

REPORT OF INVESTIGATION INTO ALLEGATIONS RELATING TO THE HON. RALPH KLEIN, PREMIER

November 10, 1995

ALLEGATION

A request was received from Frank Bruseker, Liberal Member of the Legislative Assembly for Calgary-North West, dated October 26, 1995. In that letter, Mr. Bruseker requested that I review a possible conflict of interest under section 2 of the *Conflicts of Interest Act* relating to Mrs. Colleen Klein's ownership of shares in Multi-Corp Inc. and the Premier's attendance at the opening of the Hong Kong office of Multi-Corp Inc. on November 20, 1993, and the Premier's mention of Multi-Corp Inc. in a speech to the Hong Kong Business Association of Edmonton on December 6, 1993.

Alternatively, Mr. Bruseker asked that I investigate the possibility of a breach of section 4 of the *Conflicts of Interest Act* if Mrs. Klein purchased the shares in Multi-Corp Inc. following the Premier's Mission to Asia.

I have attached to this report (Appendix I) the text of sections of the Conflicts Act that I considered in conducting this investigation.

ISSUES

I concentrated on the following three areas in conducting my investigation:

1. the Premier's Mission to Asia and, specifically, the opening of the Hong Kong office of Multi-Corp Inc.;
2. Multi-Corp Inc.'s relationship with the Government of Alberta; and
3. the purchase of shares in Multi-Corp Inc. by Colleen Klein.

Multi-Corp Inc.

Michael Lobsinger, Chairman and Chief Executive Officer of Multi-Corp Inc., was cooperative in providing me with information about his company. The information he provided to me verbally about his company was confirmed by Larry Novak, former Corporate Secretary of Multi-Corp Inc., and Ted Hamilton, an investor in Multi-Corp Inc. and Mrs. Klein's brother.

I also met with officials at the Alberta Stock Exchange in Calgary and reviewed Multi-Corp's file there. ASE staff were also most helpful in providing me with an awareness of how the relatively small investment community in Alberta operates. This context is critical in understanding the performance of Multi-Corp's shares.

I also received assistance from the Alberta Securities Commission in understanding generally the reporting requirements of corporations listed on the Alberta Stock Exchange and issues relating to insider trading. I must stress that the specific issues raised in this investigation were not discussed with the Alberta Securities Commission. My discussions with Commission staff were to assist me in understanding why and how stock prices might experience sudden increases or decreases.

Ted Hamilton met Michael Lobsinger in July 1993 when Mr. Hamilton's company, Blue Ridge Resources, was acquired by Mr. Lobsinger's company, Spirit Corporation. Larry Novak was President of Spirit Corporation.

Mr. Lobsinger and Mr. Novak were introduced to Eric Chappell while on business in Texas relating to Spirit Corporation. A decision was eventually made to attempt to acquire the technology developed by Dr. Chappell through a company in which Mr. Lobsinger was involved called Multi-Corp Inc. Mr. Lobsinger requested that shares in Multi-Corp cease trading on October 4, 1993. The stop trade order was confirmed by the Alberta Stock Exchange. While the trading ceased, Mr. Lobsinger gained control of Multi-Corp (confirmed by a news release and notice of material change issued October 22, 1993). At the same time, the acquisition of Dr.

Chappell's technology was successfully negotiated. In requesting the stop trade, Mr. Lobsinger advised the Stock Exchange that it was his intention to obtain a private placement of one million shares at \$1.00 per share. In fact, the Stock Exchange advises that the private placement realized \$1,630,000.

On November 22, 1993, a press release was issued stating that the change in control of Multi-Corp to Michael Lobsinger was complete. The company's stock recommenced trading and closed at \$1.45 on November 23, 1993. It is important to note that **Multi-Corp Inc.'s shares were not trading on the date the Premier attended the opening of the Hong Kong office of Multi-Corp.**

I have attached as Appendix II a listing of significant events in the life of Multi-Corp according to information provided by Michael Lobsinger.

Premier's Mission to Asia

With respect to the Premier's Mission to Asia, I considered the question of how and when Multi-Corp Inc. was added to the agenda. I also considered whether the Premier had any opportunity to obtain insider information on Multi-Corp while the Premier was in Hong Kong. On this particular subject, I interviewed the following persons:

Premier Ralph Klein and Mrs. Colleen Klein
Mrs. Oryssia Lennie, Deputy Minister, Federal and Intergovernmental Affairs (FIGA)
Mr. Wayne Clifford, Assistant Deputy Minister, FIGA
Mr. Jim Dau, Communications Director, Office of the Premier
Mr. Michael Lobsinger, Chairman and CEO, Multi-Corp Inc.
Mr. Mark Lisac, Columnist, Edmonton Journal

I also communicated by letter with the Agent General in Hong Kong, Mr. Gordon Young, and with Gordon Olsen who is currently in the Alberta Government Office in Ottawa but was with the Office of the Premier in Edmonton in the Fall of 1993. Additionally, I raised questions about the

opening of the Hong Kong office with all individuals connected with Multi-Corp Inc. but the persons listed above (plus Mr. Young and Mr. Olsen) were the only ones with direct and personal knowledge of the trade mission and the Premier's attendance at the opening of Multi-Corp's office in Hong Kong.

