



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
QUARTZ CAPITAL GROUP LTD.
and PETER LLOYD WALLACE**

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

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

I. The Respondents

1. Quartz Capital Group Ltd. (“Quartz”) is a company incorporated pursuant to the laws of Ontario. Quartz has been registered as an exempt market dealer (“EMD”) under the Act since September 28, 2011. On May 1, 2015, Quartz consented to terms and conditions being placed on its registration which prevented Quartz from trading in securities and from opening any new client accounts or accepting any assets from clients.
2. Since October 2012, Peter Lloyd Wallace (“Wallace”) has been a director and the chief executive officer of Quartz. Wallace has been registered as the ultimate designated person (the “UDP”) of Quartz since October 30, 2012.
3. Since at least 2007, Wallace has been the sole officer, director, and shareholder of Blythco Inc. (“Blythco”). Blythco is a company incorporated pursuant to the laws of Ontario. Blythco is not registered under the Act.

II. Background

4. On January 31, 2012, Quartz gave notice under section 11.10 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”) that Blythco intended to acquire all of the issued and outstanding shares of Quartz (the “Blythco Proposed Acquisition”).
5. On October 12, 2012, a Deputy Director of the Commission’s Compliance and Registrant Regulation Branch (“CRR”), acting in his capacity as a Director for the purposes of Ontario securities law, issued a decision (the “Director’s Decision”) not to object to the Blythco Proposed Acquisition, based on the agreed facts, agreed terms, representations and submissions contained in a settlement agreement among CRR Staff, Quartz and others (the “Settling Parties”) dated October 12, 2012 (the “2012 Settlement Agreement”).
6. Pursuant to the 2012 Settlement Agreement, Staff agreed not to recommend an objection to the Blythco Proposed Acquisition and the Settling Parties agreed, among other things, that Quartz would amend the terms of the Blythco Proposed Acquisition, including the following amendments:
 - (a) Wallace would apply to be the UDP of Quartz; and
 - (b) Neither Michael Svetkoff (“Svetkoff”) nor William Russell (“Russell”) would, directly or indirectly, be employed by, or act on behalf of, Quartz following the closing of the amended Blythco Proposed Acquisition until such time as they may be registered under the Act with Quartz;

III. Respondents’ Conduct

7. During the period of December 2012 to approximately April 9, 2013 inclusive, when Russell and Svetkoff were not registered, Quartz allowed both Russell and Svetkoff to act on behalf of Quartz in respect of dealings with issuers and/or investors which conduct was contrary to the 2012 Settlement Agreement.

8. By at least February 2013, Wallace was aware that Russell and Svetkoff were acting on Quartz's behalf in dealings with at least one issuer.

IV. Breach of Ontario Securities Law and Conduct Contrary to the Public Interest

9. By failing to ensure that the terms of the 2012 Settlement Agreement were met, Quartz's conduct was contrary to subsection 122(1)(c) of the Act and contrary to the public interest.
10. By failing to ensure that the terms of the 2012 Settlement Agreement were met, Wallace failed to: (i) supervise the activities of Quartz directed towards ensuring compliance with securities legislation; and (ii) promote compliance by Quartz, and individuals acting on Quartz's behalf, with securities legislation. Wallace's conduct as UDP was a breach of section 5.1 of NI 31-103 and contrary to the public interest.
11. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, this 16th day of August, 2016.