

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

- AND -

**IN THE MATTER OF
EDWARD CARL BLASIAK**

SETTLEMENT AGREEMENT

I INTRODUCTION

1. By Notice of Hearing dated October 11, 2002 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to 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 "Act"), in the opinion of the Commission, it is in the public interest for the Commission:
 - (a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by Edward Carl Blasiak ("Blasiak") cease permanently or for such other period as specified by the Commission;
 - (b) to make an order pursuant to section 127(1) clause 1 of the Act that the registration of Blasiak be suspended for such period as is specified in the Order or be terminated, or that terms and conditions be imposed on the registration of Blasiak;
 - (c) to make an order pursuant to section 127(1) clause 7 of the Act that Blasiak resign one or more positions which Blasiak may hold as an officer or director of any issuer;

- (d) to make an order pursuant to section 127(1) clause 8 of the Act that Blasiak is prohibited from becoming or acting as a director or officer of any issuer permanently or for such other period as specified by the Commission;
- (e) to make an order pursuant to section 127(1) clause 6 of the Act that Blasiak be reprimanded;
- (f) to make an order pursuant to section 127.1 of the Act that Blasiak pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and
- (g) to make such other order as the Commission considers appropriate.

II JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceedings initiated in respect of the respondent by the Notice of Hearing in accordance with the terms and conditions set out below. The respondent agrees to the settlement on the basis of the facts agreed to as hereinafter provided and the respondent consents to the making of an Order in the form attached as Schedule "A" on the basis of the facts set out below.
3. This settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement"), will be released to the public only if and when the settlement is approved by the Commission.

III FACTS

Acknowledgement

4. Staff and the respondent agree with the facts and conclusions set out in Part III of the Settlement Agreement.

Introduction

5. During the Material Time (as described below), Blasiak was registered as a registered representative under Ontario securities law. Blasiak has not been registered in any capacity under the Act since March 26, 2001. During the Material Time, Blasiak was employed with Goepel McDermid Inc. ("Goepel McDermid"), a registered dealer and a member of the Investment Dealers Association of Canada (the "IDA").
6. During the period from May 1995 to May 1999 (the "Material Time"), Blasiak was the registered representative for approximately 45 accounts (the "Accounts") held at Goepel McDermid in the name of Britwirth Investment Company, Ltd. ("Britwirth"), Fulton Park Limited ("Fulton Park") and Wifsta Ltd. ("Wifsta").
7. Britwirth was incorporated pursuant to the laws of the Turks and Caicos Islands. Fulton Park and Wifsta were incorporated pursuant to the laws of the Isle of Man. Britwirth, Fulton Park and Wifsta have not been registered in any capacity under the Act.
8. During the Material Time, Blasiak received trading instructions from James Frederick Pincock ("Pincock") on behalf of Britwirth, Fulton Park and Wifsta. On

August 27, 2002, the Commission approved a settlement agreement between Staff of the Commission and Pincock dated August 23, 2002, the terms of which are set out therein.

Conduct of Blasiak Contrary to the Requirements of Ontario Securities Law

9. During the Material Time, in his capacity as the registered representative for the Accounts, Blasiak assisted Britwirth, Fulton Park and Wifsta in making trades, where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus, and obtaining receipts therefor from the Director, as required by section 53(1) of the Act, and without registration contrary to section 25(1) of the Act.
10. In particular, Britwirth, Fulton Park and Wifsta received funds from investors in Ontario and elsewhere to purchase securities in at least six companies, including, Royal Laser Tech Corporation ("Royal Laser"), Champion Communication Services Inc. ("Champion"), Leisure Canada Inc., Indocan Resources Inc., Pacific Concorde Capital Inc. (collectively, referred to as the "Companies"). Funds in excess of CAD 1,000,000 and in excess of USD 550,000 received from at least 130 investors were deposited in the Accounts for the purpose of purchasing securities in the Companies. Investors purchased securities in the Companies through pooling and subscription agreements entered into between the investors and Britwirth, Fulton Park or Wifsta (the "Agreements").
11. During the Material Time, certain investors who purchased securities in the Companies held individual accounts with Goepel McDermid. Blasiak was the registered representative for these clients, as well as Britwirth, Fulton Park and Wifsta.

12. During the Material Time, Blasiak assisted Britwirth, Fulton Park and Wifsta in making trades contrary to the prospectus and registration requirements of Ontario securities law, the particulars of which are as follows:
- (a) Blasiak was the registered representative responsible for the opening of the Accounts held in the name of Britwirth, Fulton Park and Wifsta;
 - (b) numerous third party cheques of individual investors were deposited into the Accounts for the purchase of the securities in the Companies;
 - (c) on a number of occasions, the principal of Britwirth, Fulton Park or Wifsta instructed Blasiak to transfer securities from the Accounts to the accounts of individual investors held at either Goepel McDermid or accounts held with other brokerage firms, without using the facilities of the Toronto Stock Exchange. In the case of accounts of individual investors held at Goepel McDermid, Blasiak was also the registered representative for these clients;
 - (d) in some instances, Blasiak acted as a witness for the signatories, either the investor or Britwirth, in respect of the subscription or pooling agreements described above;
 - (e) in some instances, Blasiak participated in the pooling arrangement by purchasing shares from Britwirth on behalf of himself or his spouse in relation to several of the Companies noted above; and
 - (f) Blasiak did not inform Goepel McDermid or its compliance department that he was assisting Britwirth, Fulton Park or Wifsta in making trades contrary

to the prospectus and registration requirements contained in Ontario securities law, as described above.

