



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 -

STANKO JOSEPH GRMOVSEK AND GIL I. CORNBLUM

**SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO
SECURITIES COMMISSION AND STANKO JOSEPH GRMOVSEK**

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it held 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 approve this Settlement Agreement and to make certain Orders in respect of the Respondent, Stanko Joseph Grmovsek (“Grmovsek”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated October 23, 2009 (the “Proceeding”) against Grmovsek according to the terms and conditions set out in Part V of this Settlement Agreement. Grmovsek agrees to the making of an Order in the form attached as Schedule “A”, based on the facts set out below.

3. For the purposes of this proceeding only, Grmovsek agrees with the facts as set out in Part III of this Settlement Agreement.

PART III – AGREED FACTS

A. OVERVIEW

4. Gil I. Cornblum (“Cornblum”) and Grmovsek collectively (the “Respondents”) engaged in an illegal insider trading scheme over the course of a 14 year period from 1994-2008 (the “Relevant Period”). Although the scheme operated throughout the Relevant Period, the trading generally occurred in two time periods: September 1996 to August 2000 and May 2004 to April 2008.

5. Shortly after completing law school in 1994, the Respondents commenced the scheme in which Cornblum would seek out and obtain material, non-public information concerning pending corporate transactions that he would communicate to Grmovsek, for the sole purpose of facilitating the execution of trades in securities of the corporations involved in the corporate transactions by Grmovsek for a profit.

6. The Respondents’ scheme contemplated an equal distribution of the illicit trading profits between Grmovsek and Cornblum at some future date.

7. At all times during the Relevant Period, Cornblum sought out and obtained material, non-public information in his capacity as a lawyer.

8. Throughout the Relevant Period, Grmovsek directed the illegal trading in brokerage accounts located in: (i) the Bahamas under various corporate names; (ii) Ontario under variations of his own name and a Grmovsek Family Trust account; and (iii) Ontario which were in the names of family and friends but over which he obtained trading authorization.

9. Throughout the Relevant Period, the Respondents engaged in a course of conduct to disguise their illegal activity and avoid detection from regulatory authorities and law enforcement. This conduct included, but was not limited to:

- (i) using numerous brokerage accounts opened in corporate names in the Bahamas;
- (ii) using only verbal trading instructions for brokerage accounts located in Bahamas;

- (iii) maintaining the illicit trading profits in a number of brokerage accounts opened in corporate names in the Bahamas and the Grand Cayman Islands;
- (iv) developing and participating in covert methods of repatriating illicit profits into Canada;
- (v) engaging in trading patterns with respect to the securities so as to minimize the possibility of detection; and
- (vi) extensive use of pay telephones and calling cards to communicate material non-public information and discuss potential trading strategies integral to the scheme.

10. In total, Cornblum tipped Grmovsek of material non-public information and Grmovsek traded while in possession of that material non-public information in advance of news releases related to forty-six (46) corporate transactions involving securities publicly listed in Canada and the United States. In some cases the securities were cross-listed in both countries.

11. In total, the illegal insider trading yielded profits of approximately \$9,000,000 USD. The majority of the profits were generated by trades on exchanges located in the United States.

B. THE RESPONDENTS

12. Cornblum is a resident of Toronto, Ontario and during the Relevant Period was an articling student or practicing lawyer and was a member of the Law Society of Upper Canada and the New York State Bar. During the Relevant Period, Cornblum worked at a number of law firms, including by not limited to: Sullivan & Cromwell, LLP, New York; Schulte Roth & Zabel, LLP, New York; and Dorsey, Whitney, LLP, Toronto (the “Law Firms”).

13. Commencing in 2001, Cornblum was an associate lawyer and subsequently a partner in the Mergers & Acquisitions/Corporate Practice Groups at Dorsey & Whitney, LLP. In April 2008, as a result of regulatory investigations into alleged illegal insider trading, Cornblum was terminated from Dorsey & Whitney, LLP.

