



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 MEGA-C POWER CORPORATION, RENE PARDO, GARY  
USLING, LEWIS TAYLOR SR., LEWIS TAYLOR JR., JARED TAYLOR,  
COLIN TAYLOR and 1248136 ONTARIO LIMITED**

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

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

**I. BACKGROUND**

**The Respondents**

1. Mega-C Power Corporation (formerly named Net Capital Ventures Corporation) was incorporated in the State of Nevada in February 2001 (“Mega-C”). Mega-C purported to be in the business of commercializing a hybrid capacitor/battery technology (the “Technology”) out of its premises in Vaughan, Ontario.

2. Mega-C has never been a reporting issuer in Ontario and has never been registered with the Ontario Securities Commission (the “Commission”) in any capacity to trade in securities. Mega-C has also never filed a preliminary prospectus or a prospectus with the Commission.

3. Rene Pardo (“Pardo”) was the President and a director of Mega-C. Gary Usling (“Usling”) was the Chief Financial Officer and a director of Mega-C.

4. Lewis Taylor Jr. (also know as “Skip Taylor”) was Executive Vice-President of Mega-C. Jared Taylor (“Jared”) was Director of Investor Relations of Mega-C.

5. Lewis Taylor Sr. (also know as “Chip Taylor”) was involved in licensing the Technology to Mega-C through a complex series of agreements with various parties. Chip is the father of Jared, Skip and Colin Taylor (“Colin”) and the father-in-law of Paul Pignatelli (“Pignatelli”).

6. Chip, Jared, Skip, Colin (through his company 1248136 Ontario Limited) and Pignatelli (collectively, the “Taylor Family”) were involved in the transfer of Mega-C shares. Pardo and Usling were also involved in the transfer of Mega-C shares.

## II. PROHIBITED REPRESENTATIONS TO MEMBERS OF THE PUBLIC

7. From September 2001 through mid-2003, the Respondents were actively involved in promoting the Technology and soliciting members of the public to purchase Mega-C shares. It is estimated that there are over 1,000 shareholders holding a total of 14.5 million Mega-C shares. The price per share typically ranged from \$1.50 US to \$5.00 U.S. The majority of shareholders reside in Ontario, although there are shareholders in the United States, Asia, Europe and elsewhere.

8. Beginning in August 2001, Pardo, Usling and members of the Taylor family began inviting members of the public to demonstrations of the Technology and soliciting members of the public to purchase shares in Mega-C. Skip and Chip, as well as Pardo, regularly took an active part in these demonstrations. Skip was also responsible for preparing and distributing promotional materials for Mega-C to the public, including a brochure entitled, "Mega-C Power Releases a Revolutionary New Science To Power The World".

9. In order to effect trades in Mega-C shares, Pardo, Usling, Chip, Skip and Jared Taylor made representations concerning the future value or price of Mega-C shares and told investors that Mega-C would be listed on a stock exchange. Additionally, Pardo and Usling represented that Mega-C shares would be repurchased or resold if any shareholder wanted a return on their investment. These representations are prohibited under section 38 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended ("the Act").

### III. UNREGISTERED TRADING AND ILLEGAL DISTRIBUTIONS

10. Each of the named Respondents conducted an act or acts which constituted “trading” within the meaning of the Act. None of the Respondents were registered with the Commission to trade in securities as required by section 25 of the Act.

11. Each of the named Respondents was also involved in illegal distributions of Mega-C shares contrary to section 53 of the Act. Mega-C never filed a preliminary prospectus or a prospectus with the Commission and Mega-C was never a reporting issuer in Ontario. None of the Respondents had exemptions from sections 25 and 53 of the Act available to them with respect to the majority of the share issuances.

#### **Mega-C, Pardo and Usling**

12. In November, 2001 Mega-C issued approximately 14.5 million shares from treasury to various individuals. Pardo and companies owned or controlled by him (including but not limited to NetProfit (Ontario) Inc. and 503124 Ontario Inc.) received approximately 12.3 – 12.8 million of the 14.5 million Mega-C shares issued from treasury. Pardo transferred approximately 8.8 million of these Mega-C shares to approximately 290 Ontario residents.

13. Usling and companies owned or controlled by him (including but not limited to Lauterbrunnen Development Inc.) also received over 1 million Mega-C shares from treasury and from Pardo and were involved in trading these Mega-C shares to members of the public.

14. Neither Pardo nor Usling nor Mega-C were registered to trade in securities as required by section 25 of the Act and exemptions were not available for the majority of these trades. Further, Mega-C did not file a prospectus or a preliminary prospectus with the Commission and Mega-C was not a reporting issuer in Ontario. As such, the trades constituted distributions of securities in breach of section 53 of the Act.

### **The Taylor Family**

15. The Taylor Family was also actively involved in unregistered trading and illegal distributions of Mega-C shares. Each member of the Taylor Family engaged in an act or acts directly or indirectly in furtherance of trades of Mega-C shares.

16. Chip Taylor, members of the Taylor Family, or companies owned or controlled by members of the Taylor family, were apportioned approximately 3 million Mega-C shares from treasury, partially in consideration for the licencing of the Technology, as arranged by Chip. As head of the Taylor Family, Chip was involved in all major decisions made by or on behalf of the Taylor Family.

17. Colin is the sole officer and director of 1248136 Ontario Limited, a company which received approximately 1 million Mega-C shares. In April 2002, Colin, on behalf of 1248136 Ontario Limited, signed a direction to Pardo/Mega-C that Mega-C shares held by 1248136 Ontario Limited be transferred to a number of individuals who had provided valuable consideration to the Taylor Family.

18. Pignatelli also received a large number of Mega-C shares. During the period of June 2002 through September 2002, Pignatelli signed a number of directions to Pardo/Mega-C that Mega-C shares held by him be transferred to a number of individuals who had provided valuable consideration to the Taylor Family.

19. In total, the Taylor Family transferred over one million shares to approximately 400 individuals who had provided the Taylor Family with valuable consideration. The transfer of these shares constituted “trading” within the meaning of the Act. Jared received approximately \$3 million (US) from the 400 individuals who purchased shares from the Taylor Family. Jared, and members of the Taylor Family, used the funds raised from shareholders for their own personal purposes.

20. In addition to the shares sold to over 400 individuals by members of the Taylor Family, Chip arranged for Pardo to transfer approximately 2.5 million Mega-C shares to 73 “business associates” in consideration of past debts.

21. None of the revenues received from the disposition of Mega-C shares by the Taylor Family (or any of the named Respondents) have been returned to investors.

## **V. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

22. The Respondents’ whole course of conduct, as set out above, contravened Ontario securities law and was contrary to the public interest.

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

Dated this 16<sup>th</sup> day of November 2005.