

The Ontario Securities Commission

# OSC Bulletin

October 4, 2002

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The Ontario Securities Commission Administers the Securities Act of Ontario (R.S.O. 1990, c.S.5) and the Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

**The Ontario Securities Commission**

Cadillac Fairview Tower  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, Ontario  
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

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416-609-3800 or 1-800-387-5164

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One Corporate Plaza  
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## Chapter 1

# Notices / News Releases

### 1.1 Notices

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

OCTOBER 4, 2002

#### CURRENT PROCEEDINGS

BEFORE

#### ONTARIO SECURITIES COMMISSION

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Unless otherwise indicated in the date column, all hearings will take place at the following location:

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H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS

### SCHEDULED OSC HEARINGS

October 10, 2002 9:00 a.m. - 5:00 p.m. **Lydia Diamond Explorations of Canada, Jurgen von Anhalt, Emilia von Anhalt**

October 11, 2002 8:00 a.m. - 3:30 p.m. s. 127  
M. Britton in attendance for Staff

October 15, 2002 2:00 p.m. - 6:30 p.m. Panel: PMM / HLM / MTM

October 16, 2002 8:00 a.m. - 2:30p.m.

October 21 - 25, 2002 **Malcolm Robert Bruce Kyle & Derivative Services Inc.**  
10:00 a.m. S. 8(4) and 21.7  
J. Superina in attendance for Staff  
Panel: HLM / RLS

October 28 to November 8, 2002 **Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**  
10:00 a.m. s. 127  
Y. Chisholm in attendance for Staff

November 11 to December 6, 2002 **Brian Costello**  
10:00 a.m. s. 127  
H. Corbett in attendance for Staff  
Panel: PMM / KDA / MTM

November 18 to December 4, 2002 **Michael Goselin, Irvine Dyck, Donald Mccrory and Roger Chiasson**  
10:00 a.m. s. 127  
T. Pratt in attendance for Staff  
Panel: HLM

November 18 & 25, 2002  
9:00 a.m. - 12:00 p.m.

**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)**

November 19, 2002  
9:00 a.m. - 3:00 p.m.

**Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)**

November 20 - 22, 27 - 29, 2002  
9:30 a.m. - 4:30 p.m.

s.127

K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff.

Panel: HIW / DB / RWD

March 24, 25, 26 & 27, 2003

**Edwards Securities Inc., David Gerald Edwards, David Frederick Johnson, Clansman 98 Investments Inc. and Douglas G. Murdock**

10:00 a.m.

s. 127

A. Clark in attendance for Staff

Panel: PMM

**M.C.J.C. Holdings Inc. and Michael Cowpland**

**Offshore Marketing Alliance and Warren English**

**Philip Services Corporation**

**Rampart Securities Inc.**

**Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Eizenga, Guy Fangeat, Richard Jules Fangeat, Michael Hersey, George Edward Holmes, Todd Michael Johnston, Michael Thomas Peter Kennelly, John Douglas Kirby, Ernest Kiss, Arthur Krick, Frank Alan Latam, Brian Lawrence, Luke John Mcgee, Ron Masschaele, John Newman, Randall Novak, Normand Riopelle, Robert Louis Rizzuto, And Michael Vaughan**

**S. B. McLaughlin**

**Southwest Securities**

#### **ADJOURNED SINE DIE**

**Buckingham Securities Corporation, Lloyd Bruce, David Bromberg, Harold Seidel, Rampart Securities Inc., W.D. Latimer Co. Limited, Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Bear, Stearns & Co. Inc., Dundee Securities Corporation, Caldwell Securities Limited and B2B Trust**

**DJL Capital Corp. and Dennis John Little**

**Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier**

**First Federal Capital (Canada) Corporation and Monter Morris Friesner**

**Global Privacy Management Trust and Robert Cranston**

**Irvine James Dyck**

**Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation**

**1.1.2 Speech by David Brown - The Need for Balance: Why Regulators Must Pursue a Fair Market for Both Investors and Issuers**

**THE NEED FOR BALANCE:  
WHY REGULATORS MUST PURSUE  
A FAIR MARKET FOR  
BOTH INVESTORS AND ISSUERS**

**COMMENTS BY  
DAVID BROWN,  
CHAIR, ONTARIO SECURITIES COMMISSION**

**ECONOMIC CLUB OF TORONTO  
OCTOBER 2, 2002**

Congratulations on establishing a new forum for discussing economic issues. I'm pleased to be one of your first speakers, and I look forward to the contribution the Economic Club will make to debate.

Today, I want to talk about an issue that is important to our economy and our markets. As you are no doubt aware, less than three months ago President Bush signed into law the Sarbanes-Oxley Bill, one of the most important steps in the history of securities regulations. It was a response to the challenges to market confidence that followed Enron, WorldCom and other big corporate meltdowns south of the border.

Sarbanes-Oxley has become one of the most discussed pieces of legislation dealing with securities markets since the Depression. I guess a crude test of the prominence of any new piece of legislation or government policy is how long it takes before headline writers come up with an acronym for it. Headline writers being what they are, it didn't take them much time at all to come up with a short-form for Sarbanes-Oxley. They took the "S" from Sarbanes, and the "OX" from Oxley, and suddenly the law became known as SOX. I've often thought that the discussion of these issues would be a lot more colourful had the congressman's name been Exley, rather than Oxley.

Regardless of the acronym, when the President signed the bill he didn't just change the law in the United States. He changed the dynamic for markets around the world.

This regulatory overhaul right next door – in the world's largest economy – is simply too big for Canadians to ignore. And the challenge to market confidence that originated in the United States is too urgent to minimize. That loud, persistent noise we are hearing from the U.S. is the sound of a wake-up call. We cannot push the snooze button.

How Canadian markets fare in this new environment will depend on how Canadian institutions respond. That is an issue that must be addressed by a number of stakeholders – including stock exchanges, the accounting profession, the legal profession, investment dealers, as well as regulators.

The new U.S. law encompasses regulatory reform in a number of areas – areas that are equally relevant here in Ontario. It deals with issues like the composition of boards of directors and audit committees, codes of business conduct and ethics, and CEO and CFO certification of financial disclosures. It provides new standards to define the relationship between corporations and their external auditors and between dealers' analysts and their sales groups.

The sweep of this action by the U.S. Congress reflects the fact that market capitalism may be facing the greatest challenge to its credibility since the stock market crash of 1929.

In Canada, too, we have demonstrated that we recognize the importance of investor confidence in our marketplace. This issue has been a priority for me since I assumed the chairmanship of the OSC four years ago. We have focused on strengthening continuous public disclosure of material changes that affect a company, created a team to review public companies' continuous disclosure, and tightened rules around financial reporting.

What we have been working toward is spelled out in the OSC's Vision Statement: "Canadian markets that are attractive to domestic and international investors, issuers and intermediaries because they are safe and cost-efficient."

Let me reiterate those last words: safe and cost-efficient. We have a commitment to both of those goals – to achieve a balance between investors and issuers. If we are going to attract Canadian and international investors, they need to have confidence in the safety of our markets. If we are going to attract issuers, we need a regulatory system that is not too burdensome or costly; we need a system that allows our markets to continue to be competitive.

As we draft a Canadian response to the situation south of the border, we must strive to maintain this balance.

Right now, is there any doubt that the greatest challenge markets face is to their credibility?

The fact that the corporate scandals that triggered the threat to confidence took place in the United States does not in any way reduce our need to address the problem. In today's world, no border is tight enough to quarantine a crisis in confidence. We have to ensure our capital markets are as respected as the markets with which we are competing for capital.

That's why the Ontario Securities Commission is examining recent U.S. measures that have potential relevance to our market – measures in the Sarbanes-Oxley Act, the new corporate governance requirements adopted by the New York Stock Exchange, and the NASDAQ listing rules. We are seeking to determine whether these reforms should be adopted here in Ontario – in whole or in part.

We have begun an extensive consultation process to address these issues. Last month I wrote to leading

stakeholders in the securities regulation process – the Toronto Stock Exchange, the Canadian Institute of Chartered Accountants, the Law Society of Upper Canada and the CEOs of the 10 largest securities dealers registered in this province. We have received responses from the TSX, the CICA and the dealers and we are reviewing their submissions; we expect to hear from the Law Society in the near future.

As we go through this process, we will have to make some tough choices.

For example, some will argue that what we need is not new regulation, but merely new voluntary guidelines.

Voluntary guidelines often have real value in market regulation. They recognize the need for balance. They allow for flexibility. It is always better if you can induce people to do something voluntarily than by compulsion.

Certainly we have gone down that road in the past. It was just a few years ago that the task force on corporate governance headed by Peter Dey put forward a number of voluntary guidelines to improve corporate governance. At the time there was a good argument for making the guidelines voluntary. As I said, we always have to balance the need for a safe market against the need for a cost-efficient one.

Issuing companies were compelled by TSX listing requirements to fulfill only one obligation. They were required annually to describe to the market their form of corporate governance and, in particular, to elaborate on which of the guidelines they had not met, and explain why not. In other words, companies were required to mark their own corporate governance score cards. Clearly the standards of corporate governance were raised. In the mid-1990's, Canada became a world leader in corporate governance. But these early gains were not sustainable. Subsequent studies by the TSX itself found that many of these reports to the market had become boilerplate. There was little discussion of the guidelines that were not being met.

For many, instead of an exercise in discussion and analysis, it became an exercise in meaningless repetition.

As a result of this experience, we have to ask ourselves:

- Will strengthened voluntary guidelines and requirements to disclose the extent of compliance be enough to restore investor confidence?
- Will investors ask themselves: "Can I rely on a renewed commitment to enforcing these guidelines?"
- If the U.S. Congress had offered a voluntary code instead of mandatory rules, would investors have applauded?

We also have to ask ourselves how much we can rely on market discipline. Market forces in the U.S. permitted, even

encouraged, the corporate behaviour that resulted in Enron, Global Crossing, Adelphi, Worldcom. Those same market forces also operate in Canada. The two markets are very similar.

Market forces have imposed some discipline since the accounting scandals broke. But can investors be confident that changes imposed through market forces will be sustainable through the next bull market?

You will also hear arguments that the new U.S. rules give us a golden opportunity to make our markets more competitive; that by maintaining kinder, gentler corporate governance requirements, companies chafing under U.S. rules will flock to Canada. Sounds seductive. But there are two sides to the competitiveness coin. We are not just competing for companies by lowering regulatory costs. We are also competing for investors. Today, people can invest wherever they want; if we want them to invest here, we have to offer them confidence in our regulatory system. If we fail to do that, it's possible that we might be able to attract companies – but at the cost of chasing away investors.

It's all a question of balance!

It is not good enough to tell ourselves that we've had a clean track record in Canada. In today's environment investors will ask, "what are we doing to keep it clean?"

Sarbanes-Oxley breaks new ground in market regulation in two ways, raising issues that must be the focus of debate in Canada as well.

First, the U.S. legislation requires that all Chief Executive Officers and Chief Financial Officers certify that their company's financial disclosure fairly presents the financial condition of the company.

This is a first; it is an assurance that Canadian investors don't have. Up until now, auditors have only vouched for the fact that a company's statement is presented fairly in accordance with Generally Accepted Accounting Principles. The new U.S. requirement goes beyond that. Their executives must now assure investors that information given to the public gives a fair representation of the financial condition of the company.

Does it not make sense for Canadian investors to have the same assurance?

Second, the new U.S. law dramatically alters the relationship between companies and their auditors. In effect, it makes the auditor responsible to the audit committee, rather than management.

Auditors have always been responsible to shareholders. But shareholders are simply too widely dispersed to allow them to direct the auditors. Who represents the shareholders when it comes to directing the auditors? For a long time, management has taken over that role. But it is management that is being scrutinized by the audit. In the U.S. it is now the audit committee of the board that speaks



for investors. Shouldn't we do the same for investors in Canada?

This is not simply a matter of keeping up with the Americans. In Canada, we too have demonstrated that we recognize the importance of investor confidence.

In light of the problems in the U.S. market, regulators have moved already to take other measures to ensure investor confidence in the integrity of our markets:

- We've joined with the federal Superintendent of Financial Institutions and the Canadian Institute of Chartered Accountants to launch a new independent board to provide oversight of auditing firms. That includes more frequent and rigorous inspections, and tougher rules to ensure auditor independence.
- The Canadian Securities Administrators – the umbrella group representing all 13 provincial and territorial securities regulators – issued guidelines on best practices for continuous disclosure. We provided clear examples of material facts that public companies must make widely available as soon as possible.
- At the same time, the OSC is accelerating its continuous disclosure reviews of public companies. While we are ahead of schedule, we are picking up the pace to meet the need for increased scrutiny to reassure the investing public, including selective reviews of companies with a larger impact on our capital markets. In particular, we are focusing on the 44 of the nation's 100 highest-cap companies that are based here in Ontario.

We are sending a strong message to investors: We will use all of our tools and every ounce of our authority to make sure they can have full confidence in the fairness of our market.

Obviously, problems facing Canadian markets demand solutions that are made right here in Canada.

Some of the requirements that regulators and legislators have introduced in the United States are already more robust right here. Take for example our requirement for immediate disclosure of material information, an area where our American counterparts are still playing catch up.

Some of the new U.S. requirements are simply not relevant to our market, such as the new restrictions governing the so-called lock-down periods when employees are restricted from selling their employers' shares out of their retirement savings plans.

Some of the new U.S. requirements are not appropriate to our market structure, or may have to be tailored to our specific needs. For example, should the new measures apply to all issuers, including small-cap companies? Or would that constitute an unfair burden on their resources

and an unacceptable barrier to their ability to compete? Let's not forget that Canadian companies tend to go public at lower capitalization thresholds.

So we have to examine these reforms through the prism of the Canadian economy and Canadian market conditions. But examine them we must.

All markets reflect local circumstances to one degree or another. But all markets are exactly the same in one critical respect: People will participate in them only if they have confidence in them.

No market can hope to eliminate risk. It's the risk factor that ensures that capital is allocated efficiently. But there are some risks we must seek to curtail – risks such as malfeasance, fraud, and conflict of interest. And we must do that as vigorously and as effectively as the markets with which we are competing for capital.

The corporate scandals in the United States have had a major impact on both sides of the border – and in markets around the world. We face a challenge. Our response to that challenge will set the course for our markets for several years, even decades. We will succeed if we rebuild confidence in our markets. We will fail if we do nothing and allow competing markets to demonstrate the fairness and integrity of their markets to investors.

Ladies and gentlemen, I am confident that we can bring our regulatory framework forward to meet the new challenge to confidence.

We will do this by working with all market participants to find the right balance between safety for investors and fair, efficient regulations that do not impose an unnecessary burden on reporting issuers.

Thank you.

1.2 Notices of Hearing

1.2.1 Michael Thomas Peter Kennelly - s. 127

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

**AND**

**IN THE MATTER OF  
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,  
DAVID ARTHUR BENDING, MARLENE BERRY,  
DOUGLAS CROSS, ALLAN JOSEPH DORSEY, ALLAN  
EIZENGA, GUY FANGEAT, RICHARD JULES FANGEAT,  
MICHAEL HERSEY, GEORGE EDWARD HOLMES,  
TODD MICHAEL JOHNSTON, MICHAEL THOMAS  
PETER KENNELLY, JOHN DOUGLAS KIRBY, ERNEST  
KISS, ARTHUR KRICK, FRANK ALAN LATAM, BRIAN  
LAWRENCE, LUKE JOHN MCGEE, RON MASSCHAELE,  
JOHN NEWMAN, RANDALL NOVAK, NORMAND  
RIOPELLE, ROBERT LOUIS RIZZUTO AND  
MICHAEL VAUGHAN**

**NOTICE OF HEARING  
(Section 127)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Small Hearing Room, 17<sup>th</sup> floor, 20 Queen Street West, Toronto, on October 9, 2002, at 10:45 a.m., or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Michael Thomas Peter Kennelly;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

**AND TAKE FURTHER NOTICE** that upon failure of any party to attend at the hearing, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

September 19, 2002.

"John Stevenson"

1.2.2 John Douglas Kirby - s. 127

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

**AND**

**IN THE MATTER OF  
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,  
DAVID ARTHUR BENDING, MARLENE BERRY,  
DOUGLAS CROSS, ALLAN JOSEPH DORSEY, ALLAN  
EIZENGA, GUY FANGEAT, RICHARD JULES FANGEAT,  
MICHAEL HERSEY, GEORGE EDWARD HOLMES,  
TODD MICHAEL JOHNSTON, MICHAEL THOMAS  
PETER KENNELLY, JOHN DOUGLAS KIRBY, ERNEST  
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LAWRENCE, LUKE JOHN MCGEE, RON MASSCHAELE,  
JOHN NEWMAN, RANDALL NOVAK, NORMAND  
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**AND TAKE NOTICE** that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and John Douglas Kirby;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

**AND TAKE FURTHER NOTICE** that upon failure of any party to attend at the hearing, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

September 19, 2002.

"John Stevenson"

1.2.3 Douglas Cross - s. 127

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

AND

IN THE MATTER OF  
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,  
DAVID ARTHUR BENDING, MARLENE BERRY,  
DOUGLAS CROSS, ALLAN JOSEPH DORSEY, ALLAN  
EIZENGA, GUY FANGEAT, RICHARD JULES FANGEAT,  
MICHAEL HERSEY, GEORGE EDWARD HOLMES,  
TODD MICHAEL JOHNSTON, MICHAEL THOMAS  
PETER KENNELLY, JOHN DOUGLAS KIRBY, ERNEST  
KISS, ARTHUR KRICK, FRANK ALAN LATAM, BRIAN  
LAWRENCE, LUKE JOHN MCGEE, RON MASSCHAELE,  
JOHN NEWMAN, RANDALL NOVAK, NORMAND  
RIOPELLE, ROBERT LOUIS RIZZUTO AND  
MICHAEL VAUGHAN

NOTICE OF HEARING  
(Section 127)

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Small Hearing Room, 17<sup>th</sup> floor, 20 Queen Street West, Toronto, on October 9, 2002, at 11:30 a.m., or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Douglas Cross;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

**AND TAKE FURTHER NOTICE** that upon failure of any party to attend at the hearing, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

September 19, 2002.

"John Stevenson"

1.2.4 Allan Joseph Dorsey - s. 127

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

AND

IN THE MATTER OF  
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,  
DAVID ARTHUR BENDING, MARLENE BERRY,  
DOUGLAS CROSS, ALLAN JOSEPH DORSEY, ALLAN  
EIZENGA, GUY FANGEAT, RICHARD JULES FANGEAT,  
MICHAEL HERSEY, GEORGE EDWARD HOLMES,  
TODD MICHAEL JOHNSTON, MICHAEL THOMAS  
PETER KENNELLY, JOHN DOUGLAS KIRBY, ERNEST  
KISS, ARTHUR KRICK, FRANK ALAN LATAM, BRIAN  
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JOHN NEWMAN, RANDALL NOVAK, NORMAND  
RIOPELLE, ROBERT LOUIS RIZZUTO AND  
MICHAEL VAUGHAN

NOTICE OF HEARING  
(Section 127)

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Small Hearing Room, 17<sup>th</sup> floor, 20 Queen Street West, Toronto, on October 9, 2002, at 12:00 noon, or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Allan Joseph Dorsey;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

**AND TAKE FURTHER NOTICE** that upon failure of any party to attend at the hearing, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

September 19, 2002.

