Schedule "1"

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

- and –

IN THE MATTER OF W. JEFFERSON T. BANFIELD

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated July 14, 2004 in respect of W. Jefferson T. Banfield ("Banfield"), the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make orders as specified therein.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff recommend settlement of the allegations against the respondent Banfield in accordance with the terms and conditions set out below. Banfield agrees to the settlement on the basis of the facts and conclusions agreed to as provided in Part IV and consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out in Part IV.

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

III. ACKNOWLEDGEMENT

4. Staff and Banfield agree with the facts and conclusions set out in Part IV of the Settlement Agreement.

IV. AGREED FACTS

Background

5. The respondent, Banfield, was registered under Ontario securities laws as the trading and advising officer of Banfield Capital Management Inc. ("Banfield Capital") from May 1997 to December 2001. Banfield Capital was registered as a limited market dealer, investment counsel and portfolio manager under Ontario securities laws from May 1997 to December 2001. Banfield was a director and majority shareholder of Banfield Capital during the Material Time. The Material Time in this matter is the years 2000 and 2001.

6. Banfield Capital provided investment advice to Banfield Capital Management General Partner Ltd. ("BCM General Partner Ltd."). Banfield was the president of BCM General Partner Ltd., which was a company incorporated under the laws of Ontario.

7. BCM General Partner Ltd. was the General Partner of a limited partnership called the BCM Arbitrage Fund. Banfield wound up the BCM Arbitrage Fund in 2001. He has not been registered in any capacity under Ontario securities law as of December 31, 2001.

BCM Arbitrage Fund - Partnership Organization

8. BCM Arbitrage Fund (also referred to herein as the "Partnership") was a limited partnership formed under the laws of Ontario. The purpose of the Partnership was to engage in various hedged and arbitrage related investment strategies. High net worth individuals and institutions purchased units of the Partnership pursuant to an offering made in June 1997.

9. Banfield Capital was the investment advisor of the BCM Arbitrage Fund. As such, Banfield Capital was responsible for the investment and reinvestment of the Partnership's assets.

10. Banfield Capital had several employees during the Material Time. Banfield had ultimate authority for all trading by Banfield Capital and was ultimately responsible for all significant decisions in relation to the investment strategies for the BCM Arbitrage Fund.

BCM Arbitrage Fund – Investment Strategy

11. The investment objective of the Partnership was described in the 1997 Offering Memorandum filed by BCM Arbitrage Fund as follows:

> The Partnership will engage in various hedged and arbitrage related investment strategies with the objective of earning above average rates of return by exploiting market inefficiencies. The Partnership seeks to meet its objective by investing in a variety of financial instruments and emphasizing hedging techniques to earn attractive rates of return with minimal correlation to the price fluctuations in the equity and bond markets. Generally, the Partnership will invest in equity and equity-linked securities. The Partnership will seek to reduce overall risk and raise the rate of return by using various styles of hedging.

Burntsand Inc.

12. Burntsand Inc. ("Burntsand") is a corporation incorporated under the laws of British Columbia. During the Material Time, Burntsand was an electronic business solutions integration firm maintaining its head office in Vancouver, British Columbia. Burntsand was a reporting issuer in Ontario and other provinces. The common shares of Burntsand were listed and posted for trading on The Toronto Stock Exchange (the "TSX").

Burntsand Special Warrant Financing in February 2000

13. In February 2000, Goepel McDermid Inc. ("Goepel McDermid"), then a registered dealer, and Burntsand engaged in discussions about a proposed special warrant financing of Burntsand.

14. On February 16, 2000, Burntsand sought "price protection" from the TSX for an offering of special warrants based on the $8.20 closing price of its common shares on February 15, 2000.

15. On February 21, 2000, Burntsand executed an engagement agreement with Goepel McDermid, together with other firms (the "Underwriters") under which Burntsand proposed to raise approximately $45 million by issuing 4,285,714 special warrants priced at $10.50 each (referred to as the "Burntsand Special Warrants Offering").

16. Pursuant to subsections 619(a) and (b) and 622 of the TSX Company Manual, special warrants exchangeable into listed common shares may be issued at a discount to the closing price of the common shares of the TSX on the day before the date on which price protection is sought. Each special warrant would entitle the holder to acquire one common share without additional payment.

