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, 19e 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
MOHINDER AHLUWALIA

REASONS AND DECISION ON SANCTIONS
(Sections 127 and 127.1 of the *Securities Act*)

Sanctions Hearing:	November 29, 2012	
Sanctions Decision:	January 4, 2013	
Panel:	James E. A. Turner	– Vice-Chair
Counsel:	Carlo Rossi	– For Staff of the Ontario Securities Commission
	Mohinder Ahluwalia	– Self-Represented

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REASONS AND DECISION
ON SANCTIONS

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") to consider pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") whether it is in the public interest to make a sanctions order against Mohinder Ahluwalia (the "**Respondent**").

[2] The original proceeding was commenced by a Statement of Allegations and a Notice of Hearing dated June 30, 2011. The Notice of Hearing and the Statement of Allegations were issued in connection with a proceeding against MBS Group (Canada) Ltd. ("**MBS Group**"), Balbir Ahluwalia and the Respondent (the "**MBS Proceeding**").

[3] Staff and the Respondent entered into an agreed statement of facts dated September 21, 2012 (the "**Agreed Statement of Facts**") and by order dated October 10, 2012, the Commission severed the Respondent from the MBS Proceeding and ordered that a separate hearing be held to consider whether it is in the public interest to make a sanctions order against the Respondent based on the Agreed Statement of Facts.

[4] On October 11, 2012, the Commission issued a Notice of Hearing (the "**Notice of Hearing**") and, on September 21, 2012, Staff issued a Statement of Allegations (the "**Statement of Allegations**") in connection with this proceeding against the Respondent.

[5] On November 29, 2012, the Commission held a hearing to receive submissions from Staff and the Respondent regarding sanctions (the "**Sanctions Hearing**"). Staff provided written submissions dated November 19, 2012, together with a Book of Authorities. The Respondent made oral submissions.

[6] These are my reasons and decision as to the sanctions to be ordered against the Respondent. A Sanctions Order giving effect to this decision is attached as Schedule "A".

II. THE AGREED STATEMENT OF FACTS

[7] In the Agreed Statement of Facts, the Respondent admitted, among other things, that:

(a) From July, 2004 to May, 2006, at least $1.6 million was raised through the sale of Electrolinks Corporation ("**Electrolinks**") shares to 89 persons or companies.

(b) From approximately June, 2004 to June, 2007 (the "**Relevant Time**"), the Respondent engaged in and held himself out as engaging in the business of trading in securities and the Respondent, directly and through his representatives, sold Electrolinks shares to members of the public in Ontario and other jurisdictions.

(c) The Respondent was not aware of the total number of investors or the total amount deposited in the MBS bank accounts as a result of the sale of Electrolinks shares.

(d) During the Relevant Time, the Respondent sold approximately 1.5 million Electrolinks shares to members of the public (the "**Electrolinks Investors**") directly and through his representatives.

(e) During the Relevant Time, the Respondent was not registered in any capacity with the Commission.

(f) During the Relevant Time, Electrolinks was not a reporting issuer and the Electrolinks shares were not qualified by a prospectus.

(g) The investors who purchased the Electrolinks shares from the Respondent or his representatives were not provided with a prospectus, offering memorandum or any other disclosure in respect of Electrolinks or the Electrolinks shares.

(h) The Respondent purchased approximately four million Electrolinks shares for $35,000. The Respondent later purchased an additional 1.5 million Electrolinks shares for $28,000.

(i) The Respondent and his representatives told the Electrolinks Investors that Electrolinks was in the process of going public and that they could expect a substantial return on their investment once that process was complete.

(j) The Respondent paid his representatives commissions based on their sales of Electrolinks shares.

(k) Over $650,000 was deposited into bank accounts controlled by the Respondent from the sale of Electrolinks shares by his representatives. The Respondent transferred approximately $155,500 of this amount to the MBS Group. None of the proceeds from these sales was transferred to Electrolinks. An amount of $37,875 was paid as compensation to the Respondent's representatives who sold Electrolinks shares. Another $37,500 was paid to an employee of MBS Group. An amount of $8,500 was re-paid to an investor that purchased Electrolinks shares through the Respondent. Finally, $2,500 was paid to a director of Electrolinks.

(l) Electrolinks never became a public company nor did it make any distributions to the Electrolinks Investors. Electrolinks ceased business in 2008 and was dissolved on February 10, 2010. The Electrolinks Investors suffered a complete loss of their investment.

