

Report on Enforcement Activities

From April 1 to September 30, 2005



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

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INTRODUCTION

This report provides information about enforcement activity undertaken by members of the Canadian Securities Administrators (CSA) during the 6 months ended September 30, 2005. The CSA is the council of the securities regulators of Canada's provinces and territories whose objectives are to improve, coordinate and harmonize regulation of the Canadian capital markets. References in this report to the CSA include reference to its member regulators and associated tribunals.

ENFORCEMENT: A CORE CSA RESPONSIBILITY

Investigation and enforcement are core CSA activities. By identifying contraventions of securities laws or conduct in the capital markets that is contrary to the public interest, and by imposing appropriate sanctions, the CSA deter wrongdoing, protect investors, and foster fair and efficient capital markets in which investors have confidence. Enforcement personnel of CSA member authorities deal with potential securities law violations identified through internal CSA compliance and surveillance or as a result of complaints from market participants and the public.

COMPLEMENTARY ENFORCEMENT ROLES

The CSA's enforcement activity complements that of other agencies, with which we cooperate and share information on matters of mutual interest. This allows us to focus activity and resources where most appropriate.

KEY PLAYERS

SECURITIES TRIBUNALS

Enforcement personnel of CSA members can bring matters before a specialized administrative tribunal, which in most jurisdictions is the local securities commission. Such tribunals can impose sanctions including orders that trading in securities cease or that exemptions are unavailable, bans on individuals acting as corporate directors and officers, mandatory filing of specified disclosure, monetary administrative penalties and payment of costs. Enforcement personnel often negotiate settlement agreements under which those alleged to have contravened securities laws submit to agreed sanctions. In some jurisdictions settlement agreements are approved by staff; in other cases they are presented for the approval of the local securities commission or tribunal.

Members act jointly in approving some settlements and taking enforcement action. In this report, the optionsXpress, Inc. settlement and the Norshield Asset Management (Canada) Ltd case are examples.

SROs

Self-regulatory organizations (SROs) oversee regulated conduct of their members. For example, if the Investment Dealers Association of Canada (IDA) finds that a member has contravened its by-laws, it can impose monetary penalties and suspend or revoke IDA membership and registration under securities laws. The Mutual Fund Dealers Association of Canada (MFDA) assumes a similar role for members in its sector.

INTRODUCTION

Market Regulation Services Inc. (RS Inc.) oversees trading activity on Canadian equity markets. It imposes sanctions for contraventions of the Universal Market Integrity Rules (“UMIRs”), including fines and suspension or restriction of market access. The *Chambre de la sécurité financière* oversees some securities intermediaries and financial planners in Quebec.

EXCHANGES

Exchanges monitor compliance, by listed companies, with the terms of Exchange listing agreements and policies. Where appropriate, they can deny pre-approval of certain transactions, require corrective disclosure, halt or suspend trading and, in egregious cases, terminate a listing.

POLICE

The RCMP and local and provincial police investigate commercial crimes, including market fraud. The federal government recently established IMET (Integrated Market Enforcement Teams, with combined RCMP and civilian membership) to target major economic crime.

COURTS

Provincial and territorial Attorneys-General or equivalents can bring contraventions of securities laws, as well as of criminal laws, before a court. In some provinces, enforcement personnel of CSA members can also bring securities law contraventions before a court. Fraud and other contraventions of the Criminal Code can attract stiff penalties including large fines and imprisonment. The sanctions available to courts for securities law violations are also more extensive than those available to securities regulatory authorities, including imprisonment.

CSA ENFORCEMENT ACTIVITY IN THE FIRST HALF OF 2005

During the first 6 months of 2005, CSA members pursued 49 new enforcement matters. During the same period, 56 cases resulted in sanctioning orders or settlements that often included several persons or companies. This activity is summarized in the following table:

Proceedings Commenced ¹	Interim Orders ²	Matters Concluded				Appeals	
		Findings Issued (Sanction Decision Pending)	Sanctions Ordered	Settlement Agreements	Withdrawn	Decisions Appealed	Appeal Decisions Rendered
49	42	17	17	39	3	5	8

¹ Proceedings before a CSA member Commission or associated tribunal may be commenced by a Notice of Hearing. Court proceedings may be commenced by way of “Information”.

² Includes freeze orders and interim cease trade orders.

INTRODUCTION

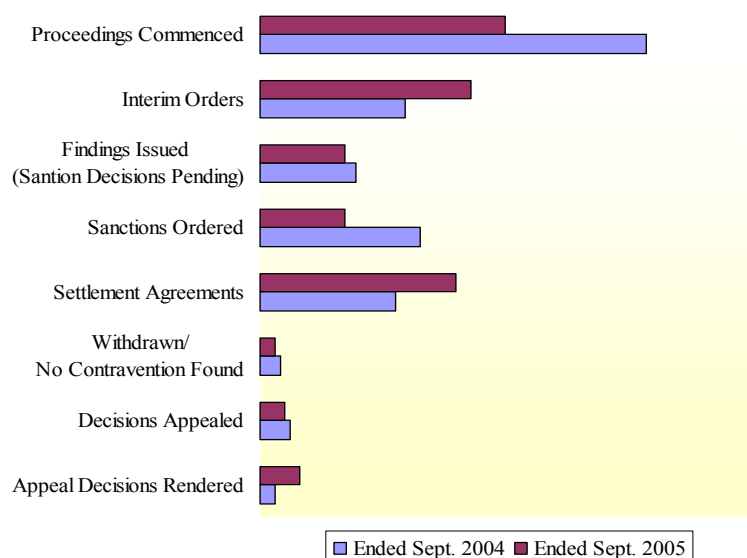
During the same period, self-regulatory organizations (“SROs”: RS, MFDA and IDA) concluded 12 settlement agreements, and ordered sanctions in 24 cases. They also rejected one settlement agreement and dismissed allegations in another case.

HEARING AND ENFORCEMENT JOINT ACTIONS

Members act jointly in approving some settlements and taking enforcement action. In this report, the optionsXpress, Inc. settlement and the Norshield Asset Management (Canada) Ltd case are examples.

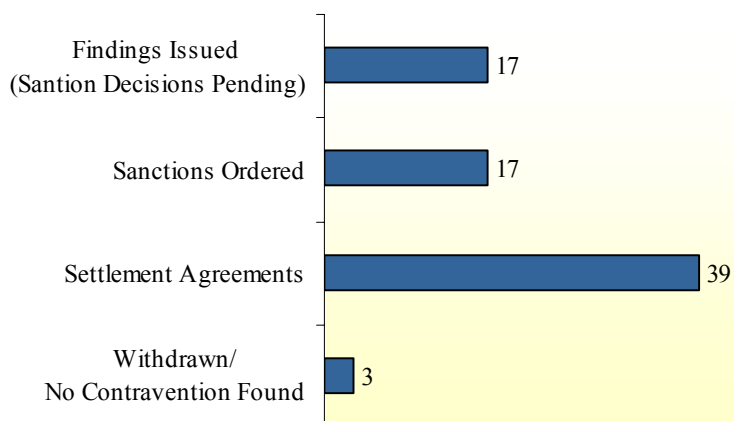
A number of enforcement matters are explained in more detail in the sections that follow.

**Comparative Table for the Period of
6 Months ended September 2004 versus
6 months ended September 2005**



CSA Enforcement Activities (April 1, 2005 to September 30, 2005)		
Enforcement Activities		Number
Proceedings commenced (1)		49
Interim Orders (2)		42
Matters Concluded	Findings Issued (Sanction Decisions Pending)	17
	Sanctions Ordered	17
	Settlement Agreements	39
	Withdrawn/No Contravention Found	3
Appeals	Decisions Appealed	5
	Appeal Decisions Rendered	8

**CSA Enforcement Activities - Matters Concluded
(April 1 to September 30, 2005)**



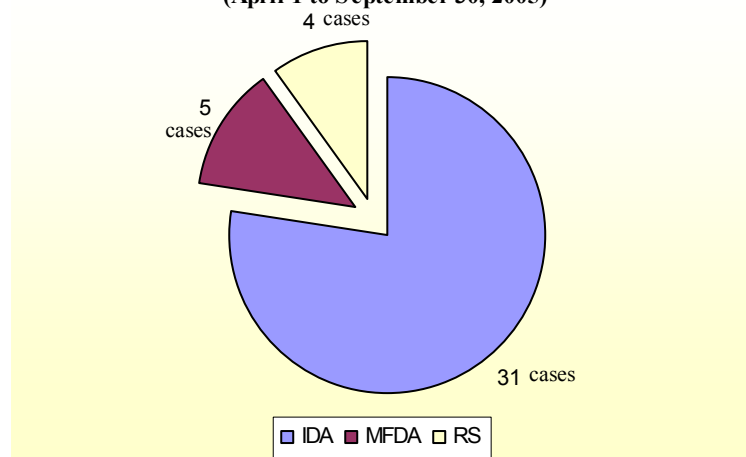
INTRODUCTION

SELF-REGULATORY ORGANIZATIONS (SROs) ACTIVITIES

**SROs - Matters Concluded
(April 1 to September 30, 2005)**



**SROs - Matters Concluded
(April 1 to September 30, 2005)**



COURT RULINGS

QUÉBEC

Réal Ouellette (Logi-Tech) – On June 16, 2005, Ouellette pleaded guilty to 17 counts of having helped Logi-tech illegally distribute its securities to the public. Ouellette, president of Logi-Tech, was fined \$ 85,000, plus \$ 1250 in court costs, by Mr. Justice Léopold Goulet of the Court of Québec (Criminal and penal division).