17. By means of a press release dated February 22, 2000, Burntsand publicly announced that it signed an agreement with the Underwriters pursuant to which Burntsand agreed to issue 4,285,714 Special Warrants to the Underwriters at a price of $10.50 per Special Warrant for total gross proceeds of $45,000,000.

18. In addition, Burntsand announced on February 22, 2000 that certain members of senior management of Burntsand agreed to sell 1,200,000 common shares to the purchasers of the Special Warrants (the "Secondary Offering").

Pre-Marketing of Burntsand Special Warrants Offering by Goepel McDermid

19. On February 17, 2000, Burntsand made a road show presentation in Toronto at the office of Goepel McDermid to selected institutional investors. An employee of Banfield Capital other than Banfield was in attendance. The presentation dealt with the nature of Burntsand's business in general terms. On or about February 17, 2000, following the road show presentation, Goepel McDermid salespeople engaged in the pre-marketing of the Burntsand Special Warrants Offering.

20. As of 5:00 p.m. (EST) on Friday, February 18, 2000, Goepel McDermid recorded expressions of interest by 29 institutional investors for the proposed Burntsand Special Warrants offering The expressions of interest were in excess of $85 million. Goepel McDermid recorded on February 18, 2000 Banfield Capital's expression of interest in the amount of $2 million in respect of the proposed Burntsand Special Warrants Offering.

21. Goepel McDermid contacted Banfield Capital at some time prior to 5:00 p.m. EST on February 18, 2000 to solicit its interest in the proposed Burntsand Special Warrants Offering, and Banfield Capital expressed its interest. Banfield acknowledges that in order for Banfield Capital to provide an expression of interest, Goepel McDermid must have informed Banfield of the approximate size of the proposed Burntsand Special Warrants Offering, and that the special warrants would be priced in the context of the market.

Banfield Capital's Short Sales[1] in Burntsand Common Shares

22. On Friday February 18, 2000 at or shortly after 2:40 p.m., Banfield contacted Credit Suisse First Boston Canada ("CSFBC"), a registered dealer, and placed an initial order with CSFBC to short sell 50,000 shares of Burntsand on behalf of the BCM Arbitrage Fund. The order was filled at an average price of $13.904. Banfield increased the order later in the day to include the short sale of an additional 50,000 shares of Burntsand. The average price for the short sale of the 100,000 Burntsand shares was $13.858.

23. On Monday February 21, 2000, Banfield acquired 193,500 Burntsand Special Warrants at an average price of $10.50 per unit for a total cost of $2,031,750 for the BCM Arbitrage Fund. Each of the Special Warrants was exercisable into one common share of Burntsand at no additional cost. In addition, Banfield purchased 45,800 common shares of Burntsand in respect of the Secondary Offering referred to in paragraph 18 above for the BCM Arbitrage Fund.

24. On Monday, February 21, 2000 at 11:31 a.m., Banfield contacted CSFBC and placed an order to short sell 50,000 common shares of Burntsand on behalf of the BCM Arbitrage Fund. By the close of trading, Banfield had sold short an additional 43,300 shares of the 50,000 short sale order at an average price of $13.315 on behalf of the BCM Arbitrage Fund.

25. It is acknowledged that Banfield Capital and Banfield were aware of material facts concerning the proposed Burntsand Special Warrants Offering prior to it being

[1] Short selling is defined as the sale of securities that the seller does not own. (Canadian Securities Course Textbook Volume 1, Winter 2004, prepared and published by the Canadian Securities Institute).

publicly disclosed on February 22, 2000. It is acknowledged that Goepel McDermid was in a special relationship with Burntsand prior to the public disclosure of the Offering on February 22, 2000. The information concerning the proposed Burntsand Special Warrants Offering were material facts which had not been generally disclosed until the announcement by Burntsand of the Burntsand Special Warrants Offering on February 22, 2000. It is acknowledged that, in its pre-marketing efforts, Goepel McDermid advised Banfield Capital and Banfield of the fact of the Special Warrants Offering prior to the public disclosure of same and that, by virtue of that fact, Banfield Capital and Banfield were deemed to be in a special relationship with Burntsand within the meaning of subsection 76(5)(e) of the Act.

26. Pursuant to subsection 76(1) of the Act, no person or company in a special relationship with a reporting issuer shall purchase or sell securities of the reporting issuer with knowledge of a material fact or material change with respect to the reporting issuer that has not been generally disclosed. As a result, Banfield, on behalf of the BCM Arbitrage Fund, engaged in short sales in shares of Burntsand on February 18 and 21, 2000 in circumstances which constitute a violation of subsection 76(1) of the Act.

