



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  
PALADIN CAPITAL MARKETS INC., JOHN DAVID CULP,  
AND CLAUDIO FERNANDO MAYA**

**HEARING HELD PURSUANT TO SECTIONS 127 and 144 OF THE ACT**

**REASONS FOR DECISION**

HEARING: Thursday, July 2, 2009

PANEL: Lawrence E. Ritchie - Vice-Chair and Chair of the Panel

APPEARANCES: Cullen Price - for Staff of the Ontario Securities Commission  
Albert Ciorma

Claudio Fernando Maya - for himself

**ORAL RULING AND REASONS**

The following text has been prepared for the purpose of publication in the Ontario Securities Commission Bulletin and is based on excerpts of the transcript of the hearing. The excerpts have been edited and supplemented and the text has been approved by the Chair of the Panel for the purpose of providing a public record of the decision.

**Chair:**

[1] On June 2, 2009, a temporary order under subsections 127(1) and 127(5) was made by the Ontario Securities Commission (the “Commission”) prohibiting Paladin Capital Markets Inc. (“Paladin”), John David Culp (“Mr. Culp”) and the moving party, Claudio Fernando Maya (“Mr. Maya”), from trading in securities, making use of exemptions and suspending the registration of Paladin and Mr. Culp (*Re Paladin et al.* (2009), 32 O.S.C.B. 4874).

[2] The order was extended on June 15, 2009 to September 30, 2009 subject to Mr. Maya returning before me to contest the extension.

[3] The merits of the case involves allegations that the respondent Mr. Maya acted contrary to subsection 25(1) of the Act in that he engaged in trading activity without being registered. Staff alleges that in recommending investments to investors the respondent failed to do due diligence and that he unjustifiably relied on representations of others to base his information about the investments.

[4] In extending the order on June 15, 2009, I relied on subsections 127(1), (7) and (8) which provide that the Commission may extend a temporary order for such period as it considers necessary if satisfactory information is not provided to the Commission within the 15 day period. By my earlier order (*Re Paladin et al.* (2009), 32 O.S.C.B. 5233) I have permitted Mr. Maya the opportunity to provide satisfactory information today.

[5] It is alleged by Staff that Mr. Maya has a long history of registration and ought to have had a full understanding of his obligations owed to clients and his obligations to be registered.

[6] In this Commission’s decision in *Re Limelight et al.* (2008), 31 O.S.C.B. 1727 at paragraph 135, it is stated:

Pursuant to subsection 25(1) of the Act, a person or company is prohibited from trading in securities unless the person is registered. The requirement that an individual be registered in order to trade in securities is an essential element of the regulatory framework with the purpose of achieving the regulatory objectives of the Act. Registration serves an important gatekeeping mechanism ensuring that only properly qualified and suitable individuals are permitted to be registrants and to trade with or on behalf of the public. Through the registration process, the Commission attempts to ensure that those who trade in securities meet the applicable proficiency requirements, are of good character, satisfy the appropriate ethical standards and comply with the Act.

[7] As this quote emphasizes, the requirement to be registered to “trade” in securities is an essential and fundamental aspect of this Commission’s ability to protect investors. The allegations that persons engaged in trading activities without being registered, as set out in the affidavit materials filed by Staff, are very serious.

[8] The test for the type of matter before me today, a contested temporary order, is set out in *Re Rodney Gold Mines* (1972), 7 O.S.C.B. 159 (Sup. Ct. Ont.). In that case the Court stated at page 160:

... the words “where satisfactory information is not provided to the Commission within the 15 day period” places a burden on the party against whom the order is made to provide the Commission with information.

[9] In this Commission’s decision in *Re Shallow Oil* (2008), 31 O.S.C.B. 2007, the Commission stated the following at paragraph 34:

Subsection 127(8) of the Act authorizes an extension of a temporary cease trade order where “satisfactory information is not provided to the Commission”. We agree that in determining whether satisfactory information has been submitted, we must consider the apparent strength of the evidence put forward by Staff as well as any evidence put forward by the Respondent. As stated in *Re Valentine* (2002), 25 O.S.C.B. 5329 at 5331:

In exercising its regulatory authority, the Commission should consider all of the facts including, as part of its sufficiency consideration, the seriousness of the allegations and the evidence supporting them. The Commission should also consider any explanations or evidence that may contradict such evidence. This will allow it to weigh the threat to the public interest against the potential consequences of the order.

[10] I have reviewed the materials filed and heard submissions from Staff and Mr. Maya. I have attempted to balance the public interest generally and the real potential or perceived threat to the investing public, the seriousness of the allegations and the evidence supporting them against Mr. Maya’s explanations and submissions about the consequences of the order.

[11] I am not satisfied at this time that I have been provided with “satisfactory information” not to extend the temporary order. I also took into consideration that my earlier order extends the mandated prohibition only until September 30, 2009, being less than three months, and provides Mr. Maya an opportunity to address this issue again on September 29, 2009.

[12] Given the seriousness of the alleged improprieties and the seriousness of the consequences of having this matter hanging over Mr. Maya unresolved, I strongly urge Staff to complete its investigation as soon as possible so that any allegations that it makes against Mr. Maya can promptly, clearly and fairly be articulated and addressed by Mr. Maya.

Approved by the Chair of the Panel on July 10, 2009.

“*Lawrence E. Ritchie*”

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Lawrence E. Ritchie