



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
VICTOR GEORGE DeLAET and
STANLEY KENNETH GITZEL**

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

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. Victor George DeLaet (“DeLaet”) and Stanley Kenneth Gitzel (“Gitzel”) (together, the “Respondents”) are subject to an order made by the Alberta Securities Commission (“ASC”) dated May 27, 2013 (the “ASC Order”) that imposes sanctions, conditions, restrictions or requirements on them.
2. In its findings on liability dated February 8, 2013 (the “Findings”), a panel of the ASC (the “ASC Panel”) found that DeLaet and Gitzel both made misrepresentations to investors, and that DeLaet also perpetrated a fraud.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the ASC Order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).
4. The conduct for which the Respondents were sanctioned took place from 2007 through 2008.

II. THE ASC PROCEEDINGS

The ASC Findings

5. In its Findings, the ASC Panel found the following:
 - a. DeLaet and Gitzel each made direct misrepresentations, contrary to section 92(4.1) of the Alberta *Securities Act*, R.S.A. 2000, c. S-4 (the “ASA”); and
 - b. DeLaet perpetrated a fraud, contrary to section 93(b) of the ASA.

The ASC Order

6. The ASC Order imposed the following sanctions, conditions, restrictions or requirements:
 - a. upon DeLaet:
 - i. under sections 198(1)(b) and (c) of the ASA, DeLaet must cease trading in or purchasing any securities or exchange contracts, and all of the exemptions contained in Alberta securities laws do not apply to him, permanently;
 - ii. under sections 198(1)(d) and (e) of the ASA, DeLaet must resign any position that he currently holds as a director or officer of any issuer, and he is prohibited from becoming or acting as a director or officer (or both) of any issuer, permanently;
 - iii. under section 199 of the ASA, DeLaet must pay an administrative penalty of \$1.5 million; and
 - iv. under section 202 of the ASA, DeLaet must pay \$40,000 of the costs of the investigation and hearing;
 - b. upon Gitzel:
 - i. under section 198(1)(b) of the ASA, Gitzel must cease trading in or purchasing any securities or exchange contracts for 5 years, except

that the ASC Order does not preclude him from trading in or purchasing securities or exchange contracts through a registrant (who has first been given a copy of the ASC Order) in RRSPs and RESPs for the benefit of one or more of himself, his spouse and dependent children;

- ii. under section 198(1)(c) of the ASA, all of the exemptions contained in Alberta securities laws do not apply to Gitzel for 10 years, except that the ASC Order does not preclude him from trading in or purchasing securities or exchange contracts through a registrant (who has first been given a copy of the ASC Order) in RRSPs and RESPs for the benefit of one or more of himself, his spouse and dependent children;
- iii. under sections 198(1)(d) and (e), Gitzel must resign any position that he currently holds as a director or officer of any issuer, and he is prohibited from becoming or acting as a director or officer (or both) of any issuer, for 10 years, except that the ASC Order does not preclude him from acting as a director or officer (or both) of 1290569 Alberta Inc. and 1531663 Alberta Inc. (or both) for the purpose of moving the Sundre Project forward so as to generate funds for the benefit of public investors in that project, provided that such efforts do not involve trading in securities or raising money from the investing public;
- iv. under section 199 of the ASA, Gitzel must pay an administrative penalty of \$75,000; and
- v. under section 202 of the ASA, Gitzel must pay \$5,000 of the costs of the investigation and hearing.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

7. The Respondents are subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements on them.
8. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
9. Staff allege that it is in the public interest to make an order against the Respondents.
10. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
11. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission's *Rules of Procedure*.

DATED at Toronto, this 12th day of November, 2013.