



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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

**- AND -**

**LEHMAN BROTHERS & ASSOCIATES CORP., GREG MARKS,  
KENT EMERSON LOUNDS AND GREGORY WILLIAM HIGGINS**

**The Respondents**

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

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

**I. OVERVIEW**

1. This proceeding involves the unregistered trading of securities of TBS New Media Inc. (“TBS New Media”), a company incorporated in Ontario, and TBS New Media PLC (“TBS PLC”), a company created pursuant to the laws of the United Kingdom.
2. TBS PLC was purportedly created to allow the securities of TBS New Media to be traded on an exchange located in Frankfurt, Germany.
3. Between 2004 and 2008, securities in TBS New Media and TBS PLC (collectively “TBS”) were distributed to investors in Ontario and throughout Canada purportedly pursuant to a private placement. Some of the persons who originally acquired securities of TBS New Media were asked to return these securities in exchange for securities of TBS PLC.

4. In 2008 and 2009 (the “Material Time”), TBS investors in Canada were solicited by Greg Marks (“Marks”) of Lehman Brothers & Associates Corp. (“Lehman Corp.”) to sell their shares in TBS at a substantial premium in exchange for an advance fee from these TBS shareholders.
5. TBS shareholders were instructed to wire the advance fee to bank accounts in Ontario in the name of Emerson Global Holdings (“Emerson”) and/or Triad Holdings (“Triad”).
6. In response to the solicitations by representatives of Lehman Corp. regarding their TBS shares, TBS shareholders transferred a total of approximately \$225,000 to the accounts of Emerson and Triad and received nothing in return

## **II. THE RESPONDENTS**

7. Lehman Brothers & Associates Corp. (“Lehman Corp.”) is a company that was purportedly operating out of Montreal, Quebec.
8. Marks was the name of the person who contacted the TBS investors on behalf of Lehman Corp.
9. Kent Emerson Lounds (“Lounds”) is a resident of Ontario and was the sole beneficiary and sole signing authority for the Emerson bank accounts at the time when funds from TBS shareholders were deposited into these accounts in Ontario.
10. Gregory William Higgins (“Higgins”) is a resident of Ontario and was the sole beneficiary and sole signing authority for the Triad bank accounts at the time when funds from TBS shareholders were deposited into these accounts in Ontario.
11. Lehman Corp., Marks, Lounds and Higgins have never been registered at any time with the Commission.

### **III. UNREGISTERED TRADING IN SECURITIES OF TBS CONTRARY TO SECTION 25(1) OF THE ACT**

12. Staff allege that members of public in Canada were solicited to sell their TBS securities by Lehman Corp. and persons associated with Lehman Corp. including Marks. These investors were told to wire the funds to accounts controlled by Lounds and Higgins. As a result, TBS investors sent approximately \$224,000 to these accounts controlled by Lounds and Higgins.
13. The actions of Lehman Corp., Marks, Lounds and Higgins relating to the securities of TBS constituted the trading of securities without registration contrary to section 25(1) of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the “Act”)

### **V. SECURITIES FRAUD CONTRARY TO SECTION 126.1 OF THE ACT**

14. At the request of Lehman Corp. and their representatives including Marks, members of the public in Canada sent approximately \$224,000 to accounts in Ontario controlled by Lounds and Higgins in relation to a purported sale of their shares in TBS arranged by Lehman Corp.
15. These members of the public in Canada have received nothing in exchange for the funds sent to accounts controlled by Lounds and Higgins.
16. Lehman Corp., Marks, Lounds and Higgins, engaged or participated in acts or a course of conduct relating to TBS securities that they knew or reasonably ought to have known perpetrated a fraud on any person or company contrary to section 126.1(b) of the Act.

**V. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST**

17. The specific allegations advanced by Staff relating to the trades in TBS securities during the Material Time are as follows:
- (a) Lehman Corp., Marks, Lounds and Higgins traded in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest; and
  - (b) Lehman Corp., Marks, Lounds and Higgins engaged or participated in acts, practices or courses of conduct relating to securities of TBS that Lehman Corp., Marks, Lounds and Higgins knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest.
18. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

**DATED** at Toronto, September 3, 2010.