

Rights Action – February 8, 2012

HUBBAY MINERALS AND GOLDCORP Inc CHAIRMAN NAMED IN SECURITIES INVESTIGATION

The OSC (Ontario Securities Commission) will not investigate allegations of health and environmental harms, human rights violations and repression caused directly or indirectly by companies like Goldcorp and Hudbay. However, the OSC will investigate – in defense of the “public interest” – the sharing of insider information. What is supposedly of the “public interest” and of concern to law-makers and investors are not harms and violations caused by mining companies against other people, far away, but improperly sharing investor information.

BELOW: Toronto Star article: “ONTARIO SECURITIES COMMISSION INVESTIGATING SECURITIES FRAUD RELATED TO HUBBAY; GOLDCORP CHAIRMAN IAN TELFER ALSO NAMED”

For information about harms and violations caused by Hudbay Minerals and Goldcorp mining operations in Honduras and Guatemala: info@rightsaction.org

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ONTARIO SECURITIES COMMISSION INVESTIGATING SECURITIES FRAUD RELATED TO HUBBAY; GOLDCORP CHAIRMAN IAN TELFER ALSO NAMED

<http://www.thestar.com/business/article/1127797--goldcorp-chairman-ian-telfer>

The Ontario Securities Commission has accused prominent Canadian mining executive Ian Telfer of helping a friend disguise ownership of securities and circumvent email records. Telfer, chairman of Vancouver-based Goldcorp, was named in a 27-page statement of allegations by the OSC in a probe into an illegal tipping and trading scheme involving his friend of two decades, Eda Marie Agueci. Agueci, who worked as an executive assistant at GMP Securities LP, is accused of tipping friends and family to mining stocks using inside information as well as trading in those stocks.

Telfer, who previously headed Wheaton River Minerals, is not accused of involvement in the tipping and trading scheme, but of “disguising the beneficial ownership of securities and circumventing the monitoring of Agueci’s employer of her communications and trading, all of which was contrary to the public interest.”

In a statement released Tuesday, Telfer said he categorically denies the OSC charges. He said he will “vigorously defend these allegations and look forward to being fully exonerated.” Agueci could not be reached by The Star. None of the allegations has been proven. The OSC has scheduled a hearing for March 21.

According to the OSC, it's alleged the tipping and trading scheme resulted in nearly \$1 million in profits from April 2007 to February 2008. During that time, Agueci was executive assistant with full email access to GMP's chairman and occasional email access to investment bankers

in the mining group, the statement alleges. She is accused of using information - material, non-public facts concerning pending corporate transactions including possible mergers - that she would transmit to at least seven other individuals that include friends and family members, who took those tips and traded in those stocks. They are also facing charges related to the Securities Act.

Stocks purchased included NU Energy Uranium Corp., which was acquired by Mega Uranium, and Energy Metals Corp., which was acquired by sxr Uranium One, now known as Uranium One Inc.

Agueci's friends and family also invested large trades in HudBay Minerals after she allegedly became aware Votorantim Metal Inc. would acquire the company. The transaction did not go ahead, but they earned trading profits of \$34,000, the statement alleges.

It accuses Agueci of setting up two secret accounts - one in her mother's name. In that one, she posed as her mother to execute trades in certain stocks based on information she gained at work, or in one instance a tip from mining consultant Jacob Gornitzki. Gornitzki is also facing charges under the Securities Act.

According to the OSC's allegations, Agueci and Telfer were "close friends who have known each other for approximately 20 years." As common practice, GMP's compliance department monitored email communications of its employees on a regular basis to ensure regulatory compliance. And as a GMP employee, Agueci certified on an annual basis that she had read the monitoring policy, which included "no employee shall attempt to circumvent any filtering system."

The OSC alleges that Telfer advised Agueci how to circumvent these policies, saying on Jan. 29, 2008 he advised her not to use the email system to communicate with him. "Instead, he provided her with step-by-step instructions as to how to communicate by BlackBerry PIN messages in order to ensure that: 'Messages don't go to the gmp server. They go straight to blkberry,' "the statement says. He also urged her to use this method of communication with him as well as other "very close friends."

Telfer is also accused of providing Agueci the chance to buy 500,000 common shares in a private share offering in 222 Pizza Express Corp. in April 2008. Agueci is alleged to have arranged for her brother-in-law Santo Iacono to purchase 50 per cent interest in the shares in his name for \$5,000. He deposited those shares in a second secret account for Agueci's benefit.

Telfer also corresponded directly with Iacono and emphasized that he should "keep this information confidential," the statement alleges. The OSC alleges that given Telfer's extensive experience in corporate transactions, he "knew or reasonably ought to have known that Agueci had disclosure obligations and trading restrictions as an employee of an investment banking and brokerage firm who had regular access to material non-public information."

Those shares yielded a return of more than \$500,000 following a corporate reorganization, investment in gold stream royalty agreements, and the renaming of 222 Pizza to Kadywood Capital Corp. and then Gold Wheaton.

In his statement, Telfer said the allegations that he acted contrary to the public interest is without merit. "The allegation is that I 'acted contrary to the public interest' by agreeing to

include a family member of a business associate in a private financing," Telfer said, arguing OSC is trying to stretch its jurisdiction to suggest there is something wrong with agreeing to include someone's relative in a private placement. "I do not believe that there is anything wrong with my conduct," he said. "I do not believe anyone should be concerned with my conduct. It is an everyday occurrence in the Canadian business world."

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Lead by Grahame Russell (Rights Action co-director). Information: info@rightsaction.org

RIGHTS ACTION

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