



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 CAROLINE FRAYSSIGNES COTTON

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

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

I. OVERVIEW

1. This proceeding concerns the repeated breach by Caroline Frayssignes of a temporary cease trade order of the Commission issued on April 8, 2009 (the “TCTO”). The TCTO ordered that, pursuant to clause 2 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), all trading in securities by Caroline Frayssignes shall cease.

2. Subsequently, Caroline Frayssignes changed her married name back to her maiden name of Caroline Cotton (“Cotton”).

3. As detailed below, from approximately June 2010 to August 2011, Cotton sold securities in breach of the TCTO (the “Material Time”).

II. BACKGROUND

A. The TCTO

4. The TCTO was made in connection with an investigation involving Caroline Frayssignes and others, including Nest Acquisitions and Mergers (the “Nest Matter”).

The Commission extended the TCTO on April 22, 2009, May 21, 2009, June 16, 2009, October 6, 2009, December 9, 2009, and January 22, 2010. The Commission's order on January 22, 2010 extended the TCTO to the end of the hearing on the merits in the Nest proceeding, which was commenced on January 18, 2010. The hearing on the merits in the Nest proceeding began on May 16, 2012 and is still ongoing as of the within date.

B. Sillenger Exploration Corp.

5. Sillenger Exploration Corp. ("Sillenger") is a corporation incorporated in Nevada with a head office during the Material Time located in Oakville, Ontario at 277 Lakeshore Rd. East, Suite 206. Sillenger's shares traded on the Over-the-Counter Bulletin Board in the United States under the ticker symbol of SLGX.

6. During the Material Time, Sillenger had a business partnership with a company called FCMI Global Inc. ("FCMI") and shared office space at 277 Lakeshore Rd. Oakville, Ontario. Cotton's boyfriend, Robert Zuk ("Zuk"), also a resident of Oakville, Ontario, worked for FCMI. Howard Brodsky ("Brodsky") was also involved in the business of FCMI.

7. From April to May 2010, Brodsky transferred 3.0 million Sillenger shares to Cotton in compensation for Zuk's work with FCMI. The shares were transferred to Cotton because Zuk did not have a brokerage account. Zuk was also the subject of an order of the Commission to, among other things, cease trading in securities for a period of 15 years from March 1, 2007.

III. Trading During Period of TCTO

A. Cotton and Trading Accounts

8. Cotton is a resident of Oakville, Ontario. During the Material Time, Cotton controlled two securities trading accounts at Verdmont Capital S.A., a securities and investment management firm located in Panama City, Panama ("Verdmont"). The two accounts were:

- (a) a corporate account for a company Cotton incorporated in Panama and controlled named La Panalyon Capitale, Corp. (“Panalyon”) (the “Panalyon Account”), and
- (b) a personal account in Cotton’s name (the “Personal Account”).

9. During the Material Time, Cotton placed orders to sell the Sillenger shares with Verdmont via the Internet and telephone from her residence in Oakville, Ontario. Specifically, from June 1, 2010 to May 12, 2011, in 30 separate transactions, Cotton sold securities of Sillenger in the Personal Account. Further, from February 15, 2011 to August 9, 2011, in 18 separate transactions, Cotton sold securities of Sillenger in the Panalyon Account. A detailed summary of Cotton’s trading during the period of the TCTO is attached Schedule “A” hereto.

10. Cotton transferred the funds realized from the sale of the Sillenger shares to her bank account in Ontario at Scotiabank. This amounted to approximately \$150,000 (USD).

IV. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

11. By engaging in the course of conduct described above, Cotton breached the TCTO and consequently contravened Ontario securities law, pursuant to section 122(1)(c) of the *Act*, and acted contrary to the public interest.

12. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED AT TORONTO this 28th day of September 2012.

