



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

- and -

**IN THE MATTER OF
RICHARD BRUCE MOORE**

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

Staff of the Ontario Securities Commission (“Staff”) allege the following.

I. OVERVIEW

1. These allegations concern trading by (Richard) Bruce Moore (“Moore”) in the securities of two issuers:
 - i. trading in 2010 in the securities of Tomkins plc (“Tomkins”), an issuer with securities trading on the London Stock Exchange (“LSE”). Tomkins was not a reporting issuer in Ontario (the “Tomkins Conduct”); and
 - ii. trading in 2012 in the securities of HOMEQ Corporation (“HOMEQ”) (the “HOMEQ Conduct”).

II. THE RESPONDENT

2. Moore is a resident of Toronto, Ontario. Moore was employed by CIBC World Markets (“CIBC”) for approximately 20 years in commercial banking, corporate banking, and investment banking. For approximately 9 years, he worked from CIBC’s office in London, England, returning to Canada in August, 2008.

3. In 2010, Moore was a Managing Director, Investment Banking (Diversified) at CIBC in Toronto, Ontario. In this role, Moore was responsible for covering clients in a broad range of business sectors, including Canada Pension Plan Investment Board (“CPPIB”).

4. In 2012, Moore was an employee of UBS Securities Canada Inc. (“UBS”) in Toronto, Ontario. His title was Managing Director, Investment Banking, Diversified Industrials. In this role, Moore was responsible for covering clients in a broad range of business sectors, including Birch Hill Equity Partners (“Birch Hill”).

III. MOORE’S CONDUCT

A. The Tomkins Conduct

5. In June and July 2010, Moore placed orders to purchase securities of Tomkins in two brokerage accounts located on the Channel Island of Jersey (the “offshore accounts”). The offshore accounts were opened in 2008 and were linked to two international pension plans that Moore established in 2002 to hold earnings from Moore’s work for CIBC in the United Kingdom. Moore transferred the international pension plans to a new trustee in Jersey in 2008 in anticipation of his return to Canada. The Tomkins purchases were the first transactions in the offshore accounts. Moore did not disclose the offshore accounts to CIBC in Toronto as required by its compliance policies.

6. In total, Moore purchased 212,000 shares of Tomkins on the LSE (at a cost of £508,249.90). The purchases were the single-largest equity purchases of Moore’s life by value.

7. In June 2010 Moore decided to purchase securities of Tomkins because he deduced that it would likely be acquired by CPPIB.

8. Moore reached this conclusion as a result of his previous knowledge of Tomkins obtained from public sources including rumours that it would be the subject of a takeover, his observations of a friend and senior representative of CPPIB (“Mr. A.”) and comments of a general nature made by Mr. A. about work that he was involved in for CPPIB. These interactions with Mr. A. occurred over the course of several months, including on social occasions.

9. Among other information, Moore learned from Mr. A. that he was working on a transaction for CPPIB that required US \$2 billion in financing involving a company in Europe and the U.S. The final piece of information that ultimately led Moore to deduce that the identity of CPPIB's target was Tomkins was Moore's observation of Mr. A's chance interaction with the CEO of Tomkins (the "CEO") at a charity event. Mr. A. declined to introduce Moore to the CEO, or to reveal his identity. Later that day another person volunteered the CEO's identity to Moore.

10. The following business day, Moore took steps to initiate the purchase of a portion of the Tomkins securities described above.

11. In no specific instance did Mr. A ever provide Moore with any material, generally undisclosed information.

12. On July 19, 2010, the day of the announcement by Tomkins of the approach by CPPIB and Onex Corporation, the closing price of Tomkins shares increased 31.6% from the previous day's close.

13. Moore's profit from the LSE trades based on the 20-day average price of the Tomkins shares following July 19, 2010 was CDN \$275,611.54.

B. The HOMEQ Conduct

(a) Moore Received Material Information Inadvertently

14. On March 22, 2012, Moore received an email from a partner at Birch Hill (Mr. "B"), which had an attachment entitled *Birch Hill Equity Partners, Project Monaco, Summit (Investment Recommendation), March 26, 2012, A confidential presentation* – (the "Recommendation").

