



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 22<sup>nd</sup> Floor CP 55, 22e étage  
20 Queen Street West 20, rue queen ouest  
Toronto ON M5H 3S8 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  
HERITAGE MANAGEMENT GROUP and ANNA HRYNISAK**

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**SETTLEMENT AGREEMENT  
BETWEEN STAFF AND HERITAGE MANAGEMENT GROUP AND ANNA  
HRYNISAK**

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**PART I - INTRODUCTION**

1. By Notice of Hearing dated March 27, 2013, the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a hearing, commencing on April 17, 2013, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), to consider whether it is in the public interest to make orders, as specified therein, against Heritage Management Group (“Heritage”) and Anna Hrynysak (“Hrynysak”) (the “Respondents”). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission (“Staff”) dated March 27, 2013.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of the Respondents.

**PART II – JOINT SETTLEMENT RECOMMENDATION**

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated March 27, 2013 against the Respondents (the “Proceeding”) in accordance with the terms and conditions set out below. The Respondents consent to the making of an

order in the form attached as Schedule “A”, based on the facts set out below.

### **PART III – AGREED FACTS**

#### **Overview**

4. This proceeding, as it relates to Hrynisak and Heritage, centres on the use of two Ontario bank accounts to receive and disburse funds obtained from the victims of a fraudulent “advance-fee” scheme (the “Heritage Scheme”). The Heritage Scheme targeted shareholders residing in the United Kingdom, Europe and Africa (the “Shareholders”).

5. Hrynisak registered Heritage as a sole proprietorship in Ontario and opened bank accounts in the name of Heritage at a bank branch located in Ontario (the “Heritage Bank Accounts”). Hrynisak was the sole signatory on the Heritage Bank Accounts at all times.

6. Pursuant to the Heritage Scheme, the Shareholders were solicited to send advance-fees to the Heritage Bank Accounts purportedly to facilitate the sale of shares held by the Shareholders.

7. At least 10 Shareholders sent a total of at least USD \$500,000 to the Heritage Bank Accounts in connection with the Heritage Scheme between August 2009 and February 2010 (the “Material Time”).

8. During the Material Time, Hrynisak carried out transactions in the Heritage Bank Accounts, including the disbursement of funds fraudulently obtained from investors, at the direction of others.

9. The Shareholders received no consideration for their payments and suffered a complete loss of all amounts paid to the Heritage Bank Accounts.

10. Hrynisak is a resident of Ontario.

11. Neither Hrynisak nor Heritage has ever been registered with the Commission in any capacity.

## **The Heritage Scheme**

12. During the Material Time, persons, using aliases and purporting to act on behalf of “Corporate Solutions Mergers and Acquisitions” and “Malay Finance”, solicited the Shareholders for the purpose of inducing them to make various payments as part of the Heritage Scheme.

13. The Heritage Scheme involved an artificial offer to purchase shares owned by the Shareholders at inflated prices. As part of the Heritage Scheme, the Shareholders were instructed that certain payments were necessary to complete the sale of their shares and ensure that they received the promised payouts.

14. The Shareholders were instructed to send the funds representing these payments to the Heritage Bank Accounts.

15. As noted above, at least 10 Shareholders sent advance-fees totalling at least USD \$500,000 to the Heritage Bank Accounts as a result of the solicitations outlined above. During the Material Time, Hrynysak carried out transactions in the Heritage Bank Accounts, including the disbursement of funds fraudulently obtained from investors, at the direction, and for the benefit, of others.

16. The offer to purchase the Shareholders’ shares and the subsequent communications were part of an artifice designed solely to extract money from the Shareholders. The purported purchases of the Shareholders’ shares never occurred and the Shareholders suffered a complete loss of the amounts paid to the Heritage Bank Accounts as a result of the Heritage Scheme.

17. Hrynysak was not involved in the solicitation of the Shareholders; however, Hrynysak knew or ought to have known that in carrying out transactions in the Heritage Bank Accounts, as noted above, she was directly or indirectly engaging in a course of conduct relating to securities that perpetrated a fraud on the Shareholders.

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

18. By engaging in the conduct described above, the Respondents admit and acknowledge that they contravened Ontario securities law during the Material Time in the following ways:

- (a) During the Material Time, the Respondents traded in and engaged in and held themselves out as engaging in the business of trading in securities without being registered to trade in securities, contrary to subsection 25(1)(a) of the Act from August 2009 to September 27, 2009 and subsection 25(1) from September 28, 2009 to February 2010 and contrary to the public interest; and
- (b) During the Material Time, the Respondents engaged or participated in acts, practices or a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) of the Act and contrary to the public interest.

19. The Respondents admit and acknowledge that they acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 18 (a) and (b) above.

