



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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20 Queen Street West  
Toronto ON M5H 3S8

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

**- and -**

**RALPH JAMES TERSIGNI**

**ORDER**

**WHEREAS** on April 1, 2010, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) in relation to Ralph James Tersigni (“Tersigni”);

**AND WHEREAS** Tersigni entered into a settlement agreement with Staff of the Commission (“Staff”) dated April 7, 2010 (the “Settlement Agreement”), a copy of which is attached as Schedule “A” to this Order, in which he agreed to a settlement of the proceeding commenced by the Notice of Hearing dated April 1, 2010, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement, and upon hearing submissions from counsel for Staff and Tersigni;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED THAT:**

1. the Settlement Agreement is approved;
2. Tersigni shall be and is hereby reprimanded;

3. Tersigni is prohibited from becoming registered under the Act for a period of 15 years from the date of approval of the Settlement Agreement;
4. Tersigni is prohibited from becoming or acting as an officer or director of a reporting issuer, an investment fund, an investment fund manager and a registrant for a period of 15 years from the date of approval of the Settlement Agreement;
5. Tersigni will pay an administrative penalty of \$180,000, to be allocated under s. 3.4(2)(b) of the Act to or for the benefit of third parties;
6. Tersigni will disgorge to the Commission the sum of \$601,712.06, to be allocated under s. 3.4(2)(b) of the Act to or for the benefit of third parties;
7. Tersigni will cooperate with the Commission and Staff in this respect of any proceeding commenced with respect to the subject-matter of this Settlement Agreement and will appear and give truthful and accurate testimony at the hearing of any such proceeding, if requested by Staff; and
8. Tersigni will pay the sum of \$50,000 in respect of the costs of the investigation of this matter.

**DATED** at Toronto this 12<sup>th</sup> day of April, 2010.

*“David L. Knight”*

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David L. Knight, FCA

*“Carol S. Perry”*

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Carol S. Perry

# **SCHEDULE “A”**

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

**- and -**

**RALPH JAMES TERSIGNI**

## **SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND RALPH TERSIGNI**

### **PART I – INTRODUCTION**

1. By Notice of Hearing and related Statement of Allegations dated April 1, 2010 (the “Notice of Hearing”), the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a hearing to consider whether, pursuant to s. 127 and s. 127.1(1) and (2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), it is in the public interest to make certain orders against the Respondent, Ralph James Tersigni (“Tersigni”), as described in the Notice of Hearing.

### **PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding initiated in respect of Tersigni by the Notice of Hearing in accordance with the terms and conditions set out below. Tersigni agrees to the settlement on the basis of the facts agreed to in Part IV and consents to the making of an Order in the form attached as Schedule “A”.

### **PART III – ACKNOWLEDGEMENT**

3. For the purposes of this settlement hearing only, Tersigni agrees with the facts set out in Part IV of the settlement agreement (the “Settlement Agreement”).

## PART IV - FACTS

### (a) The Fund and Fund Manager

4. Retrocom Growth Fund (“Retrocom” or the “Fund”) is a reporting issuer in Ontario and was incorporated in 1995 as a labour-sponsored investment fund. In December of 2005, Retrocom suspended redemptions because it did not have sufficient liquidity to meet outstanding redemption requests. On August 2, 2006, Retrocom issued a press release announcing that it was insolvent and had filed a Notice of Intention to make a Proposal under the *Bankruptcy and Insolvency Act* (Canada). RSM Richter Inc. (“Richter”) was named as trustee. It is not expected that any assets will be available for distribution to the Fund’s investors.

5. In its prospectus dated January 14, 2003, as amended from time to time (the “Prospectus”), Retrocom stated that it was “established to invest in small and medium-sized companies involved in high-tech communications, fibre optics, health-care development, innovative building technologies, energy and environmental conservation, construction and real estate development.” At all Material Times (defined to include all financial reporting periods between 2003 and 2005), approximately 90% of Retrocom’s holdings were comprised of direct and/or indirect investments in real property. Retrocom’s labour-sponsored status provided investors with favourable tax treatment for investments in the Fund.

