



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
FREDERICK LAWRENCE MARLATT, also known as
FREDERICK LAWRENCE MITSCHELE and MICHAEL WALLACE MINOR**

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

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. Frederick Lawrence Marlatt, also known as Frederick Lawrence Mitschele (“Mitschele”), and Michael Wallace Minor (“Minor”) (together, the “Respondents”) are subject to an order made by the British Columbia Securities Commission (the “BCSC”) dated July 18, 2013 (the “BC Order”) that imposes sanctions, conditions, restrictions or requirements on them.
2. In its findings on liability dated July 16, 2012 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that the Respondents engaged in, and/or authorized, permitted and acquiesced, in unregistered trading, contrary to section 34(1) of the British Columbia *Securities Act*, RSBC 1996, c. 418 (the “BC Act”), and the illegal distribution of securities, contrary to section 61(1) of the BC Act.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BC Order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).
4. The conduct for which the Respondents were sanctioned took place between August 2005 and June 2008 (the “Material Time”).
5. During the Material Time, the Respondents were residents of British Columbia. Mitschele was the president, CEO, and a director of Photo Violation Technologies Corp. (“PVT”), a federal company registered in British Columbia with a head office in Vancouver, BC. Minor was a director of PVT.
6. The Respondents admitted that they traded and distributed PVT securities for proceeds of \$3.2 million, without being registered and without filing a prospectus, breaching subsections 34(1) and 61(1) of the BC Act.
7. PVT is now bankrupt and dormant. Accordingly, the BCSC made no order in respect of sanctions concerning PVT.
8. Michael Garfield Timothy Minor, also known as Tim Minor (“Tim”), Minor’s father, was also a respondent in the BCSC proceedings, and a subject of the BCSC’s Findings. However, Tim died after the date of the Findings and before the date of the BCSC’s hearing on sanctions.

II. THE BCSC PROCEEDINGS

The BCSC Findings

9. A panel of the BCSC found the following:
 - a. Minor traded in securities without being registered to do so, contrary to section 34(1) of the BC Act, and distributed those securities without filing a prospectus, contrary to section 61(1) of the BC Act when he distributed \$3.2 million in PVT securities when no exemptions from the registration and prospectus requirements applied;

- b. PVT traded in securities without being registered to do so, contrary to section 34(1) of the BC Act and distributed those securities without filing a prospectus, contrary to section 61(1) of the Act, when it distributed PVT securities for proceeds of \$3,571,604 to 272 investors in purported reliance on exemptions from the registration and prospectus requirements that were not available; and
- c. Mitschele, when he authorized, permitted and acquiesced in PVT's contraventions, also contravened sections 34(1) and 61(1) under section 168.2 of the BC Act.

The BCSC Order

- 10. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements:
 - a. upon Mitschele:
 - i. pursuant to section 161(1)(b) of the BC Act, that Mitschele cease trading securities or exchange contracts for a period of 5 years, except that he may trade for his own account through a registrant, if he gives the registrant a copy of the decision of the British Columbia Securities Commission dated July 18, 2013 (the "BC Decision");
 - ii. pursuant to section 161(1)(d)(i) of the BC Act, that Mitschele resign from any position he holds as a director or officer of any issuer, other than Photo Violation Technologies Corp. 2 ("PVT2"), and any issuer all the securities of which are owned beneficially by him or members of his family;
 - iii. pursuant to section 161(1)(d)(ii) of the BC Act, that Mitschele is prohibited for 5 years from acting as a director or officer of any issuer, other than PVT2 and any issuer all the securities of which

are owned beneficially by him or members of his immediate family;

- iv. pursuant to section 161(1)(d)(iv) of the BC Act, that Mitschele is prohibited for 5 years from acting in a management or consultative capacity in connection with activities in the securities market;
- v. pursuant to section 161(1)(d)(v) of the BC Act, that Mitschele is prohibited for 5 years from engaging in investor relations activities; and
- vi. notwithstanding paragraphs (i), (iv) and (v), Mitschele may engage in conduct, including advertisement, solicitation, and negotiation, for the purpose of obtaining financing for PVT2's business, provided that he seeks an appropriate variation order from the BCSC before selling securities;

b. upon Minor:

- i. pursuant to section 161(1)(b) of the BC Act, that Minor cease trading, securities and or exchange contracts for a period of 5 years, except that he may trade for his own account through a registrant, if he gives the registrant a copy of the BC Decision;
- ii. pursuant to section 161(1)(d)(i) of the BC Act, that Minor resign from any position he holds as a director or officer of any issuer, other than One World Media ("OWM"), One World Smart Solutions ("OWSS"), and any issuer all the securities of which are owned beneficially by him or members of his immediate family;
- iii. pursuant to section 161(1)(d)(ii) of the BC Act, that Minor is prohibited for 5 years from acting as a director or officer of any issuer, other than OWM, OWSS, and any issuer all the securities of

which are owned beneficially by him or members of his immediate family;

- iv. pursuant to section 161(1)(d)(iv) of the BC Act, that Minor is prohibited for 5 years from acting in a management or consultative capacity in connection with activities in the securities market; and
- v. pursuant to section 161(1)(d)(v) of the BC Act, that Minor is prohibited for 5 years from engaging in investor relations activities.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 11. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements on them.
- 12. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 13. Staff allege that it is in the public interest to make an order against the Respondents.
- 14. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
- 15. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the *Ontario Securities Commission Rules of Procedure*.

DATED at Toronto, this 21st day of January, 2014.