[8] In the Agreed Statement of Facts, the Respondent admitted that he contravened Ontario securities law as follows:

(a) the Respondent traded and engaged in, or held himself out as engaging in, the business of trading in securities, where no exemptions were available, without being registered to trade in securities, contrary to subsection 25(1) of the Act and contrary to the public interest; and

(b) the actions of the Respondent related to the sale of Electrolinks shares constituted distributions of securities where no preliminary prospectus and prospectus were issued or receipted by the Director, and where no exemptions were available, contrary to subsection 53(1) of the Act and contrary to the public interest.

[9] Staff submits that the Agreed Statement of Facts supports a finding by the Commission that the Respondent breached Ontario securities law in the manner referred to in paragraph 8.

III. SANCTIONS AND COSTS REQUESTED BY STAFF

[10] Staff requests the following sanctions order against the Respondent:

(a) an order pursuant to paragraph 2 of subsection 127(1) of the Act that the Respondent cease trading in securities permanently;

(b) an order pursuant to paragraph 2.1 of subsection 127(1) of the Act that the acquisition of any securities by the Respondent is prohibited permanently;

(c) an order pursuant to paragraph 3 of subsection 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to the Respondent permanently;

(d) an order pursuant to paragraph 6 of subsection 127(1) of the Act that the Respondent be reprimanded;

(e) an order pursuant to paragraph 7 of subsection 127(1) of the Act that the Respondent resign all positions that he may hold as a director or officer of any issuer;

(f) an order pursuant to paragraphs 8, 8.2, and 8.4 of subsection 127(1) of the Act that the Respondent be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(g) an order pursuant to paragraph 8.5 of subsection 127(1) of the Act that the Respondent be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(h) an order pursuant to paragraph 9 of subsection 127(1) of the Act that the Respondent pay an administrative penalty of $150,000;

(i) an order pursuant to paragraph 10 of subsection 127(1) of the Act that the Respondent disgorge to the Commission $486,000 obtained as a result of his non-compliance with Ontario securities law; and

(j) an order pursuant to section 37 of the Act, that the Respondent be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

Administrative Penalties

[11] Staff submits that an administrative penalty of $150,000 against the Respondent is appropriate in the circumstances. Staff says that the Respondent breached two key provisions of the Act. Staff submits that a substantial administrative penalty is necessary to deter the Respondent from engaging in the same or similar conduct in the future and to send a clear deterrent message to other market participants. In Staff's view, the requested administrative penalty falls within the range of administrative penalties ordered in previous Commission illegal distribution cases. Staff notes that the more recent decisions of the Commission show a trend of increasing administrative penalties imposed by the Commission. Staff submits that the rationale for that trend is to ensure that administrative penalties do not merely become a cost of doing business to a respondent breaching the Act.

Disgorgement

[12] Staff seeks an order under paragraph 10 of subsection 127(1) of the Act that the Respondent disgorge $486,000 to the Commission. That is the total amount obtained by the Respondent from the sale of Electrolinks shares, minus the amount of $155,500 paid to MBS Group and the amount of $8,500 repaid to an Electrolinks investor.

[13] In this respect, Staff cites the reasoning in *Re Limelight Entertainment Inc.* (2008), 31 OSCB 12030 ("***Re Limelight***"). Staff submits that I should order that all the amounts obtained by the Respondent in contravention of Ontario securities law, less the two deductions referred to in paragraph 12, be disgorged to the Commission.

Staff's Conclusion on Sanctions

[14] Staff submits that the sanctions proposed are proportionate to the Respondent's serious misconduct and will serve as a specific and general deterrent. The market prohibitions requested by Staff are comprehensive and run the full gambit of sanctions that may be imposed under the Act. It is Staff's view that this is appropriate in the circumstances. The Respondent's behaviour was predatory in the sense that he purchased the Electrolinks shares for one cent and then sold them to investors at 65 to 85 times that amount, and kept more than half of the proceeds. No disclosure was made to investors. The investors were told that Electrolinks would go public and that investors could expect a substantial return. Both of those statements were made solely to entice investors to purchase Electrolinks shares. In Staff's submission, this is the very type of behaviour that the Commission seeks to eliminate from the capital markets. An order permanently

removing the Respondent from the capital markets, requiring disgorgement of all funds obtained from investors, and requiring the Respondent to pay a significant administrative penalty will signal both to the Respondent and to like-minded individuals that serious misconduct will result in severe sanctions.

Costs

[15] Staff does not seek an order for the payment by the Respondent of the Commission's investigation and hearing costs. Staff submits that the Respondent has been cooperative, agreed to the Agreed Statement of Facts and has avoided the necessity for a full hearing on the merits.