See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4382/en/communiqué-16juin2005-realouellette-ang.pdf>.

Michel Maheux (Coopérative de producteurs de bois précieux Québec Forestales) – On May 11, 2005, the Court of Québec (Criminal and penal division) found Michel Maheux guilty on 74 counts of having helped the Coopérative make misrepresentations regarding securities transactions and contravene a decision issued by the Commission des valeurs mobilières du Québec. Mr. Justice Jean B. Falardeau ordered Maheux to pay a fine of \$ 222,000, plus court costs. On May 20, 2005, Maheux was also found guilty of one count for having refused to file documents requested by an AMF investigator; Mr. Justice Claude Leblond of the Court of Québec (Criminal and penal division) then fined Maheux \$1000, plus court costs.

See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4325/en/Communiqué-13mai2005-Michel-Maheux-ANGLAIS.pdf>.

MANITOBA

Robert Syme - On March 24, 2005, Robert Syme pleaded guilty in the Provincial Court of Manitoba to five counts in trading in securities without registration and was later fined \$4,000. Costs and applicable surcharges were waived and Syme was given until December 31, 2006 to pay the fine.

See <http://www.msc.gov.mb.ca/investigation/reasons/syme.html> for details.

Kenneth Driedger - On April 26, 2005, Kenneth Driedger pleaded guilty to 17 counts of offences of The Securities Act of Manitoba and was fined in the Provincial Court of Manitoba to a fine of \$11,000.

See <http://www.msc.gov.mb.ca/investigation/reasons/driedger.html> for details.

John Olfert - On June 30, 2005, John Olfert pleaded guilty in the Provincial Court of Manitoba to five counts of offences of trading without registration and was fined \$4,500 with costs and surcharge of \$140.

See <http://www.msc.gov.mb.ca/investigation/reasons/olfert.html> for details.

Peter Bergen – On August 18, 2005, Peter Beren pleaded guilty in the Provincial Court of Manitoba to four counts of offences of the Securities Act and was fined \$4,000. The fine included disgorgement of commissions made by Bergen in relation to the charges. Bergen was also placed on six months probation and must participate in a MSC Investor Education Month program.

See <http://www.msc.gov.mb.ca/investigation/reasons/bergen.html> for details.

ILLEGAL DISTRIBUTION

CSA COMMISSION OR TRIBUNAL DECISIONS

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

Fundy Minerals Ltd - In July 2005, after a full hearing, the Commission ordered Fundy Minerals Ltd. to pay an administrative penalty in the amount of \$5,000 and \$2,750 for hearing costs.

See <http://www.nbsc-cvmnb.ca/PDF/DecisionandOrder-e.pdf> for details.

ONTARIO SECURITIES COMMISSION (OSC)

Francis Jason Biller – In April 2005, the OSC ordered that all trading in securities by Francis Jason Biller cease until such time as a full hearing of the matter is concluded and a decision of the Commission is rendered. In February 2000, the British Columbia Securities Commission prohibited Biller from engaging in investor relations activities for 10 years as a result of his involvement in Eron Mortgage and other related companies in British Columbia. On April 5, 2005, Biller pled guilty in the British Columbia Supreme Court to four counts of fraud and one count of theft contrary to the Criminal Code of Canada in relation to his involvement in Eron Mortgage.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050429_billerf.jsp for details.

MANITOBA SECURITIES COMMISSION (MSC)

Euston Capital Corp. – On July 11, 2005, MSC issued a Notice of Hearing against Euston and later issued an order, consented to by Euston, denying exemptions to Euston until the hearing matter has been heard by a panel of the MSC. The matter is returnable on February 22, 2006. See Order No. 4884.

See <http://www.msc.gov.mb.ca/orders/euston.html> for details.

ALBERTA SECURITIES COMMISSION (ASC)

Fair Share Investing Inc. and Gary Wojciechowski - On April 7, 2005 the ASC accepted the undertaking of Fair Share Inc. and Gary Wojciechowski not to trade in any securities of this corporation or any other issuer except in compliance with applicable securities laws until hearing or abandonment of the proceedings.

See http://www.albertasecurities.com/dms/1404/11952/12348_FAIR_SHARE_-_ICTO_AND_UNdertaking_-_2005-04-07_-_1798140_.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

Corporate Express Inc., also known as Corporate Express Club and Corporate Express Club (CEC) 1998, Fortress International Ltd., Great American Gold Ltd., John Thomas McCarthy and Cameron Willard McEwen (the “respondents”) – On September 9, 2005, the BCSC found that the respondents illegally distributed

ILLEGAL DISTRIBUTION

securities and made misrepresentations and contravened its temporary orders. The BCSC directed that the temporary orders remain in place until it has rendered its decision on sanctions.

For details see www.bcsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 583 in the search box and go to the findings.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION – (OSC)

Allan Eizenga – In August 2005, the OSC concluded a settlement agreement with Allan Eizenga with respect to his actions as a director and officer with The Saxton Group and ordered that Mr. Eizenga be prohibited from acting as an officer or director of any issuer for 25 years; that the exemptions contained in Ontario securities law do not apply to him and that he cease trading in securities for 22 years (with the exception of trading certain securities in his RRSP after 10 years); and that he be reprimanded. Mr. Eizenga undertook to never re-apply for registration under Ontario securities law or under any other Canadian securities legislation; and to cooperate fully with staff in connection with the outstanding Saxton-related proceeding.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050829_eizengaa.jsp for details.

ALBERTA SECURITIES COMMISSION (ASC)

Stone Mountain Precious Metals Depository Corp. - On August 24, 2005, staff obtained written undertakings to the Executive Director from this corporation and from Capital Alternatives Inc. to cease trading in securities.

See http://www.albertasecurities.com/dms/1404/11952/13030_Capital_Alternatives_-_STONE_MOUNTAIN_UNdertaking_-_2005-08-24_-_1931388v2.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

James Harvey Cameron and Venture Trading Inc. (“the respondents”) – On April 5, 2005, the respondents entered into a settlement with the BCSC for illegally distributing securities. Cameron agreed to pay the BCSC \$10,000. The BCSC ordered the respondents for 4 years to cease trading securities and Cameron for 4 years not to act as a director or officer or engage in investor relations.

For details see www.bcsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 229 in the search box and go to the settlement.

James Nelson McCarney, 526053 B.C. Ltd. and Trevor William Park (“the respondents”) – In May 2005, the respondents entered into settlements with the BCSC for illegally distributing securities and making misrepresentations and, in the case of McCarney, failing to fulfill his duties as a director and officer. The BCSC will receive \$100,000 from McCarney and \$5,000 from Park. The BCSC ordered 526053 for 20 years not to buy or sell securities and McCarney for 20 years, and Park for 12 years, not to buy or sell securities (except for their own accounts), act as directors or officers (with a limited exception for McCarney) and engage in investor relations. All orders remain outstanding until the monetary amounts are paid.

For details see www.bcsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 370 & 373 in the search

ILLEGAL DISTRIBUTION

box and go to the settlements.

Brent Edgson, Mark Stephen Heeres and Del Michel Albert Delisle (“the respondents”) – On June 6, 2005, the respondents entered into settlements with the BCSC for illegally distributing the securities of James Nelson McCarney’s company, 526053 B.C. Ltd. (see the settlement above). The BCSC will receive \$40,000 from Edgson and \$2,500 from Heeres. The BCSC ordered Edgson for 10 years, Heeres for 8 years and Delisle for six (6) years, not to buy or sell securities, act as directors or officers and engage in investor relations. The orders for Edgson and Heeres remain outstanding until the monetary amounts are paid.

For details see www.bcsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 391, 393 & 395 in the search box and go to the settlements.

APPEALS

QUÉBEC

André Charbonneau (L’Alternative, compagnie d’assurance sur la vie) – In 2003, the Court of Québec (Criminal and penal division) had found André Charbonneau guilty of having illegally distributed securities and he was fined \$ 295,000. Charbonneau appealed to the Superior Court and on May 9, 2005, Mrs. Justice Nicole Duval-Hesler dismissed his appeal and confirmed the Court of Québec’s judgment. Charbonneau then asked the Court of Appeal leave to appeal this judgment and on August 3, 2005, Mrs. Justice Pierrette Rayle refused to grant Charbonneau such a leave.

See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4314/en/communiqué-rejet-appel-Charbonneau.pdf>

Coopérative de producteurs de bois précieux Québec Forestales (Michel Maheux) – In 2003, the Commission des valeurs mobilières du Québec (CVMQ) had issued a cease trading order against the Coopérative. The CVMQ concluded that the Coopérative had acted more as an enterprise issuing and investing in securities than as a real cooperative. The CVMQ had also found that the Coopérative was engaging in a distribution to the public of investment contracts without the benefit of prospectus and registration exemptions for cooperatives provided for in the Securities Act. The Coopérative appealed these findings to the Court of Québec (Civil division) and on June 17, 2005, in a unanimous judgment, the court dismissed the appeal, finding that the CVMQ had been correct in its assessment of the activities of the Coopérative and, consequently, that the cease trading order was justified.