"John Stevenson"

1.2.5 David Arthur Bending - s. 127

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

AND

IN THE MATTER OF  
ROBERT THOMISLAV ADZIJA, LARRY ALLEN AYRES,  
DAVID ARTHUR BENDING, MARLENE BERRY,  
DOUGLAS CROSS, ALLAN JOSEPH DORSEY, ALLAN  
EIZENGA, GUY FANGEAT, RICHARD JULES FANGEAT,  
MICHAEL HERSEY, GEORGE EDWARD HOLMES,  
TODD MICHAEL JOHNSTON, MICHAEL THOMAS  
PETER KENNELLY, JOHN DOUGLAS KIRBY, ERNEST  
KISS, ARTHUR KRICK, FRANK ALAN LATAM, BRIAN  
LAWRENCE, LUKE JOHN MCGEE, RON MASSCHAELE,  
JOHN NEWMAN, RANDALL NOVAK, NORMAND  
RIOPELLE, ROBERT LOUIS RIZZUTO AND  
MICHAEL VAUGHAN

NOTICE OF HEARING  
(Section 127)

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Small Hearing Room, 17<sup>th</sup> floor, 20 Queen Street West, Toronto, on October 9, 2002, at 12:30 p.m., or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and David Arthur Bending;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

**AND TAKE FURTHER NOTICE** that upon failure of any party to attend at the hearing, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

September 19, 2002.

"John Stevenson"

1.2.6 Teodosio Vincent Pangia, Agostino Capista  
and Dallas/North Group Inc. - Amended  
Statement of Allegations

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

AND

IN THE MATTER OF  
TEODOSIO VINCENT PANGIA,  
AGOSTINO CAPISTA AND  
DALLAS/NORTH GROUP INC.

AMENDED  
STATEMENT OF ALLEGATIONS  
OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission (the "Commission") makes the following allegations:

**A. BACKGROUND**

1. Teodosio Vincent Pangia ("Pangia") was, at all material times, the President and a director of Dallas/North Group Inc. ("Dallas North") and President, Chairman and Chief Executive Officer of E.P.A. Enterprises Inc. ("EPA"). Pangia had been registered with the Commission in 1988 and 1989 but was not registered during 1995 and 1996.
2. Agostino Capista ("Capista") was the incorporator and first director of Dallas North. At the relevant time, Capista was the Secretary, Treasurer and/or a director of Dallas North.
3. Dallas North was a private company incorporated in Ontario on May 14, 1991. Dallas North purported to be in the equestrian business. In the period March 1995 to October 1995, Dallas North was used by Pangia and Capista as a vehicle for the receipt of funds from the sale of shares of EPA, as described below.
4. Envirovision International Inc. ("Envirovision") was incorporated in Ontario on June 7, 1995 by Vicki Laughren ("Laughren") at the behest of Pangia. Laughren was the sole director and officer of Envirovision. Pangia asked Laughren to incorporate Envirovision to facilitate the sale of EPA shares by providing banking and administrative support. Envirovision was dissolved in late 1999.
5. EPA was incorporated in British Columbia on January 9, 1987 as 319980 B.C. Ltd. Its name was changed to Trend-Set Industries International Inc. on February 17, 1987 and to EPA on September 16, 1993. EPA purported to be engaged in the development of a device for the

reduction of automobile emissions, known as the Combustion Efficiency Management Catalyst.

6. EPA was a reporting issuer in British Columbia, and its shares traded on the Vancouver Stock Exchange (the "VSE"). On March 3, 1995, EPA asked the VSE to halt trading pending an announcement. On March 8, 1995, the VSE issued a Notice indicating that trading in EPA shares remained halted pending a reverse takeover. Trading in EPA shares remained halted or suspended until March 5, 1996, at which time EPA shares were delisted by the VSE. In addition, during the period July 26, 1995 to August 18, 1995, all trading in EPA shares was cease traded by the British Columbia Securities Commission.

**B. OVERVIEW OF ALLEGATIONS**

7. During the period March 1995 to February 1996, Pangia, Capista and/or Dallas North sold at least 452,000 shares of EPA to members of the public in approximately 113 transactions. The purchasers paid at least \$1,386,100 for these shares. The monies were paid to either Dallas North or Envirovision.

8. Pangia and/or Capista traded these EPA shares without being registered to do so. Pangia, Capista and Dallas North effected the trades with the assistance of three registered representatives (one of whom was the Branch Manager and a Vice-President) at TD Evergreen ("TD Evergreen"). In 1995, TD Evergreen was a division of TD Evergreen Investment Services Inc. and in 1996 a division of TD Securities Inc. The sales of EPA shares were not processed through the books and records of TD Evergreen. The purchasers were directed to make cheques payable to Dallas North or Envirovision.

9. Further, from about October 1995 to about October 1996, Capista sold EPA shares and directly received proceeds in respect of those sales.

10. In addition, Pangia traded in EPA shares in Ontario between June 1995 and August 1995, where such trading was a distribution of those securities, without the required filing of a preliminary prospectus and prospectus.

**C. UNREGISTERED TRADING**

11. At all material times, neither Pangia nor Capista were registered to trade in a security as required by section 25 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"). None of the EPA trades were exempt under the Act.

12. In 1994, Simon Kin-Ho Tam ("Tam") was hired by TD Evergreen to set up a branch office in

Scarborough, Ontario. Tam's primary mandate was to target the Chinese-Canadian community.

13. At all material times, Tam was registered with the Commission as a registered representative, Branch Manager and Vice-President at TD Evergreen. In addition to Tam, two other registered representatives employed at the TD Evergreen Scarborough branch were involved in EPA shares: Woody Woo-Keung Wu ("Wu") and April Shuk-Fan Che ("Che").

14. Between March 1995 and February 1996, Pangia, Capista and/or Dallas North, with the assistance of Tam, Wu and Che, sold at least 452,000 EPA shares to members of the public. These sales were "off book"; they were not recorded in the books and records of TD Evergreen.

15. This trading in EPA shares was primarily orchestrated and directed by Pangia. In respect of most of the EPA transactions during the material time, Pangia:

- (a) instructed Tam as to the number of EPA shares available for sale;
- (b) instructed Tam as to the price at which the EPA shares should be sold;
- (c) instructed Tam as to which entity the cheque for the purchase of the shares should be made payable; and
- (d) provided Tam with EPA share certificates that Pangia, Capista and/or Dallas North owned or controlled.

16. Approximately 113 transactions, involving 90 members of the public, were carried out during the material time. In total, about at least 452,000 EPA shares were sold in an eleven month period. The proceeds of these sales exceeded \$1.38 million.

17. At the instruction of Pangia, the proceeds of the sale of EPA shares were made payable to Dallas North or Envirovision. Receipts were issued by Dallas North or Envirovision to the purchasers. The Dallas North receipts were typically signed by Capista; the Envirovision receipts were typically signed by Laughren. At a later date EPA shares were either delivered or journalled into the purchasers' accounts at TD Evergreen. In most instances, the delivery or journal into the purchasers account occurred months after the payment.

18. Pangia and Capista, at the material time, operated and controlled Dallas North by virtue of their positions, as set out at paragraphs 1 and 2, above.

19. Pangia asked Laughren to set up a company in order to facilitate the EPA share sales. Accordingly, Laughren incorporated Envirovision. Laughren was the sole officer and director of Envirovision.

20. Envirovision's sole source of revenue was from the sale of EPA shares. Laughren disbursed funds from the Envirovision account at the direction of Pangia, a significant portion of which was paid directly to Pangia.

21. In addition to the events described at paragraphs 12 to 20 above, from about October, 1995 until about October, 1996, Capista sold approximately 135,200 EPA shares and directly received proceeds in excess of \$237,700 in respect of those sales.

**D. ILLEGAL DISTRIBUTION**

22. In at least fifteen of the EPA sales transactions, the following occurred:

- (a) individuals purchased EPA shares;
- (b) the funds were paid to Envirovision;
- (c) Pangia exercised EPA options;
- (d) EPA shares certificates were issued from treasury in the name of Pangia; and
- (e) certain of these shares were delivered by Pangia to Tam for deposit into the purchaser's account at TD Evergreen.

23. The distributions described in paragraph 20 contravened section 53 of the Act; those distributions were trades in securities that had not been previously issued. No preliminary prospectus and prospectus were filed, and no receipt obtained from the Director of the Commission.

24. The aforementioned distributions involved at least 26,000 EPA shares, for which the purchasers paid approximately \$84,500 in total.

**E. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

25. The respondents' whole course of conduct, as set out above, contravened Ontario securities law and was contrary to the public interest.

26. Staff reserves the right to make such other allegations as Staff may advise and the Commission permit.

October 22, 2001, as amended on September 27, 2002.

**1.2.7 Foundation Equity Corporation**

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

**AND**

**IN THE MATTER OF  
FOUNDATION EQUITY CORPORATION**

**NOTICE OF HEARING  
(Section 127)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, located at 20 Queen St. West, Toronto, Ontario, in the Large Hearing Room, 17<sup>th</sup> Floor, on Monday, October 7, 2002 at 2:30 p.m. or as soon thereafter as the hearing can be held:

**TO CONSIDER** whether it is in the public interest to make an order that:

- (a) the Respondent submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission;
- (b) the Respondent be reprimanded; and
- (c) the Respondent pay the costs of the Commission's investigation and the hearing.

**AND TAKE NOTICE** that the purpose of the hearing will be for the Commission to consider whether to approve a settlement of the proceeding entered into between Staff and the Respondent;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

**AND TAKE FURTHER NOTICE** that upon the failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

September 27, 2002.

"John Stevenson"

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

**AND**

**IN THE MATTER OF  
FOUNDATION EQUITY CORPORATION**

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

Staff of the Ontario Securities Commission (the "Commission") makes the following allegations:

1. The Respondent, Foundation Equity Corporation ("Foundation") is a private company which was incorporated pursuant to the laws of Alberta on May 24, 1990. Foundation is a venture capital company which invests in other companies. Its shareholders consist of approximately 40 individuals, each of whom has contributed varying amounts of capital. At the material time, Foundation had a trading account at CIBC Wood Gundy Inc. ("Wood Gundy").
2. Kerry Brown ("Brown") is an individual who resides in St. Albert, Alberta. At the material time, Brown was a shareholder of Foundation and was its President, CEO and Chairman.
3. Global Thermoelectric Inc. ("GLE") is a company which was initially incorporated, under a different name, in Alberta in 1975 and is currently situated in Calgary. GLE's primary line of business is designing and manufacturing fuel cells intended to supplement or replace gasoline engines.
4. GLE was one of the ventures in which Foundation invested. As of the close of business on April 15, 1999, Foundation owned 6,019,151 (or 37%) of the 16,173,184 common shares of GLE then issued and outstanding.
5. GLE became a reporting issuer in Alberta on August 3, 1994 and obtained a listing on the Alberta Stock Exchange on September 30, 1996.
6. GLE became a reporting issuer in Ontario on October 8, 1998, the date on which GLE obtained a listing on the Toronto Stock Exchange ("TSE").
7. In addition to Alberta and Ontario, GLE also has reporting issuer status in British Columbia and Manitoba.
8. Between October 8, 1998, the date on which GLE obtained reporting issuer status in Ontario, and April 7, 1999, the shares of GLE traded on the TSE at prices ranging from \$.86 to \$1.20.
9. On April 8, 1999, GLE issued a press release in which it announced that "it has achieved record

power output in the first test of a new proprietary design solid oxide fuel cell".

10. On Friday, April 16, 1999, the opening price of GLE on the TSE was \$3.60. At approximately 11:20 a.m., GLE issued a news release announcing a major contract. Over the remainder of April 16, 1999, GLE traded as high as \$16 per share and closed the day at \$10.70 per share.
11. On the morning of Friday, April 16, 1999, Foundation instructed Wood Gundy to sell one million shares of GLE from Foundation's account. The entire block of one million GLE shares was sold on April 16, 1999 at an average price of \$11.83 per share.
12. On Monday, April 19, 1999, Foundation instructed Wood Gundy to sell an additional one million shares of GLE. A total of 226,200 shares of GLE was sold that day at an average price of \$10.42 before Foundation instructed Wood Gundy to cancel the order at approximately 3:00 p.m.
13. By way of letter dated April 20, 1999, transmitted by fax on that date, Foundation filed a Form 23 ("Notice of Intention to Sell") with the Commission, purportedly as provided for in section 72(7) of the Act. The Form 23 acknowledged that 1,226,000 shares of GLE had already been sold by Foundation on April 16 and 19, 1999.
14. Item #2 of Form 23 required Foundation to certify the "Date issuer became a reporting issuer:". The Form 23 filed by Foundation incorrectly stated that: "Global Thermoelectric Inc. became a reporting issuer on August 3, 1994"-- being the date on which GLE became a reporting issuer in Alberta. GLE did not become a reporting issuer in Ontario until October 8, 1998.
15. On April 16, 1999, the first date on which Foundation sold shares of GLE, Foundation owned 37% of the issued and outstanding shares of GLE and therefore was in a position to affect materially the control of GLE within the meaning of clause (c) of section 1(1) of the Act. The sale of shares from Foundation's "control block" in GLE therefore constituted a distribution within the meaning of the Act.
16. As a result, Foundation was not permitted to sell its shares of GLE unless it had first either complied with the prospectus requirements of section 53 of the Act; qualified for an exemption under the Act; established that the sale from its control block did not constitute a "distribution" within the meaning of the Act; or obtained an exemption order from the Commission; none of which Foundation did.
17. The Form 23 "Notice of Intention to Sell" filed by Foundation after it had already sold approximately

1.2 million shares of GLE from its control block did not comply with the provisions of section 72(7) of the Act because GLE had not been a reporting issuer in Ontario for at least 18 months. At the time Foundation sold its shares of GLE, GLE had only been a reporting in Ontario for approximately six months. Further, and in any event, the Form 23 was deficient in so far as Foundation failed to comply with the timing requirements set out in section 72(7) of the Act governing the filing of the Form 23.

18. On the basis of the conduct described above, Foundation made an unlawful distribution from its control block of GLE shares contrary to the public interest and Ontario securities law.
19. Staff reserves the right to make such further and other allegations as counsel may advise and the Commission may permit.

September 27, 2002.



1.3 News Releases

1.3.1 **OSC to Consider Settlements Between Staff and Michael Thomas Peter Kennelly, John Douglas Kirby, Douglas Cross, Allan Joseph Dorsey and David Arthur Bending**

**FOR IMMEDIATE RELEASE  
September 26, 2002**

**ONTARIO SECURITIES COMMISSION TO CONSIDER SETTLEMENTS BETWEEN STAFF AND MICHAEL THOMAS PETER KENNELLY, JOHN DOUGLAS KIRBY, DOUGLAS CROSS, ALLAN JOSEPH DORSEY AND DAVID ARTHUR BENDING**

**TORONTO** – On October 9, 2002 commencing at 10:00 a.m., the Ontario Securities Commission will convene five consecutive hearings to consider settlements reached by Staff of the Commission and each of the respondents Michael Thomas Peter Kennelly, John Douglas Kirby, Douglas Cross, Allan Joseph Dorsey and David Arthur Bending (collectively, the “Respondents”).

During the material time, the Respondents (except Douglas Cross) were registered with the Commission to trade securities. The Respondents sold Saxton securities to Ontario investors. Staff alleges that the Respondents participated in illegal distributions of a security and engaged in conduct contrary to the public interest. In the case of Douglas Cross, Staff’s allegations include that he traded securities without being registered.

The terms of the settlement agreements between Staff and each of the Respondents are confidential until approved by the Commission. Copies of the Notices of Hearing and Statement of Allegations of Staff of the Commission are available on the Commission’s website, [www.osc.gov.on.ca](http://www.osc.gov.on.ca), or from the Commission offices at 19<sup>th</sup> Floor, 20 Queen Street West, Toronto.

**For Media Inquiries:** Eric Pelletier  
Manager, Media Relations  
416-595-8913

Michael Watson  
Director, Enforcement Branch  
416-593-8156

**For Investor Inquiries:** OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

1.3.2 **OSC Adjourns Proceedings in the Matter of Terry G. Dodsley to November 11, 2002**

**FOR IMMEDIATE RELEASE  
September 26, 2002**

**OSC ADJOURNS PROCEEDINGS  
IN THE MATTER OF TERRY G. DODSLEY  
TO NOVEMBER 11, 2002**

**TORONTO** – The Ontario Securities Commission hearing in the matter of Terry G. Dodsley, was adjourned on September 26, 2002 and will resume on Monday, November 11, 2002 at 9:30 a.m. in the Main Hearing Room, 17<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario.

Copies of the Notice of Hearing and Statement of Allegations are available on the Commission’s website, [www.osc.gov.on.ca](http://www.osc.gov.on.ca), or from the offices of the Commission at 20 Queen Street West, 19<sup>th</sup> Floor, Toronto.

**For Media Inquiries:** Eric Pelletier  
Manager, Media Relations  
416-595-8913

Michael Watson  
Director, Enforcement Branch  
416-593-8156

**For Investor Inquiries:** OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

**1.3.3 CSA Publishes New Rules on Investment Fund Continuous Disclosure**

**For Immediate Release  
September 27, 2002**

**THE CSA PUBLISHES NEW RULES ON  
INVESTMENT FUND CONTINUOUS DISCLOSURE**

**Toronto** – The Canadian Securities Administrators (the “CSA”), the umbrella organization representing Canada’s provincial and territorial securities regulators, has published for comment a draft Rule on investment fund continuous disclosure.

The proposed regime is aimed at providing investors and their advisers with timely and useful information to better assess an investment fund’s performance, position and future prospects, by presenting financial and non-financial information for all types of investment funds in the same format. The new regime also harmonizes the reporting requirements for investment funds across jurisdictions.

The draft Rule applies to all types of investment funds, including but not limited to, mutual funds, exchange traded funds, split share corporations, labour sponsored investment funds, closed end funds and scholarship plans. Some key measures detailed in the draft Rule include:

- The introduction of narrative annual and quarterly management reports of fund performance
- The elimination of mandatory delivery of financial statements.
- The right of investors to choose whether to receive financial statements and management reports of fund performance.
- The reduction of filing times to 90 days for annual and 45 days for interim financial statements, which delays will be the same for filing of management reports of fund performance.
- The removal of sometimes outdated performance information and financial highlights from mutual fund simplified prospectuses.

Proposed National Instrument 81-106, Form 81-106F1 on the contents of annual and quarterly management reports of fund performance and Companion Policy 81-106, were published on September 20 for public comment.

The proposed rules may be viewed at the commission websites listed below. The public comment period ends December 19, 2002.

