

IN THE MATTER OF
THE SECURITIES ACT, 1988, S.S. 1988, c.S-42.2

AND

IN THE MATTER OF
EUSTON CAPITAL CORPORATION
GEORGE SCHWARTZ
CHARLES SAKS
NORMAN MACLEOD
PETER ROBINSON
MICHAEL DICAPRIO

DECISION

Hearing Held: February 1 and 2, 2006

Before: W.F. Ready, Q.C., Chairman
Gwen Charman
Dale Hillmer

Appearances: Ms. Pacholek for the Staff of the Commission
Ms. Biggar for Euston and Schwartz
No appearance by Saks or MacLeod, or anyone of their behalf.

Decision dated: February 9, 2006

The purpose of this hearing was to consider whether it is in the public interest:

1. that a permanent cease trade order pursuant to section 134(1)(d) of The Securities Act and a permanent order prohibiting the use of statutory exemptions pursuant to section 134(1)(a) of the Act be made with respect to Euston, Schwartz, Saks and MacLeod;
2. to order pursuant to section 135.1 of the Act that the Respondents either collectively, or individually, pay an administrative penalty of up to \$100,000;
3. to order pursuant to section 161 of the Act that the Respondents, either collectively, or individually, pay the costs of or relating to the hearing.

These proceedings were initiated as result of a request by the Respondents to determine whether the Temporary Cease Trade Order dated November 4, 2004, (the "Temporary Order") and the Extending Cease Trade Order dated November 16, 2004, (the "Extending Order") against them should remain in force.

At the outset it was indicated by Counsel for the Staff, without objection by Counsel for Euston

and Schwartz that the name Euston Capital Corporation as set forth in the Notice of Hearing should be changed to Euston Capital Corp.

The Notice of Hearing provides that the Temporary Order and the Extending Order against Robinson and Dicaprio “will be” discontinued.

The facts and allegations set forth in the Notice of Hearing in paragraphs 1,2,3,5,7,9, 12,13,14,17,18,19 and 20 have been admitted by Euston and Schwartz, although as to paragraph 3 there was a time when there was director in addition to Schwartz.

Unless exempted by the provisions of The Securities Act, everyone trading in securities in Saskatchewan must comply with the prospectus and registration requirements set forth therein. Euston did not file a prospectus in Saskatchewan and none of its salespeople were registered to sell Euston shares in Saskatchewan.

One such exemption is contained in Multilateral Instrument 45-103 *Capital Raising Exemptions* (“MI 45-103”), which, in part, provides that trades to an Accredited Investor are exempt from the prospectus and registration requirements. An Accredited Investor is defined in section 1.1 (1) of MI 45- 103 to be, inter alia,

“(k) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000,

(l) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent years and who, in either case, reasonable expects to exceed that net income level in the current year.”

(the above subparagraphs “(k)” and “(l)” will be hereinafter referred to as “(k)” and “(1)”)

By virtue of MI 45-103 Euston embarked on a procedure to sell the shares of Euston to “Accredited Investors” in Saskatchewan as defined by (k) or (1). In this regard one of the employees of Euston (a “screener”) would attend at a public library in Toronto and examine a publication called “infoCANADA” which listed businesses in various areas in Canada and as well indicated the credit rating, number of employees and estimated annual sales. The screener would report results of the examination to Schwartz who, in light thereof, would construct a profile of a possible investor and a commission salesman in the office of Euston would be furnished with particulars as to a possible investor. The salesman would then make a cold call by telephone to the possible investor with a view to selling shares of Euston to him.

It is apparent from the evidence that at no time, during discussions over the telephone with the possible investor, did the salesman endeavor to determine whether the possible investor could meet the test to qualify as an Accredited Investor. Additionally there is no evidence that he was required to do so, or for that matter whether he (except perhaps salesman Robinson) even knew who would qualify as an Accredited Investor. There is no evidence that Euston or Schwartz gave the salespeople any instructions or advice as to who could so qualify.

If the possible investor decided to purchase shares, he was furnished with a “Confirmation”

document indicating, inter alia, the number of shares purchased and the price, with a request that the Confirmation be signed by the investor and returned to Euston along with a cheque for the purchase price. In that regard Euston arranged for a courier, at the expense of Euston, to call upon the investor to receive the Confirmation and cheque for delivery to Euston.

