

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, CARLOS DA SILVA and DAVID CAMPBELL**

FILED WITH/DEPOSÉ AVEC

the Secretary to the Commission
le secrétaire de la Commission

MAY 04 2007

lu File # 3500-03-L1
NBSC/CVMNB

CONSOLIDATED AMENDED STATEMENT OF ALLEGATIONS
(of Staff of the New Brunswick Securities Commission)

1. Permanent orders were issued in this matter with respect to Limelight Capital Management Ltd. and Al Grossman on 26 April 2006. Staff is not seeking any additional remedies or relief against these two parties.

The parties against whom relief is sought

2. Limelight Entertainment Inc. ("Limelight") is an Ontario corporation incorporated on August 14, 2000 and dissolved on 29 November 2004. Limelight was revived on 27 September 2005, and at all material times to this proceeding, had its head office at 300 Richmond Street West, Toronto, Ontario.
3. Limelight is not and never has been registered with the New Brunswick Securities Commission ("the Commission") in any capacity nor has it made any filings with the Commission, in particular with respect to a prospectus for the sale of Limelight shares.
4. Carlos Da Silva ("Da Silva") resides at 63 Invermarge Drive, Toronto, Ontario.
5. Da Silva was, at material times, the President and a Director of Limelight. Da Silva is not and never has been registered with the Commission in any capacity.
6. David Campbell ("Campbell") resides at 5874 Evenstarr Court, Mississauga, Ontario.

7. Campbell was, at material times, the Vice President and a Director of Limelight. Campbell is not and never has been registered with the Commission in any capacity.
8. Da Silva and Campbell are the directing minds of Limelight, and directly or indirectly directed, authorized, permitted, endorsed or acquiesced to the actions of Limelight set out herein, either directly or through its officers, directors, employees, representatives and/or agents.
9. The respondents Limelight, Da Silva and Campbell are the subject of:
 - a. a cease trade order issued by the Ontario Securities Commission on April 13, 2006, which order remains in force;
 - b. A cease trade order issued by the Alberta Securities Commission on April 13, 2006, which order remains in force.

Solicitations and sales of shares to New Brunswick residents

10. Since approximately January 2005, Da Silva and Campbell have retained and instructed a number of salespersons at various times, including Rick Klein (or Clynes), Gail Reeves, Joe Daniels, Jason Snow, Ove Simonsen, Eric O'Brien, Stephen An, Trevor Brown Miller, Tim McCarty, Benjamin de Graaf, Jacob Moore and Tom Mezinski ("the salespersons"), for the purpose of the soliciting and effecting the sale of Limelight shares to New Brunswick residents.
11. As a direct result thereof, Limelight shares were sold to at least 40 New Brunswick residents. Each of these sales constitute a "trade" in securities as contemplated in the *Securities Act*.
12. These trades in Limelight shares were trades in shares that had not been previously issued and are therefore a distribution of a security as contemplated in section 71 of the *Securities Act*.
13. Prior to the actual trades, representations were made by representatives of Limelight to several New Brunswick investors that, *inter alia*:
 - a. The share value of Limelight shares was expected to go up;
 - b. Limelight was preparing to be, or was soon to be, listed on a stock exchange;

with the intention of effecting trades in Limelight shares.

14. Prior to the actual trades, most investors were not asked about their financial ability to invest, their risk tolerance, their investment and securities knowledge, or whether they were an "accredited investor."
15. Investors were instructed to make cheques in payment of purchased shares payable to "Limelight Entertainment Inc."
16. Da Silva executed and/or endorsed Purchase Agreements with New Brunswick investors on behalf of Limelight.
17. Da Silva and Campbell executed and/or endorsed share certificates issued by Limelight further to the trades in Limelight shares with New Brunswick investors.
18. Da Silva and Campbell deposited the funds received from investors into a bank account operated in the name of Limelight. Da Silva and Campbell were the only persons authorized to effect transactions on this bank account.

Non compliance with cease trade order

19. An order was issued by the Commission on 11 April 2006 that all trading in the securities of Limelight, by its officers, directors, employees and/or agents, cease. The respondents have disregarded this order and continued to engage in acts in furtherance of a trade as well actual trades after this date.
20. No prospectus receipt has been issued by the Commission which authorizes the sale of Limelight shares in New Brunswick.

Contraventions of New Brunswick securities law and conduct contrary to the public interest

21. Staff allege that the respondents have contravened New Brunswick securities law and acted contrary to the public interest by:
 - a. either directly or through their agents or representatives, including the sales persons, having effected, authorized, permitted, endorsed or acquiesced to the trading in shares of Limelight, without the salesperson or themselves having been registered with the Commission in any capacity, contrary to s. 45 of the *Securities Act*, c. S-5.5, SNB 2004;
 - b. either directly or through their agents or representatives, including

the sales persons, having effected, directed, authorized, permitted, endorsed or acquiesced to the making of misleading and prohibited representations to investors, including representations regarding the future listing and future value of Limelight shares and that Limelight would be listed on a stock exchange, with the intention of effecting sales of Limelight shares, contrary to s. 58 of the *Securities Act*;

- c. Effecting a distribution of a security without having obtained a receipt for a prospectus, as required by section 71 of the *Securities Act*.
- d. Failing to comply with the cease trade order issued by the Commission on 11 April 2006.

DATED at the City of Saint John this 27th day of March, 2007.



Neil Sandler
Counsel to Staff of the Commission

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, New Brunswick
E2L 2J2

Tel: (506) 658-3060
Fax: (506) 658-3059

information@nbsc-cvmnb.ca