Detailed information was provided to me in writing by Wayne Clifford, Gordon Young, and Michael Lobsinger. While there was some variation about times and timing, the following paragraphs summarize the information provided to me with respect to the organization and planning of the agenda for the Premier's Mission to Asia and, specifically, the opening of Multi-Corp's Hong Kong office as part of that agenda.

Federal and Intergovernmental Affairs records show that Multi-Corp contacted Gordon Young in August 1993 while Mr. Young was in Alberta. Gordon Young confirmed that he first dealt with Multi-Corp at that time. It should be pointed out that some records refer to "Spirit Corporation" and not "Multi-Corp Inc." Michael Lobsinger is a principal in both corporations but the Hong Kong office is Multi-Corp's office in Asia.

In planning the trade mission, FIGA contacted its foreign offices and Alberta Government departments in Alberta to identify viable Alberta companies who were active in the countries to be visited. Economic Development and Tourism was asked to do assessments on the approximately 30 companies identified.

Mr. Young notes that he contacted Michael Lobsinger in October to see if there was any event the Premier could assist Multi-Corp with while he was in Hong Kong. Mr. Lobsinger's records indicate that arrangements for the ribbon cutting were made by his office through Wayne Clifford of FIGA. By mid-October, the opening of the Multi-Corp office was identified as a possible event for inclusion in the agenda.

Throughout the month of October, the Agent General, FIGA, Economic Development and Tourism, and the Premier's Office worked on the arrangements for the five-country mission.

Mrs. Lennie estimated the number of draft agendas at 19 or 20 and Mr. Young stated “some 30 tentative schedules” were prepared. The itinerary attached to the October 18, 1993, news release on the trade mission does not show a meeting with Multi-Corp. That itinerary merely indicates meetings with Alberta companies on November 20, 1993.

Wayne Clifford provided me with copies of draft agendas prepared prior to October 18, 1993, that show Spirit Corporation as part of the agenda for November 19, 1993. Organizers of the mission determined that the Premier would not have sufficient time to attend the office of Multi-Corp in Hong Kong on November 19, 1993. A compromise was suggested to Michael Lobsinger. If Multi-Corp could arrange to hold its opening at the hotel where the Premier’s delegation was staying, the Premier would attend a ribbon-cutting ceremony on November 20, 1993. Multi-Corp agreed to the compromise.

According to each person I interviewed, at no time did Premier Klein or Mrs. Klein request that Multi-Corp be included on the agenda. The Premier’s sole involvement in the trade mission arrangements was at the outset in determining what dates the mission would travel and the countries to visit and the order of the visits. According to FIGA officials, Mr. Klein made no representations or requests to them regarding Multi-Corp or any other company being considered for inclusion on the mission. Mr. Lobsinger confirms that his dealings were with government officials other than the Premier or the Premier’s office.

The actual opening was held in a room at the Hilton Hotel in Hong Kong. Mr. Lobsinger, Mrs. Lennie, and Premier Klein all mentioned a second opening for an unrelated company that took place simultaneously with the Multi-Corp opening. Government officials requested that Multi-Corp share its time and space with that other Alberta business and Multi-Corp agreed to do so.

Each person interviewed about the opening in detail estimated the number of attendees at 20 to 25 people. Other than the Premier’s delegation and Alberta government officials in Asia,

attendees included potential investors invited to the opening by Michael Lobsinger. The main purpose of the opening was a presentation by Eric Chappell, the person who developed the software technology that Multi-Corp acquired. Dr. Chappell's presentation was scheduled to take between 20 and 25 minutes. Mr. Lobsinger made some introductory remarks and introduced Premier Klein. Mr. Klein made some brief comments about Multi-Corp being an Alberta company and then Dr. Chappell began his remarks. Because of the tight scheduling in Hong Kong, the Premier excused himself shortly after the presentation began and the delegation moved on to its next appointment. On the evidence I heard, I conclude that the Premier was at the event no longer than 30 minutes.

While I received different estimates of the length of time the Premier spoke, the order in which individuals spoke, and the length of time the delegation was at the opening, the above version of events was presented to me by several individuals in attendance. Other individuals interviewed were involved in the planning of the event but did not actually attend it or were outside the room when the opening took place.