Shortly thereafter Schwartz would write the investor “welcoming” him as a shareholder enclosing with such letter, the share certificate for the shares purchased, along with a form of “Purchase Agreement”, with schedules “A” and “B” thereto attached, with a request that the Purchase Agreement be signed by the investor and returned to Euston. **(A photo copy of the form of Purchase Agreement with schedules “A” and “B” thereto, is inserted after this page.)**

The only attempt to determine whether or not the investor was an Accredited Investor is as set forth in said documentation.

Some 59 people in Saskatchewan, purchased Euston shares for a total price of \$220,440. We presume that the procedure adopted by Euston was the same for all of them. At least there is no evidence to the contrary.

At the hearing the Staff of the Commission called a number of investors as being representative of those investors in Saskatchewan who purchased the said Euston shares.

For ease of description we will refer to the value of “financial assets” as referred to in (1) as “net worth”.

Witness Joe Gilewicz resides at Saskatoon. He was the owner of Excalibur Equipment. His annual income was from \$25,000 to \$50,000. His wife did not work and had no income. His net worth was about \$350,000. He was solicited by MacLeod of Euston during a number of telephone conversations to purchase Euston shares and as a result purchased 350 shares of Euston for a total price of \$1050.00. He signed the Confirmation relative thereto dated August 10, 2004, and delivered it, along with his cheque in favour of Euston, to the courier. By letter dated September 8, 2004, Schwartz “welcomed” him as a shareholder of Euston and enclosed his share certificate dated September 1, 2004 along with the Purchase Agreement for his signature and return. At no time was he ever asked by MacLeod about his income or net worth. Specifically he was not asked whether he qualified as an Accredited Investor as defined in (k) and (1). He did not feel he had to be concerned with the signing of the Purchase Agreement. He said he had the share certificate and consequently he only “scanned” the agreement, including schedules “A” and “B”. He does not remember if he even signed the Purchase Agreement.

THE SECURITIES HEREBY OFFERED ARE BEING PRIVATELY OFFERED TO ACCREDITED INVESTORS, AS DFFINED AT PARAGRAPH 1(g) IN ATTACHED SCHEDULE "B", PURSUANT TO EXEMPTIONS FROM THE PROSPECTUS AND REGISTRATION REQUIREMENTS UNDER RULE 45-501 (REVISED) IMPLEMENTED BY THE ONTARIO SECURITIES COMMISSION AND UNDER REVISED MULTILATERAL INSTRUMENT 45-103 IMPLEMENTED BY THE SECURITIES REGULATORY AUTHORITIES IN ALBERTA, BRITISH COLUMBIA, MANITOBA, NEWFOUNDLAND & LABRADOR, NORTHWEST TERRITORIES, NOVA SCOTIA, NUNAVUT, PRINCE EDWARD ISLAND AND SASKATCHEWAN.

**PURCHASE AGREEMENT
(for Purchasers of Common Shares)**

TO: EUSTON CAPITAL CORP. (the "Company")

[TEMPLATE]

RE: Sale of Common Shares of Euston Capital Corp. (the "Common Shares")

Details of Purchase

The undersigned (the "**Purchaser**") hereby irrevocably purchases, subject to the terms and conditions set forth in this Agreement, Common Shares of the Company in the principal **amount** (the "Purchase Price") and with the specific purchase instructions as set forth below. The particulars of the Common Shares and certain terms of the sale of the Common Shares are set out in Schedule "A" to this Agreement. Attached as Schedule "B" to this Agreement are certain of the representations, warranties and covenants to be made by the Purchaser (on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder) so that the Company can ensure compliance with applicable securities laws. Each such schedule forms a part of and is incorporated into this Agreement and the Purchaser should review each carefully.

Purchase Price of the Common Shares
at \$3.00 per Common Share:

Number of Common Shares purchased:

Total Purchase Price:

Name of Purchaser:

Signature: _____

Address: _____

ACCEPTANCE

The foregoing is acknowledged, accepted and agreed to by the Company as of this __ day of _____.

EUSTON CAPITAL CORP.

Per _____
Authorized Signing Officer

SCHEDULE "A" TERMS OF OFFERING

This is Schedule "A" to the Agreement relating to the purchase of Common Shares of Euston Capital Corp.

