

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

AND

**ANDREW CURRAH, COLIN HALANEN,
JOSEPH DAMM, NICHOLAS WEIR,
PENNY CURRAH AND WARREN HAWKINS**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated November 3, 2005, the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5 (the “Act”), it is in the public interest for the Commission to make an order approving the settlement agreement entered into between Staff of the Commission and the respondent Warren Hawkins (“Hawkins”).

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) recommend settlement with Hawkins (also referred to hereafter as the “Respondent”) in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part III herein and consents to the making of an Order in the form attached as Schedule “A” on the basis of the facts set out in Part III herein.

3. The terms of this settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement") will be released to the public only if and when the Settlement Agreement is approved by the Commission.

III AGREED FACTS

4. For the purposes of this settlement agreement, the Respondent agrees with the facts set out in Part III.

The Parties

5. Findore Minerals ("Findore") is an Ontario junior resource company that was listed at the material time on the Canadian Dealing Network ("CDN"). At all material times, Findore's common shares traded over-the-counter and were quoted on the CDN. Although Findore changed its name to Cantex Energy Inc. on December 17, 1997, the company will be referred to herein as Findore.

6. The respondent Hawkins is 41 years old. He has been a registered representative since approximately May, 1995. He has not previously been subject to disciplinary proceedings before the Commission. In or about May, 2005, Hawkins applied to transfer his registration from Desjardins Securities Ltd. to Union Securities Ltd. but the Investment Dealers Association declined to process his transfer pending the resolution of this matter, and an appeal from that decision could not be heard in a timely manner.

7. On or about October 1, 1994, Hawkins was hired as an assistant without licence to Joe Damm ("Damm") at Research Capital. At that time Damm was a broker with many years experience. Hawkins' duties included answering the telephone, cheque requests, and other tasks for Joe Damm. At or about the time Hawkins was hired as an assistant without licence, Research Capital applied to be a market maker in respect of Findore and was approved as such. Furthermore, at or about that time, Currah Capital Inc., a company owned by Andrew Currah, already had a trading account at Research Capital. Andrew Currah was a promoter of Findore's shares and had been a director and/or an officer of Findore until December, 1997.

8. In May, 1995, Hawkins obtained his securities licence, and became a junior investment advisor working with Damm. Hawkins and Damm shared a joint registered representative code.

9. Damm and Hawkins were the registered representatives for two accounts for each of Andrew Currah, Nick Weir and Colin Halanen (six accounts in total) that are material to the matters in this proceeding.

Findore and Its Share Price

10. During the material time, Findore made, *inter alia*, the following announcements by press release:

- (a) On July 30, 1997, that a new president and chief executive officer of Findore had been appointed, and that Findore was then engaged in negotiations involving an oil and gas joint venture drilling program in an established production area in the United States;
- (b) On August 6, 1997, that Findore had signed a letter of intent to enter into a joint venture oil and gas development, exploration and production program onshore in the Texas/Louisiana Gulf coast area;
- (c) On September 17, 1997, that a retired executive with senior experience in the oil industry had been appointed a director of Findore, together with one other. Subsequently other new directors were appointed;
- (d) On November 3, 1997, that Findore's joint venture agreement had been finalized; and
- (e) On January 23, 1998 that the purchase of producing properties in Texas and Louisiana had closed.

11. In June, 1997, the common shares of Findore had been trading in the range of \$0.10 to \$0.14 per share. Trading in Findore's shares became very active, as reported in the CDN, in the latter part of July 1997 and by September 26, 1997, the share price reached \$1.92. The stock peaked on April 3, 1998 at a high of \$2.30 per share. The reported Findore share price stayed above \$1.00 per share through to the fall of 1998, before declining to its June 1997 levels in 1999.

Findore Trading at Research Capital

12. Research Capital was one of the approved market makers for Findore shares. When Research Capital received approval as a market maker in respect of Findore, it disclosed that Currah Capital, Web Licity Inc. and 937075 Ontario Inc. (the latter two being companies controlled by Nick Weir or Colin Halanen) were its trading clients. According to Research Capital's then-current practice, Hawkins and Damm used Research Capital's market making facility to represent client orders as agent in respect of Findore shares. Research Capital placed a CATS terminal next to the desks used by Damm and Hawkins to facilitate this. No inventory account was used in respect of making a market for Findore shares, nor did any of Andrew Currah, Colin Halanen and Nick Weir or their companies loan Research Capital any of their shares for Research Capital's market making activity. Hawkins and Damm were the primary users of Research Capital's market making facility in this regard.

