

IN THE MATTER OF: THE SECURITIES ACT

-and-

IN THE MATTER OF: MAX SYSTEMS INC., BARRY BANEK, SHAWN RATTAI AND  
RONALD M. FRANK

STATEMENT OF ALLEGATIONS OF STAFF OF THE  
MANITOBA SECURITIES COMMISSION

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, INTER ALIA, THAT:

A. REGISTRATION

1. None of Max Systems Inc. ("Max Systems"), Barry Banek ("Banek"), Shawn Rattai ("Rattai") and/or Ronald M. Frank ("Frank") (collectively, the "Respondents") is now or ever have been registered in any capacity under the Act;
2. On April 25, 1995 Max Systems filed a Form 23 Notice of Intention to Trade in a Security with the Commission.
3. No Form 27, Notice of Termination was filed with the Commission.

B. DETAILS

1. On October 5, 1995, a letter from Staff of the Commission was sent to Max Systems, to the attention of Banek, advising that the Offering Memorandum being circulated to members of the public was deficient in that it did not satisfy the requirements of Form 26 of the Regulation to the Act.
2. Notwithstanding the letter, Banek, Rattai and Frank continued to trade in securities to the public.
3. On or about October 9, 1996 Max Systems advised staff of the Commission that trades in securities of Max Systems had been completed as follows:

| Name                           | Amount    | Date    | Number of Shares |
|--------------------------------|-----------|---------|------------------|
| Chisick, Mark & Cliff          | \$35,000. | Nov./95 | 100,000          |
| Harmax Enterprises             | \$35,000. | Oct./95 | 100,000          |
| Michelle Sen                   | \$5,000.  | Dec./95 | 14,286           |
| George Nykulaik                | \$10,000. | Dec./95 | 28,572           |
| Doreen L. Skinner              | \$5,000.  | Dec./95 | 14,286           |
| Greg Radis & Sally Banek-Radis | \$10,000. | Nov./95 | 28,572           |
| Renauld Sarmiento              | \$0.00    | Aug./95 | 10,000           |

Charlotte Frank

\$100,000. Aug./95 300,000

4. Investigation by staff has revealed that Charlotte Frank's investment was taken from the committee of her estate and that the Respondents knew or ought to have known that the investment in securities of Max Systems was highly speculative and not a suitable investment for the estate of a minor person.

### C. ALLEGATIONS

1. Staff of the Commission allege that:

- (a) the Respondents traded in securities without being registered;
- (b) the Respondents traded in securities of Max Systems without having filed and received a receipt for a prospectus;
- (c) the Respondents traded in securities after being advised that the offering document they were providing to investors was deficient and not in accordance with the requirements of the Act;
- (d) the Respondents traded in securities to the estate of Charlotte Frank, a minor, knowing that the investment was highly speculative and without giving due consideration to the appropriateness or not of the investment

and that due to these allegations, none of Max Systems, Banek, Rattai and/or Frank should be entitled to use any of the exemptions set out in the Act and 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 17th day of December, 1997

Deputy Director

TO: MAX SYSTEMS INC., BARRY BANEK AND SHARON RATTAI

AND TO: RONALD FRANK