



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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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
BLACKWOOD & ROSE INC., STEVEN ZETCHUS and JUSTIN
KRELLER (also known as JUSTIN KAY)**

ORDER

(Sections 127 and 127.1 of the *Securities Act*)

WHEREAS on January 29, 2013, a Statement of Allegations and a Notice of Hearing were issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”) in respect of Blackwood & Rose Inc. (“**Blackwood**”), Steven Zetchus (“**Zetchus**”) and Justin Kreller (“**Kreller**”) (collectively, the “**Respondents**”);

AND WHEREAS the Commission conducted a hearing in writing on the merits in this matter;

AND WHEREAS the Commission issued its Reasons and Decision on the merits on December 17, 2013 (the “**Merits Decision**”);

AND WHEREAS the Commission concluded that the Respondents committed fraud and contravened Ontario securities law and acted contrary to the public interest, as described in the Merits Decision;

AND WHEREAS the Commission conducted a hearing on March 12, 2014 with respect to the sanctions and costs to be imposed in this matter;

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) pursuant to clause 2 of subsection 127(1) of the Act, each of Blackwood and Zetchus shall cease trading in any securities permanently and Kreller shall cease trading in securities for a period of 10 years from the date of this Order;

- (b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Blackwood or Zetchus is prohibited permanently and the acquisition of any securities by Kreller is prohibited for a period of 10 years from the date of this Order;
- (c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law not apply permanently to either Blackwood or Zetchus and that any exemptions in Ontario securities law not apply to Kreller for a period of 10 years from the date of this Order;
- (d) pursuant to clause 6 of subsection 127(1) of the Act, each of Zetchus and Kreller are reprimanded;
- (e) pursuant to clause 8, 8.2 and 8.4 of subsection 127(1) of the Act, Zetchus 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, 8.2 and 8.4 of subsection 127(1) of the Act, Kreller be prohibited for a period of 10 years from becoming or acting as a director or officer of any reporting issuer, registrant, investment fund manager or any issuer that engages in any distribution of securities to the public;
- (g) pursuant to clause 8.5 of subsection 127(1) of the Act, Zetchus is prohibited permanently from becoming or acting as a registrant, an investment fund manager or as a promoter and Kreller is prohibited for a period of 10 years from becoming or acting as a registrant, an investment fund manager or as a promoter;
- (h) pursuant to clause 9 of subsection 127(1) of the Act, Blackwood and Zetchus shall pay to the Commission on a joint and several basis an administrative penalty of \$100,000, for their contraventions of Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;
- (i) pursuant to clause 10 of subsection 127(1) of the Act, Blackwood and Zetchus shall disgorge to the Commission on a joint and several basis the amount of USD\$15,634 obtained by them as a result of their non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;
- (j) pursuant to clause 9 of subsection 127(1) of the Act, Kreller shall pay to the Commission an administrative penalty of \$25,000 for his contraventions of Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;
- (k) pursuant to subsection 37(1) of the Act, each of Zetchus and Kreller are prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or derivative or in any class of securities or derivatives; and

- (l) pursuant to section 127.1 of the Act, Zetchus shall pay to the Commission costs of \$37,000 and Kreller shall pay costs of \$12,000;
- (m) notwithstanding clauses (a), (b), (c), (f) and (g) of this Order, those prohibitions shall continue to apply to Kreller after the 10-year period from the date of this Order until such time as Kreller pays to the Commission the amounts referred to in clauses (j) and (l) of this Order.

DATED at Toronto, Ontario this 30th day of April, 2014.

“James E. A. Turner”

James E. A. Turner