IV. THE POSITION OF THE RESPONDENT

[16] The Respondent submits that the proposed sanctions are too severe and will cause him financial hardship. The Respondent did not suggest alternative sanctions.

[17] The Respondent also requested a trading carve-out from any sanctions order barring him from participation in our capital markets so that he can trade with his own funds and earn a living.

V. SANCTIONS

(a) The Law on Sanctions

[18] The Commission's dual mandate is (a) to provide protection to investors from unfair, improper or fraudulent practices; and (b) to foster fair and efficient capital markets and confidence in capital markets (section 1.1 of the Act).

[19] In pursuing these purposes, I must have regard for the fundamental principles described in subsection 2.1 of the Act. That section provides that one of the primary means for achieving the purposes of the Act is restrictions on fraudulent and unfair market practices and procedures.

[20] The Divisional Court in *Erikson v. Ontario (Securities Commission)* acknowledged that when assessing sanctions, it should be remembered that "participation in the capital markets is a privilege and not a right" (*Erikson* v. *Ontario (Securities Commission),* [2003] O.J. No. 593 (Div. Ct.) at para. 55).

[21] The Commission's objective when imposing sanctions is not to punish past conduct, but rather to restrain future conduct that may be harmful to investors or Ontario capital markets. An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.*:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be

> detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> (*Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at pp. 1610 to 1611).

[22] Further, the Supreme Court of Canada has recognized general deterrence as an additional factor that the Commission may consider when imposing sanctions. In *Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 ("***Cartaway***") at para. 60 the Supreme Court stated that: "…it is reasonable to view general deterrence as an appropriate and perhaps necessary consideration in making orders that are both protective and preventative".

[23] In *Momentas,* the Commission applied *Cartaway, supra,* and considered "the importance of deterring not only those involved in this matter, but also like-minded people from engaging in similar conduct." The Commission concluded that:

> [i]n order to promote both general and specific deterrence we found it necessary to impose severe sanctions including permanent cease trade orders, permanent exclusions from exemptions, and a permanent prohibition from acting as an officer or director of a reporting issuer.
>
> (*Momentas Corp. (Re)* (2007), 30 OSCB 6475 ("***Momentas***") at paras. 51 to 52).

[24] The Commission must ensure that the sanctions imposed in each case are proportionate to the circumstances, conduct and culpability of each respondent. The Commission has previously identified the following as some of the factors that a panel should consider when imposing sanctions:

(a) the seriousness of the conduct and the breaches of the Act;

(b) the harm to the investors;

(c) the respondent's experience in the marketplace;

(d) the level of a respondent's activity in the marketplace;

(e) whether or not there has been recognition by a respondent of the seriousness of the improprieties;

(f) whether or not the sanctions imposed may serve to deter not only those involved in the matter being considered, but any like-minded people, from engaging in similar abuses of the capital markets;

(g) the size of any profit obtained or loss avoided from the illegal conduct;

(h) the size of any financial sanction or voluntary payment;

(i) the effect any sanctions may have on the ability of a respondent to participate without check in the capital markets;

(j) the reputation and prestige of the respondent;

(k) the remorse of the respondent; and

(l) any mitigating factors.

(See, for instance, *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 at p. 7746; and *Re M.C.J.C. Holdings Inc. and Michael Cowpland* (2002), 25 OSCB 1133).

The applicability and importance of such factors will vary according to the circumstances of each case.

(b) Specific Sanctioning Factors in this Matter

[25] Overall, the sanctions I impose must protect investors and Ontario capital markets.

[26] In considering the various factors referred to in paragraph 24, I find the following factors and circumstances to be particularly relevant.

(a) The Seriousness of the Misconduct

[27] The actions of the Respondent reflected in the Statement of Allegations involve very serious misconduct that spanned a period of three years and constituted a significant contravention of the Act.

[28] Further, the Respondent breached two key provisions of the Act by trading without registration and by engaging in distributions of securities without complying with the prospectus requirements under the Act. Both of these provisions are intended to protect investors from the very conduct that occurred here. The Respondent's actions caused significant financial harm to investors and to the integrity of Ontario's capital markets. The Electrolinks Investors suffered a complete loss of their investment.

[29] The Respondent and his representatives made representations to investors that Electrolinks was going public and that they could expect a "substantial return" on their investment. Both representations turned out to be false.

