



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 (the "Act")**

**- AND -**

**IN THE MATTER OF DANIEL STERNBERG, PARKWOOD GP INC. AND PHILCO  
CONSULTING INC.**

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**SETTLEMENT AGREEMENT BETWEEN STAFF, DANIEL STERNBERG,  
PARKWOOD GP INC. AND PHILCO CONSULTING INC.**

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**PART I - INTRODUCTION**

1. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Daniel Sternberg ("Sternberg"), Parkwood GP Inc. ("Parkwood GP") and Philco Consulting Inc. ("Philco") (collectively, the "Respondents").

**PART II - JOINT SETTLEMENT RECOMMENDATION**

2. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated April 24, 2012 against the Respondents (the "Proceeding") in accordance with the terms and conditions set out below. The Respondents consent to the making of an order in the form attached as Schedule "A", based on the facts set out below.

### PART III - AGREED FACTS

#### Background

3. Sternberg is a resident of Toronto, Ontario.
4. Sternberg is the sole shareholder, officer and director of Parkwood GP. Parkwood GP is an Ontario company incorporated on March 12, 2004.
5. Parkwood GP is the general partner of the Parkwood Limited Partnership Fund (the "Fund"), a limited partnership formed under the *Limited Partnerships Act*, R.S.O. 1990, c. L.16, on May 1, 2004.
6. Pursuant to an advisory agreement dated May 1, 2004, Parkwood GP retained Eosphoros Asset Management Inc. ("EAM"), an Ontario corporation, to act as the advisor to the Fund.
7. Commencing in March 2004, EAM was registered under the Act as an adviser in the category of investment counsel and portfolio manager, which transitioned to the category of portfolio manager on September 28, 2009. On April 22, 2005, EAM also became registered as a dealer in the category of limited market dealer, which transitioned to the category of exempt market dealer on September 28, 2009. EAM also became registered as an investment fund manager on September 29, 2010.
8. During the material time referred to below, EAM paid consulting fees to Philco for services provided by Philco in relation to the Fund. Philco is an Ontario company incorporated on October 1, 2003. Sternberg is the sole shareholder, officer and director of Philco.
9. Parkwood Investment Management Inc. ("Parkwood IM") is an Ontario company incorporated on June 9, 2010. Sternberg is the sole shareholder, officer and director of Parkwood IM.
10. On or about July 5, 2010, Parkwood IM made an application to the Commission for registration as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer. Parkwood IM also made an application for registration as an investment fund manager on or about September 7, 2010.

11. On or about August 5, 2010, Sternberg made an application to the Commission for registration as the ultimate designated person, chief compliance officer, advising representative and dealing representative of Parkwood IM.

12. None of Sternberg, Philco or Parkwood GP was registered with the Commission in any capacity during the period of May 2004 to June 2011 (the “Material Time”).

### **The Offering Memorandums**

13. During the Material Time, the Fund used two Offering Memorandums; one was used from May 2004 to April 2010 (“OM1”); a second, dated April 30, 2010 (“OM2”), was used thereafter (together the “OMs”). Parkwood GP was identified as the Promoter to the Fund in OM2. According to the OM<sup>s</sup>, the Fund was required to pay Parkwood GP:

- (a) a management fee, payable monthly in arrears, at an annual rate of 2% of the Net Asset Value of the Fund, plus GST or HST, as applicable (the “Management Fee”);
- (b) a 20% performance fee calculated and accrued monthly and payable annually in accordance with a formula set out in the OM<sup>s</sup> and a 5% additional performance fee calculated and paid annually in accordance with a formula set out in the OM<sup>s</sup> (collectively, the “Performance Fees”).

14. The OM<sup>s</sup> also provided that Parkwood GP would engage EAM or such other qualified and registered portfolio manager as selected by Parkwood GP as the investment advisor to the Fund (the “Advisor”).

15. OM1 stated that Philco would act as a consultant to the Advisor. OM2 did not refer to Philco or a consultant to the Advisor.

#### **A. Advising Without Registration**

16. During the period from May 2004 to April 30, 2010 (the “Consulting Period”), Parkwood GP remitted the Management Fees and Performance Fees paid by the Fund to EAM. EAM subsequently remitted the majority of the Management Fees and Performance Fees, between

approximately 85% to 95% of these fees, to Philco for consulting services (the “Services”). The percentage of the fees paid to Philco increased over the course of the Consulting Period.