**PART V - TERMS OF SETTLEMENT**

20. The Respondents agree to the terms of settlement listed below.

21. The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

- (a) the Settlement Agreement is approved;

- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by the Respondents cease permanently from the date of the approval of the Settlement Agreement;
- (c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents is prohibited permanently from the date of the approval of the Settlement Agreement;
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents permanently from the date of the approval of the Settlement Agreement;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, Hrynysak is reprimanded;
- (f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Hrynysak is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to clause 8.5 of subsection 127(1) of the Act, Hrynysak is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) pursuant to clause 9 of subsection 127(1) of the Act, Hrynysak shall pay an administrative penalty in the amount of \$35,000 for her failure to comply with Ontario securities law. The administrative penalty in the amount of \$35,000 shall be designated for allocation to or for the benefit of third parties or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
- (i) pursuant to subsection 37(1) of the Act, Hrynysak is prohibited permanently, from the date of the approval of the Settlement Agreement, 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; and

- (j) Notwithstanding the provisions of paragraph 21 herein, once Hrynysak has fully satisfied the terms of sub-paragraph (h) above, Hrynysak shall be permitted to trade for her 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 that she does not own beneficially or exercise control or direction over more than 5 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.

22. Hrynysak undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 21 (b) to (g) and (i) above.

#### **PART VI - STAFF COMMITMENT**

23. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against the Respondents in relation to the facts set out in Part III herein, subject to the provisions of paragraph 24 below.

24. If this Settlement Agreement is approved by the Commission, and at any subsequent time the Respondents fail to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against the Respondents based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

#### **PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT**

25. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and the Respondents for the scheduling of the hearing to consider the

Settlement Agreement.

26. Staff and the Respondents agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding the Respondents' conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

27. If this Settlement Agreement is approved by the Commission, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

28. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

29. Whether or not this Settlement Agreement is approved by the Commission, the Respondents agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

**PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

30. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and the Respondents leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and the Respondents; and
- (b) Staff and the Respondents shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and the Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

31. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of the Respondents and Staff or as may be required by law.



**PART IX - EXECUTION OF SETTLEMENT AGREEMENT**

32. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

33. A facsimile copy of any signature will be as effective as an original signature.

Dated this 21 day of June, 2013.

Signed in the presence of:

*“Carolyn Kerr”*

*“Anna Hrynysak”*

\_\_\_\_\_  
Witness:

\_\_\_\_\_  
**Anna Hrynysak**

**Personally and on behalf of Heritage  
Management Group**

Dated this 21<sup>st</sup> day of June, 2013

*“Tom Atkinson”*

\_\_\_\_\_  
**STAFF OF THE ONTARIO SECURITIES COMMISSION**  
**per Tom Atkinson**  
Director, Enforcement Branch

Dated this 21<sup>st</sup> day of June, 2013

SCHEDULE "A"



Ontario  
Securities  
Commission  
3S8

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H

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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  
HERITAGE MANAGEMENT GROUP and ANNA HRYNISAK**

- AND -

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE  
ONTARIO SECURITIES COMMISSION AND HERITAGE MANAGEMENT GROUP  
AND ANNA HRYNISAK**

**ORDER  
(Sections 37 and 127(1))**

**WHEREAS** by Notice of Hearing dated March 27, 2013, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on April 17, 2013, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Heritage Management Group ("Heritage") and Anna Hrynisk ("Hrynisk") (the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated March 27, 2013;

**AND WHEREAS** the Respondents entered into a settlement agreement with Staff dated \_\_\_\_\_, 2013 (the "Settlement Agreement") in which the Respondents agreed to a proposed

settlement of the proceeding commenced by the Notice of Hearing dated March 27, 2013, subject to the approval of the Commission;

**WHEREAS** on \_\_\_\_\_, 2013, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement;

**AND UPON** reviewing the Settlement Agreement, the Notice of Hearing, and the Statements of Allegations of Staff, and upon hearing submissions from the Respondents and from Staff;

**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 clause 2 of subsection 127(1) of the Act, trading in any securities by the Respondents cease permanently from the date of this Order;
- (c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents is prohibited permanently from the date of this Order;
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents permanently from the date of this Order;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, Hrynysak is reprimanded;

- (f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Hrynysak is prohibited permanently from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to clause 8.5 of subsection 127(1) of the Act, Hrynysak is prohibited permanently from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) pursuant to clause 9 of subsection 127(1) of the Act, Hrynysak shall pay an administrative penalty in the amount of \$35,000 for her failure to comply with Ontario securities law. The administrative penalty in the amount of \$35,000 shall be designated for allocation to or for the benefit of third parties or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
- (i) pursuant to subsection 37(1) of the Act, Hrynysak is prohibited permanently, from the date of this Order, 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; and
- (j) Notwithstanding the provisions of this Order, once Hrynysak has fully satisfied the terms of sub-paragraph (h) above, Hrynysak shall be permitted to trade for her 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 that he does not own beneficially or exercise control or direction over more than 5 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.

**DATED** at Toronto this            day of            , 2013.

