

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

and

**IN THE MATTER OF
LIMELIGHT ENTERTAINMENT INC., CARLOS A. DA SILVA,
DAVID C. CAMPBELL AND JACOB MOORE**

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

Staff of the Ontario Securities Commission make the following allegations:

THE PARTIES

1. Limelight Entertainment Inc. (“Limelight”) is an Ontario corporation incorporated on August 14, 2000. Limelight is not registered in any capacity with the Commission.
2. Limelight was dissolved by the Corporation Tax Branch on or about November 29, 2004 and was revived on or about September 27, 2005.
3. The president and a director of Limelight is Carlos A. Da Silva. Mr. Da Silva was formerly registered with the Commission as a securities salesperson with Marchment and MacKay Limited from March 25, 1994 to November 21, 1997 and with C. J. Elbourne Securities Inc. from November 28, 1997 to June 30, 2000.
4. The vice president of Limelight is David C. Campbell. Mr. Campbell is not registered in any capacity with the Commission.

5. Jacob Moore is employed by and/or acted as agent for Limelight and acted as a salesperson for Limelight shares. Mr. Moore is not registered in any capacity with the Commission.

SALE OF SHARES TO THE PUBLIC

6. On or about July 23, 2004, Limelight filed a Form 45-103F4 – Report of Exempt Distribution (“Form F4”) with the Commission relating to the distribution of common shares of Limelight to 9 investors in Alberta, Saskatchewan, British Columbia and Ontario.

7. The Form F4 did not list or disclose any commissions or finders’ fees paid in connection with the distribution of Limelight shares.

8. The Form F4 stated that the Limelight shares were distributed on July 14, 15, and 16, 2004 and was signed by Carlos Da Silva, president of Limelight.

9. On or about October 13, 2004, Limelight filed a second Form F4 with the Commission relating to the distribution of common shares of Limelight to 69 investors in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, the United States, Barbados and the United Kingdom.

10. The second Form F4 also did not disclose any commissions or finders’ fees paid in connection with the distribution of Limelight shares.

11. The second Form F4 was also signed by Carlos Da Silva, president of Limelight and reported on trades from July 27, 2004 to September 17, 2004 inclusive.

12. On or about October 13, 2004, Limelight filed a Form 45-501F1 – Report under section 72(3) of the *Act* or section 7.5(1) of Rule 45-501 with the Commission relating to the distribution of Limelight shares to 29 investors in Alberta and Ontario.

13. The Form 45-501F1 did not disclose any compensation or participation fees paid and stated that the accredited investor exemption found in section 2.3 of Rule 45-501 was being relied upon.
14. The Form 45-501F1 was signed by George Schwartz on behalf of Carlos Da Silva, president of Limelight.
15. The Form 45-501F1 incorrectly listed the dates of the 29 trades as October 4, 2004 whereas the trades actually occurred on or between June 10, 2004 and August 29, 2004.
16. In selling Limelight shares to Ontario residents and residents of other jurisdictions, Limelight has purported to rely upon the exemption for selling securities to accredited investors contained in OSC Rule 45-501 (now National Instrument 45-106) in circumstances where the exemption is not available.
17. Since August 2004, Limelight through its officers, directors, employees and/or agents acting as salespersons has continued to sell Limelight shares to residents of Ontario and elsewhere.
18. Staff allege that Limelight and Carlos Da Silva have filed untrue and misleading forms with the Commission and misrepresented that the sale of Limelight shares reported in the two Form F4s and one Form 45-501F1 are exempt distributions and that no commissions or fees were paid as part of these distributions.
19. Staff allege that from May 2004 to April 2006 inclusive, Limelight sold approximately 1,500,000 Limelight shares to in excess of 600 investors at prices which ranged from \$0.50 to \$2.00 per share.
20. Limelight hired Jacob Moore and others who acted as salespersons for Limelight shares and who received commissions on the sale of Limelight shares sold by these salespersons.

21. Staff allege that Carlos Da Silva, David Campbell and Jacob Moore have acted as securities salesperson and advisors contrary to the registration requirements found in s. 25 of the *Act*.

22. The trades in Limelight shares were trades in securities not previously issued and were therefore distributions.

23. No prospectus receipt has been issued to qualify the sale of Limelight shares.

24. Limelight and the individual Respondents made representations regarding: (i) the future value of Limelight shares; and (ii) Limelight being listed on a stock exchange with the intention of effecting trades in Limelight shares.

MISLEADING STATEMENTS MADE BY CARLOS DA SILVA TO STAFF

25. By letter received by Staff on May 12, 2005, Carlos Da Silva advised Staff that each potential Limelight investor is told that the investment opportunity is only available to accredited investors. This same information was provided to Staff during a voluntary interview with Mr. Da Silva on December 13, 2005.

26. Staff allege that Mr. Da Silva's explanation of the process followed by Limelight's salespersons was misleading and intended to lead Staff to conclude that Limelight was only selling shares to accredited investors.

27. During a voluntary interview with Staff on December 13, 2005, Carlos Da Silva also advised Staff he did not know whether Limelight sold any shares to Ontario investors in 2005.

28. According to the Limelight shareholders' list, Limelight sold approximately 84,500 Limelight shares to approximately 33 Ontario investors in 2005. During 2005, Limelight also issued: (i) 10,750,000 shares to Carlos Da Silva; (ii) 1,000,000 shares to David Campbell; and (iii) apparently 408,000 shares to other Limelight employees and salespersons.

29. Staff allege that the information provided by Mr. Da Silva to Staff on December 13, 2005 was misleading and intended to lead Staff to conclude that Limelight was no longer selling shares to Ontario investors.

CONDUCT CONTRARY TO THE PUBLIC INTEREST

30. Limelight, its directors, officers and its salespersons have made misleading representations to Staff and to investors, including representations regarding the future listing and future value of Limelight shares with the intention of effecting sales of Limelight shares contrary to s. 38 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “*Act*”) and contrary to the public interest.

31. Limelight and Da Silva have made misrepresentations in two Form F4s and one Form 45-501F1 filed with the Commission contrary to s. 122(1) of the *Act* and contrary to the public interest.

32. None of Limelight, Carlos Da Silva, Jacob Moore nor David Campbell is registered with the Commission. The respondents have traded in securities and acted as securities salespersons and/or advisors contrary to s. 25 of the *Act* and acted contrary to the public interest.

33. No prospectus receipt has been issued to qualify the sale of Limelight shares contrary to s. 53 of the *Act* and contrary to the public interest.

34. As officers and directors of Limelight, Carlos Da Silva and David Campbell have authorized, permitted or acquiesced in breaches of s. 25, s. 38 and s. 53 of the *Act* by Limelight and its salespersons contrary to s. 129(2) of the *Act* and in doing so have engaged in conduct contrary to the public interest.

35. Such additional allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 7th day of April, 2006