**Media relations contacts:**

Joni Delaurier  
Alberta Securities Commission  
403-297-4481  
[www.albertasecurities.com](http://www.albertasecurities.com)

Andrew Poon  
B.C. Securities Commission  
604-899-6880  
1-800-373-6393 (B.C. & Alberta only)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)

Eric Pelletier  
Ontario Securities Commission  
416-595-8913  
1-877-785-1555 (Ontario only)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

Barbara Timmins  
Commission des valeurs mobilières du Québec  
514-940-2176  
1-800-361-5072 (Quebec only)  
[www.cvmq.com](http://www.cvmq.com)

Ainsley Cunningham  
Manitoba Securities Commission  
204-945-4733  
1-800-655-5244 (Manitoba only)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

**1.3.4 OSC Proceedings in Respect of Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**

**FOR IMMEDIATE RELEASE  
September 30, 2002**

**OSC PROCEEDINGS IN RESPECT OF  
TEODOSIO VINCENT PANGIA,  
AGOSTINO CAPISTA AND  
DALLAS/NORTH GROUP INC.**

**TORONTO** – On September 27, 2002, Staff of the Ontario Securities Commission amended the Statement of Allegations with respect to this matter.

A copy of the Amended Statement of Allegations is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) or from the Commission, 19<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario.

**For Media Inquiries:** Eric Pelletier  
Manager, Media Relations  
416-595-8913

Michael Watson  
Director, Enforcement Branch  
416-593-8156

**For Investor Inquiries:** OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

**1.3.5 Media Advisory – OSC Hosts Eighth Annual Securities Industry Conference**

**FOR IMMEDIATE RELEASE  
September 30, 2002**

**MEDIA ADVISORY – OSC HOSTS EIGHTH ANNUAL  
SECURITIES INDUSTRY CONFERENCE**

**TORONTO** – The Ontario Securities Commission is hosting its annual conference, Dialogue with the OSC 2002, on Thursday, October 10, 2002. The theme of this year's conference is "**Fostering Capital Markets that are Fair, Efficient and Safe**".

OSC Chair David Brown will deliver his keynote address at 9:00 am, following Executive Director Charlie Macfarlane's introductory remarks at 8:45 am. A complete conference program is available at [www.osc.gov.on.ca/dialogue](http://www.osc.gov.on.ca/dialogue).

Interested members of the media are encouraged to register in advance at no charge.

**When:** Thursday, October 10, 2002  
8:00 am to 5:15 pm

**Where:** Sheraton Centre Hotel  
123 Queen Street West  
Toronto, Ontario

**How to Register:** Register online at [www.osc.gov.on.ca/dialogue](http://www.osc.gov.on.ca/dialogue), or call the Dialogue with the OSC Hotline at 416-593-7352, or 1-800-360-0493.

**For Media Inquiries:** Eric Pelletier  
Manager, Media Relations  
416-595-8913

**For Other Inquiries:** OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

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## Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Canada Life Securities Inc. - MRRS Decision

#### Headnote

Mutual Reliance Review System – With respect to certain capital accumulation plans and stock option plans, registered dealer exempted from statement-of-account provisions in the legislation that would otherwise require that the registered dealer: (i) send or forward a statement of account to each client of the dealer at the end of the month in which a transaction has been effected in the account; and (ii) send or forward a statement of account to each client of the dealer not less than once every three months, where a transaction has not been effected in that period but there are funds or securities held by the dealer on a continuing basis – Under the capital accumulation plans, all investment decisions are made by the plan sponsor – Under the stock option plans plan members are granted options to purchase securities of their employer or an affiliate of their employer – Exemptions subject to provisos, including a requirement that the registered dealer send to all plan member of the relevant plan account statements, on at least an annual basis, that contain the same information that would have been required to be provided pursuant to the statement-of-account provisions.

#### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 147.

#### Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 123.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
ONTARIO, QUEBEC, NOVA SCOTIA AND  
NEWFOUNDLAND AND LABRADOR**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
CANADA LIFE SECURITIES INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the “Decision Makers”) in each of the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application (the “Application”) from Canada Life Securities Inc. (“CLSI”) for a decision pursuant to the securities legislation (the “Legislation”) of each of the Jurisdictions that the provisions (the “Statement of Account Requirements”) contained in the Legislation that require a registered dealer to:

- (i) send or forward a statement of account to each client of the dealer at the end of the month in which a transaction has been effected in the account; and
- (ii) send or forward a statement of account to each client of the dealer not less than once every three months, where a transaction has not been effected in that period but there are funds or securities held by the dealer on a continuing basis

shall not apply to CLSI in respect of certain types of capital accumulation plans (“CAPs”) and stock option plans established by employers or other sponsors (“plan sponsors”) for the benefit of their employees or other beneficiaries (“plan members”);

**AND WHEREAS** pursuant to the Mutual Reliance Review System (“MRRS”) for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this Application;

**AND WHEREAS** CLSI has represented to the Decision Makers that:

1. CLSI provides administrative, recordkeeping and other services for plans (a “Specified Plan”) that are: (i) CAPs in respect of which all investment decisions are made by the plan sponsor and not the plan member; or (ii) stock option plans pursuant to which plan members are granted options to purchase securities of their employer or an affiliate of their employer (“Stock Option Plans”);
2. CLSI has recently become registered under the Legislation of each of the Jurisdictions as a dealer in the category of an investment dealer and as such has become subject to the Statement of Account Requirements in respect of its activities for Specified Plans;
3. Many of the functions undertaken by CLSI in connection with CAPs are not functions for which

registration is required, including various administrative functions such as the sending of account statements;

4. CLSI's understanding in dealing with plan sponsors of the Specified Plans is that there is no need for the sending of account statements to plan members more frequently than annually, in light of the lack of investment decisions required to be made by plan members and the nature of Stock Option Plans;
5. The extra costs associated with CLSI complying with the Statement of Account Requirements for Specified Plans would be significant and not warranted; the costs associated with the reporting obligations are generally reflected in the fees charged to the Specified Plans and are therefore ultimately borne by the plan members;
6. CLSI believes that it is the only registered dealer currently providing significant administrative services to CAPs and that therefore administrators of other CAPs would not be subject to the Statement of Account Requirements. CLSI believes that it would be unfair to the Specified Plans and their plan members to impose on them the extra costs associated with compliance with the Statement of Account Requirements; and
7. For some Specified Plans, there are minimum statutory requirements setting out the frequency of reporting to plan members, and reporting in accordance with the Statement of Account Requirements would be in excess of what the relevant statute governing the Specified Plan prescribes.

**AND WHEREAS** pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Statement of Account Requirements shall not apply to CLSI in respect of a Specified Plan, provided that:

1. CLSI sends to all plan members of the Specified Plan account statements on at least an annual basis that contains the same information that would have been required to be provided pursuant to the Statement of Account Requirements;
2. For each Specified Plan that is a Stock Option Plan in respect of which some plan members have not been previously advised in writing of the frequency with which they would receive such reporting, such plan members shall be notified of

this Decision and be provided with information concerning the reporting that they will receive in respect of such plans; such notification and information to be provided at the earlier of the next annual mailing to plan members or one year from the date of this Decision;

3. For each Jurisdiction, this Decision, to the extent that it relates specifically to CAPs, shall terminate one year after the coming into force, subsequent to the date of this Decision, of a rule or other regulation under the Legislation of the Jurisdiction that relates, in whole or in part, to the obligations of a registered dealer to send account statements to clients in connection with CAPs; and
4. For each Jurisdiction, this Decision, to the extent that it relates specifically to Stock Option Plans, shall terminate one year after the coming into force, subsequent to the date of this Decision, of a rule or other regulation under the Legislation of the Jurisdiction that relates, in whole or in part, to the obligations of a registered dealer to send account statements to clients in connection with Stock Option Plans.

September 20, 2002.

"Howard I. Wetston"

"Harold P. Hands"

## 2.1.2 Homestake Mining Company - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has 24 beneficial security holders - issuer deemed to have ceased being a reporting issuer.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 83.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, SASKATCHEWAN,  
ONTARIO, QUÉBEC, AND NOVA SCOTIA**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
HOMESTAKE MINING COMPANY**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Québec and Nova Scotia (collectively, the "Jurisdictions") has received an application of Homestake Mining Company ("Homestake") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Homestake be deemed to have ceased to be a reporting issuer or equivalent thereof under the Legislation;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

**AND WHEREAS** Homestake has represented to the Decision Makers as follows:

1. Homestake, incorporated in 1983 under Delaware law, conducts gold exploration, development and mining operations at numerous projects around the world. Homestake's principal office is Suite 2700, South Tower, Royal Bank Plaza, Toronto, Ontario M5J 2J3;
2. On December 14, 2001, pursuant to a merger under Delaware law, an indirect wholly-owned subsidiary of Barrick Gold Corporation ("Barrick") merged with Homestake. As a result, Homestake became an indirect wholly-owned subsidiary of Barrick.

3. Homestake is a reporting issuer or the equivalent under the Legislation in each of the Jurisdictions. Homestake is not in default of any requirement under the Legislation, other than failure to file continuous disclosure documents for periods ending after the effective date of the merger with Barrick, including the annual report, annual information form and annual financial statements for the year ended December 31, 2001 and interim financial statements for the period ended March 31, 2002 and June 30, 2002;

4. The authorized capital of Homestake consists of 450,000,000 shares of common stock, 10,000,000 shares of voting preferred stock, of which one share constitutes the series A preferred stock, and one share of special voting stock. As at June 19, 2002 there were 260,389,955 shares of Homestake common stock, 1 share of Homestake series A preference stock and no shares of Homestake special voting stock outstanding;

5. All of the outstanding shares of Homestake common stock and the one share of Homestake series A preference stock are owned by Barrick Holding Co., which is a subsidiary of Barrick and is resident in the United States;

6. Homestake has options ("Options") outstanding to acquire 3,299,028 Barrick common shares and share rights ("Share Rights") outstanding to acquire 46,402 Barrick common shares;

7. Homestake currently has 23 beneficial holders of Options in Canada, of which 6 are resident in Ontario and none of which are resident in Alberta, Saskatchewan, Quebec, or Nova Scotia, and one beneficial holder of Share Rights in Canada who is resident in Ontario;

8. No securities, including debt securities, of Homestake are listed or quoted on any exchange or market;

9. Homestake does not intend to seek public financing by way of an offering of its securities;

10. Other than the shares of Homestake common stock, the share of Homestake series A preference stock, Options and Share Rights, Homestake has no other securities, including debt securities, outstanding;

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers under the Legislation is that Homestake shall be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

September 25, 2002.

“Howard I. Wetston”

“Robert L. Shirriff”

### 2.1.3 Storm Energy Inc. et al. - MRRS Decision

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from registration, prospectus and continuous disclosure requirements in connection with an arrangement involving an exchangeable share structure.

#### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 25(1), 53(1), 74(1) and 80(b)(iii).

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN  
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,  
PRINCE EDWARD ISLAND, NOVA SCOTIA,  
NEWFOUNDLAND AND LABRADOR,  
THE NORTHWEST TERRITORIES AND  
THE YUKON TERRITORY**

AND

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF  
STORM ENERGY INC., STORM ENERGY LTD.,  
FOCUS ENERGY TRUST, FET RESOURCES LTD., AND  
FET EXCHANGECO LTD.**

#### MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Nova Scotia, the Yukon Territory and the Northwest Territories (the “Jurisdictions”) has received an application from Focus Energy Trust (the “Trust”), Storm Energy Inc. (“Storm”), FET Resources Ltd. (“AcquisitionCo”), Storm Energy Ltd. (“ExploreCo”), and FET ExchangeCo Ltd. (“ExchangeCo”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the requirements contained in the Legislation:
  - 1.1 to be registered to trade in a security (the “Registration Requirement”) and to file a preliminary prospectus and a prospectus and receive receipts therefore (the “Prospectus Requirement”) in the Jurisdictions, except British Columbia (the “Registration and Prospectus Jurisdictions”) shall not apply to certain trades of securities to be made in



- connection with a proposed plan of arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "ABCA") involving the Trust, AcquisitionCo, Storm, ExploreCo, Exchangeco and the security holders of Storm; and
- 1.2 with respect to AcquisitionCo (or its successor on amalgamation with Storm ("AmalgamationCo")) in those Jurisdictions in which it becomes a reporting issuer or the equivalent under the Legislation, to issue a press release and file a report with the Participating Jurisdictions upon the occurrence of a material change, file an annual report, where applicable, file interim financial statements and audited annual financial statements with the Participating Jurisdictions and deliver such statements to the security holders of AmalgamationCo, file and deliver an information circular or make an annual filing with the Participating Jurisdictions in lieu of filing an information circular, file an annual information form and provide management's discussion and analysis of financial condition and results of operations (the "Continuous Disclosure Requirements") shall not apply to AcquisitionCo or AmalgamationCo;
2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** the Trust, Storm, AcquisitionCo, ExploreCo and ExchangeCo have represented to the Decision Makers that:
- 3.1 Storm is a corporation organized and subsisting under the ABCA;
- 3.2 Storm is engaged in the exploration for, and the acquisition, development and production of, oil and natural gas in the Provinces of Alberta and British Columbia;
- 3.3 the head and principal offices of Storm are located at 3300, 205 — 5th Avenue S.W., Calgary, Alberta, T2P 2V7 and its registered office is located at 1000, 440 – 2nd Avenue S.W., Calgary, Alberta, T2P 5E5;
- 3.4 the authorized capital of Storm presently consists of an unlimited number of common shares ("Common Shares") and an unlimited number of first preferred shares, second preferred shares and third preferred shares, each issuable in series;
- 3.5 as at July 8, 2002, 27,917,758 Common Shares and no preferred shares were issued and outstanding, and options ("Options") to purchase 2,045,000 Common Shares were outstanding;
- 3.6 on December 15, 2000, Storm implemented a normal course issuer bid to purchase in the period to December 19, 2001 up to 5% of its issued and outstanding Common Shares. A total of 292,000 Common Shares for a total cash consideration of \$1,661,365 were purchased under this arrangement. The normal course issuer bid was renewed for the period ending December 19, 2002;
- 3.7 the Common Shares are presently listed on the Toronto Stock Exchange (the "TSX");
- 3.8 Storm is a reporting issuer or the equivalent in the Provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec and has been for more than 12 months;
- 3.9 Storm has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec and is not in default of the securities legislation in any of these jurisdictions;
- 3.10 the Trust is an open-end unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to a trust indenture dated July 15, 2002 between Storm and Valiant Trust Company, as trustee (the "Trust Indenture");
- 3.11 the Trust was established for the purpose of: (a) investing in shares of AcquisitionCo and acquiring the Notes pursuant to the Arrangement; (b) acquiring the net profits interest from AcquisitionCo; (c) acquiring or investing in other securities of AmalgamationCo and in the securities of any other entity including without limitation bodies corporate, partnerships or trusts, and borrowing funds or otherwise obtaining credit for that purpose; (d) disposing of any part of the property of the Trust, including, without limitation, any securities of AmalgamationCo; (e) temporarily holding cash and investments

- for the purposes of paying the expenses and the liabilities of the Trust, making other permitted investments as contemplated by the Trust Indenture, paying amounts payable by the Trust in connection with the redemption of any trust units ("Trust Units"), and making distributions to Unitholders; and (f) paying costs, fees and expenses associated with the foregoing purposes or incidental thereto;
- 3.12 the Trust was established with nominal capitalization and currently has only nominal assets and no liabilities and the only activity which will initially be carried on by the Trust will be the holding of securities of the AmalgamationCo;
- 3.13 the Trust is authorized to issue an unlimited number of Trust Units and an unlimited number of special voting rights ("Special Voting Rights");
- 3.14 as at July 15, 2002, there was one Trust Unit issued and outstanding and owned by Storm and there were no Special Voting Rights outstanding;
- 3.15 the Trust has received conditional approval from the TSX for the listing on the TSX of the Trust Units to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement;
- 3.16 the Trust is not a reporting issuer in any of the Jurisdictions;
- 3.17 AcquisitionCo was incorporated pursuant to the ABCA on July 12, 2002;
- 3.18 the head and principal offices of AcquisitionCo are located at Suite 3250, 205 - 5th Avenue S.W., Calgary, Alberta, T2P 2V7 and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9;
- 3.19 AcquisitionCo was incorporated to participate in the Arrangement by acquiring, directly or indirectly, Common Shares of Storm;
- 3.20 the authorized capital of AcquisitionCo presently consists of an unlimited number of common shares and an unlimited number of exchangeable shares, issuable in series. Prior to the Arrangement, AcquisitionCo will amend its Articles to create Series A exchangeable shares (the
- "Exchangeable Shares") of which an unlimited number will be authorized;
- 3.21 as at July 15, 2002, one (1) common share of AcquisitionCo was issued and outstanding and owned by the Trust;
- 3.22 AcquisitionCo is not a reporting issuer in any of the Jurisdictions;
- 3.23 ExploreCo was incorporated pursuant to the ABCA on July 10, 2002 and has not carried on any active business since incorporation;
- 3.24 the head and principal offices of ExploreCo are located at Suite 3300, 205 – 5th Ave. S.W., Calgary, Alberta, T2P 2V7 and its registered office is located at Suite 3300, 421- 7th Ave. S.W., Calgary, Alberta, T2P 4K9;
- 3.25 pursuant to the Arrangement, ExploreCo will acquire, directly and indirectly, certain oil and gas assets from Storm. Upon completion of the Arrangement, ExploreCo will be engaged in the exploration for, and acquisition, development and production of, oil and natural gas reserves, primarily in the Western Canada;
- 3.26 the authorized capital of ExploreCo consists of an unlimited number of common shares ("ExploreCo Shares") and an unlimited number of first preferred shares, second preferred shares and third preferred shares, issuable in series;
- 3.27 as at July 15, 2002, one ExploreCo Share and no preferred shares were issued and outstanding. Storm has also reserved a total of 3,000,000 ExploreCo Shares for issuance pursuant to outstanding stock options;
- 3.28 ExploreCo has received conditional approval from the TSX for the listing on the TSX of the ExploreCo Shares to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement. The ExploreCo Shares issuable from time to time will also be listed on the TSX, subject to receipt of final approval from the TSX;
- 3.29 ExploreCo is not a reporting issuer in any of the Jurisdictions. Upon completion of the Arrangement, ExploreCo will become a reporting issuer in certain of the Jurisdictions;

