



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
MICHAEL ROBERT SHANTZ and
CANADA PACIFIC CONSULTING INC.**

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

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. Michael Robert Shantz (“Shantz”) and Canada Pacific Consulting Inc. (“Canada Pacific”) (together, the “Respondents”) are subject to an order made by the British Columbia Securities Commission (the “BCSC”) dated May 22, 2012 (the “BCSC Order”) that imposes sanctions, conditions, restrictions or requirements on them.
2. In its findings on liability dated March 13, 2012 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that Canada Pacific engaged in unregistered trading, Shantz, as sole director and officer of Canada Pacific, was deemed to have engaged in unregistered trading, and the Respondents perpetrated a fraud on investors.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC Order, pursuant to paragraph 4 of subsection 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).

4. The conduct for which the Respondents were sanctioned took place between June 2009 and September 2010 (the “Material Time”).
5. During the Material Time, Shantz was a resident of British Columbia. Canada Pacific rented virtual office space in British Columbia from which it purported to conduct business.

II. THE BCSC PROCEEDINGS

The BCSC Findings

6. In its Findings, the BCSC Panel found the following:
 - a. Canada Pacific engaged in unregistered trading contrary to subsection 34(1) of the *Securities Act*, R.S.B.C. 1996, c. 418 (the “BC Act”);
 - b. Shantz, as sole director and officer of Canada Pacific, contravened subsection 34(1) by operation of subsection 168.2(1) of the BC Act; and
 - c. the Respondents perpetrated a fraud, contrary to section 57 of the BC Act.

The BCSC Order

7. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements:
 - a. upon Shantz:
 - i. pursuant to subsection 161(1)(b) of the BC Act, that Shantz cease trading in, and is prohibited from purchasing, securities and exchange contracts, permanently;
 - ii. pursuant to subsections 161(1)(d)(i) and (ii) of the BC Act, that Shantz resign any position he holds as, and is permanently prohibited from becoming or acting as, a director or officer of any issuer or registrant;

- iii. pursuant to subsection 161(1)(d)(iii) of the BC Act, that Shantz is permanently prohibited from becoming or acting as a registrant or promoter;
 - iv. pursuant to subsection 161(1)(d)(iv) of the BC Act, that Shantz is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
 - v. pursuant to subsection 161(1)(d)(v) of the BC Act, that Shantz is permanently prohibited from engaging in investor relations activities;
 - vi. pursuant to subsection 161(1)(g) of the BC Act, that Shantz pay to the BCSC any amount obtained, or payment or loss avoided, directly or indirectly as a result of the Respondents' contraventions of the BC Act, which the BCSC Panel found to be not less than \$1,530,004; and
 - vii. pursuant to section 162 of the BC Act, that Shantz pay an administrative penalty of \$630,000;
- b. upon Canada Pacific:
- i. pursuant to subsection 161(1)(b) of the BC Act, that all persons permanently cease trading in, and are prohibited from purchasing, securities of Canada Pacific;
 - ii. pursuant to subsection 161(1)(b) of the BC Act, that Canada Pacific cease trading in, and is prohibited from purchasing, securities and exchange contracts, permanently; and
 - iii. pursuant to section 161(1)(g) of the BC Act, that Canada Pacific pay to the BCSC any amount obtained, or payment or loss avoided, directly or indirectly as a result of the Respondents' contraventions

of the BC Act, which the BCSC Panel found to be not less than \$1,530,004;

- c. Maximum disgorgement:
 - i. the aggregate amount paid to the BCSC under paragraphs 6(a)(vi) and 6(b)(iii) not exceed the greater of \$1,530,004 and the actual amount obtained, or payment or loss avoided, directly or indirectly as a result of the Respondents' contraventions of the BC Act.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 8. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements on them.
- 9. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 10. Staff allege that it is in the public interest to make an order against the Respondents.
- 11. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
- 12. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the *Ontario Securities Commission Rules of Procedure*.

DATED at Toronto, this 21st day of March, 2013.