



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

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

- AND -

**IN THE MATTER OF
FACTORCORP INC., FACTORCORP FINANCIAL INC., AND
MARK TWERDUN**

**TEMPORARY ORDER
(Section 127)**

WHEREAS it appears to the Ontario Securities Commission (the “Commission”) that:

1. FactorCorp Inc. (“FactorCorp”) is an Ontario corporation registered under Ontario securities law as a Limited Market Dealer (“LMD”).
2. FactorCorp Financial Inc. (“FactorCorp Financial”) is an Ontario corporation that is not a reporting issuer and is not registered with the Commission.
3. Mark Twerdun (“Twerdun”) is the controlling shareholder and sole director and officer of both FactorCorp and FactorCorp Financial.
4. FactorCorp Financial has raised approximately \$50 million by issuing non-prospectus qualified debentures to approximately 500 Ontario investors over the last three to four years in a continuous distribution.
5. FactorCorp Financial pools the funds raised from the issuance of debentures and lends them to various sub-lenders who, in turn, lend them to various small to mid-sized businesses. Such loans are alleged by FactorCorp and FactorCorp Financial to be secured.
6. Investors purchased FactorCorp Financial debentures primarily through a registered mutual fund dealer and limited market dealer (the “Dealer”). FactorCorp debentures were sold pursuant to the accredited investor (“AI”) exemption from the prospectus requirement of section 53 of the Ontario *Securities Act* (the “Act”).
7. The Dealer has submitted significant redemption requests to FactorCorp/FactorCorp Financial on behalf of clients who did not qualify as AI’s under securities law.

8. FactorCorp/FactorCorp Financial is not able to meet all outstanding requests for redemptions.
9. FactorCorp/FactorCorp Financial is/are considering alternatives for the restructuring of their business, operations and affairs.
10. It appears that the Respondents may have participated in or acquiesced to an illegal distribution of securities to Ontario investors contrary to section 53 of the Act and without appropriate registration, contrary to section 25 of the Act.
11. Staff believe that it is in the public interest that investor funds be protected and a monitor be put in place to review the business, operations and affairs of FactorCorp and FactorCorp Financial and to evaluate alternatives for their restructuring.

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

AND WHEREAS, pursuant to subsection 127(5) of the Act, the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS by Commission order made on April 4, 2007, pursuant to subsection 3.5(3) of the Act, each of W. David Wilson, James E. A. Turner, Lawrence E. Ritchie, Robert L. Shirriff, Harold P. Hands, Paul K. Bates and David L. Knight, acting alone, is authorized to make orders under section 127 of the Act.

IT IS HEREBY ORDERED that, pursuant to subsection 127(5) of the Act that:

- (a) pursuant to paragraph 127(1)2, all trading in any securities by and of the respondents cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) in which he has legal and beneficial ownership and interest; and
- (b) pursuant to paragraph 127(1)3 of the Act, all exemptions contained in Ontario securities law do not apply to the respondents; and
- (c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of FactorCorp and Twerdun, effective immediately:
 - (i) Twerdun, FactorCorp and any company controlled, directly or indirectly, by Twerdun, and FactorCorp including but not limited to FactorCorp Financial, are prohibited from making redemptions and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial;

- (ii) Twerdun and FactorCorp are prohibited from transferring their controlling interest in any company including but not limited to FactorCorp Financial; and
- (iii) Twerdun shall cause FactorCorp Financial to and FactorCorp shall retain a monitor (the "Monitor"), selected by the Commission, by 5:00 p.m. Eastern Time on July 10th, 2007. The Monitor's primary objective will be to review and oversee the business, operations and affairs of FactorCorp Financial, FactorCorp and any company controlled, directly or indirectly, by Twerdun, FactorCorp and FactorCorp Financial involved with the issuance of debentures and related proceeds. The Monitor shall be retained on terms to be established by the Commission.

IT IS HEREBY ORDERED that the above noted terms and conditions supplement and do not replace any other specific terms and conditions that currently apply to Twerdun and FactorCorp and Twerdun and FactorCorp continue to be subject to all applicable general terms, conditions and other requirements contained in the Act and any Regulations made thereunder; and

IT IS FURTHER ORDERED that, pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.

DATED at Toronto this 6th day of July, 2007.

"David Wilson"

David Wilson