

CANADA

Former MP pays \$100,000 OSC fine

Former Ontario politician Tony Ianno agreed Friday to pay \$100,000 and refrain from trading for five years to settle allegations that he tried to manipulate stock prices to cover potential margin shortfalls. The Ontario Securities Commission filed allegations last year accusing Ianno of placing trades late in the day between June of 2007 and April of 2008 to raise or artificially maintain the price of Covalon shares — and encouraging associates to do the same.

Help-wanted index hits all-time high

All 10 provinces posted more online help wanted ads in July, pushing the Conference Board of Canada's help-wanted index to an all-time high. The board reported Friday that its index, which tracks new online job listings, rose eight points in July to 127.3, with the gains in June and July more than offsetting losses in April and May. The board's labour-market tightness indicator shrank in July to 2.1 from 2.3, indicating that the labour market is gradually returning to pre-recession levels.

UNITED STATES

Job market comes to a crashing halt

Employment in the U.S. unexpectedly stagnated in August, increasing pressure on Federal Reserve chairman Ben Bernanke and President Barack Obama to spur an economy that's barely growing two years into the recovery. Payrolls were unchanged, the weakest reading since September 2010, the Labor Department said Friday in Washington. The median forecast in a Bloomberg News survey called for a gain of 68,000. The figures included a 48,000 drop in the information industry, mostly reflecting a strike at Verizon Communications Inc. The jobless rate held at 9.1 per cent.

Treasuries rally on bleak jobs report

The U.S. Treasuries market rallied on Friday after a bleak monthly jobs report fuelled expectations the Federal Reserve will launch a new round of stimulus in a bid to stop the economy from falling back into recession. As job growth grounded to a halt in August, Goldman Sachs and a few other U.S. primary dealers — big Wall Street firms that do business directly with the Fed — forecast the Fed's policy-setting committee might decide to extend the maturity of the U.S. central bank's \$1.65-trillion Treasuries holdings at its Sept. 20 to 21 policy meeting to boost the economy.

INTERNATIONAL

Italy told to commit to deficit cutting

European Central Bank president Jean-Claude Trichet said Italy must confirm its commitment to the "overall goal" it announced

'THE SKY'S THE LIMIT'

BRUNO SCHLUMBERGER, THE OTTAWA CITIZEN

Marco Mion, left, and Dave Watkins started Decent Urban Rails in a basement in 2008 making rails for skiers and snowboarders. The company now also makes clothes worn by professional snowboarders, skiers, wakeboarders and surfers in Canada, the U.S. and Australia.

Social climbers

Relying on a grassroots marketing plan and heavy use of social media, two young entrepreneurs aim to take their ski-equipment and apparel company to global heights

ALEX WEBER

With bold, punchy designs and grassroots marketing strategies, two young entrepreneurs are out to build a business launched from a Manotick basement into a clothing label worn by athletes around the world.

Already, brightly coloured tank tops and T-shirts from Decent Urban Rails, known to many as Du

Rails, can be seen on professional snowboarders, skiers, wakeboarders and surfers in Canada, the United States and Australia — something company co-founder Marco Mion calls "very rewarding."

Clothing wasn't even in their business plan when Mion and Dave Watkins, both 23, started Du Rails in 2008.

Avid skiers, they were on a trip to Quebec's Mont Tremblant re-

sort when they realized there could be a market for ski rails — used by skiers and snowboarders for sliding and tricks — to give athletes who couldn't make it to the slopes every week something to practise on.

Each invested \$500 of his savings, and they began building rails from recycled wood and pipes.

"Our concept is basically why buy a ski pass and everything, when you can have a rail in your backyard?" Watkins explains.

Soon, however, Watkins and Mion saw value in adding clothing and accessories, which they design themselves and sell online (www.durails.com) and at concert and sports events across Ontario.



Decent Urban Rails also makes signature sunglasses.

See DuRAILS on page E2

BUSINESS & TECHNOLOGY

Swift Trade fined for 'layering' British shares

Canadian firm appeals \$12.6M fine

ALEX SPENCE

A Canadian day-trading operation is challenging a \$12.6-million fine from Britain's Financial Services Authority for "systematically and deliberately" manipulating British share prices.