- 3.30 the Arrangement will be effected by way of a plan of arrangement under section 193 of the ABCA which will require approval by (i) not less than 2/3 of the votes cast by the holders of Common Shares and the holders of Options (present in person or represented by proxy), each voting separately as a class, at a meeting to be held on August 20, 2002 (the "Meeting") and thereafter, (ii) the approval of the Court of Queen's Bench of Alberta (the "Court");
- 3.31 the management information circular (the "Information Circular") mailed to the holders of Common Shares and the holders of Options in connection with the Meeting conforms with the ABCA, applicable securities laws and an interim order of the Court and contains prospectus-level disclosure concerning the respective business, affairs and securities of the Trust, Storm, AmalgamationCo and ExploreCo, and a detailed description of the Arrangement;
- 3.32 the Arrangement provides for a transaction where, commencing at the effective time of the Arrangement (the "Effective Time"), the events set out below shall be deemed to occur in the following order:
  - 3.32.1 the Common Shares and Options held by Securityholders who validly exercise their rights of dissent pursuant to the ABCA, as modified by the Interim Order, shall, as of the Effective Time, be deemed to have been transferred to Storm and be cancelled and cease to be outstanding and, as of the Effective Time, such dissenting Securityholders shall cease to have any rights as securityholders of Storm other than the right to be paid the fair value of their Common Shares or Options;
  - 3.32.2 subject to paragraph 3.32.4, each issued and outstanding Common Share (other than Option Common Shares, as defined below) will be transferred to AcquisitionCo in exchange for:
    - a) one (1) Series B exchangeable note of AcquisitionCo (a "Series B Note"); and
    - b) in accordance with the election or deemed election of the holder of such Common Share (other than a non-resident or tax-exempt Shareholder), one (1) unsecured promissory note of AcquisitionCo (a "Note") or one (1) Exchangeable Share and, in the case of a non-resident or tax-exempt Shareholder, one (1) Note;
- 3.23.3 each Note shall be transferred by the holder thereof to the Trust in exchange for Trust Units on the basis of one (1) Trust Unit for each Note held;
- 3.23.4 notwithstanding paragraph 3.32.2, the Common Shares held by holders ("Option Shareholders") who acquired such shares on the exercise of an option in circumstances such that subsection 7(1.1) or (8) of the *Income Tax Act* (Canada) applied ("Option Common Shares") may, at the election of the holder, be dealt with in the following manner:
  - a) each Option Shareholder shall transfer such number of Option Common Shares to AcquisitionCo as is equal to the product of:
    - i) the quotient obtained by dividing the fair market value of ExploreCo following the arrangement (as determined by ExploreCo) by the weighted average trading price of the Common Shares immediately prior to the Effective Date

- (the "Ratio");  
and
- as is equal to the product of:
- ii) the total number of Option Common Shares held by the Option Shareholder;  
  
in exchange for such number of Series B Notes (rounded down to the nearest whole Series B Note) as is equal to the product of:
    - iii) the total number of Option Common Shares so transferred; and
    - iv) the reciprocal of the Ratio;
  - b) the remaining Option Common Shares held by an Option Shareholder after the operation of paragraph 3.32.4(c) shall be transferred to AcquisitionCo in exchange for, in accordance with the election or deemed election of such Option Shareholder:
    - i) Trust Units issued and delivered by the Trust; or
    - ii) Exchangeable Shares issued and delivered by AcquisitionCo;  
  
in each case for such number of Trust Units or Exchangeable Shares, as the case may be, (rounded down to the nearest whole Trust Unit or Exchangeable Share)
  - iii) the total number of Option Common Shares so exchanged for Trust Units or Exchangeable Shares, as the case may be; and
  - iv) a fraction (the "Option Ratio"), the numerator of which is one (1) and the denominator of which is one (1) minus the Ratio;
  - c) AcquisitionCo shall, contemporaneously with the exchange of Option Common Shares pursuant to paragraph 3.32.4(d), issue and deliver to the Trust such number of Notes as is equal to the number of Trust Units required to be delivered by AcquisitionCo pursuant to paragraph 3.32.4(d) in consideration for the delivery of that number of Option Common Shares exchanged for Trust Units pursuant to paragraph 3.32.4(d);
  - d) the Trust shall, contemporaneously with the exchange of Option Common Shares pursuant to paragraph 3.32.4(d), deliver to the Option Shareholders such number of Trust Units as is determined pursuant to paragraph 3.32.4(d) in consideration for issuance of the Notes by AcquisitionCo to the Trust pursuant to

- paragraph 3.32.4(e);  
and
- 3.32.5 each of the steps set out in paragraphs 3.32.4(d), 3.32.4(e) and 3.32.4(f) shall, notwithstanding anything else contained herein, be deemed to happen contemporaneously with each other;
- 3.32.6 all unexercised Options (other than Options held by dissenting Optionholders) will be cancelled and the holders thereof will be entitled to receive an amount per Option from Storm equal to the difference between the exercise price of such Option and the weighted average trading price of the Common Shares as at the date preceding the date of the Meeting;
- 3.32.7 Storm and AcquisitionCo will amalgamate to form AmalgamationCo; and
- 3.32.8 each Series B Note will be transferred by the holder to AmalgamationCo in exchange for one ExploreCo Share.
- 3.33 AmalgamationCo will become a reporting issuer under the Legislation in British Columbia, Alberta, Manitoba, Ontario and Quebec, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;
- 3.34 the Trust will become a reporting issuer under the Legislation in British Columbia, Alberta, Ontario, and Quebec and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;
- 3.35 ExploreCo will become a reporting issuer under the Legislation in British Columbia, Alberta, Ontario, and Quebec and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;
- 3.36 the Exchangeable Shares will provide a holder with a security having economic, ownership and voting rights which are, as nearly as practicable, equivalent to those of the Trust Units;
- 3.37 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be
- able to exchange them at their option for Trust Units;
- 3.38 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, the Trust, ExchangeCo or AmalgamationCo will redeem, retract or otherwise acquire Exchangeable Shares in exchange for Trust Units in certain circumstances;
- 3.39 in order to ensure that the Exchangeable Shares remain the voting and economical equivalent of the Trust Units prior to their exchange, the Arrangement provides for:
- 3.39.1 a voting and exchange trust agreement to be entered into among the Trust, AmalgamationCo, ExchangeCo and Valiant Trust Company (the "Voting and Exchange Agreement Trustee") which will, among other things, (i) grant to the Voting and Exchange Agreement Trustee, for the benefit of holders of Exchangeable Shares, the right to require the Trust or ExchangeCo to exchange the Exchangeable Shares for Trust Units, and (ii) trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events;
- 3.39.2 the deposit by the Trust of a Special Voting Right with the Voting and Exchange Agreement Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Trust Units; and
- 3.39.3 a support agreement to be entered into between the Trust and AmalgamationCo which will, among other things, restrict the Trust from distributing additional Trust Units or rights to subscribe therefore or other property or assets to all or substantially all of the holders of Trust Units, or changing the rights, privileges or other terms of the Trust Units, unless the same or an economically equivalent change to the Exchangeable Shares (or in the rights of the holders thereof) is made simultaneously or approval of holders of

- Exchangeable Shares is obtained;
- 3.40 the steps under the Arrangement, the terms of the Exchangeable Shares and the exercise of certain rights provided for in connection with the Arrangement and the Exchangeable Shares involve a number of trades of potential trades of Common Shares, ExploreCo Shares, Trust Units, Exchangeable Shares, Notes, Series B Notes, Options, the Special Voting Right, certain rights to acquire Trust Units and Exchangeable Shares under the Arrangement and rights to otherwise make a trade of a security that was derived from the Arrangement (collectively, the "Trades");
- 3.41 there are no exemptions from the Registration Requirement or the Prospectus Requirement available under the Legislation of the Registration and Prospectus Jurisdictions for certain of the Trades;
- 3.42 the Information Circular discloses that the Trust, AcquisitionCo, AmalgamationCo and ExploreCo will rely on exemptions, including discretionary exemptions, from the Registration Requirement and Prospectus Requirement with respect to the issuance of Trust Units, Exchangeable Shares and ExploreCo Shares pursuant to the Arrangement and discloses that application will be made to relieve AmalgamationCo from the Continuous Disclosure Requirements; and
- 3.43 the Trust will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of Trust Units pursuant to the Legislation;
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers under the Legislation is that:
- 6.1 the Registration Requirement and Prospectus Requirement contained in the Legislation of the Registration and Prospectus Jurisdictions and shall not apply to the Trades provided that the first trade in securities acquired under this Decision shall be deemed to be a distribution or primary distribution to the public;
- 6.2 the Prospectus Requirement contained in the Legislation of the Registration and Prospectus Jurisdictions shall not apply to the first trade in Trust Units, Exchangeable Shares and ExploreCo Shares acquired by shareholders of Storm under the Arrangement and the first trade of the Trust Units acquired on the exercise of all rights, automatic or otherwise, under such Exchangeable Shares, provided that:
- 6.2.1 except in Québec, the conditions in subsections (3) or (4) of section 2.6 of Multilateral Instrument 45-102 Resale of Securities ("MI 45-102") are satisfied and, for the purposes of determining the period of time that the Trust or ExploreCo has been a reporting issuer under section 2.6 of MI 45-102, the period of time that Storm was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Arrangement may be included; and
- 6.2.2 in Québec:
- a) the Trust is and has been a reporting issuer in Québec for the 12 months immediately preceding the trade, including the period of time that Storm was a reporting issuer in Québec immediately before the Arrangement;
- b) no unusual effort is made to prepare the market or create a demand for the securities that are the subject of the trade;
- c) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

- d) if the selling security holder is an insider or officer of the Trust, the selling security holder has no reasonable grounds to believe that the Trust is in default of securities legislation;
- 6.3 the Continuous Disclosure Requirements shall not apply to AmalgamationCo for so long as:
- 6.3.1 the Trust is a reporting issuer in Québec and at least one of the jurisdictions listed in Appendix B of MI 45-102 and is an electronic filer under National Instrument 13-101;
  - 6.3.2 the Trust sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Trust Units under the Continuous Disclosure Requirements;
  - 6.3.3 the Trust complies with the requirements of the TSX, or such other market or exchange on which the Trust Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;
  - 6.3.4 AmalgamationCo is in compliance with the requirements of the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change in respect of the affairs of AmalgamationCo that is not also a material change in the affairs of the Trust;
  - 6.3.5 the Trust includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to the Trust and not to AmalgamationCo, such insert to include a reference to the economic equivalency between the Exchangeable Shares and Trust Units and the right to direct voting at meetings of holders of Trust Units;
- 6.3.6 the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of AmalgamationCo; and
- 6.3.7 AmalgamationCo does not issue any preferred shares or debt obligations other than debt obligations issued to its affiliates or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

September 13, 2002.

“Glenda A. Campbell”

“James E. Allard”

**2.1.4 CI Mutual Funds Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Exemption from the requirements of section 62(2) provided in exceptional circumstances. Cancellation rights granted to new investors who purchased after the lapse date.

**Statutes Cited**

Securities Act, R.S.O., 1990 c. S.5, as amended, ss. 62(1), 62(1.1) 62(2) and 147.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,  
NOVA SCOTIA, PRINCE EDWARD ISLAND,  
NEWFOUNDLAND AND LABRADOR,  
YUKON TERRITORY AND NUNAVUT**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
CI ASIAN DYNASTY FUND  
(the "Fund")**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory and Nunavut (the "Jurisdictions") has received an application (the "Application") from CI Mutual Funds Inc. ("CI") in its capacity as manager of the Fund for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time periods pertaining to the distribution of units of the Fund pursuant to its simplified prospectus and annual information form dated August 24, 2001 (collectively, the "Current Prospectus") shall not apply to the Fund until such time as a final receipt is obtained for a new prospectus of the Fund provided that the pro forma simplified prospectus of the Fund was filed by September 18, 2002;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

**AND WHEREAS** CI has represented to the Decision Makers that:

1. CI is the manager of the Fund, which is a reporting issuer as defined in the Legislation.
2. On July 25, 2002, C.I. Fund Management Inc., the parent company of CI, acquired Spectrum Investment Management Limited and Clarica Diversico Ltd. which at that time were the managers of approximately 88 mutual funds (including the Fund). The acquisition resulted in approximately 201 mutual funds, in aggregate, under CI's management. The lapse date of the simplified prospectuses and annual information forms under which most CI mutual funds distributed their securities was July 31, 2002 and renewal filings for such prospectuses were near completion. In anticipation of the need for additional time to reorganize the mutual fund's under CI's management and complete all renewal prospectus filings, an application was filed on July 19, 2002 to extend the lapse dates of such prospectuses and the Current Prospectus.
3. The Fund distributed its units in each province and territory of Canada pursuant to the Current Prospectus. The lapse date of the Current Prospectus under the Legislation was August 24, 2002.
4. On August 23, 2002, an MRRS Decision Document (the "First Extension") was issued by the Decision Makers which extended the time periods provided in the Legislation as they applied to the distribution of units of the Fund and of other mutual funds under CI's management as follows:
  - (a) in the case of certain mutual funds then expected to terminate on or about October 15, 2002 (the "Terminating Funds"), to permit the continued distribution of units of the Terminating Funds to their existing unitholders until October 15, 2002 (subject to certain conditions) (the "Extension for Terminating Funds"); and
  - (b) in the case of certain other mutual funds then expected not to terminate (the "Continuing Funds"), to the time periods that would be applicable if the lapse date for the distribution of units under their prospectus was August 29, 2002, provided that a pro forma simplified prospectus in respect of the Continuing Funds was filed by August 19, 2002 (the "Extension for Continuing Funds").
5. A combined preliminary and pro forma simplified prospectus and a combined preliminary and pro forma annual information form (collectively, the "Continuing Funds Pro Forma Prospectus") were filed on behalf of the Continuing Funds on August 12, 2002 and August 14, 2002.



6. At the time the Continuing Funds Pro Forma Prospectus was filed, the Fund was expected to be a Terminating Fund and therefore was not included in the Continuing Funds Pro Forma Prospectus.
7. On or about August 20, 2002, CI determined that the Fund should not terminate and wished to continue the distribution of units of the Fund as a Continuing Fund. The Continuing Funds Pro Forma Prospectus was refiled on August 23, 2002 to include the Fund and the (final) simplified prospectus and annual information form (collectively, the "Final Prospectus") of the Continuing Funds (including the Fund) was filed on August 29, 2002.
8. The Fund did not fulfill the condition of the Extension for Continuing Funds that the Fund's pro forma prospectus be filed by August 19, 2002 and therefore the Fund cannot rely on the Extension for Continuing Funds.
9. The Fund may not be entitled to continue to rely on the Extension for Terminating Funds for the units it distributes during the period (the "Interim Period") commencing on August 25, 2002 and ending on the date a receipt is issued for the Final Prospectus. The Application for this Decision was filed on August 30, 2002.
10. Except for the Extension for Terminating Funds, the Fund would have been included in the Continuing Funds Pro Forma Prospectus or would have ceased the distribution of its units on the lapse date of the Current Prospectus. The Fund has since ceased the distribution of its units.
11. There have been no material changes in the affairs of the Fund since the filing of the Current Prospectus other than those for which amendments have been filed. Accordingly, the Current Prospectus and the amendments thereto represent current information regarding the Fund.

- (b) all unitholders of record of the Fund in the Jurisdictions who purchase units of the Fund during the Interim Period ("Affected Unitholders") are provided with the right (the "Cancellation Right") to cancel such trades within 20 business days of receipt of a statement (the "Statement") describing the Cancellation Right and to receive, upon the exercise of the Cancellation Right, the purchase price paid on the acquisition of such units and all fees and expenses incurred in effecting such purchase (the net asset value per unit on the date of such a purchase by an Affected Unitholder is hereinafter defined as the "Purchase Price per Unit");
- (c) the Fund mails the Statement, a copy of this Decision, and a copy of the Final Prospectus to Affected Unitholders no later than October 3, 2002; and
- (d) if the net asset value per unit of the Fund on the date that an Affected Unitholder exercises the Cancellation Right is less than the Purchase Price per Unit, CI shall reimburse the Fund for the difference between the Purchase Price per Unit and the net asset value per unit on the date on which such Affected Unitholder exercises the Cancellation Right.

September 18, 2002.

"Howard I. Wetston"

"Paul M. Moore"

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision"):

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the Jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Fund is exempt from the time limits provided by the Legislation for the filing of the renewal prospectus until such time as a final receipt is obtained for the Final Prospectus, provided that:

- (a) the final simplified prospectus of the Fund was filed by September 18, 2002;

**2.1.5 MRF 2002 Limited Partnership -  
MRRS Decision**

**Headnote**

Issuer exempted from interim financial reporting requirements for first and third quarter of each financial year - issuer also exempted from requirements to file annual information forms and management's discussion and analysis - exemption terminates upon the occurrence of a material change in the business affairs of the Issuer unless the Decision Makers are satisfied that the exemption should continue.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 77, 79 and 80(b)(iii).

**Applicable Ontario Rules**

OSC Rule 51-501- AIF and MD&A, (2000) 23 OSCB 8365, as am., ss. 1.2(2), 2.1(1), 3.1, 4.1(1), 4.3 and 5.1.

OSC Rule 52-501- Financial Statements, (2000) 23 OSCB 8372, ss. 2.2(2) and 4.1.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
ONTARIO, NOVA SCOTIA AND NEWFOUNDLAND**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
MRF 2002 LIMITED PARTNERSHIP  
MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from MRF 2002 Limited Partnership (the "Partnership") for:

1. a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to file and send to its securityholders (the "Limited Partners") its interim financial statements for each of the first and third quarters of each of the Partnership's fiscal years (the "First & Third Quarter Interim Financials"), shall not apply to the Partnership; and
2. in Ontario and Saskatchewan only, a decision pursuant to the securities legislation of Ontario

and Saskatchewan that the requirements to file and send to the Limited Partners, its:

- (a) annual information form (the "AIF");
- (b) annual management discussion and analysis of financial condition and results of operations (the "Annual MD&A"); and
- (c) interim management discussion and analysis of financial condition and results of operations (the "Interim MD&A"),

shall not apply to the Partnership.

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Application (the "System), the Ontario Securities Commission is the principal regulator for this application.

**AND WHEREAS** the Partnership has represented to the Decision Makers that:

1. The Partnership is a limited partnership formed pursuant to the *Limited Partnerships Act* (Ontario) on January 16, 2002.
2. The Partnership was formed to invest in certain common shares ("Flow-Through Shares") of companies involved primarily in oil and gas, mining or renewable energy exploration and development ("Resource Companies").
3. The Partnership will enter into agreements ("Resource Agreements") with Resource Companies and under the terms of each Resource Agreement, the Partnership will subscribe for Flow-Through Shares of the Resource Company and the Resource Company will incur and renounce to the Partnership, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development which qualify as Canadian exploration expense or as Canadian development expense which may be renounced as Canadian exploration expense to the Partnership.
4. On May 29, 2002, the Decision Makers, together with the securities regulatory authority or regulator for Manitoba, New Brunswick, Prince Edward Island and the Yukon (in which jurisdictions no legislative requirement exists to file first and third quarter interim financial statements), issued a receipt under the System for the prospectus of the Partnership dated May 28, 2002 (the "Prospectus") relating to an offering of up to 3,000,000 units of the Partnership (the "Partnership Units").
5. The Prospectus contained disclosure that the Partnership intends to apply for an order from the Decision Makers exempting it from the

- requirements to file and distribute financial statements of the Partnership in respect of the first and third quarters of each fiscal year of the Partnership.
6. The Partnership Units will not be listed or quoted for trading on any stock exchange or market.
  7. At the time of purchase or transfer of Partnership Units, each purchaser or transferee consents to the application by the Partnership for an order from the Decision Makers exempting the Partnership from the requirements to file and distribute financial statements of the Partnership in respect of the first and third quarters of each fiscal year of the Partnership.
  8. On or about June 30, 2004, the Partnership will be liquidated and the Limited Partners will receive their pro rata share of the net assets of the Partnership; and it is the current intention of the general partner of the Partnership (the "General Partner") to propose prior to the dissolution that the Partnership enter into an agreement with Middlefield Mutual Funds Limited (the "Mutual Fund"), an open end mutual fund, whereby assets of the Partnership would be exchanged for shares of the Growth Class of the Mutual Fund; and upon dissolution, Limited Partners would then receive their pro rata share of the shares of the Growth Class of the Mutual Fund.
  9. Since its formation on January 16, 2002, the Partnership's activities primarily included (i) collecting the subscriptions from the Limited Partners, (ii) investing the available Partnership funds in Flow-Through Shares of Resource Companies, and (iii) incurring expenses to maintain the fund.
  10. Unless a material change takes place in the business and affairs of the Partnership, the Limited Partners will obtain adequate financial information concerning the Partnership from the semi-annual financial statements and the annual report containing audited financial statements of the Partnership together with the auditors' report thereon distributed to the Limited Partners and the Prospectus and the semi-annual financial statements provide sufficient background materials and the explanations necessary for a Limited Partner to understand the Partnership's business, its financial position and its future plans, including dissolution on June 30, 2004.
  11. Given the limited range of business activities to be conducted by the Partnership and the nature of the investment of the Limited Partners in the Partnership, the provision by the Partnership of the First and Third Quarter Interim Financials, the AIF, the Annual MD&A and the Interim MD&A will not be of significant benefit to the Limited Partners

and may impose a material financial burden on the Partnership.

