

IN THE MATTER OF THE SECURITIES ACT, SNB 2004, c. S-5.5

AND

IN THE MATTER OF

**LIMELIGHT CAPITAL MANAGEMENT LTD., LIMELIGHT ENTERTAINMENT
INC., AL GROSSMAN, HANOCH ULFAN and TOM MEZINSKI.**

STATEMENT OF ALLEGATIONS

(of Staff of the New Brunswick Securities Commission)

The parties

1. Limelight Capital Management Ltd. ("Limelight Capital") is an Ontario corporation incorporated on October 1, 2004.
2. Limelight Capital is not registered with the New Brunswick Securities Commission ("the Commission") in any capacity nor has it filed any type of documentation with the Commission.
3. Limelight Entertainment Inc. ("Limelight Entertainment") is an Ontario corporation incorporated on August 14, 2000.
4. Al Grossman resides at 11 Stancroft Drive, Richmond Hill, Ontario and is the president and an incorporating director of Limelight Capital. Mr. Grossman is not registered with the Commission in any capacity.
5. Hanoch Ulfan resides at 37 Kimbark Boulevard in Toronto, Ontario and is an incorporating director of Limelight Capital. Mr. Ulfan is not registered with the Commission in any capacity.
6. Tom Mezinski resides in Ontario, and was at all material times to this matter an employee and/or agent of Limelight Capital and/or Limelight Entertainment, engaged in soliciting and effecting sales of shares in Limelight Entertainment to residents of New Brunswick. Mr. Mezinski is not registered with the Commission in any capacity.
7. All the respondents are the subject of cease trade orders in other

jurisdictions, particularly:

- a. A temporary order issued by the Ontario Securities Commission ("OSC") against, *inter alia*, Limelight Entertainment Inc. on April 13, 2006;
- b. An interim cease trade order issued by the Alberta Securities Commission ("ASC") against, *inter alia*, Limelight Entertainment Inc., Limelight Capital Management Inc., Grossman and Ulfan on March 29, 2006;
- c. A temporary order issued by the OSC against, *inter alia*, Grossman, Ulfan and Mezinski on January 24, 2006 and extended to April 19, 2006;
- d. An interim cease trade order issued by the ASC against, *inter alia*, Grossman and Mezinski, on November 8, 2005 and extended on November 21, 2005;
- e. A temporary order issued by the Saskatchewan Financial Services Commission on July 22, 2005 against, *inter alia*, Grossman and extended indefinitely on August 8, 2005.

Solicitations and sales of shares to New Brunswick residents

8. Since as early as January 2005, Limelight Entertainment shares were sold by the respondents to New Brunswick investors. Prior to the actual sale of shares representations were made by representatives of Limelight Entertainment and/or Limelight Capital that, *inter alia*:
 - a. share values in Limelight Entertainment were expected to go up;
 - b. Limelight Entertainment was preparing to go public;
9. Of those investors contacted by Staff, none were asked about their financial ability to invest, risk tolerance, investment and securities knowledge;
10. Of those investors contacted by Staff, no investor was asked whether he or she was an "accredited investor" and none of these investors were aware of the meaning of this term before buying shares in Limelight Entertainment;
11. The trades in Limelight Entertainment shares are trades in shares that have


not been previously issued and are therefore distributions. No prospectus receipt has been issued which authorizes the sale of Limelight Entertainment shares in New Brunswick.

12. Limelight Entertainment and/or Limelight Capital, through their agents or representatives, made representations regarding the future value of Limelight Entertainment shares and representations that Limelight Entertainment would become listed on a stock exchange, with the intention of effecting trades in Limelight Entertainment shares.

Conduct contrary to the public interest

13. The respondents have, either directly or through their agents or representatives, made misleading misrepresentations to investors, including representations regarding the future listing and future value of Limelight Entertainment shares with the intention of effecting sales of Limelight Entertainment shares, contrary to s. 58 of the *Securities Act* and contrary to the public interest.
14. None of the respondents are registered with the Commission in any capacity, contrary to s. 45 of the Act and contrary to the public interest.
15. No prospectus receipt has been issued to authorize the sale of Limelight Entertainment shares as required by section 71 of the Act.

DATED at the City of Saint John this 20 day of April, 2006.



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