See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4411/fr/communiqué-23juin2005-forestales.pdf>. (Press release available in French only.)

INSIDER TRADING

COURT RULINGS

ONTARIO

Andrew Rankin – On July 15, 2005, the Ontario Court of Justice found Andrew Rankin guilty on all ten counts of informing or “tipping” another person of a material fact that had not been generally disclosed. Rankin was found not guilty on the ten counts of illegal insider trading. Submissions on sentencing have been scheduled for October 19, 2005.

See http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20050715_osc-rankin-guilty.jsp for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

ONTARIO SECURITIES COMMISSION – (OSC)

Betty Ho – In May 2005, the OSC dismissed a motion for a nonsuit brought by Betty Ho at the close of the evidence introduced by Staff with respect to the allegations that Mrs. Ho committed insider trading.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050511_ati-technologies-inc.jsp for details.

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

Fatir Hussain Siddiqi – The BCSC found that Siddiqi traded securities on undisclosed information and manipulated the market. On September 9, 2005, the Commission ordered Siddiqi to pay \$60,000 and for 6 years not to buy or sell securities, act as a director or officer and engage in investor relations. The orders remain outstanding until the monetary amount is paid.

For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 575 in the search box and go to the decision.

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION – (OSC)

Jo-Anne Chang and David Stone – In April 2005, the OSC concluded a settlement agreement with Jo-Anne Chang and David Stone with respect to tipping of inside information and insider trading of ATI Technologies Inc. shares. The OSC ordered that Chang and Stone be reprimanded; that they disgorge \$950,384.80 (plus \$126,820 accrued interest); that they pay \$311,180.20 for allocation to third parties and \$100,000 in costs; that Chang cease trading in securities for 20 years (with the exception of her RRSP and certain limited securities) and that she be prohibited from acting as a director or officer for 10 years; and that Stone permanently cease trading in securities (with the exception of his RRSP and certain limited securities) and permanently be prohibited from acting as a director or officer.

INSIDER TRADING

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050409_changstone.jsp for details.

Gregory Hryniw and Walter Hryniw – In May 2005, the OSC concluded settlement agreements with Gregory Hryniw and Walter Hryniw with respect to their false and misleading statements made to Staff in the course of an insider trading investigation. The Commission ordered that Messrs. Hryniw cease trading in securities for three years; that exemptions will not apply to them for three years; that they cannot act as an officer or director of any issuer for three years; that they be reprimanded; and that they each pay \$2,500 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050506_hryniw-gregory.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050505_hryniw-walter.jsp for details.

ALBERTA SECURITIES COMMISSION (ASC)

Robert Kenneth Pretty and Robert Lyle Pretty (the “respondents”) - On June 2, 2005 the respondents concluded a settlement and admitted to insider tipping and illegal insider trading contraventions during a four year period relating to merger/acquisition discussions involving Newport Petroleum, Berkley Petroleum, Hawk Oil, Nycan Energy, and Great Northern Exploration. Ken Pretty agreed to pay \$145,000 to settle the allegations, and \$3,000 towards investigation costs. He also undertook to cease trading in securities and to refrain from acting as a director or officer of any reporting issuer for a period of five years. Lyle Pretty agreed to pay \$95,000 to settle the allegations and \$2,000 towards investigation costs. He undertook to cease trading in securities for a period of three years.

See

http://www.albertasecurities.com/dms/1404/11952/12689_PRETTY,_Robert_Kenneth_SA_&_U_June_2_2005_1754475_.pdf for details.

MARKET MANIPULATION AND FRAUD

COURT RULINGS

ONTARIO

Dimitrios Boulieris – On May 11, 2005, the Ontario Superior Court of Justice, Divisional Court affirmed the decision of the OSC which set aside part of an IDA decision relating to Boulieris' facilitation of a market manipulation. The OSC had overturned the IDA's decision and concluded that it had erred in failing to appreciate the essential business and operational elements necessary to prove that Boulieris facilitated a market manipulation; in misapprehending material evidence; and in misapprehending the public interest. The OSC had also found that the IDA had erred by imposing a penalty that was completely unfit and inappropriate in light of Boulieris' facilitation of the market manipulation, and imposed a harsher sanction which included a fine of \$128,504 and the suspension of Boulieris' registration for 7 years.

See <http://www.canlii.org/on/cas/onscdc/2005/2005onscdc10115.html> for details.

ALBERTA

Sheldon Zelitt - On May 19th, Mr. Zelitt was returned to Canada upon his extradition from the Czech Republic and taken into custody to begin serving his 4 year term of imprisonment plus the 4 more years to be served in default of having paid the \$1.85 million fine imposed for 11 contraventions of the Securities Act respecting non-disclosure and misrepresentation in documents relating to VisualABS Inc.

CSA COMMISSION OR TRIBUNAL DECISIONS

ONTARIO – (OSC)

Michael Ciavarella, Kamposse Financial Corp., Firestar Capital Management Corp., Firestar Investment Management Group, and Michael Mitton – In June 2005, the OSC continued the Temporary Cease Trading Orders against Michael Ciavarella, Kamposse Financial Corp., Firestar Capital Management Corp., and Firestar Investment Management Group preventing them from trading in the shares of Pender International Inc., and the Temporary Cease Trading Order against Michael Mitton preventing him from trading in any shares in Ontario.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050629_firestar-capital.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050629_firestar-capital.jsp for details.

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

Carey Brian Dennis - Dennis, a mutual fund salesperson, defrauded his clients. On June 1, 2005, the BCSC ordered Dennis to pay \$200,000 and for 30 years not to buy or sell securities (except for his own account), act as a director or officer and engage in investor relations. In October 2003, for the same scheme, the Supreme Court of British Columbia convicted Dennis of fraud and theft.

MARKET MANIPULATION AND FRAUD

For details see www.bsc.bc.ca, type the full name of the respondent or 2004 BCSECCOM 591 in the search box and go to the decision.

Nano World Projects Corporation and Robert Papalia (the “respondents”) – On June 22, 2005, the BCSC found that the respondents defrauded investors. The BCSC directed that the parties file submissions on sanctions. In September 2004, for the same scheme, the United States District Court in Seattle found that Papalia committed securities fraud.

For details see www.bsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 441 in the search box and go to the findings.

Statik Sports Inc., Sniper Sports Ltd., 592087 B.C Ltd. and Glenn Anthony Rosen, also known as Anthony G. Rosen and Glenn Anthony Carl Rosen – In three schemes, using Statik, Sniper and 592087, Rosen defrauded investors. The BCSC cease traded the securities of the companies and ordered Rosen to pay \$375,000 and permanently not to buy or sell securities, act as a director or officer and engage in investor relations. In January 2005, for one scheme, the BC Supreme Court found Rosen guilty of theft.

For details see www.bsc.bc.ca, type the full name of a respondent or 2004 BCSECCOM 634 in the search box and go to the decision.

H & R Enterprises Inc., Michael Lee Mitton, David Scott Heredia and Jerome Rosen – In four schemes, Mitton defrauded investors and in doing so advised investors without registration, sold shares he did not own without telling investment dealers, traded securities without registration, illegally distributed securities and manipulated the market. He did the manipulation in the shares of H & R with the help of Heredia and Rosen. The BCSC cease traded the securities of H & R, ordered Mitton to pay \$250,000 and ordered Mitton, Heredia and Rosen permanently not to buy or sell securities, act as directors or officers and engage in investor relations. In December 2000, the BC Supreme Court convicted Mitton of securities fraud and sentenced him to a 4 year jail term. In January 2004, Heredia and Rosen pleaded guilty in the US to charges of securities fraud for the manipulation. Before the hearing, the BCSC entered into settlements with 6 other participants in the schemes.

For details see www.bsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 612 in the search box and go to the decision.

SETTLEMENT AGREEMENTS

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

Michel Ernest Ruge and Chivas Hedge Fund Ltd. – On May 6, 2005, the respondents entered into a settlement with the BCSC for defrauding investors, illegally distributing securities and making misrepresentations. Ruge must pay the BCSC \$150,000. The BCSC ordered the respondents for 25 years not to buy or sell securities (with an exception for Ruge) and Ruge for 25 years not to act as a director or officer (with a limited exception) and engage in investor relations.

For details see www.bsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 297 in the search box and go to the settlement.

DISCLOSURE VIOLATIONS

SETTLEMENT AGREEMENTS

ONTARIO SECURITIES COMMISSION – (OSC)

Agnico-Eagle Mines Limited – In April 2005, the OSC concluded a settlement agreement with Agnico-Eagle Mines Limited with respect to its failure to forthwith disclose material changes in its affairs and timely file a Material Change Report with the OSC on two occasions, and its issuance of an inaccurate news release. The OSC ordered Agnico-Eagle to initiate a review of its disclosure and reporting practices and procedures by an independent third party, acceptable to both Agnico-Eagle and Staff, at the expense of Agnico-Eagle.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050426_agnico-eagle-mines.jsp for details.

