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

- AND -

ALEXANDER CHRIST DOULIS
(aka ALEXANDER CHRISTOS DOULIS,
aka ALEXANDROS CHRISTODOULIDIS)
and LIBERTY CONSULTING LTD.

REASONS AND DECISION

ON AN APPLICATION FOR A TEMPORARY ORDER

(Section 127 of the Act)

Hearing:	March 10, 2011	
Decision:	September 9, 2011	
Panel:	Christopher Portner	Commissioner and Chair of the Panel
	Paulette L. Kennedy	Commissioner
Counsel:	Sean Horgan	For Staff of the Ontario Securities Commission
	John Eversley	For Alexander Doulis and Liberty Consulting Ltd.

TABLE OF CONTENTS

I. BACKGROUND 1

A. THE APPLICATION 1
B. THE HEARING 1

II. THE ISSUE 2

III. POSITIONS OF THE PARTIES 2

A. STAFF 2
1. Unregistered Advising *2*
2. Misleading Staff *3*
3. Summary of Staff's Position *4*
B. THE RESPONDENTS 4

IV. THE LAW 6

A. THE COMMISSION'S PUBLIC INTEREST MANDATE 6
B. TEMPORARY ORDERS 7
C. THE REGISTRATION REQUIREMENT FOR ADVISERS 7
D. MISLEADING STAFF 8

V. ANALYSIS 8

VI. CONCLUSION 13

REASONS AND DECISION

I. BACKGROUND

A. The Application

[1] This is an application (the "**Application**") for a temporary order ("**Temporary Order**") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") that, until the completion of the hearing on the merits in this matter (the "**Merits Hearing**"): (i) Alexander Christ Doulis (also known as Alexander Christos Doulis, also known as Alexandros Christodoulidis) ("**Doulis**") and Liberty Consulting Ltd. ("**Liberty**") cease trading in and acquiring any securities except for the benefit of Doulis personally or that of his spouse, Sally Doulis; (ii) any exemptions contained in Ontario securities law do not apply to Doulis and Liberty (the "**Respondents**"); and (iii) such other terms as the Commission may consider appropriate.

[2] On January 14, 2011, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing in relation to a Statement of Allegations brought by Staff of the Commission ("**Staff**"). Staff alleges that:

> (a) between January 1, 2004 and September 2010 (the "**Material Time**"), Doulis and Liberty engaged in the business of advising with respect to investing in, buying or selling securities without being registered in accordance with Ontario securities law in any category of adviser, contrary to subsection 25(1)(c) of the Act (in force until September 28, 2009) and subsection 25(3) of the Act (in force as of September 28, 2009); and
>
> (b) between July 2009 and September 2010, Doulis made statements to Staff that in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue or did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to subsection 122(1)(a) of the Act.

[3] As Staff did not obtain a Temporary Order on an *ex parte* basis under subsection 127(5) of the Act, this Application, brought at the first appearance in this proceeding, provides the first opportunity for the Commission to consider whether it is in the public interest to issue a Temporary Order with respect to the Respondents.

B. The Hearing

[4] At the hearing of the Application (the "**Hearing**"), Staff provided Written Submissions and a Brief of Authorities in support of the Application, as well as the Affidavit of Larry Masci ("**Masci**"), a Senior Investigator with Staff, sworn February 17, 2011, with two binders of exhibits attached, and Masci's Supplementary Affidavit, sworn March 3, 2011, with several exhibits attached (together, the "**Masci Evidence**").

[5] The Respondents provided an Affidavit by Doulis, sworn March 8, 2011, with several exhibits attached (the "**Doulis Affidavit**"). Doulis was cross-examined on his Affidavit at the Hearing. We also heard oral evidence from two investors, Investor One and Investor Two. Investor One provided a letter in support of Doulis (the "**Investor One Letter**"). Doulis provided an invoice sent to an investor who did not testify (the "**February 2011 Invoice**").

[6] Counsel for Staff and the Respondents then made closing arguments.

