

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

AND

**ANDREW CURRAH, COLIN HALANEN,
JOSEPH DAMM, NICHOLAS WEIR,
PENNY CURRAH AND WARREN HAWKINS**

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

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

I. Background

1. Findore Minerals Inc. (“Findore”) is an Ontario junior resource company that was listed on the Canadian Dealing Network (“CDN”) on October 5, 1987. At all material times, Findore’s common shares traded over-the-counter and were quoted on the CDN. Although Findore changed its name to Cantex Energy Inc. on December 17, 1997, the company will be referred to herein as Findore.

2. The respondent Andrew Currah is a resident of Oakville, Ontario. Andrew Currah was president of Findore between November 1994 and July 1997, secretary of Findore from September 1997 to December 1997, and a director of Findore from November 1994 to December 1997. After December 1997, Andrew Currah remained closely involved in the affairs of Findore, working from the same business premises and employing nominee officers and directors to manage Findore. Between 1996 and 1998, Findore issued 2,049,623 common shares from treasury to Andrew Currah or to companies controlled by Andrew Currah.

3. The respondent Colin Halanen (“Halanen”) is a resident of Toronto, Ontario. Between June 1996 and September 1997, Halanen was a director and the treasurer of Findore. After September 1997, Halanen continued to work closely with, and in the same offices as, Andrew Currah and Findore. Between 1996 and 1999, Findore issued 624,300 common shares to Halanen from treasury.

4. The respondent Nicholas Weir (“Weir”) is a resident of Toronto, Ontario. Between December 1997 and September 1998, Weir was the secretary-treasurer of Findore. Weir worked closely with, and in the same offices as, Andrew Currah, Halanen and Findore. In 1997 and 1998, Findore issued 393,476 common shares from treasury to Weir or to companies controlled by Weir.

5. The respondent Penny Currah is the spouse of Andrew Currah, and worked for Findore in a clerical capacity.

6. The respondents Warren Hawkins (“Hawkins”) and Joseph Damm (“Damm”) are registered representatives who, at all material times, were employed by Research Capital Corporation (“Research”). Research was approved by the CDN as market maker for Findore shares, with Hawkins and Damm carrying out the daily function of market maker for Findore.

II. Trading Activity of the Respondents in Findore Shares

7. Andrew Currah purchased a controlling interest, namely 471,000 common shares, in Findore in November 1994. Beginning in the summer of 1997, Andrew Currah and his business associates Halanen and Weir became heavily involved in promoting and trading the common shares of Findore. Their trading activity was augmented by substantial numbers of treasury shares issued to them by Findore. By late 1998, the promotional and trading activity of Andrew Currah, Halanen and Weir relating to Findore was subsiding.

8. In the period between July 1997 and December 1998, the respondents Andrew Currah, Halanen, Weir and Penny Currah (collectively, the “Currah Group”), individually and through companies that they controlled, were active traders in Findore’s shares through the CDN. As described below, numerous trades in Findore shares among those respondents and their controlled companies were either prearranged between members of the Currah Group or involved no change in beneficial ownership of the shares. Those trades, viewed individually and collectively, were

designed to create, and did create, a misleading appearance as to the value of and market activity in Findore's shares.

(1) Brokerage accounts used by the respondents

9. For their trading in Findore shares, the Currah Group used the following accounts:
- (a) Andrew Currah used 12 brokerage accounts at 5 brokerage houses in his own name and in the names of the following companies over which he held and exercised trading authority: Currah Capital Inc., Galaxy Galleria Inc., Findore Gold Resources Ltd. and 847751 Ontario Inc. (the "Currah Companies");
 - (b) Colin Halanen used 12 brokerage accounts at 7 brokerage houses in his own name and in the names of the following companies over which he held and exercised trading authority: 937075 Ontario Ltd., Weblicity Inc. and Gaby Joyce Holdings Ltd. (the "Halanen Companies");
 - (c) Weir used 11 brokerage accounts at 6 brokerage houses in his own name and in the names of the following companies over which he held and exercised trading authority: Eclipse Mining Corporation and Weblicity Inc. (the "Weir Companies"); and
 - (d) Penny Currah used 9 brokerage accounts at 5 brokerage houses in her own name and in the names of the following companies over which she held and exercised trading authority: Currah and Sons Ltd. and Weblicity Inc. (the "Penny Currah Companies").

(2) Manipulative and Deceptive Trading by the Respondents

10. The Currah Group entered into numerous trades, which were reported to other investors via the CDN, when they knew or ought to have known that the trades would or may create a misleading appearance as to the volume of trading in Findore's common shares and as to the market price for those shares. Those misleading trades involved either:

- (a) no change in beneficial ownership of the Findore shares (the "Wash Trades"); or

- (b) entering an order to buy or sell Findore shares with knowledge that an offsetting order of substantially the same size and price has been or will be entered (the “Match Trades”).

11. In the period between July 1997 and December 1998, the Currah Group conducted Wash Trades, as follows:

- (a) On 15 occasions, Andrew Currah engaged in trades of Findore shares between himself and the Currah Companies, or among the Currah Companies. Three of those trades involved no change in ownership whatsoever. Of the 15 wash trades, 10 trades occurred at prices higher than the preceding reported trade, creating an “uptick” in the price of the Findore shares;
- (b) On 18 occasions, Halanen engaged in trades of Findore shares between himself and the Halanen Companies, or among the Halanen Companies. Two of those trades involved no change in ownership whatsoever. Of those 18 wash trades, 14 trades created an uptick in the price of the Findore shares.
- (c) On 9 occasions, Weir engaged in trades of Findore shares between himself and the Weir Companies, or among the Weir Companies. Of those trades, 8 trades involved no change in ownership whatsoever. Of the 9 wash trades, 5 created an uptick in the price of the Findore shares.
- (d) On 4 occasions, Penny Currah engaged in trades of Findore shares that involved no change in ownership whatsoever. Of those 4 trades, 2 trades created an uptick in the price of the Findore shares.

