



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
RSO 1990, c S.5**

- AND -

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

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

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*, RSO 1990, c S.5, (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 April 3, 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 6, 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:

1. this Settlement Agreement is approved;
2. 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:
 - a. trades or acquisitions in Rotstein's registered retirement savings plan account;
 - b. trades or acquisitions in the registered education savings plan accounts of Rotstein's children;
 - c. 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
 - d. the subsequent sale of the Common Shares;
3. 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 paragraphs 9 and 10, and shall be applied to such outstanding amount;
4. 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;
5. 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*;

6. 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*;
7. 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;
8. 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;
9. 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 11, 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*;
10. 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, according to the terms set out in paragraph 11;
11. in regard to the payments ordered at paragraphs 9 and 10 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; and

iv. \$55,000 payable on or before April 11, 2021;

(the “Payment Plan”);

12. 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 paragraphs 9 and 10 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;
13. the sanctions in paragraphs 2 through 8 shall continue in force without any limitation as to time period until the entire amounts owing under paragraphs 9 and 10 are paid in full, including interest as described in paragraph 12, if applicable; and
14. 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.

“Timothy Moseley”

Timothy Moseley

“Monica Kowal”

Monica Kowal

“AnneMarie Ryan”

AnneMarie Ryan

Schedule A”

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 April 3, 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.