(b) The Respondent's activity in the marketplace

[30] The Respondent and his representatives were involved in a systematic process of selling securities to investors and raised a very significant amount. The Respondent and his representatives raised over $650,000 from the sale of Electrolinks shares to the Electrolinks Investors.

(c) The Sanctions will Deter the Respondent and Like-Minded People from Engaging in Similar Abuses of the Capital Markets

[31] In this case, given the Respondent's serious misconduct, significant sanctions are appropriate to deter the Respondent and like-minded individuals from engaging in similar conduct.

(d) The Size of any Profit Made from the Illegal Conduct

[32] Over $650,000 from the sale of Electrolinks shares was deposited into accounts controlled by the Respondent. The Respondent transferred approximately $155,000 of that amount to the MBS Group. None of the proceeds from these sales was transferred to Electrolinks.

(e) The Restraint Any Sanctions May Have on the Ability of a Respondent to Participate Without Check in the Capital Markets

[33] Staff's requested restrictions on trading and acting as a director or officer of a reporting issuer, registrant or investment fund manager will have the effect of preventing the Respondent from participating in Ontario capital markets in a way that is directly related to the Respondent's misconduct in this matter. That misconduct related directly to distributing and trading in securities in breach of the Act.

(f) The Ability of the Respondent to Pay

[34] The Respondent submits that the administrative penalty proposed by Staff is too severe and will impose financial hardship. I am sure that the investors who lost money as a result of the Respondent's conduct would view that submission with some scepticism.

[35] Given the seriousness of the Respondent's misconduct and the lack of any evidence before me as to the Respondent's financial resources, I do not consider the Respondent's ability to pay as a significant factor in determining the appropriate sanctions in this matter.

(g) Mitigating Factors

[36] The Respondent has cooperated with Staff throughout this matter. He agreed to the Agreed Statement of Facts, thereby avoiding the necessity for a full hearing on the merits, thus reducing costs to the Commission.

[37] I also note that the Respondent was not found to be a directing mind of MBS Group or Electrolinks or to have committed fraud.

(h) Commission Precedents

[38] Staff was unable to identify any recent Commission decisions that involved conduct substantially the same as that at issue in this proceeding. However, I have reviewed the following Commission decisions referred to me by Staff: *Re White* (2010), 33 OSCB 8893, *Re Fortuna-St. John* (1998), 21 OSCB 3851, *Re Gold-Quest International* (2010), 33 OSCB 11179 and *Re Limelight, supra.*

(c) Trading and Other Bans

[39] Staff submits that it is appropriate for me to order that the Respondent cease trading in securities permanently and that exemptions available under Ontario securities law not apply to the Respondent permanently.

[40] The Respondent requests a personal carve-out so that the Respondent is able to trade in securities for his own account. Staff did not oppose that request; however, Staff requested that any carve-out only take effect following full payment of any monetary sanctions imposed.

[41] The trading, market and director/officer bans sought by Staff relate directly to the Respondent's conduct in trading securities in this matter. The Respondent engaged in unregistered trading and in distributing the Electrolinks shares without the filing of a prospectus. The conduct of the Respondent spanned a period of three years and is too serious not to issue a permanent trading ban, both as a matter of specific and general deterrence. A carve-out to allow the Respondent to trade on his own behalf is reasonable, provided the financial sanctions I impose are paid.

[42] In all of the circumstances, I have concluded that it is in the public interest to make the following orders:

(a) the Respondent shall cease trading in any securities permanently from the date of this decision, with the exception that once all monetary sanctions have been paid in full, the Respondent is permitted to trade in securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of the attached sanctions order) in (a) any "exchange-traded security" or "foreign exchange traded security" within the meaning of *National Instrument 21-101* provided that he does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;

(b) the acquisition of any securities by the Respondent shall cease permanently, with the exception that once all monetary sanctions have been paid in full, the Respondent is permitted to trade as authorized under clause (a) above;

(c) any exemptions under Ontario securities law shall not apply to the Respondent permanently;

(d) the Respondent shall resign all positions he may hold as a director or officer of any issuer, registrant or investment fund manager;

(e) the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(f) the Respondent shall be reprimanded; and

(g) the Respondent shall be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security.

(d) Disgorgement

[43] Paragraph 10 of subsection 127(1) of the Act provides that a person or company that has not complied with Ontario securities law can be ordered to disgorge to the Commission "any amounts obtained as a result of the non-compliance". The disgorgement remedy is intended to ensure that respondents do not retain any financial benefit or "profit" from their breaches of the Act.

