counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Winick shall cease trading in any securities permanently with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein:

   (i) Winick shall be permitted to trade securities through a registrant and only for the account of his registered

retirement savings plan as defined in the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*"), and,

(ii) Winick's permanent trading ban shall be reduced to a period of 20 years;

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Winick shall cease acquisitions of any securities permanently, except that following full payment of the disgorgement order and administrative penalty set out herein:

(i) Winick may acquire securities in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*); and,

(ii) Winick's permanent acquisition ban shall be reduced to 20 years;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Winick permanently, except that following full payment of the disgorgement order and administrative penalty set out herein:

(i) Winick may make use of the exemptions to the extent such they are necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant; and,

(ii) Winick's permanent exemption ban shall be reduced to a period of 20 years;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Winick be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Winick is prohibited permanently from becoming or acting as a director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Winick is prohibited permanently from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Winick pay an administrative penalty in the amount of $160,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

9. pursuant to clause 10 of subsection 127(1) of the Act, Winick disgorge to the Commission the amount of $42,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties.

DATED at Toronto this 14th day of October, 2011.

"James E. A. Turner"

2.2.9 Richvale Resource Corporation et al.

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
HOWARD BLUMENFELD

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Howard Blumenfeld ("Blumenfeld" or the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission ("Staff") filed a Statement of Allegations and on September 13, 2011, Staff filed an Amended Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 13, 2011, (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October 13, 2011, announcing that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Amended Statement of Allegations, and upon considering submissions from the Respondent through his counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Blumenfeld shall cease trading in any securities permanently;

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Blumenfeld shall cease acquisitions of any securities permanently;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Blumenfeld permanently;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Blumenfeld be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Blumenfeld is prohibited permanently from becoming or acting as a director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Blumenfeld is prohibited permanently from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Blumenfeld pay an administrative penalty in the amount of $250,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

9. pursuant to clause 10 of subsection 127(1) of the Act, Blumenfeld disgorge to the Commission the amount of $113,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties.

DATED at Toronto this 14th day of October, 2011.

"James E. A. Turner"

2.2.10 Richvale Resource Corporation et al.

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
SHAFI KHAN

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Shafi Khan ("Khan" or the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission filed a Statement of Allegations and on September 13, 2011 filed an Amended Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 13, 2011 (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October 13, 2011, setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through their counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Khan shall cease trading in any securities permanently with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein Khan shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in

the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*");

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Khan shall cease acquisitions of any securities permanently, except acquisitions undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) and only following full payment of the disgorgement order and administrative penalty set out herein;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Khan permanently, except to the extent such exemption is necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant and only following full payment of the disgorgement order and administrative penalty set out herein;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Khan be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Khan pay an administrative penalty in the amount of $40,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties;

9. pursuant to clause 10 of subsection 127(1) of the Act, Khan disgorge to the Commission the amount of $239,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties;

10. as set out in subparagraphs 8 and 9 above, Khan shall pay a total amount of $279,000, to be allocated to or for the benefit of third parties under s. 3.4(2) of the Act, which amount shall be payable as follows:

    a. an initial installment of $5,000 in the form of a certified cheque at the time of the settlement hearing

    b. the transfer of the Frozen Funds to Staff as set out more particularly in paragraph 11, below;

    c. the amount remaining shall be paid in equal quarterly installments over a period of 5 years from the date this Agreement is executed; and

11. Khan will provide Staff with all necessary documents, including executed directions to the institutions listed in the Freeze Directions, authorizing and instructing those institutions to transfer forthwith all funds, securities and property in those accounts in the name of or under the control of Khan to the Commission in partial satisfaction of the disgorgement and costs awards set out in this Settlement Agreement. Further, upon request of Staff, Khan will forthwith sign any further documents necessary to effect the surrender and transfer of the Frozen Funds to Staff, failing which he will be in breach of this Settlement Agreement.

DATED at Toronto this 14th day of October, 2011.

"James E. A. Turner"

2.2.11 Richvale Resource Corporation et al.

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
JOHN COLONNA**

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of John Colonna (“Colonna” or the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission filed a Statement of Allegations and on September 13, 2011 filed an Amended Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 13, 2011 (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October 13, 2011, setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through their counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Colonna shall cease trading in any securities for a period of 20 years with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein Colonna shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*");

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Colonna shall cease acquisitions of any securities for a period of 20 years, except acquisitions undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) and only following full payment of the disgorgement order and administrative penalty set out herein;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Colonna for a period of 20 years, except to the extent such exemption is necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*), which trades must be conducted through a registrant and only following full payment of the disgorgement order and administrative penalty set out herein;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Colonna be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Colonna is prohibited for a period of 20 years from becoming or acting as director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Colonna is prohibited for a period of 20 years from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Colonna pay an administrative penalty in the amount of $65,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties;

9. pursuant to clause 10 of subsection 127(1) of the Act, Colonna disgorge to the Commission the amount of $20,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and

10. as set out in paragraphs 8 and 9, above, Colonna shall pay a total amount of $85,000, to be allocated to or for the benefit of third parties under s. 3.4(2) of the Act; this amount shall be paid by an initial installment of $3,000 in the form of a certified cheque at the time of the settlement hearing and the remaining $82,000 shall be paid in equal quarterly installments over a period of 10 years from the date this Agreement is executed.

DATED at Toronto this 14th day of October, 2011.

“James E. A. Turner”

2.2.12 Vanguard Investments Canada Inc. and The Vanguard Group, Inc. – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirements of subsection 22(1)(b) of the CFA granted to sub-adviser not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions. Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 – Non-Resident Advisers made under the Securities Act (Ontario).

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am.
Rule 35-502 – Non Resident Advisers.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
VANGUARD INVESTMENTS CANADA INC. AND
THE VANGUARD GROUP, INC.

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Vanguard Investments Canada Inc. (the **Principal Adviser**) and The Vanguard Group, Inc. (the **Sub-Adviser**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services (as defined below) be exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser for the Principal Adviser in respect of the Clients (as defined below) regarding commodity futures contracts and commodity futures options (collectively, the **Contracts**) traded on commodity futures exchanges and cleared through clearing corporations;

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

AND UPON the Sub-Adviser and the Principal Adviser having represented to the Commission that:

1. The Principal Adviser is a corporation established under the laws of the Canada with its head office located in Toronto, Ontario.

2. The Principal Adviser has applied for registration with the Commission as an investment fund manager and as an adviser in the category of portfolio manager under the *Securities Act* (Ontario) (the **OSA**) and as a commodity trading manager under the CFA.

3. The Principal Adviser is an indirect wholly-owned subsidiary of the Sub-Adviser.

4. The Sub-Adviser is a corporation established under the laws of the Commonwealth of Pennsylvania, United States, with its principal office in Malvern, Pennsylvania. The Sub-Adviser is wholly-owned by approximately 35 U.S. registered investment companies that are part of the Vanguard family of U.S. mutual funds and that are widely held by the public.

5. The Sub-Adviser is currently registered as an investment advisor in the United States with the U.S. Securities and Exchange Commission. The Sub-Adviser is exempt from registration as a commodity trading adviser and is not required to register as a commodity pool operator with the U.S. Commodity Futures Trading Commission.

6. The Sub-Adviser is not a resident of any province or territory of Canada.

7. The Principal Adviser will be the investment fund manager of and provide discretionary portfolio management services in Ontario to the Vanguard Canada exchange-traded funds (**Vanguard Canada ETFs**), the securities of which will be qualified by prospectus for distribution to the public in all of the provinces and territories of Canada. In the future, the Principal Adviser may provide discretionary portfolio management services in Ontario to: (i) investment funds, the securities of which will be qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which will be sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 – *Prospectus and Registration Exemptions* (the **Pooled Funds**); and (iii) managed accounts of clients who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**) (each of the Vanguard Canada ETFs, Investment Funds, Pooled Funds and Managed Accounts is referred to individually as a **Client** and collectively as the **Clients**).

8. The discretionary portfolio management services provided by the Principal Adviser to its Clients will include acting as an adviser with respect to both securities and the Contracts where such investments are part of the investment program of such Clients.

9. The Principal Adviser will, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, retain the Sub-Adviser to act as sub-adviser to the Principal Adviser in connection with the investment portfolios of Clients with respect to both securities and the Contracts. The relationship among the Principal Adviser, the Sub-Adviser and the Clients will satisfy the applicable requirements contained in section 7.3 of OSC Rule 35-502 *Non-Resident Advisers* ("**Rule 35-502**"), namely:

   (a) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

   (b) the Principal Adviser contractually agrees with its Clients on whose behalf investment advice is or portfolio management services are to be provided in respect of securities and the Contracts to be responsible for any loss that arises out of the failure of the Sub-Adviser

      (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and each Client for whose benefit the advice is or portfolio management services are to be provided, or

      (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (this obligation, together with the obligation in subparagraph (i), the **Assumed Obligations**); and

   (c) the Principal Adviser cannot be relieved by its Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations.

10. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative, a partner or an officer of a registered adviser and is acting on behalf of a registered adviser.

11. By providing the Proposed Sub-Advisory Services, the Sub-Adviser and any individuals acting on behalf of the Sub-Adviser (the **Sub-Adviser Individuals**) in respect of the Proposed Sub-Advisory Services will be engaging in, or holding themselves out as engaging in, the business of advising others in respect of the Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser, or a representative of an adviser, as the case may be, under the CFA.

12. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in section 25(3) of the OSA which is provided under Rule 35-502.

13. The Sub-Adviser and the Sub-Adviser Individuals are appropriately registered or licensed, or is entitled to rely on appropriate exemptions from such registrations or licences, to provide advice for the Clients pursuant to the applicable legislation of the Sub-Adviser's principal jurisdiction.

14. Where the Sub-Adviser acts as sub-adviser to the Principal Adviser with respect to Contracts (the "**Proposed Sub-Advisory Services**"), the Sub-Adviser will exercise discretionary authority on behalf of the Principal Adviser in respect of the investment portfolios of Clients, including discretionary authority to buy or sell Contracts for the Clients, provided that:

(a) in each case, the Contracts are cleared through an acceptable clearing corporation; and

(b) such investments are consistent with the investment objectives and strategies of the applicable Client.

15. The written agreement between the Principal Adviser and the Sub-Adviser will set out the obligations and duties of each party in connection with the Proposed Sub-Advisory Services and will permit the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Proposed Sub-Advisory Services.

16. The Sub-Adviser and the Sub-Adviser Individuals will only provide the Proposed Sub-Advisory Services as long as the Principal Adviser remains registered under the CFA as a commodity trading manager.

17. The Principal Adviser will deliver to the Clients all applicable reports and statements required under applicable securities and derivatives legislation.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the relief requested;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services are exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser for the Principal Adviser in respect of the Clients regarding Contracts, provided that at the relevant time that such activities are engaged in:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser and the Sub-Adviser Individuals are appropriately registered or licensed, or are entitled to rely on appropriate exemptions from such registrations or licences, to provide advice to the Clients pursuant to the applicable legislation of their principal jurisdiction;

(c) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(d) the Principal Adviser has contractually agreed with the Clients to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(e) the Principal Adviser cannot be relieved by any of its Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations;

(f) the prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(g) in circumstances where a Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, or where a Client enters into an investment management agreement with the Principal Adviser for a managed account for which the Principal Adviser engages the Sub-Advisor to provide the Proposed Sub-Advisory Services in respect of securities and the Contracts, all applicable Clients or investors of the Clients who are Ontario residents will receive, prior to the purchase of any Contracts, written disclosure that includes:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others

when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

October 14, 2011

"C. Wes M. Scott"

"Paulette L. Kennedy"

2.2.13 Omega ATS – s. 15.1 of NI 21-101 Marketplace Operation

Headnote

Section 15.1 of National Instrument 21-101 Marketplace Operation (21-101) – exemption granted from the requirement in subsection 6.4(2) of 21-101 to file an amendment to Form 21-101F2 45 days prior to the implementation of changes made to Form 21-101F2 regarding Exhibit G (Fees).

Applicable Legislative Provision

Securities Act, R.S.O. 1990, c. S.5, as am.
National Instrument 21-101 Marketplace Operation, s. 15.1.

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

AND

IN THE MATTER OF
OMEGA ATS

ORDER
(Section 15.1 of National Instrument 21-101
***Marketplace Operation* (NI 21-101))**

UPON the application (the "Application") of Omega ATS (the "Applicant") to the Director for an order pursuant to section 15.1 of NI 21-101 exempting the Applicant from the requirement in paragraph 6.4(2) to file an amendment to the information previously provided in Form 21-101F2 (the "Form") regarding Exhibit G (Fees) 45 days before implementation of the fee changes (the "45 day filing requirement");

AND UPON the Applicant filing an updated Form F2 on September 30, 2011, describing a fee change to be implemented November 1, 2011 (the "Fee Change");

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

AND UPON the Applicant having represented to the Director as follows.

1. The Applicant is carrying on business as an alternative trading system and is registered as a dealer with the Ontario Securities Commission.

2. The Applicant would like to implement changes to its fee schedule on November 1, 2011.

3. These changes are being implemented after extensive consultation with subscribers of the Applicant. Seven days advance notice will be provided to subscribers, as required by the Subscriber Agreement.

4. The current multi-market trading environment requires frequent changes to the fees and fee model to remain competitive and it has become unduly burdensome to delay 45 days before responding to participants' needs and/or competitors' initiatives.

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

IT IS ORDERED by the Director that pursuant to section 15.1 of NI 21-101 the Applicant is exempted from the 45 day filing period for the Fee Change.