1. **Offering.** The Common Shares subscribed for hereunder form part of a larger offering (the "Offering") of Common Shares to be issued and sold directly by the Company for an aggregate amount of a maximum of \$3,000,000 pursuant to the terms of this Agreement. NO INVESTMENT DEALER, UNDERWITER OR AGENT IS ACTING IN CONNECTION WITH THE OFFERING. NO ADVISER HAS PASSED UPON THE MERITS OF THE OFFERING. IN ADDITION, NO SECURITIES REGULATORY AUTHORITY HAS IN ANY MANNER REVIEWED OR PASSED UPON THE MERITS OF THE OFFERING.

2. **Closing of Purchase.** The Purchaser acknowledges and agrees that the closing of the Offering will be completed at the Company's offices.

3. **Delivery of Certificates.** At the closing, the Company will transfer to the Purchaser the Common Shares being purchased by him hereunder, registered in the Purchaser's name and cause to be delivered to the Purchaser, in accordance with the Purchaser's delivery instructions certificates representing the Common Shares being purchased by the Purchaser hereunder.

4. **Acceptance or Rejection.** The acceptance by the Company of the Purchaser's irrevocable agreement to purchase the Common Shares shall constitute an agreement by the Company and the Purchaser. The Company will have the right to accept or reject the Purchaser's agreement to purchase Common Shares at any time at or prior to the Closing Time. Notwithstanding the foregoing, the Purchaser acknowledges and agrees that the acceptance of this Agreement, in whole or in part, will be conditional *inter alia* upon the sale of the Common Shares to the Purchaser being exempt from any prospectus requirements of all applicable securities laws. The Company will be deemed to have accepted this Agreement upon the delivery at closing of the certificates representing the Common Shares referred to in Section 3 above in accordance with the provisions hereof

5. **Information and Documents.** As soon as practicable, the Purchaser will deliver or arrange to have delivered or tele-copied to the Company a completed and executed copy of this Agreement (which shall be deemed to include each of Schedules "A" and "B") and will promptly upon request by the Company provide the Company with such information and execute and deliver to the Company such additional undertakings, questionnaires and other documents as the Company may request in connection with the issue and sale of the Common Shares. The Purchaser further acknowledges and agrees that such undertakings and other documents, when executed and delivered by it, will form part of and will be incorporated into this Agreement with the same effect as if each constituted a representation, warranty or covenant of the Purchaser hereunder in favour of the Company. The Purchaser hereby consents to the filing of such undertakings and other documents as may be required to be filed with any securities regulatory authority in connection with the transactions contemplated hereby.

The Purchaser acknowledges that pursuant to the securities laws of his province of residence, the Purchaser or, if applicable, the others for whom it is contracting, may be required to file a report with his particular securities commission in the required form and within the prescribed time of each disposition of all or any of the Common Shares purchased and, if so required, the Purchaser, on its behalf and, if applicable, on behalf of others for whom it is contracting hereunder, undertakes to file the required report.

6. **No Revocation.** The Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this offer to subscribe for Common Shares is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

7. **Indemnity.** The Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees to indemnify and hold harmless the Company and its respective directors, officers, employees, agents, advisors and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation, warranty or covenant of the Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, contained herein or in any document furnished by the Purchaser to the Company in connection herewith being untrue in any material respect or breach or failure by the Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, to comply with any covenant or agreement made by the Purchaser herein or in any document furnished by the Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, to the Company in connection therewith.

8. **Modification.** Neither this Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

9. **Miscellaneous.** The agreement resulting from the acceptance of this Agreement by the Company contains the whole agreement between the Company and the Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, in respect of the subject matter hereof and there are no warranties, representations, terms, conditions or collateral agreements, express, implied or statutory, other than as expressly set forth herein and in any amendments hereto. All representations, warranties, agreements and covenants made or deemed to be made by the Purchaser herein, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, will survive the execution and delivery and acceptance, of this Agreement. Time shall be of the essence of this Agreement. This Agreement and the rights and obligations of the parties hereunder will be governed by and construed according to the laws of the Province of Ontario and the laws of Canada applicable therein. This Agreement may be executed in any number of counterparts, each of which when delivered, either in original or facsimile form shall be deemed to be an original and all of which together shall constitute one and the same document.

10. **Currency.** All dollar amounts referred to herein are in Canadian dollars unless otherwise stated.

SCHEDULE "B"

PURCHASER'S REPRESENTATIONS, WARRANTIES AND COVENANTS (for Purchasers of Common Shares)

This is Schedule "B" to the Agreement relating to the purchase of Common Shares of Euston Capital Corp.

