



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF  
THE SECURITIES ACT,**

**R.S.O. 1990, CHAPTER S.5, AS AMENDED**

**(the "Act")**

**AND**

**IN THE MATTER OF**

**AFM HOSPITALITY CORPORATION**

**ORDER**

**(Section 144)**

**WHEREAS** the securities of AFM Hospitality Corporation (the "Issuer") are subject to a temporary order dated July 22, 2004 made by Ontario Securities Commission (the "Commission") pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, which was extended by an order of the Commission dated August 3, 2004 made pursuant to paragraph 2 of subsection 127(1) of the Act (collectively, the "Cease Trade Order"), directing that trading in securities of the Issuer cease until the Cease Trade Order is revoked by a further order of revocation;

**AND WHEREAS** the Issuer has made an application to the Commission pursuant to section 144 of the Act for an order revoking the Cease Trade Order (the "Application");

**AND WHEREAS** the Issuer has represented to the Commission that:

- 1) The Issuer is a corporation formed under the laws of the Province of Ontario on October 23, 1908 and continued under the federal laws of Canada on September 18, 2003.
- 2) The Issuer became a reporting issuer under the Act on November 16, 1994.
- 3) The authorized capital of the Issuer consists of an unlimited number of common shares (the "Common Shares") without par value and an unlimited number of preferred shares to be issued in series (the "Preferred Shares"); of which 9,538,939 Common Shares and 1,309,940 Preferred Shares were issued and outstanding on November 29, 2004.
- 4) The Common Shares are listed on The Toronto Stock Exchange under the symbol "AFM".
- 5) The Preferred Shares are not listed or quoted on any exchange or market.

- 6) The Cease Trade Order was issued due to the failure by the Issuer to file its audited statements for the year ended December 31, 2003 (the "2003 Annual Statements") and interim statements for the three-month period ended March 31, 2004 (the "2004 Q1 Statements") as required under Ontario securities law (the "Default"). Subsequently, the Issuer failed to file interim statements for the three-month period ended June 30, 2004 (the "2004 Q2 Statements") and interim statements for the three-month period ended September 30, 2004 (the "2004 Q3 Statements").
- 7) On November 25, 2004 the Issuer filed (collectively, the "Financial Documents"):
  - a. the Annual Statements for period ended December 31, 2003;
  - b. the Interim Financial Statements for the 3-month period ended March 31, 2004;
  - c. the Interim Financial Statements for the 6-month period ended June 30, 2004; and
  - d. the Interim Financial Statements for the 9-month period ended September 30, 2004.
- 8) Except for the Cease Trade Order, the Issuer is not, to its knowledge, in default of any of the requirements of the Act or the rules and regulations made thereunder, other than the following:

the Issuer has not held an annual meeting of its shareholders with respect to the fiscal year ended December 31, 2003.
- 9) The Issuer has undertaken to the Commission:

to hold an annual meeting of its shareholders with respect to the fiscal year ended December 31, 2003 by no later than February 28, 2005.

**AND UPON** considering the Application and the recommendation of the staff of the Commission;

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;

**IT IS ORDERED** pursuant to section 144 of the Act that the Cease Trade Order is hereby revoked.

**DATED** at Toronto this 7<sup>th</sup> day of December, 2004.

Ontario Securities Commission

*"John Hughes"*

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John Hughes, Corporate Finance

**Headnote:**

Section 144 – full revocation of cease trade order upon remedying of defaults.

**Statutes Cited:**

Securities Act, R.S.O., c.S.5, as am., ss. 127 and 144.