

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

- and -

**IN THE MATTER OF
TERRENCE WILLIAM MARLOW,
MARLOW GROUP PRIVATE PORTFOLIO MANAGEMENT INC.
AND MARLOW GROUP SECURITIES INC.**

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

Staff of the Ontario Securities Commission make the following allegations:

The Respondents

1. Terrence William Marlow (“Marlow”) is an individual residing in the province of Ontario and is the President of both Marlow Group Private Portfolio Management Inc. (“MGPPM”) and Marlow Group Securities Inc. (“MGS”).
2. MGPPM is a corporation incorporated pursuant to the laws of Ontario and is registered with the Commission as an investment counsel and portfolio manager (“ICPM”) and limited market dealer (“LMD”).
3. MGS is a corporation incorporated pursuant to the laws of Ontario and is registered with the Commission as a dealer in the category of investment dealer. MGS is a member of the Investment Dealers Association of Canada.

4. Marlow is registered with the Commission as a director and advising and trading officer of MGPPM. He is also the Ultimate Responsible Person and Chief Compliance Officer in respect of MGPPM's ICPM registration and he is the Designated Compliance Officer in respect of MGPPM's LMD registration. Marlow is also currently registered with the Commission as a trading officer and director of MGS.
5. Marlow is a trading officer of both MGPPM and MGS.

Failure to File Audited Financial Statements and Maintain Proper Books and Records

6. MGPPM has not filed its audited financial statements for its year ended December 31, 2003 with the Commission in contravention of sections 112 and 139 of Regulation 1015 to the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"). The Financial Statements were required to be filed with the Commission on or before April 1, 2004.
7. On October 22, 2004, Staff of the Commission ("Staff") conducted a preliminary compliance review (the "Compliance Review") of the books and records of MGPPM. The Compliance Review revealed that there were deficiencies in the books and records of MGPPM, including that client trust accounts and portfolios had not been reconciled for several months.
8. On December 7, 2004, the interim Chief Operating Officer of MGPPM and MGS (the "COO") advised Staff that an extensive review of the available accounting and client records and meetings with the largest clients of MGPPM and MGS revealed that there was a deficiency between the trust cash balances and the actual bank cash balances. The COO also provided Staff with a Client Account Balance Reconciliation with respect to both MGPPM and MGS (the "Reconciliation") which detailed a deficiency between the client trust cash balance and the actual trust bank account balance. The Reconciliation further revealed that there appeared to be a number of unallocated client investments.

9. The COO is continuing to review the books and records and there may be further adjustments to the Reconciliation.
10. The conduct described above is contrary to Ontario securities law and contrary to the public interest.
11. Staff reserves the right to make such further allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 21st day of December, 2004.