



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Toronto ON M5H 3S8

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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 REJEAN DESROSIERS

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND REJEAN DESROSIERS**

PART I - INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of Rejean DesRosiers (“DesRosiers”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated [date] against DesRosiers in accordance with the terms and conditions set out below. DesRosiers consents to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

3. For this proceeding and any other regulatory proceeding commenced by a securities regulatory authority, DesRosiers agrees with the facts as set out in Part III and the conclusion in Part IV of this settlement agreement (the “Settlement Agreement”).

PART III – AGREED FACTS

4. DesRosiers is a resident of the City of Mississauga.
5. DesRosiers is an entrepreneur with no formal training or education in the securities industry or the capital markets.
6. DesRosiers has been fully cooperative with Staff.
7. In late 2007, DesRosiers and another person incorporated ZipZoom Canada Inc. (“ZipZoom Canada”), which was a company created to utilize patented technology allowing for commercial anonymous communication between consumers and vendors over the internet.
8. According to data provided by DesRosiers, starting in approximately February 2009, a total of 213 investors (the “Founding Members”) invested in ZipZoom Canada by way of entering into an agreement which entitled the investors to receive, on a *pro rata* basis, a portion of the revenues that were to be generated by ZipZoom Canada (the “ZipZoom Canada Securities”).
9. Due to a dispute with the other director of ZipZoom Canada, in October 2009 DesRosiers incorporated ZipZoom Horizons Inc. (“ZipZoom Horizons”).
10. DesRosiers is a director of ZipZoom Horizons Inc. (“ZipZoom Horizons”).
11. Founding Members were offered the opportunity to convert their interests in ZipZoom Canada into a beneficial interest in preferred shares of ZipZoom Horizons to be held in trust pursuant to the ZipZoom Capital Trust Agreement (the “ZipZoom Horizons Securities”).

12. According to data provided by DesRosiers, 206 of the 213 Founding Members chose to convert their interests into ZipZoom Horizons Securities, one Founding Member chose to be repaid, and six chose to convert their interests into interests in an unrelated entity.
13. According to data provided by DesRosiers, between approximately October 2009 and March 2010, a total of 297 investors, including the 206 Founding Members, acquired ZipZoom Horizons Securities for total proceeds of \$803,400.
14. As a result of an inquiry from staff of the Commission (“Staff”) on March 5, 2010, all activities to sell ZipZoom Horizons Securities ceased as of March 5, 2010.
15. None of DesRosiers, ZipZoom Canada and ZipZoom Horizons has ever been registered with the Commission in any capacity.
16. The sales of ZipZoom Canada Securities and ZipZoom Horizons Securities were trades in securities not previously issued and were therefore distributions under the Act. No preliminary prospectus or prospectus was filed and no receipts were issued for them by the Director.

**PART IV - CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND
CONTRARY TO THE PUBLIC INTEREST**

17. By engaging in the conduct described above, DesRosiers admits and acknowledges that he contravened Ontario securities law by:
 - (a) trading in ZipZoom Canada Securities and ZipZoom Horizons Securities without being registered under the Act to trade in securities, contrary to subsection 25(1)(a) of the Act as it existed prior to September 28, 2009 and subsection 25(1) in force as of September 28, 2009; and
 - (b) distributing ZipZoom Canada Securities and ZipZoom Horizons Securities where no preliminary prospectus and prospectus in respect of such securities had been filed and receipts issued by the Director, contrary to subsection 53(1) of the Act.

18. DesRosiers admits and acknowledges that he acted contrary to the public interest and that his actions as described in Part IV above were harmful to the integrity of the capital markets.

PART V – RESPONDENT’S POSITION

19. It is the position of the Respondent that the following factors are relevant to a consideration of this settlement reached between the Respondent and Staff:
- a) at all times the Respondent was acting in good faith relying on reputable legal advice;
 - b) all of the capital raised by means of the distribution of securities was for the purpose of funding the costs associated with ZipZoom Canada, and subsequently ZipZoom Horizons; no profit was realized by the Respondent from the distribution of securities;
 - c) upon being notified by Staff of its concerns, the Respondent immediately stopped any further distribution of securities;
 - d) the Respondent has fully cooperated with Staff during the course of the investigation;
 - e) the Respondent agreed from the outset to make full restitution (disgorgement) to all persons who acquired securities by means of the Distribution.

PART VI – TERMS OF SETTLEMENT

20. DesRosiers agrees to the terms of settlement listed below.
21. The Commission will make an order pursuant to sections 127(1) and 127.1 of the Act that:
- (a) the Settlement Agreement is approved;

- (b) trading in any securities or derivatives by DesRosiers cease for a period of 7 years from the date of the approval of the Settlement Agreement;
- (c) the acquisition of any securities by DesRosiers is prohibited for a period of 7 years from the date of the approval of the Settlement Agreement;
- (d) any exemptions contained in Ontario securities law do not apply to DesRosiers for a period of 7 years from the date of the approval of the Settlement Agreement;
- (e) DesRosiers shall disgorge the amount of \$803,400 obtained as a result of his non-compliance with Ontario securities law. The amount of \$803,400 disgorged represents full disgorgement to all existing investors in ZipZoom Horizons Securities. Once Staff have received satisfactory confirmation that all investors in ZipZoom Horizons Securities have been fully repaid, then the trading, acquisition and exemption bans of subparagraphs (b), (c) and (d) above shall be reduced to 2 years from the date of Staff's written acceptance of the confirmation that investors have been fully repaid;
- (f) DesRosiers shall resign any positions he holds as a director or officer of any reporting issuer;
- (g) DesRosiers is prohibited for a period of 5 years from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager;
- (h) DesRosiers is prohibited for a period of 5 years from the date of approval of the Settlement Agreement from becoming or acting as a registrant, investment fund manager or promoter;
- (i) DesRosiers shall pay to the Commission an administrative penalty in the amount of \$25,000 for his failure to comply with Ontario securities law, payable upon satisfaction of the disgorgement provision in subparagraph (e) above. If the disgorgement provision in subparagraph (e) above is fully satisfied within 7 years

of the date of approval of the Settlement Agreement, then the administrative penalty shall be deemed to have been paid in full; and

- (j) DesRosiers shall pay to the Commission costs of the investigation and hearing in the amount of \$14,691.25.

