

**IN THE MATTER OF THE *SECURITIES ACT*,  
R.S.O. 1990, c. S-5, as amended**

**- AND -**

**IN THE MATTER OF THE DONALD PARKER**

**SETTLEMENT AGREEMENT BETWEEN STAFF  
OF THE ONTARIO SECURITIES COMMISSION  
AND DONALD PARKER**

**I INTRODUCTION**

1. By Notice of Hearing dated April 14, 2004, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act* (the “Act”), it is in the public interest for the Commission to make an Order that:
  - (a) the respondent cease trading in securities permanently or for such period as the Commission may order;
  - (b) the exemptions contained in Ontario securities law do not apply to the Respondent permanently or for such period as the Commission may order;
  - (c) the respondent resign any positions he holds as a director or officer of any issuer;

- (d) the respondent be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;
- (e) the respondent be reprimanded;
- (f) the respondent pay the costs of Staff's investigation and this proceeding; and
- (g) such other order as the Commission may deem appropriate.

## **II JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission ("Staff") recommend settlement of the allegations against the Respondent in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order against him in the form attached as Schedule "A" on the basis of the facts set out in Part IV herein.
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 Agreement is approved by the Commission.

## **III ACKNOWLEDGEMENT**

4. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the Commission under the Act or any civil or other proceedings which may be brought by any other person or agency.

## IV AGREED FACTS

### Factual Background

5. Donald Parker is an individual resident in the city of Toronto in the province of Ontario. At the material time, Parker was the President and Chief Executive Officer of SmartSales Inc. (“SmartSales”), then a publicly listed company which traded on the Canadian Venture Exchange. Parker obtained his Certified Management Accountant designation in 1983.
6. Sheila Parker is married to Parker. Parker made the investment decisions with respect to his wife’s spousal RRSP account.
7. Roman Corporation Limited (“Roman”) was at all material times a reporting issuer within the meaning of subsection 1(1) of the *Securities Act*, R.S.O 1990, c. S. 5, as amended (the “Act”). Roman’s common shares are listed and posted for trading on the Toronto Stock Exchange.
8. The Chief Financial Officer, Vice-President and Secretary of Roman was also a director of SmartSales at the material time (the “CFO of Roman”). As a senior officer of Roman, the CFO of Roman was a “person in a special relationship” with Roman within the meaning of subsection 76(5) of the Act.
9. At the material time, Roman was a significant shareholder of SmartSales. Roman was also advancing loans to SmartSales, pursuant to a secured convertible debenture, and was SmartSales’s primary source of working capital and long-term financing.

10. The CFO of Roman frequently met with Parker to discuss SmartSales's financing arrangements with Roman. The CFO of Roman was directly involved in assisting and advising Parker on the day-to-day operations of SmartSales and the structuring of any financing transactions.
11. At a meeting in the latter part of 2001 with respect to Roman's financing of SmartSales, Parker was advised by the CFO of Roman that Roman was negotiating an acquisition transaction with one of its customers and that SmartSales would need to obtain alternate financing as soon as possible in order to repay the Roman loans.
12. The CFO of Roman specifically advised Parker that the information about the acquisition transaction was material, inside information which was highly confidential (the "Material Fact/Change") and could not be disclosed to anyone and also that he could not trade in the stock of Roman.
13. By virtue of Parker learning about the Material Fact/Change from the CFO of Roman, who he knew or ought reasonably to have known was a person in a special relationship with Roman, he was a "person in a special relationship" with Roman within the meaning of subsection 76(5).
14. On February 26, 2002, at 3:40 p.m., Parker purchased 1000 shares of Roman on behalf of his wife in her spousal RRSP account at a price of \$1.50 per share.
15. At the time that Parker purchased the shares of Roman he was a person in a special relationship with Roman and had knowledge of the Material Fact/Change with respect to Roman that had not generally been disclosed.

16. On February 28, 2002, Parker sold 1000 shares of Roman on behalf of his wife at a price of \$2.40 per share and earned a profit of approximately \$900.00.
17. On February 26, 2002, at 7: 31 p.m. Roman issued a news release announcing that it had reached an agreement to acquire Boehmer and that the transaction was expected to close on March 1, 2002.

### **Parker's Evidence**

18. Parker's evidence is that he was not informed of the name of the target company, the closing date of the acquisition transaction or the press release date.

### **Conduct Contrary to Ontario Securities Law and the Public Interest**

19. Parker's trade in the shares of Roman, as described above, constituted a contravention of subsection 76(1) of the Act and was conduct contrary to the public interest.

## **V TERMS OF SETTLEMENT**

20. The Respondent agrees to the following terms of settlement:
  - (a) the Respondent will cease trading in securities for a period of six months, effective from the date of the Order of the Commission approving the Settlement Agreement;
  - (b) the exemptions contained in Ontario securities law do not apply to the Respondent for a period of six months, effective from the date of the Order of the Commission approving the Settlement Agreement;

- (c) the Respondent will forthwith resign any position he holds as a director of any issuer;
- (d) the Respondent will not act as a director of any issuer for a period of six months, effective from the date of the Order of the Commission approving the Settlement Agreement;
- (e) the Respondent will be reprimanded by the Commission;
- (f) the Respondent agrees to attend, in person, the hearing before the Commission on Tuesday May 18, 2004 to consider the Settlement Agreement;
- (g) the Respondent will make a settlement payment of \$1,800 to the Ontario Securities Commission for allocation to or for the benefit of such third parties as may be approved by the Minister under section 3.4(2) of the Act; and
- (h) the Respondent will make a payment of \$5,000 to the Ontario Securities Commission in respect of a portion of the Commission's costs with respect to this matter.

## **VI STAFF COMMITMENT**

21. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 25 and 26 below.

**VII PROCEDURE FOR APPROVAL OF SETTLEMENT**

22. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for Tuesday May 18, 2004 or such other date as may be agreed to by Staff and the Respondent.
23. Staff and the Respondent agree that 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 Respondent agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.
24. Staff and the Respondent agree that if this Settlement Agreement is approved by the Commission, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement.
25. If the Respondent fails to honour the agreement contained in paragraph 24 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against the Respondent based on the facts set out in Part IV of this Settlement Agreement, as well as the breach of the Settlement Agreement.
26. If the Settlement Agreement is approved by the Commission, and at any subsequent time the Respondent fails to honour any of the Terms of Settlement set out in Part V herein, Staff reserve the right to bring proceedings under Ontario securities law against the Respondent based on the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement.
27. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an Order in the form attached as Schedule "A" is not made by the Commission, each of Staff and the Respondent will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the

allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

28. Whether or not this Settlement Agreement is approved by the Commission, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

#### **VIII DISCLOSURE OF AGREEMENT**

29. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both the Respondents and Staff or as may be required by law.
30. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

#### **IX EXECUTION OF SETTLEMENT AGREEMENT**

31. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

32. A facsimile copy of any signature shall be effective as an original signature.

Dated this \_\_12th\_\_ day of May, 2004.

“Richard Kotarba”

“Donald Parker”

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Witness

Dated this \_\_11th\_\_ day of May, 2004

**STAFF OF THE ONTARIO  
SECURITIES COMMISSION**

Per:

“Michael Watson”

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Director, Enforcement Branch