



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

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

- AND -

**IN THE MATTER OF
MATTHEW SCHLOEN**

**STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION
(Section 127)**

Staff of the Ontario Securities Commission (the "Commission") makes the following allegations:

I. OVERVIEW

1. Between May 30, 2011 and June 15, 2011 (the "Material Time"), the Respondent, Matthew Schloen ("Schloen") was made aware of rumours within Bridgewater Systems Corp. ("Bridgewater") that constituted information of a material fact or change which was not generally disclosed (the "undisclosed information"), from which Schloen deduced that Bridgewater was an imminent takeover target. The undisclosed information was provided inadvertently by an employee of Bridgewater whom Schloen knew or reasonably ought to have known was a person in a special relationship with Bridgewater (the "Employee"). Schloen purchased shares in Bridgewater based upon the undisclosed information, and sold the shares immediately after the acquisition of Bridgewater became public knowledge, contrary to subsection 76(1) of the Ontario *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") and the public interest.

II. THE RESPONDENT

2. Schloen is a resident of Kanata, Ontario. Schloen is not and has never been a registrant.

III. EVENTS LEADING TO THE ACQUISITION OF BRIDGEWATER

3. Bridgewater was a software company that developed, designed and marketed mobile personalization products that enabled service providers to manage mobile data servers' content and commerce worldwide. It was listed on the TSX under the symbol "BWC". The company's head office was in Ottawa, and Ontario was the principal regulator. Bridgewater was a reporting issuer as defined in the Act.
4. Amdocs Ltd. ("Amdocs") is a global business and operational support systems company with reported revenue of about US\$3.2 billion in 2011. Its shares are listed on the New York Stock Exchange under the symbol "DOX". Amdocs began negotiations to acquire Bridgewater in February 2011.
5. On May 25, 2011, the Strategy Committee established by Bridgewater met and concluded that an acquisition by Amdocs was in the best interests of Bridgewater. On May 30, 2011, the Bridgewater Board of Directors met to review Amdocs' financial proposal. Final details of the acquisition were negotiated from June 1 to June 16, 2011, when the Arrangement Agreement was signed.
6. On June 17, 2011, Bridgewater and Amdocs announced that Amdocs would acquire all of Bridgewater's common shares for \$8.20 CAD per share. Immediately after the announcement on June 17, 2011, Bridgewater's shares opened at \$8.15 per share, a 30% premium to the closing price of \$6.33 on June 16, 2011. The completed acquisition was announced on August 17, 2011. Two days later Bridgewater ceased to be a reporting issuer.

IV. INSIDER TRADING AND CONDUCT CONTRARY BY SCHLOEN

7. Schloen had never purchased Bridgewater shares prior to May 30, 2011. Between May 30 and June 15, 2011, Schloen purchased a total of 15,000 shares of Bridgewater.
8. Schloen sold all the Bridgewater shares he purchased on June 17, 2011, the day the acquisition of Bridgewater was announced publicly, and made a profit of \$23,000. The Employee was unaware of Schloen's purchase and sale of Bridgewater shares.
9. Schloen knew or reasonably ought to have known that the Employee (who was not considered to be an insider by the company) was a person in a special relationship with Bridgewater as defined in subsection 76(5)(c) of the Act. When Schloen learned the

undisclosed information from the Employee, Schloen became a person in a special relationship with Bridgewater as defined in subsection 76(5)(e). By purchasing shares in Bridgewater while in possession of the undisclosed information, Schloen engaged in insider trading, in breach of subsection 76(1) of the Act.

10. Schloen engaged in conduct contrary to the public interest by using undisclosed information not available to other investors in the marketplace at the time.

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

11. Staff allege that the foregoing conduct engaged in by the Respondent constituted breaches of Ontario securities law and/or was contrary to the public interest. In particular, Schloen was person in a special relationship under subsection 76(5)(e) and purchased shares in Bridgewater while in possession of a material fact with respect to a reporting issuer before the material fact was generally disclosed, in breach of subsection 76(1) of the Act and contrary to the public interest.
12. The course of conduct engaged in by the Respondent as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest.
13. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, this 3rd day of April, 2014.