[7] We reserved our decision at the close of the Hearing.

II. THE ISSUE

[8] The issue before us is whether it is in the public interest to issue an Order, effective until the completion of the Merits Hearing, that: (i) the Respondents cease trading and acquiring any securities except for the benefit of Doulis personally or that of his spouse, Sally Doulis; (ii) any exemptions under the Act do not apply to the Respondents; and (iii) such other terms as the Commission may consider appropriate.

III. POSITIONS OF THE PARTIES

A. Staff

1. Unregistered Advising

[9] Staff submits that the Masci Evidence demonstrates that during the Material Time, Doulis, directly and indirectly through Liberty and Paladin Trust ("**Paladin**"), made recommendations to buy or sell various securities, executed those trades on behalf of his clients and invoiced his clients in the expectation of being paid for his services. Doulis, a former registrant, was not registered with the Commission in any capacity during the Material Time.

[10] Specifically, Staff submits, based on the Masci Evidence and the evidence given at the Hearing, that:

(i) Liberty is the sole asset owned by Paladin. Doulis caused Paladin to be created and is named as the only eligible beneficiary in its trust indenture.

(ii) Doulis is the directing mind of Liberty. Doulis has, at various times, referred to himself as an officer, sole director, President, beneficial owner, shareholder or sole shareholder of Liberty.

(iii) Liberty's registered office address is a unit in a residential condominium on Frederick Street in Toronto which is owned by Minotaur Capital Corporation ("**Minotaur**") and rented to Liberty (the "**Liberty Office Address**"). Sally Doulis is an officer, director and President of Minotaur. Doulis acknowledged that he resides at the Liberty Office Address, but does not own it.

(iv) Liberty is a company incorporated pursuant to the laws of the Turks and Caicos Islands. Doulis had signing authority over two Liberty bank accounts in the Turks and Caicos Islands (the "**Liberty Bank Accounts**"). Doulis caused a brokerage account for Liberty to be opened in the Isle of Man for which he had full discretionary trading authority.

(v) During the Material Time, Doulis held powers of attorney (the "P**owers of Attorney**") over the brokerage accounts (the "**Client Accounts**") of twelve individuals and corporations (the "**Clients**") at Desjardins Securities ("**Desjardins**"). The Powers of Attorney authorized Doulis to make all trading decisions and issue trading instructions in respect of the Client Accounts.

(vi) Doulis personally managed the Client Accounts on behalf of the Clients who relied on him to make and execute all investment decisions.

(vii) Doulis charged the Clients for services variously described as investment oversight, portfolio services and investment management services. On Doulis's instructions, the Clients paid for Doulis's services by making payments to the Liberty Bank Accounts for which Doulis had signing authority.

(viii) In addition to payments he receives from the Clients, Doulis advised Staff that he receives a yearly flat fee of $12,000 from Liberty. He also receives the benefit of the use of the Liberty Office Address, and he is the sole beneficiary of Paladin, which, as noted above, owns Liberty.

(ix) In early 2010, Desjardins revoked the Powers of Attorney. Doulis instructed the Clients to move their brokerage accounts to different brokerages and to give him power of attorney with respect to their new accounts. Many of the Clients followed this instruction. Doulis has continued his advisory activities for the Clients at other financial institutions.

2. Misleading Staff

[11] Staff submits that Doulis actively misled Staff, with the intention of obstructing the Commission's investigation and covering up his conduct, in a voluntary interview conducted by Staff of the Commission and Staff of the Investment Industry Regulatory Organization of Canada ("**IIROC Staff**") on July 15, 2009, in a compelled examination conducted by Staff under the authority of section 13 of the Act on July 13, 2010 (the "**Compelled Examination**") and in a letter to Staff dated September 17, 2009 (the "**Doulis Letter**").