Schedule "A"

Caroline Cotton Sillinger Exploration Corp. (SLGX) trading

Date	# of shares	Price	Total*	Details
8-Apr-10	1,150,000	0.0000	\$0.00	Internal stock transfer
12-Apr-10	150,000	0.0000	\$0.00	Internal stock transfer
13-Apr-10	200,000	0.0000	\$0.00	Internal stock transfer
13-Apr-10	500,000	0.0000	\$0.00	Internal stock transfer
12-May-10	-63,500	0.0000	\$0.00	Internal stock transfer
1-Jun-10	-3,000	1.6000	\$4,631.00	Sold
4-Jun-10	-1,500	1.6500	\$2,325.00	Sold
8-Jun-10	-1,300	1.5392	\$1,851.00	Sold
10-Jun-10	-1,700	1.5300	\$2,451.00	Sold
15-Jun-10	-3,000	1.5300	\$4,427.30	Sold
16-Jun-10	-1,000	1.5800	\$1,430.00	Sold
18-Jun-10	-1,000	1.5800	\$1,430.00	Sold
30-Jun-10	-165	1.5700	\$109.05	Sold
21-Jul-10	-3,000	1.5000	\$4,340.00	Sold
12-Aug-10	3,000	1.2000	-\$3,750.00	Purchased
13-Aug-10	3,000	1.1600	-\$3,630.00	Purchased
4-Mar-11	-25,000	0.2220	\$5,386.25	Sold
7-Mar-11	-356	0.2200	\$3.32	Sold
8-Mar-11	-10,500	0.1600	\$1,530.00	Sold
9-Mar-11	-7,000	0.1600	\$970.00	Sold
14-Mar-11	-8,000	0.1200	\$810.00	Sold
16-Mar-11	-3,200	0.1600	\$437.00	Sold
18-Mar-11	-10,000	0.1400	\$1,250.00	Sold
24-Mar-11	-145,000	0.0530	\$7,405.43	Sold
25-Mar-11	-50,000	0.0600	\$2,850.00	Sold
28-Mar-11	-18,500	0.0504	\$782.49	Sold
29-Mar-11	-81,500	0.0500	\$3,907.38	Sold
31-Mar-11	-50,000	0.0500	\$2,350.00	Sold
6-Apr-11	-600,000	0.0363	\$20,972.44	Sold
8-Apr-11	-100,000	0.0450	\$4,317.50	Sold
8-Apr-11	-300,000	0.0467	\$13,485.10	Sold
14-Apr-11	-200,000	0.0400	\$7,695.00	Sold
19-Apr-11	-95,000	0.0450	\$4,125.00	Sold
2-May-11	-22,779	0.0500	\$988.95	Sold
9-May-11	-5,000	0.0500	\$100.00	Sold
11-May-11	-50,000	0.0400	\$1,850.00	Sold
12-May-11	-145,000	0.0400	\$5,630.00	Sold
TOTAL	0		\$102,460.21	

* is per the statement

Panalyon Sillinger Exploration Corp. (SLGX) trading

Date	# of shares	Price	Total*	Details
12-Apr-10	1,000,000	0.0000	\$0.00	Internal stock transfer
13-Apr-10	1,000,000	0.0000	\$0.00	Internal stock transfer
15-Feb-11	-5,000	0.3000	\$1,350.00	Sold
1-Jun-11	-7,000	0.0629	\$289.99	Sold
2-Jun-11	-335,000	0.0303	\$9,768.95	Sold
6-Jun-11	-66,000	0.0450	\$2,820.00	Sold
8-Jun-11	-55,000	0.0350	\$1,775.00	Sold
15-Jun-11	-120,000	0.0213	\$2,405.04	Sold
16-Jun-11	-200,000	0.0300	\$5,825.00	Sold
17-Jun-11	-5,000	0.0300	\$0.00	Sold
21-Jun-11	-290,000	0.0200	\$5,630.00	Sold
21-Jun-11	-250,000	0.0270	\$6,556.25	Sold
21-Jun-11	-212,000	0.0200	\$4,090.00	Sold
19-Jul-11	-44,000	0.0250	\$950.00	Sold
20-Jul-11	-150,000	0.0200	\$2,850.00	Sold
26-Jul-11	-35,000	0.0210	\$585.00	Sold
28-Jul-11	-125,000	0.0200	\$2,350.00	Sold
29-Jul-11	-18,600	0.0510	\$798.00	Sold
5-Aug-11	-49,956	0.0300	\$1,348.68	Sold
9-Aug-11	-32,444	0.0268	\$721.08	Sold
TOTAL	0		\$50,112.99	

* is per the statement