12. It is disclosed in the Prospectus that the General Partner will apply on behalf of the Partnership for relief from the requirements to send to Limited Partners the First and Third Quarter Interim Financials.
13. Each of the Limited Partners has, by subscribing for the units offered by the Partnership in accordance with the Prospectus, agreed to the irrevocable power of attorney contained in Article XIX of the Amended and Restated Limited Partnership Agreement scheduled to the Prospectus and has thereby consented to the making of this application for the exemption requested herein.

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each Decision Maker is of the opinion that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the requirements contained in the Legislation to file and send to the Limited Partners its First & Third Quarter Interim Financials shall not apply to the Partnership provide that this exemption shall terminate upon the occurrence of a material change in the affairs of the Partnership unless the Partnership satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

September 11, 2002.

"Howard I. Wetston"

"Robert W. Korthals"

**THE FURTHER DECISION** of the securities regulatory authority or securities regulator in each of Ontario and Saskatchewan is that the requirements contained in the legislation of Ontario and Saskatchewan to file and send to its Limited Partners its AIF, Annual MD&A and Interim MD&A shall not apply to the Partnership provided that this exemption shall terminate upon the occurrence of a material change in the affairs of the Partnership unless the Partnership satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

September 11, 2002.

"John Hughes"

**2.1.6 Liberty Oil & Gas Ltd. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities by another issuer.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, SASKATCHEWAN AND ONTARIO**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
LIBERTY OIL & GAS LTD.**

**MRRS DECISION DOCUMENT**

1. WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Liberty Oil & Gas Ltd. ("Liberty") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Liberty be deemed to have ceased to be a reporting issuer under the Legislation;
2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS Liberty has represented to the Decision Makers that:
  - 3.1 Liberty is a corporation amalgamated under the *Canada Business Corporations Act* (the "CBCA");
  - 3.2 Liberty's head office is located in Calgary, Alberta;
  - 3.3 Liberty is a reporting issuer in the Jurisdictions;
  - 3.4 Liberty became a reporting issuer in Alberta as a result of an amalgamation with Rockport Energy Corporation on November 30, 1998;

- 3.5 Liberty is not in default of any of the requirements of the Legislation, with the exception of its failure to file an annual information form in Ontario for the year ended December 31, 2001;
- 3.6 the authorized capital of Liberty consists of an unlimited number of common shares (the "Common Shares");
- 3.7 there is one Common Share issued and outstanding;
- 3.8 Lexxor Energy Inc. ("Lexxor"), a corporation amalgamated under the *Business Corporations Act* (Alberta) and with its head office in Calgary, Alberta, owns the only outstanding Common Share;
- 3.9 Lexxor became the sole security holder of Liberty pursuant to an arrangement under the CBCA completed effective July 23, 2002 (the "Arrangement");
- 3.10 under the Arrangement, the predecessor of Liberty amalgamated with Lexxor Acquisition Company Ltd., a wholly owned subsidiary of Lexxor, and the former holders of Liberty common shares exchanged those common shares for common shares and warrants to purchase common shares of Lexxor;
- 3.11 the Common Shares were delisted from the TSX Venture Exchange on August 12, 2002 and no securities of Liberty are listed or quoted on any exchange or market;
- 3.12 Liberty has no securities, including debt securities, outstanding other than the Common Shares; and
- 3.13 Liberty does not intend to seek financing by way of a public offering of its securities;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the Legislation is that Liberty is deemed to have ceased to be a reporting issuer under the Legislation.

September 11, 2002.

“Patricia M. Johnston”

## 2.1.7 BNS Split Corp. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted to an issuer from requirement to deliver annual financial statements and an annual report where applicable. The annual financial statements covered a short operating period.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 80(b)(iii).

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, BRITISH COLUMBIA, ALBERTA,  
SASKATCHEWAN, MANITOBA, QUEBEC,  
NOVA SCOTIA AND NEWFOUNDLAND AND  
LABRADOR**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
BNS SPLIT CORP.**

### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the “Decision Maker”) in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from BNS Split Corp. (the “Issuer”) for decisions under the securities legislation (the “Legislation”) of the Jurisdictions that the Issuer be exempted from the requirement to send its annual financial statements and annual report, where applicable, for its fiscal year ended August 2, 2002 to its security holders, as would otherwise be required pursuant to applicable Legislation;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), Ontario is the principal regulator for this application;

**AND WHEREAS**, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Quebec Commission Notice 14-101.

**AND WHEREAS** the Issuer has represented to the Decision Maker that:

1. The Issuer filed a final prospectus dated July 25, 2002 (the “Prospectus”) with the securities regulatory authority in each of the Provinces of

Canada pursuant to which a distribution of 2,040,000 class A capital shares (the "Capital Shares") and 1,020,000 class A preferred shares (the "Preferred Shares") of the Issuer was completed on August 2, 2002.

2. The Issuer was incorporated under the laws of the Province of Ontario on June 14, 2002. The fiscal year end of the Issuer is August 2, with the first fiscal year end occurring on August 2, 2002.
3. The authorized capital of the Issuer consists of an unlimited number of Capital Shares, of which 2,040,000 are issued and outstanding, an unlimited number of Preferred Shares, of which 1,020,000 are issued and outstanding, an unlimited number of class B, class C, class D and class E capital shares, issuable in series, none of which are issued and outstanding, an unlimited number of class B, class C, class D and class E preferred shares, issuable in series, none of which are issued and outstanding, and an unlimited number of class J shares (the "Class J Shares"), of which 100 are issued and outstanding. The attributes of the Capital Shares and the Preferred Shares are described in the Prospectus under "Description of Share Capital".
4. The Class J Shares are the only class of voting securities of the Issuer. Scotia Capital Inc. ("Scotia Capital") owns all of the issued and outstanding Class J Shares. Scotia Capital acted as an agent for, and was the promoter of, the Issuer in respect of the offerings of the Capital Shares and the Preferred Shares.
5. The principal undertaking of Issuer is the holding of a portfolio of common shares (the "Portfolio Shares") of The Bank of Nova Scotia in order to generate distributions for the holders of Preferred Shares and to provide the holders of Capital Shares with a leveraged investment, the value of which is linked to changes in the market price of the Portfolio Shares. The Portfolio Shares held by the Issuer will only be disposed of as described in the Prospectus.
6. The Prospectus included an audited balance sheet of the Issuer as at July 25, 2002 and an unaudited pro forma balance sheet prepared on the basis of the completion of the sale and issue of Capital Shares and Preferred Shares of the Issuer. There are no material differences in the financial position of the Issuer as at August 2, 2002 and, as such, the financial position of the Issuer as at August 2, 2002 will have been substantially reflected in the pro forma financial statements contained in the Prospectus.
7. The Issuer is an inactive company, the sole purpose of which is to provide a vehicle through which different investment objectives with respect

to participation in the Portfolio Shares may be satisfied. Holders of Capital Shares will be entitled on redemption to the benefits of any capital appreciation in the market price of the Portfolio Shares after payment of operating expenses of the Issuer and the fixed distributions on the Preferred Shares, and holders of Preferred Shares will be entitled to receive fixed cumulative preferential distributions on a quarterly basis equal to \$0.3162 per Preferred Share.

8. The benefit to be derived by the security holders of the Issuer from receiving a hard copy of the financial statements and annual report for the fiscal year ended August 2, 2002 would be minimal in view of (i) the very short period from the date of the Prospectus to its fiscal year end; (ii) the pro forma financial statements contained in the Prospectus; (iii) the contemporary occurrence of the closing of the offerings and the Issuer's first year end on August 2, 2002; and (iv) the nature of the minimal business carried on by the Issuer.
9. The expense to the Issuer of sending to its security holders the financial statements and annual report for the fiscal year ended August 2, 2002 would not be justified in view of the availability of such statements through the SEDAR website and the Issuer's website.

**AND WHEREAS** pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**IT IS HEREBY DECIDED** by the Decision Makers pursuant to the Legislation that the Issuer is exempted from sending to its security holders its annual financial statements for its fiscal year ended August 2, 2002 and is exempted from preparing, filing and sending to its security holders an annual report, where applicable, for the period ended August 2, 2002, provided that, the Issuer sends a copy of such annual financial statements to any security holder of the Issuer who so requests.

September 27, 2002.

"Howard I. Wetston"

"Robert L. Shirriff"

## 2.1.8 SCMP Group Limited - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Cash issuer bid made in Canada - Bid made in accordance with the laws of Hong Kong - *de minimis* exemption unavailable because Hong Kong not recognized jurisdiction in Ontario - Bid exempted from the requirements of Part XX, subject to certain conditions.

### Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3)(h), 95, 96, 97, 98, 100 and 104(2)(c).

### Recognition Orders Cited

In the Matter of the Recognition of Certain Jurisdictions (Clauses 93(1)(e) and 93(3)(h) of Act) (1997) 20 OSCB 1035.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, BRITISH COLUMBIA AND ONTARIO**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
SCMP GROUP LIMITED**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, British Columbia and Ontario (the "Jurisdictions") has received an application from SCMP Group Limited ("SCMP") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the formal issuer bid requirements in the Legislation, including the provisions relating to delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to a bid, disclosure, financing, identical consideration and collateral benefits (collectively, the "Issuer Bid Requirements") do not apply to the proposed issuer bid offer (the "Offer") by SCMP to repurchase up to 173,438,400 issued ordinary/common shares (the "Shares") of SCMP from its shareholders;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Ontario Securities Commission is selected as the principal regulator for this application;

**AND WHEREAS** SCMP has represented to the Decision Makers that:

1. SCMP is a corporation incorporated under the laws of Bermuda. SCMP's registered office is located in Bermuda and its principal place of business is in Hong Kong.
2. SCMP's issued share capital as at December 31, 2001 consisted of 1,733,784,078 ordinary shares of HK\$0.10 nominal value each (each a "Share") plus 136,447 dilutive Shares in respect of outstanding Share options. The Shares are listed on the main board of The Stock Exchange of Hong Kong Limited.
3. SCMP is not a reporting issuer in Ontario, nor is it a reporting issuer or the equivalent in any other jurisdiction in Canada.
4. The Offer was announced on September 3, 2002 and will be made to all holders of the outstanding Shares (the "Shareholders"). The Offer is an all cash offer whereby SCMP is offering to repurchase up to a maximum of 173,438,400 Shares at an offer price of HK\$3.60 per Share. This Share repurchase by general offer constitutes an issuer bid for such Shares.

## Decisions, Orders and Rulings

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5. The Offer is being made in accordance with the laws of Hong Kong and Bermuda and *The Codes on Takeovers and Mergers and Share Repurchases* (the "Hong Kong Code"), and not pursuant to any exemptions from such requirements. The Hong Kong Code is regulated by the Hong Kong Securities and Futures Commission (the "HKSF").
6. Pursuant to the Hong Kong Code, SCMP submitted to the HKSF for its review and approval an offer document containing the terms and conditions of the Offer and prescribed disclosure (the "Offer Document"). The Offer Document has been approved by the HKSF and was mailed by SCMP to Shareholders on September 23, 2002. Pursuant to the Hong Kong Code, the Shareholders have a 21 day period during which to accept the Offer, including 14 days after the Offer becomes unconditional.
7. The Offer is conditional upon the approval of Shareholders at a special general meeting, expected to be held on or around October 7, 2002. The notice convening such meeting is included in the Offer Document.
8. There are a total of 6 Shareholders with registered addresses in the Jurisdictions (the "Canadian Shareholders"). The Canadian Shareholders hold in the aggregate less than 2% of the issued and outstanding Shares as set out below:

Province	Number of Shareholders	Number of Shares Held	Approximate Percentage of Outstanding Shares at September 2, 2002	Value of Assured Entitlements under Offer (HK\$)
Ontario	3	21,050	0.0012%	11,632
British Columbia	2	5,300	0.0003%	2,929
Alberta	1	2,000	0.0001%	1,105
Total	6	28,350	0.0016%	15,666

9. On the basis of the Offer price of HK\$3.60 per Share, the aggregate value of the Shares registered in the names of the Canadian Shareholders amounts to HK\$102,060.
10. Assuming successful completion of the Offer, the total amount of consideration to be paid by SCMP to all accepting Shareholders is HK\$624,378,240. Assuming successful completion of the Offer and that the Canadian Shareholders tender acceptances in respect of their assured entitlements of 3.07 Shares for every 20 held, the aggregate amount of consideration that would be paid to Canadian Shareholders under the Offer would be HK\$15,666.
11. SCMP cannot rely on the *de minimis* exemption from the issuer bid requirements because the Decision Makers have not recognised Hong Kong for this purpose in the Legislation.
12. The Offer will be made on the same terms and conditions to the Canadian Shareholders as it has been made to all Shareholders, including offering identical consideration.
13. The Offer Document and all other material relating to the Offer, including any amendments, that will be sent by SCMP to Shareholders residing outside Canada shall concurrently be sent to the Canadian Shareholders and filed with the Decision Makers.

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers under the Legislation is that SCMP is exempt from the Issuer Bid Requirements in making the Offer to the Canadian Shareholders provided that:

- (a) the Offer and all amendments to the Offer are made in compliance with the laws of Hong Kong and Bermuda, including the Hong Kong Code; and



- (b) the Offer Document and all other material relating to the Offer, including any amendments, that are sent by or on behalf of SCMP to Shareholders residing outside Canada are concurrently sent to the Canadian Shareholders and copies of such material are filed as nearly as practicable contemporaneously with the Decision Maker in each Jurisdiction.

September 30, 2002.

“Paul M. Moore”

“Robert L. Shirriff”

## 2.2 Orders

### 2.2.1 True North Corporation - ss. 83.1(1)

#### Headnote

Subsection 83.1(1) – issuer deemed to be a reporting issuer in Ontario – issuer has been a reporting issuer in British Columbia and Alberta since 2000 – issuer's securities listed and posted for trading on the TSX Venture Exchange – continuous disclosure requirements of British Columbia and Alberta substantially identical to those of Ontario.

#### Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 83.1(1).

**IN THE MATTER OF  
THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
TRUE NORTH CORPORATION**

**ORDER  
(Subsection 83.1(1))**

**UPON** the application of True North Corporation ("True North") for an Order pursuant to subsection 83.1(1) of the Act deeming True North to be a reporting issuer for the purposes of Ontario securities law;

**AND UPON** considering the application and the recommendation of the staff of the Ontario Securities Commission (the "Commission");

**AND UPON** True North having represented to the Commission as follows:

1. True North is a corporation incorporated under the laws of Alberta on May 29, 2000 under the name Revolve Capital Corp. By a Certificate of Amendment dated November 23, 2000, True North removed its private company restrictions and by a Certificate of Amendment dated February 27, 2002, True North changed its name from Revolve Capital Corp. to True North Corporation. The head office of True North is located in Toronto, Ontario.
2. The authorized share capital of True North consists of an unlimited number common shares ("Common Shares") and an unlimited number of preferred shares, issuable in series. As of the date hereof there are 15,344,000 Common Shares outstanding and no preferred shares outstanding.
3. The Common Shares of True North are listed on the TSX Venture Exchange (formerly known as

the Canadian Venture Exchange) under the symbol "TN". True North is not in default of any of the requirements of the TSX Venture Exchange.

4. True North has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") and the *Securities Act* (Alberta) (the "Alberta Act") since November 29, 2000. True North is not in default of any of the requirements of the BC Act or the Alberta Act. True North is not a reporting issuer in Ontario or in any other jurisdiction other than British Columbia and Alberta.
5. True North Advertising Group Inc. ("TNAG") is a corporation which was incorporated under the *Business Corporations Act* (Ontario) on April 17, 1996. The head office and registered office of TNAG is located in Toronto, Ontario.
6. On January 23, 2002, True North entered into a non-arm's length agreement with TNAG whereby True North agreed to purchase all of the issued and outstanding securities of TNAG (the "Qualifying Transaction").
7. The Qualifying Transaction involved the issuance of 10,000,000 common shares of True North (at a deemed price of \$0.20 per share) to TNAG shareholders pursuant to a share exchange agreement.
8. The Qualifying Transaction of True North received the approval of the shareholders of True North on February 26, 2002 and was accepted for filing by the TSX Venture Exchange on March 13, 2002. The Common Shares of True North recommenced trading on the TSX Venture Exchange under the symbol "TN" on March 15, 2002. True North is no longer considered to be a capital pool company as defined in the policies of the TSX Venture Exchange.
9. The TSX Venture Exchange requires all of its listed issuers, which are not otherwise reporting issuers in Ontario, to assess whether they have a "significant connection to Ontario" as defined in Policy 1.1 of the TSX Venture Exchange Corporate Finance Manual and, upon first becoming aware that it has a significant connection to Ontario, to promptly make a *bona fide* application to the Commission to be deemed a reporting issuer in Ontario.
10. Mark Anthony is the President and a Director of True North. After the completion of the Qualifying Transaction, Mr. Anthony beneficially holds or controls 5,500,000 Common Shares in the capital of True North representing 37.9% of the outstanding Common Shares. He currently is a resident of Etobicoke, Ontario.

11. Salvatore Iantorno is the Secretary-Treasurer and a Director of True North. After the completion of the Qualifying Transaction, Mr. Iantorno beneficially holds or controls 5,500,000 Common Shares in the capital of True North representing 37.9% of the outstanding Common Shares. He is currently a resident of Maple, Ontario.
12. Frank Peri is a Director of True North. After completion of the Qualifying Transaction, Mr. Peri beneficially holds or controls 450,000 Common Shares in the capital of True North representing 3.1% of the outstanding Common Shares.
13. Jim Williamson, a recently appointed Director of True North, is currently a resident of Pickering, Ontario.
14. True North has a significant connection to Ontario as approximately 79% of the Common Shares are beneficially held by residents of Ontario and as the mind and management of True North is principally located in Ontario.
15. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.
16. The continuous disclosure materials filed by True North under the BC Act and the Alberta Act are publicly available on the System for Electronic Document Analysis and Retrieval.
17. Neither any officer or director of True North, nor, to the knowledge of True North, its officers and directors, any shareholder of True North holding sufficient securities of True North to affect materially the control of True North, has:
- (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or entered into a settlement agreement with a Canadian securities regulatory authority; or
  - (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.
18. None of True North, any officer or director of True North, nor, to the knowledge of True North, its officers and directors, any shareholder of True North holding sufficient securities of True North to affect materially the control of True North, has been subject to:
- (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority; or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or
  - (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the preceding ten years.
19. No other reporting issuer, or equivalent, of which any director or officer of True North or, to the knowledge of True North, its officers and directors, a shareholder holding sufficient securities of True North to affect materially the control of True North, was a director or officer of at the time of such event have been the subject of:
- (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than thirty consecutive days, within the preceding ten years; and
  - (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or been the subject of the appointment of a receiver, receiver-manager or trustee, within the preceding ten years.

