



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 DARRYL BRUBACHER, ANDREW MARTIN  
AND TADD INVESTMENT PROPERTIES INC.**

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

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

**I. OVERVIEW**

1. Between 2007 and 2009, Darryl Brubacher ("Brubacher"), Andrew Martin ("Martin"), TADD Investment Properties Inc. ("TADD") and 2217275 Ontario Inc. ("2217275") sold approximately \$4,964,000 worth of securities to investors when they were not registered with the Commission and when no exemptions from registration were available to them under the *Securities Act*, R.S.O. 1990, as amended (the "Act"). In particular:

- (a) Brubacher, Martin and TADD sold Ciccone Group Inc. ("Ciccone Group") promissory notes totalling approximately \$704,600 to 10 investors;
- (b) Brubacher, Martin and TADD sold TADD promissory notes valued at approximately \$3,260,000 to approximately 37 investors; and
- (c) Brubacher, Martin, TADD and 2217275 (after September 10, 2009) sold approximately 20 units of the Medra Corp. ("Medra") Founding Partners Program to investors totalling \$1 million.

2. The sale of TADD promissory notes were trades in securities not previously issued and were therefore distributions. TADD has never filed a preliminary prospectus or a prospectus

with the Commission, and no prospectus receipt has ever been issued to qualify the sale of TADD securities.

3. In addition, Brubacher, Martin and TADD acted contrary to the public interest by accepting approximately \$630,000 from Ciccone Group to purchase shares of Medra in the secondary market, which actions had the result of creating an artificial price for Medra shares and/or an artificial volume for Medra shares.

## **II. BACKGROUND**

4. Brubacher is a resident of Breslau, Ontario.

5. Martin is a resident of Elmira, Ontario.

6. Brubacher and Martin are brothers-in law.

7. TADD is an Ontario company incorporated on November 9, 2004. Brubacher and Martin were officers and directors of TADD until 2008 when they resigned. Thereafter, they continued to be the directing minds of the corporation up to the present date.

8. 2217275 is an Ontario company incorporated on September 10, 2009. 2217275 was dissolved by way of a voluntary dissolution on or about January 31, 2011. Brubacher and Martin were both officers and directors of 2217275 from its inception to its dissolution.

9. Brubacher, Martin, TADD and 2217275 have never been registered to trade in securities in Ontario and were not registered with the Commission in any capacity during the period November 2007 to December 2009 ( the "Material Time").

10. Ciccone Group is an Ontario company incorporated on August 18, 1992 that was formerly named 990509 Ontario Inc. (collectively referred to as "Ciccone Group"). During the Material Time, Vincent Ciccone ("Ciccone"), a resident of Cambridge, Ontario, was the sole officer and director of Ciccone Group. Ciccone Group purported to be one of the fastest growing niche financial venture companies in Canada.

11. Ciccone Group was assigned into bankruptcy on November 30, 2010. When Ciccone Group was assigned into bankruptcy on November 30<sup>th</sup>, 2010, it owed over \$17 million to

investors including investors who purchased Ciccone Group promissory notes through Brubacher, Martin and TADD.

12. Medra, now known as Cabo Catoche Corp. is a Delaware company incorporated on July 13, 2006 that was formerly named DCH Technology Inc. From about March 2008 up to and including December 2009, Ciccone was the CEO and President of Medra. During this period, Medra sold at least two investment products: Medra shares which were quoted on the Pink Sheets under the symbol “MDRA” and units of the Medra Founding Partners Program. Medra represented to investors that it specialized in resort real-estate development and land acquisition.

### **Trading without Registration and/or Distribution of Securities without a Prospectus**

#### **(i) Ciccone Group Promissory Notes**

13. Between November and December 2007, Brubacher, Martin and TADD sold Ciccone Group promissory notes totalling approximately \$704,600 to 10 investors with interest rates ranging from 15% to 20%.

14. Brubacher, Martin and TADD traded in Ciccone Group promissory notes when they were not registered with the Commission and when no exemptions from registration were available to them under the Act.

#### **(ii) TADD Promissory Notes**

15. During the period December 31, 2007 to February 13, 2009, Brubacher, Martin and TADD sold TADD promissory notes valued at approximately \$3,260,000 to approximately 37 investors with interest rates generally ranging from 15% to 20%.

16. Brubacher, Martin and TADD traded in TADD promissory notes when they were not registered with the Commission and when no exemptions from registration were available to them under the Act. The sale of TADD securities were trades in securities not previously issued and were therefore distributions. TADD has never filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued to qualify the sale of TADD securities.

17. Of the approximately \$3,260,000 received from investors by TADD from the sale of TADD promissory notes, approximately \$2.7 million was remitted to Ciccone Group.

**(iii) Medra Founding Partners Program**

18. During the period August 2009 to December 2009, Brubacher, Martin, TADD and 2217275 (after September 10, 2009) sold approximately 20 units of the Medra Founding Partners Program to investors totalling \$1 million.

19. Each unit of the Medra Founding Partners Program was an investment contract and thereby a security under the Act.

20. In particular, each unit of the Medra Founders Partners Program was priced at \$50,000 and purported to grant investors 20 weeks of lease time in Medra's Puerto Aventuras Resort during a 5 year period. At the end of the 5 year period, an investor could either seek a return of the \$50,000 or could purchase a right of first refusal to purchase a share of stock of the 13 shares issued by a not-for-profit Mexican corporation that owned a condo unit in the Puerto Aventuras Resort. If that option was exercised, the investor's 1/13 share would be listed for sale by Medra and the investor would receive 50% of the net proceeds of the sale.

21. Brubacher, Martin, TADD and 2217275 traded in Medra securities when they were not registered with the Commission and when no exemptions from registration were available to them under the Act.

22. Brubacher and Martin, through TADD and 2217275, received approximately \$125,000 in commissions from Ciccone Group, Medra and/or other companies controlled by Ciccone for the sale of Ciccone Group promissory notes and units of the Medra Founding Partners Program.

**Conduct Contrary to Public Interest**

23. In addition to the conduct referred to above, during the Material Time, Brubacher, Martin and TADD also acted contrary to the public interest by accepting approximately \$630,000 from Ciccone Group to purchase shares of Medra in the secondary market, which actions had the result of creating an artificial price for Medra shares and/or an artificial volume for Medra shares.

### **III. STAFF'S ALLEGATIONS - Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest**

24. The specific allegations advanced by Staff are:

- (a) Brubacher, Martin, TADD and 2217275 traded in securities without being registered to trade in securities, contrary to subsection 25(1)(a) of the Act and, after September 28, 2009, contrary to subsection 25(1) of the Act and contrary to the public interest;
- (b) Brubacher, Martin and TADD traded in securities of TADD 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 of the Act and contrary to the public interest;
- (c) Brubacher and Martin being directors and officers of TADD, authorized, permitted or acquiesced in the commission of the violations of sections 25 and 53 of the Act, as set out above, by TADD and thereby breached sections 25 and 53 of the Act pursuant to section 129.2 of the Act;
- (d) Brubacher and Martin being directors and officers of 2217275, authorized, permitted or acquiesced in the commission of the violations of section 25 of the Act, as set out above, by 2217275 and thereby breached section 25 of the Act pursuant to section 129.2 of the Act; and
- (e) Brubacher, Martin and TADD acted contrary to the public interest by accepting approximately \$630,000 from Ciccone Group to purchase shares of Medra in the secondary market, which actions had the result of creating an artificial price for Medra shares and/or an artificial volume for Medra shares.

25. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 11th day of April, 2012