6. Retrocom Investment Management Inc. (“RIMI”) was, from June 2001, Retrocom’s manager. RIMI was incorporated in Ontario in 1995. RIMI was registered with the Commission as an Investment Counsel and Portfolio Manager (“ICPM”) on April 2, 1998 and as a Limited Market Dealer (“LMD”) on September 5, 2000. On October 2, 2006, the Commission issued an Order accepting RIMI’s surrender of registration.

7. Pursuant to section 116 of the Act, RIMI, as Retrocom’s manager, was required to exercise its powers and discharge its duties honestly, in good faith and in the best

interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent fund manager would exercise in the circumstances.

**(b) The Respondent**

8. Between 1997 and 2005 Tersigni was employed as the Vice-President, Marketing and Labour Relations of RIMI. Tersigni also held a 12% stake in Bellporte Inc., which owns RIMI.

9. Until his resignation in October 2005, Tersigni was a member of the Board of Directors of the Fund. Tersigni was also a member and the non-voting chair of the Fund's Valuation Committee until his resignation from that committee in or about May 2005 and was a member of the Fund's Investment Committee in 2003 and 2004 and Audit Committee from 2003 to 2005.

10. Tersigni's compensation from RIMI for the years 2003, 2004 and 2005 (exclusive of the Personal Benefit defined and described herein) was \$129,190, \$188,744, and \$200,974, respectively.

**(c) Significant Over-Valuation of Assets During Fiscal 2000 to 2005**

11. The financial year-end for the Fund was August 31. For fiscal years ending August 31, 2001 to 2004 the Fund's financial statements were audited by a professional audit firm and, in conjunction therewith, an annual valuation policy compliance review was conducted by a different professional audit firm. During this period, RIMI valued the Fund's assets.

12. In its audited financial statements for the period ending August 31, 2003, Retrocom recorded assets with a value of approximately \$68 million. For the year ending August 31, 2004 Retrocom's assets were valued in its audited financial statements in the approximate amount of \$52 million. Audited financial statements for the year ending August 31, 2005 were never completed.

13. In or about February of 2006 a Special Committee of Retrocom's Board of Directors was formed. The Special Committee retained Richter to review Retrocom's

financial affairs during the period September 1, 2000 to August 31, 2005 (the “Period”). In summary, Richter found that:

- (a) As at August 2000, Retrocom had invested in 25 projects. An additional 13 projects were invested in subsequent to August 31, 2001. During the Period, 13 projects were disposed of or realized;
  - (b) RIMI received management fees calculated as a percentage (3.25%) of the Fair Value of the Fund’s assets;
  - (c) Net asset values (“NAVs”) for the Fund were prepared on the Fair Values ascribed to the Fund’s assets;
  - (d) The NAV for the Fund during the Period was overstated by \$54 million; and
  - (e) The overstatement of the Fund’s NAV during the Period resulted in an overpayment of fees to RIMI of between \$1.8 and \$4.8 million.
14. In 2005, in the context of the Fund’s year-end audit, Cole & Partners performed a valuation of the Fund’s assets as at August 31, 2005. Cole & Partners reported that the Fund’s NAVs were cumulatively overstated by approximately \$147 million during the Period.

**(d) Write Down and Reversal for the Year-Ending August 31, 2004**

15. For the year ending August 31, 2004, KPMG (the Fund’s auditor at the time), required a write-down of the value of the Fund’s assets in the amount of \$8.5 million, \$6 million of which was attributed to the Fund’s venture investments and \$2.5 million to receivables (the “Write-Down”).

16. On February 2, 2005, less than one month after the Fund’s approval of the Write-Down, the Fund’s Valuation Committee authorized the reversal of the Write-Down in relation to the Fund’s venture investments and a partial (\$1 million) reversal of the Write-

Down for receivables (the “Reversal”), for a total of \$7.0 million. The Reversal was made retroactive to September 1, 2004.