17. During the Consulting Period, Sternberg, as the sole officer and director of Philco, provided the Services. In providing the Services, Sternberg assisted EAM in providing advisory services to and in making investment decisions for the Fund, thereby engaging in the business of advising the Fund with respect to investing in, buying or selling securities.

18. Neither Philco nor Sternberg was registered as an adviser during the Consulting Period.

19. In June, 2009, Staff of the Compliance and Registrant Regulation Branch conducted a compliance review of the Fund as part of its hedge fund sweep. Staff communicated to Sternberg in writing on December 14, 2009 (the “Deficiency Report”) that in providing the Services, Philco and Sternberg were engaging in advising without registration.

20. On January 15, 2010, Sternberg signed and submitted a letter to Staff (the “January 2010 Response”) indicating that while he disagreed that, in providing the Services, Philco had been engaging in advising without registration, Philco would cease to act as a consultant to EAM and that Sternberg would apply for registration as an associate advising representative of EAM.

21. On April 30, 2010, Sternberg signed and submitted a letter to Staff “confirming” that Philco had “ceased acting as a consultant to [EAM] in respect of the Fund or otherwise” and stating that Sternberg and Parkwood GP were in the process of determining how to proceed and that he would apply for registration as an associate advising representative of EAM or as the advising representative of a new portfolio manager for the Fund. The letter was accompanied by a copy of OM2.

22. During the period from April 30, 2010 to June, 2011 (the “Post-Consulting Period”), Sternberg continued to assist EAM in providing advisory services to and in making investment decisions for the Fund, thereby engaging in the business of advising the Fund with respect to investing in, buying or selling securities, without being registered as an adviser.

23. During the Post-Consulting Period, Parkwood GP retained the Management Fees and Performance Fees paid by the Fund, and deferred paying fees to EAM, which remains the

contractual portfolio manager to the Fund. During this period, the Fund paid approximately \$1.02 million in Management Fees for the period of April 2010 to May 2011 and \$1.5 million in Performance Fees to Parkwood GP, of which the \$1.5 million was paid to Sternberg as a dividend on February 1, 2011 (for 2011) and invested by him in the Fund and \$350,000 was paid to Sternberg as a dividend on April 15, 2011 (for 2010). Parkwood subsequently paid approximately 5% of the Management Fees and Performance Fees for the Post-Consulting Period to EAM.

24. Sternberg's activities during the Post-Consulting Period were indistinguishable from his activities during the Consulting Period.

#### **B. Trading Without Registration**

25. During the Material Time, Sternberg and Parkwood GP distributed limited partnership units of the Fund to investors, when they were not registered with the Commission and when an exemption from registration was not available to them under the Act. In December, 2009, when the Deficiency Report was received, there were approximately 39 holders of limited partnership units of the Fund.

26. In the Deficiency Report, Staff communicated to Sternberg in writing that such trading activities required Parkwood GP to be registered as an exempt market dealer under the Act.

27. The January 2010 Response to Staff stated that to the extent that Parkwood GP had been involved in the distribution of units of the Fund "all such dealing activity will cease and all units will be distributed by properly registered dealers in the Province of Ontario in reliance on the exemption from registration in Section 8.5 of National Instrument 31-103."

28. Sternberg and/or Parkwood GP subsequently made eleven sales of limited partnership units of the Fund to investors in 2010, none of which were distributed by properly registered dealers.

#### **C. Undertakings To Staff**

29. The statements in the January 2010 Response described in paragraphs 20 and 27 above constituted undertakings to Staff. The conduct during the Post-Consulting period described in

paragraphs 22 to 24 and the sales of units described in paragraph 28 breached those undertakings.

