



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**

**– AND –**

**IN THE MATTER OF SCOTT EDWARD PURKIS**

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

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

**I. OVERVIEW**

1. This proceeding relates to on-line posting activity by Scott Edward Purkis (the “Respondent”) during his employment with Agoracom Investor Relations Corp. (“Agoracom”), an on-line investment relations firm, in a manner that was contrary to the public interest. Staff allege that this conduct spanned the period between the autumn of 2006 until March 2009 (the “Material Posting Time”).

2. This proceeding also relates to insider trading and/or tipping conduct by the Respondent with respect to press releases involving clients of Agoracom, in breach of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the “Act”) and in a manner that was contrary to the public interest. Staff allege that this conduct spanned the period between February 2007 and July 2008 (the “Material Time”).

**II. THE RESPONDENT**

3. From the autumn of 2006 to January 2010, the Respondent was a business development representative of Agoracom.

4. The Respondent executed agreements with clients on behalf of Agoracom, without knowledge or understanding about the applicable laws, rules, regulations, notices and policies of the stock exchange that would apply to issuers.

5. The Respondent has never been registered in any capacity with the Commission.

### **III. ALIAS POSTING**

6. The business of Agoracom includes moderating client discussion forums, posting information and news to the client forums, and sometimes assisting in the editing and disseminating of press releases. In order to post messages on the discussion forums anonymously, users are required to create a username and provide an e-mail address.

7. Agoracom account representatives were required to make postings using aliases. The Respondent also had several aliases created for him by an Agoracom account representative, upon his request. During the Material Posting Time, with the knowledge of the Respondent's superiors, he used these aliases to participate in discussion forums as an investor or potential investor and posted comments on the client forums, without identifying himself as an Agoracom representative.

### **IV. PROMOTIONAL POSTING WHILE HOLDING SHARES**

8. Throughout the Material Posting Time, the Respondent sometimes posted comments using aliases, encouraging purchasing and/or holding of stock. In some instances, he held shares of that same issuer.

9. Agoracom's compensation for its services frequently included stock options granted to it by its clients. The Respondent was entitled to receive a percentage of any profit realized by Agoracom by exercising options of those clients who the Respondent had helped Agoracom acquire.

### **V. INSIDER TRADING AND TIPPING IN REPORTING ISSUERS AND ISSUERS**

10. During the Material Time, the Respondent engaged in insider trading and/or tipping conduct with respect to press releases involving clients of Agoracom whose securities were

publicly listed in Canada. The clients of Agoracom were reporting issuers within the definition of the Act (“Reporting Issuers”) or issuers whose securities were publicly listed elsewhere in Canada (“Issuers”).

11. The Respondent, an active trader in small cap issuers, engaged in at least eight (8) trading events whereby he had knowledge of material facts with respect to Agoracom’s clients, which facts had not been generally disclosed. In total, the illegal trading yielded profits of approximately \$9,431.00.

12. The Respondent also engaged in at least eight (8) tipping events whereby he informed one or more persons outside of Agoracom of material facts with respect to Agoracom’s clients, which facts had not been generally disclosed.

## **VI. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST**

13. By posting on Agoracom’s client forums using aliases and not identifying himself as an Agoracom employee, the Respondent engaged in conduct contrary to the public interest.

14. By making postings on Agoracom’s client forums using aliases encouraging the purchasing and/or holding of securities, while holding shares of that same issuer, the Respondent engaged in conduct contrary to the public interest.

15. By trading securities of Reporting Issuers with knowledge of material facts with respect to the Reporting issuers that had not generally been disclosed, the Respondent has breached Ontario securities law by contravening subsection 76(1) of the Act.

16. By trading securities of Issuers with knowledge of material facts with respect to the Issuers that had not generally been disclosed, the Respondent engaged in conduct contrary to the public interest.

17. By informing other persons of materials facts with respect to Reporting Issuers before the material facts with respect to the Reporting Issuers had been generally disclosed, the Respondent has breached Ontario securities law by contravening subsection 76(2) of the Act.

18. By informing other persons of materials facts with respect to Issuers before the material

facts with respect to the Issuers had been generally disclosed, the Respondent engaged in conduct contrary to the public interest.

Dated at Toronto this 24<sup>th</sup> day of August, 2010.