DATED this 12th day of October, 2011

"Tracey Stern"
Manager, Market Regulation
Ontario Securities Commission

2.2.14 Irwin Boock et al. – ss. 127, 127.1

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

AND

**IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG, SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJIAINTS, SELECT AMERICAN TRANSFER CO., LEASESMART, INC., ADVANCED GROWING SYSTEMS, INC., INTERNATIONAL ENERGY LTD., NUTRIONE CORPORATION, POCKETOP CORPORATION, ASIA TELECOM LTD., PHARM CONTROL LTD., CAMBRIDGE RESOURCES CORPORATION, COMPUSHARE TRANSFER CORPORATION, FEDERATED PURCHASER, INC., TCC INDUSTRIES, INC., FIRST NATIONAL ENTERTAINMENT CORPORATION, WGI HOLDINGS, INC. AND ENERBRITE TECHNOLOGIES GROUP**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on October 16, 2008, the Ontario Securities Commission (the "Commission") commenced the within proceeding by issuing a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

AND WHEREAS on October 14, 2009, Staff of the Commission ("Staff") brought a disclosure motion (the "Motion") regarding the Respondent, Irwin Boock ("Boock");

AND WHEREAS the Motion was heard by the Commission on October 21, 2009, November 2 and 20, 2009 and January 8, 2010;

AND WHEREAS on December 10, 2009, the Commission ordered that the hearing on the merits of this matter (the "Merits Hearing") shall commence on February 1, 2010;

AND WHEREAS on January 29, 2010, the Commission ordered that the Merits Hearing be adjourned sine die pending the release of the Commission's decision on the Motion;

AND WHEREAS on February 9, 2010, the Commission issued a decision on the Motion (the "Disclosure Decision");

AND WHEREAS Boock commenced an Application for Judicial Review before the Superior Court of Justice (Divisional Court) of the Disclosure Decision ("JR Application");

AND WHEREAS counsel for Boock advised the Commission at an attendance on February 24, 2010 that the Divisional Court had advised that it was expected that the JR Application could be heard in advance of the dates scheduled for the commencement of a hearing into the merits of this matter;

AND WHEREAS on February 24, 2010, the Commission made an order that:

a) the Disclosure Decision be stayed on an interim basis until the earlier of the date of a decision on the merits in the JR Application or September 13, 2010, or until such further date as ordered by the Commission;

b) the parties shall attend at the offices of the Commission on September 13, 2010 at 9:00 a.m. to advise the Commission of the status of the determination of the JR Application (the "Status Hearing"); and

c) the Merits Hearing shall commence on October 18, 2010 and, excluding October 26, 2010, shall continue for three weeks until November 5, 2010 and thereafter on such dates as may be determined by the parties and the Office of the Secretary;

AND WHEREAS Boock is no longer represented by counsel and is currently acting in person;

AND WHEREAS on June 18, 2010, pursuant to Staff's request for an earlier Status Hearing, Staff, Boock, counsel to Stanton DeFreitas ("DeFreitas"), and counsel to Jason Wong ("Wong") attended before the Commission;

AND WHEREAS on June 18, 2010, Boock and Staff provided the Commission with a status update with respect to the JR Application and the Commission made an order adjourning the Status Hearing until June 29, 2010 to give Boock an opportunity to take steps toward perfecting the JR Application;

AND WHEREAS on June 29, 2010, Staff, Boock, counsel to DeFreitas and counsel to Wong attended before the Commission;

AND WHEREAS on June 29, 2010, upon hearing submissions from Staff and Boock, the Commission adjourned the Status Hearing until Thursday, July 15, 2010 at 10:00 a.m. to give Boock an opportunity to take further steps toward perfecting the JR Application;

AND WHEREAS on July 15, 2010, the Commission was advised that the JR Application had been perfected and that a hearing date of October 27, 2010 had been set by the Superior Court of Justice (Divisional Court) for the hearing of the JR Application;

AND WHEREAS on July 15, 2010, the Commission made an order that:

a) the dates for the Merits Hearing, previously set to commence on October 18, 2010, shall be vacated;

b) the Status Hearing currently scheduled for September 13, 2010 shall be vacated;

c) the Status Hearing shall be adjourned until November 29, 2010 at 9:30 a.m. at the offices of the Commission; and

d) the Disclosure Decision shall be stayed on an interim basis until the earlier of the date of a decision on the merits in the JR Application or November 29, 2010, or until such further date as ordered by the Commission;

AND WHEREAS on October 27, 2010, the JR Application was heard by the Superior Court of Justice (Divisional Court);

AND WHEREAS on that same date, the Superior Court of Justice (Divisional Court) dismissed the JR Application (the "JR Decision");

AND WHEREAS on November 29, 2010, the Commission held a Status Hearing in this matter, and Staff, Boock and counsel for Wong attended;

AND WHEREAS Boock advised that he intended to retain counsel for purposes of the Merits Hearing;

AND WHEREAS Staff submitted that the appeal period in respect of the JR Decision had expired;

AND WHEREAS Staff advised and Boock confirmed that he had not taken steps in respect of an appeal of the JR Decision;

AND WHEREAS Boock advised that he consents to the release of the material that is subject to the Disclosure Decision;

AND WHEREAS Staff advised that it was seeking to schedule dates for the Merits Hearing and requested that the Status Hearing be adjourned to January 27, 2011 to give the parties an opportunity to agree upon such dates;

AND WHEREAS Staff advised that it would renew its efforts to contact all of the Respondents in respect of setting a date for the Merits Hearing, including those Respondents who have not participated to date in this proceeding;

AND WHEREAS on November 29, 2010, the Commission ordered that:

a) the Stay shall lapse as of that date;

b) the Status Hearing shall be adjourned until January 27, 2011 at 2 p.m. at the offices of the Commission, or such other date as may be agreed upon by the parties and fixed by the Office of the Secretary; and

c) the Status Hearing may be conducted in writing in advance of January 27, 2011, by way of a draft consent order filed with the Commission setting dates for the Merits Hearing, provided that matters that might otherwise be subject to the Status Hearing do not require an attendance before the Commission;

AND WHEREAS on January 27, 2011, the Commission held a Status Hearing in this matter attended by Staff, counsel for Wong and counsel for DeFreitas;

AND WHEREAS Boock advised Staff in advance of the Status Hearing that he would not be attending but that he intends to retain counsel in this matter in the next 30 days;

AND WHEREAS counsel to Pharm Control Ltd. advised Staff in advance of the Status Hearing that Pharm Control Ltd. would not be in attendance at the Status Hearing;

AND WHEREAS no other Respondents attended or otherwise responded to notice of the Status Hearing;

AND WHEREAS Staff confirmed to the Commission that it took steps to serve all of the Respondents with notice of the Status Hearing at the last known address(es) for each;

AND WHEREAS Staff recently obtained and disclosed new evidence in this matter;

AND WHEREAS Staff requested that the Commission convene a pre-hearing conference for the parties to give consideration to the evidentiary and other hearing related issues in this matter;

AND WHEREAS on January 27, 2011, the Commission ordered that a pre-hearing conference be held on Thursday, March 3, 2011 at 10:00 a.m.;

AND WHEREAS on March 1, 2011, the Commission ordered that a pre-hearing conference be adjourned to Tuesday, April 19, 2011 at 10:00 a.m.;

AND WHEREAS on April 19, 2011, counsel for DeFreitas, counsel for Wong and Staff attended for the purpose of having a pre-hearing conference but Boock was unable to attend;

AND WHEREAS on April 19, 2011, counsel for DeFreitas, counsel for Wong and Staff requested that the pre-hearing conference be adjourned to Tuesday, May 24, 2011 at 3:30 p.m.;

AND WHEREAS on April 19, 2011, the Commission ordered that a pre-hearing conference be held on Tuesday, May 24, 2011 at 3:30 p.m.;

AND WHEREAS on May 24, 2011, counsel for DeFreitas, counsel for Wong and Staff attended for the

purpose of having a pre-hearing conference but Boock was unable to attend;

AND WHEREAS on May 24, 2011, scheduling of the hearing on the merits was discussed;

AND WHEREAS on May 24, 2011, it was ordered that the hearing on the merits shall commence on February 1, 2012 at 10:00 a.m., and shall continue on February 2, 3, 6, 7, 8, 9, 10, 13, 15, 16, 17, 21, 22, and 23, 2012;

AND WHEREAS on May 24, 2011, it was further ordered that the parties attend before the Commission on October 5, 2011 at 10:00 a.m. for a status hearing;

AND WHEREAS on October 5, 2011, the Commission held a status hearing in this matter attended by Staff and counsel for DeFreitas;

AND WHEREAS Boock advised Staff in advance of the status hearing that he would not be attending;

AND WHEREAS counsel to Wong advised Staff in advance of the status hearing that he would not be attending;

AND WHEREAS on October 5, 2011, Staff requested that another status hearing be scheduled for December 5, 2011, and counsel for DeFreitas consented to scheduling another status hearing;

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

IT IS HEREBY ORDERED that the parties attend before the Commission on December 5, 2011 at 10:00 a.m. for a status hearing at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto.

DATED at Toronto this 5th day of October, 2011.

"James E. A. Turner"

2.2.15 HEIR Home Equity Investment Rewards Inc. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
HEIR HOME EQUITY INVESTMENT REWARDS INC.; FFI FIRST FRUIT INVESTMENTS INC.; WEALTH BUILDING MORTGAGES INC.; ARCHIBALD ROBERTSON; ERIC DESCHAMPS; CANYON ACQUISITIONS, LLC; CANYON ACQUISITIONS INTERNATIONAL, LLC; BRENT BORLAND; WAYNE D. ROBBINS; MARCO CARUSO; PLACENCIA ESTATES DEVELOPMENT, LTD.; COPAL RESORT DEVELOPMENT GROUP, LLC; RENDEZVOUS ISLAND, LTD.; THE PLACENCIA MARINA, LTD.; AND THE PLACENCIA HOTEL AND RESIDENCES LTD.

ORDER
(Sections 127(1) and 127.1)

WHEREAS on March 29, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 29, 2011 in respect of HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson, Eric Deschamps (collectively, the "HEIR Respondents") and Canyon Acquisitions, LLC, Canyon Acquisitions International, LLC, Brent Borland, Wayne D. Robbins, Marco Caruso, Placencia Estates Development, Ltd., Copal Resort Development Group, LLC, Rendezvous Island, Ltd., The Placencia Marina, Ltd. and The Placencia Hotel and Residences Ltd. (collectively, the "Canyon Respondents");

AND WHEREAS the HEIR Respondents and the Canyon Respondents were served with the Notice of Hearing and Statement of Allegations on March 29 and 30, 2011 and April 5, 2011;

AND WHEREAS counsel for the Canyon Respondents wished to attend the hearing but was not available on April 27, 2011;

AND WHEREAS, on consent of all the parties, on April 20, 2011, the Commission ordered that the hearing scheduled to commence on April 27, 2011 be rescheduled to commence on May 17, 2011 at 11:00 a.m. or as soon thereafter as the hearing could be held;

AND WHEREAS on May 17, 2011, a first appearance on this matter was held before the Commission, at which Staff attended, counsel from Borden Ladner Gervais LLP attended on behalf of all of the HEIR Respondents, and counsel from Cassels Brock & Blackwell LLP attended on behalf of all of the Canyon Respondents,

and at that first attendance, Staff submitted that the hearing on the merits should be scheduled at a future pre-hearing conference or at a subsequent attendance;

AND WHEREAS, on May 17, 2011, the Commission ordered that the hearing be adjourned to June 28, 2011 at 10:00 a.m., or to such other date as may be agreed to by the parties and fixed by the Office of the Secretary, for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested;

AND WHEREAS on June 28, 2011, Staff and counsel for the HEIR Respondents attended, and Staff advised the Commission that counsel for the Canyon Respondents, while not in attendance, had recently indicated that the Canyon Respondents would likely retain new counsel in the near future to represent them before the Commission;

AND WHEREAS on June 28, 2011, the Commission ordered that the hearing be adjourned to July 19, 2011 at 2:30 p.m., for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested;

AND WHEREAS on July 19, 2011, McCarthy Tétrault LLP served a notice that it had been engaged to represent the Canyon Respondents as of that date;

AND WHEREAS at the attendance before the Commission on July 19, 2011, counsel from McCarthy Tétrault LLP attended on behalf of the Canyon Respondents and confirmed the firm's engagement;

AND WHEREAS at the attendance before the Commission on July 19, 2011, counsel made submissions regarding the scheduling of a further status conference or a pre-hearing conference in light of McCarthy Tétrault LLP having been retained that day and the on-going investigation by the Commission;

AND WHEREAS on July 19, 2011, the Commission ordered that the hearing be adjourned to August 22, 2011 at 10:00 a.m., for the purpose of discussing scheduling and any other procedural matters or for such other purposes as may be appropriate;

AND WHEREAS on August 22, 2011, Staff and counsel for the HEIR Respondents and counsel for the Canyon Respondents appeared and made submissions regarding the scheduling of a pre-hearing conference, and the Commission ordered that a pre-hearing conference be held on Tuesday, October 11, 2011 at 3:30 p.m.;

AND WHEREAS on October 11, 2011, Staff and counsel for the HEIR Respondents and counsel for the Canyon Respondents appeared before the Commission for a confidential pre-hearing conference;

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

IT IS ORDERED that a further pre-hearing conference shall be held on Tuesday, December 20, 2011 at 2:30 p.m.

DATED at Toronto this 11th day of October, 2011.

"Christopher Portner"

2.2.16 Crown Hill Capital Corporation and Wayne Lawrence Pushka

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

AND

IN THE MATTER OF
CROWN HILL CAPITAL CORPORATION AND
WAYNE LAWRENCE PUSHKA

ORDER

WHEREAS on July 7, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on July 7, 2011 in respect of Crown Hill Capital Corporation and Wayne Lawrence Pushka (collectively the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on July 7, 2011;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the offices of the Commission on August 8, 2011 at 10:00 a.m. or as soon thereafter as the hearing can be held;

AND WHEREAS on August 8, 2011, the Commission ordered that a confidential pre-hearing conference take place on September 21, 2011;

AND WHEREAS on September 21, 2011, Staff and counsel for the Respondents attended at the confidential pre-hearing conference to address various procedural matters and the pre-hearing conference was reconvened on October 13, 2011;

AND WHEREAS Staff and counsel for Crown Hill Capital Corporation and Wayne Lawrence Pushka and his counsel attended at the confidential pre-hearing conference on October 13, 2011 to address various procedural matters;

AND WHEREAS Staff and counsel for the Respondents advised the Commission that they consented to the hearing on the merits in this matter being set down to commence on May 9, 2012 and to continue on May 10-May 11, 2012, May 14-May 18, 2012 and May 23-25, 2012.

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

IT IS ORDERED that hearing on the merits in this matter be set down to commence on May 9 and to continue on May 10, 11, 14, 15, 16, 17, 18, 23, 24 and 25, 2012.

DATED at Toronto this 13th day of October, 2011.

