

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

**- AND -**

**IN THE MATTER OF  
EDWARD CARL BLASIAK**

**STATEMENT OF ALLEGATIONS  
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (“Staff”) make the following allegations:

**Introduction**

1. During the Material Time (as described below), Edward Carl Blasiak (“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”).
2. 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”).

3. 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.
4. 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 Ontario Securities 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**

5. 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.
6. 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").

7. 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.
  
8. 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.

9. 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.
10. 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**

11. 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.
12. 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**

15. 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
16. Such additional allegations as Staff may submit and the Commission may permit.

DATED at Toronto, this 11<sup>th</sup> day of October, 2002