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;

**IT IS HEREBY ORDERED** pursuant to subsection 83.1(1) of the Act that True North be deemed a reporting issuer for the purposes of Ontario securities laws.

September 26, 2002.

"Iva Vranic"

**2.2.2 Eldorado Gold Corporation - cl. 104(2)(c)**

**Headnote**

Clause 104(2)(c) - relief granted from the issuer bid requirements of Part XX in connection with the proposed repurchase of an "out of the money" convertible debenture where an investment dealer has opined that the convertibility feature is of no material value, the offer is made to two accredited investors, and the debenture indenture specifically contemplates the repurchase of the debentures by private agreement.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 104(2)(c) and Part XX.

**IN THE MATTER OF  
THE SECURITIES ACT R.S.O. 1990 CHAPTER S.5  
AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
ELDORADO GOLD CORPORATION**

**ORDER  
(Clause 104(2)(c))**

**UPON** the application of Eldorado Gold Corporation ("Eldorado") to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the Act exempting Eldorado from the requirements of Part XX of the Act and the regulations thereunder in connection with Eldorado's invitation to Brant Investments Limited ("Brant") to make an offer to Eldorado to sell to Eldorado an aggregate principal amount of US\$2,000,000 8.25% convertible debentures;

**AND UPON** considering the application and the recommendation of the staff of the Commission;

**AND UPON** Eldorado having represented to the Commission as follows:

1. Eldorado is governed by the *Canada Business Corporations Act* and its head office is in Vancouver, British Columbia.
2. Eldorado, together with its subsidiaries, is engaged principally in the mining and processing of gold ore and the exploration, acquisition and development of gold-bearing mineral properties.
3. Eldorado is a reporting issuer in Ontario and has been for more than 12 months.
4. As at May 31, 2002, the authorized share capital of Eldorado consists of an unlimited number of common shares (the "Shares") and an unlimited number of convertible non-voting shares, of which there were approximately 166,985,008 Shares,

and no convertible non-voting shares, issued and outstanding.

5. The Shares are listed and posted for trading on the Toronto Stock Exchange. The Shares closed at CDN\$1.33 per Share at the close of business on June 20, 2002.
6. An aggregate principal amount of US\$10,000,000 8.25% convertible debentures ("Debentures") were issued pursuant to a trust indenture (the "Trust Indenture") dated as of November 3, 1994 between Eldorado Corporation Ltd. and Montreal Trust Company of Canada (now Computershare Trust Company of Canada) and are due November 1, 2004.
7. The Trust Indenture was supplemented on April 19, 1996 and November 19, 1996 (hereafter referred to as the "Supplemented Indenture") to reflect that Eldorado Corporation Ltd. was continued under the laws of Canada, to correct some minor typographical errors, and to reflect the amalgamation of Eldorado Corporation Ltd. with HRC Development Corporation to form Eldorado Gold Corporation and the assumption of the successor company of all the obligations of the predecessor company under the Trust Indenture.
8. It is a term of the Debentures that Eldorado pay interest semi-annually at an annual rate of 8.25% on May 1 and November 1 in each year.
9. The Debentures were issued pursuant to a prospectus dated February 22, 1995.
10. The Debentures are not listed on an exchange.
11. None of the Debentures are currently owned by any insiders of the Eldorado.
12. Under the Supplemented Indenture, the principal amount under the Debentures is convertible (the "Convertibility Feature") at the option of the holder at any time prior to maturity into Shares at a conversion price of US\$3.25 (the "Conversion Price"), subject to adjustment from time to time. No such adjustment has taken place.
13. Under section 3.6(1) of the Supplemented Indenture, Eldorado is permitted to acquire the Debentures by private contract at any price not exceeding the "Redemption Price" at which such Debentures could, at the time of purchase, be redeemed by Eldorado, plus, in each case, costs of purchase.
14. The "Redemption Price" is defined in Section 3.2(1) of the Supplemented Indenture as follows:

*"The price payable by the Company on any redemption of Debentures shall be equal to the principal amount of the Debentures to be*

*redeemed, together with accrued and unpaid interest on the principal amount of the Debentures, or part thereof, to the date fixed for redemption.*"

- 15. Eldorado intends to invite (the "Offer") Brant to make an offer to Eldorado to sell to Eldorado an aggregate principal amount of US\$2,000,000 Debenture (the "Brant Debenture") in return for approximately 1,597,867 Shares.
- 16. Brant is a corporation governed under the laws of Canada. Its registered and business office is located in Toronto, Ontario. To the best of Eldorado's information, knowledge and belief, Brant holds the Brant Debenture on behalf of two beneficial holders that are "accredited investors" as defined under OSC Rule 45-501, that are located in Ontario and that are not related parties of Eldorado as defined under OSC Rule 61-501.
- 17. The Offer constitutes an issuer bid under the Act and as such must comply with Part XX of the Act and the regulations thereunder.
- 18. The Shares have not traded above the Conversion Price since 1997, and Eldorado has received an opinion from an investment dealer that the Convertibility Feature is of no material value.

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;

**IT IS ORDERED** pursuant to clause 104(2)(c) of the Act that Eldorado be exempt from Part XX of the Act and the regulations thereunder in connection with the acquisition of the Brant Debenture by Eldorado pursuant to the Offer.

July 5, 2002.

"Robert L. Shirriff"                      "H. Lorne Morphy"

**2.2.3 Intelligent Web Technologies Inc. - s. 144**

**Headnote**

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

**IN THE MATTER OF  
THE SECURITIES ACT, R.S.O. 1990,  
CHAPTER S.5 AS AMENDED  
(THE "ACT")**

**AND**

**IN THE MATTER OF  
INTELLIGENT WEB TECHNOLOGIES INC.**

**ORDER  
(Section 144)**

**WHEREAS** the securities of Intelligent Web Technologies Inc. (the "Company") are subject to a Temporary Order (the "Temporary Order") of the Director dated July 11, 2002 under paragraph 2 subsection 127(1) and subsection 127(5) of the Act directing that trading in the securities of the Company cease, as extended by further order (the "Extension Order" and collectively, the "Cease Trade Order") of the Director, made on July 23, 2002, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of the Company cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

**AND UPON** the Company having applied to the Ontario Securities Commission (the "Commission") for revocation of the Cease Trade Order pursuant to section 144 of the Act;

**AND UPON** the Company having represented to the Commission that:

- 1. The Company is a corporation incorporated under the laws of Canada and is a reporting issuer under the Act;
- 2. The authorized capital of the Company consists of an unlimited number of common shares of which 6,899,362 are issued and outstanding as at the date hereof;
- 3. The Temporary Order was issued as a result of the Company's failure to file with the Commission audited annual statements for the year ended December 31, 2001 (the "Financial Statements") and interim statements (the "Interim Statements")

for the three-month period ended March 31, 2002, as required by the Act;

4. The Financial Statements and the Interim Statements were not filed because the Company was inactive;
5. The Financial Statements and the Interim Statements for both the three-month period ended March 31, 2002 and the six-month period ended June 30, 2002 have been prepared and filed with the Commission on September 9, 2002;
6. The Financial Statements and the Interim Statements were mailed to the shareholders of the Company on September 12, 2002; and
7. Except for the Cease Trade Order, the Company is not otherwise in default of any of the requirements of the Act or the Regulation.

**AND UPON** considering the application and the recommendation of the Staff of the Commission;

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;

**IT IS ORDERED** under section 144 of the Act that the Cease Trade Order be revoked.

September 20, 2002.

“John Hughes”

**2.2.4 Phoenix Research and Trading Corporation et al.**

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

**AND**

**IN THE MATTER OF  
PHOENIX RESEARCH AND TRADING CORPORATION,  
RONALD MOCK AND  
STEPHEN DUTHIE**

**ORDER**

**WHEREAS** on June 11, 2002, a Notice of Hearing and Statement of Allegations was issued against Phoenix Research and Trading Corporation, Ronald Mock and Stephen Duthie;

**AND WHEREAS** the parties made a first appearance on September 19, 2002 before Vice-Chair Wetston;

**AND WHEREAS** the parties requested a pre-hearing conference be scheduled;

**AND WHEREAS** the Commission considers it to be in the public interest to make this Order;

**AND WHEREAS** by Commission Order made March 9, 2001, pursuant to subsection 3.5(3) of the Act, any one of David A. Brown, Howard Wetston or Paul Moore, acting alone, is authorized to make Orders under the Act;

**IT IS THEREFORE ORDERED THAT** a pre-hearing conference be held on October 23, 2002 at 8:30 a.m.

October 1, 2002.

“Howard Wetston”

**2.2.5 Resorts Unlimited Management Inc. - s. 144**

**Headnote**

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

**AND**

**IN THE MATTER OF  
RESORTS UNLIMITED MANAGEMENT INC.**

**ORDER  
(SECTION 144)**

**WHEREAS** the securities of RESORTS UNLIMITED MANAGEMENT INC. ("RESORTS") are subject to a Temporary Order (the "Temporary Order") of the Director made on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 subsection 127(1) and subsection 127(5) of the Act, on June 4, 2002 as extended by further order (the "Extension Order" and collectively, the "Cease Trade Order") of the Director, made on June 14, 2002, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of RESORTS cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

**AND UPON** RESORTS having applied to the Commission pursuant to section 144 of the Act for an Order revoking the Cease Trade Order;

**AND UPON** RESORTS having represented to the Commission that:

1. RESORTS is a British Columbia corporation, with the head office located in Edmonton, Alberta and has been a reporting issuer in the Province of Ontario since November 3, 1980;
2. The Temporary Order was issued due to the failure of RESORTS to file with the Commission audited annual financial statements for the year ended December 31, 2001 (the "Financial Statements") and interim financial statements (the "Interim Financial Statements") for the period ended March 31, 2002 as required by the Act;
3. The Financial Statements for the year ended December 31, 2001 and the Interim Financial Statements for the periods ended March 31, 2002

and June 30, 2002 were filed with the Commission via SEDAR on August 16, 2002, August 29, 2002 and August 29, 2002, respectively;

4. Except for a Cease Trade Order, RESORTS is not otherwise in default of any requirements of the Act or the regulation made thereunder;

**AND UPON** considering the application and the recommendation of the staff of the Commission;

**AND UPON** the Commission being satisfied that RESORTS is now current with the continuous disclosure requirements under Part XVIII of the Act and has remedied its default in respect of such requirements;

**AND UPON** the Commission being of the opinion that to do so would not be prejudicial to the public interest;

**IT IS ORDERED** pursuant to section 144 of the Act that the Cease Trade Order be and is hereby revoked.

October 1, 2002.

"John Hughes"

**2.2.6 CLN Ventures Inc. - s. 144**

**Headnote**

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5, AS AMENDED  
(the "Act")**

**AND**

**IN THE MATTER OF  
CLN VENTURES INC.**

**ORDER  
(Section 144)**

**WHEREAS** the securities of CLN Ventures Inc. (the "Reporting Issuer") currently are subject to a Temporary Order (the "Temporary Order") made by a Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on August 26, 2002 as extended by a further order (the "Extension Order") of a Director, made on September 9, 2002, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in securities of the Reporting Issuer cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

**AND WHEREAS** the Temporary Order and Extension Order were each made on the basis that the Reporting Issuer was in default of certain filing requirements;

**AND WHEREAS** the undersigned Manager is satisfied that the Reporting Issuer has remedied its default in respect of the filing requirements and is of the opinion that it would not be prejudicial to the public interest to revoke the Temporary Order as extended by the Extension Order;

**NOW THEREFORE, IT IS ORDERED**, pursuant to section 144 of the Act, that the Temporary Order and Extension Order be and they are hereby revoked.

September 30, 2002.

"John Hughes"

**2.2.7 Western Asset Management Company and  
Western Asset Management Company Limited  
- ss. 38(1) of the CFA**

**Headnote**

Subsection 38(1) of the Commodity Futures Act (Ontario) – relief from the requirements of subsection 22(1)(b) of the CFA, for a period of three years, in respect of advising a Fund and a Master Fund that may invest in commodity futures contracts and commodity futures options subject to certain terms and conditions.

**IN THE MATTER OF  
THE COMMODITIES FUTURES ACT,  
R.S.O. 1990, C. C20, AS AMENDED (the "CFA")**

**AND**

**IN THE MATTER OF  
WESTERN ASSET MANAGEMENT COMPANY AND  
WESTERN ASSET MANAGEMENT COMPANY LIMITED**

**ORDER  
(Section 38(1))**

**UPON** the application of Western Asset Management Company (the "Applicant") and Western Asset Management Company Limited (the "Sub-Adviser") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 38(1) of the CFA that the Applicant and its employees, and the Sub-Adviser and its employees, be exempt from the requirement, in clause 22(1)(b) of the CFA of having to become registered as an adviser or in an equivalent capacity, under the CFA, respectively;

**AND UPON** considering the application and the recommendation of the staff of the Commission;

**AND UPON** the Applicant and the Sub-Adviser having represented to the Commission that:

1. The Applicant is organized under the laws of California and is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC").
2. The Applicant is, pursuant to an investment management agreement, the investment manager of the San Gabriel Opportunity Fund N.V. (the "Fund") and is responsible for providing investment research and advice to the Fund, and supervising the management of the Fund's assets.
3. The Applicant has, pursuant to a sub-investment management agreement, retained the services of the Sub-Adviser, a sister company, to provide certain advisory services to the Fund.
4. The Sub-Adviser is organized under the laws of the United Kingdom and is authorised as an adviser by the Financial Services Authority in the



- United Kingdom. The Sub-Adviser is also registered as an investment adviser with the SEC.
5. The Applicant and the Sub-Adviser are affiliated companies by virtue of their common control and ownership by Legg Mason, Inc.
6. The Fund is a limited liability company organized under the laws of the Netherlands Antilles. The Fund is organized as a “feeder” fund in a “master/feeder” structure. The Fund will invest all or substantially all of its assets in the San Gabriel Opportunity Fund, LLC (the “Master Fund”), which in turn makes investments on behalf of the Fund.
7. The Master Fund is organized as a limited liability company under the laws of the State of Delaware and may accept investments from other investors, including other feeder funds.
8. The Applicant and the Sub-Adviser also provide investment advice to the Master Fund.
9. The Fund may offer separate classes of shares. Currently, the Fund offers the Galleon class of shares to investors who are “qualified purchasers” for purposes of section 3(c)(7) of the *Investment Company Act of 1940* (United States) and “accredited investors” under Regulation D promulgated under the *U.S. Securities Act of 1933*, as amended.
10. The Fund’s investment objective, as implemented through the Master Fund, is to maximize total return through opportunistic investing in an actively managed portfolio of fixed income securities. The Master Fund will generally invest in securities issued by G-10 countries, which may include debt obligations issued or guaranteed by the government of a G-10 country, its agencies or instrumentalities, as well as corporate, mortgage-related and asset-backed securities issued in those countries. The Master Fund’s emphasis is on investment in developed countries.
11. Instruments in which the Master Fund may invest include, but are not limited to, the following: obligations of the U.S. Government or any of its agencies or instrumentalities; securities backed by or representing interests in residential, multifamily or commercial mortgage loans; securities backed by or representing interests in other financial assets that by their terms generate cash flows; corporate notes, bonds, debentures and loans; non-dollar notes, bonds, debentures and loans; shares of closed-end, fixed income investment companies, including those managed by the Applicant; forward contracts, option contracts, futures contracts and options on futures contracts relating to fixed income instruments, currencies, interest rates or other factors affecting the value of fixed income investments; swaps, caps and floors; and short-term investments.
12. Shares of the Fund will be offered to qualified investors pursuant to a confidential offering memorandum.
13. The minimum initial investment in the Fund is U.S. \$1,000,000. The minimum subsequent investment in the Fund is U.S. \$100,000. The Fund reserves the right at any time to vary or waive the minimum amounts for initial and subsequent investments and to suspend or change at any time the terms of the Fund’s offering of its shares.
14. Galleon class shares of the Fund may be purchased on the last business day of each calendar quarter and at such other days as the Fund shall determine. A shareholder of the Fund may also redeem all or a portion of their shares on the last business day of each calendar quarter or on such other dates acceptable to the Fund.
15. The Fund wants to sell its shares to sophisticated purchasers in Ontario pursuant to exemptions in Ontario securities laws.
16. Shares of the Fund will be sold to qualified investors in Ontario by Legg Mason Wood Walker, Incorporated, which is registered with the Commission as an international dealer.
17. The Applicant and its employees, and the Sub-Adviser and its employees, are exempt from registration as an adviser under the OSA pursuant to section 7.10 of OSC Rule 35-502 entitled “Non-Resident Advisers”.
18. The Fund may indirectly through the Master Fund, invest in a variety of securities which may include “commodity futures contracts” and “commodity futures options” as such terms are defined in section 1 of the CFA. As a result, the Applicant and its employees, and the Sub-Adviser and its employees, may be providing advice with respect to securities that would require that they be registered as an adviser or in an equivalent capacity under the CFA, respectively.
- AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;
- IT IS RULED**, pursuant to section 38(1) of the CFA that the Applicant and its employees, and the Sub-Adviser and its employees, are exempt from the requirement, in clause 22(1)(b) of the CFA, of having to become registered as an adviser or in an equivalent capacity under the CFA, respectively, to provide advice to the Fund and the Master Fund for a period of three years, provided that, at the time such activities are engaged in:
- (a) the Applicant continues to be registered as an investment adviser with the U.S. Securities and Exchange Commission and the Sub-Adviser continues to be

authorised as an adviser by the Financial Services Authority in the United Kingdom and registered as an investment adviser with the U.S. Securities and Exchange Commission;

- (b) the Applicant and the Sub-Adviser will not act as an adviser for commodity futures contracts and commodity futures options traded on an exchange in Canada unless this activity is incidental to its acting as an adviser for commodity futures contracts and commodity futures options traded on organized exchanges outside of Canada and cleared through clearing corporations outside of Canada;
- (c) shares of the Fund are offered primarily outside of Canada and are only distributed in Ontario through registrants (as defined under the *Securities Act*) and in reliance upon an exemption from the prospectus requirements of the *Securities Act* and upon an exemption from the adviser registration requirement provided under section 7.10 of Ontario Securities Commission Rule 35-502 Non-Resident Advisers;
- (d) prospective investors who are Ontario residents receive disclosure that includes
  - (i) a statement that there may be difficulty in enforcing legal rights against any of the Applicant or the Sub-Adviser, the Fund or the Master Fund because they are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and
  - (ii) a statement that the Applicant and the Sub-Adviser are not registered with or licensed by any securities regulatory authority in Canada and, accordingly, the protections available to clients of a registered adviser will not be available to purchasers of shares of the Fund.