27. Banfield acknowledges that he personally authorized the BCM Arbitrage Fund to sell short 143,300 Burntsand common shares on February 18 and 21, 2000, at an average price of $13.694, and on February 22, 2000 purchase Burntsand special warrants at a price of $10.50 (which warrants were exercisable by the BCM Arbitrage Fund, without additional payment into common shares on a one-for-one basis). By engaging in the short sales described above, Banfield effected a strategy to lock in net profits for the BCM Arbitrage Fund. BCM Arbitrage Fund made a profit of $136,865.00 calculated in accordance with paragraph (b) of subsection 122(6) of the Act.

28. Banfield has no specific recollection of the events surrounding the Burnstand Special Warants Offering nor what was said to him about it by Goepel McDermid. Banfield has represented to Staff that he did however have a general understanding at the Material Time that he was not restricted from trading in circumstances where his interest in prospective special warrant private placements had been solicited by salesmen. Banfield has represented to Staff that he understood and expected the salesmen in these circumstances would tell him if their firm was in a special relationship with an issuer and

if they were imparting material undisclosed information to him. Banfield has represented to Staff that the salesmen did not do so; in fact they suggested to Banfield that there were no restrictions which arose in the context of pre-marketing special warrant private placements. Banfield believed that he was not restricted from trading in the issuers which the salesmen discussed with him. He acknowledges that that belief was not reasonable.

29. Staff requested particulars from Banfield concerning his discussions with salesmen as described above. Staff also requested particulars from Banfield concerning other instances in which due to the understanding described above, he may have traded after being solicited for his interest in a potential private placement of special warrants. Banfield wound up the BCM Arbitrage Fund in 2001 and has been inactive in the industry since that time. Banfield has represented to Staff that he does not have access to any documents which would assist his recollection and, due to the passage of time, he is unable to provide further details to Staff.

30. Banfield acknowledges that he was involved both in trading on behalf of the BCM Arbitrage Fund and in the sales calls which salesmen made to his firm to pre-market special warrant private placements. Banfield acknowledges that there was at the time no policy at his firm to segregate these two functions nor to identify and contain undisclosed material information transmitted to Banfield by salesmen. Banfield acknowledges that the presence of such policy would have assisted him in the proper conduct of the trading by Banfield on behalf of the BCM Arbitrage Fund.

31. As a result of the understanding described in paragraph 28, Banfield unreasonably believed that there was no trading restriction applicable to him upon being solicited by the salesmen. He acknowledges that this belief was unreasonable and that he engaged in trading with knowledge of material facts that had not been generally disclosed contrary to subsection 76(1) of the Act.

32. Banfield disclosed the Burntsand short sales to the TSX in Banfield Capital's response to the TSX's Private Placement Questionnaire and Undertaking.

33. Staff indicated to Banfield that Staff were conducting a review of a number of other private placements and special warrant offerings reported by Banfield Capital to the TSX. In that context, Banfield represented to Staff that, as a result of his incorrect belief as described above, he engaged in similar trading in respect of several other special warrant offerings in which the BCM Arbitrage Fund participated during 2000 and 2001. Banfield advised Staff that he was prepared to acknowledge similar conduct engaged in by him, without requiring Staff to devote further resources to the review of Banfield's conduct or that of the BCM Arbitrage Fund. Banfield therefore acknowledges that he had knowledge of a material facts concerning proposed special warrants offerings of several other reporting issuers during 2000 and 2001 as a result of salesmen's solicitations. Banfield authorized the BCM Arbitrage Fund to engage in trades (i.e. short sales) in shares of these reporting issuers with knowledge of a material fact or facts contrary to subsection 76(1) of the Act. Banfield has represented to Staff that he operated on the basis of his belief that his trades were not restricted, and acknowledges that that belief was unreasonable. By making these admissions, Banfield has recognized his misconduct; therefore, Staff have avoided the necessity of conducting a more lengthy and expensive investigation and proceeding.

Kasten Chase Applied Research Limited – Banfield Capital's Undeclared Short Position

34. Kasten Chase Applied Research Limited ("KCA") is a corporation incorporated under the Business Corporations Act (Ontario). KCA develops and applies technology to provide secure remote access to computer networks. During the Material Time, KCA was a reporting issuer in Ontario and other provinces. The common shares of KCA were listed and posted for trading on the TSX.

