

IN THE MATTER OF THE *SECURITIES ACT*,  
S.N.B. 2004, c. S-5.5, AS AMENDED

AND IN THE MATTER OF

**BRIAND, HARRISON & ASSOCIATES CORPORATION,  
STEPHEN V. HARRISON and CRAIG D. BRIAND**

(Respondents)

**FILED WITH/DÉPOSÉ AVEC**  
the Secretary to the Commission  
le secrétaire de la Commission

OCT 19 2009

*File #2300-B4*

**NBSC/CVMNB**

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**STATEMENT OF ALLEGATIONS**

(of Staff of the New Brunswick Securities Commission)

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1. Briand, Harrison & Associates Corporation ("BHAC") is a company incorporated pursuant to the laws of New Brunswick, with a head office at 461 King Street, Suite 201, Fredericton, New Brunswick.
2. Stephen V. Harrison ("Harrison") is an individual resident in Kingsley, New Brunswick. Harrison was engaged from time to time as an independent contractor to BHAC.
3. Craig D. Briand ("Briand") is an individual resident in Fredericton, New Brunswick. Briand is the sole officer and director of BHAC.

Background concerning Harrison

4. Harrison has an extensive history in the securities industry, and was employed as a registered representative for two investment dealers between 1988 and 2001. He initially worked for Merrill Lynch Canada (and its predecessor firms), where he was promoted to the position of Vice President. He then left Merrill Lynch Canada and worked as a registered representative at HSBC Securities beginning in 1999.
5. In 1997, Harrison settled a disciplinary proceeding before the Toronto Stock Exchange concerning allegations of inappropriate trading advice and excessive trading commissions (i.e. what would commonly be referred to as churning). Pursuant to the settlement, he paid a \$20,000 fine, refunded \$10,000 in commissions, and paid investigative costs of \$5,000.
6. In 2001, Harrison purchased a company called 1310095 Ontario Limited, which conducted business using the name Lozinsky Investment Services ("Lozinsky"). At the time of the purchase the business operated as an agency selling guaranteed investments certificates on a retail basis.

7. Subsequent to the purchase of Lozinsky, Harrison employed the company's capital to conduct trading in the securities markets and suffered significant losses. These losses included capital or funds that had been provided to Lozinsky by former clients of Harrison when he worked at Merrill Lynch Canada and HSBC Securities.
8. The losses sustained by Lozinsky resulted in a civil lawsuit claiming fraud and damages of approximately \$750,000.00 by a plaintiff who was a former brokerage client of Harrison. This lawsuit was stayed as a result of bankruptcy proceedings involving both Harrison and Lozinsky. As such, the allegations of fraud were not determined. Net claims in the bankruptcy amounted to approximately \$2,380,000.00.
9. Another former securities brokerage client of Harrison provided \$200,000.00 to Lozinsky, which was also lost.
10. In June of 2008, Harrison contacted Staff of the New Brunswick Securities Commission ("Staff" and "NBSC" respectively) on behalf of BHAC to determine the regulations around establishing a financial advisory business. Harrison specifically stated that the business would not make specific recommendations concerning the trading of specific securities, but would rather deal with education regarding investment strategies.
11. In February of 2009, Harrison again consulted Staff of the NBSC, this time concerning the business of portfolio management.

#### NBSC Investigation

12. In March of 2009, Enforcement Staff of the NBSC commenced an informal investigation concerning the Respondents as a result of a complaint from an individual who was familiar with Harrison's involvement with Lozinsky. Enforcement Staff was not aware of the correspondence between the Respondents and Staff in June of 2008 and February of 2009.
13. On 18 March 2009, an NBSC investigator attended at the offices of BHAC in Fredericton. The Respondents had created and posted a sign in a public area adjacent to their offices. The sign read as follows:

LOSING MONEY IN THE MARKET?  
OUR CLIENT'S DON'T  
COME IN AND FIND OUT WHY  
FREE ½ HOUR CONSULTATION
14. The sign posted was misleading in that, at the time, BHAC had only a single client. It is not known whether this client had lost money in the markets. Harrison created the sign and Briand was aware of the sign and acquiesced to the misrepresentation contained therein.

15. The NBSC investigator conducted internet research on the Respondents. He found a website for BHAC at <http://briandharrison.com>, which contained short biographies for Harrison and Briand. The biography for Harrison mentioned his relationship to Lozinsky, which was described as a "successful" company. Lozinsky was not a successful company, and the statement constitutes a misrepresentation.
16. The Staff investigator also found another website created by the Respondents called Financial Myth Busters at <http://financialmythbusters.com>, which stated that Harrison and Briand offered fee-based investment advice at a rate of \$300.00 per hour.
17. On 9 April 2009, a Staff investigator attended at the offices of BHAC and met with Harrison and Briand, posing as a potential client and inquiring as to the services available.
18. During the meeting, Harrison related the services offered by the Respondents, concentrating on the educational aspects of the services available. Harrison also stated that the services provided included a newsletter that would recommend specific securities. By way of example, Harrison described having picked a specific stock, "EAT", that had then quickly increased in value. These services were offered for a fee of \$150.00 per hour spent with the client.
19. Harrison stated to the investigator that BHAC had 337 clients, which is a misrepresentation in that they had only a single client. Briand was present at the time that Harrison made this misrepresentation and said nothing to correct it.
20. The investigator specifically stated to Harrison that he required the assistance of someone who could recommend specific stocks. Harrison confirmed that the services available included recommending specific securities. This confirmed the representation made earlier concerning the newsletter.

#### The Respondents' only Client


21. The Respondents state that they only provided paid services to a single client. Enforcement Staff has interviewed this client, who states that the Respondents did not offer to recommend specific securities, and indeed related that such services were not available.

#### Relief Sought

22. The Respondents acted as advisors by holding themselves out as engaging in the business of advising others as to the investment in, or the purchase or sale of securities, without registration, contrary to section 45(b) of the *Securities Act*, S.N.B. 2004, c. S-5.5 (the "Securities Act").

23. Staff seeks an order pursuant to section 184(1)(d) of the *Securities Act*, that any exemptions under New Brunswick securities law do not apply to the Respondents permanently, or for such period as the Commission may determine.
24. Staff seeks an order pursuant to section 184(1)(j) of the *Securities Act*, that the Respondents cease disseminating to the public all information which would constitute "advising" under section 45(b) of the *Securities Act*, permanently, or for such period as the Commission may determine.
25. Staff seeks an administrative penalty pursuant to section 186(1) of the *Securities Act* against each of the Respondents for their respective contraventions of section 45(b) of the *Securities Act*, as described above.
26. Staff seeks investigative and hearing costs, pursuant to sections 185(1) and 185(2) of the *Securities Act*, against the Respondents for acting contrary to the public interest.

DATED at the City of Saint John this 19<sup>th</sup> day of October, 2009.

  
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