



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

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

-AND-

**IN THE MATTER OF
MARK STEVEN ROTSTEIN AND EQUILIBRIUM PARTNERS INC.**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND MARK STEVEN
ROTSTEIN AND EQUILIBRIUM PARTNERS INC.**

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that the Commission will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “*Securities Act*”), it is in the public interest for the Commission to make certain orders in respect of Mark Steven Rotstein (“Rotstein”) and Equilibrium Partners Inc. (“EQ”) (collectively, the “Respondents”).
2. For about 15 months, Rotstein and EQ traded and advised in contravention of the *Securities Act*, and acted in a manner which was contrary to the public interest and harmful to the integrity of Ontario’s capital markets. One of the stated purposes of the *Securities Act* is that investors should be protected from unfair and improper practices. Further, it is a fundamental principle of the legislation that high standards of fitness and business conduct are maintained, in order to ensure honest and responsible conduct by market participants. The primary means by which this is achieved is through registration under the *Securities Act*. Rotstein and EQ did not comply with the registration requirements of the *Securities Act*, thereby avoiding any regulatory oversight, and depriving their clients of the protections to which they were entitled.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated February 29, 2016 (the “Proceeding”) against the Respondents according to the terms and conditions set out below in this agreement (the “Settlement Agreement”). The Respondents agree to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

PART III – AGREED FACTS

4. For the purposes of this Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as set out in Part III of this Settlement Agreement.

Overview

5. Rotstein, a former registrant, and his company, EQ, engaged in the business of trading in and advising in respect of securities without being registered, in breach of the requirements of the *Securities Act*.
6. Rotstein was registered under the *Securities Act* for more than 15 years, from 1997 until July 2012.¹ In October 2012, Rotstein incorporated EQ. Rotstein was the founder, owner and directing mind of EQ, as well as its sole director, officer and employee. EQ has never been registered under the *Securities Act*.
7. Between July 2, 2013 and October 4, 2014 (the “Material Time”), Rotstein and EQ engaged in trading and advising contrary to the *Securities Act*. In addition to providing other services to their clients, Rotstein and EQ carried out a significant number of transactions for and with clients during the Material Time, with a settlement value of approximately \$14,450,000. Rotstein suggested to certain clients that they set up self-directed investment accounts if they so desired and if their personal financial circumstances so warranted. Rotstein requested that certain of these clients provide him with information, including their date of birth, social insurance number and their passwords, which he could use to access their accounts, and these clients agreed to do so and did in fact provide this information. On many occasions, telephonic communications with employees of market participants were required, and when communicating with employees of market participants by telephone, Rotstein impersonated clients, thereby misleading the employee of the market participant and the market participant itself as to his true identity.

Rotstein’s Disciplinary History While a Registrant

8. Rotstein resides in Toronto, Ontario. He was registered under the *Securities Act* from February 1997 until April 2011, and from July 2011 until July 2012.
9. While he was a registrant, Rotstein was named in two disciplinary proceedings brought by the Investment Industry Regulatory Organization of Canada (“IIROC”).
10. Rotstein worked for RBC Dominion Securities Inc. (“RBC DS”) from February 1997 until April 2011. By the spring of 2011, while still employed by RBC DS, Rotstein had about 2000 client accounts, with assets valued at about \$500,000,000.

¹ But for a two month period in 2011, as explained at paragraph 8.

11. Rotstein was terminated for cause by RBC DS on April 5, 2011. IIROC brought a proceeding stemming from Rotstein's conduct while at RBC DS.
12. Meanwhile, Rotstein had joined Scotia Capital Inc. ("Scotia Capital") in April 2011. Many of Rotstein's RBC DS clients moved their business to Scotia Capital. Rotstein was subject to close supervision at Scotia Capital as a term of his reactivated registration.
13. While still employed at Scotia Capital, Rotstein settled the IIROC proceeding and admitted that he had engaged in a practice, for over a decade, of signing client names and passing those signatures off as the clients' on account and investment documents, in dozens and potentially hundreds of instances. An IIROC hearing panel accepted the settlement agreement on April 18, 2012. Among other things, Rotstein paid a fine of \$250,000.
14. Rotstein resigned from Scotia Capital on July 10, 2012, which resulted in the automatic suspension of his registration. IIROC then brought another proceeding. Rotstein settled this second IIROC proceeding, and admitted that in June 2012, he had entered a trade for a client without the client's knowledge or authorization, contrary to IIROC Dealer Member Rule 29.1.
15. An IIROC hearing panel accepted the settlement agreement on July 3, 2014. Among other things, Rotstein was prohibited from registering with IIROC for a period of 18 months and, in the event that his registration was reactivated, he agreed he would be subject to strict supervision and to terms and conditions regarding his record keeping. As a result, Rotstein was not eligible for registration until January 3, 2016 at the earliest.

