



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 SATISH TALAWDEKAR
AND ANAND HARIHARAN**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND SATISH TALAWDEKAR**

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 Satish Talawdekar (“Talawdekar” or the “Respondent”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 11, 2015 (the “Proceeding”) against the Respondent according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

3. For the purposes of only this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority in Canada, the Respondent agrees with the

facts as set out in Part III and the conclusions in Part IV of this Settlement Agreement (the “Settlement Agreement”).

PART III – AGREED FACTS

I. OVERVIEW

4. The Proceeding relates to Staff’s allegations concerning unlawful trading and tipping in June 2012 by Talawdekar related to the acquisition by MacDonald, Dettwiler & Associates Inc. (“MDA”) of a major subsidiary of Loral Space & Communications Inc. (“Loral” and the “Acquisition”).

II. THE RESPONDENT

5. Talawdekar is a resident of Mississauga, Ontario and was at the time of the conduct described herein employed as a manager in the IT department of MDA’s Brampton offices.

III. TALAWDEKAR’S CONDUCT

The Acquisition and Announcement

6. At 9:25 PM on June 26, 2012, MDA publicly announced the Acquisition (the “Announcement”). Below is a table representing the market impact of the Announcement on the price of Loral and MDA shares:

Security Description	Marketplace Closing Share Price June 26, 2012	Marketplace Closing Share Price June 27, 2012	Dollar Increase in Share Price	Percentage Increase
MDA shares	\$44.65	\$57.13	\$12.48	28%
Loral shares	US \$59.36	US \$67.21	\$7.85	13.2%

7. MDA issued a material change report concerning the Acquisition on June 29, 2012.

8. MDA’s Acquisition was a material fact to both Loral and to MDA.

9. Talawdekar became aware of the Acquisition in the course of his employment before there was general disclosure by MDA, which only occurred with the Announcement.

10. Talawdekar purchased MDA shares with knowledge of a material, undisclosed fact. He also conveyed the substance of the material non-public information respecting the Acquisition to his friend Anand Hariharan (“Hariharan”) before it was generally disclosed.

11. As a result of receiving this tip, starting on the day before the Announcement and continuing on the day of the Announcement (but before the Announcement), Hariharan purchased a total of 220 short-dated, out-of-the-money call option contracts of Loral.

Knowledge of Talawdekar of the Material Information

12. In the months leading up to the Announcement, several employees at MDA’s Brampton offices participated in the due diligence process for the proposed Acquisition. While Talawdekar was not part of the due diligence team, his workstation was located in close proximity to members of the due diligence team.

Chronology of Key Events

13. On Thursday, June 21, 2012, Talawdekar learned of material undisclosed information, namely that MDA was going to be part of a major, transformative acquisition. Talawdekar then transferred \$45,000 from his line of credit to his brokerage account (by 3:18 PM) and purchased 1,000 shares of MDA at a cost of \$44,365.45 (by 3:26 PM). The cost of purchasing the MDA securities was approximately 50% of his yearly gross salary. Prior to those purchases, Talawdekar had not purchased MDA securities for over 20 months and had not drawn upon his line of credit for at least 10 months.

14. Talawdekar made this purchase with knowledge of the material, generally-undisclosed fact that MDA was going to make a major, transformative acquisition. He was in a special relationship with MDA by virtue of subsection 76(5)(c)(i) of the Act and his purchases with that knowledge constituted unlawful insider trading contrary to subsection 76(1) of the Act.

Talawdekar Tips Hariharan concerning the Acquisition

15. On or about, Monday, June 25, 2012, Talawdekar learned further details concerning the Acquisition, including that the target of the acquisition was Loral's subsidiary and the transaction would be announced imminently.

16. Beginning later that same day and continuing the next day, Talawdekar engaged in a series of telephone calls with his friend Hariharan and informed him of those facts (*i.e.* the facts set out in paragraph 15 above), which were material and undisclosed.

17. As a result of receiving this tip, Hariharan purchased 220 call option contracts of Loral on June 26, 2012 prior to the Announcement at a cost of \$11,019.90.

