



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
MEGA-C POWER CORPORATION, RENE PARDO, GARY USLING,
LEWIS TAYLOR SR., LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR and 1248136 ONTARIO LIMITED**

**ORDER
SANCTIONS AND COSTS
(Sections 127 and 127.1 of the *Securities Act*)**

WHEREAS on November 16, 2005, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing, returnable January 31, 2006, to consider allegations made by Staff of the Commission ("**Staff**") in the Statement of Allegations;

AND WHEREAS on February 6, 2007, the Commission issued an Amended Notice of Hearing, returnable October 29, 2007;

AND WHEREAS on June 4, 2007, Staff withdrew its allegations against Mega-C Power Corporation;

AND WHEREAS on September 17, 2009, the Commission approved a Settlement Agreement between Staff and Gary Usling;

AND WHEREAS the hearing on the merits with respect to Staff's allegations against Rene Pardo, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited (collectively, the "**Respondents**") commenced on September 30, 2009 and concluded on March 26, 2010;

AND WHEREAS on September 7, 2010, the Commission issued its decision on the merits (the “**Merits Decision**”);

AND WHEREAS the Commission found, in the Merits Decision, that the Respondents contravened s. 25(1)(a) and s. 53(1) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “*Act*”), contrary to the public interest, and that Rene Pardo, Lewis Taylor Sr., Lewis Taylor Jr. and Jared Taylor contravened s. 38(3) of the Act, contrary to the public interest, and directed Staff and the Respondents to appear before the Commission on September 28, 2010, at 2:30 p.m., to set a date for a sanctions and costs hearing to consider whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission to order the sanctions and costs set out in the Amended Notice of Hearing;

AND WHEREAS on September 28, 2010, Staff and the Respondents appeared before the Commission, and the Commission, having considered the submissions of Staff and the Respondents, ordered that: (i) the sanctions and costs hearing will commence on Tuesday, December 7, 2010, at 2:00 p.m., and continue, if necessary, on Wednesday, December 8, 2010, at 10:00 a.m., or such other dates as agreed by the parties and fixed by the Office of the Secretary; (ii) Staff will file and serve its written submissions on sanctions and costs by October 15, 2010; and (iii) the Respondents may file and serve written submissions on sanctions and costs, if they wish to do so, prior to the sanctions and costs hearing;

AND WHEREAS on October 15, 2010, Staff filed and served its written submissions on sanctions and costs, along with a book of authorities and an affidavit of service sworn on October 15, 2010, and the Respondents did not file any written material in advance of the sanctions and costs hearing;

AND WHEREAS the sanctions and costs hearing was held on December 7 and 8, 2010 (the “**Sanctions and Costs Hearing**”), and Staff and the Respondents appeared and made submissions;

AND WHEREAS on January 26, 2011, having considered the written submissions of Staff and the submissions made by Staff and the Respondents at the Sanctions and Costs

Hearing, the Commission issued its reasons and decision on sanctions and costs (the “**Sanctions and Costs Decision**”);

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order (the “**Sanctions and Costs Order**”);

IT IS ORDERED THAT:

1. Rene Pardo:
 - (i) shall cease trading securities for ten (10) years, pursuant to clause 2 of subsection 127(1) of the *Act*, except that he is permitted to trade securities for the account of his registered retirement savings plans, registered retirement income plans, registered education savings plans or tax-free savings accounts (as defined in the *Income Tax Act (Canada)*) in which he or his spouse have sole legal and beneficial ownership, provided that:
 - (a) the securities are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) or are issued by a mutual fund that is a reporting issuer;
 - (b) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question;
 - (c) he carries out any permitted trading through a registered dealer and through trading accounts opened in his name only (and he must close any trading accounts that are not in his name only); and
 - (d) he gives a copy of the Merits Decision, the Sanctions and Costs Decision and the Sanctions and Costs Order to any registered dealer through which he will trade in advance of any trading;
 - (ii) any exemptions available under Ontario securities law shall not apply to him for ten (10) years, pursuant to clause 3 of subsection 127(1) of the *Act*;
 - (iii) is reprimanded, pursuant to clause 6 of subsection 127(1) of the *Act*;
 - (iv) shall resign as a director or officer of any issuer, pursuant to clause 7 of subsection 127(1) of the *Act*;