Rotstein Incorporates EQ and They Trade and Advise Unlawfully Outside of the Registration Regime

16. Rotstein incorporated EQ on October 29, 2012. Rotstein is the founder, owner and directing mind of EQ, as well as its sole director, officer and employee. Rotstein is responsible for all activities undertaken by EQ. EQ has never been registered under the *Securities Act*.
17. Rotstein created a website for EQ, and described the company as being "in the business of partnering with individuals and families to help ensure financial and personal balance in their lives, delivered through a 'Family Office [which] acts as a trusted advisor to families and individuals.'"
18. From the incorporation of EQ on October 29, 2012 and through the Material Time, Rotstein and EQ obtained approximately 40 clients. The services that Rotstein and EQ provided to these clients included the following:
 - (a) providing financial planning advice to families and individuals, including overseeing various aspects of their financial affairs;

- (b) assisting families and individuals with retirement planning and budgeting;
 - (c) providing cash flow planning and analysis;
 - (d) referring clients to and working with clients in conjunction with a range of professional advisors; and
 - (e) providing estate and succession planning and multi-generational education services.
19. In addition, during the Material Time, Rotstein and EQ traded on behalf of and advised certain of EQ's clients by, among other things:
- (a) recommending that clients open self-directed investment accounts;
 - (b) assisting clients with the investment account opening process;
 - (c) accessing clients' investment accounts;
 - (d) preparing investment planning reports for clients;
 - (e) offering an opinion about an issuer or its securities;
 - (f) making recommendations about an investment in an issuer or its securities;
 - (g) communicating with market participants in order to execute buy and sell orders for clients, and to obtain and provide information about clients and their investments; and
 - (h) in certain instances, exercising *de facto* discretionary authority over client investment accounts.
20. Rotstein suggested to certain clients that they set up self-directed investment accounts if they so desired and if their personal financial circumstances so warranted. Rotstein requested that certain of these clients provide him with information, including their date of birth, social insurance number and their passwords, which he could use to access their accounts, and these clients agreed to do so and did in fact provide this information. On many occasions, telephonic communications with employees of market participants were required, and when communicating with employees of market participants by telephone, Rotstein impersonated clients, thereby misleading the employee of the market participant and the market participant itself as to his true identity.
21. In certain instances, Rotstein also engaged in trading and advising when clients maintained a trading or advising relationship with a registered dealing representative. For example, Rotstein recommended the purchase or sale of specific securities to an EQ

client, who in turn communicated those trading instructions to a registered dealing representative.

22. During the Material Time, Rotstein and EQ conducted a significant number of transactions for and with clients, of which the majority were carried out electronically, with the remainder carried out by telephone. The settlement value of these transactions was approximately \$14,450,000.
23. Rotstein and EQ charged clients for the services that they provided, including in respect of unregistered trading and advising. The fee arrangements varied among clients, but mainly consisted of an annual retainer.

The Respondents' Position

24. The Respondents assert that the following facts are true, and Staff take no issue with those facts. The parties agree that these are relevant and mitigating factors:
 - (a) The respondents' breaches of Ontario securities laws did not result in any investor losses.
 - (b) None of Rotstein's or EQ's clients raised any concerns or complaints with Rotstein or EQ about the activities in their accounts.
 - (c) Neither Rotstein nor EQ benefitted from carrying out the trading and advising at issue, other than through the receipt of fees as described at paragraph 23, which fees were not dependent on the amount or volume of the client's trading activities.
 - (d) The total monetary payment of \$275,000 under this Settlement Agreement is considerably greater than Rotstein's or EQ's annual income.
 - (e) Rotstein and EQ cooperated with Staff's investigation.
 - (f) Rotstein acknowledges the seriousness of his misconduct and expresses remorse.

