

**IN THE MATTER OF THE SECURITIES ACT
R.S.N.S. 1989, C. 418 as amended (“the Act”)**

-AND-

IN THE MATTER OF KNOWLEDGE HOUSE INC.

-AND-

**IN THE MATTER OF
R. Blois Colpitts (“the Respondent”)**

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

Staff of the Nova Scotia Securities Commission (“Staff”) make the following allegations:

1. The Respondent is a resident of Halifax, Nova Scotia.
2. From December 1999 to August 2001, (the “relevant time”), Knowledge House Inc. (“KHI”) was a reporting issuer in Nova Scotia and its shares were traded publicly on the Toronto Stock Exchange.
3. The Respondent was during the relevant time a barrister and solicitor and a member of the Nova Scotia Barristers Society practising law within Nova Scotia and was the lead director of K.H.I and served as chairman of KHI’s audit committee.
4. The Respondent did during the relevant period attend meetings, was party to discussions, received correspondence and communications among insiders and persons in special relationship with K.H.I. that should have put him on notice in his role as lead director of K.H.I to the extent that as lead director he was obligated to make more in depth inquiries beyond those he made into whether the conduct and actions of certain of the insiders group and those in special relationship to K.H.I. contravened the provisions of the Act or were contrary to the public interest.
5. The Respondent failed in his role as lead director of K.H.I. to uncover conduct by certain of the insiders group and persons in special relationship with K.H.I. which contravened the provisions of the Act or was contrary to the public interest. The conduct so identified by Staff and others included an arrangement amongst certain insiders, to which it is acknowledged that the Respondent was not a party, to carry out transactions in the market for K.H.I. shares that were, in Staff’s view, contrary to the public interest.

DATED this 21st day of March 2006.

“R. Scott Peacock”

R. Scott Peacock
Deputy Director Compliance and Enforcement
Nova Scotia Securities Commission