14. Grmovsek was a resident of Woodbridge, Ontario during the Relevant Period. Grmovsek articulated in Ontario, was called to the bar in 1995 and practiced as a securities lawyer and was a

member of the Law Society of Upper Canada until May 1, 1997 when he ceased practicing law and engaged in the illegal insider trading scheme full-time.

15. The Respondents met and became friends in law school and remained close personal friends thereafter. Throughout the Relevant Period, the Respondents were in regular and frequent contact.

16. The Respondents have never been registered in any capacity with the Commission.

17. Since May 2008, when Staff's investigation became public, the Respondents have provided extensive cooperation in assisting all regulatory authorities and law enforcement agencies involved in identifying the depth and breadth of the conduct at issue. Many of the corporate transactions that occurred in the 1994 - 2000 period were identified by the Respondents from memory. Staff's investigation and analysis regarding those transactions was aided by the Respondents' testimony since there are incomplete records regarding some of these transactions, particularly due to the off-shore components of the scheme.

C. TIPPING

18. During the Relevant Period, Cornblum actively sought out and acquired material non-public information about potential corporate transactions through his role as a lawyer at the Law Firms.

19. The information was primarily obtained in one of five ways:

- (i) as counsel to issuers on pending corporate transactions;
- (ii) through conversations with colleagues/other counsel on potential corporate transactions;
- (iii) through communications with external counsel conducting conflict checks regarding potential corporate transactions;
- (iv) by using temporary passwords for night-time secretarial staff to conduct searches on computer databases at the Law Firms for material non-public information related to pending transactions for which he did not personally

serve as counsel; and

- (v) by early morning searches through the hallways, photocopy rooms, fax machines and files of colleagues at the Law Firms for documents revealing material non-public information related to pending transactions for which he did not personally serve as counsel.

20. During the Relevant Period, Cornblum acquired material non-public information involving all of the following corporate transactions (the “Corporate Transactions”)¹:

- (a) acquisition of Office Depot by Staples, announced September 4, 1996 (NYSE);
- (b) acquisition of Great Western Financial Corp. by H.F. Ahmanson & Company, announced February 17, 1998 (NYSE);
- (c) acquisition of North American Mortgage Company by Dime Bancorp Inc., announced June 23, 1997 (NYSE);
- (d) acquisition of Equitable of Iowa Companies by ING Groep N.V., announced July 8, 1997 (NYSE);
- (e) acquisition of Nellcor Puritan Bennett Inc. by Mallinckrodt Inc., announced July 23, 1997 (NASDAQ);
- (f) acquisition of Corestates Financial Corp. by First Union Corporation, announced November 18, 1997 (NYSE);
- (g) acquisition of Piper Jaffray Companies Inc. by U.S. Bancorp, announced December 15, 1997 (NYSE);
- (h) acquisition of Money Store Inc. by First Union Corporation, announced March 4, 1998 (NYSE);
- (i) acquisition of Alumax Inc. by Alcoa Inc., announced March 9, 1998 (TSX/NYSE);

¹ The exchange(s) on which the “target” issuer was publicly listed at the time of the transaction, is enclosed in brackets following each transaction.

- (j) acquisition of H.F. Ahmanson & Company by Washington Mutual Inc., announced March 17, 1998 (NYSE);
- (k) acquisition of Beneficial Company by Household International Inc. announced April 7, 1998 (NYSE);
- (l) acquisition of Ameritech Corporation by SBC Communications Inc., announced May 11, 1998 (NYSE);
- (m) acquisition of Humana Inc. by United HealthGroup Inc., announced May 28, 1998 (NYSE);
- (n) acquisition of Ciena Corporation by Tellabs Inc., announced June 3, 1998 (NASDAQ);
- (o) acquisition of Wells Fargo & Company by Norwest Corporation, announced June 8, 1998 (NYSE);
- (p) acquisition of Newcourt Credit by CIT announced on March 8, 1999 (TSX/NYSE);
- (q) acquisition of Smallworldwide by GE Power Systems, announced August 17, 2000 (NASDAQ);
- (r) acquisition of Wheaton River Minerals Ltd. by Goldcorp Inc., announced May 28, 2004 (TSX/AMEX);
- (s) buy-back of Yamana Gold Inc. warrants by Yamana Gold Inc., announced June 17, 2005 (TSX/NYSE);
- (t) merger of Star Point Energy Trust and Acclaim Energy Trust, announced September 19, 2005 (TSX/AMEX);
- (u) acquisition of Virginia Gold Mines by Goldcorp Inc., announced December 5, 2005 (TSX/NYSE);
- (v) acquisition of RNC Gold by Yamana Gold Inc., announced December 4, 2005 (TSX/NYSE);
- (w) acquisition of Desert Sun Mining Inc. by Yamana Gold Inc., announced February 22, 2006 (TSX/NYSE);

