

**ALBERTA SECURITIES COMMISSION**  
**SETTLEMENT AGREEMENT AND UNDERTAKING**

**Citation: Hurani, 2009 ABASC 29**

**Date: 20090123**  
**Docket: E/03996**

*Securities Act, R.S.A. 2000, c. S-4 (Act)*

**FADI HURANI**

**Agreed Facts**

*Introduction*

1 The staff of the Alberta Securities Commission (respectively, **Staff** and **Commission**) conducted a joint investigation with the Quebec securities regulator, Autorité des Marchés Financiers (**AMF**), into allegations that Fadi Hurani (**Hurani**) breached securities laws regarding illegal insider trading, and acted contrary to the public interest.

2 The investigation confirmed and Hurani admits that he breached those sections of the *Act* and Rules referred to in this Settlement Agreement and Undertaking (**Agreement**), and that he acted contrary to the public interest.

3 Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertaking referred to in paragraph 31, Hurani agrees to the facts and consequences set out in this Agreement.

4 Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

*Circumstances*

5 Hurani is a 26-year old resident of Calgary, Alberta. From April to December 2007, Hurani was employed as an information technology (**IT**) support analyst for a company contracted to the TD Bank Financial Group (**TD Bank**). In December 2007, Hurani accepted full time employment with TD Bank as their sole IT support analyst in Calgary, Alberta.

6 Hurani's duties with TD Bank primarily involved providing IT support to TD Securities Inc. (**TD Securities**), including personnel involved with the trading floor, equities research, and corporate credit and cash management. Hurani's position gave him access to confidential information and personal emails stored on the network drives located on the Calgary server for TD Bank, including those of TD Securities.

Spectra Energy Income Fund (SEIF)

7 On January 3, 2008, Spectra Energy Corp (**Spectra**), the sponsor of SEIF and sole owner of Westcoast Energy Inc. (**Westcoast**), delivered a preliminary proposal to SEIF outlining terms and conditions of a potential transaction pursuant to which Spectra would acquire all of the outstanding units of SEIF through Westcoast. TD Securities acted as the financial advisor to SEIF, and SEIF was placed on the TD Securities "grey list" (restricting internal purchases of those securities).

8 Through his position with TD Bank, Hurani learned of the proposal and ensuing negotiations between Spectra, Westcoast and SEIF, prior to the information being generally disclosed.

9 On February 19, 2008, Hurani purchased 2,400 SEIF shares at \$9.05/share, for a total acquisition cost of \$21,720. The purchase was made through a CIBC margin account in the name of a relative of Hurani's, in an account located at a Montreal branch of CIBC (**Montreal Account**).

10 On February 21, 2008, Hurani purchased a further 2,000 SEIF shares at \$9.35/share, for a total acquisition cost of \$18,700, through the Montreal Account.

11 On five occasions between February 22 and March 4, 2008, Hurani purchased 9,442 SEIF shares at prices ranging from \$9.35 to \$10.20, for a total acquisition cost of \$90,154.70. In all cases, the purchases were made in the Montreal Account.

12 On March 4, 2008, after market close, SEIF publicly announced that it had entered into an agreement with Westcoast, pursuant to which Westcoast would purchase all of the outstanding shares of SEIF at a price of \$11.25/unit, payable in cash.

13 On March 5, 2008, Hurani sold 13,842 shares of SEIF, his entire share position in SEIF, for proceeds of \$155,722.50. Hurani's profit from the purchase and sale of SEIF shares, which included \$869.40 in dividends paid to him during the period he held the SEIF shares, amounted to \$26,017.20.

14 Hurani admits that he was in a special relationship with SEIF at the time he purchased the SEIF shares, and that he was in possession of material information regarding the preliminary proposal and negotiations among SEIF, Spectra, and Westcoast, which had not been generally disclosed to the public.

Synenco Energy Inc. (Synenco)

15 On May 1, 2007, Synenco announced publicly its adoption of a plan to assess its options for a strategic repositioning, with identification of number of possible outcomes. TD Securities was retained to assist Synenco in assessing its alternatives.

16 On February 1, 2008, Total E & P Canada Ltd. (**Total**) submitted a conditional proposal to Synenco offering \$8.50/share for all of the outstanding shares of Synenco.

17 On April 17, 2008, Total made a further conditional proposal to Synenco, offering to acquire all the outstanding Synenco shares for \$9.00 cash per share.