October 1, 2002.

“H.L. Morphy”

“H.P. Hands”

**2.3 Rulings**

**2.3.1 Trilon Securities Corporation - ss. 74(1)**

**Headnote**

Registered dealer exempted from the requirement to be registered as an adviser, contained in clause 25(1)(c) of the Act, in connection with its acting as an adviser to co-investors identified in the decision pursuant to a co-investment agreement and advisory agreements – Dealer is registered under the Act as an “investment dealer”, but is not exempted from the requirement to obtain registration as an adviser pursuant to section 148 of Regulation 1015.

**Regulation Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1)(c) and 74(1).

**IN THE MATTER OF  
THE SECURITIES ACT, R.S.O.  
1990, CHAPTER S.5, AS AMENDED (THE "Act")**

**AND**

**IN THE MATTER OF  
TRILON SECURITIES CORPORATION**

**RULING  
(Subsection 74(1))**

**UPON** the application (the “Application”) of Trilon Securities Corporation (the “Financial Advisor”) to the Ontario Securities Commission (the “Commission”) for a ruling, pursuant to subsection 74(1) of the Act, that the Financial Advisor shall not be subject to the registration requirement in clause 25(1)(c) of the Act in connection with its acting as an adviser to Co-Investors (as defined below);

**AND UPON** the Financial Advisor having represented to the Commission that:

1. The Financial Advisor is registered under the Act as a dealer in the category of “investment dealer”, but is not exempted from the requirement to obtain registration as an adviser pursuant to section 148 of Regulation 1015 made under the Act.
2. Pursuant to an agreement (the “Co-Investment Agreement”) made among the Financial Advisor, Tricap Management Limited (the “Manager”) and the following persons and companies (the “Initial Co-Investors”), as co-investors, the Initial Co-Investors have agreed to invest in parallel in the securities of certain companies in accordance with

certain investment objectives and on certain terms and conditions set out in the Co-Investment Agreement:

- (i) Canada Pension Plan Investment Board (“CPPIB”);
  - (ii) CIBC Capital Partners, a division of Canadian Imperial Bank of Commerce (“CIBC”);
  - (iii) The Toronto-Dominion Bank (“TD”);
  - (iv) Brascan Corporation (“Brascan”), its subsidiary, Brascan Financial Corporation (formerly “Trilon Financial Corporation”) (“Brascan Financial”), and other subsidiaries of Brascan (Brascan, Brascan Financial and its other subsidiaries are hereinafter collectively referred to as “Brascan Co-Investors”);
  - (v) Mr. Peter Tanaka (“Tanaka”); and
  - (vi) Doncaster Consolidated Ltd. (“Doncaster”).
3. GE Capital Canada Equipment Finance Inc. (“GE”) and Mr. John B. MacIntyre (“MacIntyre”), a member of the advisory board described in paragraph 20 below, have also been admitted as co-investors pursuant to the Co-Investment Agreement (the Initial Co-Investors, GE and MacIntyre are hereinafter collectively referred to as the “Co-Investors”).
  4. The Manager is an affiliate of the Financial Advisor.
  5. CPPIB is a Canadian crown corporation.
  6. Each of CIBC and TD is a bank listed in Schedule I to the Bank Act (Canada).
  7. Brascan Financial is a reporting issuer under the Act with consolidated total assets, at March 31, 2002, of approximately Cdn. \$3.7 billion.
  8. Brascan is a reporting issuer under the Act with consolidated total assets, at December 31, 2001, of approximately Cdn. \$21.9 billion.
  9. GE is a subsidiary of the General Electric Company, a U.S. company whose common stock is listed on the New York Stock Exchange with consolidated total assets as at December 31, 2001 of approximately U.S. \$495 billion.
  10. Doncaster is a corporation that is controlled by Mr. John G. Lacey (“Lacey”) and the sole shareholders of Doncaster are Lacey and members of his family.

11. Each of the Co-Investors has provided commitments (a "Co-Investor Commitment") to co-invest pursuant to the Co-Investment Agreement in the amounts set out below:

CPPIB	\$150,000,000
CIBC	\$25,000,000
TD	\$25,000,000
Brascan Co-Investors	\$200,000,000
Tanaka	\$250,000
Doncaster	\$500,000
GE	\$15,000,000
MacIntyre	\$300,000

12. Under the terms of the Co-Investment Agreement, the Co-Investors will make investments in (i) debt and equity investments in under-performing companies primarily in Canada that require financial and/or operational restructuring, strategic re-direction or enhanced management attention; and (ii) securities of primarily Canadian companies in financial distress, in each case with a view to gaining effective control over, or exerting significant influence on, the reorganization process. Investments will be made over a period of five years (which may be shortened in certain circumstances). The Co-Investment Agreement has a term of ten years, which may be extended for an additional two years to permit the orderly liquidation of investments.

13. Pursuant to the terms of advisory agreements (each, an "Advisory Agreement") between each Co-Investor and the Financial Advisor, the Financial Advisor has agreed to provide financial services to the Co-Investors during the term of the Co-Investment Agreement including sourcing investments and providing investment finance services to the Co-Investors such as investigating, analyzing, structuring and negotiating potential investments and the disposition thereof.

14. Pursuant to the terms of management agreements between each Co-Investor and the Manager, the Manager has agreed to provide general management and administrative services to the Co-Investors during the term of the Co-Investment Agreement.

15. The primary focus of the Financial Advisor will be to source investment opportunities in situations in which the Financial Advisor will play an active role or have a significant influence. However, the Financial Advisor may also source investments in situations where the Financial Advisor will have less influence. The Financial Advisor intends to source potential investments consisting of various classes of securities and other obligations of companies in financial distress. Investments will not be made in derivatives other than stock index, interest rate and foreign currency options for hedging purposes and the issuance, sale, assignment or purchase of (a) call options traded

on a national securities exchange or quotation and trade reporting system in Canada or the United States relating to positions held or anticipated to be held by the Co-Investors, (b) put options relating to trade payables or other commercial obligations of companies in financial distress held by creditors of such entities or their assigns, and (c) over-the-counter equity swap transactions entered into as a substitute for ownership of an underlying security which is the subject of such transaction.

16. Under the terms of the Co-Investment Agreement, each Co-Investor has the option to decide whether or not it will invest in each investment opportunity that is presented to the Co-Investors by the Financial Advisor. If a Co-Investor exercises its option not to make a particular investment, at the option of the Financial Advisor, it will no longer have the right to participate in future investment opportunities presented to the Co-Investors.

17. Under the terms of the Advisory Agreements, each Co-Investor is required to pay the Financial Advisor an advisory fee, calculated based on a percentage of the profits realized on the investments made by that Co-Investor pursuant to the Co-Investment Agreement, after the return to the Co-Investor of its investment plus a preferred return.

18. A Co-Investor generally may not sell, transfer, pledge or assign its investment in a portfolio company or its rights to co-invest, except to certain affiliates, or except with the consent of the Manager. The Manager will not permit any assignment other than in compliance with applicable laws.

19. Each Co-Investor will receive (i) annual reports on the investments made by the Co-Investor pursuant to the Co-Investment Agreement, including financial statements prepared in accordance with generally accepted accounting principles and a report of the Manager's determination of the fair market value of the investments made pursuant to the Co-Investment Agreement; (ii) when calculations of the advisory fee payable to the Financial Advisor are made, particulars of the Manager's calculation of the Financial Advisor's advisory fee, which is subject to audit if a Co-Investor requests; (iii) quarterly reports of the Financial Advisor and Manager, including details of Co-Investor expenses and organizational expenses incurred in such quarter, and (iv) annual tax information.

20. An advisory board has been established comprising restructuring experts to provide advice and recommendations to the Manager with respect to portfolio strategy and due diligence matters and to advise in connection with certain conflict situations. The members of the advisory

board are Tanaka, Lacey and MacIntyre. Each of Tanaka, Lacey and MacIntyre has been offered the opportunity to participate as a Co-Investor in consideration for his agreement to serve as a member of the advisory board. The advisory board members have been approved by the Co-Investors.

21. Each of Tanaka, Lacey and MacIntyre has substantial expertise in restructuring transactions. Tanaka has held a number of senior executive positions, including the position of General Manager, Ministry of Industry Trade & Technology, Ontario where he managed an investment budget in excess of \$100 million per annum and served as the senior executive and chief negotiator on major investment cases for the Province of Ontario. MacIntyre has held numerous senior executive positions within TD, including serving as President of TD Capital, where he oversaw TD's global private equity business comprising over \$2 billion invested in over one hundred companies. Lacey has served as Chairman of the Board of Alderwoods Group, Inc. since January, 2002, is a member of the boards of directors of several other entities and has previously served as Chairman of the Board of The Loewen Group Inc. and as President and Chief Executive Officer of the Oshawa Group Ltd., WIC Western International Communications Inc. and Scott's Hospitality Inc.

**AND WHEREAS** the Commission is satisfied that to do so would not be prejudicial to the public interest.

**IT IS RULED**, pursuant to subsection 74(1) of the Act, that the Financial Advisor shall not be subject to the requirement to register as an adviser contained in clause 25(1)(c) of the Act in connection with its acting as an adviser to Co-Investors pursuant to the Co-Investment Agreement and the Advisory Agreements.

August 9, 2002.

“Paul M. Moore”

“Harold P. Hands”

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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire
Asset Management Software Systems Corp.	18 Sep 02	30 Sep 02	30 Sep 02	
Cogent Capital Corp.	24 Sep 02	04 Oct 02		
Excam Developments Inc.	25 Sep 02	07 Oct 02		
Miracle Entertainment, Inc.	23 Sep 02	04 Oct 02		
Proprietary Industries Inc.	18 Sep 02	30 Sep 02	30 Sep 02	

### 4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation
CLN Ventures Inc.	30 Sep 02
Resorts Unlimited Management Inc.	01 Oct 02

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://www.carswell.com)).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

### Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

#### REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
10-Sep-2002	Trish Siim	3801110 Canada Inc. - Shares	561,188.00	26,568.00
12-Sep-2002	Quest Investment	A & E Capital Funding Inc. - Shares	150,000.00	1,000,000.00
30-Aug-2002	M. Celia Paul Brown	Acuity Funds Ltd. - Trust Units	195,302.76	13,386.00
05-Sep-2002	Elizabeth Pearce	Acuity Funds Ltd. - Trust Units	150,000.00	11,452.00
05-Sep-2002	Norman De Boer	Acuity Funds Ltd. - Trust Units	175,000.00	12,002.00
06-Sep-2002	Jean Agar	Acuity Funds Ltd. - Trust Units	150,000.00	10,280.00
23-Sep-2002	RuthMacKenzie	Acuity Funds Ltd. - Trust Units	150,000.00	10,275.00
17-Sep-2002	John Hill	Acuity Funds Ltd. - Trust Units	150,001.00	11,303.00
19-Sep-2002	Veld Holdings	Acuity Funds Ltd. - Trust Units	150,000.00	10,257.00
28-Aug-2002	Frank Richman	Acuity Funds Ltd. - Trust Units	150,000.00	10,229.00
13-Sep-2002	10 Purchasers	Apollo Gold Corporation - Special Warrants	3,282,000.00	1,410,000.00
23-Aug-2002	Nithside Investments	BPI Global Opportunites III Fund - Units	221,828.23	2,514.00
28-Aug-2002	David M. Adderley and Jose M. Medeiros	Camilion Solutions, Inc. - Preferred Shares	3,095,637.00	12,475,835.00
06-Sep-2002	The Canada Life Assurance Company Investment Division	CAI Capital Corporation - Shares	3,000.00	940.00
04-Sep-2002	BMO Nesbitt Burns Ltd.	Chevron Texaco Corporation - Notes	5,475,415.00	5,500,000.00
05-Sep-2002 9/12/02	Yorkton Securities Inc.	Crystallex International Corporation - Common Shares	2,528,000.00	895,200.00
29-Aug-2002	CS Coop	CU Cooperative Systems, Inc. - Common Shares	20,000.00	10.00

**Notice of Exempt Financings**

06-Mar-2002	Elliott & Page Limited	Danaher Corporation - Common Shares	3,229,800.00	30,000.00
12-Sep-2002	Fiomat Investors	eBuild.ca Inc. - Common Shares	70,000.00	140,000.00
13-Sep-2002	Ian J. MacNeill	Entree Resources Inc - Units	5,000.00	50,000.00
12-Sep-2002	3 Purchasers	Envoy Communications Group Inc. - Convertible Debentures	2,000,000.00	5,882,351.00
06-Sep-2002	4 Purchasers	Executive Manufacturing Technologies Inc. - Preferred Shares	7,000,000.00	2,916,667.00
12-Sep-2002	8 Purchasers	Extreme CCTV Inc. - Common Shares	307,400.00	145,000.00
03-Sep-2002	876097 Alberta Ltd.;Ron Daigneault	Freegold Ventures Limited - Common Shares	11,000.00	50,000.00
28-Aug-2002	Sciota Capital Resource	Futureway Communications Inc. - Common Shares	25,000,000.00	3,575,000.00
12-Sep-2002	G.Scott Paterson	Galleria Opportuniites Inc. - Units	48,000.00	400,000.00
17-Jun-2002	3 Purchasers	Goldeye Explorations Limited - Units	75,000.00	375,000.00
16-Sep-2002	Royal Bank Pricious Metals Fund;Loewen Ondaatje McCutcheon	Great Basin Gold Ltd. - Shares	1,250,000.00	833,333.00
19-Jul-2002	Victoria Ross;John Bayne	Internet Identity Presence Co. - Notes	200,000.00	200,000.00
18-Sep-2002	Wickhams Cay Trust	Janes Family Foods Ltd. - Common Shares	1,259,991.43	1,655,133.00
18-Sep-2002	3 Purchasers	Janes Family Foods Ltd. - Shares	1,288,109.00	1,288,109.00
18-Sep-2002	Ronald F. Habijanac	Janes Family Foods Ltd. - Shares	105,458.00	105,458.00
05-Aug-2002	10 Purchasers	Kingwest Avenue Portfolio - Units	381,790.00	21,387.00
15-Sep-2002	3 Purchasers	Kingwest Avenue Portfolio - Units	189,400.00	10,631.00
15-Aug-2002	889277 Ontario;Wolff;Hennie	Kingwest U.S. Equity Portfolio - Units	125,000.00	13,777.00
30-Aug-2002	The Devertt Granchildrem Trust	Landmark Global Opportunities Fund - Units	13,089.73	121.00
23-Aug-2002	2014111 Ontario	Landmark Global Opportunities Fund - Units	233,580.00	2,157.00
23-Aug-2002	Carl and Muriel Brickman	Landmark Global Opportunities Fund - Units	144,173.50	1,331.00
23-Aug-2002	Joyce Crapper;Keyna Bracken	Landmark Global Opportunities RSP Fund - Units	114,335.03	1,138.00

**Notice of Exempt Financings**

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23-Aug-2002	3 Purchasers	Landmark Global Opportunities RSP Fund - Units	126,369.77	1,258.00
28-Aug-2002	Leslie Kirsh	Legal Services Plan Inc. - Common Shares	50,000.00	50,000.00
28-Aug-2002	Sydney Muscat	Legal Services Plan Inc. - Common Shares	50,000.00	50,000.00
03-Sep-2002	Paul Goldman	Legal Services Plan Inc. - Common Shares	5,000.00	5,000.00
03-Sep-2002	Reba Goldman	Legal Services Plan Inc. - Common Shares	5,000.00	5,000.00
03-Sep-2002	Alvin Goldman	Legal Services Plan Inc. - Common Shares	7,500.00	7,500.00
03-Sep-2002	Jeremy Goldman	Legal Services Plan Inc. - Common Shares	5,000.00	5,000.00
03-Sep-2002	Arthur Mandel	Legal Services Plan Inc. - Common Shares	10,000.00	10,000.00
03-Sep-2002	Alan Garshon	Legal Services Plan Inc. - Common Shares	5,000.00	5,000.00
03-Sep-2002	Chris Cordeiro	Legal Services Plan Inc. - Common Shares	1,100.00	1,100.00
19-Sep-2002	Adam Ross	Legal Services Plan Inc. - Common Shares	20,000.00	20,000.00
19-Sep-2002	Keith Ross	Legal Services Plan Inc. - Common Shares	20,000.00	20,000.00
19-Sep-2002	David R. Pond	Legal Services Plan Inc. - Common Shares	20,000.00	20,000.00
18-Sep-2002	Eleanor M Heard	Legal Services Plan Inc. - Common Shares	4,000.00	4,000.00
12-Sep-2002	Kevin Fouzie	Legal Services Plan Inc. - Common Shares	50,000.00	50,000.00
11-Jul-2001	Zix Corporation	Maptuit Corporation - Notes	3,049,600.00	2,000,000.00
06-Dec-2000	Zix Corporation	Maptuit Corporation - Preferred Shares	4,596,300.00	1,800.00
20-Jul-2001	IBM Canada Ltd.	Maptuit Corporation - Warrants	0.00	17,985.00
17-Sep-2002	6 Purchasers	MedcomSoft Inc. - Common Shares	60,400.02	3,368,889.00
11-Sep-2002	Patrick Kiely	Microsource Online, Inc. - Common Shares	3,000.00	500.00
11-Sep-2002	Emma Winter	Microsource Online, Inc. - Common Shares	1,200.00	200.00
11-Sep-2002	Minh Tathanhlong	Microsource Online, Inc. - Common Shares	1,200.00	200.00

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**Notice of Exempt Financings**

13-Sep-2002	Paul Commanda	Microsource Online, Inc. - Common Shares	1,200.00	200.00
13-Sep-2002	Kevin Drensek	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
13-Sep-2002	Fred Ng	Microsource Online, Inc. - Common Shares	12,000.00	2,000.00
29-Aug-2002	Canadian Pension Plan Investment Board	MLII Co-Investment Fund C Limited Partnership - Limited Partnership Units	1,000.00	1,000,000.00
29-Aug-2002	Canadian Pension Plan Investment Board	MLII Co-Investment Fund NC Limited Partnership - Limited Partnership Units	1,000.00	100,000.00
30-Sep-2002	River Gold Mines Ltd.	Moss Lake Gold Mines Ltd. - Common Shares	450,000.00	3,000,000.00
16-Sep-2002	Salida Capital Corp.	Newcrest Mining Limited - Common Shares	775,200.00	100,000.00
23-Sep-2002	Aur Resources Inc.	North American Tungsten Corporation Ltd. - Shares	75,003.00	357,143.00
11-Sep-2002	1207409 Ontario Limited	Ozz Corporation - Shares	680,001.00	647,620.00
29-Aug-2002	3 Purchasers	Pacific North West Capital Corp. - Shares	91,500.00	150,000.00
03-Sep-2002	Ontario Teachers Pension Plan Board	PIMCO Global Relative Value Offshore Fund II Ltd. - Shares	23,368,125.00	15,309.00
05-Sep-2002	Royal Trust in trust 112394002	Royal Trust in trust 112394002 - Common Shares	31,800.00	4,000.00
28-Aug-2002	David M. Adderley and Jose M. Medeiros	Sirific Wireless Corporation - Common Shares	3,991,316.00	7,220,427.00
09-Sep-2002	3 Purchasers	Sirific Wireless Corporation - Notes	350,000.00	350,000.00
12-Sep-2002	Ross Brennan;Stuart MacGregor	Tacoma Centre Limited Partnership - Units	250,000.00	250,000.00
06-Sep-2002	Deborah Woods	Thales Active Asset Allocation Fund - Limited Partnership Units	42,685.28	42,685.00
03-Sep-2002	Jon & Susan	The Fallingbrook Growth Fund - Units	75,678.28	5,899.00
30-Jun-2002	57 Purchasers	Toronto Realty Growth Fund III Limited Partnership - Limited Partnership Units	13,340,000.00	13,340,000.00
23-Aug-2002	2014111 Ontario Inc.	Trident Global Opportunities Fund - Units	233,580.00	2,187.55
23-Aug-2002	Fahla Granovsky	Trident Global Opportunities Fund - Units	25,252.52	234.00