"Edward Kerwin"

2.2.17 QuantFX Asset Management Inc. et al.

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER AND
ROSTISLAV ZEMLINSKY

ORDER

WHEREAS on November 10, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations in this matter pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

AND WHEREAS on November 17, 2010, the Commission issued an Amended Notice of Hearing in this matter;

AND WHEREAS on March 28, 2011, the Commission approved Settlement Agreements between Staff of the Commission ("Staff") and QuantFX Asset Management Inc., Lucien Shtromvaser and Rostislav Zemlinsky;

AND WHEREAS on October 13, 2011, the Commission approved a Settlement Agreement between Staff and Vadim Tsatskin;

IT IS ORDERED THAT:

1. The hearing dates in this matter currently set for October 31, 2011 and November 1, 2 and 3, 2011 are vacated.

DATED at Toronto this 17th day of October, 2011.

"Mary G. Condon"

2.2.18 Richvale Resource Corporation et al. – ss. 127(1), 127(8)

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

ORDER
(Subsections 127(1) and 127(8))

WHEREAS the hearing on the merits in this matter was scheduled to commence on October 17, 2011, at 10:00 a.m. and continue each day through to October 24, 2011, and from October 26, 2011, each day through to October 31, 2011, or as soon thereafter as may be fixed by the Secretary to the Commission;

AND WHEREAS on October 14, 2011, the Commission approved Settlement Agreements entered into by Staff and John Colonna, Shafi Khan, Marvin Winick and Howard Blumenfeld, respectively;

AND WHEREAS on October 14, 2011, the hearing on the merits was adjourned to October 20, 2011, to give Staff an opportunity to prepare materials for a Written Hearing pursuant to Rule 11 of the Ontario Securities Commission Rules of Procedure against the remaining respondents, Pasquale Schiavone ("Schiavone") and Richvale Resource Corporation ("Richvale");

AND WHEREAS on October 18, 2011, Staff were contacted by Schiavone, who advised he had now retained counsel;

AND WHEREAS Staff have previously been unable to engage in substantive settlement discussions with Schiavone because he was unrepresented and in the process of retaining counsel;

AND WHEREAS Staff request the opportunity to engage in discussions with Schiavone through his counsel;

AND WHEREAS Staff contacted Schiavone's counsel and he consents to the adjournment for this purpose;

AND WHEREAS Richvale has been served with notice of this request in the person of Schiavone, the President and sole remaining Director;

AND WHEREAS the Commission has considered the written submission of Staff in the form of a letter, dated October 19, 2011;

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

IT IS ORDERED that the hearing with respect to Staff's Allegations is adjourned to October 26, 2011, at 10:00 a.m.

DATED at Toronto this 19th day of October, 2011.

"Edward P. Kerwin"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 QuantFX Asset Management Inc. et al.

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER AND
ROSTISLAV ZEMLINSKY

SETTLEMENT AGREEMENT
BETWEEN STAFF AND VADIM TSATSKIN

PART I– INTRODUCTION

1. By Notice of Hearing dated November 10, 2010 and an Amended Notice of Hearing dated November 17, 2010 the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on November 18, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against QuantFX Asset Management Inc. ("QuantFX") and its directors, Vadim Tsatskin ("Tsatskin"), Lucien Shtromvaser ("Shtromvaser") and Rostislav Zemlinsky ("Zemlinsky") (collectively the "Respondents"). The Notice of Hearing and Amended Notice of Hearing were issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated November 10, 2010.

2. The Statement of Allegations alleged breaches of the Act and conduct contrary to the public interest for a time period from September 6, 2009 until April 13, 2010 (the "Material Time").

3. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Tsatskin.

PART II – JOINT SETTLEMENT RECOMMENDATION

4. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated November 10, 2010 and the Amended Notice of Hearing dated November 17, 2010 against Tsatskin (the "Proceeding") in accordance with the terms and conditions set out below. Tsatskin consents to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

i) The Business of QuantFX

5. QuantFX was federally incorporated on August 4, 2009 and had its offices at an address located in Toronto, Ontario. Its founding directors were Tsatskin, Shtromvaser and Zemlinsky who continued as its directors during the Material Time.

6. During the Material Time, Tsatskin was a directing mind of QuantFX. Tsatskin signed documents on behalf of QuantFX as its 'vice-president" and its "chairman".

7. During the Material Time, Tsatskin was not registered in any capacity with the Commission.

8. QuantFX, Shtromvaser and Zemlinsky have never been registered with the Commission in any capacity. As a directing mind of QuantFX, Tsatskin was aware of this.

9. Shtromvaser and Tsatskin were responsible for the development of the business infrastructure of QuantFX and its marketing and development, including the solicitation of clients. Zemlinsky was responsible for the trading on behalf of QuantFX clients.

10. From offices in Vaughan, Ontario, the agents of QuantFX solicited clients through its website and over the internet to invest in the currency market through accounts at GAIN Capital – Forex.com UK Ltd. ("Forex.com UK").

11. Agents of QuantFX also solicited potential clients over the telephone. The operations of Forex.com UK and its clients' accounts are located in the UK.

12. QuantFX also promoted its investment services on a website. This website contained misleading and/or inaccurate statements about the historical trading performance of QuantFX, the QuantFX management and its client base.

13. Clients of QuantFX, some of whom resided in Ontario, were instructed by QuantFX to deposit funds (the "Client Funds") directly with Forex.com UK in accounts in their names (the "Managed Accounts").

14. QuantFX and its agents then directed these clients to sign a limited power of attorney over the Managed Accounts allowing Zemlinsky to trade foreign exchange contracts on their behalf through Forex.com UK. This trading in foreign exchange contracts constituted trading in securities.

15. The Client Funds were then pooled by Zemlinsky and used to conduct trading in currency contracts through accounts in his name at Forex.com UK (the "Master Accounts"). He performed the foreign exchange contract trading from locations in Toronto, Ontario. Zemlinsky also allowed other traders in Russia to conduct trades in foreign exchange contracts from the Master Accounts using his password information.

16. Profits and losses in the Master Accounts were then distributed back to the Managed Accounts. Zemlinsky only had access to the Client Funds to permit him to trade in the Master Accounts. He could not instruct Forex.com UK to withdraw any funds from the Managed Accounts.

17. Clients of QuantFX also entered into a profit sharing agreement with QuantFX whereby QuantFX would receive 42.5% of any trading profits realized.

18. During the Material Time, clients placed a total of approximately $680,000 U.S. in the Managed Accounts.

19. Tsatskin, Shtromvaser and Zemlinsky all discussed and considered whether their activities in relation to QuantFX required registration with the Commission. All reached the conclusion that they were not required to be registered with the Commission.

ii) The Unregistered Trading of Securities by QuantFX and Tsatskin

20. The trading of foreign exchange contracts or advising regarding the trading of foreign exchange contracts by persons or companies in Ontario requires registration under section 25 of the Act.

21. Tsatskin's activities, individually and as a director and officer of QuantFX, constituted trading of securities contrary to subsection 25(1) of the Act. Further, Tsatskin held himself out as engaging in the business of trading securities without the proper registration contrary to subsection 25(1) of the Act through his actions, both individually and as a director and officer of QuantFX.

22. Tsatskin, individually and through his role as a director and officer of QuantFX, engaged in the business of advising members of the public with respect to the investing in, buying or selling securities of QuantFX and held himself out as engaging in the business of advising members of the public with respect to the investing in, buying or selling securities of QuantFX contrary to subsection 25(3) of the Act.

iii) The Illegal Distribution of Securities by QuantFX and Tsatskin

23. Forex.com UK has never filed a prospectus or a preliminary prospectus with the Commission or obtained receipts for them from the Director regarding the trading of foreign exchange contracts in its accounts by account holders situated in Ontario. Further, these foreign exchanges contracts did not qualify for any exemption under Ontario securities law which would otherwise permit their trading.

24. The business of QuantFX, of which Tsatskin was a director and officer, was to persuade investors in Ontario and elsewhere to open trading accounts at Forex.com UK to allow QuantFX, primarily through Zemlinsky, to conduct foreign exchange contract trading on behalf of these investors.

25. From locations in Ontario, Zemlinsky, as part of the business of QuantFX, conducted trades of foreign exchange contracts on behalf of residents of Ontario and elsewhere. Tsatskin was aware of the activities of Zemlinsky and authorized these activities as a director and officer of QuantFX.

26. The trading of foreign exchange contracts by persons or companies in Ontario must meet the prospectus requirements under subsection 53(1) of the Act or qualify for an exemption.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

27. By engaging in the conduct described above, Tsatskin admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, Tsatskin engaged in the trading of securities and held himself out as engaging in the business of trading securities without being registered in accordance with Ontario securities law, contrary to subsection 25(1) of the Act and contrary to the public interest;

(b) During the Material Time, Tsatskin engaged in the business of advising members of the public and held himself out as engaging in the business of advising members of the public with respect to the investing in, buying or selling securities of QuantFX without being registered in accordance with Ontario securities law, contrary to subsection 25(3) of the Act and contrary to the public interest; and

(c) During the Material Time, Tsatskin traded in foreign exchange contracts when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for these foreign exchange contracts by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest.

28. Tsatskin admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 27 (a), (b) and (c) above.

PART VI – TERMS OF SETTLEMENT

29. Tsatskin agrees to the terms of settlement listed below.

30. The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Tsatskin cease permanently from the date of the approval of the Settlement Agreement;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently from the date of the approval of the Settlement Agreement;

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of $7,154 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of $15,000 for his failure to comply with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act; and

(i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently, from the date of the approval of the Settlement Agreement, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

31. Tsatskin undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 30 (b) to (f) and (i) above.

PART VII – STAFF COMMITMENT

32. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Tsatskin in relation to the facts set out in Part III herein, subject to the provisions of paragraph 33 below.

33. If this Settlement Agreement is approved by the Commission, and at any subsequent time Tsatskin fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Tsatskin based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

34. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Tsatskin for the scheduling of the hearing to consider the Settlement Agreement.

35. Staff and Tsatskin agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding the conduct of Tsatskin in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

36. If this Settlement Agreement is approved by the Commission, Tsatskin agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

37. If this Settlement Agreement is approved by the Commission, no party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

38. Whether or not this Settlement Agreement is approved by the Commission, Tsatskin agrees that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

39. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Tsatskin leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Tsatskin; and

(b) Staff and Tsatskin shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

40. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Tsatskin and Staff or as may be required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

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

42. A facsimile copy of any signature will be as effective as an original signature.

Dated this 3rd day of October, 2011.

Signed in the presence of:

"J. Morton" **"Vadim Tsatskin"**
Witness **Vadim Tsatskin**

Dated this 3rd day of October, 2011.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

Dated this 5th day of October, 2011.

SCHEDULE "A"

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER AND
ROSTISLAV ZEMLINSKY

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
VADIM TSATSKIN

ORDER
(Sections 37 and 127(1))

WHEREAS by Notice of Hearing dated November 10, 2010 and an Amended Notice of Hearing dated November 17, 2010 the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against QuantFX Asset Management Inc. ("QuantFX") and its directors, Vadim Tsatskin ("Tsatskin"), Lucien Shtromvaser and Rostislav Zemlinsky. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated November 10, 2010.

AND WHEREAS Tsatskin entered into a settlement agreement with Staff dated _____, 2011 (the "Settlement Agreement") in which Tsatskin agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated November 10, 2010 and Amended Notice of Hearing dated November 17, 2010, subject to the approval of the Commission;

WHEREAS on _____, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it was in the public interest to approve a settlement agreement entered into between Staff and Tsatskin;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Tsatskin and from 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:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Tsatskin cease permanently;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently;

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of $7,154 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of $15,000 for his failure to comply with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act; and

(i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED AT TORONTO this _____ day of _____, 2011.

3.1.2 Ameron Oil and Gas Ltd. et al.

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

AND

**IN THE MATTER OF
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK, AND
ALLAN WALKER**

**SETTLEMENT AGREEMENT
BETWEEN STAFF AND VADIM TSATSKIN**

PART I – INTRODUCTION

1. By Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd. ("Ameron"), MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak") and Allan Walker ("Walker") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Tsatskin.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated December 13, 2010 against Tsatskin (the "Proceeding") in accordance with the terms and conditions set out below. Tsatskin consents to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

Global Energy Group Ltd. and the New Gold Securities

4. From approximately June 2007 to June 2008, Global Energy Group Ltd. ("Global Energy"), and employees and agents of Global Energy, distributed units in limited partnerships called New Gold Limited Partnerships (the "New Gold Securities") to members of the public. The New Gold Securities purported to entitle the purchaser to an interest in oil wells in the State of Kentucky in the United States of America.

5. Neither Global Energy nor any of the agents selling the New Gold Securities was registered in any capacity with the Commission and the New Gold Securities were not qualified by a prospectus.

6. The distribution of the New Gold Securities by Global Energy, its salespersons and agents, ended in and around June of 2008 following the execution of search warrants by Staff on offices related to Global Energy.

7. On June 8, 2010, the Commission issued a Notice of Hearing accompanied by Staff's Statement of Allegations in the matter of Global Energy Group, Ltd. ("Global Energy"), New Gold Limited Partnerships ("New Gold") and various individual respondents. The allegations included that Global Energy, as well as certain salespersons, representatives or agents of Global Energy, engaged in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons purchasing the New Gold Securities contrary to subsection 126.1(b) of the Act.

8. On April 1, 2011, the Commission laid an information in the Ontario Court of Justice in respect of Tsatskin and on April 4, 2011 Tsatskin pled guilty to one count of fraud contrary to subsections 126.1(b) and 122(c) of the Act. In his plea, Tsatskin admitted that the New Gold Securities were fraudulently represented to constitute ownership interests in Kentucky oil and gas leases.

Background Regarding Ameron

9. In 2007, Tsatskin established an International Business Company ("IBC") in the Bahamas under the name American Oil & Gas Resources Inc. ("American Oil"). American Oil had no operations and was eventually struck off the register as an IBC for non-payment of fees.

10. In 2009, Tsatskin had American Oil restored and renamed Ameron Oil and Gas Ltd.

11. From approximately June of 2009 up to and including April 8, 2010 (the "Material Time"), Tsatskin and Grinshpun were the directing minds and principal officers of Ameron.

12. During the Material Time, the directors of Ameron were Gaye Knowles, Giorgio Knowles and Howorth (the "Ameron Directors"). The Ameron Directors are residents of the Bahamas.

