



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
RSO 1990, c S.5**

- AND -

IN THE MATTER OF JULIUS CAESAR PHILLIP VITUG

-AND-

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE
ONTARIO SECURITIES COMMISSION AND JULIUS CAESAR PHILLIP VITUG**

SETTLEMENT AGREEMENT

PART I - INTRODUCTION

1. By Notice of Hearing dated March 14, 2016 the Ontario Securities Commission (the "Commission") announced that it proposes to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Julius Caesar Phillip Vitug (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 14, 2016 (the "Proceeding") against the Respondent in accordance with the terms and conditions set out in Part V of this Settlement Agreement ("the Settlement Agreement"). The Respondent consents 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 this Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement and the conclusions in Part IV of this Settlement Agreement.

PART III – AGREED FACTS

A. The Respondent

4. The Respondent is a resident of Toronto, Ontario and was registered with the Commission in various categories from 1991 to 2010, including: Salesperson for a Mutual Fund Dealer and Limited Market Dealer; and Salesperson, Dealing Representative and Trading Officer for an Investment Dealer.

5. He was also an approved person with the Investment Industry Regulatory Organization of Canada (“IIROC”) and its predecessor in various categories, including Registered Representative, Portfolio Management, Trading Officer and Branch Manager, between approximately 1996 and 2010.

B. Findings & Penalties of the Investment Industry Regulatory Organization of Canada

6. In a decision dated March 31, 2009, following a hearing by an IIROC panel, IIROC found that the Respondent had an undisclosed financial interest and undisclosed financial dealings in certain client accounts in or about 2003 to 2005. Consequently, IIROC found that the Respondent engaged in business conduct or practice which was unbecoming or detrimental to the public interest in violation of IIROC By-laws.

7. The penalties imposed by IIROC comprised of a permanent ban on the Respondent being approved in any registration category under IIROC’s rules and a fine of \$350,000. He was also ordered to pay costs to IIROC of \$80,000.

8. The penalties arising from the IIROC Decision became effective on August 12, 2010 following an unsuccessful application and appeal by the Respondent to overturn the IIROC decision.

C. Business of Trading

9. From 2011 to 2014 (the “Material Time”), the Respondent engaged in the business of trading in the securities of Iskander Energy Corp. (“Iskander”). Iskander is an Alberta Corporation.

10. During the Material Time, the Respondent was introduced to the deal whereby he purchased securities on his own behalf and facilitated the trades of approximately 40 Ontario investors.

11. The total amount raised from investors during the Material Time was approximately \$10 million. The Respondent served as a liaison between the issuer and the investors and in this manner facilitated the trades. He also introduced certain of the investors to the investment.

12. In relation to these trades, the Respondent received compensation and directed compensation to three corporations (“Corporations”), of which he was a beneficial owner or in which he was a partner. Such compensation consisted of over \$114,000 paid by cheque(s) and securities during the Material Time.

13. These Corporations were:

- (a) Dardan Bancorp Inc. (“Dardan”), which was incorporated in Ontario on November 4, 2010. The Respondent is the president and director of Dardan.
- (b) 1082824 Ontario Inc. (“1082824 Ontario”), which was incorporated in Ontario on May 27, 1994. The Respondent was the director of 1082824 Ontario. On January

1, 2014, 1082824 Ontario amalgamated with Dardan and they continue under the Dardan name.

- (c) Toronto Tree Top Holdings Ltd. (“Toronto Tree Top”), which was incorporated in Ontario on March 25, 2011. The Respondent is a director and treasurer and owns 50% of the shares of Toronto Tree Top. The other 50% of the shares is owned by SY (“SY”). The Respondent assists SY with many of his businesses and investments, including facilitating trades for Toronto Tree Top using the funds supplied by SY.

D. Other Considerations

- 14. The Respondent has cooperated with Staff throughout the investigation and in concluding the Settlement Agreement.

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

- 15. The Respondent acknowledges and admits that, during the Material Time, contrary to subsection 25(1) of the Act, he engaged in or held himself out as engaging in the business of trading, as described above, without being registered to do so and in circumstances in which there was no exemption under Ontario securities law from the requirement to comply with subsection 25(1) of the Act.