In addition to the official opening, Mr. Lobsinger was invited to attend a reception at the Hilton Hotel on November 19, 1993, and a Chamber of Commerce breakfast on November 20, 1993. Over 200 individuals attended each of those two functions. Mr. Lobsinger was also invited to attend a buffet reception at Mr. Young's residence on November 20, 1993.

Mr. Lobsinger stated that he did not request any private meeting with the Premier or any member of the Premier's staff during the time the mission was in Hong Kong. Premier Klein does not recall any request from Multi-Corp for such a meeting and stated that no such meeting was held. Organizers of the mission indicated that they received no request for a private meeting and that there was no time for private meetings.

Mr. Lobsinger advised that he did not offer any gift to the Premier to thank him for attending the opening. Premier Klein stated that no gift was offered to him. Mrs. Lennie does not recall any gift being offered to or accepted by Premier Klein.

On December 6, 1993, Premier Klein gave a speech to the Hong Kong Business Association in Edmonton. Included in those remarks was this following comment:

We were able to generate publicity for Alberta companies like Drummond, which launched Banff Springs Beer in Tokyo.

We were able to draw media attention to Edmonton's Old Hippy Wood Products, which is selling its furniture in Sapporo.

And Multi-Corp of Calgary which has opened a subsidiary in Hong Kong to market its new translation technology. (emphasis is mine)

I was advised by Oryssia Lennie, Wayne Clifford, and Premier Klein that the Premier did not write that speech and did not request that Multi-Corp be referred to in the speech. The speech was drafted by the communications staff in the Department of Federal and Intergovernmental Affairs and Multi-Corp was included in the speech because Multi-Corp was included in the trade mission.

Multi-Corp Inc.'s Relationship with the Government of Alberta

Michael Lobsinger, Larry Novak, and Ted Hamilton all stated, rather emphatically, that Multi-Corp had never requested any financial assistance from the Government of Alberta and that they had no intention of making a request for assistance of any kind.

I confirmed with Al O'Brien, Deputy Provincial Treasurer, that in fact the Government of Alberta has made no payments to Multi-Corp Inc. for the period from April 1, 1993, to October 20, 1995.

I asked Mr. Lobsinger if Multi-Corp Inc. deals with Alberta Treasury Branches and he advised me that it does not. Mr. Elmer Leahy, Acting Superintendent and Chief Operating Officer

of Alberta Treasury Branches, reviewed their records and confirmed that they have no accounts for Multi-Corp Inc.

I concluded that there was no contractual or other relationship between Multi-Corp Inc. and the Government of Alberta.

Acquisition of Shares in Multi-Corp Inc. by Colleen Klein

As noted earlier, trading in Multi-Corp Inc. stock was halted on October 4, 1993 and did not resume until November 23, 1993. Mrs. Klein did not have shares in Multi-Corp prior to the halt in trading of Multi-Corp stock.

Upon her return from Asia, Mrs. Klein had a telephone conversation with her brother, Ted Hamilton. Mr. Hamilton told his sister that he was very impressed with Michael Lobsinger, that he believed Multi-Corp had potential, and that he had purchased shares in Multi-Corp. Mrs. Klein indicated that if she had money to invest, she would be interested in purchasing shares in Multi-Corp.

Ted Hamilton stated that he is very active in the investment community in Calgary. He had previously provided Larry Novak with a list of approximately 40 potential investors for Multi-Corp. Following his conversation with his sister, Mr. Hamilton passed along his sister's interest in obtaining shares to Mr. Novak. Mr. Novak told Michael Lobsinger that certain individuals had expressed interest in obtaining shares in Multi-Corp. Mr. Lobsinger advised Mr. Novak that the private placement was full. Mr. Novak then chose to sell some of his own shares (held in his numbered company, 575159 Alberta Inc.) to interested investors. One of the investors to whom he sold 575159's shares was Colleen Klein.

According to Mr. Novak, a major factor in his decision to sell some of 575159's shares in Multi-Corp to Colleen Klein was the previous investment experience that Mr. Novak had with Ted Hamilton. Because of that relationship, Mr. Novak considered the share transfer to Mrs.

Klein to be a good receivable. Mr. Novak also indicated that he had purchased the shares at \$.10 per share and selling them at \$1.00 per share was a good return on his initial investment. This price was the same price as the shares in the private placement.

Mr. Novak stated that he never spoke directly with Colleen Klein. He also indicated that he has attended social functions at which the Kleins were also in attendance but Mr. Novak states that he does not know Mr. or Mrs. Klein on a personal basis.