17. The Reversal in relation to the venture investments was approved by the Valuation Committee on the basis of information provided by RIMI that a land swap deal referred to as the “Blanford/Finchwood” swap was anticipated to close at a purchase price which was in excess of the valuation ascribed to the Finchwood property in the Fund’s 2004 year-end audit.

18. Neither RIMI nor the Valuation Committee consulted with the Fund’s external auditors prior to recommending or approving the Reversal. It does not appear that any new information that would affect the project’s value arose from the conclusion of the audit to the date on which the Reversal was authorized.

19. In or about June of 2005, Tersigni and others at RIMI learned for certain that the Blanford/Finchwood swap had failed to close. However, it appears, based on the Fund’s draft Financial Statements for the years ending August 31, 2005 and 2006, that RIMI continued to receive management fees calculated on the basis of the Reversal until February 28, 2006. In other words, for a period of approximately 8 months, Tersigni was aware that management fees were being paid to RIMI by the Fund on the basis of a NAV that was improperly inflated by at least \$6 million. Accordingly, the Fund overpaid RIMI’s management fees by approximately \$130,000 between July 1, 2005 and February 28, 2006 (the “Inflated Fees”).

20. Based on the Fund’s draft Financial Statements for the years ended August 31, 2005 and 2006 and the Fund’s audited Financial Statements for the year ended August 31, 2004, it appears that between July 1, 2005 and February 28, 2006, investors who redeemed out of the Fund were overpaid in the cumulative amount of approximately \$37,000 as a consequence of the Fund’s inflated NAV during the period. Conversely, investors who subscribed to the Fund during this period appear to have overpaid in the cumulative amount of approximately \$13,000.

21. RIMI's conduct in recommending the Reversal absent consultation with the Fund's external auditors, in failing to ensure that the Fund's NAV was promptly adjusted when the Blanford/Finchwood swap fell through, and in accepting the Inflated Fees, was in breach of its obligations pursuant to section 116 of the Act. Specifically, in relation to the Write-Down and Reversal, RIMI failed to exercise its powers and discharge its duties as manager of the Fund honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill required of a reasonably prudent fund manager under the circumstances.

22. Tersigni acknowledges that he permitted and participated in these non-compliances by RIMI with Ontario securities law and, accordingly, that he failed to comply with Ontario securities law, contrary to section 129.2 of the Act and the public interest.

**(e) Additional Fees and Conflict of Interest**

23. Pursuant to the Prospectus, RIMI was to receive an annual management fee, calculated daily and payable monthly in arrears, to equal 3.25% per annum of the aggregate NAV of the Fund. Also, pursuant to the Prospectus, RIMI was permitted to receive fees directly from investee companies for services provided:

RIMI monitors each of the Fund's investments on a continuous basis and may receive from investee companies certain fees for services provided thereto. RIMI may require that a representative of it be appointed as a director or observer to the board of directors of an investee company...  
(page 28)

24. Article 5.1 of the management agreement between RIMI and the Fund (the "Management Agreement") stated:

5.1 Applicable Standards. The Manager shall exercise the powers granted hereunder and discharge the duties hereunder honestly, in good faith and in the best interests of the Fund and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonable prudent person performing similar functions would exercise in the circumstances. Unless the Fund consents, the Manager shall not, and shall not permit its employees, directors or officers to enter into any arrangements with any Eligible Business in which the Fund is considering an investment or with



any Investee Company or with any director, officer, shareholder or affiliate of any such Eligible Business or Investee Company or with any such Eligible Business or Investee Company, or with any person dealing at arm's length with any of the aforesaid persons, such that the Manager or any of its employees, directors or officers receive or would receive any fee, payment or benefit as a result of dealing with such Eligible Business or Investee Company or such persons.

25. During the Material Time, RIMI received payments totalling approximately \$3.5 million from companies/projects in which the Fund had invested on RIMI's advice in respect of the provision of the following services: monitoring, diligence, viewings, security/break-ins, liaising with City and police officials, marketing activities, feasibility studies, financial modeling, construction consulting, debt restructuring, loan processing and due diligence, financial analysis, vacant property reports, architectural renderings, sponsorships and promotions (the "Additional Fees").