35. On February 11, 2000, KCA executed an engagement agreement with Yorkton Securities Inc. ("Yorkton") under which KCA proposed to raise $5 million by issuing 4 million special warrants priced at $1.25 each (referred to herein as the "KCA Special Warrants Offering"). Pursuant to subsections 619(a) and (b) and 622 of the TSX Company Manual, special warrants exchangeable into listed common shares may be issued at a discount to the closing price of the common shares on the TSX on the day before the date on which price protection is sought. Each special warrant was to entitle

the holder to acquire one common share of KCA and one warrant to acquire one-half of one common share at an exercise price equal to $1.75 per common share.

36. By means of a press release dated February 11, 2002, shortly after 4 p.m., KCA publicly announced that it had entered into an agreement with Yorkton relating to the offering of $5 million KCA special warrants.

37. Between 12:54 p.m. and 1:30 p.m. on February 11, 2000, Yorkton's institutional salespeople solicited subscription orders for the KCA Special Warrants Offering from Banfield Capital.

38. On February 11, 2000, prior to the public disclosure of the KCA Special Warrants Offering, Banfield placed a subscription order for the BCM Arbitrage Fund for 250,000 KCA special warrants. Banfield's requested allotment was reduced to 134,000 KCA special warrants priced at $1.25 because of the excess demand for the KCA Special Warrants Offering.

Banfield Capital's Short Sales in KCA Common Shares

39. On February 11, 2000, prior to the opening of the market, Banfield had a discussion with a member of Yorkton concerning KCA. During the discussion Banfield attempted to place an order with Yorkton, prior to the market opening, to short sell 50,000 KCA that morning. The Yorkton employee declined to take Banfield's order.

40. Banfield then placed an order with Versus Brokerage Services Inc. (now E* Trade Canada Securities Corporation) to sell 10,000 KCA shares for the BCM Arbitrage Fund at a price of $2.00 at approximately 9:37 a.m. on February 11, 2000. Versus Brokerage did not inquire whether or not Banfield held a long position in KCA through any of Banfield Capital's trading accounts. Banfield also placed an order with CSFBC to sell for the BCM Arbitrage Fund 50,000 shares of KCA at market price at approximately 9:40 a.m. on February 11, 2000. Banfield amended the order placed with CSFBC to increase the order to sell 100,000 KCA shares for the BCM Arbitrage Fund. CSFBC executed the order for the sale of the 100,000 KCA shares at an average price of $2.2601. The CSFBC trader did not inquire whether or not Banfield held a long position in KCA through any of Banfield Capital's trading accounts.

41. At the time Banfield placed the orders with Versus and CSFBC to sell the KCA common shares, Banfield did not disclose to either dealer that the BCM Arbitrage Fund did not own the KCA shares. In failing to declare short sales by the BCM Arbitrage Fund in respect of the orders for the sale of 110,000 KCA shares, Banfield contravened section 48 of the Act.

Banfield's Conduct Contrary to the Public Interest

42. Banfield's conduct was contrary to the public interest by reason of the following:

a. Pursuant to subsection 76(1) of the Act, no person or company in a special relationship with a reporting issuer shall purchase or sell securities of the reporting issuer with knowledge of a material fact or material change with respect to the reporting issuer that has not been generally disclosed. Banfield was in a special relationship with Burntsand within the meaning of subsection 76(5) of the Act, and in particular, subsection 76(5)(e) of the Act. The information provided to Banfield by Goepel McDermid, referred to in paragraph 21 above, was a material fact which had not been generally disclosed until the announcement by Burntsand of the Special Warrants Offering on February 22, 2000;

b. Banfield, as the trading officer of Banfield Capital and President of the General Partner, traded (i.e. sold short) approximately 143,300 Burntsand common shares for the BCM Arbitrage Fund on February 18 and February 21, 2000, while Banfield had knowledge of material facts in relation to the price and size of the proposed Burntsand special warrant financing, contrary to subsection 76(1) of the Act;

c. Banfield further authorized trading for the BCM Arbitrage Fund in shares of several reporting issuers, in the period 2000 and 2001, with knowledge of a material facts concerning proposed special warrants offerings contrary to subsection 76(1) of the Act; and

d. Banfield, in failing to declare short sales in respect of the orders he placed with Versus and CSFBC for the sale of 110,000 KCA shares by BCM Arbitrage Fund, contravened section 48 of the Act.