- (x) acquisition of Weda Bay by Eramet SA, announced March 15, 2006 (TSX);
- (y) acquisition of Mexgold Resources Inc. by Gammon Lake, announced May 29, 2006 (TSX/AMEX);
- (z) acquisition of Viceroy Exploration Ltd. by Yamana Gold Inc., announced August 16, 2006 (TSX/NYSE);
- (aa) merger of Goldcorp Inc. and Glamis Gold Ltd., announced August 31, 2006 (TSX/NYSE);
- (bb) merger of IAMGOLD Corporation and Cambior Inc., announced September 14, 2006 (TSX/AMEX);
- (cc) merger of Denison Mines Corp. and International Uranium Corporation, announced September 18, 2006 (TSX/AMEX);
- (dd) Goldcorp Inc. sale of shares in Wheaton River Minerals Ltd., announced December 7, 2006 (TSX/AMEX);
- (ee) merger of Direct General Corporation and Fremont Partners and Texas Pacific Group, announced December 5, 2006 (NASDAQ);
- (ff) Eldorado Gold Corporation potential merger with Centerra Gold Corporation, announced February 16, 2007 (TSX/AMEX);
- (gg) acquisition of Gateway Casinos Income Fund by New World Gaming Partners Ltd., announced April 4, 2007 (TSX);
- (hh) acquisition proposal of Liquor Barn Income Fund by Liquor Stores Income Fund, announced April 10, 2007 (TSX-V);
- (ii) resource restatement by Blue Pearl Mining Ltd., announced April 16, 2007 (TSX/NYSE);
- (jj) acquisition of Palmarejo Silver by Coeur d'Alene Mines, announced May 3, 2007 (TSX-V);
- (kk) acquisition of Energy Metals Corporation by Uranium One Inc., announced June 4, 2007 (TSX/NSYE);

- (ll) acquisition of Peru Copper, Inc. by Aluminum Corporation of China Ltd., announced June 14, 2007 (TSX/AMEX);
- (mm) acquisition of Meridian Gold Inc. by Yamana Gold Inc. and Northern Orion Resources Inc., announced June 27, 2007 (TSX/NYSE);
- (nn) acquisition of Meridian Gold Inc. by Yamana Gold Inc., announced August 14, 2007 (TSX/NYSE);
- (oo) acquisition of Miramar Mining Corporation by Newmont Mining Corporation, announced October 9, 2007 (TSX/NYSE);
- (pp) acquisition of Arizona Star by Barrick Gold Corporation, announced October 29, 2007 (TSX-V/NYSE);
- (qq) settlement discussions between NovaGold Resources and Barrick Gold Corporation, announced November 8, 2007 (TSX/NYSE/AMEX);
- (rr) acquisition of A.S.V., Inc. by Terex Corporation, announced January 13, 2008 (NASDAQ);
- (ss) acquisition of Possis Medical, Inc. by MEDRAD, Inc., announced February 11, 2008 (NASDAQ); and
- (tt) acquisition of WP Stewart by Arrow Capital Management, announced May 21, 2008 (NYSE).

21. Pursuant to subsections 76(5)(b) and (e) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the “Act”) Cornblum became a person in a special relationship with the reporting issuers (the “Reporting Issuers”) involved in the Corporate Transactions.

