



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**

- and -

**IN THE MATTER OF
WILLIAM RAYMOND MALONE**

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

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. William Raymond Malone (“Malone” or the “Respondent”) is subject to an order made by the British Columbia Securities Commission (the “BCSC”) dated October 3, 2016 (the “BCSC Order”) that imposes sanctions, conditions, restrictions or requirements upon him.
2. In its findings on liability dated August 3, 2016 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that Malone breached the terms of a previous settlement agreement between Malone and the BCSC, which prohibited Malone from acting as a director or officer of any issuer and engaging in investor relations activities.
3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”).

II. THE BCSC PROCEEDINGS

The BCSC Findings

4. The conduct for which Malone was sanctioned took place between 2010 and 2013 (the “Material Time”).
5. As of the date of the Findings, Malone was a resident of Richmond, British Columbia.
6. On January 29, 2009, Malone entered into a settlement agreement with the BCSC relating to a different matter. The resulting order (the “January 2009 Order”) prohibited Malone from acting as a director or officer of any issuer and from engaging in investor relations activities before the later of January 29, 2012, or the date Malone successfully completed a course of study satisfactory to the BCSC’s Executive Director concerning the duties and responsibilities of directors and officers.
7. As of January 26, 2015, Malone confirmed to the BCSC that he had not completed a course of study as required by the terms of the January 2009 Order. Therefore, the terms of the January 2009 Order remained in effect until at least January 26, 2015.
8. In March 2010, Malone incorporated a British Columbia company named Lion King Resources Inc. (“Lion King”). As of the date of the Findings, Lion King was not a reporting issuer in British Columbia. Lion King’s business was to promote and develop an iron ore property in the Atacama region in Chile.
9. Lion King had several directors during the Material Time, including Malone’s son. The BCSC Panel found, however, that Malone made most, if not all, operational decisions on behalf of the company. While the terms of the January 2009 Order were still in effect, Malone was responsible for various aspects of Lion King’s operations, including, among other things, having signing authority over Lion King’s bank accounts, and negotiating contracts with respect to Lion King’s acquisition of interests in mining properties in Chile. Malone also participated in the only formal meeting of the board of Lion King held in March 2013.

10. In early 2013, Lion King engaged in negotiations with a third party with respect to a joint venture. The BCSC Panel found that correspondence at the time between Lion King board members suggested they viewed Malone as a key member of the mind and management of Lion King and its business activities.
11. The BCSC Panel also found that Malone breached the January 2009 Order by soliciting a British Columbia resident to purchase securities in Lion King during the Material Time. Malone introduced the investor to the opportunity to purchase securities of Lion King, and even provided him with samples of sand containing iron ore taken from Lion King's Chilean property. In July 2010, the investor purchased 33,333 shares of Lion King for \$5,000.
12. In its Findings, the BCSC Panel concluded that:
 - a. Malone breached the January 2009 Order while it was in effect by conducting investor relations activities in British Columbia with respect to the sale of Lion King shares; and
 - b. Malone breached the January 2009 Order by acting as a de facto director and/or officer of Lion King.

The BCSC Order

13. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Malone:
 - a. under sections 161(1)(d)(i) through (v) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the "BC Act"):
 1. Malone resign any positions that he holds as, and is prohibited from becoming or acting as, a director or officer of any issuer;
 2. Malone is prohibited from becoming or acting as a registrant or promoter;

3. Malone is prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and
4. Malone is prohibited from engaging in investor relations activities, until the later of:
 - a) the date that Malone successfully completes a course of study satisfactory to the BCSC's Executive Director concerning the duties and responsibilities of directors and officers;
 - b) the date that Malone pays to the BCSC the amount in paragraph 13(a)(5) below; and
 - c) October 3, 2023;
5. under section 162 of the BC Act, that Malone pay to the BCSC an administrative penalty of \$60,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

14. The Respondent is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.
15. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
16. Staff allege that it is in the public interest to make an order against the Respondent.
17. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

18. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the *Ontario Securities Commission Rules of Procedure*.

DATED at Toronto, this 8th day of November, 2016.