PART IV – BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

25. During the Material Time, without being registered to do so, Rotstein and EQ engaged in the business of trading in securities and engaged in the business of advising with respect to investing in, buying or selling securities, and as such, breached subsections 25(1) and (3) of the *Securities Act*.
26. Further, Rotstein authorized, permitted or acquiesced in EQ's non-compliance with Ontario securities law and as such is deemed to have not complied with Ontario securities law pursuant to section 129.2 of the *Securities Act*.

27. Rotstein's and EQ's misconduct was contrary to the public interest and harmful to the integrity of Ontario's capital markets. One of the stated purposes of the *Securities Act* is that investors should be protected from unfair and improper practices. Further, it is a fundamental principle of the legislation that high standards of fitness and business conduct are maintained, in order to ensure honest and responsible conduct by market participants. The primary means by which this is achieved is through registration under the *Securities Act*. Throughout the Material Time, Rotstein and EQ did not comply with the registration requirements of the *Securities Act*, thereby avoiding any regulatory oversight, and depriving their clients of the protections to which they were entitled.

PART V – TERMS OF SETTLEMENT

28. The Respondents agree to the terms of settlement set out below, and to an order in substantially the form attached hereto, made pursuant to subsection 127(1) and section 127.1 of the *Securities Act* that:
- (a) this Settlement Agreement is approved;
 - (b) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Securities Act*, the Respondents will be prohibited from trading in any securities or derivatives for a period of 10 years, and will be prohibited from acquiring any securities for a period of 10 years, except in respect of the following:
 - i. trades or acquisitions in Rotstein's registered retirement savings plan account;
 - ii. trades or acquisitions in the registered education savings plan accounts of Rotstein's children;
 - iii. the exercise of an election to convert a debenture into 300,000 common shares of EQ Inc., an entity over which neither Respondent exercises control (the "Common Shares"), which shares, if acquired, will be held in a non-registered account; and
 - iv. the subsequent sale of the Common Shares;
 - (c) any proceeds from the sale of the Common Shares shall be paid to the Commission forthwith, to the extent of any outstanding amount described in subparagraphs (i) and (j), and shall be applied to such outstanding amount;
 - (d) pursuant to paragraph 3 of subsection 127(1) of the *Securities Act*, any exemptions contained in Ontario securities law do not apply to each of the Respondents for a period of 10 years;
 - (e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Securities Act*, Rotstein resign all positions that he holds as a director or officer of any issuer, registrant, or investment fund manager, except in respect of EQ, so long as EQ

is not a reporting issuer and does not engage in any business that is subject to regulation under the *Securities Act*;

- (f) pursuant to paragraph 8 of subsection 127(1) of the *Securities Act*, Rotstein be prohibited, for a period of 10 years, from becoming or acting as a director or officer of any issuer, except in respect of EQ, so long as EQ is not a reporting issuer and does not engage in any business that is subject to regulation under the *Securities Act*;
 - (g) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the *Securities Act*, Rotstein be prohibited, for a period of 15 years, from becoming or acting as a director or officer of a registrant or an investment fund manager;
 - (h) pursuant to paragraph 8.5 of subsection 127(1) of the *Securities Act*, each of Rotstein and EQ be prohibited, for a period of 15 years, from becoming or acting as a registrant, an investment fund manager or a promoter;
 - (i) pursuant to paragraph 9 of subsection 127(1) of the *Securities Act*, Rotstein and EQ be required to pay an administrative penalty of \$265,000, jointly and severally, according to the terms set out in paragraph 29, which amount will be designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the *Securities Act*; and
 - (j) pursuant to section 127.1 of the *Securities Act*, Rotstein and EQ be required to pay \$10,000 in respect of Staff's costs, for which they shall be jointly and severally liable.
29. In regard to the payments ordered at subparagraphs 28(i) and (j) above, Rotstein and EQ shall be jointly and severally liable to make payments in the form of certified cheques or bank drafts payable to the Commission as follows:
- (a) \$55,000 payable before the commencement of the hearing by the Commission to approve this Settlement Agreement, which amount shall be returned to Rotstein and EQ forthwith if the Commission does not approve this Settlement Agreement at the hearing;
 - (b) subsequent annual payments as necessary until the full amount is paid, as follows:
 - i. \$55,000 payable on or before April 11, 2018;
 - ii. \$55,000 payable on or before April 11, 2019;
 - iii. \$55,000 payable on or before April 11, 2020;
 - iv. \$55,000 payable on or before April 11, 2021
 (the "Payment Plan");