12. In the same period, the Currah Group entered into match trades among themselves and the companies that they controlled. In total, the Currah Group executed numerous Match Trades, as follows:

- (a) Andrew Currah or the Currah Companies were involved in more than 80 Match Trades;
- (b) Colin Halanen or the Halanen Companies were involved in more than 30 Match Trades;

- (c) Nicholas Weir and the Weir companies were involved in more than 40 Match Trades; and
- (d) Penny Currah or the Penny Currah companies were involved in more than 50 Match Trades.

The majority of the Match Trades by the Currah Group created upticks in the price of the Findore shares.

13. The Currah Group used different techniques to mask their trading activity, including using brokerage accounts at different firms, trading through jitney arrangements and failing to file complete and accurate insider trade reports.

14. In addition, under the direction of Andrew Currah and Halanen, the Currah Group received, for no consideration, Findore shares which had been purchased from Findore using funds paid by Findore in purported satisfaction of third-party supplier invoices. These transactions had the effect of placing more shares in the hands of the Currah Group for their trading activities.

(3) The Role of the Market Makers

15. Hawkins and Damm (the “Market Makers”) were registered representatives for 9 brokerage accounts for the Currah Group, and carried out the day-to-day functions of a CDN-approved market maker for Findore’s shares.

16. The Market Makers had an obligation to maintain reasonable liquidity for Findore’s shares by making firm bids or offers for Findore’s shares, as necessary to operate an orderly market for Findore’s shares. As market makers, they only had an obligation to fill orders for one board lot of Findore’s shares at the bid or offer price. In addition, the Market Makers were obliged to be fully independent from the issuer and promoters, and certified their independence when they made their application to become a market maker.

17. Notwithstanding these obligations, the Market Makers were involved as registered representatives for some of the Wash Trades and Match Trades listed above. In particular, they were involved as registered representatives for both the buyer and seller of Findore shares in:

- (a) 11 Wash Trades that involved no change in ownership of the Findore shares, 5 of which created an uptick in the market price of Findore's common shares; and
- (b) 26 match trades, 17 of which created an uptick in the market price of Findore's common shares.

18. In addition to the Match Trades and Wash Trades itemized in paragraph 17 above, the Market Makers acted as registered representatives for numerous other trades in Findore shares on behalf of the Currah Group, and were aware of the level of trading activity of the Currah Group in Findore shares.

19. In addition, the Market Makers entered trades of Findore shares on behalf of the Currah Group without specifying a brokerage account for the trade. At the end of the trading day, the Market Makers conducted telephone meetings with members of the Currah Group to determine the account to which the trades would be allocated.

20. Moreover, the Currah Group instructed the Market Makers as to their market making activities, including setting the bid and offer prices for Findore's shares. The Market Makers followed the instructions received from the Currah Group.

(4) Market Price of Findore's Shares

21. In June 1997, prior to the commencement of the respondents' trading activity described above, the common shares of Findore had been trading in the range of \$0.10 to \$0.14 per share. Trading in Findore's shares became very active, as reported on the CDN, in the latter part of July 1997 and by September 26, 1997, the share price reached \$1.92. The stock peaked on April 3, 1998 at a high of \$2.30 per share. The reported Findore share price stayed above \$1.00 per share through to the fall of 1998, before declining markedly to its June 1997 levels in 1999. In the entire period, there were no material facts or material changes in Findore's affairs that would account for these price fluctuations.

22. In the period between July 1997 and December 1998, the Currah Group accounted for more than 30 percent of the market activity for Findore's shares. Their net proceeds from their trading activities were as follows:

- (a) Andrew Currah, approximately \$1,000,000;

- (b) Colin Halanen, approximately \$88,000;
- (c) Nicholas Weir, approximately \$197,000;
- (d) Penny Currah, approximately \$260,000.

III. Conduct Contrary to the Act and the Public Interest

23. The respondents' Wash Trades and Match Trades created the misleading impression that there was a higher volume of trading in Findore shares than there truly was. In addition, where trades occurred at prices that were higher than the preceding reported trade, the Wash Trades and Match Trades had the effect of making the Findore shares appear more valuable than they truly were. These trades, accordingly, interfered with the operation of a fair market for Findore's shares and were abusive of the capital markets.

24. The respondents knew or ought to have known that the Wash Trades and Match Trades would or may create a misleading appearance as to market activity for Findore shares or as to the price of those shares.

25. The Market Makers were subject to the Rules of the Canadian Dealing Network, which specified that:

- (a) accessing the CDN for the purpose of market making in a CDN security was restricted to market makers that had been approved by the Board of the CDN;
- (b) disclosure was required by market makers of any direct or indirect association, dealings or arrangements with any promoter, insider, associate or affiliate of the issuer of the CDN security or with the issuer itself;
- (c) approved market makers shall not use or knowingly participate in the use of any manipulative or deceptive methods of trading in connection with the purchase or sale of a CDN security that creates or may create a false or misleading appearance of trading activity or an artificial price for a CDN security.

By surrendering their market making function to the Currah Group and participating in their manipulative trading activity, the Market Makers breached these CDN Rules.

26. The respondents benefited financially from their misconduct.
27. The respondents' conduct was contrary to Ontario Securities law, and the public interest.
28. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 23rd day of July, 2004