[12] Staff states that it is particularly concerned about Doulis's statements about his role with Liberty and about his remuneration. Staff alleges that Doulis made a number of false and misleading statements, including that:

(i) he had a very limited role with Liberty;

(ii) he did not send, nor was he aware that anyone had sent, invoices to the Clients for his services;

(iii) he did not know what remuneration Liberty received for his services; and

(iv) he was not being paid directly or indirectly by any of the Clients.

3. Summary of Staff's Position

[13] Staff submits that the evidence demonstrates that the Respondents were engaged in the business of advising with respect to securities without the appropriate registration. Further, Staff submits that there are a number of aggravating factors that are relevant to the Application, namely, that:

(i) Doulis was a former registrant;

(ii) the conduct at issue occurred over a number of years;

(iii) Doulis went to great lengths to shield his activities from regulatory oversight;

(iv) the false and/or misleading statements arose in the context of Staff's investigation of the Respondents; and

(v) the conduct has continued since Doulis became aware of Staff's investigation.

B. The Respondents

[14] In the Doulis Affidavit, Doulis stated, amongst other things, that:

(i) Only his wife and five other residents of Ontario (the "**Ontario Clients**") have given him authority to trade securities in their accounts, and each of them had a real and substantial personal relationship with his family long before providing the trading authorization and instructions.

(ii) He does not have a power of attorney over any of the Clients' accounts, and does not have authority to withdraw or transfer money from any of the Clients' accounts. Rather, the Clients have given the brokerage firm a trading authorization over their accounts, matched with specific instructions to be used by him in causing securities to be bought and sold pursuant to the trading authorization.

(iii) None of the Clients has given him money to invest for them in any business or trading account or system that belongs to him; in each case, the funds and the securities are placed in a brokerage accounts owned by the Client.

(iv) He does not "pick" stocks or make individual decisions about what should be bought or sold because the Clients tell him what criteria to apply.

(v) There is no suggestion that he is dishonest and there has never been a complaint about him to the Commission, any brokerage firm, any stock exchange or any other self-regulatory organization.

(vi) There is no suggestion that he is incompetent. Doulis claims that he is "fully trained and qualified as a CFA [Chartered Financial Analyst]" and that he "completed the training and successfully passed a directors and officers examination and had many years of experience as an analyst before retiring to pursue other interests".

(vii) There is no suggestion that anyone has suffered any loss as a result of his activities or will suffer any loss if he continues. The Clients' accounts have outperformed the market in every year since they provided the trading authorizations.

[15] At the outset of the Hearing, Counsel for Doulis read in four admissions to which Doulis had agreed:

(i) Doulis is compensated by Liberty for formulating advice and recommendations for Liberty's clients who are not residents of Canada ("**Non-Resident Clients**");

(ii) The Ontario Clients have a substantial connection to Doulis and his family that transcends the arrangement about how trades are directed in their accounts;

(iii) The Ontario Clients "piggyback" on advice Doulis provides to Non-Resident Clients. Although the aggregate value of the individual Client Accounts varies, the trading activity is "directly piggybacked" on the advice and recommendations formulated for the Non-Resident Clients; and

(iv) For the ability to "piggyback" on the advice formulated for the Non-Resident Clients, the Ontario Clients compensate Liberty at the rate of 0.5 percent of their account balances at the end of the year.

[16] Doulis believes his activities are not "off-side". He submits that he is not "recommending" or "advising" in a manner that the Act and Regulations were designed to prevent or prohibit or that offends the public policy objectives underlying the registration requirement.

[17] At the Hearing, Doulis testified that he became the sole director and shareholder of Liberty in 2002. He admitted that he was President of Liberty in April 2005, as indicated on a corporate resolution of that date. He admitted that while he was President and sole director of Liberty, he provided investment advice to Investor One and Investor Two and then invoiced

them, and they paid Liberty for his services. He acknowledged that he had sole control over the Liberty Accounts, but testified that he acted only as Liberty's agent in Canada. He also testified that he was not a resident of Canada at that time. When he returned to Canada in August 2005, he sold Liberty to Paladin, of which he is the only eligible beneficiary.

