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
Jerome Meckelborg, also known as Jerry Meckelborg, and
Mark Meckelborg

Order

(Pursuant to Sections 134, 135.1 and 135.3 of *The Securities Act, 1988* (the Act))

WHEREAS Paradigm Portfolio Management Corporation (PPMC), Kyle Kozuska and the Director of the Securities Division (the Director) of Financial and Consumer Affair Authority of Saskatchewan (the Authority) have entered into a settlement agreement dated May 6, 2015 (the Settlement Agreement), the original of which is attached hereto as Appendix "A";

AND WHEREAS an application has been received by the Authority from staff of the Authority for an order that:

1. Pursuant to clause 134(1)(h)(iii) of the Act, Kyle Kozuska shall not be employed as a CCO or UDP of any issuer for a period of three years from the date of this Order;
2. Pursuant to clause 134(1)(i) of the Act, PPMC and Kyle Kozuska are reprimanded; and
3. Pursuant to section 135.1 of the Act, PPMC and Kyle Kozuska shall pay an administrative penalty to the Authority, in the amount of $3,000.

AND WHEREAS, pursuant to section 135.3 of the Act, proceedings may be disposed by an agreement approved by the Authority, without the necessity of a hearing;

AND WHEREAS the Authority has approved the Settlement Agreement;

AND WHEREAS PPMC and Kyle Kozuska have waived their rights to a hearing in this matter as well as their rights to any appeal with respect to this matter, and have consented to the issuance of this Order;

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

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. Pursuant to clause 134(1)(h)(iii) of the Act, Kyle Kozuska shall not be employed as a CCO or UDP of any issuer for a period of three years from the date of this Order;
2. Pursuant to clause 134(1)(i) of the Act, PPMC and Kyle Kozuska are reprimanded; and
3. Pursuant to section 135.1 of the Act, PPMC and Kyle Kozuska shall pay an administrative penalty to the Authority in the amount of $3,000.

DATED at Regina, Saskatchewan on May 3 2015.

[redacted]

Mary Ann McFadyen
Chairperson of the Hearing Panel
Financial and Consumer Affairs Authority
of Saskatchewan

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SETTLEMENT AGREEMENT

WHEREAS the Director of the Securities Division (the Director) of Financial and Consumer Affair Authority of Saskatchewan (the Authority) issued a Statement of Allegations of Staff of the Authority, dated November 28, 2013 (the Statement of Allegations), in which it was alleged that Paradigm Portfolio Management Corporation, (PPMC), Kyle Kozuska (Kyle) and others engaged in specified activities that were contrary to the public interest and in contravention of *The Securities Act, 1988* (the Act);

AND WHEREAS PPMC, Kyle and the Director each desire to dispose of the allegations against PPMC and Kyle, as contained in the Statement of Allegations, by way of agreement, as permitted by section 135.3 of the Act;

AND WHEREAS PPMC, Kyle and the Director acknowledge that this Settlement Agreement is subject to the approval of the Authority and, if approved by the Authority, will be published on the Authority's website;

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, PPMC, Kyle and the Director hereby agree as follows:

1. The following facts are hereby admitted by PPMC and Kyle:

   (a) PPMC, is a business corporation incorporated pursuant to the laws of the province of Saskatchewan. PPMC is a firm registered in Saskatchewan under the portfolio manager category. PPMC has been so registered since in or around March 2003;

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

   (c) From on or about February 16, 2010 to date, Kyle has been registered in

Saskatchewan as PPMC's Ultimate Designated Person (UDP) and Chief Compliance Officer (CCO).

(d) From in or around September 2009 to in or around November 2010, Jerry Meckelborg (Jerry) was employed by PPMC and was registered in Saskatchewan with PPMC as an associate advising representative under the portfolio manager category, supervised by Kyle;

(e) From in or around September 2009 to in or around November 2010, PPMC, through its agent, Jerry, with the intention of effecting trades in securities of China Infrastructure Construction Company (China Infrastructure) and Sino Clean Energy Inc. (Sino Clean), made written and oral representations to a number of clients of PPMC that the said securities would be listed on an exchange.

(f) From in or around September 2009 to in or around November 2010, PPMC, through its agent, Jerry, with the intention of effecting trades in securities of Boyuan Construction Group Inc. (Boyuan) made written and oral representations to a number of clients of PPMC that an application would be made to list the said securities on an exchange.

