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Amended Notice of Hearing

**DPM Securities Inc./Valeurs Mobilières DPM Inc.,
The Height of Excellence Financial Planning Group Inc.,
John Wilson Howard and James Gordon Armit
(collectively, the Respondents)**

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

¶ 1

A hearing will be held to give DPM Securities Inc./Valeurs Mobilières DP Inc. (DPM), The Height of Excellence Financial Planning Group Inc. (Height), John Wilson Howard (Howard) and James Gordon Armit (Armit) an opportunity to be heard before the British Columbia Securities Commission (the Commission) determines whether it is in the public interest to make the following orders:

1. under 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 the Respondents;
2. under section 161(1)(d) of the Act, that Howard and Armit resign any position they may each hold as a director or officer of any issuer and that they each be prohibited from becoming or acting as a director or officer of any issuer;
3. under section 161(1)(d) of the Act, that Howard and Armit each be prohibited from engaging in investor relations activities;
4. under section 161(1)(f) of the Act that DPM's registration be restricted, or that conditions be imposed on them as registrants;
5. under section 162 of the Act that the Respondents pay an administrative penalty;
6. under section 174 of the Act that the Respondents pay prescribed fees or charges for the costs of or related to the hearing; and
7. such further and other orders as the Commission considers appropriate in the circumstances.

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The Commission will be asked to consider the following facts and allegations before making its determinations:

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1. DPM is a company formed under the laws of Canada and was registered as an extra-provincial company with the Registrar of Companies for British Columbia on June 10, 1994.
2. From June 29, 1994 to June 1, 1997, DPM was registered under the Act as a securities dealer. From June 2, 1997, to December 31, 1999, DPM was registered under the Act as a broker. From January 1, 2000 to the present, DPM has been registered under the Act as an investment dealer.
3. Height is a company formed under the laws of the province of Ontario and was registered as an extra-provincial company with the Registrar of Companies for British Columbia on December 13, 1995.
4. From March 13, 1997 to March 12, 2001, Height was registered under the Act as a mutual fund dealer.
5. DPM and Height are related companies within the meaning of the Securities Rules.
6. On March 13, 1997, the mutual fund salespersons who were registered with DPM had their registration transferred to Height.
7. From June 29, 1994 to June 1, 1997, Armit was registered under the Act as a trading partner/director/officer and was designated as the provincial compliance officer for DPM. From March 13, 1997 to November 17, 2000, Armit was a trading partner/director/officer and was designated as the provincial compliance officer for Height. From November 17, 2000 to the present, Armit has been registered as a trading partner/director/officer for Assante Financial Management Ltd./Gestion Financiere Assante Ltee.
8. At all material times Howard was a director and officer of DPM and an officer or de facto officer of Height. He has never been registered under the Act in any capacity.
9. At all material times:
 - (a) DPM was owned in full by DPM Financial Planning Group Inc., a company formed under the laws of Canada;
 - (b) DPM Financial Planning Group Inc. was approximately 90% owned by DPM Group Inc.;
 - (c) Height was owned in full by DPM Group Inc.; and
 - (d) Howard held a 12.5% beneficial interest in DPM Group Inc.

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10. In or around September 1998, ^ a registrant under the Act purchased DPM Financial Planning Group Inc. and Height.

Sale of Limited Partnerships

11. The Fairways (I) Limited Partnership (Fairways LP), the Valley of the Sun Limited Partnership (Valley of the Sun LP), and the West Valley of the Sun Limited Partnership (West Valley of the Sun LP) were three limited partnerships formed under the laws of the Province of Ontario. Fairways LP, Valley of the Sun LP, and West Valley of the Sun LP, are not reporting issuers under the Act.
12. Synlan Securities Corporation (Synlan), a company formed under the laws of the province of Ontario, was the promoter and the owner of the general partners of the three limited partnerships.
13. Synlan filed with the Commission separate offering memoranda for Fairways LP, Valley of the Sun LP, and West Valley of the Sun LP.
14. The offering memoranda for Fairways LP, Valley of the Sun LP, and West Valley of the Sun LP each offered limited partnership units for sale under substantially the same terms. The offering memoranda, among other things, disclosed that:
 - (a) the offerings were speculative investments which lacked liquidity except in certain limited and prescribed circumstances;
 - (b) the offerings gave investors the opportunity to acquire an interest in residential units in the United States of America;
 - (c) the residential units would form a rental pool that was to provide rental revenue income;
 - (d) the offerings had the potential to provide tax deferrals and deductions, provide capital appreciation and earn income;
 - (e) the price for a limited partnership unit was approximately \$117,000 to \$135,000 (US), depending on the particular partnership;
 - (f) purchasers of limited partnership units were required to make a cash payment of approximately \$32,000 (US) and to provide a promissory note for the balance of the purchase price;