[18] Counsel for Doulis submitted that the Commission has discretion whether to issue the Temporary Order requested, and summed up his client's position as follows:

> How is it that the public interest is served by the Ontario Securities Commission creating a precedent that says even where there's skill and ability, and training, and expertise, and good results, and no complaints, and no allegations of dishonesty or theft or any kind of a loss, that no person can ever have more than one trading authority and then only if it's their spouse?
>
> (Hearing Transcript, March 10, 2011, p. 17).

[19] With respect to Staff's request for a Temporary Order, Doulis submits that there is no urgency in this case, since the Statement of Allegations was not issued until January 2011, some two-and-a-half years after Desjardins Securities first examined the matter in mid-2008. He also states that both Desjardins and IIROC closed their files after examining his conduct. He submits there is no danger to the Clients or the capital markets of Ontario if he is permitted to continue his activities pending the completion of the Merits Hearing.

IV. THE LAW

A. The Commission's Public Interest Mandate

[20] Section 1.1 of the Act states that the purposes of the Act are:

> (a) to provide protection to investors from unfair, improper or fraudulent practices; and
>
> (b) to foster fair and efficient capital markets and confidence in capital markets.

[21] Section 2.1 of the Act states that the primary means for achieving the purposes of the Act include imposing "restrictions on fraudulent and unfair market practices and procedures" and "requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants" (paragraph 2).

[22] The Supreme Court of Canada has recognized that the "primary goal of securities legislation is the protection of the investing public" and that to achieve this goal the Commission has accorded "a very broad discretion to determine what is in the public's interest" (*Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2. S.C.R. 557, at paragraphs 68 and 71; *Committee for the Equal Treatment of Asbestos Minority Shareholders v. The Queen in right of Quebec et al.*, [2001] 2 S.C.R. 132, at paragraph 39). This broad discretion allows the Commission to intervene whenever the conduct is contrary to the public interest, even when

there is no specific breach of the Act (*Re Canadian Tire Corp.* (1987), 10 O.S.C.B. 857 ("***Canadian Tire***"), at paragraphs 124-126).

B. Temporary Orders

[23] The Commission has observed that the dynamism and innovation of the capital markets can, and does, lead to abuse. As such, a "regulatory agency charged with oversight of the capital markets must have the capacity to move quickly to stop transactions which it considers to be injurious to the capital markets" (*Canadian Tire*, *supra*, at paragraph 127).

[24] To ensure that the Commission is able to intervene in a timely manner to protect investors and the capital markets, subsection 127(5) authorizes the Commission to issue a temporary cease trade order, "if in the opinion of the Commission the length of time required to conclude a hearing could be prejudicial to the public interest."

[25] In *Re Valentine* (2002), 25 O.S.C.B. 5329 ("***Valentine***") the Commission made the following statement about the criteria for extending a temporary order:

> Section 127(7) provides the Commission with the discretion to extend a temporary order. That discretion, to promote and protect the public interest, is very broad. Having regard to the legislative scheme as contained in s. 127, as well as the length of time required to conclude a hearing in this matter, we must satisfy ourselves, at this time, that there is sufficient evidence of conduct which may be harmful to the public interest.
>
> In exercising its regulatory authority, the Commission should consider all of the facts including, as part of its sufficiency consideration, the seriousness of the allegations and the evidence supporting them. The Commission should also consider any explanations or evidence that may contradict such evidence. This will allow it to weigh the threat to the public interest against the potential consequences of the order.
>
> (*Valentine*, *supra*, at paragraphs 26-27)

[26] The Commission has also stated that to obtain a temporary order, Staff's evidence "may fall short of what would be required in a hearing on the merits", but must be "more than mere suspicion or speculation" (*Re Watson* (2008), 31 O.S.C.B. 705, at paragraph 41).

