

2002 BCSECCOM 694

Notice of Hearing

Khem Singh Gill

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

- ¶ 1 A hearing will be held (the Hearing) to give Khem Singh Gill (Gill) an opportunity to be heard, before the British Columbia Securities Commission determines whether it is the public interest to make the following orders:
1. under section 161(1)(c) of the *Securities Act*, RSBC 1996, c. 418 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 Gill for a specified period of time;
 2. under section 161(1)(d) of the Act that Gill resign any position he holds as a director or officer of any issuer and be prohibited from becoming or acting as a director or officer of any issuer;
 3. under section 161(1)(d) of the Act that Gill be prohibited from engaging in investor relations activities;
 4. under section 162 of the Act that Gill pay an administrative penalty;
 5. under section 174 of the Act that Gill pay the prescribed fees or charges for the costs of or related to the Hearing; and
 6. to make any other orders as the Commission may deem appropriate in the circumstances.
- ¶ 2 The Commission will be asked to consider the following facts and allegations in making its determinations.
1. Gill is a resident of British Columbia and has never been registered in any capacity under the Act
- 1989 Criminal Conviction**
2. On or about December 6, 1989, Gill was found guilty of obtaining by a false pretence 1,000 shares of Plaser Light Corp. from Canarim Investment Corporation, contrary to section 362(1)(a) of the *Criminal Code*, R.S.C. 1985, c. C-46 and was ordered to pay a fine and make restitution (the Canarim Offence).

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3. On or about January 15, 1991, in relation to the Canarim Offence, Gill entered into an Agreed Statement of Facts and Undertaking with the Superintendent of Brokers in which he, among other things, agreed that for a period of two years:
 - (a) he would not have available to him the exemptions described in sections 30 to 32, 55, 58, 80 or 81 of the *Securities Act*, SBC 1985, c.83; and
 - (b) he would be prohibited from becoming or acting as a director or officer.

Sale of Shares

4. From on or about February 2000 to September 2000 (the Relevant Period), Gill solicited and obtained funds from individuals in British Columbia for the purported purpose of purchasing for them shares of 3Com Corporation and MVP.com (the Shares).
5. 3Com Corporation (3Com) is a publicly traded company based in the United States of America (the United States), whose principal business activity is the provision of computer networking products and solutions.
6. MVP.com was a private company based in the United States that sold sports related apparel.
7. Gill did not own or have any right to sell the Shares.
8. With regard to 3Com, Gill among other things, falsely represented to at least one individual in British Columbia, that:
 - (a) he held a preferred client account at Goldman Sachs, a United States investment dealer; and
 - (b) as such he was able to purchase shares of 3Com that were being offered for sale via an initial public offering.
9. With regard to MVP.com Gill, among other things, falsely represented to individuals in British Columbia that:
 - (a) he was a personal friend of John Elway (Elway), a sports celebrity and one of the founders of MVP.com;
 - (b) MVP.com was about to go public; and
 - (c) he had acquired shares of MVP.com from Elway.

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10. In order to facilitate the sale of the Shares, Gill, among other things, forged signatures and created false documents. In particular he created:

- (a) a letter addressed to himself and purportedly signed by Elway;
- (b) a share certificate in the name of MVP.com; and
- (c) a Registration Rights Agreement for MVP.com.

Criminal Proceedings in Relation to the Shares

11. On or about March 5, 2001, in relation to the sale of the Shares, Gill pleaded guilty and was convicted in the Provincial Court of British Columbia of committing the following offences at or near Vancouver, British Columbia:

- (a) eight counts of defrauding approximately eight British Columbia residents of over \$70,000, contrary to section 380(1)(a) of the Criminal Code;
- (b) three counts of making the forged documents referred to in paragraph 2, item 10, with the intent that these forged documents be used or acted upon as genuine to the prejudice of another person, contrary to section 367 of the Criminal Code; and
- (c) one count of using a letter prepared on the letterhead of a law firm and purportedly signed by a lawyer, while knowing it was a forgery, contrary to section 368(1)(a) of the Criminal Code.

Activity Contrary to the Act and the Public Interest

12. During the Relevant Period, in relation to the sale of the Shares, Gill did the following:

- (a) traded in securities with individuals in British Columbia without being registered in accordance with the requirements of the Act, and without an exemption from the registration requirements of the Act, contrary to section 34(1)(a) of the Act;
- (b) while engaging in investor relations activities or with the intention of effecting trades in securities, made statements which he knew or reasonably ought to have known were misrepresentations, contrary to section 50(1)(d) of the Act;

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- (c) directly or indirectly, engaged in or participated in a transaction or series of transactions relating to a trade in or acquisition of securities, when he knew or ought reasonably to have known that the transaction or series of transactions perpetrated a fraud on persons in British Columbia, contrary to section 57 of the Act; and
- (d) distributed securities to individuals in British Columbia without filing and obtaining a receipt for a prospectus and without an applicable exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act.

Public Interest

13. It would be contrary to the public interest to allow Gill to continue to operate in the capital markets of British Columbia, because of his criminal convictions and the conduct described in this Notice of Hearing.

- ¶ 3 Gill may be represented by counsel at the Hearing and may make representations and lead evidence. Gill is requested to advise the Commission of his 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 Gill is required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Wednesday, August 28, 2002, at 10:30 am, if he wishes to be heard before the Commission fixes a date for the Hearing.
- ¶ 5 The Commission may make determinations in this matter if Gill or his counsel do not appear at the Hearing.
- ¶ 6 July 23, 2002

Steve Wilson
Executive Director