13. The Policy of the Canadian Dealing Network ("CDN") applicable at the material times provided, *inter alia*, that:

- (a) access to the CDN System for market-making in a CDN security would only be granted to market-makers approved by the board of directors of the CDN, and would be subject to compliance with the requirements of the Policy;
- (b) market-makers were required to disclose any direct or indirect association, dealings or arrangements with any promoter, insider,

associate or affiliate of the issuer of the CDN security or with the issuer itself; and

- (c) approved market-makers shall not use or knowingly participate in the use of any manipulative or deceptive methods of trading in connection with the purchase or sale of a CDN security that creates or may create a false or misleading appearance of trading activity or an artificial price for a CDN security.

The function of a market-maker is to maintain liquidity and stability in the trading activity of over-the-counter shares.

14. It is estimated that Hawkins earned at least \$35,000 in commissions in trading Findore shares on behalf of Andrew Currah, Colin Halanen, Nick Weir and their respective companies.

Hawkins Ought to Have Known

15. There were a number of circumstances that ought to have caused Hawkins to make further and more detailed inquiries concerning the trading activities of Andrew Currah, Colin Halanen and Nick Weir and their respective companies.

- (a) Throughout the relevant period Hawkins knew that Andrew Currah was promoting Findore shares. At the material times Hawkins knew that Andrew Currah, Nick Weir and Colin Halanen shared office space and business dealings.
- (b) Between the period from July, 1997 to December, 1998, Andrew Currah, Colin Halanen and Nick Weir, through both their personal and corporate accounts, placed approximately 1,000 orders with Damm and Hawkins resulting in over 2,000 trades in the shares of Findore.
- (c) Hawkins was aware of the level of trading in Findore shares by Andrew Currah, Colin Halanen and Nick Weir and their companies

at Research Capital. Hawkins was aware that from time to time treasury shares would be deposited into their accounts in support of their trading activities; between July 1997 and December 1998 approximately 989,000 shares were so deposited. Hawkins was aware that during the material time there were usually debit balances in the cash accounts of Andrew Currah, Colin Halanen and Nick Weir and their companies at Research Capital, and that Findore's shares were not marginable.

- (d) Because Hawkins and Damm had access to market making facilities, they received many orders in respect of Findore shares from a variety of clients. The orders received from Andrew Currah, Colin Halanen and Nick Weir and their companies were a majority of the total orders received by Hawkins and Damm in respect of Findore shares. Their trading instructions would form the basis of Research Capital's posted bids and offers for Findore so long as they were the best bid or offer.
- (e) From time to time when trading was hectic, Hawkins entered authorized trades in Findore shares on behalf of Andrew Currah, Colin Halanen and Nick Weir or their companies without specifying a brokerage account. At the end of the trading day, he would speak with one or more of them to determine in which account the trade belonged.
- (f) Hawkins was personally involved as registered representative for eight trades in Findore shares between or among two of Andrew Currah, Colin Halanen, Nick Weir and their respective companies. Of those trades, five were at a price higher than the prior day's closing, and three were a price lower than the prior day's closing. Hawkins ought to have realized that these trades could have

created a misleading appearance as to the volume of trading or the market price of Findore shares.

IV THE RESPONDENT'S POSITION

16. At the time of the matters in question, Hawkins had no experience in the investment industry except first as an assistant to Damm and then as junior investment advisor working with Damm.

17. At the time Hawkins commenced his employment at Research Capital, Research Capital was a market-maker for Findore, and Currah Capital Inc. (controlled by Andrew Currah, who was a promoter of Findore) had a trading account with Damm.