26. A portion of the Additional Fees was paid, rather than to RIMI, by way of the transfer of a condominium unit to a numbered company controlled by Tersigni's spouse (the "Condominium"). At the time of transfer, the Condominium was valued at \$315,754.21 and it was later sold for \$349,500. Accordingly, Tersigni obtained a personal benefit in the amount of \$349,500 as a consequence of the transfer of the Condominium. In addition, a further \$252,212.06 was obtained by Tersigni by way of cheque to the same numbered company that received the Condominium (the "Cash Payment") (the Condominium and the Cash Payment, together, are the "Personal Benefit").

27. Tersigni did not seek the consent of the Fund prior to RIMI's acceptance of the Additional Fees, nor did he take any steps to ensure that RIMI did so.

28. Tersigni did not disclose to the Fund that he had received the Personal Benefit.

29. None of the Additional Fees were deducted from the management fees paid by Retrocom to RIMI, although RIMI's duties, as set out in the Management Agreement, included, among other things, "ongoing monitoring of investments."

30. Tersigni acknowledges that a conflict of interest was created by the Additional Fees, because he and RIMI had an incentive to recommend that the Fund make investments in projects that would generate fees in the nature of the Additional Fees, regardless of whether such investments were in the best interests of the Fund.

31. Accordingly, Tersigni acknowledges that his failure to personally disclose, and to ensure that RIMI disclosed to the Fund its intended receipt of the Additional Fees, prior to accepting such payments, was in breach of his and RIMI's obligations pursuant to section 116 of the Act to exercise its powers and discharge its duties fairly, honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill expected of a reasonably prudent fund manager in the circumstances. Equally, his failure to inform the Fund of RIMI's receipt of the Additional Fees, including but not limited to his receipt of the Personal Benefit, was in breach of section 116 of the Act.

32. Tersigni further acknowledges that he authorized, permitted and participated in these non-compliances with Ontario securities law by RIMI and accordingly, that he failed to comply with Ontario securities law contrary to section 129.2 of the Act and the public interest.

**(f) Imprudent, Material Over-Valuations of Assets**

33. Both the asset valuation prepared by Cole & Partners for fiscal 2005 and Richter's report to the Special Committee in relation to the Period indicate that the Fund's assets were significantly over-valued during the Material Time.

34. RIMI, as manager, made investment recommendations to the Fund and provided ongoing asset valuations. RIMI was expected to bring reasonable due diligence to bear in fulfilling these duties. However, RIMI's valuation practices were significantly deficient in a number of ways, including:

- (a) that RIMI's files did not contain sufficient information and/or documentation to reasonably support the values ascribed to many of the Fund's assets throughout the Period;

- (b) that RIMI's files in relation to the Fund's investments were often incomplete and/or superficial and contained mathematical errors;
- (c) that certain assumptions made by RIMI to support the values ascribed to certain of the Fund's assets during the Period were unreasonable and/or overly-aggressive;
- (d) that, for certain assets, the valuation assumptions made by RIMI lacked reasonable documentation;
- (e) that reasonable due diligence was not conducted with respect to many of the investments that RIMI recommended that the Fund make; and
- (f) that, on RIMI's advice, the Fund subordinated its security interest and/or made further advances of funds in circumstances in which it should have been obvious that doing so was to the Fund's detriment.

35. Based on the foregoing, Tersigni acknowledges that RIMI failed to fulfill its obligations pursuant to section 116 of the Act to discharge its duties in respect of the valuation of the Fund's assets during the Material Time, honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill expected of a reasonably prudent fund manager in the circumstances.

36. Tersigni further acknowledges that he acquiesced and participated in these non-compliances with Ontario securities law and, accordingly, that he failed to comply with Ontario securities law contrary to section 129.2 of the Act and the public interest.

**(g) Misleading Staff**

37. Tersigni was first interviewed by Staff on February 9, 2007. Tersigni was interviewed voluntarily and he chose to attend without counsel. During the interview, despite being asked numerous questions about his compensation, Tersigni failed to inform Staff of the Personal Benefit.