C. The Registration Requirement for Advisers

[27] The Act prohibits a person or company from engaging in the business of advising anyone with respect to investing in, buying or selling securities unless the person or company is registered with the Commission as an advisor (subsection 25(1)(c) of the Act as it read prior to September 28, 2009; subsection 25(3) of the amended Act, which came into force on September 28, 2009). "Adviser" is defined in subsection 1(1) of the Act as "a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying or selling of securities".

[28] A person is acting as an adviser if the person (i) offers an opinion about an issuer or its securities, or makes a recommendation about an investment in an issuer or its securities, and (ii) if the opinion or recommendation is offered in a manner that reflects a business purpose. A person who does nothing more than provide factual information about an issuer is not advising in securities, but a person who recommends an investment is advising in securities (*Re Donas*, [1995] 14 B.C.S.C.W.S. 39, at p. 5; *Re Maguire* (1995), 18 O.S.C.B. 4623, at pp. 2-3 ("***Maguire***"); *Re First Federal Capital (Canada) Corp.* (2004), 27 O.S.C.B. 1603 ("***First Federal***"), at paragraphs 28-29).

[29] As the Commission stated in *Re Costello* (2003), 26 O.S.C.B. 1617 ("***Costello***"), "[t]he trigger for registration as an adviser is not doing one or more acts that constitute the giving of advice, but engaging in the business of advising". Remuneration or expected remuneration, whether direct or indirect, reflects a business purpose (*Costello, supra*, at paragraphs 25 and 34-35; *Maguire*, *supra*, at pp. 2-3; *First Federal*, *supra*, at paragraph 29).

[30] It is because advising involves offering an opinion or recommendation to others that the Act requires advisers to be registered with the Commission and to meet certain conditions as to their education and experience. In *Gregory & Co. v. Quebec Sec. Commission* (1961), 28 D.L.R. (2) 721 ("***Gregory***"), at p. 725, the Supreme Court of Canada held that:

> The paramount object of the Act is to ensure that persons who, in the province, carry on the business of trading in securities or acting as investment counsel, shall be honest and of good repute and, in this way, to protect the public, in the Province or elsewhere, from being defrauded as a result of certain activities initiated in the Province by persons therein carrying on such a business.

D. Misleading Staff

[31] Subsection 122(1)(a) of the Act states that "every person or company that makes a statement in any material, evidence or information submitted to . . . any person appointed to make an investigation or examination under this Act that, in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading" is guilty of an offence.

V. ANALYSIS

[32] Doulis relies on section 35.2 of the Act, which states:

> The regulations shall provide that a person or company is exempt from the requirement to be registered under this Act to act as a dealer or adviser, as the case may be, if the person or company acts as a dealer or adviser in a jurisdiction outside Canada.

[33] It appears that Doulis has arranged his affairs in an attempt to ensure he is not a resident of Canada for tax purposes, and believes that by the same means he has made himself exempt from the registration requirement under Ontario securities law. Although it appears to us, based on the evidence and submissions we heard, that Doulis is acting as an adviser in Ontario, we

heard no submissions on the application of section 35.2 in this case, and therefore we make no finding. That is an issue to be decided at the Merits Hearing.

[34] Nonetheless, we are troubled by the evidence we heard about Doulis's conduct in this matter, especially the evidence of his dissembling and lack of co-operation in dealing with IIROC Staff and Staff of the Commission. Doulis displayed the same attitude in his testimony before us.

[35] For example, it appears to us, based on the evidence available to us at the Hearing, that Doulis has made a number of false and misleading statements about the remuneration he receives for his services:

(i) In the Doulis Letter, Doulis told Staff "I am receiving no compensation".

(ii) In his Compelled Examination, given under oath, Doulis gave the following answers to Staff:

> Q. So what happens when they [the bonds] come due? Explain that to me.
>
> A. What happens is the company pays off the interest and principal that it owes the client. There is now a client – a cash amount in the client's account. I get copies of all of the transactions. So, therefore, I see that this bond has been redeemed.
>
> Q. And does the client pay you for that?
>
> A. No.
>
> Q. Does anyone send the client an invoice?
>
> A. No, not that I know of.
>
> (Transcript of Compelled Examination, July 13, 2010, p. 40, Questions 219-222)
>
> Q. . . . . Do you ever send clients any form of invoice?
>
> A. No.
>
> Q. Do they ever send you any type of monies?
>
> A. No.
>
> Q. Are your clients aware of Liberty?
>
> A. I don't know.