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- (g) Synlan would assume the responsibility for arranging financing for approved limited partners that would enable them to pay their respective promissory notes when they came due; and
 - (h) the financial projections for the partnerships indicated that the expected rental revenue from the residential units would generally be sufficient to pay all operating costs of the limited partnerships and all debt service payments related to the promissory notes.
15. The limited partnership units of Fairways LP and West Valley of the Sun LP were distributed under section 55(2)(4) of the *Securities Act*, SBC 1985, c. 83 (the Former Act).
 16. The limited partnership units of Valley of the Sun LP were distributed under section 74(2)(4) of the Act.
 17. From on or about May 1996 to February 1997, mutual fund salespersons employed by DPM offered and sold the following limited partnership units to investors in British Columbia: units of Fairways LP to five investors; units of Valley of the Sun LP to one investor; and units of West Valley of the Sun LP to three investors. DPM approved the sale of these limited partnership units.
 18. Seven of these nine investors indicated in their respective “know your client” (KYC) forms that their investment objectives did not include speculative investments.
 19. From on or about June 1997 to December 1997, a mutual fund salesperson employed by Height offered and sold units of Valley of the Sun LP to five investors in British Columbia. Height approved the sale of these limited partnership units.
 20. All five of these investors indicated in their KYC forms that their investment objectives did not include speculative investments.
 21. Investors in Fairways LP, Valley of the Sun LP and West Valley of the Sun LP were led to believe, by the terms of the offering memoranda and representations made by mutual fund salespersons, that they would not be required to pay the portion of the purchase price represented by the promissory notes because revenues from the residential units were expected to be sufficient to cover any costs associated with that obligation.

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22. Synlan was unable to secure financing that would enable limited partners to pay their respective promissory notes. It demanded payment of the promissory note portion of the cost of the limited partnership units. The purchasers did not make payment. This resulted in the forfeiture of their investment and the loss of the approximately \$32,000 (US) they had invested, being the cash portion of the purchase price of the limited partnership units.

Regis Platinum Limited Partnership (Regis Platinum LP) & Platinum Limited Partnership (Platinum LP)

23. Regis Platinum LP is a limited partnership that was formed under the laws of British Columbia and is not a reporting issuer under the Act. 492529 B.C. Ltd. (492529), a company formed under the laws of British Columbia, was the general partner of Regis Platinum. Loire Valley Enterprises Ltd. (Loire Valley), a company formed under the laws of Alberta, was the promoter of Regis Platinum LP.

24. Platinum LP is a limited partnership formed under the laws of Alberta. Loire Valley was the general partner and promoter of Platinum LP.

25. Both the Regis Platinum LP and Platinum LP offering memoranda disclosed that the proceeds of the offerings were to be used to provide unsecured loans to corporations and that an investment in the limited partnerships would be speculative and lack liquidity except in certain limited and prescribed circumstances.

26. In or around June 1997, a mutual fund salesperson employed by Height offered and sold limited partnership units of Regis Platinum to a resident of British Columbia. ^

27. From on or about April 1998 to December 1998, a mutual fund salesperson employed by Height offered and sold limited partnership units of Platinum LP to approximately eight residents of British Columbia.

28. None of the Regis Platinum LP or the Platinum LP offering memoranda or any other documents related to the offerings were ever filed with the Commission.

29. The investments in Regis Platinum LP and Platinum LP did not meet the general investment needs and objectives of all or most of the investors.

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Compliance Functions

30. DPM and Height did not devote sufficient and appropriate resources to their compliance and supervision functions in British Columbia.
31. At all material times, DPM designated Armit as its provincial compliance officer, but he did not actually perform most of the duties associated with that function. From March 13, 1997 to December 1997, Height designated Armit as its compliance officer and, again, during that period he did not actually perform many of the duties associated with that function. During these times most of DPM and Height's compliance functions, including the approval for sale of limited partnership products and the review of trades, account statements and KYC forms, were all or in part conducted outside of British Columbia by Howard and others.
32. Howard, who was at all material times based in Quebec, authorized DPM's sale of units of Fairways LP, Valley of the Sun LP, and West Valley of the Sun LP in British Columbia. He also authorized Height's sale of units of Fairways LP in British Columbia.
33. At all material times, Height failed to maintain at its chief place of business in British Columbia a complete and accurate record of its British Columbia transactions, including: trading blotters, KYC forms, orders and instructions, confirmations for each purchase and sale, and monthly statements of account.
34. DPM and Height failed to provide to some or all of their clients with account statements that detailed the quantity and description of limited partnership units and all other securities held in their accounts.