On December 14, 1993, Michael Lobsinger delivered to Colleen Klein a share certificate transferring shares from 575159 Alberta Inc. to Colleen Klein. Mr. Lobsinger passed on a verbal message from Larry Novak to Mrs. Klein that the shares could be paid for when Mrs. Klein sold the shares, with interest at the rate of ten percent. Mrs. Klein accepted the share certificate. I therefore find that December 14, 1993, is the date on which Mrs. Klein entered into an agreement with 575159 Alberta Inc. to acquire shares in Multi-Corp Inc. at the agreed upon price and at the agreed upon repayment arrangements.

According to Mrs. Klein, on or about January 21, 1994, the share certificate was then passed to Ms Gail Vickery, a lawyer with the Calgary law firm of Macleod Dixon, to hold in trust for Colleen Klein. Mrs. Klein advised Ms Vickery of the selling and repayment provisions.

Ms Vickery is currently in Kazakstan but was interviewed by telephone. She confirms that Mrs. Klein delivered a share certificate to her in December 1993 or January 1994. Ms Vickery took the necessary steps to arrange for the shares to be transferred into Ms Vickery's name as trustee. She confirmed that Mrs. Klein advised her of the repayment arrangements. The shares were placed with a stock broker and he was advised to sell if and when the shares reached a specific value. Ms Vickery confirmed that a portion of the shares were sold earlier this year but as she did not have her records with her in Kazakstan, she could not confirm the date.

Based on my conversations with Mrs. Klein and Ms Vickery, I accept that there was a bona fide agreement on the part of Mrs. Klein and 575159 Alberta Inc. to pay for the shares.

Therefore, no gift or other benefit within the meaning of section 7 of the *Conflicts of Interest Act* was received.

Mr. Novak advised me that he made similar arrangements on this and other stock transactions with other individuals, including business partners; that is, he would transfer shares to those individuals on the understanding that they would pay for the shares when the shares were sold to other parties. To the best of Mr. Novak's knowledge, there are presently two such arrangements outstanding, one being Mrs. Klein's.

On January 25, 1994, Premier Klein advised my office that his wife had acquired shares in Multi-Corp Inc. I requested some further information from the Premier which was obtained on February 3, 1994. An amendment to the Premier's public disclosure statement was filed with the Office of the Clerk of the Legislative Assembly on February 4, 1994. While the *Conflicts of Interest Act* requires that Members file a material change with my office within 30 days of the change occurring, given the time of year at which this change occurred, I do not find the timing of the notice unreasonable. I am satisfied that there was compliance with the spirit of the Act regarding timely disclosure.

APPLICATION OF THE *CONFLICTS OF INTEREST ACT*

Members' Obligations Under the *Conflicts of Interest Act*

The *Conflicts of Interest Act* requires that Members take certain actions where a "private interest" may be involved. Because of those obligations, I spoke with the Premier about Multi-Corp during our annual meeting to review his disclosure statement in both 1994 and in 1995. My concern was the potential for Multi-Corp to do business with the Alberta Government, and as a result of my meetings with the Premier, I was satisfied that Multi-Corp was not likely to do business with the Alberta Government. I nevertheless reminded the Premier of his obligations under the Conflicts Act should an issue ever arise that might affect Multi-Corp Inc.

Spousal Interests

Questions have arisen during this investigation with respect to the ability of spouses of Members of the Legislative Assembly to have certain assets or interests.

The *Conflicts of Interest Act* requires that each Member file an annual private disclosure statement that includes a statement relating to his or her spouse. The Member must provide information to the best of the Member's knowledge relating to the spouse's income, assets, liabilities, and financial interests. A public disclosure statement is filed with the Office of the Clerk of the Legislative Assembly that shows the nature of those interests.

The obligations contained in Part 2 of the Act relate not only to the private interests of a Member but also to the private interests of the Member's spouse. Those obligations include a prohibition against the Member taking part in decisions that will further a spouse's private interests, attempting to influence a decision that will further a spouse's private interests, and using insider information to further a spouse's private interests.

There is no prohibition in the Act regarding a spouse's ability to purchase publicly-traded securities, provided there is no breach of any section of the *Conflicts of Interest Act*. Additionally, there is no requirement that a spouse establish a blind trust if the spouse holds publicly-traded securities.

The type of comprehensive conflict of interest regime in place in Alberta balances potential conflicts with measures to ensure that those interests are disclosed, that spouses or Members can obtain advice on potential conflicts and how to avoid them, and that possible breaches can be investigated by an independent authority.

FINDINGS

Section 2 -- Taking Part in a Decision to Further a Private Interest

I found no evidence that Premier Klein took part in any decision to have Multi-Corp Inc. included on the agenda for the Premier's Mission to Asia. Mr. Lobsinger, FIGA officials, and the Premier's staff have all confirmed that at no time did the Premier request the involvement of Multi-Corp. Mark Lisac, Edmonton Journal columnist, also stated to me that to the best of his recollection, there was no special or unusual treatment of Multi-Corp during the Hong Kong portion of the trade mission.

