

IN THE MATTER OF: THE SECURITIES ACT

-and-

IN THE MATTER OF: DANIEL LEAR also known as  
SIR DANIEL KINGSLEY LEAR

STATEMENT OF ALLEGATIONS OF STAFF OF THE  
MANITOBA SECURITIES COMMISSION

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, AMONG OTHER THINGS, THAT:

A. STATEMENT OF FACTS

1. At all material times, none of Lear, Business Builders Club International, C-SIL Exclusive Strategic Capital Growth Plan, or Skyline Holdings Ltd. were registered to trade in securities under The Securities Act of Manitoba (the "Act").
2. At all material times none of Business Builders Club International, C-SIL Exclusive Strategic Capital Growth Plan, or Skyline Holdings Ltd. had filed a preliminary prospectus or a prospectus with The Manitoba Securities Commission (the "Commission"), nor had any of them applied for or been granted an exemption order under section 20 of the Act.
3. At all material times none of Business Builders Club International, C-SIL Exclusive Strategic Capital Growth Plan, or Skyline Holdings Ltd. had filed any reports under section 7 of the Regulation to the Act or any notice under section 91 of the Regulation to the Act with respect to any trades under section 19 of the Act or sections 90 or 91 of the Regulation.
4. On January 24, 2002, Lear entered guilty pleas in Provincial Court to 5 counts of trading without registration contrary to section 6(1) of the Act and to 5 counts of trading without prospectus contrary to section 37(1).
5. The charges before the court to which Lear plead guilty were as follows:

COUNT 1

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of July, 1997 and the 31st day of July, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in a security without being duly registered under The Securities Act, to wit: in connection with a trade of an interest in Skyline Holdings Ltd. to Walter Tycholis for consideration of \$45,223.10, contrary to Section 6(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 2

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of July, 1997 and the 31st day of July, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in securities of Skyline Holdings Ltd. in the course of a primary distribution to the public of the said securities, before both a preliminary prospectus and a prospectus in respect of the offering of the said securities had been filed with The Manitoba Securities Commission and receipts for such preliminary prospectus and prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an interest in Skyline Holdings Ltd. to Walter Tycholis for consideration of \$45,223.10 contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 3

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of June, 1997 and the 31st day of July, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in a security without being duly registered under The Securities Act, to wit: in connection with a trade of an interest in Skyline Holdings Ltd. to Chris Tycholis for consideration of \$7,040.00, contrary to Section 6(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 4

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of June, 1997 and the 31st day of July, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in securities of Skyline Holdings Ltd. in the course of a primary distribution to the public of the said securities, before both a preliminary prospectus and a prospectus in respect of the offering of the said securities had been filed with The Manitoba Securities Commission and receipts for such preliminary prospectus and prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an interest in Skyline Holdings Ltd. to Chris Tycholis for consideration of \$7,040.00 contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 5

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of June, 1997 and the 31st day of July, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in a security without being duly registered under The Securities Act, to wit: in connection with a trade of an interest in Skyline Holdings Ltd. to Greg Tycholis for consideration of \$7,040.00, contrary to Section 6(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 6

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of June, 1997 and the 31st day of July, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in securities of Skyline Holdings Ltd. in the course of a primary distribution to the public of the said securities, before both a preliminary prospectus and a prospectus in respect of the offering of the said securities had been filed with The Manitoba Securities Commission and receipts for such preliminary prospectus and prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an interest in Skyline Holdings Ltd. to Greg Tycholis for consideration of \$7,040.00 contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 7

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of February, 1998 and the 31st day of March, 1998, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in a security without being duly registered under The Securities Act, to wit: in connection with a trade of an interest in Business Builders Club International to Dan Tarabalka for consideration of \$10,500.00 U.S. for 2 Silver Units, contrary to Section 6(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 8

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of February, 1998 and the 31st day of March, 1998, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in securities of Business Builders Club International in the course of a primary distribution to the public of the said securities, before both a preliminary prospectus and a prospectus in respect of the offering of the said securities had been filed with The Manitoba Securities Commission and receipts for such preliminary prospectus and prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an interest in Business Builders Club International to Dan Tarabalka for consideration of \$10,500.00 U.S. for 2 Silver Units, contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 9

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of January, 1997 and the 30th day of April, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in a security without being duly registered under The Securities Act, to wit: in connection with a trade of an interest in C-SIL Exclusive Strategic Capital Growth Plan to Darwin Claeys for consideration of \$15,500.65 for Units, contrary to Section 6(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

#### COUNT 10

DANIEL LEAR, also known as SIR DANIEL KINGSLEY LEAR, also known as RALPH MERLE SWIM, between the 1st day of January, 1997 and the 30th day of April, 1997, both dates inclusive, at or near the City of Winnipeg, in the Province of Manitoba, did trade in securities of C-SIL Exclusive Strategy Capital Growth Plan in the course of a primary distribution to the public of the said securities, before both a preliminary prospectus and a prospectus in respect of the offering of the said securities had been filed with The Manitoba Securities Commission and receipts for such preliminary prospectus and prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an interest in C-SIL Exclusive Strategic Capital Growth Plan to Darwin Claeys for consideration of \$15,500.65 for Units, contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

On January 24, 2002, Judge Rubin of the Provincial Court of Manitoba accepted the joint recommendation of the Crown and of Lear and sentenced Lear to terms of imprisonment of 3 months on each of the ten counts to be served concurrently with each other and with time already being served by Lear.

## B. ALLEGATIONS

1. Staff of the Commission allege that:

(a) Lear traded in securities without having been registered and without prospectus in contravention of sections 6 and 37 of the Act;

and that due to these allegations, Lear should not be entitled to use any of the exemptions set out in the Act and should not be entitled to participate in the exempt markets in Manitoba in the future.

2. Such further and other matters as counsel may advise and the Commission may permit.

**DATED** at Winnipeg, Manitoba this 28th day of January, 2002.

Director, Legal and Enforcement

TO: DANIEL LEAR also known as  
SIR DANIEL KINGSLEY LEAR