

**IN THE MATTER OF THE *SECURITIES ACT*,  
R.S.O. 1990 c. S.5, AS AMENDED**

**-and-**

**IN THE MATTER OF TEODOSIO VINCENT PANGIA,  
AGOSTINO CAPISTA AND DALLAS/NORTH GROUP INC.**

**AMENDED  
STATEMENT OF ALLEGATIONS  
OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (the “Commission”) makes the following allegations:

**A. BACKGROUND**

1. Teodosio Vincent Pangia (“Pangia”) was, at all material times, the President and a director of Dallas/North Group Inc. (“Dallas North”) and President, Chairman and Chief Executive Officer of E.P.A. Enterprises Inc. (“EPA”). Pangia had been registered with the Commission in 1988 and 1989 but was not registered during 1995 and 1996.

2. Agostino Capista (“Capista”) was the incorporator and first director of Dallas North. At the relevant time, Capista was the Secretary, Treasurer and/or a director of Dallas North.

3. Dallas North was a private company incorporated in Ontario on May 14, 1991. Dallas North purported to be in the equestrian business. In the period March 1995 to October 1995, Dallas North was used by Pangia and Capista as a vehicle for the receipt of funds from the sale of shares of EPA, as described below.

4. Envirovision International Inc. (“Envirovision”) was incorporated in Ontario on June 7, 1995 by Vicki Laughren (“Laughren”) at the behest of Pangia. Laughren was the sole director and officer of Envirovision. Pangia asked Laughren to incorporate Envirovision to facilitate the sale of EPA shares by providing banking and administrative support. Envirovision was dissolved in late 1999.

5. EPA was incorporated in British Columbia on January 9, 1987 as 319980 B.C. Ltd. Its name was changed to Trend-Set Industries International Inc. on February 17, 1987 and to EPA on September 16, 1993. EPA purported to be engaged in the development of a device for the reduction of automobile emissions, known as the Combustion Efficiency Management Catalyst.

6. EPA was a reporting issuer in British Columbia, and its shares traded on the Vancouver Stock Exchange (the “VSE”). On March 3, 1995, EPA asked the VSE to halt trading pending an announcement. On March 8, 1995, the VSE issued a Notice indicating that trading in EPA shares remained halted pending a reverse take-over. Trading in EPA shares remained halted or suspended until March 5, 1996, at which time EPA shares were delisted by the VSE. In addition, during the period July 26, 1995 to August 18, 1995, all trading in EPA shares was cease traded by the British Columbia Securities Commission.

## **B. OVERVIEW OF ALLEGATIONS**

7. During the period March 1995 to February 1996, Pangia, Capista and/or Dallas North sold at least 452,000 shares of EPA to members of the public in approximately 113 transactions. The purchasers paid at least \$1,386,100 for these shares. The monies were paid to either Dallas North or Envirovision.

8. Pangia and/or Capista traded these EPA shares without being registered to do so. Pangia, Capista and Dallas North effected the trades with the assistance of three registered representatives (one of whom was the Branch Manager and a Vice-President)

at TD Evergreen (“TD Evergreen”). In 1995, TD Evergreen was a division of TD Evergreen Investment Services Inc. and in 1996 a division of TD Securities Inc. The sales of EPA shares were not processed through the books and records of TD Evergreen. The purchasers were directed to make cheques payable to Dallas North or Envirovision.

9. Further, from about October 1995 to about October 1996, Capista sold EPA shares and directly received proceeds in respect of those sales.

10. In addition, Pangia traded in EPA shares in Ontario between June 1995 and August 1995, where such trading was a distribution of those securities, without the required filing of a preliminary prospectus and prospectus.

### **C. UNREGISTERED TRADING**

11. At all material times, neither Pangia nor Capista were registered to trade in a security as required by section 25 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the “Act”). None of the EPA trades were exempt under the Act.

12. In 1994, Simon Kin-Ho Tam (“Tam”) was hired by TD Evergreen to set up a branch office in Scarborough, Ontario. Tam’s primary mandate was to target the Chinese-Canadian community.

13. At all material times, Tam was registered with the Commission as a registered representative, Branch Manager and Vice-President at TD Evergreen. In addition to Tam, two other registered representatives employed at the TD Evergreen Scarborough branch were involved in EPA shares: Woody Woo-Keung Wu (“Wu”) and April Shuk-Fan Che (“Che”).

14. Between March 1995 and February 1996, Pangia, Capista and/or Dallas North, with the assistance of Tam, Wu and Che, sold at least 452,000 EPA shares to members of

the public. These sales were “off book”; they were not recorded in the books and records of TD Evergreen.

15. This trading in EPA shares was primarily orchestrated and directed by Pangia. In respect of most of the EPA transactions during the material time, Pangia:

- (a) instructed Tam as to the number of EPA shares available for sale;
- (b) instructed Tam as to the price at which the EPA shares should be sold;
- (c) instructed Tam as to which entity the cheque for the purchase of the shares should be made payable; and
- (d) provided Tam with EPA share certificates that Pangia, Capista and/or Dallas North owned or controlled.

16. Approximately 113 transactions, involving 90 members of the public, were carried out during the material time. In total, about at least 452,000 EPA shares were sold in an eleven month period. The proceeds of these sales exceeded \$1.38 million.

17. At the instruction of Pangia, the proceeds of the sale of EPA shares were made payable to Dallas North or Envirovision. Receipts were issued by Dallas North or Envirovision to the purchasers. The Dallas North receipts were typically signed by Capista; the Envirovision receipts were typically signed by Laughren. At a later date EPA shares were either delivered or journalled into the purchasers’ accounts at TD Evergreen. In most instances, the delivery or journal into the purchasers account occurred months after the payment.

18. Pangia and Capista, at the material time, operated and controlled Dallas North by virtue of their positions, as set out at paragraphs 1 and 2, above.

19. Pangia asked Laughren to set up a company in order to facilitate the EPA share sales. Accordingly, Laughren incorporated Envirovision. Laughren was the sole officer and director of Envirovision.

20. Envirovision's sole source of revenue was from the sale of EPA shares. Laughren disbursed funds from the Envirovision account at the direction of Pangia, a significant portion of which was paid directly to Pangia.

21. In addition to the events described at paragraphs 12 to 20 above, from about October, 1995 until about October, 1996, Capista sold approximately 135,200 EPA shares and directly received proceeds in excess of \$237,700 in respect of those sales.

#### **D. ILLEGAL DISTRIBUTION**

22. In at least fifteen of the EPA sales transactions, the following occurred:

- (a) individuals purchased EPA shares;
- (b) the funds were paid to Envirovision;
- (c) Pangia exercised EPA options;
- (d) EPA shares certificates were issued from treasury in the name of Pangia; and
- (e) certain of these shares were delivered by Pangia to Tam for deposit into the purchaser's account at TD Evergreen.

23. The distributions described in paragraph 20 contravened section 53 of the Act; those distributions were trades in securities that had not been previously issued. No preliminary prospectus and prospectus were filed, and no receipt obtained from the Director of the Commission.

24. The aforementioned distributions involved at least 26,000 EPA shares, for which the purchasers paid approximately \$84,500 in total.

**E. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

25. The respondents' whole course of conduct, as set out above, contravened Ontario securities law and was contrary to the public interest.

26. Staff reserves the right to make such other allegations as Staff may advise and the Commission permit.

**DATED** at Toronto this 22<sup>nd</sup> day of October, 2001, as amended on September 27, 2002