The Purchaser, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, represents, warrants and covenants to the Company, as of the date of this Agreement that:

1. General

(a) **Authorization and Effectiveness.** If the Purchaser is a natural person, he or she has attained the age of majority and is legally competent to execute this Agreement and to take all actions required pursuant thereto. If the Purchaser is a valid and subsisting company, has the necessary corporate capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof. If the Purchaser is a partnership, syndicate or other form of unincorporated organization, the Purchaser has the necessary legal capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof.

Whether the Purchaser is a natural person or a company, partnership or other entity, upon acceptance by the Company, this Agreement will have been duly executed and delivered and will constitute a legal, valid and binding contract of the Purchaser, and any beneficial purchaser for whom it is purchasing, enforceable against the Purchaser and any such beneficial purchaser in accordance with its terms. -

(b) **No Transfer of Common Shares in U.S.** The Purchaser acknowledges that, except pursuant to limited exemptions, the Common Shares may not be offered, sold or otherwise transferred to persons in the United States or to U.S. Persons (as defined in Rule 902(o) of Regulations promulgated by the United States Securities and Exchange Commission) and the Purchaser understands that certificates representing the Common Shares and Warrants issued to it may so indicate.

(c) **Investment Intent.** The Purchaser, or each beneficial purchaser for whom it is purchasing, is acquiring Common Shares to be held for investment only and will not resell or otherwise transfer or dispose of the Common Shares and the underlying securities except in accordance with the provisions of applicable securities laws.

(d) **Purchasing as Agent or Trustee.** In the case of the purchase by the Purchaser of Common Shares as agent or trustee for any principal whose identity is disclosed or undisclosed or identified by account number only, the Purchaser has due and proper authority to act as agent or trustee for and on behalf of such beneficial purchaser in connection with the transactions contemplated hereby.

(e) **Investment Suitability.** The Purchaser, and any beneficial purchaser for whom it is purchasing, has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder in the Common Shares and is able to bear the economic risk of loss of such investment. The Purchaser has relied solely on information obtained by it, and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Company and it does not have knowledge of any material fact about the Company that has not been generally disclosed.

(g) **Prospectus Exemptions.** The Purchaser (or, if applicable, others for whom it is contracting hereunder) represents and warrants that he or she is an accredited investor as the term is defined in Ontario Securities Commission's Rule 45-501 ("Rule 45-501") or in Multilateral Instrument 45-103 ("MI 45-103"), as applicable. The Purchaser (or, if applicable, others for whom it is contracting hereunder) acknowledges and agrees that he or she is purchasing the common shares pursuant to the exemption under sec. 2.3 of

Rule 45-501 or section 5. 1 of MI 45-103 exempting the requirements under applicable securities laws requiring the filing of a prospectus in connection with the distribution of the Common Shares or upon the issuance of such rulings, orders, consents and approvals as may be required to permit such sale without the requirement of filing a prospectus. An individual meets these exemptions if his (and his spouse's) financial assets, net of related liabilities, exceeds one million dollars, or his net income before taxes exceeded two hundred thousand dollars (three hundred thousand dollars if combined with his spouse's net income before taxes) in each of the last two years and is expected to exceed that amount in the current year.

(h) **Tax and Legal Advice.** The Purchaser is solely responsible for obtaining such legal advice and tax advice as it considers appropriate in connection with the execution, delivery and performance by him of this Agreement and the transactions contemplated hereunder.

2. **Purchasing for Undisclosed Principal(s).** In the case of the purchase by the Purchaser of Common Shares as trustee, agent or portfolio manager for a principal which is undisclosed or identified by account number only, the Purchaser (A) acknowledges that the Company may be required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Common Shares for whom the Purchaser may be acting; and (B) is acting on behalf of one or more beneficial purchasers of the Common Shares who are individuals or companies and are purchasing as principal for their own account, and not for the benefit of any other person,.

3. **Reliance.** The Purchaser acknowledges that the representations and warranties contained herein are made by it with the intention that they may be relied upon by the Company in determining the Purchaser's eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase Common Shares under applicable securities legislation. The Purchaser further agrees that by accepting delivery of the Common Shares on the Closing Date, it will be representing and warranting that the foregoing representations and warranties are true and correct as at the Closing Date with the same force and effect as if they had been made by the Purchaser at the Closing Date and that they will survive the purchase by the Purchaser of the Common Shares and will continue in full force and effect notwithstanding any subsequent disposition by the Purchaser of such Common Shares.