Multi-Corp's stock ceased trading on October 4, 1993. The Premier opened the Hong Kong office of Multi-Corp on November 20, 1993. Multi-Corp resumed trading on November 23, 1993. The Premier spoke to the Hong Kong Business Association on December 6, 1993. Mrs. Klein received her shares on December 14, 1993.

Clearly, Mrs. Klein did not have an interest in Multi-Corp at the time her husband attended the opening of the office in Hong Kong or at the time he made a speech to the Hong Kong Business Association. It is my opinion, therefore, that there was no breach of section 2 of

the *Conflicts of Interest Act* when the Premier attended the opening of Multi-Corp's office in Hong Kong on November 20, 1993, and no breach of section 2 when he spoke at the luncheon on December 6, 1993.

Section 4 -- Insider Information

For a breach to occur under section 4, a Member must use information not available to the public, the information must be gained by the Member in carrying out the Member's responsibilities, and the information must be used to further a private interest.

According to the organizers of the Premier's Mission to Asia, no request was made by the Premier, Mrs. Klein, or Multi-Corp for a private meeting. Certainly no private meeting was included on the mission agenda. FIGA officials stated that there was not sufficient time for a private meeting to take place. Several members of the delegation commented that the Premier did not stay for the entire presentation by Eric Chappell at the opening.

Premier Klein and Michael Lobsinger both advise that they have had no private meetings since 1993, although both Michael Lobsinger and Larry Novak commented on the fact that on occasion, they have attended social functions at which Premier and Mrs. Klein have also been in attendance.

Premier Klein advised me that he did not attend the annual general meeting of Multi-Corp. Mr. Lobsinger, Mr. Novak, and Mr. Hamilton all stated that each of them had attended the annual general meeting and none of them recalled the Premier's attendance at the meeting.

There is no evidence to show the Premier received inside information about Multi-Corp. (i.e., information not available to the public) while he was carrying out his responsibilities as Premier. At the time Mrs. Klein purchased shares in Multi-Corp Inc.

1. a prospectus had been issued,
2. notices of material changes had been filed,
3. the private placement had been filled, and
4. the shares had recommenced trading.

Therefore, Multi-Corp's affairs had been fully disclosed to the public.

It is therefore my opinion that there is no breach of section 4 of the *Conflicts of Interest Act*.

Shares in Multi-Corp Inc.

Throughout this investigation, comments have been made publicly that shares in Multi-Corp "soared" following the opening of the Hong Kong office of Multi-Corp by Premier Klein and his promotion of the company in a speech to the Hong Kong Business Association.

To attribute the success of Multi-Corp Inc. solely to the two events in which the Premier had a limited role is not well-founded. It overlooks the role of the market and diminishes the efforts that Multi-Corp has made to develop and market its technology. All the advice I received from persons involved in the investment community points to the conclusion that such activities by the Premier could not explain the performance of Multi-Corp's stock.

Individuals in the Stock Exchange and Securities Commission concur that the share price increases and decreases may more accurately be attributable to the material changes in Multi-Corp as filed with those bodies and as listed in Appendix II of this report.

In reviewing the purchase of the shares, I did have concerns about the method of payment, particularly in light of section 7 of the *Conflicts of Interest Act* respecting gifts.

When I was advised by the Kleins in January 1994 that the shares had been obtained, I assumed that payment occurred at the same time. I later learned that in fact no payment occurred at that time and that no payment would be made until the shares were sold by Mrs. Klein. I have been assured by the Securities Commission, the Stock Exchange, securities lawyers, and my own

outside counsel that the arrangement between Larry Novak and Colleen Klein, is not standard practice but it does occur with some frequency.

I did not pursue the question of payment when I sought further information from the Kleins about Multi-Corp in January 1994. The fact that a liability was not added to the Premier's disclosure statement resulted from two factors. First, Mrs. Klein is not a sophisticated investor and when she properly disclosed the acquisition, I believe it simply did not occur to her that there was a liability side to the transaction. Secondly, I neglected to pursue the issue of liability at the time the share acquisition was disclosed to me. Had I known that the shares included an indebtedness, I would have advised Mrs. Klein to arrange for payment to Mr. Novak or, at the very least, I would have ensured that the Premier's disclosure statement reflected a liability for Mrs. Klein to Mr. Novak. However, I am satisfied that the information I received in terms of the acquisition of the shares was true and accurate albeit, I believe, unintentionally incomplete.

While it is not unusual in the small investment community in Calgary to pay for shares when the stock is subsequently traded, I feel that there is a potential vulnerability for the Member (or perhaps only the public perception of one) when such a liability exists. Since I did not question the transaction in 1994, I cannot fault the Member at this time. In all future cases I will carefully question Members on their acquisition of assets to ensure that payment is made when the asset is acquired or that a corresponding liability is shown.