13. In its promotional materials and on its website, Ameron purported to be a company "formed for the purpose of finding, developing and producing America's crude Oil and Natural Gas reserves."

14. The primary business of Ameron was selling units of a series of limited partnerships (the "MX-IV securities") to members of the public. The MX-IV securities purported to entitle the purchaser to an interest in four oil wells located in the State of Kentucky in the United States of America.

15. The sales of the MX-IV securities to members of the public by Ameron and its salespersons and agents took place from offices in the Toronto area (the "Ontario Offices").

16. Members of the public were solicited to purchase full units of the MX-IV securities for $49,000. Ameron also offered the opportunity to purchase quarter-units and half-units of the MX-IV securities.

17. Neither Ameron nor MX-IV has ever filed a prospectus with the Commission with respect to the partnership units of MX-IV. There were no exemptions under the Act that permitted the trading of these securities.

18. During the Material Time, Tsatskin and Grinshpun directed the sale of the MX-IV securities by Ameron, its salespersons and agents, from the Ontario Offices.

19. Approximately $615,500 was raised from the sale of the MX-IV securities to approximately 15 investors as a result of the activities of salespersons, representatives or agents of Ameron.

20. Ameron and MX-IV have never been registered with the Commission in any capacity.

Trading in MX-IV Securities by Ameron

21. Tsatskin is a resident of Ontario. During the material Time, Tsatskin was a directing mind and de facto director and officer of Ameron.

22. During the Material Time, Ameron, its salespersons and agents sold MX-IV securities to members of the public from the Ontario Offices under the direction of Tsatskin.

23. Grinshpun provided Ameron salespersons and agents with a script (the "Ameron Script") to assist them in their sales of the MX-IV securities to members of the public.

24. During the Material Time, Ameron salespersons and agents, under the direction of Grinshpun and Tsatskin, provided information contained in the Ameron Script to potential investors in the MX-IV securities that was false, inaccurate and misleading, including, but not limited to, information with respect to:

- Ameron's operational history;
- the nature and extent of the assets owned by Ameron and/or MX-IV;
- the business and operations of Ameron and MX-IV; and
- the use of proceeds from the sale of the MX-IV securities.

25. Under the direction of Tsatskin, brochures containing false, inaccurate and misleading information about Ameron and the MX-IV securities were also forwarded to investors and potential investors in the MX-IV securities.

26. Ameron provided its salepersons with a sales commission of 19% for each sale of MX-IV securities made to a new investor and 17% for an additional sale made to an existing investor.

27. Tsatskin was not registered with the Commission in any capacity during the Material Time.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

28. By engaging in the conduct described above, Tsatskin admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, Tsatskin engaged or participated in acts, practices or courses of conduct relating to the MX-IV securities that Tsatskin knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) of the Act and contrary to the public interest;

(b) During the Material Time, Tsatskin traded in securities without being registered to trade in securities, contrary to subsection 25(1) of the Act, as that section existed at the time the conduct commenced and as subsequently amended on September 28, 2009, and contrary to the public interest; and

(c) During the Material Time, Tsatskin traded in MX-IV securities when a preliminary prospectus and a prospectus in respect of such securities had not been filed and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest.

29. Tsatskin admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 28 (a) to (c) above.

PART V – TERMS OF SETTLEMENT

30. Tsatskin agrees to the terms of settlement listed below.

31. The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Tsatskin cease permanently from the date of the approval of the Settlement Agreement;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently from the date of the approval of the Settlement Agreement;

(e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,

(g) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of $615,500 obtained as a result of his non-compliance with Ontario securities law. The amount of $615,500 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of $350,000 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $350,000 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act; and

(i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently, from the date of the approval of the Settlement Agreement, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

32. Tsatskin undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 31 (b) to (f) and (i) above.

PART VI – STAFF COMMITMENT

33. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Tsatskin in relation to the facts set out in Part III herein, subject to the provisions of paragraph 34 below.

34. If this Settlement Agreement is approved by the Commission, and at any subsequent time Tsatskin fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Tsatskin based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

35. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Tsatskin for the scheduling of the hearing to consider the Settlement Agreement.

36. Staff and Tsatskin agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Tsatskin's conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

37. If this Settlement Agreement is approved by the Commission, Tsatskin agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

38. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

39. Whether or not this Settlement Agreement is approved by the Commission, Tsatskin agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

40. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Tsatskin leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Tsatskin; and

(b) Staff and Tsatskin shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Tsatskin and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

42. A facsimile copy of any signature will be as effective as an original signature.

Dated this 3rd day of October, 2011.

Signed in the presence of:

"J. Morton" **"Vadim Tsatskin"**
Witness: **Vadim Tsatskin**

Dated this 3rd day of October, 2011.

"Tom Atkinson"
STAFF OF THE ONTARIO SECURITIES COMMISSION
per Tom Atkinson
Director, Enforcement Branch

Dated this 5th day of October, 2011.

SCHEDULE "A"

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

AND

IN THE MATTER OF
AMERON OIL AND GAS LTD., MX-IV LTD.,
GAYE KNOWLES, GIORGIO KNOWLES,
ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK, AND
ALLAN WALKER

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
VADIM TSATSKIN

ORDER
(Sections 37 and 127(1))

WHEREAS by Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd., MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin ("Tsatskin"), Mark Grinshpun, Oded Pasternak and Allan Walker. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010.

AND WHEREAS Tsatskin entered into a settlement agreement with Staff dated September _____, 2011 (the "Settlement Agreement") in which Tsatskin agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated December 13, 2010, subject to the approval of the Commission;

WHEREAS on September _____, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and Tsatskin;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Tsatskin and from 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:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Tsatskin cease permanently;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of $350,000 for his failure to comply with Ontario securities law. The administrative penalty in the amount of $350,000 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of $615,500 obtained as a result of his non-compliance with Ontario securities law. The amount of $615,500 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act; and

(i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities.

DATED at Toronto this _____ day of _____, 2011.

3.1.3 Richvale Resource Corporation et al.

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARVIN WINICK**

PART I – INTRODUCTION

1. By Notice of Hearing dated November 10, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Marvin Winick ("Winick" or the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement with the Respondent of the proceeding commenced by Notice of Hearing dated November 10, 2010 (the "Proceeding") according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authorities in Canada, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

A. RICHVALE RESOURCE CORPORATION

4. Richvale Resource Corporation ("Richvale") was incorporated in 2002 under the name Tess Security Services (2002) Inc., and changed names in August 8, 2008, to Richvale Resource Corporation.

5. At all material times, Richvale held itself out to be a mining and exploration company holding, exploring and developing mining interests in the Province of Quebec (the "Mining Claims").

6. Richvale has never been registered with the Commission in any capacity.

7. Richvale has never filed a prospectus or a preliminary prospectus with the Commission.

B. THE RESPONDENT

8. Winick is a resident of Ontario and was at all material times an officer and one of the directing minds of Richvale.

9. Winick invested no money in Richvale.

C. TRADING IN SECURITIES OF RICHVALE

10. Between and including August 8, 2008, and December 31, 2009, (the "Material Time") Winick traded and engaged or held himself out as engaging in the business of trading in securities of Richvale in the Province of Ontario.

11. Winick was not registered with the Commission in any capacity during the Material Time.

12. During the Material Time, Winick was aware that residents of several Canadian provinces received unsolicited phone calls from salespersons, agents and representatives of Richvale and were solicited to purchase shares of Richvale.

13. Winick was aware that the salespersons, agents and representatives of Richvale told potential investors that Richvale would be going public in the future. Potential investors were also told that Richvale owned certain properties in the Province of Quebec (the "Mining Claims").

14. During the Material Time, approximately $753,000 (the "Investor Funds") was received from approximately 27 individuals and companies (collectively, the "Investors") who purchased shares of Richvale as a result of being solicited by the salespersons, agents and representatives of Richvale. The Investors were resident in several Canadian provinces.

15. The Investor Funds were sent to bank accounts held by Richvale at the Royal Bank of Canada ("RBC") and the Bank of Nova Scotia (the "Richvale Bank Accounts"). The Richvale Bank Accounts were both located in Ontario.

16. During the Material Time, Winick, together with Howard Blumenfeld ("Blumenfeld") was a signatory to Richvale's account at the Bank of Nova Scotia; (the "BNS Account"), into which over $370,000 of the Investor Funds were deposited, primarily from August to December 2009.

17. The remaining approximately $380,000 in Investor Funds, which were raised prior to August 2009, were deposited into Richvale's RBC account (the "RBC Account"). Winick was not a signatory to Richvale's RBC Account.

18. As a directing mind and officer of Richvale, Winick participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of previously unissued securities for valuable consideration, in circumstances where there were no exemptions available under the Act.

D. FRAUDULENT CONDUCT

19. During the Material Time, Winick and Richvale provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:

    (a) that Richvale would be going public on a stock exchange in a matter of weeks;

    (b) that the net proceeds of the sale of Richvale securities would be used primarily for costs associated with the exploration of the properties owned by Richvale, for ongoing operations and to acquire other properties or entities;

    (c) that Richvale claimed that they "build value by enhancing our operation, building new projects and pursuing exploration opportunities";

    (d) that Richvale held the Mining Claims during the Material Time when Richvale had allowed some of the Mining Claims to expire;

    (e) that a certain group of the Mining Claims had a specific valuation of $2.7 million when there was no such valuation;

    (f) that the Richvale website (the "Website") listed the Richvale "Greater Toronto Area Satellite Office" as being located at 8171 Yonge Street, Suite 11, Thornhill, Ontario, and listed office hours and a phone number, when this address was merely a UPS Store mailbox; and,

    (g) that content on the Website was false or misleading to investors, including statements with respect to the compensation of directors and/or officers of Richvale and the business experience of directors and/or officers of Richvale, including Winick, and that material on the Website was copied from the websites of other companies.

20. These false, inaccurate and misleading representations were made with the intention of effecting trades in Richvale securities.

21. Throughout the material period, Winick was aware that a Richvale salesperson, Shafi Khan ("Khan"), was selling Richvale securities to members of the public using the aliases "Dave Isaac" and "Sam Binder."

22. Winick also personally spoke to at least one investor in Richvale securities on several occasions.

23. As an officer and directing mind of Richvale, Winick was responsible for preparing corporate filings, financial statements and tax filings, and he also drafted employment agreements and other documents on behalf of Richvale.

24. Winick was involved in the development of the Website and reviewed the content of the Website. Winick's son received $2,000 of the Investor Funds to design the initial Website.

25. As an officer and directing mind and one of the primary shareholders of Richvale, Winick was a signatory to an agreement that provided that 30 million shares of Richvale be divided equally among the founders of the company, not one of whom had invested any money in Richvale. Richvale treasury shares were sold to the public at a price of $0.50 each.

26. Between 30 and 50 percent of the Investor Funds were paid out as commissions to Richvale's salesperson, Khan, for the sale of Richvale securities. Winick was aware that neither the existence nor the magnitude of the sales commissions were disclosed to the Investors. Winick took no steps to ensure that Khan made the Investors aware of his commissions.

27. Over 70 percent of the Investor Funds were paid out to officers, directors, directing minds or employees of Richvale or removed from the Richvale Bank Accounts in the form of cash. Of the cash removed from the Richvale Bank Accounts, approximately $185,000 was removed from the BNS Account while Winick and Blumenfeld were co-signatories to that account.

28. Only six percent of the Investor Funds were used to renew any of the Mining Claims.

29. Winick engaged in a course of conduct relating to securities that, as a directing mind and officer of Richvale, he knew would result in a fraud on persons purchasing securities of Richvale.

E. BENEFITS ACCRUING TO WINICK

30. As an officer and directing mind and one of the founders of Richvale, Winick was allotted 3.75 million shares of Richvale, as well as stock options.

31. Winick, members of his family, and associates received benefits derived from Richvale Investor Funds, including: funds in the amount of $14,170, which were deposited into the account of his wife, funds in the amount of $2,000, which were transferred to Winick's son, funds in the amount of $14,200 and $1,000, which were directed to associates of Winick as repayment of personal loans, amounting to an approximate value of $29,500.

32. Winick received a further $10,645 from Richvale drawn on Investor Funds in the form of five cheques issued to reimburse expenses incurred in the course of conducting the Richvale investment scheme.

33. The total amounts obtained that are traceable to Winick amount to an approximate value of $42,000.

F. PREVIOUS SECURITIES REGULATORY RECORD

34. On June 30, 2006, Winick consented on a no-admit, no-deny basis to orders settling civil and administrative actions by the United States Securities and Exchange Commission ("SEC") in connection with forged Audit Reports and fraudulent Auditor Consent Letters in SEC filings by an Ontario company called Tekron Inc., Greentech USA, Inc. and Information Architects Corporation:

    (a) In *SEC v. Marvin Winick, Tekron Inc. and Luigi Brun*, Civil Action No. 3:06 CV-1164-D, U.S.D.C./Northern District of Texas (Dallas Division), Winick consented to a judgement enjoining him from violating, directly or indirectly, the antifraud provisions of the United States' *Securities and Exchange Act* (the "Exchange Act") and from aiding and abetting violations of the Exchange Act's reporting, books and records and internal control provisions. Winick further consented to an officer and director bar, and agreed to pay a civil penalty of $100,000 and disgorgement of $30,945, plus pre-judgement interest, and to surrender 50,000 shares in Information Architects which he received for his consulting work.

    (b) In settlement of the SEC's related administrative proceeding, *Gizmo Company, Smart World United Inc. Urban Entertainment Concepts International, Inc.* Exchange Act Rel. No. 34-54072 (June 30, 2006), Winick consented to an injunction order barring him from practicing before the SEC, and further consented to an order revoking the SEC registration of three shell companies under his control.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

35. During the Material Time, Winick engaged or participated in acts, practices or a course of conduct relating to securities of Richvale that he knew perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act.

36. During the Material Time, Winick traded and engaged or held himself out as engaging in the business of trading in securities of Richvale in securities without being registered to do so, contrary to section 25(1) of the Act and its predecessor s. 25(1)(a).

37. During the Material Time, as a directing mind of Richvale, Winick acquiesced to representatives of Richvale making representations without the written permission of the Director, with the intention of effecting a trade in securities of Richvale, that such security would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to section 38(3) of the Act.

