



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
RESEARCH IN MOTION LIMITED, JAMES BALSILLIE,
MIKE LAZARIDIS, DENNIS KAVELMAN,
ANGELO LOBERTO, KENDALL CORK, DOUGLAS WRIGHT,
JAMES ESTILL and DOUGLAS FREGIN**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on February 3, 2009 the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing and related Statement of Allegations (the “Notice of Hearing”) in respect of Research In Motion Limited (“RIM”), James Balsillie, Mike Lazaridis, Dennis Kavelman, Angelo Loberto, Kendall Cork, Douglas Wright, James Estill, and Douglas Fregin (collectively the “Respondents” or, apart from RIM, the “Individual Respondents”);

AND WHEREAS the Respondents have entered into a settlement agreement with Staff of the Commission dated January 27, 2009 (the “Settlement Agreement”) in relation to the matters set out in the Notice of Hearing;

UPON reviewing the Notice of Hearing and Settlement Agreement, and upon hearing submissions from counsel for the Respondents and for Staff of the Commission (the “Staff”);

AND WHEREAS the Respondents have entered into the following undertakings as part of the Settlement Agreement:

- (a) Balsillie undertakes not to act as a director of any reporting issuer until the later of (a) twelve months from the date of this order, and (b) RIM's compliance with paragraphs 17 and 18 of the Governance Assessment document attached as Schedule "C" to the Settlement Agreement;
- (b) Balsillie, Lazaridis and Kavelman undertake to contribute \$38.3 million (which includes interest of \$5.3 million) to RIM in respect of the outstanding benefit arising from incorrectly priced stock options granted to all employees from 1996 to 2006;
- (c) Balsillie, Lazaridis and Kavelman undertake to contribute \$44.8 million to RIM to defray costs incurred by RIM in the investigation and remediation of stock options granting practices and related governance practices at RIM, which will be reduced by \$15 million as credit for amounts already paid by Balsillie and Lazaridis in respect of costs incurred;
- (d) As determined by the Board of Directors of RIM, with the Individual Respondents abstaining, to be in the best interests of RIM, the amounts described in recitals (b) and (c) above, may be settled by Balsillie, Lazaridis and Kavelman agreeing not to exercise certain vested RIM stock options that collectively have a fair value equal to the amounts described in recitals (b) and (c) above. The fair value of such RIM stock options is to be determined on a Black-Scholes calculation based on the last trading day prior to the issuance of a Notice of Hearing in this matter;
- (e) Lazaridis undertakes to complete a course acceptable to Staff regarding the duties of directors and officers of public companies within twelve months from the date of this order;

- (f) Each of Loberto, Cork, Wright, Estill, and Fregin undertakes that he has repaid to RIM any increased benefit he received from the allocation to him of incorrectly priced options;

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

IT IS HEREBY ORDERED that:

- (a) the settlement is approved;
- (b) RIM shall submit to a review of its practices and procedures pursuant to s.127(1)(4) of the Act by an independent person agreed to by Staff of the Commission and RIM and paid for by RIM, as set out in Schedule “C” to the Settlement Agreement;
- (c) James Balsillie:
 - (i) shall pay an administrative penalty of \$5 million to be allocated for the benefit of third parties by the Commission, pursuant to section 3.4(2) of the Act;
 - (ii) shall pay \$700,000 to the Commission towards the costs of its investigation; and
 - (iii) shall be reprimanded by the Commission;
- (d) Mike Lazaridis:
 - (i) shall pay an administrative penalty of \$1.5 million to be allocated for the benefit of third parties by the Commission, pursuant to section 3.4(2) of the Act;
 - (ii) shall pay \$150,000 to the Commission towards the costs of its investigation; and
 - (iii) shall be reprimanded by the Commission;

(e) Dennis Kavelman:

- (i) is prohibited from becoming or acting as a director or officer of any reporting issuer until the later of (a) five years from the date of this order, and (b) the date he completes a course acceptable to Staff of the Commission regarding the duties of directors and officers of public companies;
- (ii) shall pay an administrative penalty of \$1.5 million to be allocated for the benefit of third parties by the Commission, pursuant to section 3.4(2) of the Act;
- (iii) shall pay \$150,000 to the Commission towards the costs of its investigation; and
- (iv) shall be reprimanded by the Commission;

(f) Angelo Loberto:

- (i) is prohibited from becoming or acting as a director or officer of any reporting issuer, until he has completed a course acceptable to Staff regarding the duties of directors and officers of public companies;
- (ii) shall pay \$50,000 to the Commission towards the costs of its investigation; and
- (iii) shall be reprimanded by the Commission;

(g) Kendall Cork:

- (i) shall complete a course acceptable to Staff regarding the duties of directors and officers of public companies within twelve months from the date of this order, failing which he will be prohibited from acting as a director pending completion of such course; and

- (ii) shall be reprimanded by the Commission;
- (h) Douglas Wright:
 - (i) shall complete a course acceptable to Staff regarding the duties of directors and officers of public companies within twelve months from the date of this order, failing which he will be prohibited from acting as a director pending completion of such course; and
 - (ii) shall be reprimanded by the Commission;
- (i) James Estill:
 - (i) shall complete a course acceptable to Staff regarding the duties of directors and officers of public companies within twelve months from the date of this order, failing which he will be prohibited from acting as a director pending completion of such course; and
 - (ii) shall be reprimanded by the Commission;
- (j) Douglas Fregin shall complete a course acceptable to Staff regarding the duties of directors and officers within twelve months from the date of this order, failing which he will be prohibited from acting as a director of a reporting issuer pending completion of such a course; and
- (k) the Individual Respondents will not seek, accept, or be offered indemnification from or through RIM for any of the payments associated with or paid by the Individual Respondents as a result of this settlement and this order.

Dated at Toronto this 5th day of February 2009.

“ James E.A. Turner ”

James E.A. Turner

“ David L. Knight ”

David L. Knight, FCA

“ Paulette L. Kennedy ”

Paulette L. Kennedy