On the question of disclosure to this office, as I have previously indicated, Mrs. Klein's acquisition of shares in Multi-Corp was disclosed to me on January 25, 1994. Since public offices are routinely closed for a number of days between Christmas Day and January 1, I believe the disclosure was timely. I have exercised my discretion under the Conflicts Act and allowed similar leniency on many occasions for Members on both sides of the House.

I have been asked by Frank Bruseker to reveal the number of shares Mrs. Klein held in Multi-Corp. I have chosen not to do so for two reasons. Since I found no breach of the *Conflicts*

of Interest Act, I am reluctant to further invade Mrs. Klein's privacy regarding her financial status. I also do not wish to encourage any person to use the investigation process to obtain detailed financial information about Members unless a breach of the Conflicts Act is found. Had I found a conflict of interest in this case, I would have considered whether Mrs. Klein's holdings were "trivial" or whether they were in fact a private interest. I would then have made a decision as to whether the exact number of shares should be disclosed.

I wish to reiterate that it is my normal practice -- for all Members -- to always remind Members of their obligations whenever they acquire an asset or liability or take on outside employment particularly when there is any potential for an outside or private interest to conflict with the Member's public responsibilities. I did discuss the Premier's obligations with him in 1994 and again in 1995 during our annual meetings to review his disclosure statement and we did discuss any potential relationship between Multi-Corp and the Alberta Government. It is certainly my intention to continue to remind Members of their obligations and to encourage Members to raise questions with me whenever they have concerns.

CONCLUSION

In my opinion, there has been no breach of any section of the *Conflicts of Interest Act* in this matter.

APPENDIX I -- EXCERPTS FROM *CONFLICTS OF INTEREST ACT*

Section 2

- 2(1) A Member breaches this Act if the Member takes part in a decision in the course of carrying out the Member's office or powers knowing that the decision might further a private interest of the Member, a person directly associated with the Member or the Member's minor child.
- (2) Where a matter for decision in which a Member has reasonable grounds to believe that the Member, the Member's minor child or a person directly associated with the Member has a private interest is before a meeting of the Executive Council or a committee of the Executive Council or the Legislative Assembly or a committee appointed by resolution of the Legislative Assembly, the Member must declare that interest and must withdraw from the meeting without voting on or participating in the consideration of the matter.
- (3) A Member who fails to comply with subsection (2) breaches this Act.
- (4) If a matter referred to in subsection (1) requires a decision of a Minister, the Minister may request another Minister to act in the Minister's stead in connection with the decision and the Minister to whom it is referred may act in the matter for the period of time necessary.

Section 4

- 4 A Member breaches this Act if the Member uses or communicates information not available to the general public that was gained by the Member in the course of carrying out the Member's office or powers to further or seek to further a private interest of the Member, a person directly associated with the Member or the Member's minor child.

Section 7

- 7(1) A Member breaches this Act if the Member or, to the knowledge of the Member, the Member's spouse or minor child accepts from a person other than the Crown a fee, gift or other benefit that is connected directly or indirectly with the performance of the Member's office.
- (2) Subsection (1) does not apply to a fee, gift or other benefit that is accepted by the Member or the Member's spouse or minor child as an incident of protocol or of the social obligations that normally accompany the responsibilities of the Member's office if
 - (a) the total value of the fees, gifts and benefits given from the same source to the Member and the Member's spouse and minor children in any calendar year is \$200 or less, or

- (b) the Member applies to the Ethics Commissioner
 - (i) as soon as practicable after the fee, gift or benefit is received by the Member, or
 - (ii) as soon as practicable after the Member has knowledge that the fee, gift or benefit has been accepted by the Member's spouse or minor child,

and either obtains the Ethics Commissioner's approval for its retention, on any conditions the Ethics Commissioner prescribes, or, if the approval is refused, takes such steps as the Ethics Commissioner directs with respect to the disposition of the fee, gift or benefit.

- (3) The Ethics Commissioner may give an approval under subsection (2)(b) only where the Ethics Commissioner is satisfied that there is no reasonable possibility that retention of the fee, gift or other benefit will create a conflict between a private interest and the public duty of the Member.

Section 11

- 11(3)** A Member shall, within 30 days after the occurrence of any material change to the information contained in a current disclosure statement, file with the Ethics Commissioner an amending disclosure statement in the form provided by the Ethics Commissioner setting out the changes.

Section 14

- 14(2)** Where a Member files an amending disclosure statement, the Ethics Commissioner, after consulting with the Member and the Member's spouse, if available, shall, if the Ethics Commissioner considers it necessary, prepare either a new public disclosure statement or a supplementary public disclosure statement, which shall form part of the Member's public disclosure statement.

APPENDIX II -- EVENTS RELATING TO MULTI-CORP INC.