38. Tersigni was interviewed by Staff again on February 11, 2008, again on a voluntary basis without counsel. In that interview, Tersigni confirmed his prior testimony that his compensation from RIMI consisted exclusively of his salary and a *de minimus* Christmas bonus. Tersigni only finally admitted receiving the Personal Benefit later in the interview after being shown title documents for the Condominium.

39. Tersigni acknowledges that his failure to inform Staff of the Personal Benefit promptly during Staff's investigation of this matter was in contravention of clause (a) of subsection 122(1) of the Act.

#### **PART V – TERMS OF SETTLEMENT**

40. Tersigni agrees to the terms of settlement listed below.

41. The Commission will make an order pursuant to section 127(1) and section 127.1 of the Act that:

- (a) the Settlement Agreement is approved;
- (b) Tersigni shall be reprimanded;
- (c) Tersigni is prohibited from becoming registered under the Act for a period of 15 years from the date of approval of the Settlement Agreement;
- (d) Tersigni is prohibited from becoming or acting as an officer or director of a reporting issuer, an investment fund, an investment fund manager and a registrant for a period of 15 years from the date of approval of the Settlement Agreement;
- (e) Tersigni will pay an administrative penalty of \$180,000, to be allocated under s. 3.4(2)(b) of the Act to or for the benefit of third parties;
- (f) Tersigni will disgorge to the Commission the sum of \$601,712.06, to be allocated under s. 3.4(2)(b) of the Act to or for the benefit of third parties;

- (g) Tersigni will cooperate with the Commission and Staff in this respect of any proceeding commenced with respect to the subject-matter of this Settlement Agreement and will appear and give truthful and accurate testimony at the hearing of any such proceeding, if requested by Staff; and
- (h) Tersigni will pay the sum of \$50,000 in respect of the costs of the investigation of this matter.

42. Tersigni agrees to personally make the costs payment ordered in paragraph 41 (h) above by certified cheque when the Commission approves this Settlement Agreement. Tersigni will not be reimbursed for, or receive a contribution toward, this or any other payment made pursuant to this Settlement Agreement from any other person or company subject to paragraph 45 below.

43. Tersigni agrees to post a piece of vacant agricultural land which he owns directly or indirectly (the "Vacant Land") as security for the payments owing pursuant to this Settlement Agreement and to provide, when the Commission approves this Settlement Agreement:

- (a) a written undertaking to the Commission executed by himself and the legal owner of the Vacant Land to list the Vacant Land for sale within 5 days of the approval of the Settlement Agreement;
- (b) a consent by himself and the legal owner of the Vacant Land to a certificate of direction pursuant to s. 126(1) and (4) of the Act to register on title to the Vacant Land; and
- (c) a direction by the legal owner of the Vacant Land directing any purchaser of the Vacant Land to direct payment of the portion, up to all, of the sale proceeds (net of capital gains tax paid and real estate commissions paid) equal to the amounts payable pursuant to this Settlement Agreement to the Commission on closing of the sale of the Vacant Land.

44. Upon receipt of the funds from the sale of the Vacant Land, the Commission will revoke its certificate and direction against title to the Vacant Land. In the event that the Vacant Land is not sold within 120 days of the date when the Commission approves this Settlement Agreement and/or the amounts set out in paragraphs 41 (e) and (f) are not otherwise paid, the Commission will seek to enforce its Order approving this Settlement Agreement as an order of the Ontario Superior Court of Justice pursuant to section 151 of the Act.

45. Tersigni hereby agrees and acknowledges that, in the event that he should receive any further or additional funds in connection with the transactions giving rise to the Personal Benefit: (i) if the amounts owing pursuant to this Settlement Agreement are not paid in full, he will direct those funds to the Commission; (ii) if the amounts owing pursuant to this Settlement Agreement are paid in full, he will direct those funds to Richter in its capacity as trustee for Retrocom; and (iii) should Richter no longer be acting as trustee, he will return to the Commission for direction in respect of those funds.

