FCAA
Financial and
Consumer
Affairs Authority

Suite 601
1919 Saskatchewan Drive
Regina, SK
Canada S4P 4H2

In the Matter of
The Securities Act, 1988

and

In the Matter of
Paradigm Portfolio Management Corporation,
Kyle Kozuska, and
Ryan John Smith

Notice of First Appearance

To: Paradigm Portfolio Management Corporation
Kyle Kozuska
Ryan John Smith

TAKE NOTICE THAT you or a representative are to attend before a Panel of the Financial and Consumers Affairs Authority of Saskatchewan (the Authority) via teleconference on October 10, 2014 at 9:00 a.m. (CST) to set a date for a hearing into the matters alleged in the Statement of Allegations file by Staff of the Authority, dated May 15, 2014 and attached hereto.

The teleconference number is: [redacted]

Pass code: [redacted]

TAKE NOTICE that you are entitled to be represented by legal counsel and to make representations on the return date;

AND FURTHER TAKE NOTICE that if you do not attend at the time and place as aforesaid, the conference call will proceed in your absence and the Panel of the Authority may set hearing dates in the above matter without further notice to you;

DATED at Regina, Saskatchewan on September 12, 2014.

[redacted]

Pat Murray
Registrar

For Delivery To:

Paradigm Portfolio Management Corporation
Attn: Kyle Kozuska
kylek@paradigmpmc.com

And For Delivery To:

Kyle Kozuska
c/o Michael Wright
Robertson Stromberg LLP
105 – 21st St E
Saskatoon, SK S7K 0B3
Email: m.wright@rslaw.com

And For Delivery To:

Ryan John Smith
318 Saskatchewan Crescent W
Saskatoon, SK S7M 0A4

Note: Saskatchewan Policy Statement 12-602 *Procedure on Hearings and Reviews* (SP 12-602) sets out information on the procedures for this hearing. SP 12-602 can be found on the Authority's website at www.fcaa.gov.sk.ca.

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FILED
MAY 16 2014
FINANCIAL AND CONSUMER
AFFAIRS AUTHORITY OF SASKATCHEWAN

In the Matter of
The Securities Act, 1988

and

In the Matter of
Paradigm Portfolio Management Corporation,
Kyle Kozuska, and
Ryan John Smith

STATEMENT OF ALLEGATIONS OF STAFF OF THE FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

To: **Paradigm Portfolio Management Corporation**
Kyle Kozuska
Ryan John Smith
(collectively, the Respondents)

Staff of the Financial and Consumer Affairs Authority of Saskatchewan (Staff of the FCAA) make the following allegations:

The Respondents

1. The Respondent, Paradigm Portfolio Management Corporation (PPMC), is a business corporation incorporated pursuant to the laws of the province of Saskatchewan. PPMC is a firm registered in Saskatchewan with Financial and Consumer Affairs Authority of Saskatchewan (FCAA) under the portfolio manager category.

2. The Respondent, Kyle Kozuska (Kyle), is a resident of Saskatoon, Saskatchewan. Kyle is registered in Saskatchewan with PPMC as an advising representative under the portfolio manager category. Kyle is also the sole director and a shareholder of PPMC.

3. From on or about February 16, 2010 to date, Kyle as been registered in Saskatchewan as PPMC's Ultimate Designated Person (UDP) and Chief Compliance Officer (CCO).

4. The Respondent, Ryan John Smith (Ryan), is a resident of Saskatoon, Saskatchewan. From November 4, 2009 to December 16, 2013, Ryan was registered in Saskatchewan with PPMC as an advising representative under the portfolio manager category. Ryan is not presently registered in any capacity with FCAA that would entitle him to trade or

advise in securities in the province of Saskatchewan.

5. From in or around 2007 to in or around 2010 (the Relevant Time), PPMC was a firm registered in Saskatchewan, first under the investment counsel/portfolio manager category, and then under the portfolio manager category.

6. During the Relevant Time, Kyle and Ryan were employed by PPMC. Kyle was registered in Saskatchewan, first as an officer (advising) under the investment counsel/portfolio manager category, and then as a CCO and the UDP of PPMC and an advising representative under the portfolio manager category. Ryan was registered in Saskatchewan, first as an employee (advising) under the investment counsel/portfolio manager category (with associate terms and conditions that his activities be directly supervised by Kyle) and then as associate advising representative under the portfolio manager category, and finally as a an advising representative under the portfolio manager category.

