



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 FERNANDO POSTRADO

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

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

(a) Overview

1. Between July 10, 2015 and September 2, 2015, Fernando Postrado (“Fernando”) engaged in insider trading contrary to subsection 76(1) of the *Securities Act*, R.S.O. 1990 c.S5, as amended (the “Act”).
2. Fernando was tipped by his son, Andrei Miguel Postrado (“Andrei”). Andrei was employed in the real estate and construction tax department at KPMG LLP (Canada) (“KPMG”). Andrei obtained confidential undisclosed material information at KPMG respecting two reporting issuers: Company “A” and Company “B” (the “Reporting Issuers”).
3. The undisclosed material information respecting the Reporting Issuers was that each of the Reporting Issuers was going to be bought by another entity.
4. Andrei was a person in a special relationship to the Reporting Issuers as a result of his employment with KPMG.
5. Andrei conveyed the undisclosed material information to Fernando. Fernando purchased securities of the Reporting Issuers while possessed of the undisclosed material information respecting the Reporting Issuers.
6. Fernando purchased securities of the Reporting Issuers in advance of the public announcement of the merger and acquisition (“M&A”) transactions respecting the Reporting Issuers in online discount brokerage accounts with BMO InvestorLine (“BMO”), Questrade Inc.

(“Questrade”) and HSBC Securities Canada Inc. (“HSBC”). After the public announcement of the M&A transactions, Fernando sold the securities of the Reporting Issuers in his accounts to earn a profit of CAD \$101,776.96 and USD \$4,605.

7. Fernando was a person in a special relationship to the Reporting Issuers as he learned of the undisclosed material information from Andrei, a person who he ought reasonably to have known was in a special relationship with the Reporting Issuers.

(b) The Respondent

8. Fernando is 58 years of age. He lives in Toronto with Andrei.

9. Andrei was hired by KPMG in August 2014 in the real estate and construction industry tax department. He started at the entry-level position referred to as the technician level. His responsibilities were to prepare the simplest of tax returns for corporate clients.

(c) Trading in Reporting Issuers

(i) Trading in Company A

10. On July 10, 2015, Fernando opened his Questrade account. On July 13, 2015, Fernando opened his BMO account.

11. On July 20, 2015, Fernando bought a total of 10,190 Company A units through his BMO account, his Questrade account and his HSBC account at a total cost of \$81,800. On August 5 and August 7, 2015, Fernando purchased 3,450 additional units in his BMO account for approximately \$26,600. All units purchased in his BMO and Questrade account were purchased on margin.

12. Shortly after Fernando purchased the units of Company A, Company A announced that it had entered into an arrangement to be acquired. Prior to the public announcement that Company A was being acquired, it was trading at approximately \$7.75. On the day of the announcement, Company A was trading at approximately \$8.05.

13. Following the announcement that Company A was being acquired, Fernando sold his entire position in both his HSBC account and his BMO account. He sold the 355 shares of Company A in his Questrade account on August 31, 2015. Fernando earned an estimated profit of \$1,200.

(ii) Trading in Company B

14. Between August 10, 2015 and September 1, 2015, Fernando acquired 10,800 Company B shares for approximately \$91,775 at average share prices between \$8.30 and \$8.82. These purchases were made in his Questrade, HSBC and BMO accounts. The shares in his Questrade and BMO account were purchased on margin.

15. Shortly after Fernando purchased the shares of Company B, Company B announced that it had agreed to be acquired at more than \$18 per share. Company B's share price rose from approximately \$9 to approximately \$19 per share, following the takeover announcement.

16. On September 2, 2015, Fernando sold his position of Company B for approximately \$200,000. His estimated profit was approximately \$108,000.

(d) Andrei tipped Fernando

17. In or about July 2015, Andrei conveyed the information he had obtained about the Reporting Issuers to Fernando. He told Fernando that he believed that the Reporting Issuers would be good investments because he heard that they were about to be acquired. Fernando knew that Andrei worked in the tax department and that Andrei had the opportunity to know certain information about mergers and acquisitions.

(e) Fernando committed insider trading

18. Fernando purchased securities of the Reporting Issuers while possessed of the undisclosed material information that the Reporting Issuers were about to be acquired which Andrei had conveyed to him.

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

Dated at Toronto, this 16th day of May, 2016.