#### **D. Ontario Securities Law**

30. Sternberg, Parkwood GP and Philco admit and acknowledge that by engaging in the conduct described above, they contravened Ontario securities law during the Material Time in the following ways:

- (a) Sternberg and Philco engaged in advising without being registered to advise in securities contrary to subsection 25(1)(c) of the Act (as that subsection existed prior to September 28, 2009) and, after September 28, 2009, engaged in the business of advising in securities without registration contrary to subsection 25(3) of the Act; and
- (b) Sternberg and Parkwood GP traded in securities of the Fund without registration when an exemption was not available to them contrary to subsection 25(1)(a) of the Act (as that subsection existed prior to September 28, 2009) and, after September 28, 2009, engaged in the business of trading in securities of the Fund without registration contrary to subsection 25(1) of the Act.

#### **E. The Public Interest**

31. Sternberg, Parkwood GP and Philco admit and acknowledge that they acted contrary to the public interest by contravening Ontario securities law as set out above.

32. Sternberg and Parkwood GP further admit that the conduct referred to in paragraph 29 above was contrary to the public interest.

#### **F. Additional Facts**

33. Sternberg and Parkwood GP undertake that they will take the following actions following approval of this Settlement Agreement by the Commission:

- (a) within 3 days of an order approving this Settlement Agreement (the “Order”), Parkwood GP will give notice (the “Notice”) to the limited partners of the Fund

(the “Limited Partners”) of a meeting of the Limited Partners in accordance with section 11.3 of the Fund’s Limited Partnership Agreement dated May 1, 2004 (the “LP Agreement”);

(b) the Notice shall advise the Limited Partners that the following questions will be submitted and voted on at the meeting of the Limited Partners:

- i. whether Samara Capital Inc. (“Samara”), a registered investment fund manager, portfolio manager and exempt market dealer that is unrelated to Sternberg, will become the investment fund manager and portfolio manager of the Fund; and
- ii. if the appointment of Samara is not approved by the Limited Partners, whether the Fund is to be wound up;

(c) make best efforts to ensure that the above questions are voted upon at the meeting of the Limited Partners.

34. In the event that Parkwood GP does not obtain the number of votes required under the LP Agreement to pass either of the items referred to in subparagraph 33(b) above, Parkwood GP will voluntarily withdraw as the General Partner of the Fund pursuant to paragraph 9.14 of the LP Agreement.

35. Sternberg advises that Samara has agreed to act as the investment fund manager and portfolio manager to the Fund, subject to the approval by the Limited Partners pursuant to the LP Agreement, and intends to employ Sternberg as an employee of Samara to assist with administration matters.

36. In the event that the Limited Partners vote in favour of a dissolution of the Fund, Sternberg and Parkwood GP will direct EAM, as portfolio manager and a registered dealer, to take the necessary steps to redeem the outstanding units of the Fund and will take all other action required to dissolve the Fund.

**G. Staff Agreement**

37. Staff of the Commission agree that after the one-year period referred to in Schedule "B" has expired, Staff will not recommend that an application by Sternberg for registration as an associate advising representative with an appropriately registered firm in the category of portfolio manager be refused based on information that was known or made available to Staff as of the date of this Settlement Agreement.

38. Staff of the Commission agree that Parkwood GP will not be directing the business, operations or affairs of the Fund:

- (a) in connection with actions taken by it to implement the appointment of Samara referred to in paragraph 33, above, and
- (b) thereafter, if the appointment of Samara as investment fund manager and portfolio manager is approved by the Limited Partners, so long as Samara performs those functions and Parkwood GP does not receive, directly or indirectly, any fees from the Fund.

**PART IV – RESPONDENT'S POSITION**

39. No investor has been harmed by the conduct of Sternberg or Parkwood GP.

40. Following the January 2010 Response, Sternberg, with the advice of counsel, engaged in efforts directed to obtaining registration for himself and Parkwood IM, including preparing OM2 and providing a copy of it to Staff.

41. During the Material Time, Sternberg did not actively solicit investors for the Fund. Nine of the eleven sales of limited partnership units of the Fund after the January 2010 Response, referred to in paragraph 28 above, were made to existing holders of Fund units.