38. During the Material Time, Winick committed acts in furtherance of the trading of securities of Richvale when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act.

39. During the Material Time, Winick being a directing mind of Richvale, authorized, permitted or acquiesced in the commission of the violations of sections 25, 38, 53 and 126.1 of the Act, as set out above, by Richvale or by the employees, agents or representatives of Richvale, contrary to section 129.2 of the Act.

40. Winick's conduct was contrary to the public interest.

PART V – THE RESPONDENT'S POSITION

41. The Respondent requests that the settlement hearing panel consider the following mitigating circumstances:

    (a) At the Settlement Hearing and before approval of this Settlement Agreement, Winick will provide Staff with certified funds in the amount of $15,000 to be paid towards the disgorgement order and administrative penalty in this proceeding.

PART VI – TERMS OF SETTLEMENT

42. The Respondent agrees to the following terms of settlement listed below.

43. The Commission will make an order pursuant to sections 127(1) and 127.1 of the Act as follows:

    (a) the Settlement Agreement is hereby approved;

    (b) pursuant to clause 2 of subsection 127(1) of the Act, Winick shall cease trading in any securities permanently with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein:

        (i) Winick shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c.1, as amended (the "*Income Tax Act*"), and,

        (ii) Winick's permanent trading ban shall be reduced to a period of 20 years;

    (c) pursuant to clause 2.1 of subsection 127(1) of the Act, Winick shall cease acquisitions of any securities permanently, except that following full payment of the disgorgement order and administrative penalty set out herein:

        (i) Winick may acquire securities in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*); and,

        (ii) Winick's permanent acquisition ban shall be reduced to 20 years;

    (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Winick permanently, except that following full payment of the disgorgement order and administrative penalty set out herein:

(i) Winick may make use of the exemptions to the extent such they are necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant; and,

(ii) Winick's permanent exemption ban shall be reduced to a period of 20 years;

(e) pursuant to clause 6 of subsection 127(1) of the Act, that Winick be reprimanded;

(f) pursuant to clause 8 of subsection 127(1) of the Act, that Winick is prohibited permanently from becoming or acting as a director or officer of any issuer;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, that Winick is prohibited permanently from becoming or acting as a registrant;

(h) pursuant to clause 9 of subsection 127(1) of the Act, that Winick pay an administrative penalty in the amount of $160,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

(i) pursuant to clause 10 of subsection 127(1) of the Act, Winick disgorge to the Commission the amount of $42,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties.

PART VII – STAFF COMMITMENT

44. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 45 , below.

45. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

46. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

47. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

48. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

49. Whether or not the Commission approves this Settlement Agreement, Winick will not use, in any proceeding, 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, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

50. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

(b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

51. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

52. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

53. A fax copy of any signature will be treated as an original signature.

DATED this 12th day of October, 2011.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Director, Enforcement Branch
Ontario Securities Commission

MARVIN WINICK

"Marvin Winick"
Marvin Winick

Schedule A

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
MARVIN WINICK

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Marvin Winick ("Winick" or the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission filed a Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated _____ (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated _____ setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through their counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Winick shall cease trading in any securities permanently with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein:

   (i) Winick shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*"), and,

   (ii) Winick's permanent trading ban shall be reduced to a period of 20 years;

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Winick shall cease acquisitions of any securities permanently, except that following full payment of the disgorgement order and administrative penalty set out herein:

   (i) Winick may acquire securities in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*); and,

   (ii) Winick's permanent acquisition ban shall be reduced to 20 years;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Winick permanently, except that following full payment of the disgorgement order and administrative penalty set out herein:

(i) Winick may make use of the exemptions to the extent such they are necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant; and,

(ii) Winick's permanent exemption ban shall be reduced to a period of 20 years;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Winick be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Winick is prohibited permanently from becoming or acting as a director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Winick is prohibited permanently from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Winick pay an administrative penalty in the amount of $160,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

9. pursuant to clause 10 of subsection 127(1) of the Act, Winick disgorge to the Commission the amount of $42,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties.

DATED at Toronto this _____ of October, 2011.

3.1.4 Richvale Resource Corporation et al.

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
HOWARD BLUMENFELD**

PART I – INTRODUCTION

1. By Notice of Hearing dated November 10, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Howard Blumenfeld ("Blumenfeld" or the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement with the Respondent of the proceeding commenced by Notice of Hearing dated November 10, 2010 (the "Proceeding") according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by securities regulatory authorities in Canada, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

A. RICHVALE RESOURCE CORPORATION

4. Richvale Resource Corporation ("Richvale") was incorporated in 2002 under the name Tess Security Services (2002) Inc., and changed names in August 8, 2008, to Richvale Resource Corporation.

5. At all material times, Richvale held itself out to be a mining and exploration company holding, exploring and developing mining interests in the Province of Quebec (the "Mining Claims").

6. Richvale has never been registered with the Commission in any capacity.

7. Richvale has never filed a prospectus or a preliminary prospectus with the Commission.

B. THE RESPONDENT

8. Blumenfeld is a resident of Ontario and at all material times held the offices of the corporate secretary and treasurer, and was a director and one of the directing minds of Richvale.

9. Blumenfeld had no knowledge or experience relating to mining or exploration activities.

10. Blumenfeld invested no money in Richvale.

C. TRADING IN SECURITIES OF RICHVALE

11. Between and including August 8, 2008, and December 31, 2009, (the "Material Time") Blumenfeld traded and engaged or held himself out as engaging in the business of trading in securities of Richvale in the Province of Ontario.

12. Blumenfeld was not registered with the Commission in any capacity during the Material Time.

13. During the Material Time, Blumenfeld was aware that residents of several Canadian provinces received unsolicited phone calls from salespersons, agents and representatives of Richvale and were solicited to purchase shares of Richvale.

14. Blumenfeld was aware that the salespersons, agents and representatives of Richvale told potential investors that Richvale would be going public in the future. Potential investors were also told that Richvale owned certain properties in the Province of Quebec (the "Mining Claims").

15. During the Material Time, approximately $753,000 (the "Investor Funds") was received from approximately 27 individuals and companies (collectively, the "Investors") who purchased shares of Richvale as a result of being solicited by the salespersons, agents and representatives of Richvale. The Investors were resident in several Canadian provinces.

16. Blumenfeld was involved in every direction to Richvale's transfer agent respecting the issuance of Richvale shares out of treasury and was a signatory to all share certificates sent to the Investors.

17. The Investor Funds were sent to bank accounts held by Richvale at the Royal Bank of Canada ("RBC") and the Bank of Nova Scotia (the "Richvale Bank Accounts"). The Richvale Bank Accounts were both located in Ontario.

18. During the Material Time, Blumenfeld was a signatory on both Richvale Bank Accounts.

19. Together with Pasquale Schiavione ("Schiavone"), Blumenfeld was a signatory to Richvale's account at RBC (the "RBC Account"), into which over $380,000 of Investor Funds were deposited from October 2008 to August 2009.

20. Together with Marvin Winick ("Winick"), Blumenfeld was a signatory to Richvale's account at the Bank of Nova Scotia; (the "BNS Account"), into which over $370,000 of Investor Funds were deposited, primarily from August to December 2009.

21. As an officer, director and directing mind of Richvale, Blumenfeld participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of previously unissued securities for valuable consideration, in circumstances where there were no exemptions available under the Act.

D. FRAUDULENT CONDUCT AND DISPOSITION OF INVESTOR FUNDS

22. During the Material Time, Blumenfeld and Richvale provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:

    (a) that Richvale would be going public on a stock exchange in a matter of weeks;

    (b) that the net proceeds of the sale of Richvale securities would be used primarily for costs associated with the exploration of the properties owned by Richvale, for ongoing operations and to acquire other properties or entities;

    (c) that Richvale claimed that they "build value by enhancing our operation, building new projects and pursuing exploration opportunities";

    (d) that Richvale held the Mining Claims during the Material Time when Richvale had allowed some of the Mining Claims to expire;

    (e) that a certain group of the Mining Claims had a specific valuation of $2.7 million when there was no such valuation;

    (f) that the Richvale website (the "Website") listed the Richvale "Greater Toronto Area Satellite Office" as being located at 8171 Yonge Street, Suite 11, Thornhill, Ontario, and listed office hours and a phone number, when this address was merely a UPS Store mailbox; and,

(g) that content on the Website was false or misleading to investors, including statements with respect to the compensation of directors and/or officers of Richvale and the business experience of directors and/or officers of Richvale, including Blumenfeld, and that material on the Website was copied from the websites of other companies.

23. These false, inaccurate and misleading representations were made with the intention of effecting trades in Richvale securities.

24. Blumenfeld spoke to or corresponded personally with at least three Richvale Investors.

25. Throughout the material period, Blumenfeld was aware that a Richvale salesperson, Shafi Khan ("Khan"), was selling Richvale securities to members of the public using the aliases "Dave Isaac" and "Sam Binder."

26. Blumenfeld supplied Khan with documentation for distribution to investors with the intention of effecting trades in Richvale securities, including subscription agreements and a "Business Summary," both containing false and misleading statements about the nature of Richvale's operations. Blumenfeld personally reviewed and signed the subscription agreements.

27. Between 30 and 50 percent of the Investor Funds were paid out as commissions to Khan for selling Richvale's securities. Blumenfeld was aware that neither the existence nor the magnitude of the sales commissions were disclosed to the Investors and took no steps to ensure that Khan made the Investors aware of his commissions.

28. Blumenfeld drafted filings under NI 45-106 that contained false statements about commissions Richvale paid for the sale of its shares. Richvale's completed 45-106 forms indicated "N/A" (not applicable) for "Item 8: Commissions & Finder's Fees" and Blumenfeld filed them with provincial securities regulators despite knowing that Khan received commissions of at least 30 percent for selling Richvale securities.

29. Blumenfeld would pick up cheques sent to Richvale by Investors at the UPS mailbox at 8171 Yonge Street.

30. As an officer, director, directing mind and one of the primary shareholders of Richvale, Blumenfeld was a signatory to an agreement that provided that 30 million shares of Richvale be divided equally among the founders of the company, not one of whom had invested any money in Richvale. Richvale treasury shares were sold to the public at a price of $0.50 each.

31. Together with the commissions paid to Khan, approximately 70 percent of the Investor Funds were paid out to officers, directors, directing minds or employees of Richvale or removed from the Richvale Bank Accounts in the form of cash. The cash removed from the Richvale Bank Accounts totalled approximately $205,000 while Blumenfeld was a co-signatory to those accounts.

32. Only 6 percent of the Investor Funds were used to renew any of the Mining Claims.

33. Blumenfeld wrote cheques to cash endorsed with his name totalling $80,000 and withdrew cash from ATMs totalling $20,743.

34. Blumenfeld withdrew $184,840 from the BNS Account, in the form of cash and debit memos.

35. Blumenfeld was responsible for the point of sale purchases from the Richvale Bank Accounts totalling $11,041.87;

36. Using cash drawn on Investor Funds, Blumenfeld purchased approximately $9,000 worth of pre-paid credit cards, which he distributed to friends, family members, and other Richvale directors and employees. Blumenfeld personally retained and disposed of $3,000 worth of these pre-paid credit cards.

37. Blumenfeld received a personal laptop computer and related equipment, which was purchased with Investor Funds for approximately $3,000 and was not used for purposes related to Richvale.

38. The majority of the Investor Funds withdrawn from the Richvale Accounts cannot be accounted for.

39. Blumenfeld's failure to account for the disposition of Investor Funds withdrawn in cash has been considered by Staff in recommending an appropriate administrative penalty in this matter.

40. Blumenfeld engaged in a course of conduct relating to securities that, as a directing mind and officer of Richvale, he knew would result in a fraud on persons purchasing securities of Richvale.

E. BENEFITS ACCRUING TO AND AMOUNTS OBTAINED BY BLUMENFELD

41. As an officer and directing mind and one of the founders of Richvale, Blumenfeld was allotted 3.75 million shares of Richvale, as well as stock options.

42. Blumenfeld acknowledges retaining cash and benefits purchased with Richvale Investor Funds amounting to a total value of $113,000 for personal purposes.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

43. During the Material Time, Blumenfeld engaged or participated in acts, practices or a course of conduct relating to securities of Richvale that he knew perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act.

44. During the Material Time, Blumenfeld traded and engaged or held himself out as engaging in the business of trading in securities of Richvale in securities without being registered to do so, contrary to section 25(1) of the Act and its predecessor s. 25(1)(a).

45. During the Material Time, as a directing mind of Richvale, Blumenfeld acquiesced to representatives of Richvale making representations without the written permission of the Director, with the intention of effecting a trade in securities of Richvale, that such security would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to section 38(3) of the Act.

46. During the Material Time, Blumenfeld committed acts in furtherance of the trading of securities of Richvale when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act.

47. During the Material Time, Blumenfeld, being an officer, director and directing mind of Richvale, authorized, permitted or acquiesced in the commission of the violations of sections 25, 38, 53 and 126.1 of the Act, as set out above, by Richvale or by the employees, agents or representatives of Richvale, contrary to section 129.2 of the Act.

48. Blumenfeld's conduct was contrary to the public interest.

PART V – THE RESPONDENT'S POSITION

49. The Respondent requests that the settlement hearing panel consider the following mitigating circumstances:

- Blumenfeld has never been the subject of a securities-related proceeding; and
- at the Settlement Hearing and before approval of this Settlement Agreement, Blumenfeld will provide Staff with certified funds in the amount of $15,000 to be paid towards the disgorgement order and administrative penalty in this proceeding.

PART VI – TERMS OF SETTLEMENT

50. The Respondent agrees to the following terms of settlement listed below.

51. The Commission will make an order pursuant to sections 127(1) and 127.1 of the Act as follows:

(a) the Settlement Agreement is hereby approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Blumenfeld shall cease trading in any securities permanently;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, Blumenfeld shall cease acquisitions of any securities permanently;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Blumenfeld permanently;

(e) pursuant to clause 6 of subsection 127(1) of the Act, that Blumenfeld be reprimanded;

(f) pursuant to clause 8 of subsection 127(1) of the Act, that Blumenfeld is prohibited permanently from becoming or acting as a director or officer of any issuer;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, that Blumenfeld is prohibited permanently from becoming or acting as a registrant;

(h) pursuant to clause 9 of subsection 127(1) of the Act, that Blumenfeld pay an administrative penalty in the amount of $250,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

(i) pursuant to clause 10 of subsection 127(1) of the Act, Blumenfeld disgorge to the Commission the amount of $113,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties.

