

2003 BCSECCOM 426

COR#03/099

Adjournment and Temporary Order

L.O.M. Medical International, Inc. and John Klippenstein

Section 161 of the *Securities Act*, RSBC 1996, c. 418

Hearing

Panel	Douglas M. Hyndman	Chair
	Neil Alexander	Commissioner
	Robert J. Milbourne	Commissioner

Date of Hearing June 9, 2003

Date of Decision June 24, 2003

Appearing

Joyce M. Johner For Commission staff

John Klippenstein For L.O.M. Medical International, Inc. and himself

Introduction

¶ 1 This is a hearing under section 161(1) of the *Securities Act*, RSBC 1996, c. 418. Commission staff is seeking the following orders in the public interest against the respondents L.O.M. Medical International, Inc. and John Klippenstein:

1. An order that L.O.M. and Klippenstein cease trading in any securities;
2. An order that any or all of the exemptions described in sections 44 to 47, 74, 75, 98 or 99 of the Act do not apply to L.O.M. and Klippenstein;
3. An order that Klippenstein resign any position that he holds as a director or officer of any issuer;
4. An order that Klippenstein be prohibited from becoming or acting as a director or officer of any issuer;
5. An order that Klippenstein be prohibited from engaging in investor relations activities;

2003 BCSECCOM 426

6. An order that L.O.M. and Klippenstein pay an administrative penalty;
 7. An order that L.O.M. and Klippenstein pay the costs of the hearing; and
 8. Any other orders that may be appropriate.
- ¶ 2 The Executive Director issued a notice of hearing on October 24, 2002. It alleges that L.O.M. and Klippenstein distributed securities to investors in British Columbia in contravention of the registration and prospectus requirements of the *Securities Act*.
- ¶ 3 After some adjournments, the hearing was scheduled to proceed on June 9, 2003. The parties appeared on June 9. Klippenstein appeared, saying that he represented both himself and L.O.M. He requested an adjournment because he is retaining new counsel to represent both respondents and because he wishes to attend to a terminally ill relative.
- ¶ 4 Staff agreed to consent to the adjournment if we make a temporary order to prohibit L.O.M. from trading securities. Klippenstein said he would neither agree nor object to a temporary order until he gets legal advice.
- ¶ 5 Staff presented evidence by affidavit that L.O.M. had, in 2001, made a rescission offer to purchasers of its shares and agreed with staff to cease soliciting investments in its securities from persons in British Columbia. However, the evidence indicated that L.O.M. had not refunded money to all of the purchasers who accepted the rescission offer and had recently sold more shares.
- ¶ 6 Klippenstein admitted that L.O.M. had sold more shares but said the purchaser was an existing shareholder in Alberta who had approached the company with an offer to purchase the shares. He said the company was not planning to sell more shares.
- ¶ 7 We agreed to adjourn the hearing to August 11, 13 and 14, 2003, and said that we would issue a decision shortly on the application for a temporary order. Klippenstein said he expected to have counsel to represent both him and L.O.M. at the hearing.
- Decision**
- ¶ 8 In fairness, we must give L.O.M. and Klippenstein an adjournment but, given the evidence that L.O.M. has sold further shares since the notice of hearing, we cannot leave the investing public at risk pending the hearing.

2003 BCSECCOM 426

- ¶ 9 Considering that it is necessary and in the public interest, we order, under section 161(2) and (3) of the Act, that L.O.M. and Klippenstein cease trading in securities of L.O.M. until the hearing in this matter is held and a decision is rendered.
- ¶ 10 The hearing is adjourned and is set for 10 am on August 11, 13 and 14, 2003, at the British Columbia Securities Commission, 12th Floor, 701 West Georgia Street, Vancouver, British Columbia.
- ¶ 11 June 24, 2003
- ¶ 12 **For the Commission**

Douglas M. Hyndman
Chair

Neil Alexander
Commissioner

Robert J. Milbourne
Commissioner