22. Grmovsek knew that Cornblum owed a fiduciary duty and a strict duty of confidentiality and loyalty to the clients of the Law Firms. Pursuant to subsection 76(2) of the Act, Cornblum was also prohibited from tipping others with material information related to any of the Reporting Issuers before that information had been generally disclosed.

23. For each of the Corporate Transactions, Cornblum informed Grmovsek of material information related to the Reporting Issuers or Issuers prior to that information having been generally disclosed.

24. The Respondents understood and intended that Grmovsek would execute trades based on this material non-public information provided by Cornblum and they expected to, and did, share in the profits of the resulting trades.

25. With respect to some of the Corporate Transactions, Cornblum would provide instructions to Grmovsek regarding the nature and quantum of proposed trading in certain securities, in an effort to avoid detection by regulatory authorities.

D. INSIDER TRADING

26. Throughout the Relevant Period, Grmovsek obtained material information related to the pending Corporate Transactions from Cornblum prior to the information having been generally disclosed. Grmovsek knew that Cornblum obtained the information in his capacity as a lawyer and fiduciary and that Cornblum stood in a special relationship to each of the Reporting Issuers.

27. By virtue of subsection 76(5)(e) of the Act, Grmovsek became a person in a special relationship with each of the Reporting Issuers and was accordingly prohibited from trading securities of the Reporting Issuers while in possession of material non-public information involving those Reporting Issuers.

28. From 1994 to 2008, with knowledge of material non-public information supplied by Cornblum, Grmovsek traded in the securities of the Reporting Issuers or the Issuers in advance of forty-six (46) corporate transactions, detailed as the Corporate Transactions in paragraph 20 above, contrary to subsection 76(1) of the Act.

29. Throughout the Relevant Period, Grmovsek traded the securities using numerous brokerage accounts in Ontario established in variations of his own name and a Grmovsek Family Trust account, as well as numerous brokerage accounts located in the Bahamas in corporate names. Grmovsek also traded through the following brokerage accounts in Ontario that belonged to his family and friends but over which he obtained trading authorization (the "Family and Friends Accounts"). The account-holders of the Family and Friends Accounts were not aware of the illegal insider trading scheme, nor were they aware that Grmovsek was trading

securities on their behalf while in possession of material non-public information. Some of the account-holders of the Friends and Family Accounts paid Grmovsek a percentage of the profits generated by the illegal trading.

Account Holder	Relationship to Grmovsek
Stan J. Grmovsek, S. Joseph Grmovsek, Stan Grmovsek, Joseph S. Grmovsek, Grmovsek Family Trust	Himself
Joseph and Paula Grmovsek	Parents
Marian Grmovsek-Gatzos and Alexander Gatzos	Sister and Brother-in-Law
Chantal Bernard	Former Spouse
George and Vangie Gatzos	Parents of Alexander Gatzos
Christopher Gatzopoulos	Brother of Alexander Gatzos
Julio DiGirolamo	Personal Friend
Alba DiGirolamo	Spouse of Julio DiGirolamo
Peter Kelly	Friend and Former Neighbour

30. Following a public announcement of the material information, the securities of the Reporting Issuers and the securities of the issuers involved in the Corporate Transactions often increased dramatically in value. Shortly thereafter, Grmovsek sold most of the securities to realize a profit and obtained an unrealized profit for the remaining securities which he held, for a total gross profit over the Relevant Period of approximately \$9,000,000 USD .

31. The majority of the illicit profits were held in off-shore accounts. In late 1999, Grmovsek repatriated approximately \$600,000 CDN of illicit trading profits from a brokerage account in the Bahamas that was used to purchase his matrimonial home in the Greater Toronto Area.

32. In early 2000, Cornblum received \$2,700,000 CDN in illicit trading profits from a brokerage account in the Bahamas that was subsequently transferred to a brokerage account under a corporate name in the Grand Cayman Islands (the “Grand Cayman Trading Account”).

33. Although the scheme contemplated an equal distribution of the illicit trading profits, after receiving and transferring the \$2,700,000 CDN referred to in paragraph 32, Cornblum thereafter received approximately \$50,000 CDN from Grmovsek in cash prior to April 28, 2008.