PART VII – STAFF COMMITMENT

52. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 53, below.

53. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

54. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

55. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

56. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

57. Whether or not the Commission approves this Settlement Agreement, Blumenfeld will not use, in any proceeding, 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, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

58. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

- this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and
- Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

59. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

60. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

61. A fax copy of any signature will be treated as an original signature.

DATED this 13th day of October, 2011.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Director, Enforcement Branch
Ontario Securities Commission

HOWARD BLUMENFELD

"Howard Blumenfeld"
Howard Blumenfeld

Schedule A

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
HOWARD BLUMENFELD

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the Securities Act (the "Act") in respect of Howard Blumenfeld ("Blumenfeld" or the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission ("Staff") filed a Statement of Allegations and on September 13, 2011, Staff filed an Amended Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 13, 2011, (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October 13, 2011, announcing that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Amended Statement of Allegations, and upon considering submissions from the Respondent through his counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Blumenfeld shall cease trading in any securities permanently;

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Blumenfeld shall cease acquisitions of any securities permanently;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Blumenfeld permanently;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Blumenfeld be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Blumenfeld is prohibited permanently from becoming or acting as a director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Blumenfeld is prohibited permanently from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Blumenfeld pay an administrative penalty in the amount of $250,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

9. pursuant to clause 10 of subsection 127(1) of the Act, Blumenfeld disgorge to the Commission the amount of $113,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties.

DATED at Toronto this_____of October, 2011.

3.1.5 Richvale Resource Corporation et al.

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
SHAFI KHAN**

PART I – INTRODUCTION

1. By Notice of Hearing dated November 10, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Shafi Khan ("Khan" or the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement with the Respondent of the proceeding commenced by Notice of Hearing dated November 10, 2010, (the "Proceeding") according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by securities regulatory authorities in Canada, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

A. RICHVALE RESOURCE CORPORATION

4. Richvale Resource Corporation ("Richvale") was incorporated in 2002 under the name Tess Security Services (2002) Inc., and changed names in August 8, 2008, to Richvale Resource Corporation.

5. At all material times, Richvale held itself out to be a mining and exploration company holding, exploring and developing mining interests in the Province of Quebec (the "Mining Claims").

6. Richvale has never been registered with the Commission in any capacity.

7. Richvale has never filed a prospectus or a preliminary prospectus with the Commission.

B. THE RESPONDENT

8. Khan is a resident of Ontario.

9. At all material times, Khan was an employee of Richvale with the title of Director of Sales. As Director of Sales, Khan's job responsibilities included soliciting investments in Richvale, promoting Richvale, and engaging in ongoing investor relations.

10. Khan was not a directing mind of Richvale.

11. Khan has no expertise or experience in mining or exploration.

12. Khan invested no money in Richvale.

C. TRADING IN SECURITIES OF RICHVALE

13. Between and including August 8, 2008, and December 31, 2009, (the "Material Time") in the Toronto area, Khan traded and engaged or held himself out as engaging in the business of trading in securities of Richvale

14. Khan was not registered with the Commission in any capacity during the Material Time.

15. During the Material Time, Khan made unsolicited phone calls to residents of several Canadian provinces and solicited individuals to purchase shares of Richvale. Khan was the principal salesperson of Richvale securities.

16. During the Material Time, approximately $753,000 (the "Investor Funds") was received from approximately 27 individuals and companies (collectively, the "Investors") who purchased shares of Richvale as a result of being solicited by Khan. The Investors were resident in several Canadian provinces.

17. The Investor Funds were sent to bank accounts held by Richvale at the Royal Bank of Canada and the Bank of Nova Scotia (the "Richvale Bank Accounts"). The Richvale Bank Accounts were both located in Ontario.

18. Khan directed all potential investors he solicited by telephone to the Richvale website (the "Website") for further information about Richvale.

19. The Website contained numerous material misstatements of fact regarding Richvale's alleged exploration and mining activity, the value of Richvale's assets, and the nature of Richvale's operations, as set out in further detail below.

20. Khan also provided potential investors with documentation, including a "Business Summary", containing further false and misleading information about Richvale.

21. Khan participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of previously unissued securities for valuable consideration, in circumstances where there were no exemptions available under the Act.

D. FRAUDULENT CONDUCT

22. During the Material Time, Khan provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:

    (a) that Khan did not reveal to potential investors that he was receiving a commission of 30 percent of the value of the securities he sold;

    (b) that Richvale would be going public on a stock exchange in a matter of weeks;

    (c) that Richvale would "build value by enhancing our operation, building new projects and pursuing exploration opportunities";

    (d) that Richvale held the Mining Claims during the Material Time when Richvale had allowed certain of the Mining Claims to expire;

    (e) that the Website listed the Richvale "Greater Toronto Area Satellite Office" as being located at 8171 Yonge Street, Suite 11, Thornhill, Ontario, and provided office hours and a telephone number for the "Greater Toronto Area Satellite Office" when this address was merely a UPS Store mailbox; and,

    (f) that content on the Richvale website was false or misleading to investors, including statements with respect to the compensation of directors and/or officers of Richvale and the business experience of directors and/or officers of Richvale, and material copied from the websites of other companies.

23. These false, inaccurate and misleading representations were made with the intention of effecting trades in Richvale securities.

24. Throughout the material period, Khan was selling Richvale securities to members of the public using the aliases "Dave Isaac" and "Sam Binder."

25. Khan represented to potential investors that the proceeds of the sale of Richvale securities would be used primarily for costs associated with the exploration of the properties owned by Richvale, for ongoing operations and to acquire other properties or entities. However, Khan knew that an amount equal to 30 percent of the proceeds had been paid to him as commissions and had no specific knowledge of whether the remaining Investor Funds had been spent on ongoing operations and to acquire other properties or entities. Further, Khan reasonably ought to have known that little, if any, of the remaining funds were spent on exploration of the Mining Claims or any other legitimate Richvale business.

26. At no time did Khan visit any of the Mining Claims.

27. During the Material Time, Khan had no direct knowledge of whether there were any valuable minerals on the Mining Claims.

28. Khan engaged in a course of conduct relating to securities that he reasonably ought to have known would result in a fraud on persons purchasing securities of Richvale.

29. On May 18, 2010, Khan attended the offices of the Commission and participated in an examination conducted by Staff. At the commencement of the examination, Khan swore to tell the truth. Khan has reviewed the entire transcript of his May 18, 2010, examination and the exhibits attached and confirms the truth of their contents.

E. BENEFITS ACCRUING TO KHAN

30. Khan and corporations controlled by Khan received at least $239,000 from Richvale, drawn on Investor Funds in the form of cheques, debit memos and money transfers issued from the Richvale Bank Accounts as commission for conducting the sale of Richvale securities.

31. Portions of these funds are subject to freeze directions (the "Frozen Funds"; the "Freeze Directions") issued by the Commission on March 19, 2010, and continued by the Superior Court of Justice in the following accounts and amounts:

RBC 5040092:	$95,846.20
RBC 5041025:	$446.06
RBC DI 48040:	$56,555.96
TD 6272956:	$10,211.66
TD Waterhouse 610060:	$30,513.70
TD Waterhouse 610060:	$5,389.79 USD

32. As part of his compensation as Director of Sales, Khan was the beneficiary of an agreement granting him options to purchase Richvale stock.

F. FINANCIAL POSITION OF THE RESPONDENT

33. Khan has provided evidence to Staff that he is of limited financial means and Staff have taken this evidence into account in recommending the administrative penalty in this matter.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

34. During the Material Time, Khan engaged or participated in acts, practices or course of conduct relating to securities of Richvale that he reasonably ought to have known perpetrated a fraud on persons or companies, contrary to s. 126.1(b) of the Act.

35. During the Material Time, Khan made representations without the written permission of the Director, with the intention of effecting a trade in securities of Richvale, that such security would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to s. 38(3) of the Act.

36. During the Material Time, Khan traded and engaged or held himself out as engaging in the business of trading in securities of Richvale in securities without being registered to do so, contrary to s. 25(1) of the Act and its predecessor s. 25(1)(a).

37. During the Material Time, Khan committed acts in furtherance of the trading of securities of Richvale when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to s. 53(1) of the Act.

38. Khan's conduct was contrary to the public interest.

PART V – THE RESPONDENTS' POSITION

39. The Respondent requests that the settlement hearing panel consider the following mitigating circumstances.

(a) Khan has cooperated with Staff's investigation.

(b) At the Settlement Hearing and before approval of this Settlement Agreement, Khan will provide Staff with a certified cheque in the amount of $5,000 to be paid towards the disgorgement order and administrative penalty in this proceeding.

(c) Khan will provide to Staff, executed directions to the institutions listed in the Freeze Directions, authorizing and instructing those institutions to transfer forthwith all funds, securities and property in those accounts in the name of or under the control of Khan to the Commission towards the satisfaction of the disgorgement order and administrative penalty set out in this Settlement Agreement. Further, upon request of Staff, Khan will forthwith sign any further documents necessary to effect the surrender and transfer of the Frozen Funds to Staff, failing which he acknowledges that he will be in breach of this Settlement Agreement.

(d) Khan has separately provided to Staff the Affidavit of Shafi Khan, dated October 13, 2011 (the "Statement of Net Worth"), setting out Khan's net worth based on his assets, liabilities, income and expenses at the present date. Khan hereby confirms that his Statement of Net Worth completely and accurately reflects all assets and income to which he is directly or beneficially entitled, and completely and accurately recites his liabilities and expenses.

PART VII – TERMS OF SETTLEMENT

40. The Respondent agrees to the following terms of settlement listed below.

41. The Commission will make an order pursuant to sections 127(1) and 127.1 of the Act as follows:

(a) the Settlement Agreement is hereby approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Khan shall cease trading in any securities permanently with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein Khan shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*");

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, Khan shall cease acquisitions of any securities permanently, except acquisitions undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) and only following full payment of the disgorgement order and administrative penalty set out herein;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Khan permanently, except to the extent such exemption is necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant and only following full payment of the disgorgement order and administrative penalty set out herein;

(e) pursuant to clause 6 of subsection 127(1) of the Act, that Khan be reprimanded;

(f) pursuant to clause 8 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a director or officer of any issuer;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a registrant;

(h) pursuant to clause 9 of subsection 127(1) of the Act, that Khan pay an administrative penalty in the amount of $40,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Khan disgorge to the Commission the amount of $239,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties;

(j) as set out in subparagraphs (h) and (i) above, Khan shall pay a total amount of $279,000, to be allocated to or for the benefit of third parties under s. 3.4(2) of the Act; this amount shall be payable as follows:

(i) an initial installment of $5,000 in the form of a certified cheque at the time of the settlement hearing

(ii) the transfer of the Frozen Funds to Staff as set out more particularly in paragraph (k), below;

(iii) the amount remaining shall be paid in equal quarterly installments over a period of 5 years from the date this Agreement is executed.

(k) Khan will provide to Staff, executed directions to the institutions listed in the Freeze Directions, authorizing and instructing those institutions to transfer forthwith all funds, securities and property in those accounts in the name of or under the control of Khan to the Commission in satisfaction of the disgorgement and costs awards set out in this Settlement Agreement. Further, upon request of Staff, Khan will forthwith sign any further documents necessary to effect the surrender and transfer of the Frozen Funds to Staff, failing which he will be in breach of this Settlement Agreement.

PART VIII – STAFF COMMITMENT

42. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 43, below.

43. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART IX – PROCEDURE FOR APPROVAL OF SETTLEMENT

44. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

45. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

46. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

47. Whether or not the Commission approves this Settlement Agreement, Khan will not use, in any proceeding, 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, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART X – DISCLOSURE OF SETTLEMENT AGREEMENT

48. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

(b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

49. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

50. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

51. A fax copy of any signature will be treated as an original signature.

DATED this 13th day of October, 2011.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Director, Enforcement Branch
Ontario Securities Commission

SHAFI KHAN

"Shafi Khan"
Shafi Khan

Schedule A

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
SHAFI KHAN

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Shafi Khan (the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission filed a Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 12, 2011, (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October _____, 2011, setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through their counsel and from Staff of the Commission;

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

I**T IS HEREBY ORDERED, PURSUANT TO SECTION 127 OF THE ACT THAT:**

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Khan shall cease trading in any securities permanently with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein Khan shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*");

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Khan shall cease acquisitions of any securities permanently, except acquisitions undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) and only following full payment of the disgorgement order and administrative penalty set out herein;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Khan permanently, except to the extent such exemption is necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant and only following full payment of the disgorgement order and administrative penalty set out herein;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Khan be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Khan pay an administrative penalty in the amount of $40,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties;

9. pursuant to clause 10 of subsection 127(1) of the Act, Khan disgorge to the Commission the amount of $239,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

10. as set out in subparagraphs (h) and (i) above, Khan shall pay a total amount of $279,000, to be allocated to or for the benefit of third parties under s. 3.4(2) of the Act, which amount shall be payable as follows:

    (i) an initial installment of $5,000 in the form of a certified cheque at the time of the settlement hearing

    (ii) the transfer of the Frozen Funds to Staff as set out more particularly in paragraph 11, below;

    (iii) the amount remaining shall be paid in equal quarterly installments over a period of 5 years from the date this Agreement is executed.

11. Khan will provide Staff with all necessary documents, including executed directions to the institutions listed in the Freeze Directions, authorizing and instructing those institutions to transfer forthwith all funds, securities and property in those accounts in the name of or under the control of Khan to the Commission in partial satisfaction of the disgorgement and costs awards set out in this Settlement Agreement. Further, upon request of Staff, Khan will forthwith sign any further documents necessary to effect the surrender and transfer of the Frozen Funds to Staff, failing which he will be in breach of this Settlement Agreement.

DATED at Toronto this _____ of October, 2011.

3.1.6 Richvale Resource Corporation et al.

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

AND

**IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
JOHN COLONNA**

PART I – INTRODUCTION

1. By Notice of Hearing dated November 10, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of John Colonna ("Colonna" or the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement with the Respondent of the proceeding commenced by Notice of Hearing dated November 10, 2010, (the "Proceeding") according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authorities in Canada, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

A. RICHVALE RESOURCE CORPORATION

4. Richvale Resource Corporation ("Richvale") was incorporated in 2002 under the name Tess Security Services (2002) Inc., and changed names in August 8, 2008, to Richvale Resource Corporation.