Swift Trade has appealed

to the Upper Tribunal, which hears challenges to the FSA's rulings, after a High Court judge refused to stop the FSA making the case public.

The Toronto-based company, which was dissolved in December, is said to have used a network of about 3,000 day traders all over the world

to manipulate the price of numerous shares, including those of FTSE 100 companies, throughout 2007.

The traders are said to have used the technique known as "layering" to place vast quantities of short-lived fake orders in particular shares to create a misleading impression of supply or demand. Swift Trade then profited from the fractional share price move-

ments that resulted, the FSA said in a decision notice released Wednesday.

The FSA said that it was impossible to calculate the total profits from the alleged manipulation, but it estimates that the company made at least \$2.8 million during the year specified in its complaint. It was the first time that the FSA has taken enforcement action for layering

and the fine imposed on Swift Trade is equal to the fifth-biggest it has handed out for any offence. A spokesman for Swift Trade said that the company could not comment as the proceedings were ongoing.

Swift Trade was established and controlled by Peter Beck. According to the FSA, the Canadian businessman dictated the strategy that Swift

Trade's traders used. Swift Trade took 27 per cent of their profits, the regulator said.

According to the decision notice, Swift Trade in various individual traders were acting of their own accord and were not part of a concerted plan to manipulate share prices.

BLOOMBERG NEWS

Laurentian Bank tops expectations

TORONTO • Canada's small Laurentian Bank and Canadian Western Bank reported higher core earnings on Friday, and Laurentian said it had acquired a group of asset management companies for \$165 million.

Laurentian's shares rose as the bank's profit topped estimates, while Canadian Western's stock tracked the broader market lower, as its results fell just short of expectations.

Laurentian subsidiary B2B Trust will acquire MRS Companies — a group of four financial management companies with about \$850 million in assets — from Mackenzie Financial, a mutual fund company that is a subsidiary of IGM Financial.

Montreal-based Laurentian also said it had reached a distribution agreement to offer Mackenzie mutual funds to Laurentian's customers in Quebec, beginning in 2012.

Laurentian said the deals

will diversify its revenue streams and raise the amount of fee-based income it generates.

"Our business plan is being accelerated by the two transactions announced today," Laurentian chief executive Rejean Robitaille said in a statement.

Laurentian — Canada's No. 8 lender by market capitalization — earned \$35.3 million, or \$1.34 a share, for the quarter ended July 31, up from \$30.1 million, or \$1.13 a share, a year earlier.

The result — driven by a drop in loan-loss provisions to \$8 million from \$20 million — topped analysts' estimate of \$1.19 a share, according to Thomson Reuters.

Canadian Western's core earnings per share rose to 52 Canadian cents from 48 Canadian cents a year earlier. But the result fell short of analysts' estimates of a profit of 55 cents a share.



CNW GROUP, LAURENTIAN BANK

Robitaille said its two new deals will accelerate the bank's business plan.

On a net basis, profit was \$44.7 million, down from \$46.6 million in the year-before quarter, when a \$7.5 million income tax recovery boosted its earnings.

The results conclude what has been a generally positive earnings period for Canada's banks, as most topped estimates due to stronger-than-expected loan growth. Continued low interest rates and expectations that loan growth will slow may make the next few quarters tougher.

REUTERS

Du Rails: Potential for growth

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Du Rails is still small, with sales of about \$25,000 in the past year. But its founders see big potential for growth, and promote their business as a lifestyle company. As Watkins notes, it's not just about the clothes and the rails, but the carefree and active lifestyle that goes with it.

In addition to selling rails and apparel, Mion and Watkins host "Shred Days" at what they call the "Du Lab," a ski and snowboard park they built in Manotick, south of Ottawa. Each month in winter they open the Du Lab to skiers and snowboarders. They also try to bring in professional athletes to give demonstrations and tips.

Mion recently graduated from Algonquin College's small and medium enterprise management program and Watkins graduated this past year from Queen's University with a degree in civil engineering and economics. They met when they were both

teenagers at St. Mark's High School in Manotick, and both credit social media with helping them launch successfully.

