

IN THE MATTER OF: THE SECURITIES ACT

-and-

IN THE MATTER OF: NORAM CAPITAL MANAGEMENT, INC.

STATEMENT OF ALLEGATIONS OF STAFF OF THE
MANITOBA SECURITIES COMMISSION

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, AMONG OTHER THINGS, THAT:

A. STATEMENT OF FACTS

1. Noram Capital Management, Inc. ("Noram") is a company incorporated in the Province of Ontario and is extra-provincially registered in Manitoba. Noram is currently in default of its corporate registration in Manitoba.
2. Noram is registered under The Securities Act (the "Act") as a Broker Dealer/ Investment Counsel.
3. One of the registration requirements applicable to Noram is that it maintains working capital of \$5,000 and shareholder's equity of \$5,000 on a continuous basis. Noram is also required to file audited financial statements with the Commission within 120 days of its fiscal year end which is June 30 pursuant to Section 34(1) of the Act.
4. Noram filed its annual audited financial statements, for the fiscal year ended June 30, 1998 with the Commission on May 10, 1999 which is greater than 120 days after its fiscal year end.
5. The audited financial statements disclosed that, at June 30, 1998 Noram had a working capital deficiency of \$812,662 and a shareholder's deficiency of \$504,668 and therefore it did not meet the minimum amounts prescribed for registration under the Act.
6. Noram filed unaudited compilation financial statements for its year ended June 30 1999 on July 22, 1999 with a cover letter from the President, Mr. Andrew Willman stating that the statements submitted were audited.
7. Noram filed unaudited compilation financial statements for the two months ended August 31, 1999 with the Commission on September 29, 1999 which disclosed a deficiency in working capital and shareholder's equity.
8. The registration of Noram with the Ontario Securities Commission and the British Columbia Securities Commission has been suspended pending receipt of audited financial statements which demonstrate that the working capital deficiency and shareholder's equity are in compliance with the requirements of each of those Commissions.

9. On November 1, 1999 Commission staff requested from Noram information as to when the deficiencies would be corrected and when audited financial statements would be received. In addition, a listing of Noram's clients resident in Manitoba was requested. To date Noram has failed and/or refused to reply to the request for information.

10. Noram has failed to demonstrate that it is in compliance with the capital requirements of its registration.

B. ALLEGATIONS

1. Noram has failed to fulfil its obligations as a broker dealer\investment counsel under the Act and regulations and is unfit for registration as a broker dealer\investment counsel under the Act.

2. Noram has failed to provide financial statements to the Commission in violation of s. 34(1) of the Act.

3. Noram is in violation of the terms of its registration due to its failure to maintain sufficient capital.

4. That a delay in holding a hearing pursuant to subsection 8 (1) of the Act would be prejudicial to the public interest.

DATED at Winnipeg, Manitoba this 6th day of December, 1999.

Director, Legal and Enforcement

TO: NORAM CAPITAL MANAGEMENT, INC.

AND TO: NORAM CAPITAL MANAGEMENT, INC.