

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

- and -

IN THE MATTER OF FOUNDATION EQUITY CORPORATION

**ORDER
(Section 127)**

WHEREAS on September 27, 2002, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act"), in respect of Foundation Equity Corporation ("Foundation");

AND WHEREAS Foundation entered into a settlement agreement dated September 30, 2002 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions of counsel for Staff and Foundation;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

- (1) the Settlement Agreement, dated September 30, 2002, attached to this Order, is approved as amended by the parties as set out in 2(b) below;
- (2) pursuant to clause 4 of subsection 127(1) of the Act, Foundation shall institute the following changes to its practices and procedures effective as of the date of this Order:
 - (a) Foundation will retain and instruct counsel in Ontario to effect all filings required to be made by Foundation with the TSE, the Commission, or any other securities regulatory body in Ontario;
 - (b) Foundation will complete and deliver, on an annual basis within two weeks of the anniversary of the date of this Order, an up-to-date “Know Your Client” form to all brokers through which it effects trades through a recognized exchange in Ontario and to the Ontario counsel retained by Foundation in accordance with (a) above. Foundation will also deliver a schedule listing, by issuer, all of Foundation’s shareholdings and identifying those issuers in which Foundation owns or controls more than 20% of the outstanding voting securities of the issuer, or no longer owns or controls more than 20% of the outstanding voting securities of the issuer, within ten days of Foundation acquiring or ceasing to hold more than 20% of the outstanding voting securities of the issuer.
 - (c) commencing 6 months after the date of this Order, at least one director of Foundation at any given time will have completed and passed the Partners, Directors and Officers course of the Canadian Securities Institute.
- (3) pursuant to clause 6 of subsection 127(1) of the Act, Foundation is reprimanded; and
- (4) pursuant to section 127.1 of the Act, Foundation shall pay \$2000 in satisfaction of the Commission’s costs of its investigation and this settlement hearing.

DATED this 7th day of October, 2002.

H. Lorne Morphy

Robert L. Shirriff

Harold P. Hands