15. The Recommendation disclosed a material fact concerning Birch Hill's proposal to acquire HOMEQ. In particular, the Recommendation stated that the "[HOMEQ] Board has concluded the auction process with Birch Hill emerging as the winning bidder at \$9.50/share price" (the "Material Fact").

16. The email containing the Material Fact was sent to Moore in error through inadvertence by Mr. B in addressing the email with the Auto-Complete addressing function of Birch Hill's

email software. Even though Birch Hill was a client of UBS, Moore was not supposed to receive the email and the confidential information attached to it. Although Moore was frequently interacting with Mr. B in relation to another matter in or about March 2012, Moore had no involvement in the HOMEQ transaction. Instead of returning the email and advising Mr. B that he had received the email in error, Moore took steps to purchase securities of HOMEQ.

(b) Moore's Purchases of HOMEQ Securities

17. Moore took immediate steps to purchase shares of HOMEQ. Between March 23 and March 27, Moore purchased HOMEQ securities in a brokerage account that was located on the Channel Island of Jersey as follows:

Date	Volume Purchased	Total Cost (CDN)
Mar 23/12	11,200	\$89,033.59
Mar 26/12	7,400	\$59,108.60
Mar 27/12	12,000	\$96,381.87
Total	30,600	\$244,524.06

18. When purchased by Birch Hill, Moore's shares in HOMEQ would have generated proceeds of approximately \$290,700, representing a gross profit of approximately \$46,175. The profit of the HOMEQ trades based on the 20-day average price of the HOMEQ shares following the public announcement made by HOMEQ and Birch Hill on March 30, 2012 was \$43,268.94.

(c) Moore in a Special Relationship with HOMEQ

19. Moore was in a special relationship with HOMEQ pursuant to section 76(5)(a)(iii) of the Act. Moore learned of the Material Facts from Mr. B, who was in a special relationship with HOMEQ, in circumstances where Moore knew or ought reasonably to have known that Mr. B was a person in such a relationship.

20. As of March 22, 2012, Birch Hill had taken the following steps:

- i. restricted trading internally on HOMEQ securities as of August 5, 2010;
- ii. completed a substantial amount of due diligence;

- iii. retained lawyers to assist them with the bid in August 2010 and had ongoing discussions concerning the acquisition with the lawyers from January 2012;
- iv. retained financial advisors to assist them with the bid on November 24, 2011 and had ongoing discussions concerning the acquisition with the financial advisors from then;
- v. signed a confidentiality agreement with HOMEQ as of Jan. 31, 2012; and
- vi. negotiated a price of \$9.50 with HOMEQ's board on or about March 15, 2012, which was the winning bid in HOMEQ's auction process.

21. Consequently, as of March 22, 2012, Birch Hill's interest in acquiring HOMEQ had evolved into a proposal to do so.

(d) Moore Had Knowledge of the Material Fact with Respect to HOMEQ that Had Not Been Generally Disclosed

22. At the time of the HOMEQ purchases, Moore had knowledge of the Material Fact with respect to HOMEQ that had not been generally disclosed.

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

A. The Tomkins Conduct

23. Moore's conduct involving the purchase of securities of Tomkins as outlined above fell below the standard of behaviour expected from someone in Moore's position and given his extensive experience in the capital markets industry. In particular, he ought not to have made use of information obtained in part by virtue of his position as an employee of a registrant prior to its general disclosure to the public.

24. Consequently Moore's conduct was contrary to the public interest.

B. The HOMEQ Conduct

25. Moore's HOMEQ Conduct was contrary to s. 76(1) of the Act and contrary to the public interest. It was abusive of the capital markets and to confidence in the capital markets.

26. In particular, Moore misused confidential information belonging to Birch Hill for his personal profit. This conduct fell markedly below the high standard of behaviour expected from someone in Moore's position and given his extensive experience in capital markets industry.

27. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, Ontario, this 11th day of April 2013.