

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

AND

**IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN**

**STATEMENT OF ALLEGATIONS
OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (the "Commission") make the following allegations.

1. Andrew Rankin, a resident of Toronto, was a Managing Director in the Merger and Acquisition Department of RBC Dominion Securities ("RBC DS") from early 1999 until his suspension from RBC DS in April, 2001. During this period, RBC DS was engaged as a financial advisor by various reporting issuers in Ontario. As a Managing Director of RBC DS, Rankin was privy to and possessed of confidential material information about pending corporate transactions involving RBC DS clients.
2. Daniel Duic, a resident of Toronto at the material time, was a close friend of and in regular contact with Rankin during the relevant period specified above.
3. Pursuant to s.76(5)(b) of the *Securities Act*, Rankin was a person in a special relationship with the reporting issuers involved with the following corporate transactions (the "Corporate Transactions"):

- (i) Acquisition by Abitibi Consolidated Inc. of RBC DS client, Donohue Inc., announced February 11, 2000.
- (ii) Acquisition by Novartis Animal Health Inc. of RBC DS client Cobequid Life Science Inc., announced May 8, 2000.
- (iii) Merger of Maverick Tube Corporation and RBC DS client Prudential Steel Ltd., announced June 11, 2000.
- (iv) Acquisition by RBC DS client De Beers Canada Holdings Inc. of Winspear Diamonds Inc., announced June 26, 2000.
- (v) Acquisition by RBC DS client Shaw Communications Inc. of Canadian Satellite Communications Inc., announced July 14, 2000.
- (vi) Acquisition by Telus Communications Corporation of RBC DS client Clearnet Communications Inc, announced August 21, 2000.
- (vii) Acquisition by RBC DS client Shaw Communications Inc. of Moffat Communications Limited, announced December 7, 2000.
- (viii) Restructuring of RBC DS client Canadian Pacific, announced February 13, 2001.
- (ix) Acquisition by LivGroup Investments Inc. of Irwin Toy Limited, announced March 5, 2001.
- (x) Acquisition by Alliance Forest Products Inc. by Bowater Inc., following unsuccessful bid by RBC DS client Tembec Inc., announced April 2, 2001.

4. Rankin owed a fiduciary duty and duties of confidence and loyalty to the clients of RBC DS. Rankin was RBC DS' lead client advisor for the two acquisitions by Shaw Communications Inc. and was a member of the deal team for the restructuring of Canadian Pacific, described above. As such, Rankin acquired material information about these three transactions through his direct client involvement. For the remaining transactions, Rankin acquired material information based on information available to him as Managing Director and as "staffer", the person responsible for assigning junior M&A staff to deal teams within the M&A department.

5. Prior to the public announcement of each of the Corporate Transactions, Rankin informed Duic of a material fact with respect to each reporting issuer that had not been generally disclosed, contrary to s. 76(2) of the *Securities Act*. The material fact related to the pending corporate transaction or deal on which RBC DS was advising.

6. Over a 14 month period, on the basis of material confidential information provided to Duic by Rankin, Duic earned profits of approximately \$4.5 million by illegal insider trading, contrary to s. 76(1) of the *Securities Act*.

7. On July 15, 2005, following a 29 day trial before Justice Khawly of the Ontario Court of Justice, Rankin was convicted of 10 counts of insider tipping, contrary to s. 76(2) and s. 122 of the *Securities Act*. On October 27, 2005, His Honour imposed a six month jail sentence on each of the ten counts, to be served concurrently.

Conduct Contrary to the Public Interest

8. By engaging in the conduct described above, Rankin has breached Ontario securities law and acted contrary to the public interest.

9. Such additional allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 20th day of December, 2005.