46. Tersigni is not aware of any fees in the nature of the Additional Fees owing to him or RIMI at this time, other than fees in connection with the transactions giving rise to the Personal Benefit. If he becomes aware of any such fees he will provide notice and details to Staff forthwith.

#### **PART VI – STAFF COMMITMENT**

47. If the Commission approves this Settlement Agreement, Staff will not commence any proceedings against Tersigni under Ontario securities law in relation to the facts alleged in the Notice of Hearing, subject to paragraph 48 below.

48. If the Commission approves this Settlement Agreement and Tersigni fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against Tersigni. These proceedings may be based on, but are not limited to, the facts alleged in the Notice of Hearing as well as the breach of the Settlement Agreement.

## **PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

49. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission according to the procedures set out in this Settlement Agreement and the Commission’s Rules of Practice. At the request of the parties, approval of this Settlement Agreement will be considered at a joint hearing at which settlement agreements for other respondents will also be considered.

50. Staff and Tersigni agree that this Settlement Agreement will form all of the agreed facts that will be submitted in respect of this settlement at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing.

51. If the Commission approves this Settlement Agreement, Tersigni agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

52. If the Commission approves this Settlement Agreement, Tersigni will not make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

53. Whether or not the Commission approves this Settlement Agreement, Tersigni will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission’s jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

## **PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

54. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule “A” to this Settlement Agreement:

- i. this Settlement Agreement and all discussions and negotiations between Staff and Tersigni before the settlement hearing takes place will be without prejudice to Staff and Tersigni; and

- ii. Staff and Tersigni will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

55. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement, except that the Settlement Agreement may be disclosed to the other respondents who are in attendance at the settlement hearing, as provided in paragraph 49 above. Upon approval of the Settlement Agreement by the Commission, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties and every other respondent in attendance at the settlement hearing must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if otherwise required by law.



**PART IX – EXECUTION OF SETTLEMENT AGREEMENT**

56. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

57. A fax copy of any signature will be treated as an original signature.

Dated at Toronto this 7<sup>th</sup> day of April, 2010

Witness: “Joanne Tersigni”

“Ralph Tersigni”  
Ralph James Tersigni

Dated at Toronto this 7<sup>th</sup> day of April, 2010

Staff of the Ontario Securities Commission

“Tom Atkinson”

\_\_\_\_\_  
Tom Atkinson  
Director of Enforcement

# SCHEDULE "A"



Ontario  
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**- and -**

**RALPH JAMES TERSIGNI**

**ORDER**

**WHEREAS** on April 1, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to Ralph James Tersigni ("Tersigni");

**AND WHEREAS** Tersigni entered into a settlement agreement with Staff of the Commission ("Staff") dated April 1, 2010 (the "Settlement Agreement"), a copy of which is attached as Schedule "A" to this Order, in which he agreed to a settlement of the proceeding commenced by the Notice of Hearing dated April 1, 2010, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement, and upon hearing submissions from counsel for Staff and Tersigni;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED THAT:**

1. the Settlement Agreement is approved;
2. Tersigni shall be and is hereby reprimanded;
3. Tersigni is prohibited from becoming registered under the Act for a period of 15 years from the date of approval of the Settlement Agreement;
4. Tersigni is prohibited from becoming or acting as an officer or director of a reporting issuer, an investment fund, an investment fund manager and a registrant for a period of 15 years from the date of approval of the Settlement Agreement;
5. Tersigni will pay an administrative penalty of \$180,000, to be allocated under s. 3.4(2)(b) of the Act to or for the benefit of third parties;
6. Tersigni will disgorge to the Commission the sum of \$601,712.06, to be allocated under s. 3.4(2)(b) of the Act to or for the benefit of third parties;
7. Tersigni will cooperate with the Commission and Staff in this respect of any proceeding commenced with respect to the subject-matter of this Settlement Agreement and will appear and give truthful and accurate testimony at the hearing of any such proceeding, if requested by Staff; and
8. Tersigni will pay the sum of \$50,000 in respect of the costs of the investigation of this matter.

**DATED** at Toronto this                      day of April, 2010.

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