

IN THE MATTER OF THE SECURITIES ACT, SNB 2004, c. S-5.5

AND

IN THE MATTER OF

**MAITLAND CAPITAL LTD., AL GROSSMAN, HANOCH ULFAN, STEVE  
LANYS, JACK TRAVIN, LEONARD WADDINGHAM, SAUL MESSINGER  
and KIM WADHWANI.**

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**STATEMENT OF ALLEGATIONS**

(of Staff of the New Brunswick Securities Commission)

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**The parties**

1. Maitland Capital Ltd. ("MCL") is an Ontario corporation incorporated on November 2, 2004. MCL is not registered with the New Brunswick Securities Commission ("the Commission") in any capacity nor has it filed any type of documentation with the Commission. MCL purports to be in the business of natural gas and oil resource exploration.
2. Al Grossman resides at [REDACTED], Richmond Hill, Ontario and is the president and a director of MCL. Mr. Grossman is not registered with the Commission in any capacity.
3. Hanoch Ulfan resides at [REDACTED] in Toronto, Ontario and is a director of MCL. Mr. Ulfan is not registered with the Commission in any capacity.
4. Steve Lanys resides at [REDACTED] Willowdale, Ontario, and was at all material times to this matter an employee and/or agent of MCL engaged in soliciting and effecting sales of shares in MCL to residents of New Brunswick.
5. Jack Travin resides in Toronto, Ontario, and was at all material times to this matter an employee and/or agent of MCL engaged in soliciting and effecting sales of shares in MCL to residents of New Brunswick.
6. Leonard Waddingham resides at [REDACTED], Brockville, Ontario

and was at all material times to this matter an employee and/or agent of MCL engaged in soliciting and effecting sales of shares in MCL to residents of New Brunswick

7. Saul Messinger resides at [REDACTED], Toronto, Ontario, and was at all material times to this matter an employee and/or agent of MCL engaged in soliciting and effecting sales of shares in MCL to residents of New Brunswick
8. Kim Wadhvani resides at [REDACTED], Toronto, Ontario, and was at all material times to this matter an employee and/or agent of MCL engaged in soliciting and effecting sales of shares in MCL to residents of New Brunswick.

### **MCL activities**

9. In mid October 2004, the respondent Grossman, on behalf of a company known as Limelight Capital Management Ltd. ("Limelight") contacted the principals of Maitland Energy Inc. ("MEI"), an Alberta corporation engaged in oil exploration, with the view to entering into a share purchase agreement with the latter. The respondent Grossman was the president of Limelight. Limelight and MEI negotiated and executed a letter of Intent in late October 2004, agreeing in principal that Limelight would purchase blocks of shares in MEI.
10. Grossman and Ulfan subsequently incorporated MCL to enter into the actual share purchase agreement, which was signed in late November, 2004. Pursuant to the terms of this agreement MCL would pay \$0.50 per share for the first 5,000,000 shares purchased from MEI.
11. In accordance with the agreement, MCL subsequently purchased 1,000,000 shares in MEI from MEI between 1 March 2005 and 30 September 2005 at a cost of \$500,000
12. MEI currently has 5,995,840 outstanding shares, of which MCL owns between 16 and 17%.
13. MCL has sold shares in itself to investors across Canada at a price of \$2.50 per share. As of 8 February 2006 2,333,544 shares in MCL had been sold generating revenue to MCL of \$5,833,860
14. MCL has produced no financial statements or otherwise indicated what the status of the funds received from investors is.

15. MCL currently has one employee.

### **Solicitations and sales of shares to New Brunswick residents**

16. Between 16 March 2005 and 25 October 2005, MCL shares were sold by the respondents to New Brunswick investors. Prior to the actual sale of shares,
- a. Several investors were told that MCL was in the oil exploration business and that share values in MCL were expected to go up;
  - b. Several investors were told that they could get their money back at any time with 30 days notice;
  - c. Of those investors contacted by Staff, none were asked about their financial ability to invest, risk tolerance, investment and securities knowledge;
  - d. Of those investors contacted by Staff, no investor was asked whether he or she was an "accredited investor" and none of these investors were aware of the meaning of this term before buying shares in MCL;
17. Grossman represented to Staff that MEI is a wholly owned subsidiary of MCL, which representation is not true.
18. The trades in MCL shares are trades in shares that have not been previously issued and are therefore distributions. No prospectus receipt has been issued which authorizes the sale of MCL shares.
19. MCL and its representatives, including Grossman, made representations regarding the future value of MCL shares and representations that MCL would become listed on a stock exchange, with the intention of effecting trades in MCL shares.
20. The MCL website remains active and contains contact information for potential investors.

### **Conduct contrary to the public interest**

21. The respondents have made misleading misrepresentations to investors,

including representations regarding the future listing and future value of MCL shares with the intention of effecting sales of MCL shares, contrary to s. 58 of the *Securities Act* and contrary to the public interest.

22. The respondent Grossman has made misrepresentations to Staff, particularly to the effect that Maitland Energy Inc. is a wholly owned subsidiary of MCL, which representations are false and contrary to the public interest.
23. None of the respondents are registered with the Commission in any capacity, contrary to s. 45 of the Act and contrary to the public interest.
24. No prospectus receipt has been issued to authorize the sale of Maitland shares as required by section 71 of the Act.
25. As officers and directors of MCL, Grossman and Ulfan have authorized, permitted or acquiesced in breaches of s. 45, 58 and 71 of the Act by MCL, its employees, agents and/or representatives and in doing so have engaged in conduct contrary to the public interest.

### **Proceedings in other jurisdictions**

26. On July 22, 2005, the Saskatchewan Financial Services Commission (SFSC) issued a temporary cease trade order against MCL, Maitland, and Lanys on the basis that they were trading in securities in MCL in Saskatchewan without being registered there or having been issued a receipt for a prospectus.
27. On August 8, 2005, the SFSC extended the temporary order and this order remains in effect.
28. On November 8, 2005, the Alberta Securities Commission ("ASC") issued a temporary cease trade order against MCL, Grossman and a number of other individuals on the basis that ASC staff had established a *prima facie* case that MCL and the said individuals had breached Alberta securities law.
29. On November 21, 2005, the ASC extended the temporary order and this order remains in effect.
30. On January 24, 2006, the Ontario Securities Commission ("OSC") issued a temporary cease trade order against MCL, Grossman, Ulfan and a number of other individuals, on the basis that they were trading in securities in MCL

in Ontario without being registered there or having been issued a receipt for a prospectus.

31. On February 8, 2006 and February 28<sup>th</sup> the OSC extended the temporary order and this order remains in effect until a hearing currently scheduled for April 19, 2006.

DATED at the City of Saint John this 28 day of March, 2006.



Jake van der Laan  
Counsel for Staff of the Commission

New Brunswick Securities Commission  
Suite 300, 85 Charlotte Street  
Saint John, New Brunswick  
E2L 2J2

Tel: (506) 658-3060  
Fax: (506) 658-3059

information@nbsc-cvmnb.ca