PART VII – STAFF COMMITMENT

- 22. If the Commission approves the Settlement Agreement, Staff will not initiate any other proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 23 below.
- 23. If the Commission approves this Settlement Agreement and DesRosiers fails to comply with any of the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against DesRosiers. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement. In addition, if this Settlement Agreement is approved by the Commission and DesRosiers fails to comply with the terms of the Settlement Agreement, the Commission is entitled to bring any proceedings necessary to recover the amounts set out in paragraph 21 above.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

- 24. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for [date], or on another date agreed to by Staff and DesRosiers, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.
- 25. Staff and DesRosiers agree that this Settlement Agreement includes all of the agreed facts that will be submitted at the settlement hearing regarding DesRosiers' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
- 26. If the Commission approves this Settlement Agreement, DesRosiers agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

27. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
28. Whether or not the Commission approves this Settlement Agreement, DesRosiers will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for an attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedy or challenge that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

29. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:
 - (a) This Settlement Agreement and all discussions and negotiations between Staff and DesRosiers before the settlement hearing takes place will be without prejudice to Staff and DesRosiers; and
 - (b) Staff and DesRosiers will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to his agreement.
30. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties agree to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

31. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.
32. A fax copy of any signature will be treated as an original signature.

Dated this 26th day of March, 2013.

"Carole Kovachis"

Witness

"Rejean DesRosiers"

Rejean DesRosiers

Dated this 26th day of March, 2013.

STAFF OF THE ONTARIO
SECURITIES COMMISSION

"Tom Atkinson"

Tom Atkinson
Director, Enforcement Branch

Schedule "A"



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**IN THE MATTER OF THE *SECURITIES ACT*,
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IN THE MATTER OF REJEAN DESROSIERS

**ORDER
(Subsections 127 and 127.1)**

WHEREAS on [date], the Ontario Securities Commission (the "Commission"), pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), issued a Notice of Hearing (the "Notice of Hearing") in respect of Rejean DesRosier ("DesRosiers");

AND WHEREAS DesRosiers entered into a settlement agreement with staff of the Commission ("Staff") dated [date] (the "Settlement Agreement") in which DesRosiers agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS in the Settlement Agreement, DesRosiers admitted to unregistered trading in securities of ZipZoom Canada Inc. and in securities of ZipZoom Horizons Inc. (the "ZipZoom Horizons Securities"), and distributing these securities where no preliminary prospectus and prospectus in respect of such securities had been filed and receipts issued by the Director;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and Statement of Allegations of Staff of the Commission dated [date], and upon hearing submissions from counsel for DesRosiers and from Staff of the Commission;

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 Agreement is approved;
- (b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by DesRosiers shall cease for a period of 7 years from the date of this order;
- (c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by DesRosiers is prohibited for a period of 7 years from the date of this order;
- (d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to DesRosiers for a period of 7 years from the date of this order;
- (e) pursuant to paragraph 10 of subsection 127(1) of the Act, DesRosiers shall disgorge the amount of \$803,400 obtained as a result of his non-compliance with Ontario securities law. The amount of \$803,400 disgorged represents full disgorgement to all existing investors in ZipZoom Horizons Securities. Once Staff have received satisfactory confirmation that all investors in ZipZoom Horizons Securities have been fully repaid, then the trading, acquisition and exemption bans of subparagraphs (b), (c) and (d) above shall be reduced to 2 years from the date of Staff's written acceptance of the confirmation that investors have been fully repaid;

- (f) pursuant to paragraphs 7, 8.1 and 8.3 respectively of subsection 127(1) of the Act, DesRosiers shall resign any positions he holds as a director or officer of any reporting issuer, registrant or investment fund manager;
- (g) pursuant to paragraphs 8, 8.2 and 8.4 respectively of subsection 127(1) of the Act, DesRosiers is prohibited for a period of 5 years from the date of this order from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager;
- (h) pursuant to paragraph 8.5 of subsection 127(1) of the Act, DesRosiers is prohibited for a period of 5 years from the date of this order from becoming or acting as a registrant, investment fund manager or promoter;
- (i) pursuant to paragraph 9 of subsection 127(1) of the Act, DesRosiers shall pay to the Commission an administrative penalty in the amount of \$25,000 for his failure to comply with Ontario securities law, payable upon satisfaction of the disgorgement provision in subparagraph (e) above. If the disgorgement provision in subparagraph (e) above is fully satisfied within 7 years of the date of approval of the Settlement Agreement, then the administrative penalty shall be deemed to have been paid in full; and
- (j) pursuant to subsection 127.1 of the Act, DesRosiers shall pay to the Commission costs of the investigation and hearing in the amount of \$14,691.25.

DATED AT TORONTO this day of March, 2013.
