



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 DANIEL DUIC**

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

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

**I. Background**

2. On or about November 20, 2002, Daniel Duic (“Duic”) entered into a settlement agreement (the “Settlement Agreement”) with Staff pursuant to which he admitted to having engaged in illegal insider trading in breach of section 76(1) of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the “Act”) in relation to his trading in the securities of Canadian Pacific Limited and Moffat Communications Limited in 2000 and 2001. The particulars of this trading are set out in detail in the Settlement Agreement and in the Supplemental Agreed Facts From The Submissions Of Staff Of The Ontario Securities Commission.

3. On March 3, 2004, the Commission held a hearing, at which Duic was present with counsel, to consider whether it was in the public interest to approve the Settlement Agreement.

The Commission approved the Settlement Agreement and made the following Order (the “2004 Order”):

1. the Settlement Agreement dated November 20, 2002, a copy of which is attached, is hereby approved. The Settlement Agreement includes the term that Duic will make a settlement payment of \$1,900,000 to the Commission for allocation to or for the benefit of such third parties as may be approved by the Minister under s.3.4(2) of the Act;
  2. Duic will pay \$25,000 for costs pursuant to s.127.1 of the Act;
  3. Trading in any securities by Daniel Duic shall cease permanently, effective immediately, with the exception that (a) Daniel Duic is permitted to trade mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*) and (b) Daniel Duic may divest himself of securities held as of the date of this Order within 30 days from the date of this Order (the “Cease Trade Order”);
  4. Exemptions contained in Ontario securities law do not apply to Daniel Duic permanently;
  5. Daniel Duic is hereby reprimanded;
  6. Daniel Duic must resign from all positions that he holds as a director or officer of a reporting issuer, effective immediately; and
  7. Daniel Duic is permanently prohibited from becoming or acting as a director or officer of a reporting issuer.
4. Pursuant to the terms of the 2004 Order, Duic made a settlement payment in the amount of \$1,900,000 and a payment of costs in the amount of \$25,000 to the Commission.
5. Duic testified as a witness for the Crown in a trial before Justice Khawley in the Provincial Court of Justice held in May through June of 2005 in relation to charges that Andrew Rankin (“Rankin”) engaged in ten counts of illegal insider tipping, in breach of sections 76(2) and 122 of the Act. Specifically, Rankin was charged with providing Duic with undisclosed material information while Rankin was in a special relationship with certain issuers (the “Issuers”). With the benefit of this information from Rankin, Duic made substantial profits trading in the securities of the Issuers.

## II. Trading in U.S. Account

6. In or about February of 2005, Duic moved to Los Angeles, California, although he continued to travel approximately every second week between Toronto, Ontario and Los Angeles for the purposes of his software businesses.

7. Duic has held, and continues to hold, a trading account at a TD Ameritrade branch located on Pacific Avenue, Venice, California (the "U.S. Account") since 1998. The last trade conducted in the U.S. Account was in April of 2005, when Duic sold all securities held in it.

## III. Breach of the Cease Trade Order

8. At all material times, Duic held a U.S. dollar margin account and an RRSP account at TD Waterhouse Canada (the "Toronto Accounts"). The Toronto Accounts used for the Transactions (as defined herein) at issue are the same accounts used by Duic to engage in the illegal insider trading that was the subject of the Settlement Agreement approved by the Commission on March 3, 2004.

9. Between March 16, 2007 and December 11, 2007, Duic engaged in the following purchasing and trading of shares from the Toronto Accounts (the "Transactions"):

- (a) On March 16, 2007, Duic purchased 500 shares of The Boeing Company at an aggregate cost of \$45,344 (U.S.). These shares were purchased in Duic's RRSP account;
- (b) On June 26, 2007, Duic purchased 7,500 shares of Cerner Corporation at an aggregate cost of \$421,570.35 (U.S.). These shares were purchased in Duic's U.S. dollar margin account;
- (c) On August 8, 2007, Duic sold 7,500 shares of Cerner Corporation at an aggregate price of \$462,419.11 (U.S.) and realized a profit of **\$40,848.76 (U.S.)**. These shares were sold from Duic's U.S. dollar margin account and on or about August 14, 2007, TD Waterhouse Canada Inc. sent a cheque in the amount of \$50,000 (U.S.) to Duic;
- (d) On October 10, 2007 and November 27, 2007, Duic purchased 1,800 shares of Cerner Corporation at an aggregate cost of \$111,498.64 (U.S.). These shares

were purchased in Duic's U.S. dollar margin account. Duic continues to hold these shares;

- (e) On December 3, 2007, Duic purchased 1,500 shares of RCM Technologies Inc. at an aggregate cost of \$8,865 (U.S.). These shares were purchased in Duic's RRSP account. Duic continues to hold these shares;
- (f) On December 7, 2007, Duic purchased 1,000 shares of The Boeing Company at an aggregate cost of \$93,029.69 (U.S.). These shares were purchased in Duic's U.S. dollar margin account; and,
- (g) On December 11, 2007, Duic purchased 5,000 shares of RCM Technologies Inc. at an aggregate cost of \$30,009.99 (U.S.). Duic continues to hold these shares.

10. All of the securities referred to in paragraph 9 above, were listed on the New York Stock Exchange and/or the NASDAQ and the trades were executed on those exchanges.

11. The securities referred to in paragraph 9, above, are not mutual funds.

12. Duic resumed his primary residency in Toronto from Los Angeles in or about August of 2007. He continues, however, for the purposes of his software businesses, to travel regularly between Toronto and Los Angeles.

13. Duic gave instructions for the Transactions through the phone or internet. Some of the instructions were given when Duic was in Toronto and some were given by him from Los Angeles.

14. On December 12, 2007, Duic was contacted by TD Waterhouse Canada and advised that the Toronto Accounts had been frozen by TD Waterhouse Canada.

#### **IV. Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest**

15. Duic acted contrary to Ontario securities law and contrary to the public interest by engaging in the Transactions in breach of the Cease Trade Order.

16. Staff reserves the right to make such further allegations as Staff may advise and the Commission may permit.

**DATED** at Toronto this 14<sup>th</sup> day of August, 2008