



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Toronto ON M5H 3S8

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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 PAUL AZEFF, KORIN BOBROW,
MITCHELL FINKELSTEIN, HOWARD JEFFREY MILLER AND
MAN KIN CHENG (a.k.a. FRANCIS CHENG)**

ORDER

(Sections 127 and 127.1)

WHEREAS:

1. on August 14, 2014, Staff of the Ontario Securities Commission (the "Commission") filed a Fresh As Amended Statement of Allegations with respect to the respondents Paul Azeff ("Azeff"), Korin Bobrow ("Bobrow"), Mitchell Finkelstein ("Finkelstein"), Howard Jeffrey Miller ("Miller") and Man Kin Cheng (a.k.a. Francis Cheng) ("Cheng") (collectively, the "Respondents") relating to a hearing to held pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Securities Act");
2. on March 24, 2015, following a hearing on the merits, the Commission issued its Reasons and Decision with respect to the merits, including findings against all of the Respondents (*Re Paul Azeff et al.* (2015), 38 O.S.C.B. 2983);
3. on June 17, 2015, the Commission held a hearing to determine sanctions and costs against the Respondents; and
4. the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED that:

1. With respect to Finkelstein:
 - (a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Finkelstein shall cease for 10 years;
 - (b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Finkelstein is prohibited for 10 years;
 - (c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 1(a) and 1(b) above, Finkelstein shall be permitted to:
 - i. personally trade and/or acquire mutual funds, exchange-traded funds ("ETFs"), government bonds and/or guaranteed investment certificates ("GICs") for the account of any registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan ("RESP") and tax free savings account ("TFSA"), as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended (the "Income Tax Act"), in which Finkelstein and/or his children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom Finkelstein must have given a copy of the order; and
 - ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the *Income Tax Act*, on Finkelstein's behalf, provided that:
 1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on Finkelstein's behalf;
 2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and Finkelstein has no direction or control over the selection of specific securities;
 3. Finkelstein is permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of Finkelstein providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and
 4. Finkelstein may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by Finkelstein within 30 days of making such change;

- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Finkelstein for 10 years;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, Finkelstein is reprimanded;
- (f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, Finkelstein shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;
- (g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Finkelstein is permanently prohibited from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;
- (h) pursuant to clause 8.5 of subsection 127(1) of the Act, Finkelstein is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (i) pursuant to clause 9 of subsection 127(1) of the Act, Finkelstein shall pay administrative penalties in the total amount of \$450,000 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act and is payable, at his option, over three equal yearly instalments with the first \$150,000 payable within 60 days of this decision. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable; and
- (j) pursuant to section 127.1 of the Act, Finkelstein shall pay the amount of \$125,000 in respect of part of the costs of the Commission's investigation and hearing;

2. With respect to Azeff and Bobrow:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by each of Azeff and Bobrow shall cease for 10 years;
- (b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by each of Azeff and Bobrow is prohibited for 10 years;
- (c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 2(a) and 2(b) above, each of Azeff and Bobrow shall be permitted to:
 - i. personally trade and/or acquire mutual funds, ETFs, government bonds and/or GICs for the account of any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, in

which by each of Azeff and Bobrow and/or their children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom each must have given a copy of the order;

- ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on behalf of each of Azeff and Bobrow's, provided that:
 - 1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on each of Azeff and Bobrow's behalf;
 - 2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and each of Azeff and Bobrow has no direction or control over the selection of specific securities;
 - 3. Azeff and Bobrow are each permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and
 - 4. Azeff and Bobrow may each change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by each of Azeff and Bobrow within 30 days of making such change;
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of Azeff and Bobrow for 10 years;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, each of Azeff and Bobrow is reprimanded;
- (f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, each of Azeff and Bobrow shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;
- (g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, each of Azeff and Bobrow is permanently prohibited from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;
- (h) pursuant to clause 8.5 of subsection 127(1) of the Act, each of Azeff and Bobrow is prohibited for 10 years from becoming or

acting as a registrant, as an investment fund manager or as a promoter;

- (i) pursuant to clause 9 of subsection 127(1) of the Act, Azeff shall pay \$750,000 and Bobrow shall pay \$300,000 to the Commission as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act and each amount is payable, at their option, over two equal yearly instalments with the first half payable within 60 days of this decision. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;
- (j) pursuant to clause 10 of subsection 127(1) of the Act, Azeff shall disgorge \$49,996 and Bobrow shall disgorge \$10,217 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (k) pursuant to section 127.1 of the Act, Azeff shall pay \$175,000 and Bobrow shall pay \$125,000 in respect of part of the costs of the Commission's investigation and hearing;

3. With respect to Miller and Cheng:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by each of Miller and Cheng shall cease for 10 years;
- (b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by each of Miller and Cheng is prohibited for 10 years;
- (c) as exceptions to the 10-year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 3(a) and 3(b) above, each of Miller and Cheng shall be permitted to:
 - i. personally trade and/or acquire mutual funds, ETFs, government bonds and/or GICs for the account of any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, in which by each of Miller and Cheng and/or their children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom each must have given a copy of the order;
 - ii. to retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and TFSA, as defined in the Income Tax Act, on behalf of each of Miller and Cheng, provided that:
 - 1. the respective registered dealer/portfolio manager(s) is provided with a copy of this order prior to trading or acquiring securities on each of Miller and Cheng's behalf;

2. the respective registered dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and each of Miller and Cheng has no direction or control over the selection of specific securities;
 3. Miller and Cheng are each permitted to have annual discussions with the respective registered dealer/portfolio manager(s) for the sole purpose of providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law; and
 4. Miller and Cheng may each change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by each of Miller and Cheng within 30 days of making such change;
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of Miller and Cheng for 10 years;
 - (e) pursuant to clause 6 of subsection 127(1) of the Act, each of Miller and Cheng is reprimanded;
 - (f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, each of Miller and Cheng shall resign from any position he may hold as a director or an officer of any reporting issuer, registrant or investment fund manager and/or any issuer that is a registrant, or that directly or indirectly holds more than a five percent interest in a registrant;
 - (g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, each of Miller and Cheng is prohibited for 10 years from becoming or acting as a director or an officer of any reporting issuer, registrant or investment fund manager;
 - (h) pursuant to clause 8.5 of subsection 127(1) of the Act, each of Miller and Cheng is prohibited for 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;
 - (i) pursuant to clause 9 of subsection 127(1) of the Act, Miller shall pay \$450,000 as administrative penalties, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act, and is payable over two equal yearly instalments with the first \$225,000 payable, at his option, within 60 days of this decision and the balance within one year. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;
 - (j) pursuant to clause 9 of subsection 127(1) of the Act, Cheng shall pay \$200,000 to the Commission as administrative penalties,

which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act, and is payable over two equal yearly instalments with the first \$100,000 payable, at his option, within 60 days of this decision and the balance within one year. A failure to make a payment accelerates any remaining payments, such that the full amount becomes due and payable;

- (k) pursuant to clause 10 of subsection 127(1) of the Act, Miller shall disgorge \$24,485 to the Commission, which shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (l) pursuant to section 127.1 of the Act, Miller shall pay \$50,000 and Cheng shall pay \$25,000 in respect of part of the costs of the Commission's investigation and hearing.

Dated at Toronto this 24th day of August, 2015.

"Alan J. Lenczner"

"AnneMarie Ryan"

Alan J. Lenczner

AnneMarie Ryan