



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  
YORK RIO RESOURCES INC., BRILLIANTE BRASILCAN RESOURCES CORP.,  
VICTOR YORK, ROBERT RUNIC, GEORGE SCHWARTZ, PETER ROBINSON,  
ADAM SHERMAN, RYAN DEMCHUK, MATTHEW OLIVER,  
GORDON VALDE AND SCOTT BASSINGDALE**

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**SETTLEMENT AGREEMENT  
BETWEEN STAFF AND PETER ROBINSON**

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**PART I - INTRODUCTION**

1. By Notice of Hearing dated March 2, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on March 3, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against York Rio Resources Inc. ("York Rio"), Brilliante Brasilcan Resources Corp. ("Brilliante"), Victor York ("York"), Robert Runic ("Runic"), George Schwartz ("Schwartz"), Peter Robinson ("Robinson"), Adam Sherman ("Sherman"), Ryan Demchuk ("Demchuk"), Matthew Oliver ("Oliver"), Gordon Valde ("Valde") and Scott Bassingdale ("Bassingdale"), (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 2<sup>nd</sup>, 2010.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37, 127 and 127.1 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Robinson.

## **PART II – JOINT SETTLEMENT RECOMMENDATION**

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated March 2, 2010 against Robinson (the “Proceeding”) in accordance with the terms and conditions set out below. Robinson consents to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

## **PART III – AGREED FACTS**

### **Background Regarding York Rio**

4. York Rio was incorporated in Ontario on May 10, 2004. It was also incorporated in Nevada in May of 2006. York Rio has never filed a prospectus with the Commission and has never been registered with the Commission in any capacity.

5. Between and including May 10, 2004 and October 21, 2008 (the “Material Time”), York Rio was trading in securities by selling securities in itself to investors in Ontario and elsewhere in Canada.

6. During the Material Time, York was the sole registered director of York Rio. York was not registered in any capacity with the Commission. In March of 2005, Schwartz was hired by York to supervise and direct the sale of York Rio securities from boiler rooms in the Toronto area. Schwartz hired Robinson in 2005 to sell York Rio securities to members of the public.

7. Robinson first worked with Schwartz at a business called Alliance Exploration and subsequently at Euston Capital (“Euston”). On July 29, 2009, Euston and Schwartz were sanctioned by the Commission in relation to illegal distributions of securities.
8. Both Robinson and Schwartz stopped selling shares in York Rio when Runic began operating the sales operations of York Rio in the summer of 2007 and Schwartz ceased his supervisory role.
9. Robinson sold York Rio securities directly to members of the public from approximately March of 2006 until approximately June of 2007. During this period, Robinson misrepresented himself to investors at various times as the “Vice-President Investor Relations” of York Rio.
10. Robinson was not registered with the Commission in any capacity during the Material Time.
11. During the Material Time, Robinson was a resident of Ontario and was a salesperson of York Rio securities.

#### **Trading in Securities of York Rio by Robinson and Others**

12. Robinson initially sold York Rio securities from offices on Eglinton Avenue East in Toronto (the “Eglinton Office”) and subsequently from offices at Sheppard Avenue East in Toronto (the “Sheppard Office”). Both the Eglinton Office and the Sheppard Office were rented by Schwartz.
13. Salespersons were provided with scripts about York Rio to assist them in their sales to members of the public. Schwartz acted in this supervisory and directing role until August of 2007. During this period, approximately \$3.9 million in York Rio securities were sold to members of the public.

14. During the Material Time, Robinson telephoned potential investors across Canada for the purpose of selling York Rio securities to those persons. Robinson also corresponded with investors by e-mail and provided investors and potential investors with subscription agreements in relation to the sale of York Rio securities.

15. Under the supervision of Schwartz and York, Robinson provided information about York Rio to members of the public, including persons that invested in York Rio, that was false, inaccurate and misleading, including, but not limited to, the following:

- (a) that York Rio owned or held interests in certain mining properties in Brazil;
- (b) that these York Rio mining properties in Brazil were currently producing diamonds;
- (c) the nature and extent of the mining assets owned by York Rio;
- (d) that York Rio was going to go public; and
- (e) that numerous significant companies has approached York Rio with a view to taking over York Rio.

These and other false, inaccurate, misleading representations and omissions were made with the intention of effecting trades in York Rio securities.

16. For his sales activities at York Rio, Robinson was paid by Schwartz through an account controlled by Schwartz in the name of Debrebud Capital Corp. (“Debrebud”). While Schwartz supervised the sales activities of York Rio, Debrebud received about 70% of the proceeds from the sale of York Rio. These funds were then used to pay the salespersons such as Robinson.

17. Under an agreement with Schwartz, Robinson was paid a commission of 20 percent of the gross proceeds of his sales of York Rio securities.

18. From March 2005 to March 2007, Robinson was paid approximately \$454,000 by Debrebud in relation to his sale of York Rio securities to persons in Canada. A portion of these

funds were then repaid by Robinson to Schwartz in cash and also to persons employed to solicit York Rio investors. Robinson kept approximately \$250,000 for his own use.

19. Along with York, Robinson met personally with D.E., one of the investors in York Rio, at a restaurant in Toronto. D.E. invested at least \$250,000 in York Rio. At this meeting, York and Robinson reassured D.E. his investment in York Rio was about to become very valuable. Robinson never disclosed to D.E. that he received a 20 percent commission from D.E.'s investment in York Rio.

20. Robinson participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the fraudulent sale or disposition of York Rio securities for valuable consideration, in circumstances where there were no exemptions available to Robinson under the Act.