**PART V - TERMS OF SETTLEMENT**

42. The Commission will make an order, pursuant to subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

**Sternberg**

- (b) trading in any securities by Sternberg shall cease for a period of one year from the date of the Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;
- (c) the acquisition of any securities by Sternberg is prohibited for a period of one year from the date of the Order, subject to the exception that Sternberg is permitted to acquire securities through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;
- (d) the exemptions contained in Ontario securities law do not apply to Sternberg for a period of one year from the date of the Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;
- (e) Sternberg is reprimanded;

- (f) Sternberg is prohibited for a period of one year from the date of the Order from becoming or acting as a director or officer of any registrant; and
- (g) Sternberg is prohibited for a period of one year from the date of the Order from becoming or acting as a registrant;

### **Parkwood GP**

- (h) trading in any securities by Parkwood GP shall cease for a period of one year from the date of the Order;
- (i) the acquisition of any securities by Parkwood GP is prohibited for a period of one year from the date of the Order;
- (j) the exemptions contained in Ontario securities law do not apply to Parkwood GP for a period of one year from the date of the Order;
- (k) Parkwood GP is reprimanded; and
- (l) Parkwood GP is prohibited for a period of one year from the date of the Order from becoming or acting as a registrant;

### **Philco**

- (m) trading in any securities by Philco shall cease for a period of one year from the date of the Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;
- (n) the acquisition of any securities by Philco is prohibited for a period of one year from the date of the Order, subject to the exception that Philco is permitted to acquire securities through an account with a registered dealer of which Philco is the sole legal and beneficial owner;
- (o) the exemptions contained in Ontario securities law do not apply to Philco for a period of one year from the date of the Order, subject to the exception that Philco

is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;

- (p) Philco is reprimanded;
- (q) Philco is prohibited for a period of one year from the date of the Order from becoming or acting as a registrant; and
- (r) the Respondents shall, jointly and severally, pay the Commission an administrative penalty in the amount of \$100,000 to be allocated pursuant to subsection 3.4(2)(b) of the Act to or for the benefit of third parties;

43. The Respondents agree to the terms set out herein. Sternberg further agrees to execute, immediately following approval of this Settlement Agreement by the Commission, a written undertaking to the Commission in the form attached as Schedule “B” to this Settlement Agreement, that states that:

- (a) Sternberg will immediately withdraw his application for registration currently filed with the Commission and will not reapply for registration for at least one year from the date of the Order; and
- (b) Sternberg, on behalf of Parkwood IM, will immediately withdraw Parkwood IM’s application for registration currently filed with the Commission and Parkwood IM will not reapply for registration for at least one year from the date of the Order.

## **PART VI - STAFF COMMITMENT**

44. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against any of the Respondents in relation to the facts set out in Part III herein, subject to the provisions of paragraph 45 below.

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

**PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT**

46. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and the Respondents for the scheduling of the hearing to consider the Settlement Agreement.

47. Staff and the Respondents agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding the Respondents' conduct, unless the parties agree that further facts should be submitted at the settlement hearing.

48. If this Settlement Agreement is approved by the Commission, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

49. If this Settlement Agreement is approved by the Commission, no party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

50. Whether or not this Settlement Agreement is approved by the Commission, the Respondents agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

**PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT**

51. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and the Respondents leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and the Respondents; and
- (b) Staff and the Respondents shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations

in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

52. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, except that Staff and the Respondents may discuss the terms with Samara and EAM to the extent necessary to arrange for their undertaking, respectively, the roles contemplated in paragraphs 33 and 36, above, and may disclose the consequences of this Settlement Agreement to the auditors of the Fund in connection with the completion of their audit of the Fund's financial statements for its year ended December 31, 2011. Any obligations of confidentiality shall terminate upon the commencement of the public hearing to obtain approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Sternberg and Staff or as may be required by law.

**PART IX - EXECUTION OF SETTLEMENT AGREEMENT**

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

54. A facsimile or electronic copy of any signature will be as effective as an original signature.

Dated this 24<sup>th</sup> day of April, 2012.

Signed in the presence of:

“Marissa Wallace”

“Daniel Sternberg”

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Witness

Daniel Sternberg

“Marissa Wallace”

“Daniel Sternberg”

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Witness

Parkwood GP Inc.  
per: Daniel Sternberg

“Marissa Wallace”

“Daniel Sternberg”

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Witness

Philco Consulting Inc.  
per: Daniel Sternberg

**STAFF OF THE ONTARIO SECURITIES COMMISSION**

“Kathryn Daniels for”

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**Tom Atkinson  
Director, Enforcement Branch**

Dated this 24<sup>th</sup> day of April, 2012.