30. Notwithstanding the Payment Plan set out in paragraph 29 above, in the event that Rotstein and/or EQ fail to comply with any of the terms of the Payment Plan, the unpaid balance of all of the amounts set out in subparagraphs 28(i) and (j) shall become payable and enforceable immediately, along with interest from the date of the Commission's order approving the Settlement Agreement, in accordance with section 129 of the *Courts of Justice Act* RSO 1990, c. C-43, as amended.
31. The sanctions in subparagraphs 28 (b)-(h) shall continue in force without any limitation as to time period until the entire amounts owing under subparagraphs 28(i) and (j) are paid in full, including interest as described in paragraph 30, if applicable.
32. Pursuant to subsection 127(2) of the *Securities Act*, the Respondents shall send all current and former EQ clients a letter, enclosing the signed Settlement Agreement and the order of the Commission approving the Settlement Agreement, in the form attached hereto as Schedule "B".
33. The Respondents undertake to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraphs 28-32 above. These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI – STAFF COMMITMENT

34. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law against the Respondents in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 35 below.
35. If the Commission approves this Settlement Agreement and Rotstein and/or EQ fail to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against Rotstein and/or EQ. These proceedings may be based on, but not limited to, the facts set out in Part III of this Settlement Agreement, as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

36. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for April 11, 2017, or on another date agreed to by Staff and the Respondents, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.
37. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

38. If the Commission approves this Settlement Agreement, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the *Securities Act*.
39. If the Commission approves this Settlement Agreement, the Respondents will not make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
40. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

41. If the Commission does not approve this Settlement Agreement or does not make an order in substantially the form attached as Schedule "A" to this Settlement Agreement:
- (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the settlement hearing takes place will be without prejudice to Staff and the Respondents; and
 - (b) Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.
42. The parties shall keep the terms of this Settlement Agreement confidential until the Commission approves this Settlement Agreement, subject to the parties' need to make submissions at the public settlement hearing.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

43. The parties may sign separate copies of this Settlement Agreement. Together, these signed copies will form a binding agreement.
44. A facsimile or other electronic copy of any signature will be as effective as an original signature.

Dated this 3rd day of April, 2017

"Mark Steven Rotstein"
 Mark Steven Rotstein, on behalf of
 himself and Equilibrium Partners Inc.

“Jeff Kehoe”

Jeff Kehoe

Director, Enforcement Branch

Schedule “A”



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

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

- AND -

**IN THE MATTER OF
MARK STEVEN ROTSTEIN AND EQUILIBRIUM PARTNERS INC.**

ORDER

WHEREAS:

1. on February 29, 2016, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “*Securities Act*”) in relation to the Statement of Allegations filed by Staff of the Commission (“Staff”) on February 29, 2016 with respect to Mark Steven Rotstein (“Rotstein”) and Equilibrium Partners Inc. (“EQ”) (collectively, the “Respondents”);
2. the Respondents entered into a Settlement Agreement with Staff dated [DATE], 2017 (the “Settlement Agreement”) in relation to the matters set out in the Statement of Allegations; and
3. the Commission issued a Notice of Hearing dated April [DATE], 2017 setting out that it proposed to consider the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations and upon considering submissions from Respondents’ counsel and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

- (a) this Settlement Agreement is approved;
- (b) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Securities Act*, the Respondents will be prohibited from trading in any securities or derivatives for a period of 10 years, and will be prohibited from acquiring any securities for a period of 10 years, except in respect of the following:
 - i. trades or acquisitions in Rotstein's registered retirement savings plan account;
 - ii. trades or acquisitions in the registered education savings plan accounts of Rotstein's children;
 - iii. the exercise of an election to convert a debenture into 300,000 common shares of EQ Inc., an entity over which neither Respondent exercises control (the "Common Shares"), which shares, if acquired, will be held in a non-registered account; and
 - iv. the subsequent sale of the Common Shares;
- (c) any proceeds from the sale of the Common Shares shall be paid to the Commission forthwith, to the extent of any outstanding amount described in subparagraphs (i) and (j), and shall be applied to such outstanding amount;
- (d) pursuant to paragraph 3 of subsection 127(1) of the *Securities Act*, any exemptions contained in Ontario securities law do not apply to each of the Respondents for a period of 10 years;
- (e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Securities Act*, Rotstein resign all positions that he holds as a director or officer of any issuer,

registrant, or investment fund manager, except in respect of EQ, so long as EQ is not a reporting issuer and does not engage in any business that is subject to regulation under the *Securities Act*;