Profit Made by Hariharan

18. The day following the Announcement, Hariharan sold all of the 220 Loral option contracts, realizing a combined profit of US\$68,683.40, a 623% return in one day.

Profit Made by Talawdekar

19. On June 27, 2012, shortly after the Announcement, Talawdekar sold the 1,000 shares of MDA for \$56,039.05 with a profit of \$11,673.60, a 26.3% return in seven days.

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

20. Talawdekar, as an employee of MDA was a person in a special relationship with MDA in accordance with subsection 76(5)(c) of the Act at the time of the subject trading.

21. Talawdekar:

- (a) Purchased MDA securities with knowledge of material undisclosed information respecting MDA, contrary to section 76(1) of the Act and also thereby acting contrary to the public interest; and

- (b) Informed his friend Hariharan of the Acquisition, which was a material, generally-undisclosed fact in respect of MDA, thereby breaching section 76(2) of the Act and also thereby acting contrary to the public interest.

PART V – RESPONDENT’S POSITION

- 22. Talawdekar is not a registrant in Ontario or elsewhere.
- 23. Talawdekar is very remorseful for his conduct. He is unlikely to repeat this sort of conduct.
- 24. Talawdekar has brought this matter to an early resolution.

PART VI – TERMS OF SETTLEMENT

- 25. Talawdekar agrees to the terms of settlement listed below.
- 26. The Commission will make an order, pursuant to sections 127 and 127.1 of the Act, that:
 - (a) the Settlement Agreement is approved;
 - (b) trading in any securities (including as the term is defined in subsection 76(6) of the Act) by Talawdekar whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the Settlement Agreement.
 - (c) the acquisition of any securities by Talawdekar, including as the term “security” is defined in subsection 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement.
 - (d) After the payments set out in paragraph 26(h),(i),(j) and (k), below, are made in full, as an exception to the provisions of paragraphs 26(b) and (c):

- (i) trading shall be permitted only in mutual fund, exchange-traded fund or index fund securities, bonds and guaranteed investment certificates for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Talawdekar and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Settlement Agreement at the time he opens or modifies these accounts; and
 - (ii) trading and the acquisition of any securities shall be permitted in the registered education savings plans account held at First Knowledge Financial for the benefit of Talwdekar's children, as long as Talawdekar neither holds nor exercises trading authority, influence or control in respect of the trading in the account, and such trading is carried out through First Knowledge Financial, to whom he must give a copy of this Settlement Agreement forthwith;
- (e) any exemptions contained in Ontario securities law do not apply to Talawdekar for a period of 10 years from the date of the order approving the Settlement Agreement;
 - (f) Talawdekar is reprimanded;
 - (g) Talawdekar is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a registrant, an investment fund manager, a promoter, or as a director or officer of any of those entities;
 - (h) Talawdekar shall disgorge to the Commission \$11,673.60, being the profits obtained by him through the MDA trading as a result of his non-compliance with Ontario securities law. The disgorged amount shall be designated for

allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

- (i) Talawdekar shall pay an administrative penalty of \$23,000 for his failure to comply with Ontario securities law in respect of the MDA trading, which represents approximately two (2) times the profit made by the Respondent through that misconduct. The administrative penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;
- (j) Talawdekar shall pay an administrative penalty of \$55,326.40 for his failure to comply with Ontario securities law in respect of the unlawful tip provided to Hariharan, which represents an amount equivalent to a substantial portion of the profit made by Hariharan as a result of Talawdekar's misconduct. The administrative penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and
- (k) Talawdekar shall also pay investigation costs to the Commission in the amount of \$5,000.

27. Talawdekar undertakes to pay the amounts described above as follows: payments of \$45,000 and \$5,000 made by certified cheques or bank drafts on or before March 26, 2015 and a final payment of \$45,000 made by certified cheque or bank draft on or before April 26, 2015;

28. Talawdekar undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the non-monetary prohibitions set out in the Settlement Agreement. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

29. Talawdekar agrees to attend in person at the hearing before the Commission to consider the proposed settlement.

PART VII – STAFF COMMITMENT

30. If the Commission approves this Settlement Agreement, Staff will not commence any 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 31 below.

31. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. 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.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

32. The parties will seek approval of this Settlement Agreement at a public hearing before 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 Respondent, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

33. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

34. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

35. 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.

36. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

37. 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 the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and
- (b) Staff and the Respondent 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 this agreement.

38. 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 must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

39. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

40. A PDF copy of any signature will be treated as an original signature.

DATED AT TORONTO this 6th day of March 2015.

“Satish Talawdekar”

“Andrea Talawdekar”

Satish Talawdekar

Witness
(signature and printed name)

“Tom Atkinson”

Tom Atkinson
Director, Enforcement Branch



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SCHEDULE "A"

**IN THE MATTER OF THE *SECURITIES ACT*,
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- and -

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STAFF OF THE ONTARIO SECURITIES COMMISSION
AND SATISH TALAWDEKAR**

ORDER

(Subsections 127(1) and 127.1)

WHEREAS on March 11, 2015 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"), and Staff of the Commission ("Staff") filed a statement of allegations (the "Statement of Allegations") in respect of Satish Talawdekar ("Talawdekar");

AND WHEREAS Talawdekar has entered into a Settlement Agreement with Staff dated March 6, 2015 (the "Settlement Agreement") in which Talawdekar agreed to a proposed settlement in relation to the matters set out in the Notice of Hearing and the Statement of Allegations;

AND WHEREAS in the Notice of Hearing the Commission announced that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement between Staff and Talawdekar;

AND WHEREAS Talawdekar has made payments of \$90,000 and \$5,000 in costs prior to the approval of the Settlement Agreement;

AND UPON the Commission having reviewed the Notice of Hearing, the Statement of Allegations, and the Settlement Agreement, and having heard submissions from counsel for Talawdekar and for 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:

- (1) The Settlement Agreement is approved;
- (2) Trading in any securities (including as the term is defined in subsection 76(6) of the Act) by Talawdekar whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the Settlement Agreement.
- (3) The acquisition of any securities by Talawdekar, including as the term “security” is defined in subsection 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement.
- (4) After the payments set out in paragraphs 8, 9, 10 and 11, below, are made in full, as an exception to the provisions of paragraphs 2 and 3:
 - (a) trading shall be permitted only in mutual fund, exchange-traded fund or index fund securities, bonds and guaranteed investment certificates for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Talawdekar and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this agreement at the time he opens or modifies these accounts; and

- (b) trading and the acquisition of any securities shall be permitted in the registered education savings plans account held at First Knowledge Financial for the benefit of Talawdekar's children, as long as Talawdekar neither holds nor exercises trading authority, influence or control in respect of the trading in the account, and such trading is carried out through First Knowledge Financial, to whom he must give a copy of this settlement forthwith;
- (5) any exemptions contained in Ontario securities law do not apply to Talawdekar for a period of 10 years from the date of the order approving the Settlement Agreement;
- (6) Talawdekar is reprimanded;
- (7) Talawdekar is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a registrant, an investment fund manager, a promoter, or as a director or officer of any of those entities;
- (8) Talawdekar shall disgorge to the Commission \$11,673.60, being the profits obtained by him through the MDA trading as a result of his non-compliance with Ontario securities law. The disgorged amount shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;
- (9) Talawdekar shall pay an administrative penalty of \$23,000 for his failure to comply with Ontario securities law in respect of the MDA trading, which represents approximately two (2) times the profit made by the Respondent through that misconduct. The administrative penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;
- (10) Talawdekar shall pay an administrative penalty of \$55,326.40 for his failure to comply with Ontario securities law in respect of the unlawful tip provided to Hariharan, which represents an amount equivalent to a substantial portion of the profit made by Hariharan as a result of Talawdekar's misconduct. The administrative

penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

- (11) Talawdekar shall also pay investigation costs to the Commission in the amount of \$5,000.

DATED at Toronto, this [day] day of [month], [year].