ALBERTA SECURITIES COMMISSION (ASC)

Mercury Partners and Company Inc., et al – In June, 2005 a settlement was concluded with the former Mercury Partners and Company Inc. and officers of the company, Tian Kusumoto, Shaun Cockburn and Jasmin Auck for violations of takeover bid rules and insider reporting obligations. Mercury, now Black Mountain Capital Corp., agreed to pay \$40,000 to settle the allegations and \$10,000 towards costs for using nominee corporations to accumulate share positions in Cybersurf Corp. and Takla Star Resources Ltd. Kusumoto agreed to pay \$50,000 fine to settle allegations of co-ordinating and trading in the nominee accounts and for failing to ensure that Mercury made required filings with the ASC. He has also agreed to cease trading in securities, and to refrain from acting as a director or officer of publicly trading company for nine years. Cockburn agreed to pay \$10,000 to settle the allegations against him, \$5,000 towards costs, and to refrain from trading in securities and from acting as a director or officer for four years. Auck agreed to pay \$10,000 to settle the allegations against her and \$2,500 towards costs and to refrain from trading in securities and from acting as a director and officer for 1.5 years.

See [http://www.albertasecurities.com/dms/1404/11952/12742_KUSUMOTO,_Tian_Robert_\(Mercury_et_al\)_-SAU_-_2005-06-13_-_1799370.pdf](http://www.albertasecurities.com/dms/1404/11952/12742_KUSUMOTO,_Tian_Robert_(Mercury_et_al)_-SAU_-_2005-06-13_-_1799370.pdf) for details.

BRITISH COLUMBIA SECURITIES COMMISSION (BCSC)

David Lynn Hunter – On April 25, 2005, Hunter entered into a settlement with the BCSC for issuing a false and misleading news release for Nano World Projects Corp. (see the findings above under market manipulation and fraud). The BCSC ordered Hunter not to act as a director or officer for 5 years.

For details see www.bsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 260 in the search box and go to the settlement.

Jesus Ricafort Martinez – On April 25, 2005, Martinez entered into a settlement with the BCSC for failing to disclose his trading in insider trading reports. Martinez must pay \$10,000 to the BCSC. The BCSC ordered Martinez for 18 months not to sell securities (except for his own account) and to act as a director or officer. Martinez must complete a course for directors and officers and complete his insider reports before he can act as a director or officer.

For details see www.bsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 258 in the search box and go to the settlement.

DISCLOSURE VIOLATIONS

Peter William Dunfield – On April 28, 2005, Dunfield entered into a settlement with the BCSC for failing to cause Jalna Resources Limited to file a material change report and accurate and consistent financial statements and for not fulfilling his duties as a director. Dunfield must pay \$10,000 to the BCSC. The BCSC ordered Dunfield for 3 years not to act as a director or officer and engage in investor relations. Dunfield must complete a course for directors and officers before he can act as a director or officer.

For details see www.bsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 271 in the search box and go to the settlement.

Dilbagh Singh Gujral – On July 12, 2005, Gujral entered into a settlement with the BCSC for failing to cause Caset Enterprises Corp. to file material change reports and for not fulfilling his duties as a director. Gujral must pay \$30,000 to the BCSC. The BCSC ordered Gujral for 4 years not to act as a director or officer and engage in investor relations. The orders remain outstanding until the monetary amounts are paid.

For details see www.bsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 458 in the search box and go to the settlement.

MISCONDUCT BY REGISTRANTS

COURT RULINGS

ONTARIO

Derivative Services Inc. and Malcolm Robert Bruce Kyle – On May 25, 2005, the Ontario Superior Court of Justice, Divisional Court, affirmed the decision of the Ontario Securities Commission which had affirmed the finding of the IDA’s Ontario District Council that Derivative Services Inc. (DSI) and Kyle had engaged in conduct unbecoming by failing to provide documents and information to IDA Enforcement staff in the course of a regulatory investigation. The Commission had dismissed an application by DSI and Kyle in which they challenged several disciplinary rulings of the District Council. In the course of these proceedings, DSI and Kyle raised a number of legal issues challenging the jurisdiction of the IDA over its members.

See <http://www.canlii.org/on/cas/onscdc/2005/2005onscdc10119.html> for details.

Norshield Asset Management (Canada) Ltd., Norshield Investment Partners Holdings Ltd., Olympus United Funds Holdings Corporation, Olympus United Funds Corporation, Olympus United Group Inc., and Olympus United Bank and Trust SCC -- In June 2005, the Ontario Superior Court of Justice ordered that RSM Richter Inc. be appointed receiver of the ‘Norshield Group’. Norshield had been unable or unwilling to adequately explain the investment structure offered to clients, and the flow and location of client funds. RSM Richter Inc. had been appointed as monitor of Norshield’s business and financial affairs, and following receipt of the monitor’s first report, the Ontario Securities Commission and the Autorité des marchés financiers (AMF) acted jointly to seek the appointment of Richter as receiver.

See http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20050629_osc-rsm-norshield.jsp for details.

CSA COMMISSION OR TRIBUNAL DECISIONS

NOVA SCOTIA SECURITIES COMMISSION – (NSSC)

Harry Rollo - The NSSC made an order suspending the registration of Harry Rollo upon his failure to provide evidence of having successfully completed required examinations.

See <http://www.gov.ns.ca/nssc/docs/statementofallegations.pdf>; and [http://www.gov.ns.ca/nssc/docs/order33\(2\)ROLLO220605.pdf](http://www.gov.ns.ca/nssc/docs/order33(2)ROLLO220605.pdf)

NEW BRUNSWICK SECURITIES COMMISSION (NBSC)

Portus Alternative Asset Management Inc. And Boaz Manor – On May 16, 2005, the NBSC ordered that previous orders issued on February 2, 2005 are to continue until further order of the Commission. The orders provide, inter alia, for a cessation in trading.

See http://www.nbsc-cvmnb.ca/pdf/extension_order-e.pdf for details.

MISCONDUCT BY REGISTRANTS

Vincent Lacroix – In September 2005, the Commission decided that Vincent Lacroix shall remain suspended indefinitely.

See <http://www.nbsc-cvmnb.ca/pdf/vincentlacroisorder-e.pdf> for details.

BUREAU DE DÉCISION ET DE RÉVISION EN VALEURS MOBILIÈRES – (BDRVM)

Les conseillers en valeurs Planiges Inc. (« Planiges »), Denis Patry and Zenith Stable Value Growth Fund (“Zenith Fund”) – On September 13, 2005, the BDRVM suspended the rights granted by registration to Planiges and issued a freeze order against the Zenith Fund.

See http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4648/en/Comm13sept2005_Zenith_ang.pdf.

Norbourg, gestion d’actifs Inc. (« Norbourg »), Vincent Lacroix, Évolution and Norbourg families of funds – On August 24, 2005, the BDRVM ordered Norbourg to cease all activities, issued a cease trading order against the Evolution and Norbourg families of funds and a freeze order targeting the bank accounts of Norbourg, Vincent Lacroix and affiliated companies and their assets. Finally, the BDRVM recommended to the Minister of Finance that a provisional administrator be appointed to administer the property of Norbourg, affiliated companies and the Norbourg and Evolution families of funds.

See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4598/en/Comm25aout2005-Norboug-ang.pdf>

ONTARIO SECURITIES COMMISSION – (OSC)

Foreign Capital Corporation, Montpellier Group Inc. and Pierre Alfred Montpellier (the “respondents”) – In April 2005, the OSC found that the respondents had engaged in conduct contrary to the public interest, based on the criminal conviction of Pierre Montpellier for fraud and theft contrary to the Criminal Code. The Commission ordered that Montpellier be permanently prohibited from becoming or acting as a director or officer of any issuer, and that his registration be terminated. The Commission also imposed a permanent cease trade order on all three respondents.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050415_montpellier.jsp for details.

Momentas Corporation, Howard Rash, Alexander Funt, and Suzanne Morrison – In June 2005, the Commission made temporary orders that all trading by Momentas Corporation and its officers, directors, employees, and/or agents in securities of Momentas shall cease; that Rash, Funt, and Morrison cease trading in any securities; and that any exemptions do not apply to Momentas, Rash, Funt, and Morrison.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050624_momentas.jsp:
http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050624_momentas.jsp
http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050708_momentas-corp.jsp
http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050714_momentas-corp.jsp and
http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050802_momentas.jsp for details.

MISCONDUCT BY REGISTRANTS

Portus Alternative Asset Management Inc. and Boaz Manor – Since May 2005, the OSC has ordered that the hearing to consider whether to extend the temporary orders imposing terms and conditions on the registration of Portus, and restricting trading by Portus and Manor, be adjourned until December 16, 2005. The temporary orders were extended until then. See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050516_portus-manor.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050914_portus-manor.jsp for details.

Brian Peter Verbeek – In July 2005, an OSC hearing panel found that Brian Peter Verbeek violated the Ontario Securities Act and engaged in conduct contrary to the public interest by participating in an illegal distribution of securities, failing to ascertain the investment needs and objectives of his clients and the suitability of securities for his clients, participating in a scheme that involved the subsequent loan to the investor of approximately 65% of the share purchase price and by charging an administrative fee to the investors of 35% of the loan proceeds, processing documents that referenced ‘Lafferty, Harwood and Partners Ltd.’ without Lafferty’s knowledge and at a time when he was not registered through Lafferty; and making misleading or untrue representations to OSC staff. Submissions on sanctions will be made on October 26, 2005.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050726_verbeek.jsp for details.

Jose L. Castaneda – On June 7, 2005, the Commission ordered that Castaneda cease trading securities for a period of 15 days. The Temporary Order was continued on June 20, 2005 until further order of the Commission.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/soa_20050620_castaneda.jsp for details.

