

IN THE MATTER OF THE *SECURITIES ACT*
R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- AND -

IN THE MATTER OF
KENNETH G. MACLEOD AND CALVIN W. WADDEN
(collectively the "RESPONDENTS")

AMENDED STATEMENT OF ALLEGATIONS
OF STAFF OF THE NOVA SCOTIA SECURITIES COMMISSION

Staff of the Nova Scotia Securities Commission ("Commission") make the following allegations and identify the following circumstances giving rise to the requested hearing:

1. Calvin W. Wadden ("Wadden") is a resident of Halifax, Nova Scotia. Kenneth G. MacLeod is a resident of Sydney, Nova Scotia.
2. From December 1999 to August 2001 ("Relevant Period") Knowledge House Inc. ("KHI") was a reporting issuer in Nova Scotia and its shares were traded publicly on the Toronto Stock Exchange ("Exchange").
3. During the Relevant Period, the Respondents were insiders of KHI, as defined by the Act.
4. During the Relevant Period, the Respondents held investment accounts at National Bank Financial Limited ("NBFL"). Bruce Elliot Clarke ("Clarke") was the investment advisor for these accounts at NBFL.
5. Clarke operated an account at NBFL in the name of 2317540 Nova Scotia Limited ("540 Account") during the Relevant Period. 2317540 Nova Scotia Limited was a corporation owned and controlled by Clarke.
6. During the Relevant Period, the Respondents, either individually or collectively, engaged in the following activity which had the effect of manipulating the publicly traded price of KHI shares:
 - a. Loaned KHI shares and/or funds to the 540 Account;
 - b. Executed, or caused to be executed, trades of KHI shares through the 540 Account;

- c. Entered, or caused to be entered, bids on KHI shares within in minutes of the close of the Exchange.
7. The Respondents failed to file reports with the Commission disclosing changes in their direct ownership, control or direction over securities of KHI during the Relevant Period.
8. The Respondents transferred or caused to be transferred securities of KHI into the name of an agent, nominee or custodian without having delivered to the Director of the Commission a report of such transfer in accordance with the regulations.

Staff of the Commission identifies the following reasons why the order being sought should be granted:

9. As a result of engaging in activity which had the effect of manipulating the publicly traded price of KHI shares, the Respondents engaged in trades of KHI shares on the basis of information that was not otherwise generally disclosed, thereby violating section 82(1) of the Act.
10. As a result of failing to file reports with the Commission disclosing changes in their direct ownership, control or direction over securities in KHI, the Respondents violated section 113(2) of the Act.
11. As a result of transferring or causing to be transferred securities of KHI into the name of an agent, nominee or custodian without having delivered to the Director of the Commission a report of such transfer, the Respondents violated section 116 of the Act.
12. The Respondents conduct was contrary to the public interest and detrimental to the integrity and efficiency of the capital markets.

Dated this 16th day of May, 2011


R. Scott Peacock
Director of Enforcement
Nova Scotia Securities Commission