18. While not denying his responsibility for his actions or inaction admitted in Part III, Hawkins states that he did not receive any negative comment from the back-office or compliance departments at Research Capital pertaining to the facts described in Part III above. Hawkins paid part of his commissions to Research Capital to compensate Research Capital for the use of its back-office, credit and compliance facilities. Hawkins does not accept responsibility for any lack of vigilance, or other actions or inaction, on the part of Research Capital.

19. Hawkins was unaware of any of Andrew Currah's trading activities other than those that were traded under the code that he shared with Joe Damm. Hawkins believed that the shares that Currah, Halanen and Weir deposited into their accounts came from the exercise of options.

20. At the time of the trading, Hawkins did not believe that the trading activity of Andrew Currah, Colin Halanen, Nick Weir and their related companies would contribute to meaningful price fluctuations for Findore shares.

21. With the benefit of hindsight, Hawkins admits that he ought to have been alert to the prospect that he was not acting independently of Andrew Currah, Colin Halanen and Nick Weir and their respective companies and he ought to have made further inquiries.

22. The existence of this proceeding has caused Hawkins' licence to be effectively suspended since May, 2005, causing him great financial hardship, and the relief being consented to in settlement of this proceeding may – practically speaking – conclude his ability to follow his chosen profession as an investment advisor.

23. Hawkins has been unemployed in the investment industry since May, 2005, when transfer of his license was refused by the Investment Dealers' Association. Although qualified as a geological engineer, Hawkins had not worked in that field for more than ten years until July of this year when he was given a three week contract. He has not worked at all since that time, although he continues to look for work. His spouse is also unemployed, and she is also looking for work. Currently, they are being supported by Hawkins' father.

24. In settling, Hawkins has accepted responsibility for his actions and inaction.

V CONDUCT CONTRARY TO THE PUBLIC INTEREST

25. By using the market making facility in the manner set out above and, in particular, by failing to ensure through appropriate inquiries that he was acting independently of the promoters of Findore shares, Warren Hawkins acted in a manner contrary to the public interest.

VI TERMS OF SETTLEMENT

26. Hawkins agrees to the following terms of settlement, pursuant to s. 127(1) of the Act:

- (a) Hawkins shall surrender his registration with the Commission by resigning immediately upon approval of this Settlement Agreement;

- (b) If Hawkins fails to submit his resignation within 1 business day of the Order approving this Settlement Agreement, his registration will be terminated;
- (c) Hawkins shall not reapply to the Commission for registration, in any capacity, for a period of 5 years from May 1, 2005;
- (d) Hawkins shall be reprimanded;
- (e) Hawkins will cooperate with Staff in its investigation of trading in Findore shares, including testifying as a witness for Staff at any proceedings commenced by Staff before the Commission, the Ontario Court of Justice or the Ontario Superior Court.

VII STAFF COMMITMENT

27. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Hawkins in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 34 below.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

28. Approval of this Settlement Agreement shall be sought at a hearing of the Commission on a date agreed to by counsel for Staff and Hawkins.

29. Staff and Hawkins may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and Hawkins also agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Hawkins in this matter, and Hawkins agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

30. Staff and Hawkins agree that if this Settlement Agreement is approved by the Commission, neither Staff nor Hawkins will make any public statement inconsistent with this Settlement Agreement.

31. If this Settlement Agreement is approved by the Commission and, at any subsequent time, Hawkins fails to honour any of the Terms of Settlement set out in Part VI herein, Staff reserve the right to bring proceedings under Ontario securities law against Hawkins based on, but not limited to, the facts set out in Part III of the Settlement Agreement, as well as the breach of the Settlement Agreement.

32. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an Order in the form attached as Schedule "A" is not made by the Commission, each of Staff and Hawkins will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

33. Whether or not this Settlement Agreement is approved by the Commission, Hawkins agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the Commission of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

IX. DISCLOSURE OF AGREEMENT

34. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both Hawkins and Staff or as may be required by law.

35. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

X. EXECUTION OF SETTLEMENT AGREEMENT

36. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

37. A facsimile copy of any signature shall be effective as an original signature.

Dated this "3" day of November, 2005.

"Thomas McRae"
Witness

"Warren Hawkins"
Warren Hawkins

"Michael Watson"
Staff of the Ontario Securities Commission
Per: "Michael Watson"
Director, Enforcement Branch