(g) At no time did Jerry or PPMC have the written permission of the Director, Securities Division, the Authority to make representations, written or oral, that any securities of China Infrastructure or Sino Clean would be listed on any exchange or that an application has or will be made to list the securities of Boyuan on any exchange;

(h) In carrying out the activities outlined above, PPMC, through its agent, Jerry, contravened clauses 44(3)(a) and 44(3)(b) of the Act;

(i) The above mentioned contraventions of Saskatchewan securities laws occurred, in part, while Kyle was registered as PPMC's UDP and CCO;

(j) Pursuant to Part 5 of National Instrument 31-103 - *Registration Requirements and Exemptions* (NI 31-103), Kyle, as UDP and CCO of PPMC, has, and has had, since on or about February 16, 2010, *inter alia*, the following duties:

i. to supervise the activities of PPMC that are directed towards ensuring compliance with securities legislation by PPMC and each individual acting on PPMC's behalf (NI 31-103, clause 5.1(a)); and

ii. to monitor and assess compliance by PPMC, and individuals acting on PPMC's behalf, with securities legislation (NI 31-103 clause 5.2(b)).

(k) As outlined above, from on or about February 6, 2010 through to in or around November 2010, Kyle contravened clause 5.1(a) of NI 31-103 by failing to supervise the activities of PPMC as they related to ensuring compliance with securities legislation by PPMC and Jerry, acting on PPMC's behalf; and

(l) As outlined above, from on from on or about February 6, 2010 through to in or

around November 2010, Kyle contravened clause 5.2(b) of NI 31-103 by failing to monitor and assess compliance by PPMC and Jerry, acting on PPMC's behalf, with securities legislation.

2. PPMC and Kyle hereby waive their rights to a hearing in these matters as well as their rights to any appeal with respect to these matters.

3. PPMC and Kyle hereby agree that all of the facts set out in paragraph 1, above, are true, and that there are no material facts relating to these matters that are not set out in said paragraph.

4. PPMC, Kyle and the Director hereby consent to the issuance of an order by the Authority, in substantially the form attached hereto as Appendix "A", ordering that:

   (a) Pursuant to clause 134(1)(h)(iii) of the Act, Kyle shall not be employed as a CCO or UDP of any issuer for a period of three years from the date of this Order;

   (b) Pursuant to clause 134(1)(i) of the Act, PPMC and Kyle are reprimanded; and

   (c) Pursuant to section 135.1 of the Act, PPMC and Kyle shall pay an administrative penalty to the Authority, in the amount of $3,000.

5. Based upon the facts contained herein, the Director hereby agrees that the sanctions set out in paragraph 4, above, are the only sanctions the Director will seek to have the Authority impose upon PPMC and Kyle with respect to the matters set out in the Statement of Allegations, provided that nothing shall prohibit the Director from considering or dealing with any new matter not set out in the Statement of Allegations or any new complaint brought to the Director's attention against PPMC or Kyle.

6. Nothing in this Settlement Agreement shall prohibit any claimant from applying for financial compensation, pursuant to section 135.6 of the Act, nor shall it prohibit the Director from requesting that the Authority make an order that a claimant be paid compensation for financial loss.

7. The terms of this Settlement Agreement shall be treated as confidential by PPMC, Kyle and the Director, and may not be disclosed to any person except with the consent of PPMC, Kyle and the Director, or as required by law, until such time as it is signed by all parties and approved by the Authority.

8. PPMC and Kyle hereby affirm that they have read and understood the terms of this Settlement Agreement, and are signing it voluntarily.

9. This Settlement Agreement may be signed in one or more counterparts and shall together constitute a binding agreement.

10. A facsimile copy of any signature shall be as effective as an original signature.

11. This Settlement Agreement shall be governed by and construed in accordance with the laws of the province of Saskatchewan.

12. PPMC and Kyle hereby acknowledge that they have been given a reasonable opportunity to obtain independent legal advice with respect to this Settlement Agreement, and that either:

    (a) they have obtained such independent legal advice and are satisfied with the same, prior to executing this Settlement Agreement; or

    (b) they have willingly chosen not to obtain such advice prior to executing this Settlement Agreement.

13. This Settlement Agreement, and any referenced appendices or amendments hereto constitutes the entire agreement between PPMC, Kyle and the Director in connection with the allegations set forth in the Statement of Allegations.

IN WITNESS WHEREOF

Paradigm Portfolio Management Corporation has executed this Settlement Agreement at Saskatoon, Saskatchewan, this 5th day of May, 2015.

SIGNED in the presence of:)
[redacted])
Name:)

Paradigm Portfolio Management Corporation

Per: [redacted]
Name: Kyle Kozuska
Title: President

Kyle Kozuska, has executed this Settlement Agreement at Saskatoon, Saskatchewan, this 5th day of May, 2015.

SIGNED in the presence of:)
[redacted])
Name:)

[redacted]
Kyle Kozuska

The Director, has executed this Settlement Agreement at Regina, Saskatchewan, this 6 day of May, 2015.

SIGNED in the presence of:)
[redacted])
)
)
[redacted])

Name: Dallas Smith

[redacted]
Dean Murrison
Director,
Securities Division
Financial and Consumer Affairs Authority
of Saskatchewan

Appendix "A"

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DATED at Regina, Saskatchewan on _____, 2015.

_____

Chairperson of the Hearing Panel
Financial and Consumer Affairs Authority
of Saskatchewan