

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

- AND -

IN THE MATTER OF MBS GROUP (CANADA) LTD. AND BALBIR AHLUWALIA

AGREED STATEMENT OF FACTS AND RESPONDENTS' ADMISSIONS

Overview

1. From approximately June 2004 to June 2007 (the "Material Time"), Balbir Ahluwalia ("Balbir") and MBS Group (Canada) Ltd. ("MBS") (collectively, the "Respondents") engaged in and held themselves out as engaging in the business of trading in securities and Balbir, directly and through representatives, sold the Electrolinks Securities (defined below) to members of the public in Ontario and other jurisdictions.
2. Neither Balbir nor MBS was registered in any capacity with the Commission during the Material Time.
3. During the Material Time, Electrolinks was not a reporting issuer and the Electrolinks shares were not qualified by a prospectus.
4. Neither Balbir nor MBS were eligible for any exemptions from Ontario securities laws for the sale of Electrolinks shares.

Background

5. Q2 Media Inc. ("Q2 Media") was a privately held corporation that was involved in the development and delivery of broadband over powerline communications ("BPL") solutions. The

principals of Q2 Media were Bir Flora (“Flora”), Neil Appalsamy (“Appalsamy”) and Jagdish Awatramani (“Awatramani”).

6. In order to expand the business of Q2 Media, the principals of the company decided they required additional capital and sometime in 2003 or 2004 met with Mohinder Ahluwalia (“Mohinder”) who introduced himself as someone that helped companies raise money.

7. After a failed attempt to finance through a single large investor, Mohinder later brought his brother Balbir to meet with Flora and Appalsamy.

8. It was decided that a new company should be incorporated to facilitate the raising of additional capital through the sale of shares.

9. In 2004, Electrolinks was incorporated and by agreement dated April 26, 2004 purchased the business of Q2 Media including all rights and licenses to BPL technology held by Q2 Media.

10. On July 9, 2004, Balbir incorporated MBS in the province of Ontario to, among other things, promote, sell and distribute shares in Electrolinks (the “Electrolinks Securities”).

11. According to an agreement dated April 12, 2004 (the “Offering Agreement”), Electrolinks engaged MBS as a consultant in connection with the “private offering of shares” of Electrolinks.

12. The Offering Agreement provided for the following:

- Electrolinks would offer up to 15 million common shares of Electrolinks at a price per share of \$0.30 for gross proceeds of up to approximately \$4 million;
- MBS would receive \$12,500 for every \$250,000 raised, 1 million shares at the beginning of the contract and an additional 1 million shares for every 1 million dollars raised (to a maximum of 5 million shares); and

- Electrolinks would compensate MBS for all expenses incurred, which were to be reimbursed out of the initial gross proceeds of \$500,000 raised.

13. Balbir had no formal training in the securities industry and Balbir had no training, education or experience related to the capital markets at the time that he entered into the Offering Agreement.

The Trading and Distribution of the Electrolinks Securities by Balbir and MBS

14. MBS and Balbir relied primarily on representatives to distribute the Electrolinks Securities on their behalf. These representatives included: Joe Callura (“Callura”) and Vito Piacente (“Piacente”).

15. In 2004, Balbir raised approximately \$800,000 from the sale of the Electrolink Securities to Callura and Callura’s friends, family and associates. In and around 2005 and 2006, Balbir raised approximately \$800,000 from the sale of the Electrolink Securities through Piacente and his friends, family and associates. In addition, during the Material Time, Balbir raised approximately \$100,000 from approximately 10 investors through the sale of Electrolinks shares that he personally held.

16. On January 26, 2005, Balbir became a director of Electrolinks and by August 2005 Balbir became the de facto directing mind of Electrolinks.

17. From July 2004 to May 2006 approximately \$1.5 million was transferred into accounts controlled by MBS and Balbir (the “MBS Accounts”) by over 89 individuals or companies for the purchase of the Electrolinks Securities.

18. Approximately \$164,000 was withdrawn from the MBS Accounts in cash and/or transferred to persons or companies related to Balbir.