[44] I have considered the following factors in determining whether to issue a disgorgement order against the Respondent:

(a) the amount obtained by the Respondent as a result of his non-compliance with the Act;

(b) the fact that the amount obtained as a result of the Respondent's non-compliance is reasonably ascertainable;

(c) the seriousness of the misconduct and breaches of the Act;

(d) whether the individuals who suffered losses are likely to be able to obtain redress by other means; and

(e) the deterrent effect of a disgorgement order on the Respondent and other market participants.

(See, for instance, *Re Limelight*, *supra*, at para. 52).

[45] In my view, a disgorgement order is appropriate in these circumstances. The Respondent breached Ontario securities law and obtained a large amount of money from the Electrolinks Investors. The Respondent should not be permitted to benefit from his breaches of the Act.

[46] I order that the Respondent disgorge $486,000 to the Commission as requested by Staff. That amount represents the total amount that was obtained by the Respondent as a result of his illegal conduct, minus the amounts paid to MBS Group and the amount repaid to an investor. I defer to Staff as to the appropriateness of deducting the amount paid by the Respondent to MBS Group from the amount of the disgorgement order. In my view, no other deductions are appropriate in the circumstances. That amount shall be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act.

(e) Administrative Penalty

[47] In my view, it is appropriate to impose a substantial administrative penalty against the Respondent. I have considered the submissions made by Staff as to the appropriate administrative penalty in this case. In my view, the Respondent's behaviour was predatory; he obtained a large amount of money from investors based on misleading statements to them. In doing so, he breached key provisions of the Act. That is unacceptable conduct.

[48] I order that an administrative penalty of $150,000 be paid by the Respondent to the Commission as requested by Staff. The Respondent committed multiple breaches of the Act over an extended period which caused serious harm to investors. That amount shall be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act.

(f) Costs

[49] Given the cooperation of the Respondent and his agreement to the Agreed Statement of Facts, Staff has not requested, and I do not impose, any order for costs.

VI. CONCLUSION

[50] I have concluded that the sanctions imposed are proportionate to the conduct and culpability of the Respondent in the circumstances and are in the public interest. I will issue a sanctions order in the form attached as Schedule "A" to these reasons.

DATED at Toronto, this 4th day of January, 2013.

"James E. A. Turner"

James E. A. Turner

Schedule "A"

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, 19e 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
MOHINDER AHLUWALIA

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

WHEREAS on October 11, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in connection with the Statement of Allegations issued by Staff of the Commission ("Staff") dated September 21, 2012 to consider whether it is in the public interest pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") for the Commission to impose certain sanctions on Mohinder Ahluwalia (the "Respondent"), based on the statement of facts agreed to by Staff and the Respondent and filed with the Commission;

AND WHEREAS on November 29, 2012, the Commission conducted a hearing with respect to this matter (the "Sanctions Hearing");

AND WHEREAS Staff and the Respondent appeared at the Sanctions Hearing and made submissions;

AND WHEREAS I am of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondent shall cease trading in securities permanently with the exception that once payment of all monetary sanctions imposed under this Order have been paid in full, the Respondent is permitted to trade in securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this Order) in (a) any "exchange-traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101 provided the Respondent does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondent is prohibited permanently with the exception that once payment of all monetary sanctions imposed under this Order have been paid in full, the Respondent is permitted to acquire securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this Order) in (a) any "exchange-traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101 provided the Respondent does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to the Respondent permanently;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent is reprimanded;

(e) pursuant to paragraph 7 of subsection 127(1) of the Act, the Respondent shall immediately resign all positions he may hold as a director or officer of any issuer;

(f) pursuant to paragraph 8 of subsection 127(1) of the Act, the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any issuer;

(g) pursuant to paragraph 8.1 of subsection 127(1), the Respondent shall resign all positions he may hold as a director or officer of any registrant;

(h) pursuant to paragraph 8.2 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any registrant;

(i) pursuant to paragraph 8.3 of subsection 127(1), the Respondent shall resign all positions he may hold as a director or officer of any investment fund manager;

(j) pursuant to paragraph 8.4 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any investment fund manager;

(k) pursuant to paragraph 8.5 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as any registrant or investment fund manager;

(l) pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondent shall pay an administrative penalty of $150,000 to the Commission, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act;

(m) pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondent shall disgorge $486,000 to the Commission, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act; and

(n) pursuant to section 37 of the Act, the Respondent shall be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED at Toronto, Ontario this 4th day of January, 2013.

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James E. A. Turner