21. There were no accurate and complete records kept by York Rio as to exactly which salesperson made which sale of York Rio securities and how much each salesperson was compensated as commission per sale.

#### **PART IV - CONDUCT CONTRARY TO THE PUBLIC INTEREST**

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

- (a) During the Material Time, Robinson engaged or participated in acts, practices or courses of conduct relating to securities of York Rio that the Robinson knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest;
- (b) During the Material Time, Robinson traded in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- (c) During the Material Time, Robinson made representations without the written permission of the Director, with the intention of effecting a trade in securities of

York Rio, that such security would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to section 38(3) of the Act and contrary to the public interest; and

- (d) During the Material Time, Robinson traded in securities of York Rio when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act and contrary to the public interest.

23. Robinson admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 22. (a),(b),(c), and (d).

#### **PART V - TERMS OF SETTLEMENT**

24. Robinson agrees to the terms of settlement listed below.

25. The Commission will make an order, pursuant to sections 37 and s. 127(1) of the Act, that:

- (a) the Settlement Agreement is approved;
- (b) trading in any securities by Robinson cease permanently from the date of the approval of the Settlement Agreement, with the exception that Robinson is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);
- (c) the acquisition of any securities by Robinson is prohibited permanently from the date of the approval of the Settlement Agreement, with the exception that Robinson is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

- (d) any exemptions contained in Ontario securities law do not apply to Robinson permanently from the date of the approval of the Settlement Agreement;
- (e) Robinson is reprimanded;
- (f) Robinson is prohibited permanently from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) Robinson is prohibited permanently from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,
- (h) Robinson shall disgorge to the Commission \$454,000 obtained as a result of his non-compliance with Ontario securities law. The \$454,000 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing York Rio securities, in accordance with s. 3.4(2) of the Act;
- (i) Robinson shall pay an administrative penalty of \$90,000 for his failure to comply with Ontario securities law. The \$90,000 administrative penalty shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing York Rio securities, in accordance with s. 3.4(2) of the Act;
- (j) Robinson shall pay \$25,000 for the costs of the investigation of this matter; and
- (k) Robinson cease permanently, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

26. Robinson undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 25. (a) to (k) above.

#### **PART VI - STAFF COMMITMENT**

27. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Robinson in relation to the facts set out in Part III herein, subject to the provisions of paragraph 28 below.

28. If this Settlement Agreement is approved by the Commission, and at any subsequent time Robinson fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Robinson based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

#### **PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT**

29. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Robinson for the scheduling of the hearing to consider the Settlement Agreement.

30. Staff and Robinson agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Robinson's conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

31. If this Settlement Agreement is approved by the Commission, Robinson agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

32. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

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

#### **PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

34. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Robinson leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Robinson; and
- (b) Staff and Robinson 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 discussions/negotiations.

35. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Robinson and Staff or as may be required by law.

**PART IX. - EXECUTION OF SETTLEMENT AGREEMENT**

36. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement

37. A facsimile copy of any signature will be as effective as an original signature.

Dated this 22<sup>nd</sup> day of October, 2010.

Signed in the presence of:

*“Melanie Webb”*

*“Peter Robinson”*

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**Peter Robinson**

Dated this 22<sup>nd</sup> day of October, 2010

**STAFF OF THE ONTARIO SECURITIES COMMISSION**

*“Tom Atkinson”*

\_\_\_\_\_  
**Tom Atkinson**  
Director, Enforcement Branch

Dated this 25<sup>th</sup> day of October, 2010

SCHEDULE "A"



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
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P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

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20, rue queen ouest  
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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**

**PETER ROBINSON**

**ORDER  
(Sections 37 and 127(1))**

**WHEREAS** on \_\_\_\_\_, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") in respect of Peter Robinson ("Robinson");

**AND WHEREAS** Robinson entered into a Settlement Agreement with Staff of the Commission dated \_\_\_\_\_, 2010 (the "Settlement Agreement") in which Robinson agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement, the Notice of Hearing, and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Robinson 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;

SCHEDULE "A"

**IT IS HEREBY ORDERED THAT:**

- (a) the Settlement Agreement is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Robinson cease permanently, with the exception that Robinson is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
- (c) pursuant to clause 2.1 of section 127(1) of the Act, Robinson is prohibited permanently from the acquisition of any securities, with the exception that Robinson is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
- (d) pursuant to clause 3 of section 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Robinson permanently;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, Robinson is reprimanded;
- (f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Robinson is prohibited permanently from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to clause 8.5 of subsection 127(1) of the Act, Robinson is prohibited permanently from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) pursuant to clause 9 of subsection 127(1) of the Act, Robinson shall pay an administrative penalty of \$90,000 for his failure to comply with Ontario securities law.

SCHEDULE "A"

The \$90,000 administrative penalty shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing York Rio Resources Inc. securities, in accordance with s. 3.4(2) of the Act;

- (i) pursuant to clause 10 of subsection 127(1) of the Act, Robinson shall disgorge to the Commission \$454,000 obtained as a result of their non-compliance with Ontario securities law. The \$454,000 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing York Rio Resources Inc. securities, in accordance with s. 3.4(2) of the Act;
- (j) pursuant to section 127.1 of the Act, Robinson shall pay \$25,000 to the Commission to pay the costs of the investigation of this matter; and
- (k) pursuant to section 37(1) of the Act of the Act, Robinson shall be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of security.

**DATED AT TORONTO** this            day of            , 2010.

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