Norshield Asset Management (Canada) Ltd. – On May 20, 2005, the OSC ordered that the registration of Norshield be temporarily suspended. On June 2, 2005, the OSC ordered RMS Richter Inc. to act as Monitor of Norshield.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050520_norshield-temp.jsp; and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050602_norshield.jsp for details.

Olympus United Group Inc. – On May 13, 2005, the OSC ordered that the registration of Olympus be temporarily suspended. On May 20, 2005, the OSC ordered that terms and conditions be imposed on Olympus’ registration; specifically that Olympus shall not pay out, redeem, or otherwise return any funds or other assets from any existing client accounts.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050513_olympus.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050520_olympus-temp.jsp for details.

MANITOBA SECURITIES COMMISSION – (MSC)

Mark Edward Valentine - On June 30, 2005, the MSC issued an order against Valentine reciprocating certain sanctions imposed on him by the OSC, based upon a Settlement Agreement with the OSC. Valentine was prohibited from trading in securities until December 23, 2019, and permanently prohibited from acting as a director or officer.

See <http://www.msc.gov.mb.ca/orders/valentine.html> for details.

MISCONDUCT BY REGISTRANTS

ALBERTA SECURITIES COMMISSION – (ASC)

Christopher Wesley Stewart – In June 2005, this former securities broker was sanctioned for unauthorized discretionary trading and ordered to pay \$10,000, \$5,000 towards costs, and prohibited from trading securities for ten years.

See http://www.albertasecurities.com/dms/1404/11952/12716_STEWART,_Christopher_Wesley_-_Decision_-_2005-06-07_-_1872985.pdf for details.

BRITISH COLUMBIA SECURITIES COMMISSION – (BCSC)

Timothy Fernback, Wolverton Securities Ltd., Brent Wolverton and William Massey (the “respondants”) – On May 9, 2005, the respondents (an investment dealer and its president and corporate finance manager and the president of Cinema Internet Networks) entered into a settlement with the BCSC for failing to act in the public interest in connection with a private placement for Cinema. The BCSC will receive \$60,000 from Wolverton Securities, \$30,000 from Wolverton, \$20,000 from Fernback and \$5,000 from Massey.

For details see www.bcsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 304 in the search box and go to the settlement.

Martin, Lucas & Seagram Ltd. – On July 6, 2005, Martin, an adviser from Toronto, entered into a settlement with the BCSC for failing to register as an adviser. Martin must pay \$135,695 to the BCSC and confirm it has a credible registration compliance system. The BCSC ordered Martin reprimanded.

For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 449 in the search box and go to the settlement.

Nelson Kenfung Sui – On July 7, 2005, Sui, a registered salesperson, entered into a settlement with the BCSC for breaching the know your client rule and his fiduciary duties to his client. Sui must pay \$25,000 to the BCSC. The BCSC ordered Sui be placed under close supervision by his investment dealer for a year. The order remains outstanding until the monetary amount is paid.

For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 467 in the search box and go to the settlement.

Michael Fenwick French – On July 20, 2005, French entered into a settlement with the BCSC for failing to register as an adviser. The BCSC ordered French for 15 years not buy or sell securities (except for a personal account), act as a director or officer and engage in investor relations.

For details see www.bcsc.bc.ca, type the full name of the respondent or 2005 BCSECCOM 471 in the search box and go to the settlement.

J. D. Stanley Futures Inc. and Clive Chow Kai Tsang (the “respondents”) – On August 23, 2005, the respondents entered into a settlement with the BCSC for failing to comply with their duties as registrants under the legislation. J. D. voluntarily surrendered its registration. Tsang agreed not act as a designated compliance officer or apply for registration for 5 years. The BCSC ordered the respondents reprimanded and for 5 years not sell securities or exchange contracts (except Tsang for his own account) and Tsang not to act as a director or officer of any issuer

MISCONDUCT BY REGISTRANTS

in the securities or exchange contract business for the later of 5 years and the date he completes an acceptable course.

For details see www.bcsc.bc.ca, type the full name of a respondent or 2005 BCSECCOM 546 in the search box and go to the settlement.

SETTLEMENT AGREEMENTS

JOINT ACTION BY REGULATORS

optionsXpress, Inc. (and its affiliate optionsXpress Canada Corp./Corporation optionsXpress Canada) – On August 11, 2005 provincial securities regulators for 10 Canadian provinces concluded a settlement agreement with optionsXpress, a Chicago based internet trading firm that permitted Canadians to open internet trading accounts and trade securities in the United States. As part of the settlement agreement, optionsXpress' Canadian affiliate was required to pay \$550,000 to the ten regulators by December 31, 2005. Until then, optionsXpress will be prevented from opening any new accounts. The settlement agreement concluded at the largest ever joint hearing of Canadian securities regulators involving simultaneous settlement hearings by the Alberta Securities Commission, the Manitoba Securities Commission, the Ontario Securities Commission, the Nova Scotia Securities Commission, the New Brunswick Securities Commission and the Bureau de décision et de révision en valeurs mobilières in Québec.

For details, see http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050916_optionsxpress.jsp
<http://www.gov.ns.ca/nssc/docs/optionsxpressinnoticeofhearing.pdf>
<http://www.gov.ns.ca/nssc/docs/optionsxpressinestmtofallegations.pdf>
<http://www.gov.ns.ca/nssc/docs/optionsXpressInc%20Order%2031Aug%2005Conformed.pdf>
<http://www.gov.ns.ca/nssc/docs/Options-Final-August11.pdf>
<http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-46311/en/communiqué-optionsxpress-a.pdf>
<http://www.nbsc-cvmnb.ca/PDF/OrderandStlmtAgree-e.pdf>
http://www.albertasecurities.com/dms/1404/11952/13093_OptionsXpress,_Inc._-Decision_-2005-08-31_-1943490_v1.pdf
<http://www.msc.gov.mb.ca/orders/optionsexpress.html>

NOVA SCOTIA SECURITIES COMMISSION – (NSSC)

Christopher Robinson - The Commission approved a settlement agreement where Robinson admitted having contravened the Act and acted contrary to the public interest by failing to comply with an order of an I.D.A. discipline panel. An administrative penalty and costs award was imposed.

See <http://www.gov.ns.ca/nssc/docs/chrisrobinsonallegations.pdf>;
<http://www.gov.ns.ca/nssc/docs/settlementagreementRobinson14JUL05.pdf> ;
<http://www.gov.ns.ca/nssc/docs/robinsonorder.pdf> for details

ONTARIO SECURITIES COMMISSION – (OSC)

Norman Frydrych – In May 2005, the OSC concluded a settlement agreement with Norman Frydrych with respect to his actions as an officer of the securities dealer, Buckingham Securities Corporation, in authorizing, permitting, or

MISCONDUCT BY REGISTRANTS

acquiescing in Buckingham's violations of Ontario securities laws. The OSC ordered that Frydrych's registration be terminated, that he be permanently prohibited from becoming or acting as a director or officer of any reporting issuer or registrant, that he cease trading in securities for 15 years (except in his personal accounts or RRSPs), and that he be reprimanded. Frydrych also provided a written undertaking that he will never apply for registration in any capacity under Ontario securities law, and that he will never have any ownership interest in any registrant.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050516_frydrych.jsp for details.

Miller Bernstein & Partners LLP – In May 2005, the OSC concluded a settlement agreement with Miller Bernstein & Partners LLP, a partnership of chartered accountants, with respect to its audit of the securities dealer, Buckingham Securities Corporation. The OSC ordered that Miller Bernstein be reprimanded, that it make a settlement payment of \$75,000, and that it pay \$115,000 in costs. Miller Bernstein also provided a written undertaking that it will not provide auditing or other services to reporting issuers or to registrants under Ontario securities law in their capacity as reporting issuers and registrants, respectively. If Miller Bernstein seeks relief from this undertaking, it must comply with certain conditions, including an inspection of the design and implementation of its quality controls by the Canadian Public Accountability Board or a public accounting firm acceptable to Staff and Miller Bernstein. Miller Bernstein also agreed to provide a copy of the Settlement Agreement and Commission Order to the Institute of Chartered Accountants of Ontario and to the Canadian Public Accountability Board.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050517_miller-bernstein.jsp for details.

Buckingham Securities Corporation – In June 2005, the OSC concluded a settlement agreement with Buckingham Securities Corporation, with respect to its failure to segregate fully paid or excess margin securities owned by its clients; its failure to maintain adequate capital at all times; and its failure to keep required books and records; making materially misleading or untrue statements with respect to the fiscal years ending March 31, 1999 and March 31, 2000 in its Form 9 Reports filed with the OSC. Buckingham failed to file an audited Form 9 Report for the fiscal year ending March 31, 2001. The OSC ordered that the registration of Buckingham be terminated.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050602_buckingham.jsp for details.

AGF Funds Inc., AIC Limited, CI Mutual Funds Inc. (now CI Investments Inc.), I.G. Investment Management, Ltd., and Franklin Templeton Investment Corp. – In June 2005, the OSC approved the distribution plans that will see these five Canadian mutual fund companies disburse \$205.6 million to investors. The plans are to be implemented before the end of September 2005.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/pod_20050630_agf-funds-inc.pdf; http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/pod_20050630_aic-limited.pdf; http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/pod_20050630_ci-investments.pdf; http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/pod_20050630_ig-investment.pdf; http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/pod_20050630_franklin-templeton.pdf for details.