(Transcript of Compelled Examination, July 13, 2010, p. 60, Questions 312-314)

[36] As stated at paragraph 15 above, Doulis admitted at the Hearing that he is compensated by Liberty for formulating advice and recommendations for Liberty's Non-Resident Clients and that Liberty is compensated by the Ontario Clients at the rate of 0.5% of the year-end account balance "for the ability to "piggyback" on the advice formulated for the Non-Resident Clients".

[37] Doulis continues to take the position that he is not compensated by the Ontario Clients for giving investment advice. When asked at the Hearing whether the answers given to Staff, set out at paragraph 35 above, were not misleading, Doulis presented the February 2011 Invoice, which was sent to one of his Ontario Clients, and noted that it was printed on Liberty letterhead. The invoiced amount was 0.5% of the year-end balance of the investor's portfolio. Doulis's position is that when he invoices his Ontario Clients, he is simply acting as Liberty's agent in Canada, and not acting on his own behalf.

[38] Investor One testified that the February 2011 Invoice was "briefer, but . . . in principle probably the same" as the invoices she received from Doulis. Investor One testified that Doulis has been providing investment advice to her since 2002, but did not charge a fee until 2005. At the end of every year since then, Doulis has invoiced her for 0.5% of the value of her portfolio. She confirmed the same in the Investor One Letter, which stated "I pay Alex a minimal service fee of 0.5% of the value of my portfolio".

[39] Investor Two testified that Doulis began charging for his investment advice in 2004 or 2005, about a year after he began advising her. She identified an invoice she had received from Doulis on Liberty letterhead, dated February 3, 2006, in the amount of 0.5% of the year-end balance of her portfolio. The instructions were to wire-transfer the funds to a bank on the Isle of Man, "For payment to Doulis."

[40] In cross-examination at the Hearing, Doulis admitted that he had failed to advise Staff that he had been a director of Liberty when asked under oath, during his Compelled Examination, to describe his role with Liberty. Doulis failed to produce corporate documents relating to Liberty and Minotaur that Staff had required him to produce under the authority of section 13 of the Act. Doulis explained to Staff that he had not produced the documents because he was not an officer, director or employee of either company.

[41] Doulis also failed to advise Staff that he directed payment of rent to Minotaur on behalf of Liberty for the Liberty Office Address, where, as he described it at the Hearing, he is "squatting". Doulis admitted that he sleeps at the Liberty Office Address every night and "resides" there in the "literal" sense. Doulis's evasive evidence on this issue can be seen from the following excerpt from the Hearing Transcript:

Q. If I can direct you to tab C in that same binder.

A. "C"?

Q. Yes. It appears to be a letter there that you've written to a Mark Wilkinson, dated December 1, 2005, on Liberty Consulting letterhead.

A. Yes?

Q. It's signed Alex Doulis as director?

A. I was at one point in time a director of Liberty Consulting, this is true.

Q. Did you sign that letter and send that letter?

A. Yes.

Q. At the time you signed and sent it you were a director of Liberty Consulting?

A. True.

Q. It has an address of [redacted] Frederick Street, Toronto. That is the address that you're residing at presently?

A. I am squatting at that address.

Q. What do you mean by "squatting", sir?

A. I pay no rent, I do not own the property. The property is the offices of Liberty Consulting, and I, therefore, squat in the offices of Liberty Consulting.

Q. Well, you sleep there every night, right?

A. Yes.

Q. You reside there?

A. I beg your pardon.

Q. You reside there?

A. "Residence" in the legal sense or in a literal sense?

Q. In the literal sense, sir.

A. In the literal sense. In the literal sense, yes. If I may -- excuse. At the time this letter was written I was residing on a boat in the Mediterranean.