Witness Kevin Fandrey resides at Yorkton. He was a draftsman for Deneschuk Homes. He was unmarried and had an annual income of about \$43,000. His net worth was about \$100,000. He was solicited by MacLeod during a number of telephone conversations to purchase Euston shares and as result purchased 500 shares for \$1500 on or about September 10, 2003, and another 500 shares on October 29, 2003, for \$1500 and another 500 shares for \$1500 (this time the salesman being Bill Tivruchte) on February 11, 2004. He signed the Confirmations relative to these purchases and returned them along with his cheques to the courier. The Purchase Agreements were sent to him for his execution along with the share certificates. At no time did MacLeod or Tivruchte inquire about his income or net worth. Specifically he was not asked whether he qualified as an Accredited Investor as defined by (k) and (1). He “skimmed” through the Purchase Agreements, signed them and sent them back.

Witness Dave Weinberger resides at Milestone. He is the proprietor of a Convenience store and Gas Bar. His annual income is from \$24,000 to \$36,000. His wife works and their annual income is \$36,000. His net worth is about \$750,000. He was solicited by Clement Singh and Carlos Carvao of Euston over the telephone and as result purchased some 3700 shares at a total cost of \$8100. These shares were not all purchased on one occasion. On each occasion he received the relevant Confirmation which he signed and returned to the courier with the appropriate cheque. As to each time he also received the relevant share certificate and the Purchase Agreement for execution. At no time did Singh or Carvao ask about his income or net worth. Specifically he was not asked whether he qualified as an Accredited Investor as defined in (k) and (1). He perused the Purchase Agreements but when he noticed reference to the Province of Ontario he did not think it had any application to him in Saskatchewan.

Witness Randy Zaiser at all material times resided at Preeceville. He ran an insurance brokerage business. His annual income was about \$28,000, and his wife’s income was about \$18,000. His net worth was about \$500,000. He was solicited by Saks of Euston on the telephone to buy some Euston shares. He agreed to buy 500 shares for \$1500 but upon receipt of the Confirmation, he decided he would not proceed and accordingly no payment was made. At no time did Saks or anyone from Euston including Schwartz inquire about his annual income or his net worth. He was not asked whether he qualified as an Accredited Investor as defined in (k) and (1).

Witness George Staranchuk resides in Regina. He has a business known as Water Heater Services. His annual income is \$20,000. His common law wife has an annual income of about \$30,000. His net worth is about \$250,000 to \$280,000. He was solicited by Carlos Carvao and Clement Singh by telephone to purchase Euston shares and as result purchased some 3500 shares for a total price of \$10,500. These shares were purchased on two occasions. On each occasion he received the relevant Confirmation which he signed and returned to the courier with his cheque. As to each occasion he received the relevant share certificate and a Purchase Agreement which he signed and returned. He “skimmed” the Purchase Agreement but indicated since he was already a shareholder there was no reason to read it. At no time did Carvao or Singh ask him about his income or his net worth. He was not asked if he qualified as an Accredited Investor under the provisions of subparagraphs (k) or (1).

Witness Ken Fritz resides at Regina. He has a business known as Healy’s Costume Rentals. He also looks after the grounds at a funeral home for which he is paid some \$600. He said Healy’s

is, and has been, operating at a loss. His wife gets a pension of some \$40,000 a year. His net worth is about \$300,000. He was solicited by John Pilcher of Euston by telephone to purchase Euston shares and as result he purchased 500 shares for \$1500. We assume he received and signed the usual Confirmation and delivered his cheque and the Confirmation to the Courier, although a copy of the Confirmation was not entered in evidence. He received the usual “welcome” letter from Schwartz enclosing his share certificate and the Purchase Agreement. He signed the Purchase Agreement without reading it, because he says he was the owner of the shares. At no time did Pilcher ask him about his income or his net worth. He was not asked if he qualified as an Accredited Investor under the provisions of (k) or (1). If he had been asked he said his answer would have been “No”.

Incidentally when comparing the information as to the foregoing witnesses contained in the infoCANADA publication with the actual circumstances of the witnesses, as recounted by them in their evidence, it is apparent that the information published by infoCANADA is remarkably unreliable.