Ron Carter Hew – In July 2005, the OSC concluded a settlement agreement with Ron Carter Hew with respect to his commissioned trading in the accounts of numerous investors without being registered. The OSC ordered that he cease trading in securities for 15 years (except in his RRSP), and that he be reprimanded.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050623_hewr.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050718_hewrc.jsp for details.

Francis George Lee Simpson – In August 2005, the OSC concluded a settlement agreement with Francis George Lee Simpson with respect to his actions as an officer and the Ultimate Designated Person of the investment dealer,

MISCONDUCT BY REGISTRANTS

Thomson Kernaghan & Co. Ltd. (“TK”), and ordered that Simpson’s registration be terminated; that he be permanently prohibited from acting as an officer or director of any registrant; that he be prohibited from acting as a director or Chief Financial Officer of a reporting issuer for 5 years; and that he pay \$50,000 in costs. Simpson undertook to never re-apply for membership in or approval from the IDA of Canada, or registration or recognition under Ontario securities law or any other Canadian securities legislation.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050812_simpsonfgl.jsp for details.

Affinity Financial Group Inc., International Structured Products Inc., Affinity Restricted Securities Inc., Dionysus Investments Ltd., Brian Keith McWilliams, David John Lewis and Louis Sapi – In September 2005, the OSC concluded a settlement agreement with Affinity Financial Group Inc. (Affinity) and its related companies with respect to their unlicensed advising in securities by soliciting clients to invest in a product titled the “Rule 144 Loan Program”, and ordered that the registration of International Structured Products Inc. (ISP), McWilliams, and Lewis be terminated; that Affinity, Affinity Restricted Securities Inc. (ARS), and Dionysus Investments Ltd. cease trading in securities permanently; that exemptions do not apply to Affinity, ISP, ARS, and Dionysus permanently; that McWilliams, Lewis, and Sapi be permanently prohibited from becoming directors or officers of any registrant; and that McWilliams, Lewis, and Sapi each pay \$10,000 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050919_mcwilliamsb.jsp; http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050919_sapilouis.jsp; and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050919_affinity.jsp for details.

TD Waterhouse Canada Inc. – In September 2005, the OSC concluded a settlement agreement with TD Waterhouse Canada Inc. (TDW) with respect to its failure to comply with its suitability obligation to its clients, and its failure to comply with its obligation to deal with its clients fairly by failing to disclose to them a commission paid to itself, and ordered that TDW pay \$125,000 in costs, and that it be reprimanded. TDW agreed to make a settlement payment of \$250,000; to make restitution to its clients; and to provide Staff with a comfort letter that it has instituted practices and procedures designed to prevent the facilitation of such action in the future.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050919_tdwaterhouse.jsp for details.

MANITOBA SECURITIES COMMISSION – (MSC)

Charles Edward Griffith – On July 15, 2005, the MSC approved a Settlement Agreement with Griffith whereby, he acknowledged churning accounts and discretionary trading. Griffith agreed to an order including an order of financial loss compensation in the amount of \$68,237 and a denial of exemptions for a period of 10 years from the date of the order. In addition, Griffith represented that for the period of time since his registration under the Act had ceased on March 26, 2001 (over 4 years prior to the Settlement Agreement), he had not traded in securities in the Province of Manitoba.

See <http://www.msc.gov.mb.ca/orders/griffith.html> for details.

ALBERTA SECURITIES COMMISSION – (ASC)

Douglas Gerhardt Schmidt - On September 15, 2005, Schmidt concluded a settlement with the ASC and admitted to illegal insider trading. He paid \$5,000.00 to settle these allegations, \$1,000.00 towards costs, and undertook to cease trading in securities for a period of 6 months.

See http://www.albertasecurities.com/dms/1404/11952/13117_SCHMIDT_Douglas_Gerhardt_SA&U_2005-09-15_-_1911998.pdf for details.

MISCONDUCT BY REGISTRANTS

APPEALS

QUÉBEC

Guy Shedleur – In 2001, the Commission des valeurs mobilières du Québec (CVMQ) had found that Shedleur, as a representative registered for the firm Valeurs Mobilières Investpro Inc., had not acted with the competence and integrity required from a registrant in relation to the distribution to the public by Investpro of the securities of SPEQ MPI. Therefore, the CVMQ had suspended Shedleur’s rights granted by registration for a period of seven years. Shedleur appealed to the Court of Québec (Civil division) which, in a unanimous decision rendered on August 12, 2002, dismissed his appeal. Shedleur then appealed this decision to the Court of Appeal and, on September 8, 2005, in a unanimous judgment, the court dismissed the appeal, finding that the Court of Québec had been correct in confirming the CVMQ’s 2001 decision.

MISCELLANEOUS

COURT RULINGS

NOVA SCOTIA

Bruce P. Schriver - The Supreme Court of Nova Scotia issued a decision denying the appeal of Bruce P. Schriver from a decision of the Nova Scotia Securities Commission which rejected his argument that the Nova Scotia Securities Commission lacked jurisdiction to make a finding under section 30(3) of the Act that Bruce P. Schriver had violated a M.F.D.A. bylaw and thereby contravened the Act. Mr. Schriver has appealed the decision of the Supreme Court. The Nova Scotia Supreme Court Appeal Division will hear the appeal on the 22nd day of November 2005.

ALBERTA

Thomas Kim Seto - On May 12, 2005, Seto pleaded guilty in Edmonton Provincial Court to five charges and was sentenced to 5 months imprisonment, prohibited from trading in securities and acting as a director or officer for 12 years, and ordered to pay \$18,000.00 restitution and \$10,000.00 towards costs.

The Institute for Financial Learning - In August 2005, the appeal was denied.

See http://www.albertasecurities.com/dms/1404/11952/13006_IFL_Court_of_Appeal_Reasons_-_08-16-2005_-_1930037.pdf for details

BRITISH COLUMBIA

John W. S. Roeder –In 1995, the Commission banned Roeder for 17 years from the market. In 2000, Roeder applied to the Commission to have the orders revoked, alleging that BCSC staff counsel acted with a conflict of interest at the hearing. On May 20, 2003, the BCSC heard Roeder’s application and dismissed it on the basis of unjustified delay. The BCSC did not consider the merits of the conflict of interest allegations. Roeder appealed to the Court of Appeal and on April 4, 2005, in a unanimous judgment, the court dismissed the appeal, finding that the BCSC acted reasonably on making its 1995 orders.

For details see www.bcsc.bc.ca, type Roeder’s full name in the search box and go to the 1995 and 2003 Commission decisions.

CSA COMMISSION OR TRIBUNAL DECISIONS

BUREAU DE DÉCISION ET DE RÉVISION EN VALEURS MOBILIÈRES – (BDRVM)

Fonds TIP Canada Ltée – On August 9, 2005, the BRVM recommended that the Minister of Finance order the winding-up of the property of Fonds TIP Canada Ltée and appoint a liquidator.

See http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4592/en/Comm17aout2005FondsTIP_ANGLAIS.pdf

MISCELLANEOUS

Zenith Stable Value Growth Fund (“Zenith Fund”), Corporation de gestion et de recherche Zenith, Conseillers en valeurs Planiges inc. (« Planiges »), Denis Patry – On June 15, 2005, the BDRVM issued a freeze order against the Zenith Fund, Corporation de gestion et de recherche Zenith, Planiges and Denis Patry to prevent them from withdrawing funds from the Zenith Fund. Then, on September 13, 2005, the BDRVM issued another freeze order against the Zenith Fund, the Corporation de gestion et de recherche Zenith, Planiges and Denis Patry targeting all funds, securities or other assets of the Zenith Fund. The BDRVM also ordered the Zenith Fund to cease any activity in respect of a transaction in securities.

See http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4648/en/Comm13sept2005_Zenith_ang.pdf.

Fonds de placement Excellence and Placements « Parts » Excellence inc. – On August 3, 2005, the BDRVM issued a freeze order against Fonds de placement Excellence, a mutual fund, and Placements « Parts » Excellence inc., the fund’s manager.

See <http://www.lautorite.qc.ca/salle-de-presse/communiqués-presse/2004/communiqué-4569/en/communiqué-8aout2005-fondsexcellence-ang.pdf>

ONTARIO SECURITIES COMMISSION – (OSC)

Andrew Currah, Colin Halanen, Joseph Damm, Nicholas Weir, Penny Currah, and Warren Hawkins – In July 2005, the OSC dismissed a motion by Nicholas Weir that the allegations against him were commenced outside the limitation period. Since Weir was not deprived of a vested substantive right when the revised limitation period came into effect, the current 6 year limitation period applies to him. The Commission held that a proceeding is ‘commenced’ on the date on which the notice of hearing and statement of allegations are issued by the office of the Secretary of the Commission (which in this case was within the 6 year limitation period).

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050729_currah.jsp for details.