- 16. The Respondent acknowledges and admits that he acted contrary to the public interest by contravening Ontario securities law as set out in paragraph 15 above.

PART V – TERMS OF SETTLEMENT

- 17. The Respondent agrees to the terms of settlement listed below and to the Order attached hereto, made pursuant to subsection 127(1) and section 127.1 of the Act that:

(a) this Settlement Agreement shall be approved;

(b) pursuant to paragraph 2 of subsection 127 (1) of the Act, any direct or indirect trading in any securities or derivatives by the Respondent shall cease for a period of 10 years except that the Respondent shall be permitted to trade securities or derivatives in the following accounts as defined under the *Income Tax Act (Canada)*:

- i. registered retirement savings plan accounts and/or;
- ii. registered pension plan and/or;
- iii. self-directed retirement savings plan and/or;
- iv. tax free savings accounts and/or;
- v. registered retirement income fund and/or;
- vi. registered education savings plan and/or;
- vii. personal trading accounts

in which he or his children have sole legal and/or beneficial ownership. All trading shall be carried out solely through a registered dealer in Ontario to whom the Respondent must have given a copy of the Order;

(c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, any direct or indirect acquisition of any securities or derivatives by the Respondent shall cease for a period of 10 years except that the Respondent shall be permitted to acquire securities or derivatives in the following accounts as defined under *the Income Tax Act (Canada)*:

- i. registered retirement savings plan accounts and/or;
- ii. registered pension plan and/or;
- iii. self-directed retirement savings plan and/or;
- iv. tax free savings accounts and/or;
- v. registered retirement income fund and/or;
- vi. registered education savings plan and/or;
- vii. personal trading accounts

in which he or his children have sole legal and/or beneficial ownership. All acquisitions shall be carried out solely through a registered dealer in Ontario to whom the Respondent must have given a copy of the Order;

- (d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 10 years except to allow for trading or acquisitions permitted by and in accordance with paragraphs 17(b) and 17(c) of this agreement;
- (e) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent is reprimanded;
- (f) pursuant to paragraph 7 of subsection 127(1) of the Act, the Respondent shall resign immediately from any position he may hold as a director or officer of any issuer where there are more than 5 direct or indirect beneficial holders of the securities of the issuer;
- (g) pursuant to paragraphs 8.1 and 8.3 of subsection 127(1) of the Act, the Respondent shall resign immediately from any position he may hold as a director or an officer of any registrant or investment fund manager;
- (h) pursuant to paragraph 8 of subsection 127(1) of the Act, the Respondent is prohibited, for a period of 10 years, from becoming or acting as a director or an officer of any issuer where there are more than 5 direct or indirect beneficial holders of the securities of the issuer;
- (i) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the Act, the Respondent is prohibited, for a period of 10 years, from becoming or acting as a director or an officer of any registrant or investment fund manager;
- (j) pursuant to paragraph 8.5 of subsection 127(1) of the Act, the Respondent is prohibited, for a period of 10 years, from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (k) pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondent shall pay an administrative penalty of \$220,000 to the Commission for his failure to comply with

Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the Act;

(l) pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondent shall disgorge to the Commission the sum of \$114,369, obtained as a result of non-compliance with Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the Act;

(m) pursuant to subsections 127.1(1) and (2) of the Act, the Respondent shall pay the amount of \$15,631 in respect of part of the costs of the Commission's investigation and hearing.

18. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the terms of settlement set out in sub-paragraphs 17(b) to 17(j) above. These terms of settlement may be modified to reflect the provisions of the relevant provincial or territorial securities law.

19. The Respondent will attend in person at the hearing before the Commission to consider the proposed settlement.

PART VI – STAFF COMMITMENT

20. 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 21 below.

21. 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 VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

22. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for March 16, 2016, or on another date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure* (2014), 37 OSCB 4168.

23. 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.

24. 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.

25. 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.

26. 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 VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

27. 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.

28. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. Any obligations of confidentiality shall terminate upon the commencement of the public settlement hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement remain confidential indefinitely, unless Staff and the Respondent otherwise agree or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

30. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at Toronto this 14th day of March, 2016.