34. The establishment of the Bahamian brokerage accounts and the subsequent execution of trades in those accounts was facilitated first by a lawyer with whom Grmovsek was acquainted, and subsequently by a broker at BMO Nesbitt Burns in Toronto. Grmovsek provided all instructions for all the trading in those accounts. Cornblum did not open the accounts and was unaware of the institutions at which they were located, however he was aware that Grmovsek had used a Toronto lawyer to open a Bahamian account for the trading.

35. On April 28, 2008, the Commission issued three directions pursuant to subsection 126(1) of the Act requiring E*Trade Canada Securities Corporation, Bank of Montreal Capital Markets and CIBC World Markets Inc. to retain all or certain funds, securities or property contained in a number of brokerage accounts controlled by Grmovsek, Marian Grmovsek-Gatzos or Alex Gatzos (the “Three Directions”). The Three Directions were subsequently amended several times in April and July 2008. On August 22, 2008, the Commission issued a further direction pursuant to subsection 126(1) of the Act requiring CIBC Investor Services Inc. to retain all funds, securities or property contained in a brokerage account controlled by Grmovsek (the “Further Direction”). The Three Directions and the Further Direction (collectively “the Freeze Directions”) have been continued, on consent, by the Superior Court of Justice and remain in force to date.

36. At the time of the issuance of the Freeze Directions, all the securities, funds or property in those accounts and affected by the Directions were proceeds of the illegal insider trading scheme perpetrated by the Respondents. Presently, the value of the funds held in the accounts affected by the Freeze Directions is approximately \$1,283,000 CDN.

**PART IV - CONDUCT CONTRARY TO ONTARIO SECURITIES
LAW AND THE PUBLIC INTEREST**

37. By trading securities of the Reporting Issuers with knowledge of material information obtained from Cornblum that had not generally been disclosed, Grmovsek engaged in illegal insider trading, contrary to subsection 76(1) of the Act, and engaged in conduct contrary to the public interest.

38. By trading securities of the Issuers involved in the Corporate Transactions with knowledge of material information obtained from Cornblum that had not generally been disclosed, Grmovsek engaged conduct contrary to the public interest.

PART V - TERMS OF SETTLEMENT

39. The Respondent, Grmovsek agrees to the terms of settlement listed below.

40. The Commission will make an Order pursuant to section 127(1) and section 127.1 of the Act that:

- (a) the Settlement Agreement is approved;
- (b) Grmovsek shall cease trading in all securities permanently;
- (c) Grmovsek shall cease acquisitions of all securities permanently;
- (d) any exemptions in Ontario securities law do not apply to Grmovsek permanently;
- (e) Grmovsek is prohibited from becoming an officer or director of an issuer permanently;
- (f) Grmovsek is prohibited from becoming an officer or director of a registrant permanently;
- (g) Grmovsek is prohibited from becoming an officer or director of an investment fund manager permanently;

- (h) Grmovsek is prohibited from becoming a registrant, investment fund manager or promoter permanently;
- (i) Grmovsek shall disgorge to the Commission \$750,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of third parties;
- (j) Grmovsek agrees to pay costs of the investigation in the amount of \$250,000 to the Commission; and
- (k) Grmovsek shall disgorge to the Commission \$283,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of the Attorney General for Ontario.

41. Grmovsek has provided 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 Grmovsek to the Commission in satisfaction of the disgorgement and costs awards set out in this Settlement Agreement.

PART VI - STAFF COMMITMENT

42. If the Commission approves this Settlement Agreement and Grmovsek fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against Grmovsek. 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 any breach of the Settlement Agreement.

