



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 -

IN THE MATTER OF MBS GROUP (CANADA) LTD. AND BALBIR AHLUWALIA

**AMENDED 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 and illegal distribution of securities of The Electrolinks Corporation (“Electrolinks”) by MBS Group (Canada) Ltd. (“MBS Group”) and Balbir Ahluwalia (“Balbir”) (collectively, the “Respondents”).
2. Electrolinks was incorporated in 2004 for the purpose of acquiring Q2 Media Inc. (“Q2 Media”) - a privately held corporation that was involved in the development of broadband over powerline communications (“BPL”) solutions - and financing the expansion of Q2 Media’s business.
3. Electrolinks was marketed as “...the leading powerline communications solutions application developer...” and purported to have rights in Canada to “the only commercially ready technology” to transmit data (both internet and voice) over existing electrical power lines, called “Power Line Communications” (“PLC”).
4. From approximately June 2004 to April 2007 (the “Material Time”), the Respondents engaged in or held themselves out as engaging in the business of trading in securities and the Respondents, directly and/or through representatives, sold Electrolinks shares to members of the public in Ontario and other jurisdictions.

5. MBS Group was a company started by brothers Balbir and Mohinder Ahluwalia.
6. According to an agreement dated April 12, 2004, Electrolinks engaged MBS Group as a consultant in connection with the “private offering of shares” of Electrolinks.
7. During the Material Time, the primary function of MBS Group was to sell shares in Electrolinks.
8. During the Material Time, the Respondents, directly and/or through representatives, sold Electrolinks shares to over 89 investors in Ontario and other jurisdictions and collectively raised over \$1.5 million from these sales.
9. During the Material Time, Electrolinks was not a reporting issuer and the Electrolinks securities were not qualified by a prospectus.
10. Neither MBS Group nor Balbir were ever registered in any capacity with the Ontario Securities Commission (the “Commission”).

II. THE RESPONDENTS

11. MBS Group was incorporated in the Province of Ontario on July 9, 2004. During the Material Time, the registered office of MBS Group was located in Ontario.
12. Balbir is a resident of Ontario. At all times, he was a directing mind and de facto officer and director of MBS Group.

IV. UNREGISTERED TRADING IN SECURITIES OF ELECTROLINKS CONTRARY TO SECTION 25(1) OF THE ACT

13. Staff allege that the Respondents engaged in or held themselves out as engaging in the business of trading in securities of Electrolinks.

14. During the Material Time, Balbir and MBS Group, directly and/or through representatives, sold shares in Electrolinks to members of the public in Ontario and other jurisdictions.
15. The actions of the Respondents in relation to the shares of Electrolinks 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. ILLEGAL DISTRIBUTION OF SECURITIES OF ELECTROLINKS CONTRARY TO SECTION 53(1) OF THE ACT

16. Electrolinks has never filed a preliminary prospectus or a prospectus with the Commission or obtained receipts for them from the Director as required by section 53(1) of the Act.
17. The trading of securities of Electrolinks as set out above constituted distributions of those securities by the Respondents in circumstances where there were no exemptions available to them under the Act contrary to section 53 of the Act.

VI. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

18. The specific allegations advanced by Staff related to the trades in Electrolinks securities during the Material Time are as follows:
 - (a) The Respondents traded in securities without being registered to trade in securities, contrary to section 25(1) of the Act and contrary to the public interest;
 - (b) The actions of the Respondents related to the sale of securities of Electrolinks constituted distributions of securities of Electrolinks where no preliminary prospectus and prospectus were issued nor receipted by the Director, contrary to section 53(1) of the Act and contrary to the public interest; and

- (c) Balbir being a director and/or officer of MBS Group did authorize, permit or acquiesce in the commission of the violations of sections 25(1) and 53(1) of the Act, as set out above, by MBS Group or by the salespersons, representatives or agents of MBS Group, contrary to section 129.2 of the Act and contrary to the public interest.
19. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, September 21, 2012.