- (f) pursuant to paragraph 8 of subsection 127(1) of the *Securities Act*, Rotstein be prohibited, for a period of 10 years, from becoming or acting as a director or officer of any issuer, except in respect of EQ, so long as EQ is not a reporting issuer and does not engage in any business that is subject to regulation under the *Securities Act*;
- (g) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the *Securities Act*, Rotstein be prohibited, for a period of 15 years, from becoming or acting as a director or officer of a registrant or an investment fund manager;
- (h) pursuant to paragraph 8.5 of subsection 127(1) of the *Securities Act*, each of Rotstein and EQ be prohibited, for a period of 15 years, from becoming or acting as a registrant, an investment fund manager or a promoter;
- (i) pursuant to paragraph 9 of subsection 127(1) of the *Securities Act*, Rotstein and EQ be required to pay an administrative penalty of \$265,000, jointly and severally, according to the terms set out in paragraph (k), which amount will be designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the *Securities Act*;
- (j) pursuant to section 127.1 of the *Securities Act*, Rotstein and EQ shall pay \$10,000 in respect of Staff's costs, for which they shall be jointly and severally liable;
- (k) in regard to the payments ordered at subparagraphs (i) and (j) above, Rotstein and EQ shall be jointly and severally liable to make payments in the form of certified cheques or bank drafts payable to the Commission as follows:
 - a. \$55,000 payable before the commencement of the hearing by the Commission to approve this Settlement Agreement, which amount shall be returned to

Rotstein and EQ forthwith if the Commission does not approve this Settlement Agreement at the hearing;

b. subsequent annual payments as necessary until the full amount is paid, as follows:

- i. \$55,000 payable on or before April 11, 2018;
- ii. \$55,000 payable on or before April 11, 2019;
- iii. \$55,000 payable on or before April 11, 2020;
- iv. \$55,000 payable on or before April 11, 2021

(the "Payment Plan");

- (l) notwithstanding the Payment Plan, in the event that Rotstein and/or EQ fail to comply with any of the terms of the Payment Plan, the unpaid balance of all of the amounts set out in subparagraphs (i) and (j) shall become payable and enforceable immediately, along with interest from the date of the Commission's order approving the Settlement Agreement, in accordance with section 129 of the *Courts of Justice Act* RSO 1990, c. C-43, as amended;
- (m) the sanctions in subparagraphs (b)-(h) shall continue in force without any limitation as to time period until the entire amounts owing under subparagraphs (i) and (j) are paid in full, including interest as described in subparagraph (l), if applicable; and
- (n) pursuant to subsection 127(2) of the *Securities Act*, the Respondents shall send all current and former EQ clients a letter, enclosing the signed Settlement Agreement and the order of the Commission approving the Settlement Agreement in the form attached hereto as Schedule "A".

DATED at Toronto, Ontario this 11th day of April, 2017.



Schedule “B”

Letter to Current and Former Clients

I, along with my company, Equilibrium Partners Inc. (“EQ”), were named in an enforcement proceeding brought by Staff of the Ontario Securities Commission. On [DATE], 2017, EQ and I entered into a settlement with Staff, in which we admitted that we traded securities and advised without registration, and thereby breached subsections 25(1) and (3) of the Securities Act. We also admitted that we acted contrary to the public interest. We broke securities laws by, among other things, trading on your behalf and on other clients’ behalves. On certain occasions, I impersonated my clients in dealing with market participants, such as online brokers, in order to carry out these trades, and thereby misled those market participants while conducting activity for which I, and my company EQ, should have been registered.

On April 11, 2017, the Ontario Securities Commission approved the settlement, and issued an Order. I attach copies of the Settlement Agreement and the Order for your review. Among other things, the Order requires me to stop trading and advising for a period of 10 years, and to not act as a registrant, investment fund manager or promoter for a period of 15 years, at which time, if I wish to become registered under Ontario securities laws, I will have to apply to the Commission and obtain registration. This means that I cannot recommend securities or derivatives to you, execute buy or sell orders for you, or assist you in any way in dealing with securities and derivatives. Please see paragraph 19 of the Agreement for a list of tasks I can no longer perform for you. This list is not exhaustive.

This letter and its attachments are provided to you as part of my settlement with Staff of the Ontario Securities Commission.