

**IN THE MATTER OF: THE
SECURITIES ACT**

-and-

IN THE MATTER OF: JACK GEORGE WLADYKA

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

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE THAT:

A. REGISTRATION

1. Jack George Wladyka (“Wladyka”) at all material times was a resident of Winnipeg, Manitoba.

2. Wladyka was registered with The Manitoba Securities Commission (the “Commission”) as follows:

- a. As a salesperson with Balanced Planning Investments Corporation from October 1992 to January 1997;**
- b. As a branch manager with Balanced Planning Investments Corporation from January 1997 to April 2002;**
- c. As a branch manager with Cartier**

**Partners Financial Services Inc. from
April 2002 to June 2004;
d. As a branch manager with Dundee
Private Investors Inc. from June 2004
to December 15, 2006;**

3. Wladyka has not been registered under *The Securities Act* (the “Act”) in any capacity since December 15, 2006.

B. DETAILS

1. Dundee Private Investors Inc. (“DPI”) is registered as a broker-dealer restricted to the sale of mutual funds in Manitoba.

2. Dundee Insurance Agency Ltd. (“DIA”) is an insurance broker licensed with the Insurance Council of Manitoba.

3. Dundee Wealth Management Inc. (“DWM”) is a reporting issuer, listed on the TSX, which owns a number of subsidiaries which provide financial services, insurance services and wealth management services. Both DPI and DIA are subsidiaries of DWM.

4. Wladyka established accounts at two financial institutions, Toronto Dominion Bank and Steinbach Credit Union. The accounts at both financial institutions were opened in the name of “Jack Wladyka trading as Dundee Wealth Management” (the “Wladyka Accounts”).

5. DWM was unaware that Wladyka had opened accounts at Toronto Dominion Bank or Steinbach Credit Union in the name of “Jack Wladyka trading as Dundee Wealth Management”.

6. The policies of DPI restricted Wladyka to only trade in securities approved by DPI.

RR

7. RR is a resident of Winnipeg Manitoba.

8. RR was introduced to Wladyka by Mary Wladyka, the sister of Wladyka. Mary Wladyka prepared tax returns on behalf of RR.

9. On or around September 29, 2005, Wladyka meet with RR at RR’s home. RR was interested in consolidating finances to make an investment.

10. At the meeting Wladyka offered to place RR in a 1 year GIC with a 4% rate of interest through Steinbach Credit Union.
11. At the meeting Wladyka completed a DPI form titled "GIC Application Client Name Registration" which is to be used by DPI salespersons when taking a client order to purchase GICs.
12. RR liquidated certain holdings and provided Wladyka with three bank drafts, each drawn on a different bank, which together totaled \$3,337,495.10 (the "Drafts").
13. The Drafts were made payable to "Dundee Wealth".
14. On or about September 29 and September 30, 2005, Wladyka deposited the Drafts to the Wladyka account with Toronto Dominion Bank.
15. On or about September 30, 2005, Wladyka obtained a bank draft from Toronto Dominion Bank drawn from the Wladyka Account at Toronto Dominion Bank in the amount of \$3,337,495.10 payable to "Dundee Wealth".
16. Wladyka deposited the draft described in paragraph 15 above in the Wladyka Account at Steinbach Credit Union.
17. Wladyka did not use the funds from the Drafts to purchase a GIC from Steinbach Credit Union as was represented to RR. Instead the funds were left on deposit as security for a line of credit in the name of "Jack Wladyka trading as Dundee Wealth Management" at Steinbach Credit Union.
18. The funds remained on deposit with Steinbach Credit Union until on or around March 14, 2007. During that time the funds earned interest which Wladyka withdrew from the account.
19. On or about March 5, 2007, RR went to the Winnipeg branch of Steinbach Credit Union to inquire about a T5 form for the \$3,337,495.10 GIC that she believed had been purchased on her behalf through Steinbach Credit Union.
20. RR was told by employees at Steinbach Credit Union that Steinbach Credit Union had no record of any accounts or GICs in RR's name.
21. RR was told by a Steinbach Credit Union employee to contact Wladyka about the funds and was advised to contact a lawyer.
22. Steinbach Credit Union reported the incident to Credit Union Deposit Guarantee Corporation ("CUDG").
23. An Investigator of CUDG ("RB") contacted Commission staff relating to RR's attendance at Steinbach Credit Union's Winnipeg branch on March 5, 2007.

24. RB and an employee of Steinbach Credit Union (“BE”) met with Commission staff at the Winnipeg Branch of Steinbach Credit Union on March 8, 2007. At this meeting:

- a. BE and RB provided information to Commission staff concerning RR’s attendance at the Winnipeg branch of Steinbach Credit Union;
- b. BE and RB provided information concerning the Wladyka Account at Steinbach Credit Union;
- c. When Commission Staff inquired whether Wladyka could move the funds, BE assured Commission Staff the funds could not be moved or withdrawn by Wladyka;
- d. BE and RB inquired whether Commission Staff would seek to freeze the funds;
- e. Commission Staff confirmed its intention to seek an order freezing the funds on deposit with Steinbach Credit Union in the case that the funds on deposit could in fact be traced back to RR.