October 22, 1993	Press release -- notice of material change. 574186 Alberta Ltd., a company wholly owned by Michael Lobsinger, acquires 533,000 common shares of the Corporation
November 22, 1993	Press release -- change of control in the Corporation to Michael Lobsinger is now complete
November 23, 1993	MCU's common shares recommenced trading and closed at \$1.45
November 24, 1993	Article in the Financial Post, Hong Kong regarding the opening of the Hong Kong office
December 3, 1993	Press release regarding letter of intent signed by Multi-Corp to acquire all of the shares of TelPoint International, a Dallas-based telecommunications company
December 9, 1993	Article in the Edmonton Journal noting that the shares prices of Multi-Corp Inc. soared as a result of its buying the rights to new Asian-language word processing technologies
December 27, 1993	Article in the Alberta Report -- headlined "A Calgary firm might become the Microsoft of Asia"
	Shares trading at \$1.41 per share in December 1993*
January 10, 1994	Multi-Corp announced in a press release that the acquisition of TelPoint International Inc. was completed
	Shares trading at \$2.70 per share in January 1994*
February 24, 1994	Press release issued with respect to an agreement in principle to purchase all of the shares of UTN do Brasil, a private telecommunications company
	in Brazil
	Shares trading at \$4.30 per share in February 1994*
March 2, 1994	Calgary Herald story on Michael Lobsinger and Multi-Corp: "Shares in Michael Lobsinger's Multi-Corp Inc. soar since buying U.S. and Hong Kong firms"

March 24, 1994	Multi-Corp was conditionally approved to list on the Toronto Stock Exchange
	Shares trading at \$4.95 per share in March 1994*
	Shares trading at \$4.10 per share in April 1994*
May 9, 1994	Acquisition of UTN do Brasil completed (press release)
May 19, 1994	Multi-Corp issues press release announcing letter of intent with Hotel Networks
	Shares trading at \$5.125 per share in May 1994*
June 9, 1994	Multi-Corp conditionally approved to be listed on NASDAQ SmallCap Market (press release)
June 9, 1994	Article in Hong Kong magazine "Student Standard"
June 16, 1994	Private placement of convertible notes completed (press release)
June 26, 1994	Article in Hong Kong's Sunday Morning Post newspaper
	Shares trading at \$4.00 per share in June 1994*
July 25, 1994	Hong Kong subsidiary signs a contract with ESPN Asia Ltd. (press release)
July 27, 1994	Multi-Corp announces by press release that it has been granted international Section 214 authorization
	Shares trading at \$2.75 per share in July 1994*
	Shares trading at \$3.25 per share in August 1994*
	Shares trading at \$2.45 per share in September 1994*
	Shares trading at \$2.30 per share in October 1994*
	Shares trading at \$1.75 per share in November 1994*
	Shares trading at \$2.05 per share in December 1994*
January 5, 1995	Multi-Corp sells all of the assets of its wholly-owned subsidiary United Industrial Equipment Rentals Ltd. (press release)

January 18, 1995	Press release announcing completion of Multi-Corp's consolidation of its global telephone network
	Shares trading at \$4.00 per share in January 1995*
February 7, 1995	Announcement that Ziran, a division of Multi-Corp, has appointed MicroEnergy as exclusive distributor in Alberta (press release)
	Shares trading at \$4.00 per share in February 1995*
	Shares trading at \$3.70 per share in March 1995*
	Shares trading at \$3.00 per share in April 1995*
May 30, 1995	Multi-Corp announces its first quarter results (press release)
May 1995	Article in Hong Kong magazine regarding Ziran Translations, division of Multi-Corp Inc.
	Shares trading at \$3.05 per share in May 1995*
June 8, 1995	Toronto Stock Exchange formally accepts Multi-Corp's application to list on that exchange (press release)
June 9, 1995	Multi-Corp commences trading on the Toronto exchange
July 1, 1995	Article in The Financial Post: "Hot Stock"
July 11, 1995	Multi-Corp completes private placement for \$4,000,000 (press release)
	Shares trading at \$4.25 per share in July 1995*
August 10, 1995	Press release -- revision of July 11, 1995
August 14, 1995	Miami International Gateway, a subsidiary of Multi-Corp, enters into an agreement with Entra Communications Inc. (press release)
August 18, 1995	Multi-Corp announces its second quarter results (press release)
August 24, 1995	Multi-Corp announces appointments (press release)
August 28, 1995	Multi-Corp announces appointments (press release)
	Shares trading at \$3.60 per share in August 1995*

September 28, 1995 Development begins on international language support software for the Internet World Wide Web (press release)

Shares trading at \$4.55 per share in September 1995*

October 6, 1995 Multi-Corp announces that a subsidiary, Ziran Electronics Limited, has entered into a memorandum of understanding (press release)