7. Throughout the Relevant Time, Kyle and Ryan acted as agents for PPMC.

Contraventions of section 127 of *The Securities Act, 1988*, as was in force at the Relevant Time (the Previous Act)

8. Throughout the Relevant Time PPMC, Kyle and Ryan were portfolio managers, as defined by the Previous Act.

9. During the Relevant Time Kyle and Ryan were responsible persons vis-à-vis PPMC and vis-à-vis each other, as defined in subsection 127(1) of the Previous Act.

10. During the Relevant Time, Kyle and PPMC, acting in concert, and/or Ryan and PPMC, acting in concert, knowingly caused investment portfolios managed by them to invest in issuers at times when Ryan or Kyle was a director of such issuers. Disclosure of such facts to the clients of the investment portfolios was not made, and written consent of the clients of the investment portfolios was not obtained prior the investments being made. Details of these activities include, but are not limited to, the following:

Star Uranium Corporation

(a) From on or about October 16, 2007 to present, Kyle has been a director of Star Uranium Corporation (Star);

(b) From on or about December 10, 2007 to present, Kyle has been an executive officer of Star;

(c) On or about May 9, 2008, Ryan, Kyle and/or PPMC caused an investment portfolio managed by them to invest in shares of Star;

(d) None of Ryan, Kyle or PPMC disclosed the fact that Kyle was a director or officer of Star to the client of the investment portfolio prior to making the investment in Star;

(e) None of Ryan, Kyle or PPM obtained the written consent of the client of the

investment portfolio to make the investment in Star;

United Uranium Corporation

(f) From on or about October 16, 2007 to present, Kyle has been a director of United Uranium Corporation (United);

(g) From on or about December 10, 2007 to present, Kyle has been an executive officer of United;

(h) From in or around March 2008 to in or around November 2008, Ryan and PPMC caused investment portfolios managed by them to invest in shares of United;

(i) None of Ryan, Kyle or PPMC disclosed the fact that Kyle was a director or officer of United to the clients of the investment portfolios prior to making the investments in United;

(j) None of Ryan, Kyle or PPMC obtained the written consent of the clients of the investment portfolios to make the investment in United;

Shane Resources Ltd.

(k) From on or about October 16, 2007 to present, Kyle has been a director of Shane Resources Ltd. (Shane);

(l) From on or about December 10, 2007 to present, Kyle has been an executive officer of Shane;

(m) From in or around March 2008 to in or around September 2008, Ryan and PPMC caused investment portfolios managed by them to invest in shares of Shane;

(n) None of Ryan, Kyle or PPMC disclosed the fact that Kyle was a director or officer of Shane to the clients of the investment portfolios prior to making the investments in Shane;

(o) None of Ryan, Kyle or PPMC obtained the written consent of the clients of the investment portfolios to make the investment in Shane;

Chinook Meadows Phase 2 Ltd.

(p) From on or about July 27, 2009 to present, Ryan has been a director of Chinook Meadows Phase 2 Ltd. (Chinook);

(q) From in or around July 2009 to in or around October, 2010, Kyle and PPMC caused investment portfolios managed by them to invest in shares of Chinook;

(r) None of Ryan, Kyle or PPMC disclosed the fact that Ryan was a director of Chinook to the clients of the investment portfolios prior to making the investments in Chinook; and

(s) None of Ryan, Kyle or PPMC obtained the written consent of the clients of the

investment portfolios to make the investment in Chinook.

11. In carrying out the activities outlined in paragraph 9, above, Kyle, Ryan and PPMC, contravened subsection 127(2) of the Previous Act.

12. Based on the above, Staff of the FCAA ask the hearing panel to consider whether it is in the public interest to make the following orders:

    (a) Pursuant to clause 134(1)(h)(iii) of the Act, neither Kyle nor Ryan shall be employed as a CCO or UDP of any registrant for a period of five years;

    (b) Pursuant to clause 134(1)(h.1) of the Act, each of Kyle and Ryan are prohibited from becoming or acting as a registrant entitled to advise on securities unless his registration is subject to supervision, as directed by the Director, for a period of two years from the date upon which he first becomes so registered;

    (c) Pursuant to section 135.1 of the Act, each of PPMC, Kyle and Ryan shall pay an administrative penalty of $5,000 to FCAA; and

    (d) Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to a hearing in this matter.

DATED at Regina, Saskatchewan, this 15 day of May, 2014.

Dean Murrison
Director,
Securities Division