



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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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
MAJESTIC SUPPLY CO. INC., SUNCASTLE DEVELOPMENTS CORPORATION,
HERBERT ADAMS, STEVE BISHOP, MARY KRICFALUSI,
KEVIN LOMAN and CBK ENTERPRISES INC.**

**ORDER
(Sections 127 and 127.1 of the *Securities Act*)**

WHEREAS on October 20, 2010 the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), in connection with a Statement of Allegations dated October 20, 2010 filed by Staff of the Commission (“Staff”) in respect of Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams (“Adams”), Steve Bishop (“Bishop”), Mary Kricfalusi (“Kricfalusi”), Kevin Loman (“Loman”) and CBK Enterprises Inc. (“CBK”);

AND WHEREAS a hearing on the merits in this matter was held before the Commission on November 7, 9, 10, 11, 14, 15, 16, 17, 28, 29, 2011 and May 18, 2012 (the “Merits Hearing”);

AND WHEREAS following the Merits Hearing, the Commission issued its Reasons and Decision with respect to the merits on February 21, 2013 (*Re Majestic Supply Co. Inc. et al.* (2013), 36 O.S.C.B. 2104);

AND WHEREAS the hearing to determine sanctions and costs was held on March 15, 2013 at 10:00 a.m. and continued on May 2, 2013 as a case management conference;

AND WHEREAS on March 15, 2013, Staff, Bishop, Kricfalusi and counsel for Adams appeared and made submissions at a hearing with respect to sanctions and costs;

AND WHEREAS on April 9, 2013, counsel for Loman served and filed written submissions on sanctions and costs;

AND WHEREAS on May 2, 2013, Staff, counsel for Adams and counsel for Loman appeared and made submissions with respect to outstanding evidentiary issues raised at the hearing on March 15, 2013;

AND WHEREAS on November 29, 2013, the Commission issued its Reasons and Decision with respect to sanctions and costs;

AND WHEREAS the Commission considers that it is in the public interest to make this order;

IT IS ORDERED that:

1. With respect to Majestic and/or Suncastle:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by Majestic and Suncastle cease permanently;
- (b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by Majestic and Suncastle is prohibited permanently;
- (c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Majestic and Suncastle permanently;
- (d) pursuant to clause 9 of subsection 127(1) of the Act, that Majestic and Suncastle shall pay \$200,000 each as administrative penalties, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
- (e) pursuant to clause 10 of subsection 127(1) of the Act, that Suncastle shall disgorge to the Commission \$1,832,682 obtained as a result of its non-compliance with Ontario securities law, that is designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (f) pursuant to section 127.1 of the Act, that Majestic shall pay \$50,000 and Suncastle shall pay \$75,000 for costs incurred in the investigation and hearing of this matter.

2. With respect to CBK:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by CBK cease for a period of 5 years;

- (b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by CBK is prohibited for a period of 5 years;
- (c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to CBK for a period of 5 years;
- (d) pursuant to clause 9 of subsection 127(1) of the Act, that CBK shall pay an administrative penalty of \$10,000, that is designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (e) pursuant to section 127.1 of the Act, that CBK shall pay \$5,000 for costs incurred in the investigation and hearing of this matter.

3. With respect to Adams, Bishop, Loman and/or Kricfalusi:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in securities by Adams cease for a period of 20 years, Bishop cease for a period of 15 years, Loman cease for a period of 10 years and Kricfalusi cease for a period of 8 years;
- (b) pursuant to clause 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi is prohibited for a period of 8 years;
- (c) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Adams for a period of 20 years, Bishop for a period of 15 years, Loman for a period of 10 years and Kricfalusi for a period of 8 years;
- (d) pursuant to clause 6 of subsection 127(1) of the Act, that Adams, Bishop, Loman and Kricfalusi are reprimanded;
- (e) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Adams, Bishop, Loman and Kricfalusi resign all positions as directors or officers of an issuer, registrant or investment fund manager;
- (f) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi is prohibited for a period of 8 years from becoming or acting as officers or directors of any issuer, registrant or investment fund manager, except that Loman may act as a director or officer of an issuer that:
 - i. is wholly owned by one or more of himself or members of his immediate family;
 - ii. does not issue or propose to issue securities or exchange contracts to the public; and

- iii. does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer;
- (g) pursuant to clause 8.5 of subsection 127(1) of the Act, that Adams is prohibited for a period of 20 years, Bishop is prohibited for a period of 15 years, Loman is prohibited for a period of 10 years and Kricfalusi is prohibited for a period of 8 years from becoming or acting as registrants, investment fund managers or as promoters;
- (h) pursuant to clause 9 of subsection 127(1) of the Act, that Adams shall pay \$300,000, Bishop shall pay \$100,000, Loman shall pay \$75,000 and Kricfalusi shall pay \$50,000 as administrative penalties, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
- (i) pursuant to clause 10 of subsection 127(1) of the Act, that Adams shall disgorge \$516,000, Loman shall disgorge \$145,250 and Kricfalusi shall disgorge \$60,000 to the Commission as amounts obtained as a result of their non-compliance with Ontario securities law, that are designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (j) pursuant to section 127.1 of the Act, that Adams shall pay \$75,000, Bishop shall pay \$50,000, Loman shall pay \$30,000 and Kricfalusi shall pay \$20,000 for costs incurred in the investigation and hearing of this matter.

Dated this 29th day of November, 2013.

“Edward P. Kerwin”

Edward P. Kerwin

“Paulette L. Kennedy”

Paulette L. Kennedy