

ENFORCEMENT SUMMARY

In the Matter of The Securities Act

and in the Matter of Simon Meyer Rothschild ("Rothschild")

On February 7, 2000, Judge Pullan of the Provincial Court of Manitoba accepted the guilty plea of Simon Meyer Rothschild to 10 counts, in total, of trading without registration and without prospectus.

Facts:

The offences arose out of Rothschild's activity with three investors, Paguio, Espinosa and Surla. In each of the cases, the investors believed Rothschild to be either a law student or an articling student. Rothschild handled legal matters for each of the investors as a result of which each of the investors came into possession of funds. Rothschild presented each of the investors with opportunities to invest portions of the funds.

In the case of Paguio, \$15,000.00 was invested in Rothschild's company, S.M. Rothschild Mortgage Corporation for a period of 120 days at a guaranteed interest rate of 10%. In addition, a further sum of \$3,250.00 was invested in S.M. Rothschild Mortgage Corporation for a period of 30 days with a guaranteed interest rate of 10%. S.M. Rothschild Mortgage Corporation was a corporation incorporated under the laws of Manitoba, with Rothschild named as its director. S.M. Rothschild Mortgage Corporation was not registered to trade in securities in the Province of Manitoba, nor was Rothschild personally so registered.

In the case of Espinosa, Espinosa provided \$4,500.00 of personal injury settlement monies to Rothschild to invest in shares, as proposed by Rothschild. A few months after investing with Rothschild, Rothschild advised Espinosa that the shares had been sold and that Espinosa would be receiving a cheque in the amount of \$9,000.00. Espinosa did not receive payment but rather Rothschild further informed him that the \$9,000.00 had been used by Rothschild to purchase real estate and that the investment had tripled in value. Rothschild next proposed that Espinosa trade his real estate investment for one lot of shares. In furtherance, Espinosa signed a Share Purchase Agreement as presented to him by Rothschild. The Share Purchase Agreement identified Espinosa as the purchaser and Rothschild as the vendor of 1,000 Class "A" Common Shares in the capital stock of S.M. Rothschild Mortgage Corporation at a price of \$25,000.00.

In the case of Surla, Surla received a portion of personal injury settlement proceeds with the balance of the settlement proceeds to be invested by Rothschild, as proposed by him. The balance of the settlement proceeds being \$4,500.00, plus accumulated interest, were invested with R.M.C. Investments for a term of one year, in the form of Class "B" Preferred Shares at a guaranteed interest rate of 9.25%. The investment was made pursuant to Rothschild's recommendation. R.M.C. Investments was a business name as filed with the Companies Office of Manitoba.

No exemptions had been issued by The Manitoba Securities Commission, applied for, or granted in favour of Rothschild, S.M. Rothschild Mortgage Corporation or R.M.C. Investments. The total amounts involved in the five counts of trading without registration and five counts of trading without prospectus were \$52,279.00, with \$27,279.00 in actual money having been received by Rothschild. (Espinosa's \$25,000.00 investment was comprised of rolling his initial \$4,500.00 investment and any gain therefrom into the purchase of the shares). The monies taken from the investors had not been repaid by Rothschild.

Sentencing:

Rothschild was sentenced on February 7, 2000 and fined a total amount of \$5,000.00 (\$500.00 per count) to be paid within 1 year, pursuant to a joint recommendation. Judge Pullan accepted the joint recommendation.

Note: Concurrently with the guilty pleas being entered and the sentencing being done in respect of The Securities Act charges, Rothschild also plead guilty to Criminal Code charges for fraud pertaining to Paguio and sentencing was conducted just prior to The Securities Act sentencing. Under the Criminal Code charges Rothschild was sentenced to an eight month conditional sentence, plus a stand alone restitution order in the approximate amount of \$80,047.67, pursuant to the recommendation of Crown Counsel. Defence counsel advised the Court that Rothschild was currently penniless, 28 years old, a student at a technical school, with a common-law wife currently employed but expecting a child in the near future. The two months that Rothschild had spent in jail was a factor in arriving at the eight month conditional sentence, with the two months being equated to four.

The Manitoba Securities Commission

February 29, 2000