ALBERTA SECURITIES COMMISSION (ASC)

Murdo C. Mcleod and Sidney Mischuk v. TSXV (the “respondents”) - During 2005 the Commission considered its practice and procedures governing appeals to the ASC regarding a TSXV decision regarding suitability of the Appellants as directors and officers for two Alberta-based issuers. These two decisions in McLeod and Mischuk v. TSXV are posted at 2005 ABASC 191 and 2005 ABASC. The initial ruling addressed the ASC’s lack of jurisdiction to stay trading halts imposed by the TSXV against the issuers involved and also considered specific terms upon which the respondents might March 7, 2005 adduce limited additional evidence upon this hearing before the Commission. In a later July 14, 2005 decision dismissing the appeal, a different panel rendered a lengthy decision – deciding that these proceedings were in the nature of a civil appeal rather than a hearing de novo, that the TSXV had acted fairly and in accordance with principles of natural justice, and that there was no reason to disturb the TSXV’s decision regarding suitability. Together these two decisions provide a detailed analysis of the statutory framework for appeal of an Exchange decision to the ASC, the role of the Exchange, and the nature of the decisions under appeal.

See http://www.albertasecurities.com/dms/1404/11952/12855_MCLEOD,_Murdo_C._-Decision_-2005-07-14_-_1898612v1.pdf for details.

MISCELLANEOUS

Gordon Simpson - On August 22, 2005, an ASC panel dealt with a complainants appeal of an IDA refusal to take enforcement proceedings in the case of *Simpson, 2005 ABASC 724*. The Reasons for Decision analyzed the applicable legislative framework and legal characterization of the determinations sought to be appealed and concluded that it was not appealable under the *Securities Act* section 73(1), nor was Simpson directly affected by it so as to have standing to appeal under that section. In addition, the panel ruled that the ASC's public interest jurisdiction does not give it jurisdiction to order the IDA, IDA staff or ASC staff to investigate any matter or to institute regulatory or disciplinary proceedings.

See http://www.albertasecurities.com/dms/1404/11952/13018_SIMPSON_Gordon_-_DECISION_-_2005-08-22_-_1930420_v1.pdf for details.

SETTLEMENT AGREEMENTS

ONTARIO – (OSC)

Andrew Cheung – In April 2005, the OSC concluded a settlement agreement with Andrew Cheung with respect to his failure to file insider trading reports on 21 occasions between November 2003 and October 2004. The Commission ordered that Cheung pay an administrative penalty of \$5,000 and \$3,500 in costs.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050420_cheung-andrew.jsp and http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/rad_20050510_cheunga..jsp for details.

Zoran Popovic and DXStorm.Com Inc. – In May 2005, the OSC concluded a settlement agreement with Zoran Popovic and DXStorm.Com Inc. with respect to the former's failure to file insider trading reports on 95 occasions in 2002, and with respect to the latter's failure to have in place a policy dealing with insider trading. The Commission reprimanded Popovic and ordered him to personally pay \$5,500 in costs. The Commission also ordered DXStorm.Com Inc. to implement a Code of Conduct, including an Insider Trading and Reporting Policy, approved by Staff.

See http://www.osc.gov.on.ca/Enforcement/Proceedings/2005/set_20050505_popovicz.jsp for details.

APPEALS

QUÉBEC

Comité pour un traitement égal des actionnaires minoritaires de la Société Asbestos ltée (Société nationale de l'amiante) – In 2003, after a public hearing, the Commission des valeurs mobilières du Québec (CVMQ) had rejected the Comité's demands and complaints concerning the acquisition of control by the Société nationale de l'amiante of the Société Asbestos ltée from General Dynamics Corporation. The Comité appealed to the Court of Québec (Civil division) and on May 9, 2005, in a unanimous judgment, the court dismissed the appeal as it concluded that the CVMQ had acted correctly in rejecting the Comité's demand to intervene in a transaction that did not constitute a take-over and, therefore, was not subject to the Securities Act.

WARNING LETTER

ONTARIO – ONTARIO SECURITIES COMMISSION – (OSC)

CP Ships Ltd. – In July 2005, OSC Staff issued a warning letter to CP Ships Ltd. advising that in Staff’s opinion, the determination by CP Ships management that the financial statements needed to be restated constituted a material change which should have been disclosed forthwith. As well, four insiders traded CP Ships shares at a time when they knew that the quarterly financial results were expected to be materially below publicly disclosed estimates of analysts. Although such conduct by CP Ships and the insiders could have formed the basis of proceedings against them, Staff took into consideration the fact that the traders either articulated their intention to sell shares well in advance of the inside knowledge or otherwise had an unrelated reason to sell shares.

CP Ships demonstrated a high level of cooperation, including public disclosure of the existence of Staff’s investigation and restitution to the company by the four insiders for the loss avoided on their trades. CP Ships and Staff agreed that this restitution in the amount of \$1,434,112.25 will be re-directed to the “MFDA Investor Protection Corporation”.

See http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20050707_osc-cp-ships.jsp for details.

SELF-REGULATORY ORGANIZATIONS

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

ONTARIO

Earl Crackower (“Crackower”) – On August 22, 2005, the MFDA found that Crackower took \$3.4 million from clients that he failed to return and subsequently misled and failed to cooperate with the MFDA during an investigation. The MFDA ordered that he be permanently prohibited from conducting securities related business, pay a fine of \$3.5 million and costs of \$7,500.

See <http://www.mfda.ca/enforcement/hearings05/Decision200506.pdf> for details.

Anthony McPhail (“McPhail”) – On June 9, 2005, the MFDA found that McPhail failed to cooperate with the MFDA during the course of an investigation concerning transactions processed through a branch operating account controlled by McPhail. The MFDA ordered that he be permanently prohibited from conducting securities related business, pay a fine of \$50,000 and costs of \$10,000.

See <http://www.mfda.ca/enforcement/hearings05/Decision200505.pdf> for details.

Jawad Rathore (“Rathore”) – On June 28, 2005, the MFDA found that Rathore engaged in a gainful occupation that was not approved by the Member and failed to cooperate with the MFDA during an investigation. The MFDA ordered that he be permanently prohibited from conducting securities related business, pay a fine of \$25,000 and costs of \$7,500.

See <http://www.mfda.ca/enforcement/hearings05/Decision200504.pdf> for details.

BRITISH COLUMBIA

Raymond Brown-John (“Brown-John”) - On June 27, 2005, the MFDA found that Brown-John stole \$10,609.64 from two clients, failed to repay \$67,000 borrowed from one of those clients and failed to cooperate with the MFDA during an investigation. The MFDA ordered that he be permanently prohibited from conducting securities related business, pay fines totalling \$185,000 and costs of \$10,000.

See <http://www.mfda.ca/enforcement/hearings05/Decision200502.pdf> for details.

SASKATCHEWAN

Arnold Tonnies (“Tonnies”) – On June 27, 2005, the MFDA found that Tonnies borrowed \$250,000 from two clients which he failed to repay and failed to cooperate with the MFDA during an investigation. The MFDA ordered that he be permanently prohibited from conducting securities related business, pay a fine of \$350,000 and costs of \$7,500.

See <http://www.mfda.ca/enforcement/hearings05/Decision200503.pdf> for details.

SELF-REGULATORY ORGANIZATIONS

MARKET REGULATION SERVICES INC. (RS INC.)

ONTARIO

Zoltan Horcsok and Glen Grossmith– On July 18, 2005, RS Inc. approved a Settlement Agreement with each of Messrs. Grossmith and Horcsok. Under the Settlement Agreements, Mr. Horcsok admitted that he failed to comply with his trading supervision obligations. Mr. Grossmith admitted that he engaged in conduct inconsistent with just and equitable principles of trade. They both admitted that they engaged in conduct which resulted in UBS Securities Canada Inc., their employer, contravening certain audit trail requirements. Mr. Horcsok agreed to pay a fine of \$100,000 and costs of \$25,000, and was also suspended from access to marketplaces regulated by RS Inc. for 3 months, strict supervision for 6 months after completion of the suspension referred to above and prohibition against acting as a supervisor for 1 year after completion of the suspension noted above. Mr. Grossmith agreed to pay a fine of \$75,000 and costs of \$25,000, and was also suspended from access to marketplaces regulated by RS Inc. for 3 months and strict supervision for 6 months after completion of the suspension noted above.

W. Scott Leckie – On July 19, 2005, RS Inc. approved a Settlement Agreement with Mr. Leckie whereby he admitted that he engaged in a manipulative and deceptive method of trading. Mr. Leckie agreed to pay a fine of 100,000 and costs of \$20,000.

Ian Macdonald, Edward Boyd, Peter Dennis and David Singh (“The Respondants”) – On July 28, 2005, RS Inc. approved a Settlement Agreement with Messrs. Macdonald, Boyd, Dennis and Singh. Under the Settlement Agreement, the Respondents admitted that they engaged in a manipulative and deceptive method of trading. Mr. Macdonald agreed to pay a fine of \$90,000 and costs of \$35,000. Messrs. Boyd and Singh each agreed to pay a fine of \$60,000 and costs of \$20,000. Mr. Dennis agreed to pay a fine of \$20,000 and costs of \$7,000.

See <http://www.rs.ca/Enforcement - Settlement Agreements/Statements of Allegations> for details.

BRITISH COLUMBIA

Jason Fediuk - On August 24, 2004, after a contested hearing, RS Inc. dismissed an allegation of frontrunning against Mr. Fediuk.

See <http://www.rs.ca/Enforcement - Settlement Agreements/Statements of Allegations> for details.