43. If the Commission approves this Settlement Agreement and Grmovsek is sentenced in the Ontario Court of Justice to the offences of fraud, insider trading and laundering proceeds of crime contrary to the *Criminal Code of Canada*, R.S.C. 1985 c. C-46 relating to the facts set out in Part III of this Settlement Agreement, and no appeal is commenced from the conviction or sentence imposed, Staff will not continue any proceedings under Ontario securities law against Grmovsek.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

44. The parties will seek approval of this Settlement Agreement at an *in camera* hearing, without an appearance by Grmovsek, with submissions to the Commission on October 26, 2009, or on another date agreed to by Staff and Grmovsek, according to procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

45. Staff and Grmovsek agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the Settlement Hearing on Grmovsek's conduct, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

46. If the Commission approves this Settlement Agreement, Grmovsek agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

47. 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.

48. Whether or not the Commission approves this Settlement Agreement, Grmovsek 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 of the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

49. If the Commission does not approve this Settlement Agreement or does not make the Order attached as Schedule "A" to this Settlement Agreement:

- (i) this Settlement Agreement and all discussions and negotiations between Staff and Grmovsek before the Settlement Hearing takes place will be without prejudice to Staff and Grmovsek;
- (ii) Staff and Grmovsek will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained within 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.

50. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement and Grmovsek enters a guilty plea in the Ontario Court of Justice to the offences of fraud, insider trading and laundering proceeds of crime contrary to the *Criminal Code of Canada*, R.S.C. 1985 c. C-46 relating to the facts set out in Part III of this Settlement Agreement and is arraigned on a criminal offence(s) in the United States District Court, Southern District of New York relating to the facts set out in Part III of this Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement both 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 IX – EXECUTION OF THE SETTLEMENT AGREEMENT

51. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

52. A faxed copy of any signature will be treated as an original signature.

Dated this 25th day of October, 2009

“Kellie Seaman”

“Stanko Joseph Grmovsek”

Witness

Stanko Joseph Grmovsek

Dated this 23rd day of October, 2009

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Tom Atkinson”

Director, Enforcement Branch



Ontario
Securities
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Commission des
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de l'Ontario

P.O. Box 55, 19th Floor
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CP 55, 19e étage
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Schedule "A"

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

- AND -

STANKO JOSEPH GRMOVSEK AND GIL I. CORNBLUM

**ORDER
(sections 127 and 127.1)**

WHEREAS on October 23, 2009, the Commission issued a Notice of Hearing pursuant to section 127 and 127.1 of the *Securities Act* R.S.O. 1990 c.S. 5 as amended (the "Act"), accompanied by the Statement of Allegations of Staff of the Commission, in relation to the Respondents, Stanko Joseph Grmovsek ("Grmovsek") and Gil I. Cornblum ("Cornblum");

AND WHEREAS the Grmovsek entered into a Settlement Agreement with Staff of the Commission ("Staff") dated October 23, 2009 (the "Settlement Agreement") in which he agreed to a settlement of the proceedings commenced by the Notice of Hearing dated October 23, 2009, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and Staff's Statement of Allegations, and upon reading the submissions from counsel for Staff and counsel for Grmovsek;

AND WHEREAS Grmovsek acknowledges that the facts set out in Part III of the Settlement Agreement constituted a breach of section 76(1) of the Act and conduct contrary to the public interest under the Act;

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 between Grmovsek and Staff is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, Grmovsek shall cease trading in any securities permanently;
- (c) pursuant to clause 2.1 of subsection 127(1) of the Act, Grmovsek 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 Grmovsek permanently;
- (e) pursuant to clause 8 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of an issuer permanently;
- (f) pursuant to clause 8.2 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of a registrant permanently;
- (g) pursuant to clause 8.4 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of an investment fund manager permanently;
- (h) pursuant to clause 8.5 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an registrant, investment fund manager or promoter permanently;
- (i) pursuant to clause 10 of subsection 127(1) of the Act, Grmovsek shall disgorge to the Commission \$750,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of third parties;
- (j) pursuant to clause 10 of subsection 127(1) of the Act, Grmovsek shall disgorge to the Commission \$283,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit

of the Attorney General for Ontario; and

- (k) pursuant to subsection 127.1(1) of the Act, Grmovsek, agrees to pay costs of the investigation in the amount of \$250,000 to the Commission.

Dated this day of October, 2009.
