

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

**- and -**

**IN THE MATTER OF  
JAMES RICHARD ELLIOTT**

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

Staff of the Ontario Securities Commission make the following allegations:

**I. THE RESPONDENT**

1. James Richard Elliott (“Elliott”) is a resident of British Columbia. From July 27, 1998, to November 25, 2005, while a resident of British Columbia, Elliott was a director, the president and the chief executive officer of MDMI Technologies Inc (“MDMI”). MDMI is a medical device company with its head office in Richmond, British Columbia.

**II. OVERVIEW**

2. Elliott is subject to an order by the British Columbia Securities Commission (“BCSC”) imposing sanctions, conditions, restrictions or requirements upon him. The order was imposed pursuant to an agreement between Elliott and the BCSC that he had engaged in conduct contrary public interest and would be made subject to sanctions.

3. The conduct for which Elliott agreed to be sanctioned involved trading securities of MDMI when he was unregistered to do so and issuing securities of MDMI when no prospectus receipt had been received.

4. At the time he engaged in the conduct he agreed to be sanctioned for in British Columbia, Elliott was a resident of British Columbia. Elliott lived in Ontario in 2008 and returned to British Columbia in December, 2008.

### **III. ALLEGATIONS**

#### **British Columbia Settlement Agreement**

5. On May 28, 2008, Elliott entered into a Settlement Agreement (the “Settlement Agreement”) with the BCSC respecting his conduct as the principal of MDMI. As part of the Settlement Agreement, Elliott admitted that:

- (a) He was a resident of British Columbia and a director, the president and the chief executive officer of MDMI from July 27, 1998 to November 25, 2005;
- (b) Elliott held presentations, met with investors and marketed the shares of MDMI from April 1999 to March 2005, raising approximately \$2.3 million from 262 British Columbia investors;
- (c) At the time, Elliott was not registered to trade securities in British Columbia, no prospectus receipt had issued in respect of MDMI’s securities, and there were no registration or prospectus exemptions available in respect of the trades;
- (d) All of the funds obtained from investors by MDMI went to research, development and marketing of its products.

#### **British Columbia Sanction Order**

6. Pursuant to the terms of the Settlement Agreement, Elliott consented to an Order by the BCSC imposing sanctions. The Order provided that Elliott, among other things:

- (a) cease trading in and be prohibited from purchasing any securities for five years, except in one account, in his own name, through a registered representative, if he provides a copy of the Order to the registered representative beforehand;
- (b) resign any officer or director position he may hold, be prohibited from becoming or acting as a director or officer of any issuer, be prohibited from acting in a managing or consultative capacity in connection with activities in the securities market and be prohibited from engaging in investor relations activities for the later of five years and the date he completes a course of study concerning the duties and responsibilities of directors and officers.

7. As a term of the Settlement Agreement, Elliott also consented to the issuance of similar orders by other securities regulators based on the facts he admitted in the Settlement Agreement.

#### **IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

8. Elliott is the subject of an Order made by a securities regulatory authority, namely the BCSC, imposing sanctions, conditions restrictions or requirements on him.

9. Elliott has agreed with a securities regulatory authority, namely the BCSC, that he be made subject to sanctions, conditions, restrictions or requirements.

10. Elliott has agreed that he acted contrary to British Columbia Securities law and acted contrary to the public interest in British Columbia.

11. Pursuant to s. 127(10)4 and 127(10)5 of the *Securities Act* (the “Act”), the extra-provincial conduct of a Respondent may form the basis of an order in the public interest in Ontario under s. 127(1).

12. Staff allege that it is in the public interest in Ontario to make orders against the Respondent.

13. Staff reserve the right to amend these allegations as they deem fit and the Commission may permit.

Dated at Toronto this 2<sup>nd</sup> day of February, 2009.