43. Banfield represents to Staff that his trading on behalf of the BCM Arbitrage Fund while in possession of material undisclosed information was not intentional. However, Banfield accepts that his belief was unreasonable. In entering into this settlement Banfield acknowledges that his conduct was therefore unbecoming of a registrant and contrary to the public interest.

V. TERMS OF SETTLEMENT

44. Banfield agrees to the following terms of settlement:

a. pursuant to clause 2 of subsection 127(1) of the Act, Banfield will cease trading in securities for a period of two years from the date of the order of the Commission approving the Settlement Agreement;

b. Banfield agrees to the terms set out herein and further agrees to execute a written undertaking to the Commission in the form attached as Schedule "B" to this Settlement Agreement, that reflects the following settlement terms:

(i) Banfield undertakes to the Commission not to apply for registration in any capacity under Ontario securities law for a period of five years from the date of the order of the Commission approving the Settlement Agreement;

(ii) Banfield further undertakes to the Commission that he will never act in or apply for registration in a supervisory or compliance capacity under Ontario securities law;

(iii) Banfield undertakes that, if he applies for registration under Ontario securities law in the future, he will consent to the imposition of term(s) and condition(s) on his registration for a period of three years requiring close supervision, including, but not

limited to, a term and condition requiring quarterly supervision reports to be completed by his employer and submitted to the Commission, and a term and condition that Banfield not be permitted to participate in any private placement financing of securities on behalf of any person, without first obtaining the prior written consent of his supervisor with respect to such trades;

(iv) Banfield agrees that within one year prior to applying for registration under the Act, he will successfully complete the Canadian Securities Course and Conduct Practices Handbook Course;

(v) Banfield agrees that Staff may oppose Banfield's application for registration or request that terms and conditions be imposed on Banfield's registration on the basis of the facts and conclusions agreed to by Banfield in Part IV of this Settlement Agreement; and

(vi) Banfield acknowledges that the Director retains discretion to consider his suitability for registration pursuant to section 26 of the Act in the event that Banfield seeks to apply for registration under the Act following the five year period referred to above, and retains discretion whether to grant registration and/or impose term and conditions thereon pursuant to section 26 of the Act.

c. At the time of approval of this settlement, Banfield will make a settlement payment in the amount of $150,000 by certified cheque to the Commission for allocation to or for the benefit of such third parties as may be approved by the Minister under s.3.4(2) of the Act;

d. pursuant to clause 6 of subsection 127(1) of the Act, Banfield will be reprimanded by the Commission;

e. pursuant to section 127.1 of the Act, Banfield agrees to make payment by certified cheque to the Commission in the amount of $50,000 in respect of a portion of the costs of the investigation and proceeding in relation to this matter;

f. Banfield agrees to attend, in person, the hearing before the Commission on a date to be determined by the Secretary to the Commission to consider the Settlement Agreement, or such other date as may be agreed to by the parties for the scheduling of the hearing to consider the Settlement Agreement.

VI. STAFF COMMITMENT

45. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Banfield in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions contained in paragraphs 46 and 52 below.

46. If this Settlement Agreement is approved by the Commission, and at any subsequent time Banfield fails to honour the terms and undertakings contained in Part V herein, Staff reserve the right to bring proceedings under Ontario securities law against Banfield based on the facts set out in Part IV of the Settlement Agreement, as well as the breach of the terms and undertakings.

VII. PROCEDURE FOR APPROVAL OF SETTLEMENT

47. Approval of the settlement set out in the Settlement Agreement shall be sought at a public hearing of the Commission scheduled for such date as is agreed to by Staff and Banfield.

48. Counsel for Staff or Banfield may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and Banfield agree that the Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing, unless the parties later agree that further evidence should be submitted at the Settlement Hearing.

49. If the Settlement Agreement is approved by the Commission, Banfield agrees to waive his right to a full hearing, judicial review or appeal of the matter under the Act.

50. Staff and Banfield agree that if the Settlement Agreement is approved by the Commission, they will not make any statement inconsistent with the Settlement Agreement.

51. Whether or not the Settlement Agreement is approved by the Commission, Banfield agrees that he will not, in any proceeding, refer to or rely upon the 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.