5. At all material times, Richvale held itself out to be a mining and exploration company holding, exploring and developing mining interests in the Province of Quebec.

6. Richvale has never been registered with the Commission in any capacity.

7. Richvale has never filed a prospectus or a preliminary prospectus with the Commission.

B. THE RESPONDENT

8. Colonna is a resident of Ontario.

9. At all material times, Colonna was an employee of Richvale with title of Vice President of Operations. As Vice-President of operations, part of Colonna's job responsibilities was to oversee the exploration of the mining claims held by Richvale in the Province of Quebec (the "Mining Claims").

10. Colonna has no expertise or experience in mining or exploration.

11. Colonna invested no money in Richvale.

12. Colonna was not a directing mind of Richvale.

C. TRADING IN SECURITIES OF RICHVALE

13. Between and including August 8, 2008, and December 31, 2009, (the "Material Time") in the Toronto area, Colonna traded and engaged or held himself out as engaging in the business of trading in securities of Richvale

14. Colonna was not registered with the Commission in any capacity during the Material Time.

15. During the Material Time, Colonna was aware that residents of several Canadian provinces received unsolicited phone calls from salespersons, agents and representatives of Richvale and were solicited to purchase shares of Richvale.

16. During the Material Time, approximately $753,000 (the "Investor Funds") was received from approximately 27 individuals and companies (collectively, the "Investors") who purchased shares of Richvale as a result of being solicited by the salespersons, agents and representatives of Richvale. The Investors were resident in several Canadian provinces.

17. The Investor Funds were sent to bank accounts held by Richvale at the Royal Bank of Canada and the Bank of Nova Scotia (the "Richvale Bank Accounts"). The Richvale Bank Accounts were both located in Ontario.

18. Colonna oversaw the creation and maintenance of Richvale's website (the "Website"), and was responsible for reviewing and posting new information.

19. Colonna was aware that the Website was one of Richvale's primary marketing tools in the sale of its securities to the public and that all potential investors who were solicited by telephone were referred to the Website for further information about Richvale.

20. The Website contained numerous material mis-statements of fact regarding Richvale's alleged exploration and mining activity and the value of Richvale's assets, as set out in further detail below.

21. Colonna participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of previously unissued securities for valuable consideration, in circumstances where there were no exemptions available under the Act.

D. FRAUDULENT CONDUCT

22. During the Material Time, Colonna and Richvale provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:

    (a) that salespersons of Richvale were paid in Richvale shares and were not paid commissions;

    (b) that the net proceeds of the sale of Richvale securities would be used primarily for costs associated with the exploration of the properties owned by Richvale, for ongoing operations and to acquire other properties or entities;

    (c) that Richvale claimed that they "build value by enhancing our operation, building new projects and pursuing exploration opportunities";

    (d) that Richvale claimed to hold the Mining Claims during the Material Time when Richvale had allowed certain of the Mining Claims to expire;

    (e) that the Website listed the Richvale "Greater Toronto Area Satellite Office" as being located at 8171 Yonge Street, Suite 11, Thornhill, Ontario, when this address was merely a UPS Store mailbox; and,

    (f) that content on the Richvale website was false or misleading to investors, including statements with respect to the compensation of directors and/or officers of Richvale and the business experience of directors and/or officers of Richvale, and material copied from the websites of other companies.

23. These false, inaccurate and misleading representations were made with the intention of effecting trades in Richvale securities.

24. Throughout the material period, Colonna was aware that a Richvale salesperson, Shafi Khan, was selling Richvale securities to members of the public using the aliases "Dave Isaac" and "Sam Binder."

25. Throughout the material period, Colonna was aware that between 30 and 50 percent of the Investor Funds were paid out as commissions to Shafi Khan for the sale of Richvale securities. Neither the existence nor the magnitude of the sales commissions was disclosed to the Investors.

26. Approximately 70 percent of the Investor Funds were paid out to certain officers, directors, directing minds or employees of Richvale or removed from the Richvale Bank Accounts in the form of cash.

27. Only six percent of the Investor Funds were used to renew any of the Mining Claims.

28. Richvale did not engage in any exploration of the Mining Claims.

29. At no time did Colonna visit any of the Mining Claims.

30. During the Material Time, Colonna had no direct knowledge of whether there were any valuable minerals on the Mining Claims.

31. As Vice President of Operations, Colonna was allotted 3.75 million shares of Richvale, as well as stock options.

32. Throughout the material period, Colonna was aware that Investor Funds were used to make interest-free personal loans to friends of certain of the officers, directors or directing minds of Richvale. One of these was a "loan" of $45,000 by Richvale to Gerry Gentile ("Gentile"), which was arranged by Colonna. At Colonna's request, Blumenfeld issued to Gentile cheques of $30,000 and $10,000 and provided Gentile with $5,000 in cash, all of which came from Investor Funds. Gentile had no other business relationship to Richvale. This "loan" was not documented, had no agreed interest payment amount and was not disclosed to Richvale's Investors. The "loan" has never been paid back.

33. Colonna received benefits from Richvale including a computer, gift cards, cheques, cash and other benefits amounting to a total value of approximately $20,000.

34. Colonna engaged in a course of conduct relating to securities that he knew would result in a fraud on persons purchasing securities of Richvale.

E. RESPONDENT'S STATEMENT TO STAFF

35. On June 15, 2010, Colonna attended the offices of the Commission and participated in an examination conducted by Staff. At the commencement of the examination, Colonna swore to tell the truth. Colonna has reviewed the entire transcript of his June 15, 2010, examination and the exhibits attached and confirms the truth of their contents.

F. FINANCIAL POSITION OF THE RESPONDENT

36. Colonna has provided evidence to Staff that he is of limited financial means and Staff have taken this evidence into account in recommending the administrative penalty in this matter.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

37. During the Material Time, Colonna engaged or participated in acts, practices or course of conduct relating to securities of Richvale that he knew perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act.

38. During the Material Time, Colonna traded and engaged or held himself out as engaging in the business of trading in securities of Richvale in securities without being registered to do so, contrary to section 25(1) of the Act and its predecessor s. 25(1)(a).

39. During the Material Time, Colonna committed acts in furtherance of the trading of securities of Richvale when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act.

40. Colonna's conduct was contrary to the public interest.

PART V – THE RESPONDENTS' POSITION

41. The Respondent requests that the settlement hearing panel consider the following mitigating circumstances.

    (a) Colonna has cooperated with Staff's investigation.

(b) Colonna has never been the subject of a securities-related proceeding.

(c) At the Settlement Hearing and before approval of this Settlement Agreement, Colonna will provide Staff with a certified cheque in the amount of $3,000 to be paid towards the disgorgement order and administrative penalty in this proceeding.

PART VII – TERMS OF SETTLEMENT

42. The Respondent agrees to the following terms of settlement listed below.

43. The Commission will make an order pursuant to sections 127(1) and 127.1 of the Act as follows:

(a) the Settlement Agreement is hereby approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Colonna shall cease trading in any securities for a period of 20 years with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein Colonna shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*");

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, Colonna shall cease acquisitions of any securities for a period of 20 years, except acquisitions undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) and only following full payment of the disgorgement order and administrative penalty set out herein;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Colonna for a period of 20 years, except to the extent such exemption is necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant and only following full payment of the disgorgement order and administrative penalty set out herein;

(e) pursuant to clause 6 of subsection 127(1) of the Act, that Colonna be reprimanded;

(f) pursuant to clause 8 of subsection 127(1) of the Act, that Colonna is prohibited for a period of 20 years from becoming or acting as a director or officer of any issuer;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, that Colonna is prohibited for a period of 20 years from becoming or acting as a registrant;

(h) pursuant to clause 9 of subsection 127(1) of the Act, that Colonna pay an administrative penalty in the amount of $65,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Colonna disgorge to the Commission the amount of $20,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and,

(j) as set out in subparagraphs (h) and (i) above, Colonna shall pay a total amount of $85,000, to be allocated to or for the benefit of third parties under s. 3.4(2) of the Act; this amount shall be paid by an initial installment of $3,000 in the form of a certified cheque at the time of the settlement hearing and the remaining $82,000 shall be paid in equal quarterly installments over a period of 10 years from the date this Agreement is executed.

PART VIII – STAFF COMMITMENT

44. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 43, below.

45. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART IX – PROCEDURE FOR APPROVAL OF SETTLEMENT

46. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

47. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

48. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

49. Whether or not the Commission approves this Settlement Agreement, Colonna will not use, in any proceeding, 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, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART X – DISCLOSURE OF SETTLEMENT AGREEMENT

50. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

    (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

    (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

51. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

52. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

53. A fax copy of any signature will be treated as an original signature.

DATED this 13th day of October, 2011.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Director, Enforcement Branch
Ontario Securities Commission

JOHN COLONNA

"John Colonna"
John Colonna

Schedule A

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

AND

IN THE MATTER OF
RICHVALE RESOURCE CORPORATION,
MARVIN WINICK, HOWARD BLUMENFELD,
JOHN COLONNA, PASQUALE SCHIAVONE,
AND SHAFI KHAN

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
JOHN COLONNA

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of John Colonna (the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission filed a Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 12, 2011 (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October _____, 2011, setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through their counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED, PURSUANT TO SECTION 127 OF THE ACT THAT:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Colonna shall cease trading in any securities for a period of 20 years with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein Colonna shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c. 1, as amended (the "*Income Tax Act*");

3. pursuant to clause 2.1 of subsection 127(1) of the Act, Colonna shall cease acquisitions of any securities for a period of 20 years, except acquisitions undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) and only following full payment of the disgorgement order and administrative penalty set out herein;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Colonna for a period of 20 years, except to the extent such exemption is necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*), which trades must be conducted through a registrant and only following full payment of the disgorgement order and administrative penalty set out herein;

5. pursuant to clause 6 of subsection 127(1) of the Act, that Colonna be reprimanded;

6. pursuant to clause 8 of subsection 127(1) of the Act, that Colonna is prohibited for a period of 20 years from becoming or acting as director or officer of any issuer;

7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Colonna is prohibited for a period of 20 years from becoming or acting as a registrant;

8. pursuant to clause 9 of subsection 127(1) of the Act, that Colonna pay an administrative penalty in the amount of $65,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties; and

9. pursuant to clause 10 of subsection 127(1) of the Act, Colonna disgorge to the Commission the amount of $20,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties.

10. as set out in paragraphs 8 and 9, above, Colonna shall pay a total amount of $85,000, to be allocated to or for the benefit of third parties under s. 3.4(2) of the Act; this amount shall be paid by an initial installment of $3,000 in the form of a certified cheque at the time of the settlement hearing and the remaining $82,000 shall be paid in equal quarterly installments over a period of 10 years from the date this Agreement is executed

DATED at Toronto this _____ of October, 2011.

