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**

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

To: **Paradigm Portfolio Management Corporation**
**Kyle Kozuska**
**Jerome Meckelborg, also known as Jerry Meckelborg**
**Mark Meckelborg**
**(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 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. The Respondent, Jerome Meckelborg, also known as Jerry Meckelborg (Jerry), is a resident of Saskatoon, Saskatchewan. Jerry is registered in Saskatchewan with Meckelborg Financial Group Ltd. (MFG) as an advising representative under the portfolio manager category and as a dealing representative under the exempt market dealer category.

4. The Respondent, Mark Meckelborg (Mark), is a resident of Saskatoon, Saskatchewan. Mark is registered in Saskatchewan with MFG as an associate advising representative under the portfolio manager category and as a dealing representative under the exempt market dealer category.

5. From in or around September 2009 to in or around November 2010 (the relevant time), Jerry and Mark were employed by PPMC. During the relevant time, Jerry was registered in Saskatchewan with PPMC as an associate advising representative under the portfolio manager category and Mark was involved in business development for PPMC, but was not registered as a "dealer" or an "adviser", pursuant to *The Securities Act.*

6. At all material times, Kyle, Mark and Jerry acted as agents for PPMC.

**Contraventions of subsection 44(3) of *The Securities Act, 1988* (the Act)**

7. During the relevant time the Respondents, with the intention of effecting trades in shares of [redacted], provided informational documents to clients of PPMC. Some of the informational documents included the following representations:

   (a) "[redacted] shall complete an uplisting of the common shares of the Issuer on NASDAQ, NYSE Amex or any other exchange acceptable to the Purchasers within 12 months of Closing…"; and

   (b) "[redacted] shall complete an uplisting of its common stock on the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select or any successor market thereto (collectively, "Nasdaq"), NYSE Amex or any successor market thereto (together with nasdaq [sic] and NYSE Amex, each a "National Stock Exchange") at the earliest possible date but not later than the date which is eight months after the Closing Date or the closing of a registered underwritten public offering of the common stock."

8. The references to "NASDAQ", "NYSE Amex", "Nasdaq Capital Market", "Nasdaq Global Market" and "Nasdaq Global Select", at the relevant time, were references to names of exchanges.

9. During the relevant time the Respondents, with the intention of effecting trades in shares of [redacted], also made oral representations to clients of PPMC that these shares would be uplisted on one of the exchanges referred to in paragraph 8, above.

10. During the relevant time the Respondents, with the intention of effecting trades in shares of [redacted], provided informational documents to clients of PPMC. Some of the informational documents included the following representations:

    (a) "To prepare for a major stock exchange listing (NASDAQ Capital Market, NYSE, or NYSE Amex Equities), [redacted] will complete a reverse split […] of its Common Stock within 180 days after the initial Closing Date"; and

    (b) "[redacted] Must Uplist to NYSE Amex or Nasdaq from the OTC Bulletin

Board within 24 Months of Closing or Pay Penalties to Investors".

11. The references to "NASDAQ Capital Market", "NYSE" "NYSE Amex Equities" and "NYSE Amex" and "Nasdaq", at the relevant time, were references to names of exchanges.

12. During the relevant time the Respondents, with the intention of effecting trades in shares of [redacted], also made oral representations to clients of PPMC that these shares would be uplisted on one of the exchanges referred to in paragraph 10, above.

13. During the relevant time the Respondents, with the intention of effecting trades in shares and debentures of [redacted], provided an informational document to clients of PPMC. This informational document included a representation that "[a]n application will be made to list the Shares and the Debentures on the TSX Venture Exchange".

14. During the relevant time, the Respondents, with the intention of effecting trades in shares and debentures of [redacted], also made oral representations to clients of PPMC that an application would be made by [redacted] to have these shares and debentures listed on the TSX Venture Exchange.

15. At no time did any of the Respondents or the issuers have the written permission of the Director, Securities Division, FCAA to make representations, written or oral, that any shares of [redacted] or any shares or debentures of [redacted] would be listed on any exchange.

16. In carrying out the activities indicated in paragraphs 7, 9, 10 and 12, above, the Respondents, with the intention of effecting trades in securities, made written and oral representations that the securities would be listed on an exchange, without having the written permission of the Director to do so, thereby contravening clause 44(3)(a) of the Act.

17. In carrying out the activities indicated in paragraphs 13 and 14, above, the Respondents, with the intention of effecting trades in securities, made written and oral representations that an application will be made to list the securities on an exchange, without having the written permission of the Director to do so, thereby contravening clause 44(3)(b) of the Act.

18. 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.2) of the Act, the Respondents shall submit to reviews by Staff of the FCAA of their practices and procedures;

    (b) Pursuant to clause 134(1)(h.3) of the Act, the Respondents shall make such changes to their practices and procedures as indicated by Staff of FCAA, following the reviews set out in clause (a), above;

    (c) Pursuant to clause 134(1)(i) of the Act, the Respondents are reprimanded;

(d) Pursuant to section 135.1 of the Act, the Respondents shall each pay an administrative penalty to FCAA, in the amount of $5,000; and

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

DATED at Regina, Saskatchewan, this 28 day of November, 2013.

[redacted]

Dean Murrison
Director, Securities Division