INVESTMENT DEALERS ASSOCIATION (IDA)

BRITISH COLUMBIA

Union Securities Limited (“Union”) – On April 8, 2005 the IDA found that Union failed to establish internal controls to enforce the use by employees at Union of foreign exchange rates and imposed a fine of \$25,000. Decision in regards to costs will be released at a later date.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

SELF-REGULATORY ORGANIZATIONS

RBC Dominion Securities Inc. – On May 4, 2005 the IDA accepted a Settlement Agreement whereby, RBC DS admitted to designating a branch manager of its Penticton, British Columbia branch office when in fact it did not intend for him to perform, nor did he actually perform, any of the responsibilities that a branch manager was required to perform. The IDA imposed a fine to RBC Dominion Securities Inc. of \$130,000 and \$5,000 in costs.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Douglas Francis Corrigan – On May 13, 2005 the IDA found that Mr. Corrigan failed to adequately supervise the activities of an Investment Representative, failed to ensure that the handling of client business was within the bounds of ethical conduct, consistent with just and equitable principles of trade and not detrimental to the interests of the securities industry. The IDA ordered him to pay a fine of \$25,000, \$15,000 in costs and prohibited him permanently from being or acting as a branch manager or compliance officer.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Stephen Brook Toban – The IDA found Mr. Toban effected unauthorized transaction, attempted to personally settle the complaint with an offer of financial compensation and attempted to delay, frustrate and/or obstruct the Association's investigation and/or disciplinary hearing. He was fined \$30,000 payable no later than October 31, 2005; he shall rewrite the exam based on the Conduct and Practices Handbook Course and complete the course by October 31, 2005; together with his employer, select a charity approved of by the Pacific Regional Director of the Association, and perform 25 hours of community work for that charity prior to December 31, 2005; and shall pay \$5,000 in costs.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Brian Stephen Bassett – The IDA found Mr. Bassett refused or failed to attend and give information in respect of an investigation being conducted by the Association's Enforcement Department. Mr. Bassett shall be permanently barred from acting in any registered capacity with any Member firm; pay a fine of \$50,000 and pay \$20,000 in costs.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Union Securities Ltd. – On July 25, 2005 the IDA imposed a Sales Compliance Monitor on Union on an *Ex Parte* basis. The IDA ordered Union Securities Ltd. to install an IDA-approved Compliance Monitor to conduct day to day monitoring of all of Union Securities Ltd.'s procedures and compliance systems; conduct a complete evaluation of Union Securities Ltd.'s compliance systems and corporate governance structure; make recommendations to Union Securities Ltd.'s Board of Directors regarding action that is required for Union Securities Ltd.'s compliance systems to comply with the Association's By-laws, Regulations, Rules and Policies; and provide regular reporting of its findings, observations and recommendations to Association staff.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Robert Scott Ritchie – On July 27, 2005, the IDA accepted a Settlement Agreement with Mr. Ritchie whereby Ritchie admitted that he engaged in personal financial dealings with a client, without the knowledge, consent, or authorization of his Member employer. He was fined \$10,000, is under close supervision for 12 months, must re-write and pass the Conduct and Practices Handbook examination; and pay \$1,000 in costs.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

SELF-REGULATORY ORGANIZATIONS

Kyle Wong – On July 28, 2005 the IDA accepted a Settlement Agreement with Mr. Wong whereby he admitted to trading without first using due diligence to ensure that the recommendation was suitable, and on four occasions he, without the knowledge or approval of his Member firm, personally compensated his client. He was fined \$40,000, prohibited from acting in any registered capacity for a period of two (2) years, is subjected to a 1 year period of close supervision by his Member firm, and must re-write and pass the examination based on the *Conduct & Practices Handbook Course*, and pay \$5,000 in costs.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

William Richard Booth Bell Wright – On August 26, 2005, the IDA accepted a Settlement Agreement with Mr. Wright whereby he admitted he failed to properly supervise the opening of, and the activity in, the joint account of clients. He was fined \$25,000 and \$5000 in costs, and required to re-write and pass the Partners, Directors and Officers examination.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Eddis Petrossian – On September 22, 2005 the IDA found that Eddis Petrossian had contravened the association conduct rules and ordered a fine of \$30,000 and costs of \$5000; suspended his registration for 12 months; prohibited from acting as a representative in the securities industry without having successfully passed the exam based on the Conduct and Practices Handbook for Securities Industry Professionals.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

ONTARIO

Dimitrios Boulieris – On May 11, 2005 Mr. Boulieris' Appeal was dismissed. The IDA initiated disciplinary proceedings against Mr. Boulieris in November 2001, alleging, among other things, that he engaged in business conduct unbecoming.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Robert Kyle and Derivative Services – On May 25, 2005 the Court of Appeal upheld the IDA's investigative powers, ruling that they do not violate Charter rights and do not involve unreasonable search and seizure, and affirmed the Ontario District Council's (ODC) decision that refusal to comply was a serious infraction and that failure to provide information undermined the integrity of the self-regulatory system.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Union Securities Ltd. – On June 6, 2005, the IDA concluded that Union Securities Ltd. failed to it free access to all records reasonably required by it for the purposes of an investigation into the conduct of Union Securities Ltd. and into the conduct of one of its employees. On October 11, 2005, the IDA fined Union Securities Ltd \$50,000 and \$30,000 in costs.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Bruce Graeme Taylor - On June 7, 2005 the IDA accepted a Settlement Agreement with Mr. Taylor whereby he admitted that he failed to disclose his involvement in an outside business activity, engaged in business conduct or practice unbecoming or detrimental to the public interest. The association imposed a public reprimand and \$7,000 in costs.

SELF-REGULATORY ORGANIZATIONS

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

IPC Securities Corporation – On July 7, 2005, the IDA accepted a Settlement Agreement with IPC Securities Corporation whereby it admitted that it failed to maintain adequate records of supervisory activity and was fined \$75,000.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Lawrence Kenneth Freedman – On July 30, 2005, the IDA found Freedman to have engaged in conduct unbecoming a registered representative or detrimental to the public interest; failed to perform adequate and continual due diligence. Freedman was fined \$35,000 and \$15,000 in costs, given a three year suspension and he must pass the exam based on the Conduct and Practices Handbook for Securities Industry Professionals as a condition of re-registration.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

John Norman Alexander – On August 3, 2005, the IDA accepted a Settlement Agreement with Mr. Alexander whereby he admitted that he engaged in business conduct unbecoming or conduct detrimental to the public interest. He was fined \$40,000 and \$10,000 in costs, was permanently prohibited from acting in a supervisory capacity with any Member of the Association, suspended from acting in any registered capacity for a period of one (1) year and placed under strict supervision for a period of one (1) year upon any subsequent registration approval with any member of the Association.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

Sean Shanahan, Stephen Katmarian, Nicole Brewster & Derek Hume – On August 9, 2005, the IDA found Sean Shanahan, Stephan Katmarian and Nicole Brewster guilty of participating in a trading scheme in the Over-the-Counter market, and of failing to conduct due diligence, and having engaged in business conduct unbecoming or detrimental to the public interest. The Penalty Hearing is scheduled for December 14, 2005.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

HSBC Securities (Canada) Inc. – On September 14, 2005 the IDA accepted a Settlement Agreement with HSBC Securities (Canada) Inc. whereby it acknowledged that it engaged in market timing trades for one client. HSBC Securities was fined \$506,596; \$100,000 for under-reporting; must disgorge revenues of \$506,596 and pay \$50,000 in costs.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

ALBERTA

Gus Anastasio Dimas – On June 16, 2005, the IDA accepted a Settlement Agreement, with Mr. Dimas whereby he admitted that failed to act in accordance with the provisions of the *Alberta Securities Act*; failed to act in accordance with the internal policies of his member firm, and in accordance with the standards for conduct prescribed in the Conduct and Practices Handbook. Mr. Dimas was fined \$10,000 and \$1,500 in costs, must pass the exam based on the Conduct and Practices Handbook upon registration; be subject to a four month period of close supervision.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

SELF-REGULATORY ORGANIZATIONS

Christopher Wesley Stewart – On July 28, 2005, the IDA ordered that Mr. Stewart be expelled from the Association.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

QUEBEC

Phillip John E. Deans – On May 11, 2005, the IDA found Phillip John E. Deans guilty of having engaged in business conduct unbecoming and detrimental to the public interest fined him \$125,000 and costs of \$15,000; ordered the disgorgement of the commissions received for the discretionary trades, namely \$41,789.37; imposed a 10-year ban on approval in any capacity with a Member of the Association; that he pass the exam based on the Conduct and Practices Handbook for Securities Industry Professionals, and 24 months of strict supervision in the event of his re-approval.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

LVM Canada Ltée and Jean-Claude Paradis – On June 15, 2005, the Appeal Panel allowed the appeal and reduced to \$20,000 the \$40,000 fine imposed on LVM Canada Ltée and upheld the \$10,000 fine imposed on Jean-Claude Paradis. The Appeal Panel also upheld the requirement imposed on Mr. Paradis to pass the Partners, Directors and Officers examination but limited this requirement to the sole purpose of re-registration within an officer category or a supervisory function. Finally, in view of the particular circumstances of this case, the Appeal Panel cancelled the costs that had been imposed on the two respondents.

See http://www.ida.ca/Enforcement/DisciplinaryBulletins_en.asp for details.

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