25. On or about March 12, 2007 Commission Staff contacted BE to advise that, based upon further information, that the monies in the Wladyka Account at Steinbach Credit Union appeared to belong to RR and that Commission Staff would seek an order freezing the Wladyka Account at Steinbach Credit Union.

26. On or about March 14, 2007, Commission Staff contacted BE at Steinbach Credit Union and was advised that Wladyka did not have an arrangement to bring GIC customers to Steinbach Credit Union and that the Steinbach Credit Union does not allow such arrangements. In addition, BE advised Staff that the \$3,337,495.10 had not been used to purchase a GIC by Wladyka for RR and that these monies were in Wladyka’s savings account earning interest.

27. BE further advised Commission Staff on March 14, 2007 that Wladyka had moved a portion of the interest out of his account by a cheque payable to himself which was in the amount of \$110,000.00. Commission Staff reiterated to BE its intention to freeze the Wladyka account in question.

28. On or about March 15, 2007 Commission Staff contacted BE at Steinbach Credit Union and advised that it would be seeking an order to freeze the Wladyka account at Steinbach Credit Union. BE confirmed the account number to be frozen and arranged a time to meet Commission Staff for the purposes of serving the order freezing accounts if it was obtained.

29. Subsequent to the discussion with BE described in paragraph 28, BE contacted Commission Staff to advise that Steinbach Credit Union had transferred the funds of RR in the Wladyka Account at Steinbach Credit Union against Wladyka’s line of credit at Steinbach Credit Union on the previous day (March 14, 2007).

A & L W

30. AW and LW are spouses and were at all material times residents of Manitoba.

31. Wladyka has acted as a financial advisor to AW and LW since 1998 while Wladyka was a salesperson for Balanced Planning.
32. Wladyka approached AW in the summer of 2002 to borrow money from AW. Wladyka told AW that Balanced Planning was being sold to Cartier Partners and Wladyka was required to put up a cash bond of \$500,000 in relation to the new company. Wladyka asked AW to loan him \$500,000 and offered to pay 8% interest payable quarterly to AW.
33. AW redeemed mutual funds on September 23 and 24, 2002 for proceeds of \$500,000 and loaned Wladyka the funds from the redemption. AW received quarterly interest payments over 3 years while the loan was outstanding.
34. Subsequent to redeeming mutual funds as described in paragraph 33, AW determined that he had been charged sales fees of approximately \$20,000 on the redemptions. Wladyka agreed to reimburse AW the fees indicating he would place approximately \$20,000 with Steinbach Credit Union. AW never received any documentation concerning the placement of the funds.
35. In or around January 2005, AW redeemed \$225,000 of investments which were to be used in connection with a potential real estate investment which never proceeded.
36. On or about February 3, 2005, AW made out a cheque payable to Dundee Wealth Management in the amount of \$225,000 which was to be used to purchase a term deposit with Manulife to pay interest at 5%.
37. On or about September 29, 2005, AW received a bank draft from Wladyka in the amount of \$500,000 as repayment of the principal of the loan described in paragraph 32.
38. On or about September 30, 2005, AW and LW made out a cheque payable to Dundee Wealth in the amount of \$500,000. The funds along with the \$20,000 that AW believed to be on deposit with Steinbach Credit Union (as described in paragraph 34 above) were to be used to purchase a term deposit with Manulife Bank paying interest between 4.9% and 5.1%.
39. No such term deposits were purchased.
40. AW and LW received quarterly payments which they believed to be the interest on the term deposits purchased from Manulife Bank on their behalf.

C. ALLEGATIONS

1. Staff of the Commission allege that:

- a) Wladyka traded in securities without having been registered and without prospectus in contravention of the Act;
- b) Wladyka traded in securities other than those specifically authorized by his registration under the Act;

- c) Wladyka conducted trades in securities without the knowledge or consent of his dealer;
- d) Wladyka established personal bank accounts using the name of DWM without the knowledge or consent of DPI or DWM;
- e) The conduct of Wladyka, as set out above, was contrary to the public interest.

and due to the allegations, Wladyka should not be entitled to use of any of the exemptions set out in the Act, should not be able to participate in the exempt markets in the future, should be required to resign from any current positions as director or officer of any issuer, should be prohibited from acting as an officer or director of any issuer and should be ordered to pay an administrative penalty pursuant to section 148.1(1) of the Act.

2. Such further and other allegations as Staff may advise and the Commission may permit.

DATED at Winnipeg, Manitoba this 12th day of April, 2007.

Director, Legal and Enforcement

TO: Jack George Wladyka