



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, CHAPTER S.5, AS AMENDED**

- AND -

**IN THE MATTER OF ROGER D. ROWAN, WATT CARMICHAEL INC.,
HARRY J. CARMICHAEL, AND G. MICHAEL MCKENNEY**

ORDER

WHEREAS on July 28, 2006, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Securities Act (the "Act") in relation to a Statement of Allegations issued by Staff of the Commission ("Staff") on that date against Roger D. Rowan ("Rowan"), Harry J Carmichael ("Carmichael"), G. Michael McKenney ("McKenney") and Watt Carmichael Inc. ("Watt Carmichael") (collectively, the "Respondents") and Eugene N. Melnyk ("Melnyk");

AND WHEREAS On June 5, 2007, an Amended Statement of Allegations was issued by Staff in which the allegations against Melnyk were withdrawn. The reason for the withdrawal was that, on May 18, 2007, the Commission approved a Settlement Agreement between Staff and Melnyk, who had originally been named as a respondent in this proceeding;

AND WHEREAS the Commission conducted the hearing on the merits in this matter on June 18-22, 26-28 and September 6-7, 2007;

AND WHEREAS the Commission issued its decision and reasons on the merits on June 20, 2008 (the "Merits Decision");

AND WHEREAS the Commission is satisfied that the Respondents have breached Ontario securities law and their conduct was contrary to the public interest, as outlined in the Merits Decision;

AND WHEREAS the Commission conducted a hearing with respect to sanctions and costs on April 29-30, 2009;

AND WHEREAS the Commission is of the opinion that it is in the public interest to order sanctions against the Respondents;

AND WHEREAS the Commission is of the opinion that an order for costs pursuant to section 127.1 of the Act is appropriate;

IT IS HEREBY ORDERED:

With respect to Rowan:

- (a) his registration is suspended for a period of 12 months pursuant to section 127(1)1 of the Act;
- (b) at the conclusion of his suspension of registration, his registration shall be subject to a condition that he not be approved to act in any supervisory role for a further period of 18 months pursuant to section 127(1)1 of the Act;
- (c) he is required to resign any position that he currently holds as a director or officer of a reporting issuer or registrant pursuant to sections 127(1)7 and 127(1)8.1 of the Act;
- (d) he is prohibited from becoming or acting as a director or officer of a reporting issuer or an affiliate of a reporting issuer for a period of 7 years pursuant to section 127(1)8 of the Act;
- (e) he is prohibited from becoming or acting as a director or officer of a registrant for a period of 3 years pursuant to section 127(1)8.2 of the Act;
- (f) he is reprimanded pursuant to section 127(1)6 of the Act;
- (g) he shall pay an administrative penalty pursuant to section 127(1)9 of the Act in the amount of \$520,000, to be allocated by the Commission to or for the benefit of third parties pursuant to section 3.4(2)(b) of the Act.

With respect to Carmichael:

- (a) he is required to resign any position that he currently holds as a director or officer of a registrant pursuant to section 127(1)8.1 of the Act;
- (b) he is prohibited from becoming or acting as a director or officer of a registrant for a period of 45 days pursuant to section 127(1)8.2 of the Act;
- (c) a condition is imposed on his registration pursuant to section 127(1)1 of the Act that he not be approved to act in any supervisory role for a period of 45 days;
- (d) he is reprimanded pursuant to section 127(1)6 of the Act; and
- (e) he shall pay an administrative penalty pursuant to section 127(1)9 of the Act in the amount of \$250,000, to be allocated by the Commission to or for the benefit of third parties pursuant to section 3.4(2)(b) of the Act.

With respect to McKenney:

- (a) he is required to resign any position that he currently holds as a director or officer of a registrant pursuant to section 127(1)8.1 of the Act;

- (b) he is prohibited from becoming or acting as a director or officer of a registrant for a period of 12 months pursuant to section 127(1)8.2 of the Act;
- (c) a condition is imposed on his registration pursuant to section 127(1)1 of the Act that he not be approved to act in any supervisory role for a period of 12 months; and
- (d) he is reprimanded pursuant to section 127(1)6 of the Act.

With respect to Watt Carmichael:

- (a) it is required to undergo an independent review of its compliance structure as well as its procedures relating to the handling of confidential information and conflicts of interest pursuant to section 127(1)4 of the Act. This review should encompass the following points:
 - (i) it is to be conducted by an independent party approved by Staff;
 - (ii) it is to be conducted at the expense of Watt Carmichael;
 - (iii) it is required to implement any changes recommended by the expert within reasonable times frames set out by the expert after consultation with Watt Carmichael and Staff; and
 - (iv) Watt Carmichael is to provide Staff with a copy of the report and recommendations of the expert and with progress reports concerning the implementation of the report's recommendations;
- (b) it is reprimanded pursuant to section 127(1)6 of the Act; and
- (c) it shall pay an administrative penalty in the amount of \$450,000 pursuant to section 127(1)9 of the Act, to be allocated by the Commission to or for the benefit of third parties pursuant to section 3.4(2)(b) of the Act.

On the issue of costs:

- (a) pursuant to subsection 127.1(2) of the Act, the Respondents shall jointly and severally pay to the Commission \$140,000 in costs and disbursements.

Dated at Toronto, Ontario this 21st day of December 2009.

“Patrick J. LeSage”

Patrick J. LeSage

“Suresh Thakrar”

Suresh Thakrar

“David L. Knight”

David L. Knight