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
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## SCHEDULE "A"

P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 19e étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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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 DANIEL STERNBERG, PARKWOOD GP INC. AND PHILCO  
CONSULTING INC.**

**-AND-**

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE  
COMMISSION AND DANIEL STERNBERG, PARKWOOD GP INC. AND PHILCO  
CONSULTING INC.**

### **ORDER (Section 127)**

**WHEREAS** on April 24, 2012, 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 connection with the allegations set out in the Statement of Allegations of Staff of the Commission ("Staff") dated April 24, 2012;

**AND WHEREAS** Daniel Sternberg ("Sternberg"), Parkwood GP Inc. ("Parkwood GP") and Philco Consulting Inc. ("Philco") (collectively, the "Respondents") entered into a Settlement Agreement with Staff of the Commission dated April 24, 2012 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated April 24, 2012, subject to the approval of the Commission;

**AND WHEREAS** on April 24, 2012, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

**AND UPON** reviewing the Settlement Agreement, the Notice of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from Staff and the Respondents;

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

**IT IS HEREBY ORDERED THAT:**

- (a) the Settlement Agreement is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Sternberg shall cease for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;
- (c) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Philco shall cease for a period of one year from the date of this Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;
- (d) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Parkwood GP shall cease for a period of one year from the date of this Order;
- (e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sternberg is prohibited for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to acquire securities through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;

- (f) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Philco is prohibited for a period of one year from the date of this Order, subject to the exception that Philco is permitted to acquire securities through an account with a registered dealer of which Philco is the sole legal and beneficial owner;
- (g) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Parkwood GP is prohibited for a period of one year from the date of this Order;
- (h) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Sternberg for a period of one year from the date of this Order, subject to the exception that Sternberg is permitted to trade through an account with a registered dealer of which Sternberg, his spouse or a company wholly-owned by him is the sole legal and beneficial owner and for the account of his or his spouse's registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended;
- (i) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Philco for a period of one year from the date of this Order, subject to the exception that Philco is permitted to trade through an account with a registered dealer of which Philco is the sole legal and beneficial owner;
- (j) pursuant to clause 3 of subsection 127(1) of the Act, the exemptions contained in Ontario securities law do not apply to Parkwood GP for a period of one year from the date of this Order;
- (k) pursuant to clause 6 of subsection 127(1) of the Act, each of the Respondents is reprimanded;
- (l) pursuant to clause 8.2 of subsection 127(1) of the Act, Sternberg is prohibited for a period of one year from the date of this Order from becoming or acting as a director or officer of any registrant;

- (m) pursuant to clause 8.5 of subsection 127(1) of the Act, each of the Respondents is prohibited for a period of one year from the date of this Order from becoming or acting as a registrant; and
- (n) pursuant to clause 9 of subsection 127(1) of the Act, the Respondents shall, jointly and severally, pay the Commission an administrative penalty in the amount of \$100,000 to be allocated pursuant to subsection 3.4(2)(b) of the Act to or for the benefit of third parties.

**DATED AT TORONTO** this \_\_\_\_\_ day of April, 2012.

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**SCHEDULE “B”**

I, Daniel Sternberg, am a Respondent to a Notice of Hearing dated April 24, 2012 (the “Notice of Hearing”) issued by the Ontario Securities Commission (the “Commission”). As a term of the settlement agreement dated April 24, 2012 entered into by me in respect of the Notice of Hearing (the “Settlement Agreement”) and approved by the Commission, I undertake to the Commission the following:

- (a) I will immediately withdraw my application for registration currently filed with the Commission and I will not reapply for registration for at least one year from the date of the order of the Commission approving the Settlement Agreement (the “Order”); and
- (b) I, on behalf of Parkwood IM, will immediately withdraw Parkwood IM’s application for registration currently filed with the Commission and Parkwood IM will not reapply for registration for at least one year from the date of the Order.

Dated this 24<sup>th</sup> day of April, 2012.

Signed in the presence of:

“Marissa Wallace”

Witness

“Daniel Sternberg”

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Daniel Sternberg

Acknowledgement as received by,

“John Stevenson”

John Stevenson

Secretary to the Ontario Securities Commission