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Notice of Hearing

Malcolm Stevenson

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

[para 1]

A hearing will be held (the Hearing) to give Malcolm Stevenson (Stevenson) an opportunity to be heard before the British Columbia Securities Commission (the Commission) considers whether it is in the public interest to make the following orders:

1. pursuant to section 161(1)(c) of the *Securities Act*, RSBC 1996, c. 418 (the Act) 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 Stevenson;
2. pursuant to section 161(1)(b) of the Act that Stevenson cease trading in any securities or exchange contracts;
3. pursuant to section 161(1)(d) of the Act that Stevenson resign any position he holds as a director or officer of any issuer;
4. pursuant to section 161(1)(d) of the Act that Stevenson be prohibited from becoming or acting as a director or officer of any issuer;
5. pursuant to section 161(1)(d) of the Act that Stevenson be prohibited from engaging in any investor relations activities;
6. pursuant to section 162 of the Act that Stevenson pay an administrative penalty;
7. pursuant to section 174 of the Act that Stevenson pay prescribed fees or charges for the costs of, or related to, the Hearing; and
8. to make any other orders as may be appropriate in the circumstances.

[para 2]

The Commission will be asked to consider the following facts and allegations in making its determination:

1. During the period from May 1996 to December 1998, (the Relevant Period) Stevenson held positions ranging from the secretary-treasurer and chief financial officer to president of Diversified Investment Strategies Inc. (the Reporting Issuer), a reporting issuer under the Act.

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2. The Reporting Issuer has its head office in British Columbia and, during the Relevant Period, its securities were listed and posted for trading on the Alberta Stock Exchange (the ASE).
3. Stevenson was an insider of the Reporting Issuer during the Relevant Period.
4. During the Relevant Period, Stevenson made changes in his direct or indirect beneficial ownership of, or control or direction over, securities of the Reporting Issuer as follows:
 - (a) he acquired 566,392 options; and
 - (b) he acquired or disposed of approximately 935,600 common shares through the facilities of the ASE (the Market Transactions);(collectively, the Transactions) and failed to file some insider reports in respect of the Transactions, contrary to section 87 of the Act.
5. The Market Transactions consisted of a total of 329 transactions during 25 months of the Relevant Period (the 25-Month Period).
6. The Market Transactions represented approximately 13% of the trading on the ASE in the shares of the Reporting Issuer in the 25-Month Period, and were over \$1.7 million in value.
7. There was significant trading in the shares of the Reporting Issuer during the 25-Month Period, totalling over 7 million shares.
8. There was significant fluctuation in the prices at which the shares of the Reporting Issuer traded on the ASE in each month of the 25-Month Period, exceeding 20% (the spread as a percentage of the low price).
9. A cease trade order under section 164 of the Act was issued against Stevenson on January 20, 1999 (the Cease Trade Order) for his failure to file insider reports in respect of the Transactions. Stevenson then filed his outstanding insider reports and paid \$850.00 in late filing fees.
10. The Cease Trade Order was revoked on February 9, 1999.
11. Stevenson, by failing to file insider reports showing his direct or indirect beneficial ownership of, control or direction over, securities of the Reporting Issuer and/or the change or changes in his ownership and

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control of, or direction over, securities of the Reporting Issuer, acted contrary to section 87 of the Act and section 155 of the *Securities Rules*, BC Reg. 194/97.

[para 3]

Stevenson may be represented by counsel at the Hearing, and make representations and lead evidence. Stevenson is requested to advise the Commission of his intention to attend the Hearing by informing the Commission Secretary at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2; phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

[para 4]

Stevenson or his counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Wednesday, March 6, 2002, at 11:00 am if he wishes to be heard before the Commission sets a date for the Hearing.

[para 5]

Determinations may be made in this matter if Stevenson or his counsel do not appear at the Hearing.

February 21, 2002.

Steve Wilson
Executive Director