"Our popularity has grown a lot from social media and the rise of it," Watkins says. "We were very lucky to have got into it early enough. People come up to us now all the time and say, 'Oh, I want to start something like that,' but if you're not already established it's difficult to build it up."

Mion, the marketing specialist, uses social media platforms such as Facebook and Twitter to promote Du Rails and the lifestyle behind it. The partners also create videos for sites such as YouTube and Vimeo, showcasing athletes who wear their apparel, as well as friends and fans.

Watkins said social media has been great, not only because it has the potential to reach thousands, but because it's free.

"We benefit a lot from free advertising. Look at Facebook. It's something every-

body goes on, arguably more than people watch TV, and it's all free and programmed so that if your friends like it, it comes up on (their) page. That's really worked in our favour."

Then there's the Du Crew, a group of energetic friends who promote the company by wearing its clothes to sports events, concerts and bars.

"It's a conversation starter," Mion said. "A lot of people are buying the shirts because they want to be a part of the lifestyle, they'll be like, 'I've never really heard about this. What's it all about?'"

Next, they want to sell their apparel in local retail stores, launch a Du Rails fitness clothing line and even branch off into personal training. Watkins and Mion are both excited for the future.

"We're trying to push the boundaries to see what we can do," Watkins says. "The sky's the limit."

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WiLan: Deal on table

Continued from page E1

Wi-LAN, which generates revenue solely through acquiring and licensing its trove of some 1,400 technology patents, became Ottawa's most valuable public company in January after a settlement with Intel Corp. pushed its market cap beyond \$760 million. Intel was one of 18 defendants, with Apple, Dell and HP among the others.

Boasting a current market value of more than \$870 million, the company is engaged in a hostile takeover bid for Mosaid Technologies Inc., another Ottawa-based patent firm and Wi-LAN's chief rival.

Wi-LAN's \$480-million offer to acquire Mosaid was made last month and remains

on the table until Sept. 28. Mosaid, which inked a "transformational" deal with Nokia Corp. and Microsoft Corp. on Thursday to acquire 2,000 advanced wireless patents originally filed by the Finnish phone giant, is expected to issue a formal response no later than Sept. 7. However, it's already called the Wi-LAN bid "opportunistic" and says the offer of \$38 a share "clearly undervalues Mosaid."

Terms in Mosaid's deal with Nokia and Microsoft appear aimed at discouraging future takeover attempts. Should Mosaid be sold or acquired, its management of the Nokia patents, which Mosaid chief executive John Lindgren promised will drive significant growth and shareholder value over the next decade,

would move to a third party for "nominal considerations."

Mosaid shares closed at \$41.44 on the Toronto market Friday, up 0.7 per cent and approaching the stock's 52-week high of \$42.05. Wi-LAN closed at \$7.09, up 0.4 per cent for the day.

IP litigation firm McKool Smith PC will represent Wi-LAN. The Dallas-based law firm is arguing for Wi-LAN in several patent disputes.

In the new suit, the first allegedly violated patent relates to how mobile devices interact with wireless networks and was first approved in 2002. The second invention in question describes a particular method of exchanging data, sound and video files between mobile devices and has been held by Wi-LAN for more than 17 years.

FINANCIAL POST, WITH FILES FROM CITIZEN STAFF

Fraud: Silvercorp adds supporting data

Continued from page E1

"The anonymous author also stated that his firm held a short position in the company's shares and intended to make his concerns known through Internet postings," Silvercorp said in a release. "Recognizing that the an-

cent of the total outstanding shares of Silvercorp.

Chief among the allegations in the letter is that while Silvercorp reported net profit of US\$66 million to the Securities and Exchange Commission in 2010, figures from the Chinese State Administration of Industry and Commerce

sulting reported net profit of \$66 million US.

The letter also claims Silvercorp "grossly overstated" its cash position, which Silvercorp denies, arguing it holds \$230.5 million and \$544.6 million in total assets with no long-term debt as of June 30.

Silvercorp said it has estab-

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