Schwartz has admitted that he was “responsible for all activities engaged in by Euston”. (Tab 13 of exhibit P1). Even without this admission we would have found that to be the case.

It is clear that Euston and Schwartz and Saks and MacLeod were trading (as defined in The Securities Act) in the shares of Euston. To so trade there had to be a receipted prospectus and registration of the sales people, or the exemption provisions as defined in (k) and (1) had to be satisfied.

There was no receipted prospectus or registration.

As to the investors whose testimony has been referred to herein, and likely other investors in Saskatchewan who made purchases under the same process, the sales of Euston shares were not made to them as Accredited Investors because none of them qualified as such.

Euston, Schwartz, Saks and MacLeod (as the case may be) had to, but did not, establish before a sale was made that the investor had the necessary net worth or income under (k) or (1) to qualify as an Accredited Investor. The sale was complete when the Confirmation was signed and the purchase cheque was delivered, notwithstanding anything confirming or contrary in the Purchase Agreement.

The only attempt to satisfy the Accredited Investor requirement was in the Purchase Agreement which, as we hold, was submitted to the Purchaser after the fact of the purchase having been made and therefore too late to satisfy the exemption requirements. In addition to this attempt being too late, it was also too little. To put it on an investor to ferret out information from a Purchase Agreement (some 5 pages long), when there was no inclination by an investor to do so, (since he was then already a shareholder as many of the witnesses said) and then attempt to put on him that he represents, warrants and covenants that he is an Accredited Investor, is insufficient to satisfy the Accredited Investor test.

The provisions of (k) and (1) are easily understood. Counsel for the Staff read to each of the

witnesses the provisions of (k) and (1) and asked them if they came within the provisions of either. Without hesitation each of the witnesses answered, "no".

We hold that none of the trades of the Euston shares to the foregoing witnesses were made to them as Accredited Investors as defined by (k) or (1), and if the trades to the other purchasers in Saskatchewan were made in the same fashion and procedure, none of the other purchasers were Accredited Investors.

Accordingly each of Euston, Schwartz, Saks and MacLeod, were not entitled to rely on the Accredited Investor exemption as to said trades of the Euston shares and as a result Euston is in breach of the provisions of the Act relative to the filing of a prospectus under section 58, and each of Schwartz, MacLeod and Saks is in breach of the provisions of Act relative to their registration of under section 27 thereof The trades were illegal distributions.

The Securities Act was enacted for the protection of the public. Breaches of the provisions thereof, as is the case in this matter, merit the levying of penalties.

The Act gives the Commission the authority to do so, if it is in the public interest. It is our opinion that it is in the public interest that the Commission does hereby order that:

1. pursuant to section 134 (1) (d) of the Act that trading in all securities by and of Euston Capital Corp., George Schwartz, Charles Saks and Norman MacLeod do cease for the period up to and including:
 - (i) 10 years from the date hereof by each of Euston Capital Corp. and George Schwartz, and
 - (ii) 5 years from the date hereof by each of Charles Saks and Norman MacLeod; and
2. the exemptions described and provided for in section 134 (1) (a) of the Act do not apply to each of Euston Capital Corp., George Schwartz, Charles Saks and George MacLeod for the period up to and including:
 - (i) 10 years from the date hereof as to each of Euston Capital Corp. and George Schwartz, and
 - (ii) 5 years from the date hereof as to each of Charles Saks and Norman MacLeod.

Pursuant to section 135.1 (1) and (2) of the Act the Commission considers it to be in the public interest, and does hereby order, that each of Euston Capital Corp. and George Schwartz pay an administrative penalty of \$50,000, and each of Charles Saks and Norman MacLeod pay an administrative penalty of \$25,000.

Pursuant to section 161 (1) and (2) of the Act, the Commission does order that George Schwartz do pay the costs of or related to this hearing in the amount of \$14,622.40.

The Commission does hereby further order that upon the issuance of this order, the Temporary Cease Trade Order of November 14, 2004, and the Extending Cease Trade Order of November 16, 2004, against Euston Capital Corporation, George Schwartz, Charles Saks,

Norman MacLeod, Peter Robinson and Michael Dicaprio shall thereby be at an end.

Dated this 9th day of February, 2006

"W.F. Ready"
W.F. Ready, Q.C. Chairman

"Gwen Charman"
Gwen Charman

"Dale Hillmer"
Dale Hillmer