

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

- and -

**IN THE MATTER OF
MERIDIAN RESOURCES INC. AND STEVEN BARAN**

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

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

I. THE RESPONDENTS

1. Steven Baran (“Baran”) is the President and a director of Meridian Resources Inc.
2. Meridian is a diversified company involved in mining projects in Sudbury, timber resources in Guyana and an internet company.
3. Meridian was a reporting issuer in Ontario whose shares traded on the Canadian Dealers Network until July of 2000.
4. In May of 2001, the Ontario Securities Commission (the “Commission”) issued a Temporary Cease Trade Order, pursuant to section 127(1) and 127(5) of the *Securities Act* R.S.O., c. S.5, as amended (the “Act”) against Meridian for failure to file audited financial statements. The Temporary Cease Trade Order is still in effect.
5. Baran has never been registered in any capacity under the Act.

II. OVERVIEW OF STAFF’S ALLEGATIONS

6. In engaging in the conduct described below, the respondents have acted contrary to Ontario securities law and the public interest.
7. Baran made representations that are prohibited, by stating in a letter that he would refund the purchase price of Meridian shares, contrary to section 38(1) of the Act.
8. Baran engaged in conduct which constituted “trading” in securities without being registered in accordance with section 25(1) of the Act by selling shares of Meridian.

9. Baran failed to file reports of insider trading, as required pursuant to section 107(2) of the Act, within the required time period, as his ownership of Meridian shares changed.

III. TRADING WITHOUT REGISTRATION AND FAILURE TO FILE INSIDER TRADING REPORTS

10. In approximately 1999, Baran responded to an advertisement regarding financing and met with the President (the "President") of an investment corporation (the "Investment Corporation") located in Laval, Quebec. The President offered loans to clients who had funds locked-in a self-directed Registered Retirement Savings Plan ("RRSP"). It was agreed that the President would arrange to convert the funds in the client's self-directed RRSP into shares of Meridian and then arrange to loan back to the clients a portion of the funds in their self-directed RRSP. Baran would sell Meridian shares from his own holdings to the clients at \$0.50 per share. Baran would retain \$0.20 per share and remit the balance of the funds to the President.
11. During 1999, the President referred Ms. G. to Baran. Ms. G. wanted to borrow money from her locked-in self-directed RRSP. On September 9, 1999, Ms. G. used \$12,000 from her RRSP to purchase 24,000 shares of Meridian at a cost of \$0.50 per share. The funds were held by a bank (the "Bank") as trustee and administrator. The funds were transferred from Ms. G.'s RRSP account at the Bank and given to Baran. Baran retained \$4,800, which represented \$0.20 per share, and he paid to the President \$7,200.
12. At the time that Baran sold shares of Meridian to Ms. G., the market value of the shares was \$0.05 per share.
13. Baran cancelled shares in his own name and had them re-issued in the name of Ms. G.
14. The President also referred Ms. R. to Baran. On September 20, 1999, Ms. R. used \$17,000 in her RRSP to purchase 34,000 shares of Meridian at a cost of \$0.50 per share. These funds were also held by the Bank. The funds were transferred from Ms. R.'s RRSP account at the Bank and given to Baran. Baran retained \$6,800, which represented \$0.20 per share, and he paid to the President \$10,200.
15. At the time that Baran sold shares of Meridian to Ms. R., the market value of the shares was \$0.05 per share.
16. Once again, Baran cancelled shares in his own name and had them re-issued in the name of Ms. R.

IV. PROHIBITED TRADING REPRESENTATIONS

17. In November of 1999, Ms. S. of Nova Scotia, contacted the President. Ms. S. wanted to borrow money from her locked-in self-directed RRSP. The President referred Ms. S. to Baran.

18. In a letter dated November 25, 1999, Baran advised Ms. S. that,

we hereby give you our irrevocable commitment to buy back your purchased shares @ 20¢ per share provided that your agreed upon terms of financing with [the Investment Corporation] have been fully complied with and the loan is fully repaid. [emphasis added]
19. Ms. S. did not purchase shares of Meridian.
20. Staff reserves the right to make such further and other allegations as the Commission may permit.

DATED AT TORONTO this 31st day of July, 2002.