“Julius Caesar Phillip Vitug”

Julius Caesar Phillip Vitug

“Greg Temelini”

Greg Temelini
Wright Temelini LLP
Witness

*“Kelly Gorman
per Tom Atkinson”*

Tom Atkinson
Director, Enforcement Branch
Ontario Securities Commission

Schedule “A”



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Commission des
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ORDER

(Subsection 127(1) and Section 127.1)

WHEREAS:

1. On March 14, 2016, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5 (the “Act”) to consider whether it is in the public interest to make an order, as specified therein, against Julius Caesar Phillip Vitug (the “Respondent”). The Notice of Hearing was issued in connection with the Statement of Allegations of Staff of the Commission (“Staff”) dated March 14, 2016;
2. The Respondent entered into a Settlement Agreement with Staff dated March 11, 2016 (the “Settlement Agreement”) in which the Respondent agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated March 14, 2016, subject to the approval of the Commission;

3. The Notice of Hearing announced that it proposes to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondent;
4. The Commission reviewed the Settlement Agreement, the Notice of Hearing, the Statement of Allegations of Staff, and heard submissions from counsel for the Respondent and from Staff;
5. 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 hereby approved;
2. pursuant to paragraph 2 of subsection 127 (1) of the Act, any direct or indirect trading in any securities or derivatives by the Respondent shall cease for a period of 10 years except that the Respondent shall be permitted to trade securities or derivatives in the following accounts as defined under the *Income Tax Act (Canada)*:
 - i. registered retirement savings plan accounts and/or;
 - ii. registered pension plan and/or;
 - iii. self-directed retirement savings plan and/or;
 - iv. tax free savings accounts and/or;
 - v. registered retirement income fund and/or;
 - vi. registered education savings plan and/or;
 - vii. personal trading accountsin which he or his children have sole legal and/or beneficial ownership. All trading shall be carried out solely through a registered dealer in Ontario to whom the Respondent must have given a copy of the Order;

3. pursuant to paragraph 2.1 of subsection 127(1) of the Act, any direct or indirect acquisition of any securities or derivatives by the Respondent shall cease for a period of 10 years except that the Respondent shall be permitted to acquire securities or derivatives in the following accounts as defined under the *Income Tax Act (Canada)*:
 - i. registered retirement savings plan accounts and/or;
 - ii. registered pension plan and/or;
 - iii. self-directed retirement savings plan and/or;
 - iv. tax free savings accounts and/or;
 - v. registered retirement income fund and/or;
 - vi. registered education savings plan and/or;
 - vii. personal trading accountsin which he or his children have sole legal and/or beneficial ownership. All acquisitions shall be carried out solely through a registered dealer in Ontario to whom the Respondent must have given a copy of the Order;
4. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 10 years except to allow for trading or acquisitions permitted by and in accordance with paragraphs 2 and 3 of this Order;
5. pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent is reprimanded;
6. pursuant to paragraph 7 of subsection 127(1) of the Act, the Respondent shall resign immediately from any position he may hold as a director or officer of any issuer where there are more than 5 direct or indirect beneficial holders of the securities of the issuer;
7. pursuant to paragraphs 8.1 and 8.3 of subsection 127(1) of the Act, the Respondent shall resign immediately from any position he may hold as a director or an officer of any registrant, or investment fund manager;

8. pursuant to paragraph 8 of subsection 127(1) of the Act, the Respondent is prohibited, for a period of 10 years, from becoming or acting as a director or an officer of any issuer where there are more than 5 direct or indirect beneficial holders of the securities of the issuer;
9. pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the Act, the Respondent is prohibited, for a period of 10 years, from becoming or acting as a director or an officer of any registrant or investment fund manager;
10. pursuant to paragraph 8.5 of subsection 127(1) of the Act, the Respondent is prohibited, for a period of 10 years, from becoming or acting as a registrant, as an investment fund manager or as a promoter;
11. pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondent shall pay an administrative penalty of \$220,000 to the Commission for his failure to comply with Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the Act;
12. pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondent shall disgorge to the Commission the sum of \$114,369, obtained as a result of non-compliance with Ontario securities law, which amount shall be designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the Act;
13. pursuant to subsections 127.1(1) and (2) of the Act, the Respondent shall pay the amount of \$15,631 in respect of part of the costs of the Commission's investigation and hearing.

DATED at Toronto, this day of March, 2016.