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Prestige Telecom Inc.	18 Oct 11	31 Oct 11		
FMI Holdings Ltd.	19 Oct 11	31 Oct 11		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/14/2011	2	Aldershot Resources Ltd. - Units	1,650,000.00	33,000,000.00
09/06/2011	3	Applewood II Hotel Holdings Inc.& Combo Construction Limited - Units	2,382,950.00	2,382,950.00
05/31/2011 to 08/29/2011	8	Atlantic Hydrogen Inc. - Common Shares	3,947,536.00	924,204.00
08/24/2011	2	Avrev Canada Inc. - Common Shares	99,999.75	666,665.00
09/20/2011	3	Bill Barrett Corporation - Notes	3,324,540.00	3.00
03/09/2011	1	BioSante Pharmaceuticals, Inc. - Common Shares	2,061,300.00	1,000,000.00
09/06/2011	75	Brookemont Capital Inc. - Units	1,344,999.85	8,849,999.00
09/27/2011	2	Calibre Mining Corp. - Common Shares	1,440,000.00	14,400,000.00
10/03/2011	2	Capital Direct I Income Trust - Trust Units	140,000.00	14,000.00
09/28/2011	71	Carrick Petroleum Inc. - Common Shares	3,286,500.00	16,244,000.00
09/14/2011	4	CMOT VFN Trust - Notes	428,640,000.00	8.00
09/23/2011	3	Conway Resources Inc. - Flow-Through Units	725,000.00	12,083,332.00
09/21/2011	5	Development Venture III S.C.A. and DV III Partner S.A. - Common Shares	74,615,433.68	688,490.00
09/14/2011	7	Dollar General Corporation - Common Shares	16,064,035.00	466,300.00
06/15/2010	4	East Coast Energy Inc. - Units	24,000.00	240,000.00
10/07/2011	3	Emerald Bay Energy Inc. - Units	81,700.00	1,634,000.00
09/22/2011	17	Explor Resources Inc. - Units	7,525,000.00	N/A
09/15/2011 to 09/19/2011	1	First Leaside Venture Limited Partnership - Units	68,731.00	68,731.00
09/09/2011	1	First Leaside Venture Limited Partnership - Units	100,000.00	100,000.00
09/15/2011 to 09/21/2011	2	First Leaside Wealth Management Fund - Units	150,000.00	150,000.00
09/22/2011	1	Flemish Gold Corp. - Units	50,000.00	50,000.00
09/16/2011 to 09/21/2011	13	Flex Fund - Trust Units	272,872.00	272,872.00
09/16/2011 to 09/20/2011	14	Flex Fund - Trust Units	121,781.00	121,781.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/08/2011 to 09/13/2011	14	Flex Fund - Units	338,784.00	338,784.00
09/08/2011 to 09/14/2011	16	FLEX Fund - Units	186,584.00	186,584.00
09/29/2011	1	Ford Floorplan Auto Securitization Trust - Note	50,000,000.00	1.00
09/08/2011	5	Fresenius Medical Care US Finance II, Inc. - Notes	6,320,107.02	5.00
09/29/2011	2	Give and Go Prepaid, Inc. - Debentures	100,000.00	100.00
09/09/2011	5	GridIron Software Inc. - Notes	4,734,605.01	5.00
09/06/2011	1	Heritage Grove Center Inc. - Units	242,552.00	242,552.00
09/19/2011 to 09/22/2011	5	IGW Real Estate Investment Trust - Units	105,400.50	104,095.00
08/05/2011	1	Innisfil Hydro Distribution Systems Limited - Debenture	2,500,000.00	1.00
09/13/2011 to 09/16/2011	26	Jadela Oil Corp. - Units	880,000.00	880,000.00
09/02/2011 to 09/09/2011	34	Jadela Oil Corp. - Units	2,505,500.00	2,505,500.00
09/01/2011	22	Kingsman Resources Inc. - Units	859,000.00	12,510,000.00
08/30/2011	1	Kizuna Re Ltd. - Notes	10,772,300.00	11,000.00
09/12/2011	1	Koffman Enterprises Limited - Units	206,399.00	206,399.00
07/15/2011	42	Lakota Resources Inc. - Common Shares	1,727,100.00	172,710,000.00
09/19/2011 to 09/22/2011	9	Member-Partners Solar Energy Capital Inc. - Bonds	100,900.00	1,009.00
09/19/2011 to 09/23/2011	8	Member-Partners Solar Energy Limited Partnership - Units	242,000.00	242,000.00
09/15/2011	41	MGOLD Resources Inc. - Common Shares	2,030,000.00	20,300,000.00
08/31/2011	9	Mitomics Inc. - Notes	771,500.00	8.00
08/31/2011	3	MMS Investments Inc. - Units	5,624,500.00	5,624,500.00
09/15/2011	1	Mountain Lake Resources Inc. - Units	2,015,000.00	3,100,000.00
09/03/2011	9	Newfoundland Flourspar Exploration Ltd. - Common Shares	212,500.00	2,125,000.00
09/21/2011	1	Place Trans Canadienne Commercial Limited Partnership - Notes	40,000.00	40,000.00
09/23/2011	1	Plenary Health Care Partnership Humber LP c/o Plenary Health Care Partnership Humber GP Inc. - Bond	1,006,442,000.00	1.00
09/12/2011	13	Preferred Income Limited Partnership - Units	615,000.00	61,500.00
10/05/2011	3	Rainy River Resources Ltd. - Common Shares	337,500.00	10,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/20/2011	1	Rainy River Resources Ltd. - Common Shares	100,400.00	10,000.00
09/06/2011	1	ROI Private Capital Trust Series R - Units	8,400,000.00	8,400,000.00
09/06/2011	2	Sarup Enterprises Incorporated - Units	737,417.00	737,417.00
02/01/2007 to 12/01/2007	13	SD Baker & Associates Inc. - Units	5,150,000.00	223,913.00
09/16/2011	30	Sincerus (Park Hill) Investments Ltd. - Units	768,700.00	7,687.00
09/08/2011 to 09/13/2011	11	Special Notes Limited Partnership - Units	1,292,817.00	1,292,817.00
09/15/2011	1	Special U.S. Notes Limited Partnership - Units	100,628.27	101,964.00
09/16/2011 to 09/21/2011	12	Special U.S. Notes Limited Partnership - Units	1,074,967.00	1,074,967.00
09/22/2011	2	SunTrust Banks, Inc. - Warrants	173,527.20	50,000.00
09/07/2011 to 09/14/2011	38	Tamaka Gold Corporation - Flow-Through Shares	4,404,615.30	6,780,666.00
05/11/2011	15	Telegraph Gold Inc. - Common Shares	768,999.75	5,126,665.00
09/27/2011	22	Terra Firma Capital Corporation - Debentures	10,150,000.00	10,150.00
07/01/2011	3	The Presbyterian Church in Canada - Units	1,229,037.89	122.10
09/07/2011	2	Tillsonburg Gateway Centre LP - Units	1,314,720.12	1,314,720.12
09/23/2011	36	Walton Fletcher Mills Investment Corporation - Common Shares	717,290.00	73,929.00
09/23/2011	13	Walton Fletcher Mills LP - Units	1,328,240.00	132,824.00
09/23/2011	20	Walton MD Gardner Ridge Investment Corporation - Common Shares	386,010.00	38,601.00
08/26/2011 to 09/01/2011	13	WIP Investment Limited Partnership - Investment Trust Interests	4,500,400.00	450,040.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Algonquin Power & Utilities Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 13, 2011
NP 11-202 Receipt dated October 13, 2011
Offering Price and Description:
$85,315,000.00 - 15,100,000 Common Shares Price: $5.65 per Common Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
MACKIE RESEARCH CAPITAL CORPORATION
CORMARK SECURITIES INC.
Promoter(s):
-
Project #1811376

Issuer Name:
Canadian Apartment Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 17, 2011
NP 11-202 Receipt dated October 17, 2011
Offering Price and Description:
$131,950,000.00 - 6,500,000 Units Price: $20.30 per Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1812110

Issuer Name:
Fidelity Convertible Securities Investment Trust
Fidelity Emerging Markets Debt Investment Trust
Fidelity Emerging Markets Equity Investment Trust
Fidelity Floating Rate High Income Investment Trust
Fidelity High Income Commercial Real Estate Investment Trust
Fidelity Tactical Asset Allocation Currency Neutral Private Pool
Fidelity Tactical Asset Allocation Private Pool
Fidelity U.S. Small/Mid Cap Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 14, 2011
NP 11-202 Receipt dated October 18, 2011
Offering Price and Description:
Series B, S5, S8, I, I5, I8, F, F5, F8 and O Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #1812303

Issuer Name:
GLG Emerging Markets Income Portfolio Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated October 11, 2011
NP 11-202 Receipt dated October 13, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1811187

Issuer Name:
PERSEUS MINING LIMITED
Type and Date:
Preliminary Short Form Prospectus dated October 18, 2011
Received on October 18, 2011
Offering Price and Description:
C$81,250,000.00 - 25,000,000 Ordinary Shares Price: C$3.25 per Offered Share
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Promoter(s):
-
Project #1812735

Issuer Name:
Manulife Long Term Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 17, 2011
NP 11-202 Receipt dated October 17, 2011
Offering Price and Description:
Series I Securities
Underwriter(s) or Distributor(s):
Manulife Asset Management Limited
Promoter(s):
Manulife Asset Management Limited
Project #1812203

Issuer Name:
Megal Capital Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated October 12, 2011
NP 11-202 Receipt dated October 13, 2011
Offering Price and Description:
$375,000.00 - 3,750,000 COMMON SHARES Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
MACQUARIE PRIVATE WEALTH INC.
Promoter(s):
Harold Lee
Project #1811379

Issuer Name:
Premier Gold Mines Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 18, 2011
NP 11-202 Receipt dated October 18, 2011
Offering Price and Description:
$30,500,000.00 - 2,000,000 Common Shares and 3,000,000 Flow-Through Common Shares PRICE: $5.50 per Offered Share and $6.50 per Flow-Through Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
STONECAP SECURITIES INC.
VERSANT PARTNERS INC.
MACKIE RESEARCH CAPITAL CORPORATION
MIDDLEFIELD CAPITAL CORPORATION
OCTAGON CAPITAL CORPORATION
Promoter(s):
-
Project #1812638

Issuer Name:
Pro Fundamental Balanced Index Fund
Pro Fundamental Bond Index Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 6, 2011
NP 11-202 Receipt dated October 13, 2011
Offering Price and Description:
Class A, B and F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Pro-Financial Asset Management Inc.
Project #1810206

Issuer Name:
Renaissance Lifestyle Communities Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 14, 2011
NP 11-202 Receipt dated October 14, 2011
Offering Price and Description:
$ * - * COMMON SHARES Price: $10.00 per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
HSBC SECURITIES (CANADA) INC.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
GMP SECURITIES L.P.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
Promoter(s):
SPECTRUM SENIORS HOUSING
HALLMARK PROPERTIES LTD.
Project #1811671

Issuer Name:
Sherritt International Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated October 13, 2011
NP 11-202 Receipt dated October 14, 2011
Offering Price and Description:
$500,000,000.00:
Debt Securities
Common Shares
Subscription Receipts
Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1811570

Issuer Name:
Trevali Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form dated October 18, 2011
NP 11-202 Receipt dated October 18, 2011
Offering Price and Description:
$ * - * Units Price: $ * per Unit and * Flow-Through Shares Price: $ * per Flow-Through Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
GMP Securities L.P.
Scotia Capital Inc.
M Partners Inc.
Paradigm Capital Inc.
Promoter(s):
Mark Cruise
Project #1803837

Issuer Name:
Integra Canadian Value Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 11, 2011 to the Simplified Prospectus and Annual Information Form dated August 23, 2011
NP 11-202 Receipt dated October 17, 2011
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1776127

Issuer Name:
Atlantic Power Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 13, 2011
NP 11-202 Receipt dated October 13, 2011
Offering Price and Description:
$* - 11,000,000 Common Shares Price: $* per Common Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
MORGAN STANLEY CANADA LIMITED
BMO NESBITT BURNS INC.
DESJARDINS SECURITIES INC.
SCOTIA CAPITAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #1803386

Issuer Name:
Central GoldTrust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated October 11, 2011
NP 11-202 Receipt dated October 12, 2011
Offering Price and Description:
U.S. $1,000,000,000.00:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1800912

Issuer Name:
CGX Energy Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 12, 2011
NP 11-202 Receipt dated October 14, 2011
Offering Price and Description:
$80,010,000.00 - 114,300,000 Common Shares Price: $0.70 per Common Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
JENNINGS CAPITAL INC.
TOLL CROSS SECURITIES INC.
Promoter(s):
-
Project #1804838

Issuer Name:
Cominar Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated October 12, 2011
NP 11-202 Receipt dated October 12, 2011
Offering Price and Description:
$100,018,000.00 - 4,652,000 Units Price: $21.50 per Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
DESJARDINS SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #1809081

Issuer Name:
Crombie Real Estate Investment Trust
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated October 13, 2011
NP 11-202 Receipt dated October 13, 2011
Offering Price and Description:
$45,103,500.00 - 3,510,000 Units Price: $12.85 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Beacon Securities Limited
Raymond James Ltd.
Desjardins Securities Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #1809392

Issuer Name:
Harvest Banks & Buildings Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated October 18, 2011
NP 11-202 Receipt dated October 18, 2011
Offering Price and Description:
Series A, Series F and Series R Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Harvest Portfolios Group Inc.
Project #1787105

Issuer Name:
Insignia Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 13, 2011
NP 11-202 Receipt dated October 13, 2011
Offering Price and Description:
Up to $30,000,000.00 - Offering of 30,660,222 Rights to Subscribe for up to 28,301,887 Common Shares at a purchase price of $1.06 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1809803

Issuer Name:
MCM Capital One Inc.
Principal Regulator - Ontario
Type and Date:
AMENDED AND RESTATED CPC PROSPECTUS dated October 13, 2011 amending and restating the amended and restated CPC prospectus dated June 8, 2011 amending and restating the CPC prospectus dated February 28, 2011
NP 11-202 Receipt dated October 14, 2011
Offering Price and Description:
Minimum Offering: $250,000.00 or 1,250,000 Common Shares; Maximum Offering: $350,000.00 or 1,750,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
INTEGRAL WEALTH SECURITIES LIMITED
Promoter(s):
Rob Fia
Project #1641606

Issuer Name:
Pantheon Ventures Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated October 14, 2011
NP 11-202 Receipt dated October 17, 2011
Offering Price and Description:
$750,000 .00 - 5000,000 UNITS AT A PRICE OF $0.15 PER UNIT
Underwriter(s) or Distributor(s):
JORDAN CAPITAL MARKETS INC.
Promoter(s):
Mitchell Adam
Project #1729641

ISSUER:
Pathway DRM 2011 GORR Limited Partnership
Principal Jurisdiction - Ontario
DATES:
Preliminary Long Form Prospectus dated April 5, 2011
Amended and Restated Preliminary Long Form Prospectus dated August 29, 2011
Withdrawn on October 11, 2011
PROJECT NUMBER:
1726146

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Equilibrium Capital Management Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer and Portfolio Manager and Investment Fund Manager	October 13, 2011
New Registration	Clairwood Capital Management Inc.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	October 13, 2011
Change in Registration Category	Propel Capital Corporation	From: Investment Fund Manager To: Investment Fund Manager and Exempt Market Dealer	October 14, 2011
Name Change	From: BetaPro Management Inc. To: Horizons ETFs Management (Canada) Inc.	Investment Fund Manager	October 17, 2011
Name Change	From: JovInvestment Management Inc. To: Horizons Investment Management Inc.	Investment Fund Manager, Portfolio Manager, Commodity Trading Counsel, Commodity Trading Manager	October 17, 2011
New Registration	Saltus Mercantile Corp.	Exempt Market Dealer	October 17, 2011
New Registration	TD Sponsored Companies Inc.	Investment Fund Manager	October 18, 2011

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 RBC Short Term Income Class et al. – Part 6 of NI 81-101 Mutual Fund Prospectus Disclosure

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from s.2.1(2) of National Instrument 81-101 Mutual Fund Prospectus Disclosure to file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 2.1(2).

October 12, 2011

Osler, Hoskin & Harcourt LLP

Attention: Ms. Anna Huculak

Dear Sirs/Mesdames:

Re: RBC Short Term Income Class, Phillips, Hager & North Total Return Bond Capital Class, RBC High Yield Bond Capital Class, RBC Canadian Dividend Class, RBC Canadian Equity Class, RBC Canadian Equity Income Class, RBC Canadian Mid Cap Equity Class, RBC North American Value Class, RBC U.S. Equity Class, Phillips, Hager & North U.S. Multi-Style All-Cap Equity Class, Phillips, Hager & North Overseas Equity Class, RBC Emerging Markets Equity Class and RBC Global Resources Class (the "Corporate Class Funds")

and

Phillips, Hager & North Total Return Bond Trust and RBC High Yield Bond Trust (the "Reference Funds", and together with the Corporate Class Funds, the "Funds")

Exemptive Relief Application under Part 6 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* ("NI 81-101")

Application No. 2011/0781; SEDAR Project Nos. 1773674, 1773677

By letter dated October 5, 2011 (the "Application"), the Funds applied to the Director of the Ontario Securities Commission (the "Director") under section 6.1 of NI 81-101 for relief from the operation of subsection 2.1(2) of NI 81-101, which prohibits an issuer from filing a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Funds' prospectuses, subject to the condition that the prospectuses be filed no later than January 11, 2012.

Yours very truly,

"Chantal Mainville"
Acting Manager, Investment Funds Branch

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