13. Further, Blasiak failed to advise all of his clients who purchased securities in the Companies from Britwirth, Fulton Park or Wifsta, that they purchased these securities without the benefit of a prospectus or any exemption from the prospectus requirements contained in Ontario securities law.
14. Following the commencement of the investigation by Staff of the Commission in relation to the matters described herein, Blasiak was instructed by the compliance department of Goepel McDermid to close the Accounts.

Conduct Contrary To The Public Interest

15. In his capacity as the registered representative for the Accounts, Blasiak acted contrary to the public interest as described above by assisting Britwirth, Fulton Park and Wifsta in making trades where such trading was a distribution of securities, contrary to the prospectus and registration requirements contained in Ontario securities law.
16. Blasiak failed to deal fairly, honestly and in good faith with his clients, in breach of the requirements set out in Ontario securities law and in particular, subsections 2.1(1) and (2) of Rule 31-505 in failing to advise all of his clients who purchased securities in the Companies from any of Britwirth, Fulton Park or Wifsta, that they purchased these securities without the benefit of a prospectus or any exemption from the prospectus requirements contained in Ontario securities law.

Other Matters

17. On September 28, 1998, the Ontario District Council of the IDA approved a settlement agreement entered into between the IDA and Blasiak imposing disciplinary penalties on Blasiak, the terms of which are set out in IDA Bulletin #2521 dated October 14, 1998 (the "Bulletin"). As stated in the Bulletin, pursuant to the settlement agreement Blasiak admitted that he failed to ensure that orders for the accounts of customers of McDermid St. Lawrence Chisholm Ltd. were given priority over all other orders executed on behalf of the firm contrary to IDA Regulation 1300.17.

IV TERMS OF SETTLEMENT

18. The respondent agrees to the following terms of settlement:
 - (a) pursuant to clause 1 of subsection 127(1) of the Act, the registration of Blasiak is terminated;
 - (b) pursuant to clause 2 of subsection 127(1) of the Act, Blasiak will cease trading in securities for a period of five years, effective 30 days following the date of the Order of the Commission approving the proposed settlement agreement herein;
 - (c) pursuant to clause 7 of subsection 127(1) of the Act, Blasiak is required to resign his position as an officer or director of any registrant in Ontario, his position as an officer or director of any issuer in Ontario which has an interest directly or indirectly in any registrant, or his position as officer or

director of any reporting issuer, in which he holds the position of officer or director effective the date of the Order of the Commission approving the proposed settlement agreement herein;

- (d) pursuant to clause 8 of subsection 127(1) of the Act, Blasiak is prohibited from becoming or acting as an officer or director of a registrant, an officer or director of any issuer in Ontario which has an interest directly or indirectly in any registrant, or an officer or director of any reporting issuer in Ontario, for a period of five years effective the date of the Order of the Commission approving the proposed settlement agreement herein;
- (e) Blasiak undertakes never to apply for registration in any capacity under Ontario securities law;
- (f) Blasiak agrees to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act; and
- (g) Blasiak will attend, in person, the hearing before the Commission to consider the proposed settlement, or such other date as may be agreed to by the parties for the scheduling of the hearing to consider the proposed settlement.

V STAFF COMMITMENT

19. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of the respondent in relation to the facts set out in Part III of this Settlement Agreement.

VI PROCEDURE FOR APPROVAL OF SETTLEMENT

20. The approval of the settlement as set out in the Settlement Agreement shall be sought at a public hearing before the Commission in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and the respondent.
21. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondent in this matter and the respondent agrees to waive any right to a full hearing and appeal of this matter under the Act.
22. If this Settlement Agreement is approved by the Commission, the parties to this Settlement Agreement will not make any statement that is inconsistent with this Settlement Agreement.
23. If, for any reason whatsoever, this settlement is not approved by the Commission, or the Order set forth in Schedule "A" is not made by the Commission:
 - (a) each of Staff and the respondent will be entitled to proceed to a hearing of the allegations in the Notice of Hearing and related Statement of Allegations unaffected by the Settlement Agreement or the settlement negotiations;
 - (b) the terms of the Settlement Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the respondent or as may be otherwise required by law; and

(c) the respondent agrees that he will not raise in any proceeding the Settlement Agreement or the negotiation or process of approval thereof as a basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

24. If, prior to the approval of this Settlement Agreement by the Commission, there are new facts or issues of substantial concern, in the view of Staff, regarding the facts set out in Part III of this Settlement Agreement, Staff will be at liberty to withdraw from this Settlement Agreement. Notice of such intention will be provided to the respondent in writing. In the event of such notice being given, the provisions of paragraph 20 in this part will apply as if this Settlement Agreement had not been approved in accordance with the procedures set out herein.

VII DISCLOSURE OF SETTLEMENT AGREEMENT

25. Staff or the respondent may refer to any part or all of this Settlement Agreement in the course of the hearing convened to consider this agreement. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to the Settlement Agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

26. Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement by the Commission.

VIII EXECUTION OF SETTLEMENT AGREEMENT

27. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

DATED this 11th day of October, 2002.

Signed in the presence of:

Edward Carl Blasiak

**Staff of the Ontario Securities
Commission
Per:**

Michael Watson
Director, Enforcement Branch