19. It is Balbir's position that all the funds raised were used for the business of Electrolinks; however, Staff is unable to confirm this due to poor record keeping by Balbir, MBS and Electrolinks.

20. As compensation for his services, Balbir received approximately 1.3 million shares in Electrolinks.

21. Balbir represented to the Electrolinks shareholders, directly or through his representatives, that Electrolinks would be going public and that the Electrolinks shareholders could expect to be able to sell their shares to receive a return on their investment once that happened.

22. During the Material Time, Electrolinks, primarily through Balbir, engaged in a number of attempts to become a public company through a reverse take-over - however, none of these attempts materialized.

23. Mohinder also relied on representatives to sell the Electrolinks Securities. These representatives included Marisa DiFilippo ("DiFilippo") and Lana Rodrigues ("Rodrigues").

24. Mohinder initially raised approximately \$57,000 through DiFilippo which was transferred to MBS. However, Mohinder subsequently raised approximately an additional \$600,000 through DiFilippo and these funds were never transferred to MBS or Electrolinks.

25. The share certificates provided to Mohinder's investors were signed by Balbir on behalf of Electrolinks; however, the majority of the shares that Mohinder sold were from his personal holdings and the funds raised through the sale of those shares were not transferred to Balbir, MBS or Electrolinks.

26. DiFilippo, Rodrigues and the investors that invested through them were told by Mohinder that the funds they invested would be provided to Electrolinks.

27. In or around April of 2006, DiFilippo, Rodrigues and another investor met with Balbir and Mohinder to inquire about their investments. At that meeting, Balbir confirmed that he had received funds from Mohinder relating to his sales of the Electrolinks Securities. Following the meeting, DiFilippo presented Balbir with copies of the cheques she had provided to Mohinder – including cheques reflecting investments made by Rodrigues and individuals that invested through Rodrigues. At that point, Balbir indicated that he had not received all the funds that were provided to Mohinder and that he was unaware of the fact that Mohinder had raised such a large sum from the sale of the Electrolinks Securities.

28. Electrolinks sent periodic correspondence to investors to advise of various attempts to go public, to seek out additional investments and/or to provide notice of shareholders' meetings but otherwise investors had a difficult time obtaining information from the company.

29. None of the Respondents, nor any of the individuals selling the Electrolinks Securities, was registered with the Commission.

30. On September 28, 2004, Electrolinks filed a 45-501F1 Report of Exempt Distribution dated September 7, 2004 and reported the purchase of 1,199,500 shares by 12 purchasers. The Commission received no additional filings in respect of the sale and/or distribution of the Electrolinks shares.

31. At least \$2 million, and as much as \$4.5 million through debt and equity, was raised from investors during the Material Time and by 2007 Electrolinks had over 350 shareholders and over 400 individuals with beneficial interests in Electrolinks shares (as a result of shareholders being instructed to pool their funds by MBS, Mohinder, Balbir and/or their agents or representatives).

32. Electrolinks ceased business in or around 2008 and was dissolved on February 10, 2010.

33. Electrolinks never became a public company nor did it make any distributions to investors and the Electrolinks shareholders suffered a complete loss of their investment.

Respondents' Admissions

34. By engaging in the conduct described above, Balbir admits and acknowledges that he and MBS contravened Ontario securities law during the Material Time in the following ways:

- the Respondents traded and engaged in, or held themselves out as engaging in, the business of trading in securities, where no exemptions were available, and without being registered to trade in securities, contrary to subsection 25(1) of the Act and contrary to the public interest;
- The actions of the Respondents related to the sale of securities constituted distributions of securities where no preliminary prospectus and prospectus were filed nor receipted by the Director, and where no exemptions were available, contrary to subsection 53(1) of the Act and contrary to the public interest; and
- As a director and officer of MBS, Balbir did authorize, permit or acquiesce in the commission of the violations of subsections 25(1) and 53(1) of the Act, as set out above, by MBS or by the salespersons, representatives or agents of MBS, contrary to section 129.2 of the Act and contrary to the public interest.