52. If, for any reason whatsoever, the Settlement Agreement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission;

a. the Settlement Agreement and its terms, including all settlement negotiations between Staff and Banfield leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Banfield;

b. Staff and Banfield 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 negotiations; and

c. the terms of the Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person except with the written consent of Staff and Banfield or as may be required by law.

VIII. DISCLOSURE OF SETTLEMENT AGREEMENT

53. The Settlement Agreement and its terms will be treated as confidential by Staff and Banfield, until approved by the Commission and, forever, if for any reason

whatsoever, the Settlement Agreement is not approved by the Commission, except with the written consent of Staff and Banfield or as may be required by law.

54. Any obligations of confidentiality shall terminate upon approval of the Settlement Agreement by the Commission.

IX. EXECUTION OF SETTLEMENT AGREEMENT

55. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

56. A facsimile copy of any signature shall be as effective as an original signature.

DATED this 13th day of July, 2004

Signed in the presence of:

"Helen Daley"
Helen Daley

"W. Jefferson T. Banfield"
W. Jefferson T. Banfield

"Michael Watson"
Michael Watson
Director, Enforcement Branch

SCHEDULE "A"

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

AND

W. JEFFERSON T. BANFIELD

ORDER
(Sections 127 and 127.1)

WHEREAS on July 14, 2004, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the Act in respect of W. Jefferson T. Banfield ("Banfield");

AND WHEREAS the respondent Banfield entered into a settlement agreement dated July 13, 2004 (the "Settlement Agreement"), in which the respondent agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission; and wherein Banfield provided to the Commission a written undertaking in respect of the settlement of this proceeding, attached hereto as Schedule "B" to this Order;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from the respondent 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 HERBY ORDERED THAT:

1. the Settlement Agreement dated July 13, 2004, attached to this order as Schedule "1", is hereby approved;

2. that pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Banfield cease for a period of two years from the date of this Order;

3. that pursuant to clause 6 of subsection 127(1) of the Act, Banfield is reprimanded by the Commission;

4. that Banfield make a settlement payment in the amount of $150,000 by certified cheque to the Ontario Securities Commission for allocation to or for the benefit of such third parties as may be approved by the Minister under s.3.4(2) of the Act;

5. that pursuant to section 127.1 of the Act, Banfield makes a payment by certified cheque to the Commission in the amount of $50,000 in respect of a portion of the costs of the investigation and proceeding in relation to this matter.

DATED at Toronto this day of , 2004

_____ _____

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SCHEDULE "B"

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

AND

W. JEFFERSON T. BANFIELD

UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION

I, W. Jefferson T. Banfield, am a Respondent to a Notice of Hearing dated July 14, 2004 (the "Notice of Hearing") issued by the Ontario Securities Commission (the "Commission"). As a term of the settlement agreement dated July 13, 2004 entered into by me in respect of the Notice of Hearing, I undertake to the Commission the following:

a. I will not apply for registration in any capacity under Ontario securities law for a period of five years from the date of the Order of the Commission approving the Settlement Agreement;

b. I will never act in or apply for registration in a supervisory or compliance capacity under Ontario securities law;

c. If I apply for registration under Ontario securities law in the future, I will consent to the imposition of term(s) and condition(s) on my registration for a period of three years requiring close supervision, including, but not limited to, a term and condition requiring quarterly supervision reports to be completed by my employer and submitted to the Commission, and a term and condition that I not be permitted to participate in any private placement financing of securities on behalf of any person, without first obtaining the prior written consent of my supervisor with respect to such trades;

d. I agree that Staff may oppose my application for registration or request that terms and conditions be imposed on my registration on the basis of the facts and conclusions agreed to by me in Part IV of the Settlement Agreement; and

e. I acknowledge that the Director retains discretion to consider my suitability for registration pursuant to section 26 of the Act in the event that I seek to apply for registration under the Act following the five year period referred to above, and retains discretion whether to grant registration and/or impose term and conditions thereon pursuant to section 26 of the Act.

"Helen Daley"
Witness: Helen Daley
Date: July 13, 2004

"W. Jefferson T. Banfield"
W. Jefferson T. Banfield
Date: July 13, 2004

Acknowledgement as Received by,

"Daisy G. Aranha"
Daisy G. Aranha
A/Secretary to the
Ontario Securities Commission

Date: July 22, 2004