- (v) is prohibited for ten (10) years from becoming or acting as a director or officer of any issuer, pursuant to clause 8 of subsection 127(1) of the *Act*; and
- (vi) pursuant to clause 10 of subsection 127(1) of the *Act*, he shall disgorge to the Commission the sum of \$900,000 to be allocated by the Commission to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the *Act*.

2. Lewis Taylor, Sr.:

- (i) shall cease trading securities permanently, pursuant to clause 2 of subsection 127(1) of the *Act*, except that he is permitted to trade securities for the account of his registered retirement savings plans, registered retirement income plans, registered education savings plans or tax-free savings accounts (as defined in the *Income Tax Act (Canada)*) in which he or his spouse have sole legal and beneficial ownership, provided that:
 - (a) the securities are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) or are issued by a mutual fund that is a reporting issuer;
 - (b) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question;
 - (c) he carries out any permitted trading through a registered dealer and through trading accounts opened in his name only (and he must close any trading accounts that are not in his name only); and
 - (d) he gives a copy of the Merits Decision, the Sanctions and Costs Decision and the Sanctions and Costs Order to any registered dealer through which he will trade in advance of any trading;
- (ii) any exemptions provided for under Ontario securities laws shall not apply to him permanently, pursuant to clause 3 of subsection 127(1) of the *Act*;
- (iii) is reprimanded, pursuant to clause 6 of subsection 127(1) of the *Act*;
- (iv) shall resign any position he holds as a director or officer of any issuer, pursuant to clause 7 of subsection 127(1) of the *Act*; and

- (v) is prohibited from acting as a director or officer of any issuer permanently, pursuant to clause 8 of subsection 127(1) of the *Act*.
3. Lewis Taylor Jr., Jared Taylor and Colin Taylor:
- (i) shall cease trading securities for four (4) years, pursuant to clause 2 of subsection 127(1) of the *Act*, except that each of them is permitted to trade securities for the account of his registered retirement savings plans, registered retirement income plans, registered education savings plans or tax-free savings accounts (as defined in the *Income Tax Act (Canada)*) in which he or his spouse have sole legal and beneficial ownership, provided that:
 - (a) the securities are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) or are issued by a mutual fund that is a reporting issuer;
 - (b) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question;
 - (c) he carries out any permitted trading through a registered dealer and through trading accounts opened in his name only (and he must close any trading accounts that are not in his name only); and
 - (d) he gives a copy of the Merits Decision, the Sanctions and Costs Decision and the Sanctions and Costs Order to any registered dealer through which he will trade in advance of any trading;
 - (ii) any exemptions provided for in Ontario securities law shall not apply to them for four (4) years, pursuant to clause 3 of subsection 127(1) of the *Act*;
 - (iii) are reprimanded, pursuant to clause 6 of subsection 127(1) of the *Act*;
 - (iv) shall resign as directors or officers of any issuer, pursuant to clause 7 of subsection 127(1) of the *Act*; and
 - (v) are prohibited from becoming or acting as a director or officer for any issuer for a period of four (4) years, pursuant to clause 8 of subsection 127(1) of the *Act*.
4. Lewis Taylor Sr., Lewis Taylor Jr., Colin Taylor and Jared Taylor, pursuant to clause 10 of subsection of 127(1) of the *Act*, shall disgorge to the Commission, on a joint and several basis, the sum of CDN \$3,000,000,

to be allocated by the Commission to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the *Act*.

DATED at Toronto, this 26th day of January, 2011.

“James D. Carnwath”

“Kevin J. Kelly”

James D. Carnwath

Kevin J. Kelly