**Notice of Exempt Financings**

28-Aug-2002	David M. Adderlyey and Jose M. Medeiros	Tropic Networks. Inc. - Preferred Shares	8,398,394.00	12,765,517.00
10-Sep-2002	10 Purchasers	Ursa Major International Inc. - Special Warrants	185,000.00	792,400.00
17-Sep-2002	Synergy Asset Mangement	Weight Watchers International - Common Shares	2,311,685.25	35,000.00
09-Sep-2002	Ontario Teachers Pension Plan Board	Wellspring Capital Partners III - Limited Partnership Interest	129,162,000.00	0.00
09-Sep-2002	Ontario Teachers Pension Plan Board	Wellspring Capital Partners III - Limited Partnership Interest	54,796,000.00	1.00
27-Aug-2002	5 Purchasers	Winerytohome Inc. - Common Shares	65,000.00	28,600.00
16-Sep-2002	J.T. Risty Enterprises Ltd.	ZTEST Electronics Inc. - Convertible Debentures	65,000.00	65,000.00

**RESALE OF SECURITIES - (FORM 45-501F2)**

<u>Transaction Date</u>	<u>Seller</u>	<u>Security</u>	<u>Total Selling Price</u>	<u>Number of Securities</u>
09-Sep-2002 9/19/02	Pony Health	FNX Mining Company Inc. - Common Shares		20,000.00

**NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3**

<u>Seller</u>	<u>Security</u>	<u>Number of Securities</u>
Discovery Capital Corporation	CardioComm Solutions Inc. - Common Shares	1,500,000.00
Ralph Sickinger	Carma Financial Services Corporation - Common Shares	800,000.00
Sprott Asset Mangement Inc	High River Gold Mines Ltd. - Common Shares	1,785,200.00
Conrad M. Black	Hollinger Inc. - Preferred Shares	1,611,039.00

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

AGF International Value Class  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated September 24th, 2002  
Mutual Reliance Review System Receipt dated September 25th, 2002

**Offering Price and Description:**

Offering the Mutual Fund Series and Series F Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #482624**

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**Issuer Name:**

Algonquin Power Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated September 30th, 2002  
Mutual Reliance Review System Receipt dated September 30th, 2002

**Offering Price and Description:**

\$85,140,000 - 8,600,000 Trust Units  
Price: \$9.90 per Trust Unit

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
CIBC World Markets Inc.  
TD Securities Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
Raymond James Ltd.

**Promoter(s):**

-

**Project #483794**

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**Issuer Name:**

Alliance Laundry Systems Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated September 30th, 2002  
Mutual Reliance Review System Receipt dated October 1<sup>st</sup>, 2002

**Offering Price and Description:**

Price: \$10.00 per Unit

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.

**Promoter(s):**

Alliance Laundry Systems LLC  
**Project #484007**

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**Issuer Name:**

Begama Technologies Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Long Form Prospectus dated September 27th, 2002  
Mutual Reliance Review System Receipt dated September 30th, 2002

**Offering Price and Description:**

A minimum of 4,800,000 units and a maximum of 6,000,000 units at a price of \$0.50 per unit

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Victhom Corporation  
**Project #483581**



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**Issuer Name:**

Diversified Income Trust II  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated September 27th, 2002

Mutual Reliance Review System Receipt dated September 30th, 2002

**Offering Price and Description:**

Minimum: \$ \* ( \* Units)

Maximum: \$ \* ( \* Units)

Price: \$10.00 per Unit

Minimum Purchase: 200 Units

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

TD Securities Inc.

Canaccord Capital Corporation

HSBC Securities (Canada) Inc.

Raymond James Ltd.

Yorkton Securities Inc.

Desjardins Securities Inc.

Research Capital Corporation

**Promoter(s):**

Sentry Select Capital Corp.

**Project #483714**

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**Issuer Name:**

Harvest Energy Trust

Principal Regulator - Alberta

**Type and Date:**

Preliminary Long Form Prospectus dated September 27th, 2002

Mutual Reliance Review System Receipt dated September 30<sup>th</sup>, 2002

**Offering Price and Description:**

Price: \$ \* per Trust Unit

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.

Scotia Capital Inc.

BMO Nesbit Burns Inc.

FirstEnergy Capital Corp.

Haywood Securities Inc.

**Promoter(s):**

M. Bruce Chernoff

Kevin A. Bennett

**Project #483640**

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**Issuer Name:**

Opus 2 Global Equity (RSP) Fund

Opus 2 International Equity (EAFE) Fund

Opus 2 U.S. Value Equity Fund

Opus 2 U.S. Growth Equity Fund

Opus 2 Canadian Fixed Income Fund

Opus 2 Canadian Value Equity Fund

Opus 2 Canadian Growth Equity Fund

Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated September 27th, 2002

Mutual Reliance Review System Receipt dated September 30th, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

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**Project #483572**

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**Issuer Name:**

Solar Trust

Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated September 30<sup>th</sup>, 2002

Mutual Reliance Review System Receipt dated October 1<sup>st</sup>, 2002

**Offering Price and Description:**

\$265,226,000 Commercial Mortgage Pass- Through  
Certificates, Series 2002-1

@ \$ \*

**Underwriter(s) or Distributor(s):**

TD Securities Inc.

**Promoter(s):**

The Toronto Dominion Bank

**Project #483973**

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**Issuer Name:**

TD U.S. Large Cap Value Fund  
TD Balanced Income Fund  
TD Monthly Income Fund  
TD High Yield Income Fund  
TD U.S. Small-Cap Equity Fund  
TD Resource Fund  
TD Canadian Blue Chip Equity Fund  
TD Balanced Growth Fund  
TD Special Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated September 30<sup>th</sup>, 2002  
Mutual Reliance Review System Receipt dated October 1<sup>st</sup>, 2002

**Offering Price and Description:**

Mutual Funds Net Asset Value

**Underwriter(s) or Distributor(s):**

TD Investment Services Inc.

**Promoter(s):**

TD Asset Management Services Inc.

**Project #483969**

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**Issuer Name:**

Tree Island Wire Income Fund  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Prospectus dated September 30<sup>th</sup>, 2002  
Mutual Reliance Review System Receipt dated October 1<sup>st</sup>, 2002

**Offering Price and Description:**

\$ \* - \* Units

**Underwriter(s) or Distributor(s):**

CIBC World Capital Markets Inc.

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

TD Securities Inc.

Raymond James Ltd.

**Promoter(s):**

TI Industries Inc.

**Project #484070**

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**Issuer Name:**

zed.i solutions inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Long Form Prospectus dated September 27<sup>th</sup>, 2002  
Mutual Reliance Review System Receipt dated September 30<sup>th</sup>, 2002

**Offering Price and Description:**

Rights Offering

Rights to subscribe for up to \$2,685,500 Principal Amount of Debentures

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Keith T. Smith

M.J. Denise LaForge

**Project #483762**

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**Issuer Name:**

AIC Advantage Fund  
AIC Value Fund  
AIC RSP Value Fund  
AIC Global Developing Technologies Fund  
AIC RSP Global Developing Technologies Fund  
AIC Global Science & Technology Fund  
AIC RSP Global Science & Technology Fund  
AIC Canadian Balanced Fund  
AIC Global Bond Fund  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated dated September 18th, 2002 to Final Simplified Prospectus and Annual Information Form dated August 21st, 2002  
Mutual Reliance Review System Receipt dated 27<sup>th</sup> day of September, 2002

**Offering Price and Description:**

Offering Mutual Fund Units and Class F Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

AIC Limited

**Project #461981**

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**Issuer Name:**

ING US Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated September 19th, 2002 to Final Simplified Prospectus and Annual Information Form dated November 1st, 2001  
Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of September, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

ING DIRECT Funds Limited

**Promoter(s):**

-

**Project #388310**

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**Issuer Name:**

Sentry Select Focused Alternative Energy Fund  
(Formerly Sentry Select Alternative Energy Fund)  
Sentry Select Focused Biotechnology Fund  
(Formerly Sentry Select Biotechnology Fund)  
Sentry Select Focused Technologies Fund  
(Formerly Sentry Select Wireless Communications Fund)  
Sentry Select Focused Wealth Management Fund  
(Formerly Sentry Select Wealth Management Fund)  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated dated September 26th, 2002 to  
Final Simplified Prospectus and  
Annual Information Form dated July 19th, 2002  
Mutual Reliance Review System Receipt dated 30<sup>th</sup> day of  
September, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Sentry Select Capital Corp.

**Promoter(s):**

-

**Project #459902**

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**Issuer Name:**

PATHFINDER Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated September 25th, 2002  
Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of  
September, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
TD Securities Inc.  
Scotia Capital Inc.  
Desjardins Securities Inc.  
HSBC Securities (Canada) Inc.  
Canaccord Capital Corporation  
Yorkton Securities Inc.  
Middlefield Securities Limited  
Dundee Securities Corporation  
Raymond James Ltd.  
Research Capital Corporation  
Wellington West Capital Inc.

**Promoter(s):**

Middlefield Group Limited  
Middlefield Pathfinder Management Limited

**Project #474087**

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**Issuer Name:**

Viracocha Energy Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Prospectus dated September 23rd, 2002  
Mutual Reliance Review System Receipt dated 25<sup>th</sup> day of  
September, 2002

**Offering Price and Description:**

7,000,000 Common Shares Issuable upon the Exercise of  
Special Warrants and 120,000 Common Shares pursuant  
to the Secondary Offering

**Underwriter(s) or Distributor(s):**

Griffiths McBurney & Partners

**Promoter(s):**

Robert Zakersky  
Shawn Kirkpatrick  
Robert Jepson  
Greg Fisher  
Sean Monaghan

**Project #470919**

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**Issuer Name:**

General Motors Acceptance Corporation of Canada,  
Limited

Principal Regulator - Ontario

**Type and Date:**

Short Form Shelf Prospectus dated September 27th, 2002  
Mutual Reliance Review System Receipt dated 30<sup>th</sup> day of  
September, 2002

**Offering Price and Description:**

\$1,250,000,000.00 - Variable Denomination Adjustable  
Rate Demand Notes

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #479153**

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**Issuer Name:**

LionOre Mining International Ltd.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated September 30th, 2002  
Mutual Reliance Review System Receipt dated 1<sup>st</sup> day of  
October, 2002

**Offering Price and Description:**

\$100,375,000.00 - 27,500,000 Common Shares Issuable  
Upon the Exercise of 27,500,000 Special Warrants

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

Haywood Securities Inc.

**Promoter(s):**

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**Project #481919**

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**Issuer Name:**

TimberWest Forest Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated September 24th, 2002  
Mutual Reliance Review System Receipt dated 25<sup>th</sup> day of  
September, 2002

**Offering Price and Description:**

\$130,000,000.00 - 7.0% Senior Debentures due October 1,  
2007 (Unsecured)

**Underwriter(s) or Distributor(s):**

Merrill Lynch Canada Inc.  
Scotia Capital Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
HSBC Securities (Canada) Inc.

**Promoter(s):**

-

**Project #480944**

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**Issuer Name:**

Brandywine Fundamental Value U.S. Equity Fund  
Legg Mason U.S. Value Fund  
Perigee Canadian Sector Equity Fund  
Batterymarch U.S. Equity Fund  
Perigee T-Plus Fund  
Perigee Symmetry Balanced Fund  
Perigee Index Plus Bond Fund  
Perigee North American Equity Fund  
Perigee Global Bond Fund  
Perigee International Equity Fund  
Perigee Diversifund  
Perigee Active Bond Fund  
Perigee Accufund  
Perigee Canadian Select Equity Fund  
(Class A and Class B units)  
Perigee Income Fund  
Perigee Axis Cash Fund  
Perigee Canadian Aggressive Growth Equity Fund  
(Class A units)  
Perigee Private Client Bond Portfolio  
Perigee Private Client Balanced Portfolio  
Perigee Private Client Canadian Equity Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectuses dated September 27th, 2002  
Mutual Reliance Review System Receipt dated 30<sup>th</sup> day of  
September 30, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Perigee Investment Counsel Inc.

**Promoter(s):**

Perigee Investment Counsel Inc.

**Project #472103**

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## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Lawrence Asset Management Inc. Attention: Peter Frank Chodos 70 York Street, Suite 1500 Toronto ON M5J 1S9	Investment Counsel & Portfolio Manager	Sep 27/02
New Registration	Archipelago Canada Inc. Attention: Peter Sanson Ash 145 King Street West Suite 1000 Toronto ON M5H 1J8	Investment Dealer Equities	Sep 30/02
New Registration	Intelligent Capital Partners Inc. Attention: John Paul Rossos 111 Peter Street, Suite 604 Toronto ON M5V 2H1	Limited Market Dealer	Oct 01/02
Change in Category / Categories	Putnam Investments Inc./Investissements Putnam Inc. Attention: Prema K.R. thiele c/o Borden Ladner Gervais LLP 40 King Street West, Scotia Plaza Toronto ON M5H 3Y4	From: Investment Counsel & Portfolio Manager  To: Investment Counsel & Portfolio Manager Commodity Trading Manager	Sep 25/02
Change of Name	Fiscal Agents Ltd. Attention: Rob Whipp, President 25 Lakeshore Road West Oakville ON L6K 1C6	From: Parglobal Inc.  To: Fiscal Agents Ltd.	Sep 18/02
Change of Name	JDM Financial Ltd. Attention: John A. Moro 723 Central Ave. Hamilton ON L8K 1M5	From: John Moro  To: JDM Financial Ltd.	Dec 17/01

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 Notice of Commission Approval - Proposed Amendment to IDA By-law 11, District Councils and Meetings

#### **NOTICE OF COMMISSION APPROVAL PROPOSED AMENDMENT TO IDA BY-LAW 11, DISTRICT COUNCILS AND MEETINGS**

Proposed amendment to IDA By-law 11 regarding District Councils and Meetings have been approved by the Ontario Securities Commission, subject to the condition that within six months of this amendment coming into force, the IDA must propose changes to its By-law 20.1, Approvals and Discipline, District Council Hearings, to clarify the issue of appointing retired industry members to disciplinary panels. In addition, the Saskatchewan Securities Commission approved, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments subject to the same condition. Specifically, the proposed amendment to IDA By-law 11 sets out the criteria for selecting retired industry members for appointment to disciplinary panels. A copy and description of the amendments were published on July 12, 2002 at (2002) 25 OSCB 4605. No comments were received.



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## Chapter 25

# Other Information

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### 25.1.1 Securities

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#### RELEASE FROM ESCROW

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<u>COMPANY NAME</u>	<u>DATE</u>	<u>NUMBER AND TYPE OF SHARES</u>	<u>ADDITIONAL INFORMATION</u>
Viracocha Energy Inc.	September 25, 2002	120,000 Common Shares	-

**25.2 Exemptions**

**25.2.1 Pollitt & Co. Inc. - s. 4.1 of Rule 31-507**

**Headnote**

Rule 31-507 - Section 4.1 extension of time frame in which to become a SRO member - registrant working diligently with IDA to complete application.

**Rule Cited**

OSC Rule 31-507 - SRO Membership - Securities Dealers and Brokers.

**IN THE MATTER OF  
THE SECURITIES ACT  
R.S.O. 1990, C. S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
ONTARIO SECURITIES COMMISSION RULE 31-507  
SRO MEMBERSHIP – SECURITIES  
DEALERS AND BROKERS  
(the "Rule")**

**AND**

**IN THE MATTER OF  
POLLITT & CO. INC.**

**EXEMPTION  
(Section 4.1 of OSC Rule 31-507)**

**UPON** the Director having received an application (the "Application") from Pollitt & Co. Inc. ("Pollitt") seeking a decision, pursuant to section 4.1 of the Rule, to exempt until December 31, 2002 Pollitt from the application of subsection 2.3 of the Rule, which would require Pollitt to be a member of a self-regulatory organization (a "Recognized SRO") recognized by the Ontario Securities Commission (the "Commission") under section 21.1 of the Act by the renewal date of its registration under the Act;

**AND UPON** considering the Application and the recommendation of staff of the Commission;

**AND UPON** Pollitt having represented to the Director that:

1. Pollitt is a corporation incorporated under the laws of Ontario and is not a reporting issuer in any of the provinces or territories of Canada or in any other jurisdiction;
2. Pollitt is a member in good standing of the Bourse de Montreal Inc. and The Toronto Stock Exchange Inc;
3. Pollitt is registered under the Act as a dealer in the category of broker;

4. Pollitt's registration under the Act as a dealer in the category of broker is subject to renewal on September 30, 2002;
5. Pollitt received an exemption (the "Initial Exemption") from the Director under section 4.1 of the Rule on December 17, 2001 which exempted Pollitt from the requirement of the Rule to be a member of a Recognized SRO by December 31, 2001 on the condition that Pollitt is a member of a Recognized SRO by June 1, 2002;
6. Pollitt received an exemption (the "Second Exemption") from the Director under section 4.1 of the Rule on May 30, 2002 which exempted Pollitt from the requirement of the Rule, as modified by the Initial Exemption, to be a member of a Recognized SRO by June 1, 2002 on the condition that Pollitt is a member of a Recognized SRO by September 30, 2002;
7. Pollitt filed a substantially completed application (the "Application") with the Investment Dealers Association of Canada (the "IDA") by December 31, 2001;
8. the IDA has identified certain deficiencies in the Application which Pollitt is diligently working to rectify; and
9. due to the time involved in rectifying the deficiencies Pollitt will not be a member of the IDA by the Renewal Date as required by the Initial Exemption.

**AND UPON** the Director being satisfied that to do so would not be prejudicial to the public interest;

**IT IS THE DECISION** of the Director, pursuant to section 4.1 of the Rule, that Pollitt is hereby exempt from the requirement of the Rule, as modified by the Initial Exemption and the Second Exemption, to be a member of a Recognized SRO by September 30, 2002 on the condition that this exemption will terminate on the earlier of the date that Pollitt becomes a member of a Recognized SRO and December 31, 2002.

September 30, 2002.

"David Gilkes"

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