October 12, 1995 Article in Hong Kong newspaper, Computerworld

October 19, 1995 Multi-Corp announces it has entered into a Letter of Intent with Brighton Information Systems Corp. (press release)

Shares trading at \$8.25 per share in October 1995*

Shares trading at \$8.50 per share on November 1, 1995*

* Share prices shown reflect closing price on last day of the month indicated

APPENDIX III -- CHRONOLOGY OF EVENTS

August 1993	Michael Lobsinger speaks with Gordon Young about Multi-Corp's activities in Hong Kong
October 4, 1993	Alberta Stock Exchange halts trading in Multi-Corp Inc. shares
Mid-October, 1993	Multi-Corp is identified for inclusion in the agenda for the Premier's Mission to Asia
October 22, 1993	574186 Alberta Ltd. (wholly-owned by Michael Lobsinger) acquires 533,000 common shares of Multi-Corp Inc.
November 20, 1993	Premier attends opening of Hong Kong office of Multi-Corp Inc.
November 22, 1993	Press release announcing change of control in Multi-Corp Inc. to Michael Lobsinger
November 23, 1993	Multi-Corp Inc.'s shares recommence trading on Alberta Stock Exchange
December 3, 1993	Multi-Corp announces letter of intent re TelPoint International
December 6, 1993	Premier Klein speaks to the Hong Kong Business Association
December 9, 1993	Article appears in the Edmonton Journal on Multi-Corp Inc.
December 14, 1993	Mrs. Klein receives share certificate from 575159 Alberta Inc.
December 27, 1993	Article appears in Alberta Report on Multi-Corp Inc.
January 10, 1994	Multi-Corp announces completion of acquisition of TelPoint International
January 21, 1994	Gail Vickery becomes trustee of Multi-Corp Inc. shares on behalf of Colleen Klein
January 25, 1994	Premier Klein advises Ethics Commissioner of amendments to disclosure statement
February 4, 1994	Amendments to Premier's public disclosure statement are filed with the Office of the Clerk of the Legislative Assembly
February 24, 1994	Multi-Corp announces agreement in principle re UTN do Brasil
March 2, 1994	Article appears in Calgary Herald re Multi-Corp Inc.
March 24, 1994	Multi-Corp Inc. receives conditional approval to trade on Toronto Stock Exchange

May 9, 1994	Acquisition of UTN do Brasil by Multi-Corp completed
May 19, 1994	Multi-Corp announces letter of intent with Hotel Networks
June 9, 1994	Multi-Corp conditionally approved to list on NASDAQ SmallCap Market
June 9, 1994	Article on Multi-Corp Inc. in Hong Kong magazine
June 16, 1994	Private placement of convertible notes completed
June 26, 1994	Article on Multi-Corp Inc. in Hong Kong newspaper
July 25, 1994	Hong Kong subsidiary of Multi-Corp signs contract with ESPN Asia Ltd.
July 27, 1994	Multi-Corp announces granting of international Section 214 authorization
January 5, 1995	Multi-Corp announces sale of assets of United Industrial Equipment Rentals Ltd.
January 18, 1995	Multi-Corp announces completion of consolidation of global telephone network
February 7, 1995	Multi-Corp announces Ziran has appointed MicroEnergy as its exclusive distributor in Alberta
May 30, 1995	Multi-Corp announces first quarter results
May 1995	Article on Multi-Corp Inc. appears in Hong Kong magazine
June 8, 1995	Toronto Stock Exchange accepts Multi-Corp's application to list on that exchange
June 9, 1995	Multi-Corp Inc. commences trading on Toronto Stock Exchange
July 1, 1995	Article on Multi-Corp Inc. appears in The Financial Post
July 11, 1995	Multi-Corp announces completion of private placement for \$4 million
August 10, 1995	Revised press release issued re private placement
August 14, 1995	Multi-Corp announces subsidiary's agreement with Entra Communications Inc.
August 18, 1995	Multi-Corp announces second quarter results
August 24, 1995	Multi-Corp announces appointments
August 28, 1995	Multi-Corp announces appointments

September 28, 1995	Multi-Corp announces commencement of development of international language support software for Internet World Wide Web
October 6, 1995	Multi-Corp announces Ziran enters into memorandum of understanding
October 12, 1995	Article appears in Hong Kong newspaper
October 19, 1995	Multi-Corp announces letter of intent with Brighton Information Systems Corp.
October 25, 1995	Questions first raised in the Alberta Legislature relating to Multi-Corp Inc.
October 26, 1995	Request for investigation from Frank Bruseker, Member for Calgary-North West, into possible conflict of interest by Premier Ralph Klein relating to Mrs. Klein's ownership of shares in Multi-Corp Inc.