Q. And the owner of the residence at [redacted] Frederick Street, Unit [redacted], is Minotaur Capital Corporation?

A. That is correct.

Q. And your wife is the President and director of that corporation?

A. She is. And a major shareholder.

Q. And Liberty Consulting pays rent on an annual basis to Minotaur Capital Corporation --

A. That is correct.

Q. -- for that address at [redacted] Frederick Street?

A. That is correct.

(Hearing Transcript, March 10, 2011, at pp. 55-57)

[42] Doulis appears to have the impression that he has outsmarted securities regulators and avoided the application of Ontario securities laws by virtue of the way he has arranged his affairs.

[43] Considering the substance and reality of Doulis's activities, it appears to us that Doulis is giving investment advice to the Ontario Clients and that they are paying him for that advice, although indirectly, through Liberty.

[44] The issue before us in this Hearing is whether there is sufficient evidence of conduct that may be harmful to the public interest to justify our issuing a Temporary Order against Doulis and Liberty. Doulis says there is not, because, amongst other reasons, there is no suggestion that he is dishonest or incompetent, or that anyone has suffered any loss as a result of his activities or will do so if he continues. What Doulis's position ignores is that the Commission is given the responsibility by statute to "provide protection to investors from unfair, improper or fraudulent practices" and to "foster fair and efficient capital markets and confidence in capital markets" (section 1.1 of the Act). The Act also states that the Commission "shall have regard" to certain fundamental principles in pursuing the purposes of the Act, including using "the enforcement capability and regulatory expertise of recognized self-regulatory organizations" like IIROC (section 2.1 of the Act, clause 4). Further, the Act stipulates that the "primary means" for achieving its purposes include "requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants" (section 2.1 of the Act, clause 2(iii)). As stated in *Gregory* and many other cases, the Act's requirements for registration are critical to the Commission's ability to protect investors and ensure that those who participate in Ontario's capital markets on behalf of investors meet the required standards for proficiency, solvency and integrity.

[45] Neither Doulis nor anyone else is exempt from the registration requirement on the basis that so far no investor has lost any money or complained to securities regulators. It is common ground in this case that Doulis's Ontario Clients are unsophisticated investors. It appears to us, based on what we heard at the Hearing, that such investors are the intended beneficiaries of the Act's registration requirements and Doulis's activities may be harmful to the public interest. We find that Doulis's behaviour, especially his unwillingness to co-operate with Staff of the Commission and his unforthcoming approach in giving his evidence before us in this Hearing, are not what the Commission expects from participants in Ontario's capital markets. We have sufficient concern that we are persuaded the public interest requires us to issue a Temporary

Order that Doulis and Liberty shall cease trading in any securities, except for the benefit of Doulis personally or that of his spouse, Sally Doulis, and that any exemptions contained in Ontario securities law do not apply to Doulis and Liberty. However, in the absence of any submissions from either Staff or the Respondents with respect to whether we have authority, under subsection 127(5) of the Act, to issue a temporary order prohibiting the acquisition of securities, no order will be issued under paragraph 2.1 of subsection 127(1) of the Act.

VI. CONCLUSION

[46] For the reasons given, a Temporary Order will issue, as requested by Staff, stating that:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act and subsection 127(2) of the Act, Doulis and Liberty shall cease trading in any securities, except for the benefit of Doulis personally or that of his spouse, Sally Doulis;

2. Pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Doulis and Liberty; and

3. This Order shall take effect immediately and remain in effect until the completion of the Merits Hearing or until further order of the Commission.

[47] Staff and the Respondents should contact the Office of the Secretary to set a date for the next appearance in this matter.

DATED at Toronto this 9th day of September, 2011.

"Christopher Portner"	*"Paulette L. Kennedy"*
Christopher Portner	Paulette L. Kennedy