18 On April 22, 2008, following negotiations and discussions between Synenco, Total, and their respective advisors, Total submitted a revised conditional proposal to Synenco with a similar cash offer of \$9.00 per Synenco share, for all the outstanding shares of Synenco. That same day, Synenco and Total entered into a non-binding letter of intent.

19 Through his position with TD Bank, and at or around the time of the events described above, Hurani learned of the delivery by Total of the conditional proposals, the content of the proposals (including the price being offered by Total for the Synenco shares), and the ongoing discussions between Synenco and Total with respect to a transaction.

20 On April 22, 2008, Hurani purchased 100 May - \$8.00 call option contracts for a total acquisition cost of \$3,500, through the Montreal Account.

21 On April 23, 2008, Hurani purchased 2,500 Synenco shares through the Montreal Account, at a total cost of \$19,110.

22 On April 25, 2008, Hurani made four purchases, totalling 750 contracts, of May-\$8.00 call option contracts through the Montreal Account. He also purchased 235 May - \$7.00 call option contracts through that account. The total acquisition cost of all the option contracts purchased that day was \$45,681.25.

23 That same day, April 25, 2008, Hurani purchased 7,500 Synenco shares for a total acquisition cost of \$56,512.

24 On April 28, 2008, prior to market opening, Total and Synenco announced that they had entered into an agreement whereby Total would make a \$9.00/share offer to purchase all the issued and outstanding common shares of Synenco.

25 On April 29, 2008, Hurani exercised all 235 May - \$7.00 call option contracts, purchasing 23,500 Synenco shares at \$7.00/share, for a total acquisition cost of \$164,500.

He also exercised 40 of the May - \$8.00 call option contracts, purchasing 4,000 Synenco shares for a total acquisition cost of \$32,000.

26 From May 1 to May 12, 2008, Hurani exercised all of his remaining May - \$8.00 call option contracts, purchasing Synenco shares.

27 During that same period, he sold all the Synenco shares he had acquired directly and through the option contracts, at a profit of \$92,456.

28 Hurani admits that he was in a special relationship with Synenco at the time he purchased the option contracts and shares, and that he was in possession of material information regarding the proposals made by Total and the discussions between Total and Synenco which had not been generally disclosed to the public.

29 Hurani's combined profits from the trading in SEIF and Synenco securities, exclusive of transaction costs and interest charges on the account, totalled \$118,473.20.

#### *Other Circumstances Relevant to Settlement*

30 Hurani has not been previously sanctioned by the Commission, and his settlement of the allegations has saved the Commission the time and expense associated with a contested hearing.

#### *Breaches*

31 Hurani admits that he breached Section 147(2) of the *Act* each time he purchased securities of SEIF and Synenco with knowledge of a material fact or facts with respect to those issuers that had not been generally disclosed. He also admits that his purchases of the securities of those issuers with knowledge of undisclosed information, with a view to making a profit, was contrary to the public interest.

#### **Settlement Payments and Undertakings**

32 Based on these facts and admissions, Hurani undertakes to the Executive Director upon execution of this Agreement:

32.1 to pay the sum of \$236,946.40 in settlement of the allegations, with \$118,473.20 of that sum payable to the Commission and \$118,473.20 payable to the AMF;

32.2 to pay to each of the Commission and the AMF the sum of \$10,000 towards investigation costs;

32.3 to cease trading in securities for a period of seven (7) years, except for trades made through a registered representative in an RRSP, a locked in retirement account, or in an RESP.

**Administration**

33 Hurani acknowledges that he has sought independent legal advice and that he has voluntarily made the admissions herein.

34 Hurani waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.

35 Hurani acknowledges that this Agreement may be referred to in any other proceedings under the *Act*, and in securities regulatory proceedings in other jurisdictions.

36 The Agreement resolves all issues involving Hurani and the relative referred to in paragraph 9 with respect to the matters described herein, and Staff will take no further steps against him or the relative arising from these and related facts known to Staff as a result of the joint investigation.

37 The Agreement may be executed by facsimile and counterpart.

Signed by Fadi Hurani at )  
CALGARY, ALBERTA this )  
22 day of JANUARY 2007, in )  
the presence of: )

John D Blair )  
WITNESS NAME )  
[Signature] )  
SIGNATURE )

[Signature] )  
FADI HURANI )

Calgary, Alberta, this )  
January 31st, 2007 )

) ALBERTA SECURITIES COMMISSION )  
) )  
) )  
) )  
) [Signature] )  
) John P. Petch )  
) Director, Enforcement )