Alleged Breaches of the Former Act and Act

DPM

35. It is alleged that DPM:
 - (a) distributed securities of Fairways LP, Valley of the Sun LP and West Valley of the Sun LP in British Columbia without filing and obtaining receipts for prospectuses or an applicable exemption from the prospectus requirements of the Former Act and the Act, contrary to section 42 of the Former Act and section 61(1) of the Act;

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- (b) in relation to the sale of the securities of Fairways LP, Valley of the Sun LP and West Valley of the Sun LP in British Columbia, it failed to make appropriate enquiries concerning each client to learn the essential facts relative to each client, to determine the general investment needs and objectives of each client, the appropriateness of a recommendation made to each client and the suitability of a proposed purchase for each client, contrary to section 48 of the Securities Rules;
- (c) failed to prepare and send statements of accounts to clients that included the quantity and description of each security held by those accounts, contrary to section 38 of the Securities Rules;
- (d) failed to establish and apply prudent business procedures for dealing with clients, contrary to section 44(1) of the Securities Rules; and
- (e) failed to adequately designate an individual as a compliance officer to ensure compliance with the Former Act, the Act and regulations and in particular to approve the opening of new client accounts and supervise transactions made on behalf of clients, contrary to sections 47 and 65 of the Securities Rules.

Height

36. It is alleged that Height:

- (a) traded securities of Valley of the Sun LP ^ with individuals in British Columbia without an exemption from the registration requirements of the Former Act and the Act and without being registered to trade, contrary to section 34(1)(a) of the Act;
- (b) distributed securities of Valley of the Sun LP ^ in British Columbia without filing and obtaining receipts for prospectuses, and without an applicable exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act;
- (c) in relation to the sale of the securities of the Valley of the Sun LP ^ failed to make appropriate enquiries concerning each client to learn the essential facts relative to each client, to determine the general investment needs and objectives of each client, the appropriateness of a recommendation made to each client and the suitability of a proposed purchase for each client, contrary to section 48 of the Securities Rules;

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- (d) failed to maintain at its chief place of business in British Columbia a complete and accurate record of the business transactions and financial affairs that it conducted in British Columbia as required by section 27 of the Securities Rules;
- (e) failed to prepare and send statements of accounts to clients that included the quantity and description of each security held by those accounts, contrary to section 38 of the Securities Rules;
- (f) failed to establish and apply prudent business procedures for dealing with clients, contrary to section 44(1) of the Securities Rules; and
- (g) failed to adequately designate an individual as a compliance officer to ensure compliance with the Act and regulations and in particular to approve the opening of new client accounts and supervise transactions made on behalf of clients, contrary to sections 47 and 65 of the Securities Rules.

Howard

37. It is alleged that Howard:

- (a) traded in the securities of Fairways LP, Valley of the Sun LP, and West Valley of the Sun LP ^ in British Columbia without an exemption from the registration requirements of the Former Act and the Act and without being registered to trade, contrary to section 20 of the Former Act and section 34(1) of the Act; and
- (b) distributed the securities of Fairways LP, Valley of the Sun LP, and West Valley of the Sun LP ^ in British Columbia without filing and obtaining receipts for prospectuses or without an applicable exemption from the prospectus requirements of the Former Act and the Act, contrary to section 42 of the Former Act and section 61(1) of the Act.

Armit

38. It is alleged that Armit as compliance officer for DPM and Height failed to ensure compliance with the Act and regulations and in particular to review the opening of new client accounts and supervise transactions made on behalf of clients, contrary to sections 47 and 65 of the Securities Rules.

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Public Interest

39. It was contrary to the public interest for DPM, Height, Howard and Armit to fail to:

- (a) establish and apply adequate procedures to identify, investigate, halt, and prevent, where appropriate, the activities set out in this Notice of Hearing;
- (b) supervise properly or at all the conduct of DPM and Height's registered representatives;
- (c) ensure that DPM and Height's respective conduct, business and affairs complied with all applicable laws, regulations, rules, and by-laws; and
- (d) fulfil their roles as gatekeepers in the securities industry.

¶ 3

The Respondents may be represented by counsel at the Hearing and may make representations and lead evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by contacting 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.

¶ 4

The Respondents are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Wednesday, June 19, 2002, at 9:00 am, if they wish to be heard before the Commission fixes a date for the Hearing.

¶ 5

The Commission may make determinations in this matter if the Respondents or their counsel do not appear at the Hearing.

¶ 6

May 28, 2002

Steve Wilson

^ Executive Director